



Template **PEST Analysis**

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Identifying and anticipating, a future-proof strategy



PEST ANALYSIS INTRODUCTION

The name "PEST Analysis" is based on the first letters of the factors Politics, Economy, Social and Technology. It is a business, strategic and analytical model that is used to identify opportunities and threats in the market on the basis of external Political, Economic, Social and Technological developments with the aim of generating impact for the company.

In order to identify new developments, society must be clearly scanned at the macro level. In order to create that overview, the developments must be categorized under the letters P-E-S-T. The PEST Analysis helps in gathering information to make strategic planning, allocate budget and conduct market research.

In addition to political, economic, social and technological developments, it is also possible to investigate other developments in society, such as Demography, Environment, Ecology, Ethical and Legal. Many letter combinations are possible on the basis of the factors that are relevant to the company. Other variations of the PEST Analysis are the DESTEP, PESTLE, ELSA and STEEPLED.

The PEST Analysis is often used in combination with other analytical tools, such as the SWOT analysis and Porter's Five Forces, to identify the best possible picture of opportunities and threats. The PEST Analysis was originally designed as a business environment scan.

Executing the Method

Determine factors

Brainstorm with the team about the different factors and determine which factors affect the business and which ones need to be investigated.

Using the Template

Print out the template with the table, draw it digitally or on a large sheet of paper or flip chart.

Collect information

Investigate for each chosen factor what developments are going on and map out the changes taking place in the environment of the company. Then collect all relevant information, in a group or individually. Do this by describing them in 1 or 2 terms on post-its.

Brainstorming

Start brainstorming. Every change, development and opportunity is examined, after which the question is asked what possibilities this offers the company. Write this on the accompanying post-its and place it with the correct factor. (Use "PEST Questions" further down in this template to identify opportunities).

Identify threats

The identified developments, changes and opportunities can also pose a threat to the company. Think about the way in which these can be threatening and write this in 1 or 2 terms on post-its under the corresponding factor. Identifying them early prevents any problems. (Use "PEST Questions" for that)

Organize and determine further strategy

Arrange all post-its with their developments, opportunities and threats based on the expected impact on the company. Convert all possible opportunities into actions that can be taken and incorporate these actions into the business plan and/or strategy.

Tick off the steps

Template



PEST checklist

Politics:

Think of government policy, political instability, foreign trade policy and trade restrictions, labor laws, environmental laws or copyright laws.

Economy:

Think of industry growth, seasonal changes, labor costs, economic trends, growth rates, unemployment rates, customer disposable income, taxes and inflation.

Socio-cultural:

Think of behavior around money and beliefs about money, work, leisure, living environment, trends in lifestyle, population growth, demography, family size and immigration.

Technology:

Think of legislation in the field of technology, consumer access to technology, research, technological developments and innovations, technology and communication infrastructure.