P.E.S.T.L.E. Analysis

A management technique to help you to understand the External environment in which the organisation operates

PESTLE Analysis is a popular method of examining the many different external factors affecting an organisation – the outside influences on success or failure.

These factors may be differentiated in six ways:
- P - Political - The current and potential influences from political pressures
- E - Economic - The local, national and world economy impact
- S - Sociological - The ways in which changes in society affect us
- T - Technological - How new and emerging technology affects our business
- L - Legal - How local, national and world legislation affects us
- E - Environmental - The local, national and world environmental issues

The main problem with these external PESTLE factors is that they are continuously changing. So PESTLE analysis should include a thorough analysis of what is affecting the organisation now, and what is likely to affect it in the future.

The result of a PESTLE analysis is usually a list of positive and negative factors that are likely to affect a business. However, by themselves they mean very little. It is important to bear in mind, that PESTLE analysis requires careful application of results.

The six factors may be applied to the whole of the organisation, or to specific business areas, or to specific parts of business areas, in order to contemplate the likely effects.

Business Areas could include:
- Customers
- Technology
- The industry/marketplace
- Intermediaries
- Competitors
- Other stakeholders

Following PESTLE analysis, an organisation is unlikely to make any clear decision on action, until it has also analysed the internal strengths and weaknesses of the business.

These Internal areas would typically include:
- the resources (assets)
- the size and structure
- the culture and style
- the relationship with employees
- the corporate image
- the skills
- the track-record
- the rewards
- leadership