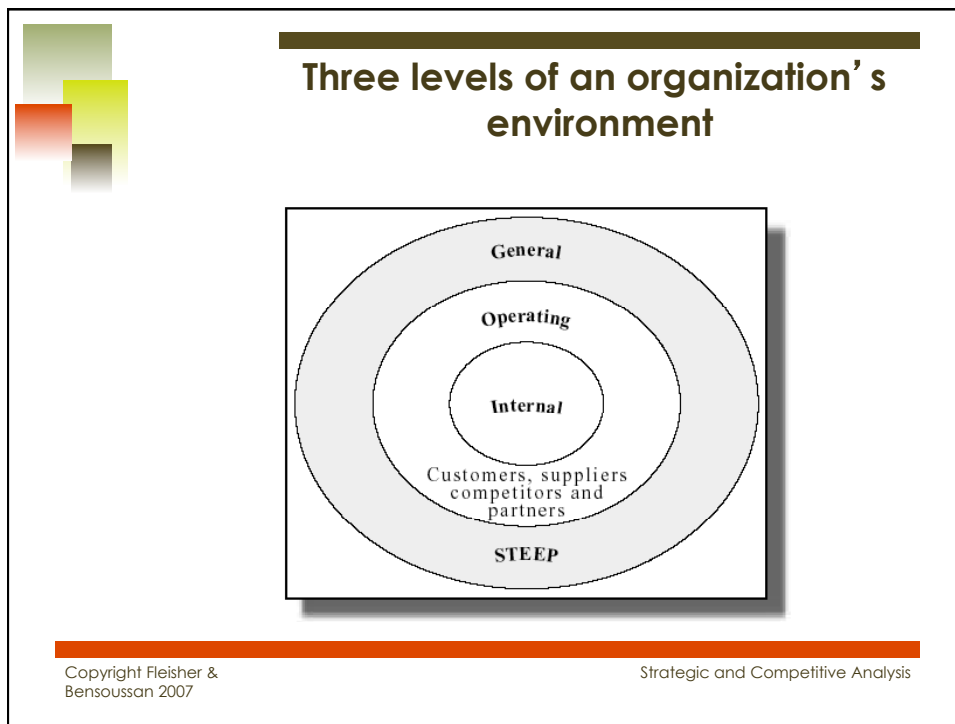



**Macro-environmental Analysis –
known as STEEP/PEST/PESTLE**

Short Description

- Social, Technological, Economic, Ecological and Political/legal (STEEP) or PEST (Political, Economic, Social, Technological – sometimes referred to)
- Aspects of the environment that can affect the competitiveness of industries and firms within them.
- These factors are considered to be beyond the influence of an individual firm.
- For ease of understanding, we will refer to this technique as STEEP.



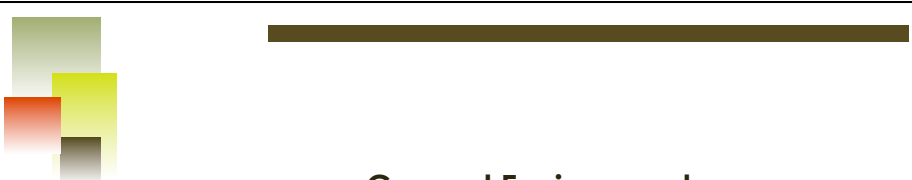
-
- General Environment**
- Social:
 - Demographics, culture, literacy, education, customs, beliefs, values, ethics, lifestyles, age distribution, geographic distribution, and mobility.
 - The pace of change in this sector is often slow.
 - Technological
 - Digital communication, biotechnology, chemicals, energy and medicine, and lots more.
 - Also compounded by the impact of science and technology on product and process innovation.
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General Environment

- Economic:
 - Distribution methods and uses of resources.
 - Influenced by balance of payment issues, employment, exchange, interest & inflation rates, credit availability, fiscal and monetary policies, debt, spending patterns, etc.
- Ecological
 - Physical and biological environments.
 - Includes global climate, sustainable development, cradle to grave product life cycles, recycling, pollution, and biotechnological advances.


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General Environment

- Political/Legal:
 - Government and public attitudes toward industries, efforts by interest groups, the regulatory climate, platforms of political parties.

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Process for Applying the Technique

1. Understand the segment of the environment being analyzed.
 - What are the current key events and trends within the segment?
 - What is the evidence supporting the existence of these trends?
 - How have the trends evolved historically?
 - What is the nature and degree of change or turbulence within trends?
 - What kind of impacts do the trends have for the organization? (negative, positive, neutral)

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Process for Applying the Technique

2. Understand inter-relationships between trends.
 - What are the inter-relationships between trends?
 - What are the conflicts between trends?
3. Relate trends to issues.
 - Not all trends are of equal importance to an organization or an industry.
 - It is important to identify trends and trend combinations that are likely to have the highest impact on the organization's goals.
 - The most critical are defined as "issues" for the organization.

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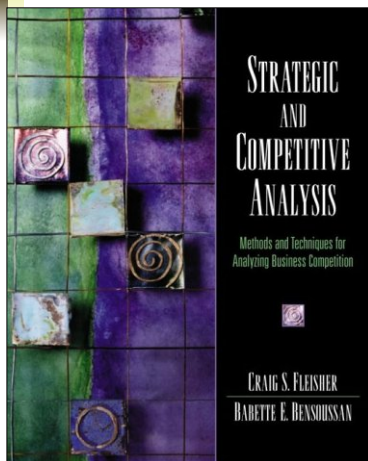
Process for Applying the Technique

4. Forecast the future direction of issues.
 - Assessing the underlying forces.
 - Make alternative projections of the issues.
5. Derive implications
 - Implications should be focused on three levels:
 - The structural forces surrounding your industry and any strategic groups within the industry.
 - How they affect your organization's strategy.
 - How they are expected to affect competitors' strategies.

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For More Information



For More About **STEEP Analysis** and 23 Other Useful Analysis Methods, see:

Fleisher, Craig S. and Babette E. Bensoussan

Strategic and Competitive Analysis: Methods and Techniques for Analyzing Business Competition

Upper Saddle River, NJ
Prentice Hall, 2003

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OTHER BOOKS ON ANALYSIS

Business and Competitive Analysis

"Business and Competitive Analysis: Effective Application of New and Classic Methods" is about how individuals in organisations can turn data and information into insights that decision makers cannot and will not ignore. It provides its readers with a further 24 commonly applied methods for helping generate actionable recommendations for decision makers.



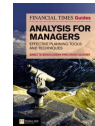
Analysis Without Paralysis

In this book, Babette Bensoussan and Craig Fleisher provide managers and business owners with 10 tools to make better decisions about business strategy, marketing, competition, positioning, product development and much more – all in plain English!



The FT Guide to Analysis for Managers

This book gives you the 12 core methodologies that will make the way you evaluate business data and information more effective and more business focused.



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FOR FURTHER ASSISTANCE:

As the experts in Competitive and Strategic Intelligence, and Decision Risk, we are delighted to make sure your needs are met – if you have an upcoming Strategy Session, want guidance in turning information into usable insights or need to know what your competition is planning – contact us. We can provide a fresh set of eyes to look at your competitive strategies.

If you would like to enhance your professional skills in this area, we offer mentoring and coaching by Skype for interstate and international clients.

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