SWOT ANALYSIS

A SWOT Analysis is a structured planning method that evaluates the strengths, weaknesses, opportunities and threats of a specific project or business venture.

When completing a SWOT Analysis, consider the following steps:

1. Start by having a specific strategy, investment, or business decision in mind.
2. List all of the personal or business strengths and weaknesses related to your chosen topic. Try to be as objective as possible.
3. List any possible external opportunities and threats that may potentially help or hinder you.
4. Once you have completed the steps above, you should have four separate point form lists.
5. Review each list and develop Action Steps that you can take to:
    a. Take action
    b. Learn more before making a final decision
    c. Circle back, reassess your options

Strengths

The positive aspects internal to your business that add value or offer you an advantage. Strengths are within your control.

- What do you do well?
- What resources do you have?
- What advantages do you have over others?
- What are your positive attributes?

Weaknesses

Factors that are within your control that detract from your ability to obtain or maintain your goal, investment, or strategy.

- What attributes within your control detract from your ability to find success?
- Which areas could be improved?
- What limitations do you have?

Opportunities

External attractive factors that could improve your success or performance.

- What external factors exist that you could benefit from?
- What trends do you see that you could capitalize from?
- Is your competition doing things better in a way you could adapt or learn from?
- Who or what can help you?

Threats

External factors beyond your control that could place your strategy, investment or decision at risk. You have no control over threats but may benefit from having a contingency plan in place to address them if they should occur.

- What external factors exist or may exist that put your ROI or plan at risk?
- Are there unfavorable trends or developments that may deteriorate your goal?
- Who or what could stand in your way?

SWOT ANALYSIS

When evaluating your Investing Options, it's important to consider of the strengths, weaknesses, opportunities, and threats. After completing a SWOT Analysis on a potential investment, consider whether it fits in your portfolio and your ultimate goal. In this section, we completed a general SWOT Analysis for each investing stream.

SWOT Analysis: Properties

	POSITIVE	NEGATIVE
INTERNAL	• Highest potential return of the three streams • The only stream where you have decision-making control of the asset **S**	• It requires the greatest amount of time to acquire and manage property • It requires the greatest amount of time to gain experience in the business • Risk and return is influenced by the experience of the investor **W**
EXTERNAL	**O** • Ability to work harder for greater returns • Family business • Learn a skill that can never be taken away	**T** • Property values • Tenants not paying rent • Making a mistake as you gain experience

How would a SWOT Analysis look depending on the property type? Consider the following:

Rehab Property:
- Strengths: Highest potential return of the three property groups
- Weaknesses: Requires the greatest amount of time to perform or manage the renovation
- Primary skills required:
  - Investor performs reno: Reno knowledge and experience
  - Investor does not perform: Strong management skills

Underperforming Property:
- Strengths: Market is hidden from other investors. Can create instant equity. Can create larger value with little efforts
- Weaknesses: Takes the greatest amount of skill and experience
- Primary skills required: Ability to recognize opportunity, strong people skills strong negotiation skills

Turnkey Property:
- Strengths: Requires the least amount of the investors time to acquire the property and generate returns
- Weaknesses: Investor will often pay more for the property. Must be careful about inheriting bad tenants and property managements (as part of the conditions), history of how owner qualified tenants
- Skills required: Verify total ROI quickly accurately. Strong investor network.

SWOT Analysis: Private Lending, Individual

	POSITIVE	NEGATIVE
INTERNAL	• Fully passive, requires very little of the investors' time • Produces a cash flow and often even a lender bonus or fee • Term is short, often 1 to 3 years • Investment can be secured on property • No investor qualification required **S**	• No preferential tax treatment on interest income • Investor has no decision-making control of the asset • Can be difficult to find a suitable deal • Might not be secured on property • Capital is illiquid **W**
EXTERNAL	**O** • A fully passive portfolio can be built • Can use registered funds • Can leverage equity to invest	**T** • Market slows down • Property value declines • Borrower doesn't pay on time and needs extension • Borrower runs out of money (bankruptcy) • Borrower becomes deceased

SWOT Analysis: Private Lending, Group

	POSITIVE	NEGATIVE
INTERNAL	• Fully passive, requires very little of the investors' time • Produces a cash flow and often even a lender bonus or fee • Term is short, often 1 to 3 years • Investment secured on property • Experts do the underwriting **S**	• No preferential tax treatment on interest income • Investor has no decision-making control of the asset • Can be difficult to find a suitable deal • Capital is illiquid • Investor qualification required **W**
EXTERNAL	**O** • A fully passive portfolio can be built • Can use registered funds • Can leverage equity to invest	**T** • Market slows done • Construction delays • Quality of the underwriting team • Project running out of money before completion

SWOT Analysis: Private Equity, Trust

	POSITIVE	NEGATIVE
INTERNAL	• Can produce tax preferred income (ROC) • Fully passive, requires very little of the investors' time • Experts to the underwriting • Professional management that oversees investment • Shared equity ownership in a larger portfolio by pooling funds with other investors • Can deliver cash flow • Can invest with smaller minimums **S**	• Often available only to accredited & eligible investors • Limited liquidity • Deferred service charges • Mid-term investment, 5+ years • No control over the investment decisions **W**
EXTERNAL	**O** • A fully passive portfolio can be built • Can use registered funds • Can compound growth by using dividend reinvestment plan	**T** • Poor management • Declining market values • Quality of the underwriting team

SWOT Analysis: Private Equity, Limited Partnership

	POSITIVE	NEGATIVE
INTERNAL	• Can be the highest returns of all streams • Can produce tax preferred income • Fully passive, requires very little of the investors' time • Experts to the underwriting • Professional management that oversees investment • Shared equity ownership in a larger portfolio by pooling funds with other investors **S**	• Highest risk investment of all streams • Often available only to accredited investors • No immediate cash flow, investors only receive returns at the completion of the project • Typically 3-7 years, invested capital is not liquid during this time No control over the investment decisions **W**
EXTERNAL	**O** • A fully passive portfolio can be built • Can use registered funds	**T** • Market slowing down • Construction delays • Quality of the underwriting team • Poor management