

Environmental analysis tool for political finance oversight institutions

Environmental Analysis

Your environmental context will help to inform your strategy development and all of your planning activities, so it is good practice to perform an environmental analysis periodically.

Two methods are set out here – these are complementary and can be used together to get a good sense of current drivers, external factors, threats and opportunities.

PESTLE analysis

PESTLE is an acronym to remind you of various sets of factors that could have a bearing on your future plans:

P	Political factors	Relating to the country, the world, your sector, Government policies, political stability etc.
E	Economic factors	Relating to the wider economy, your own organisation’s sources of funding, the economic situation of your users or stakeholders, etc.
S	Social factors	Country-specific social changes, population lifestyle changes, education levels, cultural changes, demographics, attitudinal shifts, etc.
T	Technological factors	New developments, the availability and affordability of new technologies, medical or communications advances, new platforms, technical obsolescence etc.
L	Legal factors	Legislative or regulatory changes, trends in legal actions, new rules or guidance affecting your sector, new requirements that might impact on your resources, etc.
E	Environmental factors	Climate and weather, geographical differences, changes in people’s attitude to environmental matters, energy sources, etc.

To conduct a PESTLE exercise, start with a blank sheet of paper and work through the above factors. This works well as a workshop.

List points raised beside the relevant set of factors. Think about your stakeholders as well as your own organisation – in what ways will the environment shape their reality, and your work?

Try to identify actions you could take, or common drivers that start to emerge.

What are the most important or pressing influences? Do you need to, or want to, respond to them? If they will affect you adversely, can you do something now to protect the organisation or put yourselves in a better position? Are some of them golden opportunities?

You may need to go away after the workshop and do some research in certain areas.

Having done this outward-looking exercise, it may also be useful to conduct a:

SWOT Analysis

SWOT stands for Strengths, Weaknesses, Opportunities and Threats.

Some of the external factors you have already identified in the PESTLE analysis could represent opportunities and threats. And having considered the external environment, you should consider the internal strengths and weaknesses of your own organisation.

It's a simple and useful model, that also lends itself well to a workshop:

<p>Strengths</p> <p>e.g. Unique things about your organisation Things you do especially well Qualities and skills you excel in</p>	<p>Weaknesses</p> <p>e.g. Things you are not so good at Lack of resources Skills you need but don't have</p>
<p>Use this to consider: What you're best at How other people see you What's your unique value?</p>	<p>Use this to consider Where you need to improve Where you might need extra skills What resources you lack and whether there are other ways to access them</p>
<p>Opportunities</p> <p>e.g. New chances to use your skills Emerging needs that no-one else is filling Positive publicity shining a spotlight on you</p>	<p>Threats</p> <p>e.g. Funding threats Legal or political changes Negative attitudes about what you do</p>
<p>Use this to consider: What trends you could take advantage of Needs you could be the first to fulfil Ways of extending your reach</p>	<p>Use this to work out: How to mitigate the threats and reduce the risks Whether you have some influence over the potential impact of the threats How to highlight threats and perhaps prevent them from occurring</p>