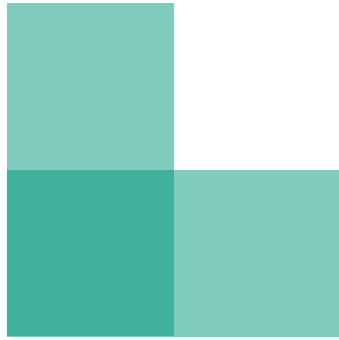
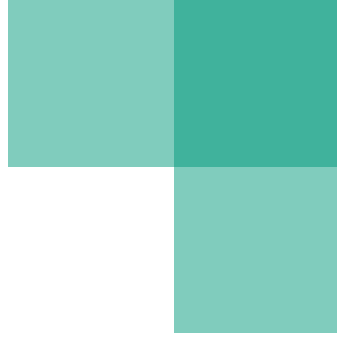
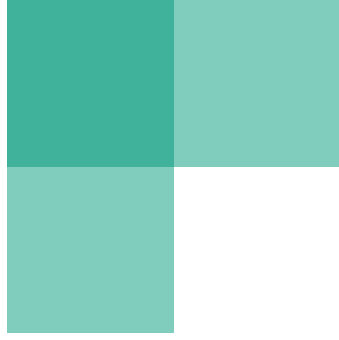




PESTLE





Look ahead. Prepare for the worst and hope for the best.

ANONYMOUS

What's it all about?

PESTLE analysis is a mechanism for scanning the external environment, or big picture, in which the organisation operates. It has grown in popularity over the years and goes under a variety of acronyms – PEST, STEP, STEEP, STEEPLE, PESTEL. Alongside a SWOT (also included in this toolkit) the PESTLE is probably one of the most commonly used tools as part of the strategic planning process. It has become so commonplace that its roots are not entirely clear. The earliest mention seems to have come from Aguilar (1967) who discussed ETPS – Economic, Technical, Political and Social factors.

What's it for?

PESTLE stands for – Political, Economic, Sociological, Technological, Legal and Environmental factors. It is a framework for auditing a business' environmental influences, both current and future, to support decision making and strategic planning. A PESTLE analysis can be a useful tool to find out where a business, project or programme sits in the context of what is happening outside and therefore likely to influence what is happening inside.

Using the tool

The PESTLE framework provides you with a series of headings that can be used as a mechanism for further research or brainstorming. You can use the tool in a couple of ways, either as a starting template for general discussion, which then leads to more in-depth research, or as a basis for collecting information, which then feeds into a final discussion about what has been found. Whichever route you choose, you will need to take the following steps:

1. Use the template to work through your PESTLE factors

2. Analyse the findings
3. Identify the most important issues
4. Identify strategic options
5. Prepare a discussion document
6. Disseminate the findings (where appropriate)
7. Decide on which trend/s should be monitored on an ongoing basis

The attached template illustrates the kinds of issues you might think about and what their relative importance is for your business. The list is just to get you started; you will have your own issues, depending on the focus of your organisation.

If you are limited by time or resources or are not sure what is happening under some of the headings, there are a variety of sources of information on environmental issues and trends available – The Third Sector Foresight interactive bank is particularly useful for the non-profit sector and Arupforesight produced a series of prompt cards on drivers for change (although they do charge for them).

What Next?

Have a look at other PESTLEs on the web and see the sorts of factors that different businesses are taking into account. What do you think are the five most important external factors for your business? How might you influence your environment?

Quick tips

- Get other people involved to gather a range of perspectives. If you are a sole trader, you might involve your peers, stakeholders, customers or friends
- Exploit other resources that are already available either internally or externally
- Use the tool in conjunction with others – particular the SWOT – as that will ensure you tie in the external opportunities and threats to your strategic planning

- Environmental scanning should be an ongoing process. Think about how best to keep monitoring what is happening
- Try not to jump to conclusions about the future based on present or past performance: they are not always reliable guides
- Don't get bogged down in masses of information or paralysed by your analysis. You need to ensure you move from analysis into action

References

Aguilar, F. (1967). Scanning the Business Environment. New York: MacMillan.

PESTLE analysis template

PESTLE analysis factors	Comments	Potential impact	Implications		
<p>The following prompts are to help you get started. Feel free to customise!</p>	<p>Any observations? Further research needed? Actions already taken?</p>	<p>H – High M – Medium L – Low U – Uncertain</p>	<p>Likely time frame for impact – 0-6 months; 7-12 months, etc.</p>	<p>Type of impact: Positive Negative Unknown</p>	<p>Relative importance: Critical Important Unimportant Unknown</p>
<p>Political</p> <ul style="list-style-type: none"> • Government policies • Funding policies • Elections • Trading policies • Conflicts • Terrorism • Government structures • Shareholder/stakeholder needs • Etc ... 					

PESTLE analysis template

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<p>Social</p> <ul style="list-style-type: none"> • Demographics • Lifestyle changes • Diversity • Immigration/emigration • Leisure activities • Health • Living standards • Public confidence/happiness • Media views/roles • Consumer attitudes • Fashion • Etc... 					

PESTLE analysis template

PESTLE analysis factors	Comments	Potential impact	Implications		
<p>The following prompts are to help you get started. Feel free to customise!</p>	<p>Any observations? Further research needed? Actions already taken?</p>	<p>H – High M – Medium L – Low U – Uncertain</p>	<p>Likely time frame for impact – 0-6 months; 7-12 months, etc.</p>	<p>Type of impact: Positive Negative Unknown</p>	<p>Relative importance: Critical Important Unimportant Unknown</p>
<p>Technological</p> <ul style="list-style-type: none"> • Maturity of technology • Research • Competing developments • Consumer attitudes • Access – open source, licences etc. • Intellectual property rights • Energy issues • Bio-tech • E-learning • AI, ML, AR/VR • Coded bias • Etc... 					

PESTLE analysis template

PESTLE analysis factors	Comments	Potential impact	Implications		
<p>The following prompts are to help you get started. Feel free to customise!</p>	<p>Any observations? Further research needed? Actions already taken?</p>	<p>H – High M – Medium L – Low U – Uncertain</p>	<p>Likely time frame for impact – 0-6 months; 7-12 months, etc.</p>	<p>Type of impact: Positive Negative Unknown</p>	<p>Relative importance: Critical Important Unimportant Unknown</p>
<p>Legal</p> <ul style="list-style-type: none"> • Domestic legislation • European legislation • International legislation • Regulatory requirements • Data protection • Industry-specific legislation, etc... 					
<p>Environmental</p> <ul style="list-style-type: none"> • Ecological changes • Climate change • Attitudes and opinions • Campaigning and advocacy • Global factors • Production/materials issues • Innovations etc... 					



Alchemy was founded to help people navigate change.
We are passionate about organisational learning and
supporting people to understand change in action.



Would you tell me, please,
WHICH WAY
I ought to go from here?
That depends a good deal on
WHERE
you want to get to.

Choose your next adventure

Visit Alchemy Research and
Consultancy for more toolkits and
advice, such as:

- SWOT
- Business Model Canvas
- Future Perfect