

ERM Tool

Using PESTLE Analysis to Identify Potential External Risks

BRIEF DESCRIPTION OF TOOL

While risks can emerge internally from within the operations of the organization, some of the most significant risks are triggered by events external to the organization. Often it's the external risks that are least managed, given the root causes of those risks are outside the organization's control.

One tool that can be helpful in fostering robust conversations about emerging risks is a PESTLE Analysis, which provides a framework for considering risks that may be triggered by political, economic, social, technological, legal, and environmental factors.

HOW TO USE

This template can serve as a discussion guide in a risk workshop with an organization's key leaders. It might help to share the template with leaders in advance of the meeting to have them think in advance about issues that might be relevant for discussion.

PESTLE Analysis Template

COMPONENT	RELEVANT ISSUES AND AFFECTS
<p>POLITICAL FACTORS <i>Elections/change of government leadership, geopolitical forces, potential policy changes, rule of law, etc.</i></p>	
<p>ECONOMIC FACTORS <i>Economic growth or stagnation, interest rates, exchange rates, inflation, unemployment, etc.</i></p>	
<p>SOCIAL FACTORS <i>Population and demographic changes, health conditions, level of education, social mobility, social attitudes, religious beliefs, socio-cultural changes, etc.</i></p>	
<p>TECHNOLOGICAL FACTORS <i>Changes in the availability or price of new technologies, technological infrastructure, potential changes in technological standards, etc.</i></p>	
<p>LEGAL FACTORS <i>Labor laws, relevant court cases, employment regulations, etc.</i></p>	
<p>ENVIRONMENTAL FACTORS <i>Climate, weather, energy consumption regulations, etc.</i></p>	