• RESOURCE GUIDE · HERMIT BUSINESS SOLUTIONS

SWOT Analysis: A Simple Planning Tool for Small Business Owners

*Four questions that help you see your business clearly **before you spend money finding out the hard way.***

What is a SWOT analysis?

SWOT stands for Strengths, Weaknesses, Opportunities and Threats. It is a simple framework that sets out what is going well inside your business, what needs work and what is happening in the wider market that could help or hinder you. Strengths and Weaknesses look inward, at your product, skills, finances and operations. Opportunities and Threats look outward, at competitors, trends, customers and the economy.

Why it matters for small business owners and sole traders

As a sole trader or small business owner, you rarely have a team of analysts to spot risks or research the market for you. A SWOT analysis gives you a structured way to do that thinking yourself in an hour rather than a month.

It is especially useful before you start a new business, launch a product, apply for funding or write a business plan. Lenders and grant panels often expect to see one and working through it honestly also protects you from being over optimistic about your own idea.

The four areas to consider

- Strengths: what you or your business already do well, such as low overheads, a loyal customer base or a skill your competitors lack
- Weaknesses: the gaps that hold you back, such as limited cash, no brand recognition yet or reliance on a single supplier
- Opportunities: changes in the market you could take advantage of, such as a new sales channel, a gap left by a competitor or a shift in customer demand
- Threats: outside factors that could damage your business, such as rising costs, new competitors or changes to regulation

A worked example: launching a physical product

Here is how this looks in practice for a sole trader taking a physical product from idea to market.

Area	What it might include
Strengths	Low cost to start, ability to test demand on a small scale, a tangible product that builds trust quickly
Weaknesses	Upfront stock costs, no brand awareness yet, dependence on suppliers for quality and lead times
Opportunities	Low cost platforms such as Etsy or Shopify, social commerce for discovery, seasonal gift buying
Threats	Established competitors, rising material and shipping costs, copycat products once an idea gains traction

Getting started

- Set aside 30 to 60 minutes and write down your first thoughts under each of the four headings
- Be honest about weaknesses and threats, not just the positives
- Turn each point into an action: how you will build on a strength, fix a weakness, chase an opportunity or guard against a threat
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Putting it into practice: your SWOT square

Use the square below as a working tool for your own business. Read the four boxes together rather than one at a time: a strength can often offset a threat, and fixing a weakness can open the door to an opportunity. Under each heading is a short action point, the one thing to actually do, not just note down.

Strengths, Weaknesses, Opportunities and Threats

Strengths

- Low overheads and the flexibility to make decisions quickly, without layers of management
- Direct, personal relationships with customers that build loyalty and repeat business
- Skills and expertise built up over years in your trade or profession

ACTION: *Write down the three things customers say they value most about working with you and lead with them in your marketing.*

Weaknesses

- Limited time since most tasks fall to one or two people
- Cash flow can be tight with little buffer for a quiet month
- Heavy reliance on you personally so illness or holiday can stall the business

ACTION: *Pick one task you could delegate, automate or drop this quarter to free up your time.*

Opportunities

- Local and online marketplaces make it easier to reach new customers
- Partnerships with complementary local businesses can open new referral routes
- Grants and support schemes aimed specifically at small businesses and start-ups

ACTION: *Contact one complementary local business this month and propose a simple referral arrangement.*

Threats

- Rising costs for materials, fuel or software subscriptions squeeze margins
- Larger competitors with bigger budgets for marketing and pricing
- Changes to tax rules or regulation can add compliance costs with little notice

ACTION: *Review your pricing against your costs every quarter so that a margin squeeze gets caught early rather than at year end.*

CALL TO ACTION

Book a free 30 minute chat with us. We will help you turn your SWOT into a short, practical plan and check in with you again in a few months to see what has changed.