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| PESTLE |



The quality of your risk assessment makes a critical different to the success of your strategy or project. PESTLE helps you analyse the political, economic, social, technological, legal and environmental factors in your external context.

PESTLE analysis will make it easier to:

* identify and analyse risks in a way that is consistent and thorough
* compare risks in the same terms, so you can decide what risk management to give priority to
* communicate risks to other decision makers, whether in your organisation or outside it giving you a common language for talking about risk.

You may like to combine PESTLE with other analytical tools, for example, the Sustainable Development Goals, or influence and stakeholder mapping.

Also, don’t forget to assess risks emerging in your internal context too. For that we recommend the PPRACKIF tool.

### When do you use this tool?

* before making a final decision or commencing a project or other significant expenditure of organisational resources
* when new information comes to light
* when project milestones are reached.

### What do you get out of it?

If this is part of a formal risk assessment, then you should end up with a document that is available to stakeholders and peers for review or input into their own decision making, whether that risk is shared within the organisation or with other organisations.

## The analysis

In this analysis you should aim to understand the events that could occur in your external context that would make a difference to your ability to carry out functions and activities.

The following headings unpack the acronym, PESTLE, and list some questions to get your analysis of your external context going. We recommend that you add or change this list in ways that are relevant for your organisation.

### Political

How does the interaction of local, state and federal governments affect the functions and activities of your organisation?

Where is Victoria in its election cycle?

Where are the lines of influence in the government sector?

Who are the stakeholders?

What policy is likely to get traction or not?

### Economic

What are the economic trends in Victoria, Australia and internationally?

How could economic transition to net-zero emissions affect the political and social wellbeing of the state?

What is the outlook for water, energy and other resources in the state?

What pockets of innovation are happening in the state?

What other institutional actors in the state, local government, private and university sectors could make a difference to the economic outlook?

### Social

What are the demographic trends in the state?

Where are their pockets of inequality?

Who and what places and systems are likely to be affected by the transition to a net-zero emissions economy?

What other institutional actors in the state, local government, private and university sector could make a difference to Victorian society?

### Technological

What technologies could affect how your organisation delivers services?

How could technological change affect the state’s economy or social wellbeing?

What technologies could enable a transition to a net-zero emissions economy?

Where is emerging cyber threat?

### Legislative

Are we compliant with the spirit and letter of current legislation?

Have we understood all the obligations and liabilities of our board, executive team and staff?

Are there any changes to legislation or regulation at the state or federal level that could make a difference to our organisation’s functions or activities?

### Environmental

How do our operations affect biodiversity in the state now, and how will they in the future on current trends?

How do our operations affect our waterways, soils and air quality, and how will they in the future on current trends?

How do our operations contribute to greenhouse gas emissions, and how will they in the future on current trends?

## Instructions

1. Briefly present on PESTLE.
2. Ask participants to form groups.
3. Allocate the letters PESTLE randomly to each table group.
4. Using Post-it notes, ask participants to write down up to three factors they can see for the organisation for the allocated PESTLE area (2 mins - individual activity, no discussion).
5. Participants share their ideas with the group – are they the same ideas, or different?
6. Participants to highlight the most significant factors within each aspect of the context.