

# Who invented pest analysis and why it matters

[Business](#)



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An ordinary novel hit the shelves in 1967.

Decades later, it led to the development of a standard analysis used primarily in strategic planning.

Right now, it's easier to buy the book online than it is to find a summary of it.

You don't have to read it. But you should understand its connection to business analysis. It's the foundation for the creation of a familiar tool. One we discuss on this site regularly.

It's called PEST analysis.

## **The Suspected Founder**

Fifty years ago, scholars were expanding their knowledge on strategic planning. Among them was an American: Francis J. Aguilar. In 1964, he became a professor at Harvard Business School. Three years later, he released a critical novel: Scanning the Business Environment.

Aguilar's book opened up the lines of communication and analysis. He is credited as the founder of PEST analysis. But it didn't start as PEST.

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It began as ETPS and encompassed four broad factors of the environment: Economic, Technical, Political and Social influences.

But ETPS doesn't roll off the tongue, does it?

## **The Ever-Changing Acronym**

ETPS was the beginning. It was a good starting point. And it would change its name many times over the years.

Arnold Brown, connected to the American Institute of Life Insurance, renamed the analysis to STEP. This changed the meaning to Strategic Trend Evaluation Process. STEP is easier to remember than four jumbled letters. But more importantly, it fit Brown's analysis of the environment better.

External factors are trademarks in the macro environment. The elements show they influence the environment but aren't easily influenced by others.

But the acronym changed once more. An ' E' was added, turning STEP into STEPE. But the meaning was altered. It now meant: Social, Technical, Economic, Political, and Ecological.

STEPE resembled ETPS in meaning. But it's still easier to remember than Aguilar's version.

Clearly, STEPE isn't PEST; the name and analysis continued to change.

Many authors created their own acronyms. Throughout the 1980s STEPE turned into STEEPLE, PESTLE, and PEST respectively.

Yet PEST has " won" as the more familiar term.

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Why? No one knows. But location and demographics play a role.

For example, PESTLE — adding Legal and Environmental onto PEST — is popular in the UK. Especially in English marketing courses and by human resource employees. Others may prefer PESTEL, STEP, STEEPLE, and its other variations.

Online, PEST is often preferred.

## **The Impact**

As stated earlier, Aguilar's novel was the stepping stone to PEST analysis. Truthfully, he and his book are the closest links to its birth. Considering the acronym has bent to the whim of many authors, there is a chance Aguilar isn't the true founder.

But he has impacted the world of strategic planning. He wrote two additional books, but neither expanded upon his initial findings from *Scanning the Business Environment*. Neither of them affected strategic planning like his first.

Still, without ETPS, we might not have PEST analysis. And without it, corporations would lack a critical method to make smarter business decisions. Business analysts would be without a knowledgeable tool.

The many PEST studies on corporations, industries, and countries found on this website wouldn't exist.

## **More About PEST Analysis**

Examples of the usefulness of PEST analysis is everywhere on this site. Such as, how to conduct PEST analysis yourself. And examples of how PEST affects global companies.

It's a strategic tool. It helps businesses succeed by understanding political, economic, social and technological impacts.

Without the information PEST brings to light, a business will find themselves conflicted. They'd be forced to fight against threats without a plan of action. They may not acknowledge advanced technologies. And they may become susceptible to laws and regulations without notice.

To help with smarter decision making — that's why PEST analysis, and the founder, matters.

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