

Your 4 top questions about pestle analysis answered

[Business](#)



We always openly discuss PESTLE analysis, but we rarely address the common questions people have regarding it. It's one thing to know how to do a PESTLE analysis. Understanding why, when, and how to use it is an entirely different beast.

I'm clearing that up today by discussing the top questions you're likely to have regarding PESTLE analysis. It's time to take the guesswork out of it.

1. When is the perfect time to do a PESTLE analysis? Should I do it more than once?

Unfortunately, the answer you don't want is the one you need to hear: doing PESTLE analysis is situational.

PESTLE analysis' strength is tapping into six macro-environmental factors affecting your topic of choice.

- Political
- Economic
- Social
- Technological
- Legal
- Environmental

You're assessing how each of these critical factors will influence your business. Because they will. But you won't be able to influence (or change) these factors.

For instance, when a bill is passed, you can't revoke it. When it pertains to your industry, you also can't ignore it. Well, you can... but that's not a legally

smart decision. You may end up on the wrong side of the law. Depending on the situation, you may need to pay penalties, stop production, or face jail time.

There are prominent situations where PESTLE analysis will be recommended including...

- Before starting a business (product, etc)
- To understand a business/industry/location
- As a tool to understand 6 primary factors affecting businesses/sales/success

Why during these times?

Because this is where you'll learn what can (or is) preventing your growth. You either find a workaround or work with these influences. But trying to bypass the problem entirely is will advised.

2. Do I have to do the whole analysis?

Not necessarily. Even here, we discuss PEST analysis and PESTLE analysis. Obviously, the difference is the inclusion (or exclusion) of two influences: legal and environmental.

These two can be excluded from their own subsections because they fit into other categories. For example, you can easily discuss legal factors in the political or economic section of the analysis. Considering political discuss bills and regulations, laws go hand-in-hand. Laws are also an aspect of economic factors like taxes and inflation.

Environmental factors are a tad more difficult, but barely. You can fit them into the social or technological sections. For instance, social factors include lifestyle changes and preferences. If consumers are searching for an eco-friendly product, discussing environmental issues, laws, and regulations makes sense in this section. It's possible to accomplish a similar result during the technological section.

That said, if you're writing a report (as business analysts are likely to do), keeping legal and environmental factors in their own sections may add to clarity. It depends on your needs.

3. Will PESTLE analysis actually be helpful for what I need or just a waste of time?

That depends on your reasoning for doing the PESTLE analysis and what you plan to do with that information.

Let's say you're searching for ways to improve communication between managers and their teams. A PESTLE analysis won't be helpful. You're trying to solve an internal problem by researching outside factors. Factors that, for the most part, shouldn't impede on how your teams talk to each other.

You may find out these outside influences are straining employees. That can be a reason communication has become stagnated. But the solution won't be found with PESTLE analysis alone.

Also, keep in mind, PESTLE analysis can take time to complete. It's best to include data and recent references wherever possible to ensure your information is accurate. PESTLE often finds itself included in business and

marketing plans. In these situations, having the full picture of influences can be essential for future decisions.

Before you dedicate the time to your PESTLE analysis, write down what you want to use the information. Then ask yourself this: Do I need this info to solve my problem? If yes, then proceed.

4. I finished my PESTLE analysis... now what?

It's time to put the information to use. The problem is, most people who do any analysis let the information drift away. Having the information can be helpful, but limited. It's understandable to sit and let it marinate in your brain for a bit. But after that brief break, it's time to get to work.

The real work.

Addressing major concerns is the point of PESTLE analysis. You'll learn the impact of politics on your topic. You'll witness changes in the economy and how that affects you. And if you hadn't known before, you'll quickly see how consumers have a way of making or breaking an industry.

But with this information at your disposal, you're unlikely to be surprised. You have the advantage to address immediate issues. For you, that may require a rebranding, an introduction to new technology, or an operations adjustment. Maybe, if you're lucky, you won't have to change much of anything.

The only way to know is to collect the PESTLE information then find the means to implement it.

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