

Should management move beyond PESTLE?

By Dr Steyn Heckroodt, issued by USB Executive Development

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In my recent encounters as a consultant, I frequently came across businesses that question the usefulness of PESTLE - in its current tabulated textual form - as a management tool.



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This has led me to believe that managers would appreciate a model and methodology that enable greater engagement with the PESTLE components, as opposed to merely listing the key features of each component. Part of this belief is based on the clear need for continuous real-time environmental scanning, as a management competency, which leads to swift organisational reaction to environmental changes and ultimate sustainable growth and competitiveness.

PESTLE, as we know it, has come under severe criticism of late as being merely relevant and appropriate as a tool of macro-environmental analysis. Managers are considering discarding what appears to be an outdated tabulated textual analysis of the PESTLE methodology, and rather embracing a new approach of engagement to

foresee trends and be ready for them.

The PESTLE analysis (Political, Economic, Social, Technological, Legal and Environmental analysis), and variants thereof, is a framework used by managers to analyse structurally the so-called macro-environmental factors used in the environmental scanning component of strategic planning and management. The tabulated textual format of this model has aged, however, and variants like STEEPLE and STEELED, adding ethics and demographic factors, have arisen to attempt to extend its lifetime.

After decades of use, the graphics of this tool have served to convey a conceptual picture of the environment to management that might not be a true reflection of the real business environment of today. Through the repetitive use of the tool, management has subconsciously convinced itself that the environment is a static dartboard with PESTLE components staggered around the bull's eye, representing the business organisation. In the process, the relation between environmental components and newness embedded in this relation has been neglected as a pivotal thought component to strategic planning.

With the forecast of yet another year of slow global economic recovery, it makes sense that managers question whether PESTLE, in its current format, is adequate in helping them to understand market opportunities for growth and respond swiftly and effectively to its counter side of threats. Managers' doubts about PESTLE come from the realisation that it is largely internal organisational challenges which lead to their struggle to grow sustainably, despite macro-environmental interference. In the light of this, the unyielding and continuous use of conventional PESTLE only serves to strengthen a conceptual reality of the business environment that is no longer real.

Scanning, and scenario and strategy planning remain relevant. However, the way in which management structures the organisation as a platform of implementation - in this sweeping and random business environment - is the very process that determines sustainable competitive growth. To convey the environmental reality more completely and for what it really is, businesses need to consider expanding PESTLE as a framework and to reframe it completely. This will enable businesses to manage their organisations amidst the sweeping randomness of the macro-environment as well as with a radically advanced customer contingent. This customer advancement is predominantly caused by the 'Googlelitis' of the 21st century. My experience has convinced me that PESTLE, in its conventional format, falls far short of providing management with a methodology that includes the multi-levelled and -dimensional variants necessary for achieving sustainable competitive performance.

About the Author:



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