

<b>LEVEL</b>	2
<b>LEARNING OUTCOME</b>	LO1 The student can analyse their strengths, competences, and moral compass in their own environment
<b>SPECIFIC LEARNING OUTCOME</b>	Student can analyse their strengths and competences in their own environment
<b>KEYWORDS</b>	SWOT (strengths, weaknesses, opportunities, and threats) Analysis, Skills Matrix, Personality Test
<b>INTRODUCTION</b>	You will complete a personality test to see how you measure up on your entrepreneurial instincts and then you will complete a skills matrix to understand and assess current skills and experience and identify any learning gaps, followed by a SWOT Analysis to help identify business Strengths, Weaknesses, Opportunities and Threats.
<b>HOW TO WORK WITH THIS MATERIAL</b>	<p>Personality Test - Complete the personality test, answering A, B or C and note down your score to see how you measure up on your entrepreneurial instincts.</p> <p>Skills Matrix - The Skills Matrix is a useful tool to rate yourself according to your present skills and experience. By using the Matrix, you will be able to consider which particular skills you need to address and improve if you start your own business. The list is not exhaustive, but you will almost certainly experience and have to deal with some, if not all, of these points in your business at some time or another.</p> <p><b>SWOT Analysis Tasks:</b> The Skills Matrix and SWOT Analysis will allow students to analyse their current skill levels and understand their individual strengths and weaknesses.</p> <p>Use the findings to discuss in groups with other students.</p>

	<p>Watch the following videos to gain an understanding of the learning materials</p> <ul style="list-style-type: none"><li>• <a href="https://www.youtube.com/watch?v=HiorBjuajFI&amp;t=3s">https://www.youtube.com/watch?v=HiorBjuajFI&amp;t=3s</a> - Types of Entrepreneurs</li><li>• <a href="https://www.youtube.com/watch?v=7JmDXDZYx0s&amp;t=112s">https://www.youtube.com/watch?v=7JmDXDZYx0s&amp;t=112s</a> - What is a SWOT Analysis</li><li>• <a href="https://www.youtube.com/watch?v=l7CT80x_Gcg">https://www.youtube.com/watch?v=l7CT80x_Gcg</a> - Tesla's SWOT Analysis</li></ul>
<b>TIMING</b>	<p>approx. 3 hours</p> <p>30 minutes - Watch videos</p> <p>Preparation time 15 minutes</p> <p>30 - 45 minutes to complete each exercise</p> <p>20 minutes discussing in groups</p>

## Personality Test

Are you curious about whether you would make it as an entrepreneur? Wondering how you would cope and what you would be like if you decided to start your own business? This Entrepreneurial Personality test will provide information both about which aspects of your personality are well-suited for owning a business, and which aspects could be problematic.

## Skills Matrix

### Skills Matrix - Assess your abilities and resources

To get your new venture off the ground, there will be a mountain of tasks to complete, research to carry out, things to do and people to contact. You need a thorough understanding of the information you need to find and the contacts you need to make in order to pull your start-up plan together.

Whatever your personal starting point, there are some fundamental issues you need to address relating to your business idea, your personal aims and your own business ability.



You can start by asking yourself some vital questions:

- Do you have the necessary capital and financial resources to start your business, to finance the purchase of any stock and equipment, and to pay your general living expenses while you go through the start-up phase?
- Can you afford, and do you really want, to risk these resources? For example, you might have to take out a secured loan based on the value of your home. Have you considered the consequences of your business failing and possibly being forced to sell your house?
- Do you have the commitment and self-discipline to get through potential hard times? There may be times when customer demands are particularly heavy and it will be up to you to make sure these demands are met. How will you cope with this, and are you prepared to put in the necessary hours to meet the demands of your business?
- Are you confident that you will be able to negotiate with suppliers to get the best deals, be available and helpful to customers at all times, think clearly under pressure and take criticism without getting upset?
- Are you confident enough about the level of demand your product or service will generate, and will you be able to assess how this might change over time so you can adapt your business operation to deal with fluctuating demand?
  - Do you have the determination to carry on when demand and sales are low?

While you may not have specific answers to these questions, it is very important for you to consider whether you can cope with the uncertainty involved with running your own business.

There is no single 'type' of person who becomes a sole trader, freelancer or small business owner.

However, there are some personal characteristics that are typically seen in people who run a successful business, such as:

- Logical, well organised and responsible (good at getting things done).
- Confident and engaging (good with customers).
- Able to communicate and get their point across (to staff, suppliers, funders).
- Able to show leadership.
- Single-minded, but able to take advice.
- Flexible and adaptable.
- Quick to take opportunities (and ready to take calculated risks).
- Hard-working, committed and determined ('get up and go' type).
- Thick-skinned (able to handle failure).
- Able to come up with new ideas for the business.



This list is not necessarily exhaustive, and you do not need to have all these characteristics to be a success at running your own business. The key is to develop and adapt your own skills and characteristics as you gain more experience.

The Skills Matrix is a useful tool to rate yourself according to your present skills and experience. By using the Matrix, you will be able to consider which particular skills you need to address and improve if you start your own business. The list is not exhaustive, but you will almost certainly experience and have to deal with some, if not all, of these points in your business at some time or another.

## SWOT Analysis

### Introduction

A SWOT (strengths, weaknesses, opportunities and threats) analysis is a useful tool for strategic business planning and decision making. It can be used to evaluate a business, project or idea and is often carried out while developing a business plan or marketing plan.

This factsheet explains the benefits of carrying out a SWOT analysis and provides an overview of the SWOT analysis process. It lists a series of useful questions that can help identify business strengths, weaknesses, opportunities and threats. The factsheet also suggests how to use the findings of a SWOT analysis to inform future business strategy.

### The benefits of SWOT analysis

Carrying out a SWOT analysis can help to clarify business objectives and decide what actions to take. It can be particularly useful when:

- Starting up in business.
- Reviewing business plans or strategies.
- Considering a new product or business idea.
- Embarking on a new project.

A SWOT analysis can provide valuable insights into a business and the wider market. It can also help to:

- Identify business strengths and build on them for future success.
- Pinpoint weaknesses in a business, so action can be taken to correct them.
- Discover opportunities that had not previously been considered.
- Address, manage or avoid specific risks that a business faces in the marketplace.

### What is a SWOT analysis?



A SWOT analysis involves considering both the internal and external factors that may affect a business or project.

- **Strengths** and **weaknesses** are internal to the business. They can be identified by looking at resources, skills, staff, products, processes, etc.
- **Opportunities** and **threats** arise externally, so it is important to carry out regular reviews of the environment in which the business operates. This can include looking at market and consumer trends, competitor activities, changes in technology, legislation and financial issues.

## The SWOT grid

The results of a SWOT analysis are often presented in a grid or matrix, as shown here:

<b>Strengths</b> <b>(internal)</b>	<b>Weaknesses</b> <b>(internal)</b>
<b>Opportunities</b> <b>(external)</b>	<b>Threats</b> <b>(external)</b>

The grid is arranged so that:

- The top row shows the internal factors that may affect the business, project or idea.
- The bottom row reflects factors in the external environment.
- The left column represents positive points. Action can be taken to build on, maximise or exploit these advantages.
- The right column lists negative points. Action can be taken to address these issues before they cause problems for the business.

## How to carry out a SWOT analysis

The process of undertaking a SWOT analysis is fairly simple. The first stage is to write down the four headings (strengths, weaknesses, opportunities, threats). Under each



heading, every factor should be listed that could affect the business or project. Some factors fit into more than one category. For example, the availability of new technology may provide cheaper ways to get a product to market (an opportunity), but it may also attract new competitors into the marketplace (a threat).

### Internal factors

There are several things to bear in mind when considering the strengths and weaknesses of a business:

- It is important to be both honest and realistic.
- It is extremely useful to get the views of customers and suppliers. For example, what do they think the business does well, and how could it improve?
- It is useful to evaluate strengths and weaknesses in terms of how they compare with competitors. For example, do competitors provide better or additional services?

### Strengths

The following questions can help to assess the strengths of a business:

- What is unique about the business?
- What advantages does the business have?
- Why do customers choose to buy products or services from the business?
- What are the core strengths of the business? For example:
  - The skills and experience of its staff.
  - The quality of its products.
  - Its ability to innovate.
  - A loyal customer base.
  - Its processes.
  - Its location.
  - Availability of resources.
  - Its values.
- What does the business do better than anyone else?

### Weaknesses

The following questions can help to assess the weaknesses of a business:

- Does the business rely on only one or two suppliers?
- Does the business rely on only one or two key product lines that could become obsolete?
- Do employees lack any obvious skills, experience or training?
- In what ways is the business weaker than its competitors?

Take a practical look at every aspect of the business:

- Could the quality or variety of its products or services be improved?



- Is customer service efficient?
- Do suppliers always deliver exactly what the business wants, when it wants it?
- Is there an area of expertise that is lacking in the business?
- Does the business need more experienced sales staff?
- Does the business need financial help and guidance?
- Is the business based in the right location?

### External factors

When evaluating opportunities and threats, it is important understand as much as possible about the demands and constraints of the environment that the business operates in.

### Opportunities

Systematically reviewing the wider environment can help to identify opportunities to develop a business. For example:

- There may be technological developments, or a new process, that may enhance its products or services.
- There may be legislative changes that provide the business with an opportunity to offer advice, support or added services.
- Opportunities to import goods from abroad could mean that the business can source unique products at low costs.
- Changes in market trends and consumer buying habits may help identify a niche market that the business could exploit.

### Threats

A business can plan for changes that may be outside its control by considering any threats to the business in advance. A business that is aware of its vulnerabilities should be able to deal more effectively with any threats that arise. These threats could include:

- Losing customers to a major competitor.
- The introduction to the market of a new, superior product.
- Technological changes to which the business could not adapt.
- Legislative changes that could make a product or service obsolete or too costly.
- Changes to customer demographics or cultural choices.
- A key supplier ceasing to trade.
- A major customer failing to pay.
- A key employee leaving.

Some threats are obvious, such as a new competitor moving into the market. Others are less easy to predict, such as major flooding or fire damage and being subject to cyber-attacks. Staying aware of changing political, economic, social and technological factors



means that if a threat arises, a business owner can react more quickly, having already considered their options and perhaps put contingency plans in place.

### Using a SWOT analysis

After completing a SWOT analysis, it is important to consider its implications, and if any action needs to be taken. This can involve action to:

- Build on and exploit the strengths of the business.
- Address any weaknesses - either by minimising the risks they represent or by making changes to overcome them.
- Make the most of all the opportunities that have been identified.
- Reduce the potential impact of any threats or turn them into opportunities.

When planning ahead, a SWOT grid can be used to see how different internal and external factors may affect each other. For example, if a new market is growing, it should be possible to check if internal strengths will enable the business to make the most of the opportunity. Does the business have the necessary trained staff in place? Can its systems cope with extra customer orders?

### Hints and tips

- SWOT analysis should be carried out regularly. The business environment and markets change constantly, and repeated use of the SWOT process is a way of analysing and evaluating changes in business performance over time.
- It is important to focus on all the potential issues that may affect the business, not just on the obvious ones such as a major new competitor entering the market. It is useful to ask employees, customers and suppliers to help complete the analysis. These views can be very useful and provide an objective opinion about the business.

