

WHAT ?

The environmental scan answers the question : “what kind of evolutions are happening in the business context the organization is operating in and how are they significant for our future strategic (investment) choices including decisions to make on major projects”.

PESTEL is an acronym that highlights the different aspects of an ‘Environmental Scan’.

The environmental scan results in opportunities and threats. These are introduced into the SWOT - ‘confrontation matrix’, that would suggest the course of action for the organization to take.

WHY ?

The use of a checklist like **PESTEL** helps you keep an open mind on all possible and significant shifts in the business environment of the organization. Initially a good idea is often triggered by the observation of one or two elements in that business environment.

But it is wise to check, before any decision or action is taken, the whole context in order to be aware of possible opportunities initially overlooked and of possible risks and threats caused by **p**olitical, **e**conomical, **s**ocial-societal, **t**echnical, **e**nvironmental or **l**egal evolutions.

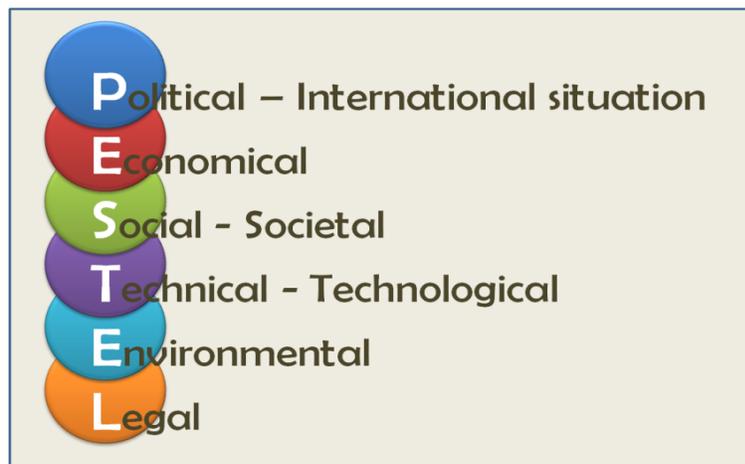
The checklist is not only based on objective data & figures, but also on shifting opinions, trends, climate, stakeholder attitudes and expectations. Example : The public opinion shift towards sustainable consumption and reuse of waste materials triggers ‘business initiatives’ in that direction : you will have customers for it, it will be relatively easy to get funding, public subsidies are possible, local communities will welcome that kind of installations in their community,

CONTENT?

The **PESTEL** analysis deals with all relevant evolutions and changes in the business environment an organization operates in.

In function of the business or the specific project, the questions and the things you look at are of course different. In our checklist (see flipside) we list a number of possibly relevant question, but in function of the specific ‘project’ you will need to narrow or broaden your scope. (ex : if you plan investments in Ireland you should look at the specific economic and political situation in Ireland, impact of recent elections, legal or tax issues that influence the success of your project, etc...).

In order to access all that information, you need to build an effective ‘stakeholder-network’ that is capable of giving you a valid picture of the outside environment.



CHECKLIST

P

- Political parties, their program for the future and their constituencies - support
- The actual policies at different levels (ex : subsidies for solar panels, ...)
- Political stability, government reliability
- International trade regulations & restrictions
- Relations with local, national authorities (how difficult to develop in case of entering new markets)

E

- Growth expectations ? Internal market – export ? (evolution GDP)
- Market share, positioning and strategy competitors ?
- Evolution of the demand for specific products or services ?
- Evolution purchasing power, Cost of capital, inflation, ...
- Availability, cost and cost evolution of raw-materials, fuels, ...
- Market situations : open market, competition, monopolies, state owned markets, etc...
- Difficulty to enter a new market (for cultural, economical, legal, political reasons) & how difficult or easy is it for others to enter into your markets ?

S

- Demographic evolutions – Labor & social mobility – unions & collective bargaining
- Situation labor market (unemployment, competencies available, ...)
- Social 'trends'... what are the tendencies and societal expectations, lifestyle changes, ...

T

- New emerging technologies, services, products, innovations being introduced
- Technologies life expectancy (for economical, ecological, social , legal reasons) : how sustainable is a certain technology that is currently being used
- Impact of information technology, internet, ...
- Cooperation industry – science – university / R&D investments competition / investment
- Patent protection

E

- Environmental regulation changes
- Licence to operate ?
- Ecological impact (CO², fuel consumption, water consumption, ...)
- Impact on livelihoods of local communities (ecological & social impact)
- Transport issues
- Public - government support for 'green' technology

L

- Fiscal & labor laws & policies
- Incentives (tax, subsidies, ...) for technological or ecological innovation
- Regulatory changes (local, national, European, ...)
- Different law systems in different markets ?
- Potential liability, cost of litigation, ...

