

SWOT Analysis

2nd Quarter

2012

SWOT Analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. Inside you will find a SWOT Analysis of Storybook Acres' Goat Milk Soap line.

Storybook
Acres Goat
Milk Soap

Introduction to SWOT Analysis

It has been six months since my last SWOT Analysis; since then the Storybook Acre line of soap products has grown beyond what was first envisioned upon the company's founding.

In this report, I will (as I did previously) lend my opinion of the Strengths and Weaknesses of your soap business, as well as the Opportunities that are available to help you improve, and the Threats that stand in your way.

First, as many of the Strengths, Weaknesses, Opportunities, and Threats remain unchanged from the report two quarters ago, I will divide each of the four SWOT sections into two parts; take the Strength Section for example:

New Strengths

Continued Strengths

Beneath the headings I will then list the old (yet still relevant) Strengths, Weaknesses, Opportunities, or Threats, along with the newest Strengths, Weaknesses, Opportunities, or Threats that have surfaced since the last report.

SWOT

Strengths

New Strengths

- **New Products and Lines**
 - **Wrinkle Cream**
 - **Laundry Soap**
 - **Spa Collection and Accessories**

- **New On-site Gift Store**
 - **Gives several advantages over selling from home**
 - No need to set up displays in kitchen before each customer arrives and take down after
 - Allows you to pause work in house or barn and tend to customers outside than having to rush through work to ready house in time for customers
 - Grants customers a greater comfort level by having them go to a store instead of feeling like they are intruding into your home
 - Store hours are more convenient for customers as sales are not based upon house availability

- **Better Packaging/Appearance**
 - **Clearer Tie-on Labels**
 - Easier to read when on display at sales
 - **Better Bottles and Dispenser Caps**
 - Helps with appearance and promotes ease of use as wider bottles will not fall over on sink and in tub
 - Bottles are no longer of the “squeeze-bottle” or “unscrew cap” types but are all “pump” style
 - Makes it easier for elderly to use the bottles and eliminates occasions when caps are lost

Continued Strengths

- **Continued Ability to Adapt to Change**

- **Storybook Acres Staff has an Excellent Record for Adapting to Change**

- Changes in the market is a constant factor, therefore updating Storybook Acres' policies and products must also be constantly in process. Adjusting prices, suppliers, designs, and products all demonstrate this

- **The production of good ideas keep the company moving forward**

- Even between the publishing of these SWOT Reports the basic elements of a SWOT report are considered and reviewed.
- For example, the strengths and weaknesses between having a store and not having one were reviewed in full without having a SWOT report to build off of. A decision to build a store was eventually decided, and by results it has been one of the best ventures Storybook Acres has ever made. It makes shopping a more convenient experience for our customers and our staff, which is very important for our business.

- **Continued ability to identify and drop failing products**

- Discontinuing products that do not help the business is imperative for the businesses success
- Identifying the shampoo products as a poorly performing line demonstrates Storybook Acres' ability to critically assess own products
- Never lose the ability (and willingness) to adapt

- **Prices and Quality still Competitive**

- **Our soap is still less expensive, considering the quality of our ingredients**

- Our soaps tend to have additional ingredients that are more beneficial than the more expensive competitor's soaps that do not
 - Glycerin soap versus Glycerin and the Goat Milk that provides extra moisturizers
- For soaps and lotions that have identical active ingredients, ours are dramatically more affordable
 - Anti-wrinkle creams that sell for hundreds of dollars we sell for \$20

- **Making Record Profits (This past Year: \$10,000)**
 - **You Have Found a Balance**
 - You are able to make your products efficiently
 - Low production cost
 - Also able to sell your products at markup
 - Make a profit with each unit sold
 - And have kept prices low
 - People willing to make the purchase

- **Proceeds Benefit Animals**
 - **Profits go towards a Good Cause**
 - With the proceeds from your sales going towards disabled animals, it gives your products an extra marketing boost. People might buy your product instead of another's based on (in part or in whole) the belief that their money is going somewhere where it is needed. The influence on the buyer varies from person to person, so don't count this as a major advantage – quality, price, and season are important factors too.

- **Handmade, Locally Crafted Appeal**
 - **Soaps are Homemade**
 - The soaps “homemade” label might appeal to some. However, do not count this as a major selling factor either –it varies by person.
 - **Soaps are made Locally**
 - This can help sell your product, but its effects are also limited.

- **Free/Cheap Advertizing**
 - **Peer-to-Peer Referrals**
 - With the overall satisfaction of your consumers, they are likely to refer you to their friends and family. In addition, since your products are popular as gifts, with the satisfaction of the gift-receiver comes the birth of a new potential customer. Since your name and address (and other important information) are included on the packaging of each product, contacting you for more products is quite easy.

Weaknesses

New Weaknesses

- **Problems with “helping hands” at sales**
 - **People that do not help with sales on-site and off demand to tag along anyway**
 - Some people that insist of helping but only make things worse insist the most
 - These people have a knack for driving down sales
 - Find a way to work around these personalities

Continued Weaknesses

- **Prices *Still* Dependant on Supplies**
 - **You rely on Outside Resources**
 - If the price, quality, or availability of the resources that go into the making of your product fluctuate the slightest bit, your product line will likely suffer.
 - We have seen this problem multiple times this year with the availability of bottles.

Opportunities

New Opportunities

- **Improving Economy**
 - **Money is still very short, but economy is improving (some markets better than others)**
 - With the economy being far from a surplus but still on the mend, spending (and as a result your profit) will increase.
 - Keep adjusting your prices by what people can afford

- **New on-site store**
 - **The new addition to the property looks promising**
 - The new gift shop presents a great opportunity to increase sales and lessen the dependence on craft shows for the bulk of our income
 - As previously noted, the gift shop is more convenient for buyer and seller
 - An effective layout of the shop can create a more comfortable atmosphere and can generate more visits and sales than if set up at a kitchen table

- **Access to other Business Leaders Gives our Business Strength**
 - **Socializing and partnering with other business leaders and business groups is a great asset for Storybook Acres**
 - Alliances with other local businesses will promote the exchange of advice and support
 - Other businesses can offer examples of what works and what doesn't
 - Successful business models should be emulated
 - Business models that lead to failure must be avoided
 - Marketing strategies that lead to greater profits are preferred over those that don't

Continued Opportunities

- **We have no real competitors that take business away from home sales**
 - **Our main competition lies at craft sales and not in our direct neighborhood**

 - **This gives us more free reign over the market and allows more freedom to experiment without losing too much customer base**
 - If we had competition when we did not have “pump” style tops for our bottles, we might have lost more customers permanently than we actually did
 - With our semi-monopoly, we were able to regain most, if not all, of our customers once we changed from the old dispensers to the newer, easier ones

- **We should use this to our advantage**
 - We must keep redesigning products and improving our current selections

- **Marketing Opportunities**
 - **Sell in New Ways**
 - The power of “word of mouth” is still great advertisement, however we might want to try something new
 - Newspaper articles and radio interviews have been used in the past, with varying success. However, with the increase in income, we have a better opportunity to purchase our own advertisement.
 - We may select our ad space and schedule a timeslot on our own
 - We can also decide for ourselves what our message will be, not relying on an editor or interviewer
 - If it is still well worth the cost (and you can produce enough soap), an advertisement might be a good investment

- **Production Methods**
 - **New and More Efficient Methods**
 - Our production line has improved over time, especially when aided by volunteers
 - The opportunity to improve the production line never goes away

Threats

New Threats

No specific threats have presented themselves that have not been an issue before.

Continued Threats

- **Getting Complacent about Competition and Not Continuing to Improve**
 - **New Competitors may yet appear**
 - Let us not expand beyond our means, but we must also not become too comfortable with our progress thus far. It is never good to become complacent.
 - We made a great deal of money with our vegetable cart years ago until a neighbor began selling produce and put us out of business.
 - **We must observe for new competition and flex with changes in the market**
 - Observe how competition's production (if possible)
 - Note how they sell/market their products.
 - Use the competition to point out any flaws and strengths in our system
 - keep improving.

- **Economy**
 - **Not Out of the Economic Hole Yet**
 - Remember, not everyone can afford to spend much. So keep this in mind: if someone is going to "splurge" or purchase a "stocking-stuffer," offer your product well enough that the consumer makes a profitable choice.

- **Volunteerism Down**
 - **Good volunteers are hard to find**
 - Volunteers that come to work on the farm seldom desire to do meaningful work
 - **Good volunteers that are found are most often lost**
 - Volunteers that come to work on the farm that wish to do meaningful work rarely stay, and usually leave when we need them the most

- **Combating the desire to expand beyond companies needs**
 - **Goals without tact is worse than having no goals at all**
 - With the success our organization has gained, it can be easy to get ahead of ourselves.
 - It is better to stay where we are in our business and keep what we have than it is to jump too far ahead and lose everything.
 - It is good to have ambition, but that ambition must stay checked at all times.

Points of Advice:

- **Business analytical software might prove helpful**
 - There are many resources available that can help businesses manage themselves, their resources, and their products
 - SAS (www.sas.com/) offers an extensive line of business analytics software and services, some of which apply to Storybook Acres. Solutions that tailor to Storybook Acres include those for:
 - The retail industry
 - Non-profit organizations
 - Small to mid-size businesses
 - I recommend we look into these products and determine if they are worth purchasing

- **Maintain a Low Price**
 - A Lower Price means less People will turn Away
 - Try to keep within a strategic price range – high enough that you make a profit but low enough that people will be willing to pay.

- **Keep Up with the Quality**
 - Quality means Satisfaction
 - Strive to keep up with the quality of your goods. It is what keeps people buying your products over the competition, or not at all.

- **Constantly Assess Production Line**
 - New and More Efficient Methods
 - Your production line has undergone extensive improvement. Regardless, if you find yourself falling behind, perhaps it is time to find more or new help.

- **Fighting the desire to expand more than what is wise**
 - **Do not expand further than your means**
 - Our confidence might lead us to think big, which is not a problem unless we think too big.
 - We have just opened a store, but we must consider the success of this store carefully before opening any others.
 - We have opened many different types of products and lines of products. I don't have a problem with making additions, but let us consider all things carefully before making them. We must always keep track of our supply chains, keep production up, take care of shelf space, and many other things when adding a new product.

- **Ideas to keep customers coming to the store**
 - **Keep a 'voluntary opt-in' customer database**
 - To keep customers coming to the store, keep a mailing list of customers' addresses
 - Keep it voluntary
 - Mail "sales and promotions" notifications to their homes to keep sales up