**Chapter 3**

**PEST Analysis**

Mindtools.com explains PEST analysis and provide some interesting examples.

*Use with*: <https://www.youtube.com/watch?v=UYQItP5_1AQ> (2:42)

1. Why is PEST analysis important?
2. Does a PEST analysis help an organization’s managers assess forces that affect the firm and its industry in the past, in the present, or in the future? Explain.
3. How does the PEST analysis contribute to developing a strategic plan? (Note: The text emphasizes the importance of the PEST analysis for assessing forces external to *an industry*, not a firm; these forces are revisited from the standpoint of the firm when the SWOT analysis is conducted. The video discusses external influences on the industry and the firm—and ultimately strategic development—in a single presentation.)
4. What type of information and/or research is required before strategic managers can conduct a PEST analysis?