

PESTLE



BUSINESS
MAKE  **OVER**

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PESTLE

PESTLE analysis helps you to analyze six categories of external factors, all of which can affect your business. Factors can be political, economic, social, technological, legal or environmental. With a clear overview of these factors you can better understand the position and potential of your business in the market.

Template & example

Make a large printout of the PESTLE Canvas template (page 4) and use it during a brainstorm. Get inspiration from the PESTLE example that was made for McDonald's.

How to use

Each letter in the word PESTLE stands for a category of factors. For each category you have to think if there are trends or developments that have an impact on your business. Factors can affect your business in a negative way but they can also represent opportunities. With a PESTLE Analysis you create an overview of factors in your market. Based on this overview of your business environment, you can better estimate whether your business or your product is going to be a success.

Step 1: political factors

Decisions made by the government are political factors. Think of decisions regarding to policies, laws, restrictions, tariffs, etc. Governments have a great impact on the public facilities in a country, but also on the economy. Tax regulation and governmental programs and grants can have a large impact on the success of a business. Write down those policies, laws, restrictions, grants, tariffs, etc. that influence your business.

Step 2: economic factors

The economic situation of a country greatly influences how your business can operate and be successful. Think of economic factors like interest rates, exchange rates, inflation, economic growth, unemployment etc. Write down those rates or other economic factors that have an impact on your business.

Step 3: social factors

Social factors have to do with the demographic within a country or region and with cultural aspects. Important demographical statistics are age distribution, education levels, population growth rate, ratio of males to females, etc. Cultural aspects consist of the attitudes, beliefs or values of the population. Write down the important demographics of the population of your environment and their cultural aspects.

Step 4: technological factors

Technology advancement of your market determines the barriers to entry for new businesses. Technology factors are for instance automation, technical innovations, R&D investments, and rate of technology exchange. Write down what kind of technologies there are important in your market and how advanced they are.

Step 5: legal factors

There is a wide range of laws that influence the way your business operates. Think of employment regulations, privacy and data security, discrimination laws, tax laws, advertising and marketing laws, online business laws, and many others. Write down those laws that influence or might influence your business.

Step 6: environmental factors

Environmental factors consist of aspects like weather, geographical location, climate and climate change. Elements that influence the ecology are also important, like limited natural resources, recycling, waste disposal, and other element. Write down those environmental factors that have an impact on your business.

Step 7: evaluate the factors

Once you have determined which factors influence your business you can review whether they have a positive or a negative influence. You can do this for instance by adding a color: red for negative and green for positive.

PESTLE

name _____

political	economical	social
technological	legal	environmental

date _____

political

- Increasing international trade agreements
- Pending tax reform
- Evolving public health policies

economical

- Slow but stable growth of the U.S. economy
- Stable but risky European economies
- Slowdown of the Chinese economy

social

- Widening wealth gap
- Increasing cultural diversity
- Healthy lifestyle trend

technological

- Moderate R&D activity in the industry
- Increasing business automation
- Increasing sales through mobile devices

legal

- New legal minimum wage levels in the U.S.
- Local health regulations in workplaces and schools
- Animal welfare regulation

environmental

- Rising interest for corporate environment programs
- Increasing emphasis on sustainable business strategies
- Climate change