

Understanding the Context for Change

PEST Analysis

Understanding the “Big Picture” Forces for Change

Pest Analysis is a simple but important and widely-used tool that helps you understand the big picture of the Political, Economic, Socio-Cultural and Technological environment you are operating in. This analysis helps build your vision for the future.

It is important for these reasons:

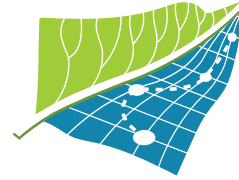
- By making effective use of PEST Analysis, you ensure that what you are doing is aligned positively with the forces of change that are affecting our world. By taking advantage of change, you are much more likely to be successful than if your activities oppose it.
- Good use of PEST Analysis helps you avoid taking action that is condemned to failure for reasons beyond your control.
- PEST is useful when you start operating in a new area of practice (for example Aged or Primary Care). Use of PEST Analysis helps you break free of unconscious assumptions, and helps you quickly adapt to the realities of the new environment.

How to use the tool

PEST is a simple mnemonic standing for Political, Economic, Socio-Cultural and Technological. See the worksheet on the following page. Using the tool is a three stage process:

- First:** Brainstorm the relevant factors that apply to you, using the prompts provided
- Second:** Identify the information that applies to these factors.
- Third:** Draw conclusions from this information.

Tip: The important point is to move from the second step to the third step: it is sterile just to describe factors without thinking through what they mean. However, be careful not to assume that your analysis is perfect: use it as a starting point, and test your conclusions against the reality you experience.



The following prompts may help as a starting point for brainstorming (but make sure you include others that may be appropriate for your situation):

Political

- Government policy and changes
- Regulation and de-regulation trends
- Community expectations
- Funding changes
- Likely changes in the political environment.

Economic

- Funding availability and models
- Capacity of access – new sources of funding
- Potential efficiency gains
- Current service costs
- Likely impact of technological or funding changes
- Likely changes in economic environment.

Socio-Cultural

- Population growth rate, age profile and disease burden
- Population socio-economic status
- Cultural and linguistic profiles
- Community awareness
- Socio-cultural changes related to end of life care.

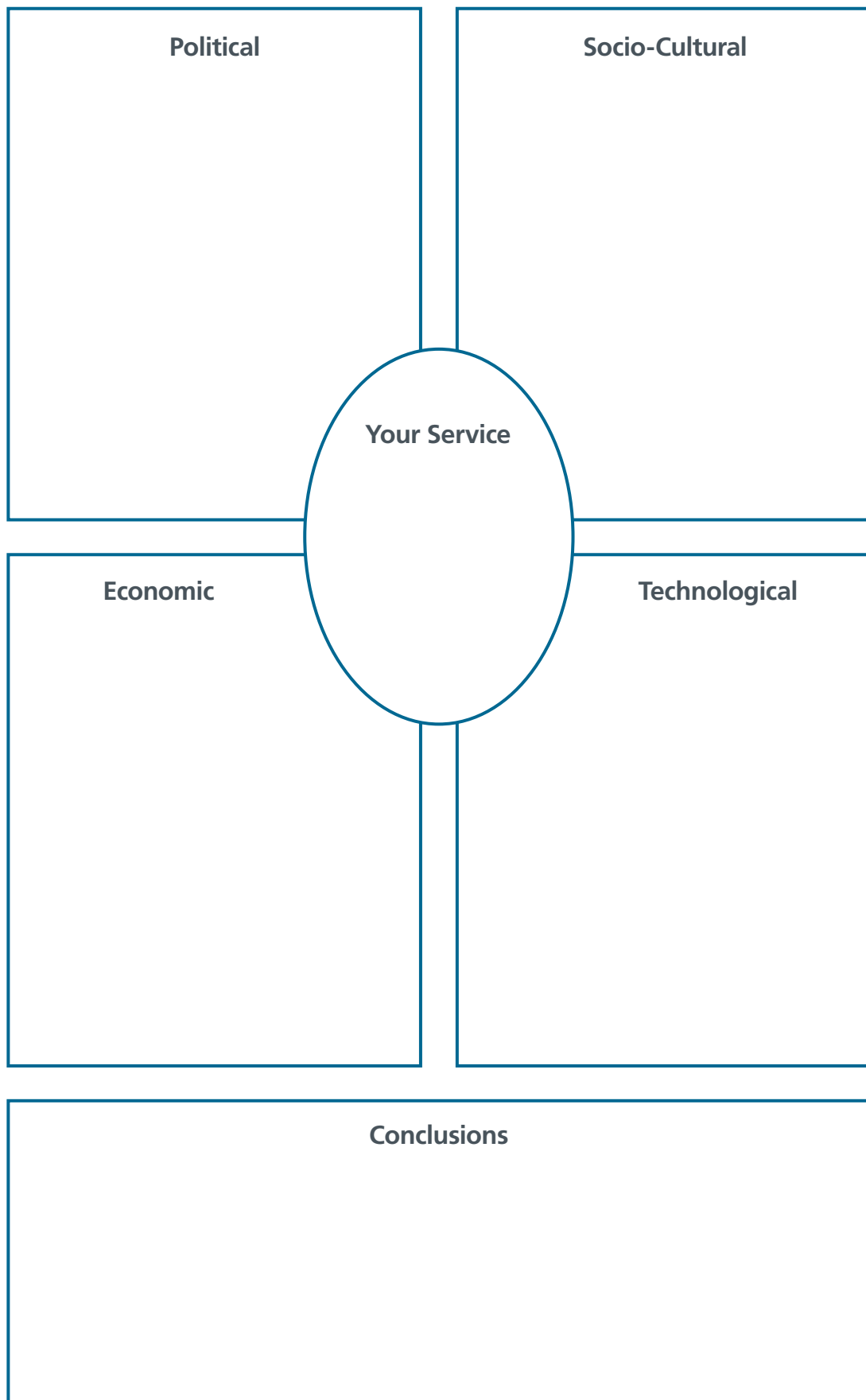
Technological Environmental

- Impact of emerging technologies
- Impact of internet, reduction in communication costs and increased remote working
- Research and development activities.

Key Points

PEST Analysis is a useful tool for understanding the 'big picture' of the environment in which you are operating, and for thinking about the opportunities and threats that lie within it. By understanding your environment, you can take advantage of the opportunities and minimise the threats.

PEST Analysis Worksheet



Source: Adapted from © Mind Tools Ltd. 2006-2011 accessed at:

https://www.washington.edu/research/rapid/resources/toolsTemplates/PEST_analysis.pdf – accessed 02/11/2015