

Use pest analysis to kick off this business year with a bang

[Business](#)



It's a new year for your business! You want to have a strong start, don't you? Here's the thing: You need a plan. And not just a marketing or business plan (I'm sure you have both and if not, here's what you should know). You need a system most of your competition won't even think about.

It's called PEST analysis. It's as long as those capital letters and unveils a host of information necessary to take your firm to the next level. Here's how to start.

What is PEST analysis and why should you know about it?

PEST analysis allows you to make informed business decisions related to four influential elements. These elements are politics, the economy, social culture, and technology.

Why should you care? I'll give you a brief example of how PEST can help you stay one step ahead of your competition.

Let's say a certain political problem is about to impede your business — but you didn't know about it until after your PEST analysis. And, let's also mention that your competitor didn't do a PEST analysis. They're oblivious to this same threat.

Unlike her, you now have the means and knowledge to prevent the possible fallout of this political crisis. Considering this issue will put a wrench in your business production unless you step in, wouldn't you say this has given you a nice advantage over your competition? Because it may be a while before she even realizes there's something wrong. And by that time it may be too late to do anything about it.

But not for you. You, thanks to PEST, already disposed of the problem.

This is the reality made possible by a simple little PEST analysis. Now here's a quick summary about PEST before getting started.

Here's a brief list of things to save in your mind

Here's the quick and dirty guide of what you should remember about PEST analysis before starting it..

- It's macro-environmental only

Meaning, these influences are about the macro or “ outside” environment of your business. And that means you can't stop or intervene any of the four factors.

- You can't influence the 4 factors

The four factors are ever present in business, however, it takes more than just one individual to influence or change them.

For instance, maybe one person could crash the economy. But it would take time and plenty of influence to achieve that. Likewise, a newly developed technology may become the only used tech in your industry — making all over tech obsolete. Again, this likely won't happen overnight. Or thanks to one or two people. It takes an immeasurable amount of work, time, money, and opportunities at the right moment to cause such a monumental shift. A shift that can and will affect millions of people.

- Even though you can't change it, it doesn't mean it's not beneficial to you

Knowing how these four influences affect your industry and business allows you to make informed, strategic decisions — decisions to increase your success, whether that means new profits, customers, reach, or expansions.

- You can also add “ legal” and “ environmental” factors (Turning PEST > PESTLE)

PEST is the short form of PESTLE which follows the same principles, only adding two new macro-environmental influences into the mix: legal and environmental.

For some people, these last two influences aren't as necessary as the first four. Or, sometimes, people add in legal to the political section and forego environmental. Adding the last two influences depends on your type of business and needs.

How to use PEST analysis to your advantage?

A PEST analysis involves discovering recent and relevant information related to the four categories of the analysis — the four being political, economic, social-cultural, and technological.

For simplicity's sake, make each of the four their own category, then add the information you discover to each one.

Tips before starting!

For the political section: Make notes on the current political parties in each region/country your business resides. Consider recent bills affecting businesses (large corporations to startups). Think about the possibility of

political corruption, the impact of customers with strong political ideals, and the relationship between countries/regions relevant to your business.

For economic: Keep track of taxes (increases and decreases), inflation rates, import, and export laws, and recessions (and the risk of). This section also includes anything that has to do with changes to expenses, profits, and fees.

For social-cultural: Think about your customers; where they live, what they buy, household income, unemployment rates, and where they buy products. Check forums and online reviews to hear from the customer. Consult your own customers through surveys, if possible.

For technological: Consider recent advancements in the technology your business uses; everything from manufacturing tech to social media; labels and packaging; and discussions of new technology on the horizon. You may also want to study the tech your competition uses too; look for similarities and differences.

The goal of your PEST analysis is to uncover information that could...

A. Interrupt your business or;

B. Improve your business

After digging for a while, you'll likely find information that belongs in category A or B. But then there's also category C...

- Doesn't fit into A or B, but may be relevant in the future.

We don't know what the future will hold. But we can try to find patterns or clues to decide. The only way to find the clues is by researching influential factors. And what's more influential than regulations, money, customers, and tech?

This is how you get your business ready for yet another fantastic year — with a thorough PEST analysis. And it's not just a one and done thing; check back into it each quarter. Update it with new information when you can. And see how it's helped your business.

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