

Strategy Planning

Tools in Strategic Planning

PESTLE¹

PESTLE stands for Political, Economic, Social, Technological, Legal and Environmental. It is a useful tool to allow people in organisations to think broadly about issues that affect the context in which the organisation works. PESTLE could be considered an analysis of the far environment and is usually conducted as a brainstorming session. There might be certain areas that groups might want to look at more closely or might be affected by more intensely than others (for example, the recession might have resulted in an increase in the number of service users of your organisation). To conduct a successful and more in depth PESTLE use flip chart paper and markers with a group of stakeholders (people that have an interest in your organisation or project).

- **Political** factors are how and to what degree a government intervenes in the economy and policy areas that may affect funding or your users (eg immigration). Specifically, political factors include areas such as tax policy, labour law, environmental law and political stability. Political factors may also include goods and services which the government wants to provide or be provided and those that the government does not want to be provided. Generally governments have great influence on the health, education, and infrastructure of a nation.
- **Economic** factors include economic growth, interest rates, exchange rates and the inflation rate. These factors have major impacts on how organisations operate and make decisions. For example, inflation rates may affect the running costs of your organisation (salaries, increases in cost of goods and services). Exchange rates also affect the supply and price of imported goods that you might purchase to run your organisation.
- **Social** factors include the cultural aspects and include health status, population growth rate, age distribution, career attitudes, ethnicity and nationality of people using your services and emphasis on community safety. Trends in social factors affect the demand for an organisation's services and how that organisation operates. For example, an ageing population might result in your organisation having an increasing demand on services for older people.
- **Technological** factors include ecological and environmental aspects, such as research and development activity, automation, technology incentives and the rate of technological change. They can determine how your organisation operates. For example, meetings could take place via webcam, remote access working etc
- **Environmental** factors include weather, climate, and climate change, which may especially affect industries such as tourism, farming, and insurance. Furthermore, growing awareness of climate change is affecting how companies operate such as using re-cycled paper, or low energy technological appliances.

¹ <http://www.cipd.co.uk/subjects/corpstrtg/general/pestle-analysis.htm>



- **Legal** factors include discrimination law, safeguarding law, company law, employment law, and health and safety law. These factors can affect how a company operates. For example, if your organisation is working with children or vulnerable adults, then there are legal requirements to follow in terms of policies and procedures.

