

Start your business off right this new year with a quick pestle analysis

[Business](#)



The New Year is fast approaching. Are you prepared to start your business on the right foot next year?

You can use a PESTLE analysis as a guideline. It'll help you address changes from this year and make conclusions about next's. With this information, you can go into the New Year with a clear head and direction for your business.

What is PESTLE?

PESTLE is an acronym for six macro influences affecting every and all businesses. Regardless of industry, products, and niche. These influences can't be changed. They exist and will continue to exist. Your job is to know about them and how they will impact the future of your business.

The six influences are:

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

Here I'll break down each section and explain not only what it is, but also how it pertains to businesses. Once you understand each factor, you'll be able to address any future or current concerns with your business related to PESTLE.

Let's begin with the first influence: political.

Political factors of business

Political influences involve bills, regulations, and policies. Each can have a massive effect on a business.

For instance, at one point, it was illegal to import a plant called Kava. People use it because can relax the body. You just grind it up and drink it. But then new studies appeared, saying that kava use destroyed liver function. After that, it wasn't allowed to be imported into the United States. Years later, this change was reversed. But for those companies offering kava drinks and plants for sale, their business was completely put on hold for years.

Imagine if the main material or ingredient in your products was suddenly banned. How would that impact your business? This is the way you should be thinking about this PESTLE analysis. If X happens, how will it affect my business?

Now, it's not all about hypothetical situations. You should also be mindful of current, active policies and regulations. Is your business in compliance with them? How has any changes within the last year affected your business? And if the current policies and bills don't change, will this be the end of your business or only a minor problem (if a problem at all)?

Keep an eye on the news surrounding any shifts made by your government. Bills are always in the making, but not all are passed. If you know about ones that are often discussed amongst political parties, and if it'll affect you negatively, create a plan. This plan should pave a way for your business to continue to succeed despite the interruption.

After this section is done, let's move to the next influence: economics.

Economic influences

You're likely up to date with current taxes, interest rates, and the strength of the dollar. And you know that a shift in the economy can make or break a business. We can't forget about the recession ten years ago. Some industries took a much harder hit than others — like real estate. It was tough times.

Now think: if there was another recession next year, how would your business survive? You may not be able to make your business recession-proof, but you can plan for a dip in sales. It doesn't even have to be a huge issue like the recession. Think about what would happen if half of your customers went to your biggest competition.

What can you plan right now to make a hit like that less dire? Could you create a new product? Update an existing one? Reach a new audience with a few tweaks of your offering? Use ads and social media to connect with more customers? Sell stocks and reach out to investors?

You want to plan for the worst rather than do damage control after the worst has happened. In the case of the economy, take inventory of tax rates, your financials (by quarter), expenses, new investments... then plan ahead.

Social factors and commentary

This section is all about people. Specifically, your customers. And not just their demographics and background. But also their influence on your business.

Who is your target market? Your ultimate customer? Have you reached them this year? And if so, how did you do it? What methods have you used to get your message across?

And if you haven't reached the customer yet, or are unhappy with the number of customers you have reached, it's time to think about changing your approach. Do use ads? Social media? Cold calling? If it's not working, something needs to change.

What are your customers saying about you online? Hopefully, it's mostly good things with positive reviews. And if it's not, then this next year is the perfect time to get on their good side. Now you need to brainstorm ways to change their mind.

Pinpoint one major problem with your customers and try to work out a plan to fix it. Because if you don't, they will find someone who can.

Technological upgrades and advancements

The technology section is straightforward. Here you can take inventory of the type of technology you use. And be sure to mention " why". Because next year, it might be beneficial to switch some technology out. Or invest in more.

In some cases, you might even want to study what the competition is using. Specifically, see if they've made any changes. You might not want to follow in their footsteps. You do want to know why they'd throw out or update existing technology, though. People make changes for a reason, right?

Knowing their reason could give your business an edge before 2019 even begins.

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Legal and environmental issues

The legal part of the PESTLE analysis isn't something you want to skip. You don't want to find yourself dealing with the courts. Right now, it's best to update contracts. You want to ensure you're following copyright agreements too. It's best if a lawyer looks over these things and gives you the A-OK.

If you're going to be adding a new product, especially if it's digital, make sure your terms and conditions are up-to-date as well. And that they comply with laws, like the General Data Protection Regulation (GDPR) regulation that was initiated earlier this year. Failing to abide by these laws will land you in costly hot waters.

As for the environment, see if there are ways you can reduce your carbon footprint. Many people are worried about the environment these days. Businesses who do what they can to use less electricity, power, and water — or find natural ways to do so — are favoured among communities. If your business is involved in eco-friendliness, I bet you already have these basics covered.

And you're done!

Think of this PESTLE analysis for the new year as more of a guideline. It doesn't have to be a 30-page document. It's an outline for what to be mindful of going into 2019. If you can be more specific though, absolutely go for it. The more thorough the PESTLE analysis, the better your results can be.

Photo by The Roaming Platypus on Unsplash