

How to conduct an Environmental Scan

Scanning the environment is the initial step that needs to be conducted when any organisation or business undertakes a planning process. There are formal techniques that can be used to conduct a scan but at the very least this needs to be done on a systematic basis either as a discrete activity in its own right or undertaken as part of a SWOT analysis.

Also, this can be undertaken on an individual or group basis, but experience indicates that maximum benefits are gained when undertaken as a group activity.

When planning for a business change (ie any business project), it is easier to divide the scan into parts:

- Context
- Competition
- Markets
- Technology
- Communications
- Resources
- Regulatory
- Global Issues
- Human Resources

Some business analysts prefer to use the six environmental factors of the PESTEL analysis:

Political factors

- Taxation Policy
- Trade regulations
- Governmental stability
- Unemployment Policy, etc.

Economical factors

- Interest rate
- Inflation rate
- Growth in spending power
- Rate of people in a pensionable age
- Recession or Boom
- Customer liquidations
- Balances of Sharing

Socio-cultural

- Values, beliefs
- Language
- Religion
- Education
- Literacy
- Time orientation
- Lifestyle

Technological factors

- Internet
- E-commerce
- Social Media
- Electronic Media
- Research and Development
- Rate of technological change

Environmental factors

- Competitive advantage
- Waste disposal
- Energy consumption
- Pollution monitoring, etc.

Legal factors

- Employment law
- Health and safety
- Product safety
- Advertising regulations
- Product labelling
- Labour laws etc

The external environments are any of the 'outside of the organisation' conditions that happen like: cultural, political, technological changes, demographic trends and patterns. One part of the external environment is the competitors of the business.

The internal environments are those 'inside the business' conditions that affect how the business operates; such as: changes in employee demographics or employee needs, or differences in the clients. It is also important to review what resources the business has and employs as part of an internal scan.

Content scanning happens when a business concentrates on watching only those trends, conditions and events that directly affect its goals or the content area of the business.

Context scanning happens when an business watches all the trends, conditions and events that may or may not directly affect its goals of a project.

The enterprise as part of a value chain

'The enterprise' is a less-and-less useful concept in understanding the policy implications and practicalities of a particular project change. New forms of business organisation are emerging that provide a better basis for project decisions. These include networks of production, supply chains and outsourcing arrangements.

Step 1. Decide the parts of the environment that are to be scanned

Step 2. Conduct a SWOT analysis

Step 3. Review previous project lessons learned and innovation registers

Step 4. Conduct a workshop to establish Risks, Assumptions, Issues and Dependencies

Step 5. Document the current and to-be business culture

Step 6. Assess the ability of the organisation to absorb change

Step 7. Make the above elements available for the (Plan - Design) activities

" To overcome the intelligent by folly is contrary to the natural order of things; to overcome the foolish by intelligence is in accord with the natural order. To overcome the intelligent by intelligence; however, is a matter of opportunity. There are three avenues of opportunity: events, trends and conditions. When opportunities occur through events but you are unable to respond, you are not smart. When opportunities become active through a trend and yet you cannot make plans, you are not wise. When opportunities emerge through conditions but you cannot act on them, you are not bold. Those skilled in generalship always achieve their victories by taking advantage of opportunities."

Zhuge Liang, 200 AD, The Way of the General

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