

Difference between swot, pest, steep and steeple analysis

Business



When you run a business, making the most of it becomes the prime purpose of life. Both big and small business owners need to conduct various analyses. There are many methods, which help to conclude about the firm's current state before taking an informed decision. SWOT analysis is perhaps the most commonly used technique. STEEP, STEEPLE, and PEST are also used by individuals and companies.

Before I discuss the other methods, I would like to talk about SWOT.

SWOT analysis often talks of the basics of business. People see it as so important because the method evaluates a project or business venture's strengths, weaknesses, opportunities, and threats. The initials of these factors make up the acronym SWOT.

Business owners or project managers apply this structured planning method to know where their venture stands. The analysis' benefit is not limited to companies or industries only. You can carry out SWOT for products, places, and even people too. Both new and existing businesses can use it.

The process involves stating the business goal. The aim of SWOT is to identify the favorable and unfavorable internal and external factors to reach the goal. You can call the degree to which a firm's internal environment matches with its external environment as strategic fit.

Strengths:

Assess the characteristics of your business that give it an advantage over the others in this step. Questions like the following are often asked when considering Strengths:

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What does your business do better than others?

What advantages does it have?

What lowest-cost or unique resources do you have which others do not?

What does the market think your strengths are?

What factors help you sell products?

What is your Unique Selling Proposition?

Weaknesses:

These are characteristics that place the business at a disadvantage when compared to others. Answer the following questions:

- What could your business improve?
- What should the firm avoid?
- What does the market think your weaknesses are?
- What factors could lose you sales?

Opportunities:

In this part, consider elements that the project could profit from. The 2 most important questions to ask in this section are:

- What good opportunities can you think of?
- What are some interesting trends in the market?

Threats:

Find out what elements in the environment could cause trouble for your business or project. Some of the questions you can ask here are:

- What are the obstacles?
- What are the competitors doing?
- Are the quality standards or specifications for your products, services or job changing?
- Is technological advancement threatening firm's position?
- Do you have cash-flow problems or bad debt?
- Could your weaknesses threaten your business seriously?

There are other tools used to find out an organization's current status and position. PEST, STEEP, and STEEPLE analysis help assess the company's external environment and current role. All have the same goal and you can perform them, in the same way. You can use them for future planning and strategic management. Which one of them you will choose depends on the nature of your business or project.

A traditional SWOT analysis would take the context of STEEP and STEEPLE to analyze how certain factors may impact. It is often conducted with either STEEP or STEEPLE analysis. Many think it is an interesting exercise.

PEST analysis studies 4 dimensions, like SWOT. The factors considered in PEST are Political, Economical, Social, and Technological. It is a precise analysis that helps to understand how each of the factors impacts business. It studies the opportunities and threats section of SWOT, but in more detail.

Political Factors

The Political factors include government regulations and legal issues. It defines both formal and informal rules that a firm must abide by. Below are some factors you should consider:

- tax policy
- employment laws
- environmental regulations
- trade restrictions and tariffs
- political stability

Economic Factors

The economic factors affect the potential customers' purchasing power and company's cost of capital. These are some related factors:

- economic growth
- interest rates
- exchange rates
- inflation rate

Social Factors

Social factors involve the cultural and demographic aspects of the external macro-environment. The following factors impact customer needs and size of markets:

- health consciousness
- population growth rate
- age distribution
- career attitudes

- emphasis on safety

Technological Factors

These factors can remove or lower barriers to entry. They can also reduce minimum efficient production levels and sway outsourcing decisions. Some of the technological factors are:

- R&D activity
- Automation
- technology incentives
- rate of technological change

STEEP analysis consists of all these factors but has an additional factor. In STEEP analysis, you have to assess environmental factors too.

Environmental Factors

The environmental factors assess what kind of impact the company is having on the environment. The impact can either be negative or positive. Usually, this affects agricultural firms. Some factors to consider are:

- water, wind, soil
- food
- soil energy
- pollution
- environmental regulations.

STEEPLE analysis is another step ahead. When conducting STEEPLE analysis you have to study Legal and Ethical factors.

Legal Factors

These are factors, which deal with legal complications. You need to constantly check on new legal requirements to ensure compliance. The factors you should consider are:

- Legal restraints and regulations
- Health and safety of employees

Ethical Factors

Ethical factors are all about the social values, which govern business behavior. These act as the foundation for what is right and what is wrong. You must always check the ethical factors of your company. These do not change overnight, but small changes in morality are common.

When business owners want to spend a lot to analyze the internal competencies of their company, they perform SWOT analysis. To learn more about the firm's external factors they can use PEST, STEEP and STEEPLE analysis.

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