

# How to do a PEST analysis

**By exploring what is happening you can better take advantage of the opportunities or guard against the threats to your organisation or decide if a project should even go ahead.**

The PEST analysis is part of strategic planning for a new organisation or project. It is a simple way of exploring what is happening in the world, and the environment in which your organisation or project will operate. By understanding this context you can be prepared to meet future challenges, take advantage of opportunities, guard against threats, or decide if a project should proceed.

PEST stands for Political, Economic, Social and Technological. When you do a PEST analysis you think about what is occurring in and influencing each of these environments and how your organisation could be affected. There are several variations of the PEST analysis: STEP, STEEP, SLEPT, PESTLE and STEEPLE. You can research these to see which suits your needs best.

The STEEPLE may be most suitable for the services sector because it includes ethics. STEEPLE stands for Social, Technological, Economic, Environmental, Political, Legal and Ethical.

## This is how to do a thorough STEEPLE analysis!

Brainstorming with staff and stakeholders is the most effective way. You could put butcher's paper up with each heading and hand your team or stakeholders sticky notes or pens to write down all the external factors and how they impact on your organisation.

## Gathering PEST, PESTEL and STEEPLE information

In order to perform STEEPLE you should gather as much relevant information as possible about your organisation's external environment. Here are some suggestions.

## Ask what are the key factors for each point?

- **SOCIAL** – What statistics do you have about people in your area (eg age, gender, education, employment, cultural background?) What are the social and cultural issues affecting your organisation eg rising homelessness, domestic violence or addiction. What is the percentage of your client group in your area? What are the prevailing health, lifestyle, education and income issues? Do you know anything about anticipated population growth and diversity?
- **TECHNOLOGICAL** – What innovations will affect the communities you are working with? Can technology help you deliver services in a more innovative and cost effective manner? What research is being undertaken and what are the associated changes to legislation and privacy?
- **ECONOMIC** – Are you likely to be funded next year? What are the growth, unemployment, cost and funding trends that will affect your organisation and stakeholders? Has the unemployment rate affected your donor income? Will governments and funding bodies reduce or increase sector funding?
- **ENVIRONMENTAL** – What are the environmental concerns for your target group? Are there relevant environmental regulations? Will climate change have an impact on your client group eg farmers, homeless people? Will renewable energy trends affect costs for your organisation and clients?
- **POLITICAL** – What is the political situation and how might it affect your industry? What are the policies of the political parties? Is there

likely to be a change of government? How is your relationship with relevant government departments?

- **LEGAL** – What legislation regulates your industry, eg privacy, work health and safety, working with vulnerable people? Is it likely to change and how will changes affect your organisation?
- **ETHICAL** – Are the values of your funding bodies and your organisation aligned? Could their values impact negatively on your organisation? Would your project be considered ethical by your stakeholders and the general community?

## Choose and prioritise

Choose the most important points and put them in priority order. Compile these into a table to keep and use. Think about how these important points will impact on your organisation, the project and your stakeholders. Conduct a [SWOT Analysis](#) to look at the resulting opportunities and threats.

## Use this information to make strategic decisions

Use this information to make strategic decisions about your organisation or project. Should it go ahead? How should it be structured? Where are its sources of funding?

This STEEPLE information can also be used in grant applications and funding body reports once your project or organisation is running.

## Disadvantages

- You may feel you need to put something under each heading whether it is relevant or not. You should add or remove headings so that they are relevant to you. However, there will be very few organisations that would not be affected, in some way, by every one of the STEEPLE forces.
- You may just list what you already know. Remember to research and brainstorm with stakeholders to find new things which may affect your organisation or project.
- You may do the analysis because you feel you need to but then don't use it again. It is important to keep it as a live document that affects what you do now and in the future.
- This analysis only covers external factors. It is therefore important to conduct a [SWOT Analysis](#) following your PEST (or STEEPLE) analysis to make sure you have captured all the information you need.

## References

Here is a link to the Workforce Development Project's [Review your Workforce Tool](#) which outlines five key domains to assess and support your organisation's workforce planning process.

### Referenced links

- [How to do a SWOT analysis](#)