“The PEST analysis is a useful tool for understanding market growth or decline, and as such the position, potential and direction for a business. A PEST analysis is a business measurement tool. PEST is an acronym for Political, Economic, Social and Technological factors, which are used to assess the overall environment in which a business or organisational unit functions.

The PEST model is sometimes known as STEP – but obviously the same headings. Other variations are PESTLE, STEEPLE. These include Environmental, Legal and Ethical factors. However the PEST model covers these within the four headings. For example, legal issues are covered under Political, as legislative changes are largely politically driven. Ethical issues can come under Social and or/political; and the environment can come under all of them really.

Basically using PEST allows you to get an understanding of the various factors which have an influence on the way in which you are able to do business. Your company does not exist in a vacuum…it is constantly being pushed and pulled in all sorts of directions by political, economic, social and technological changes. Knowing what these changes might be and how they might affect you, goes a long way to being ready for them when they happen or at least being able to mitigate or reduce the effect they can cause”.