



Step 2: Analysing your environment

No organisation exists in a vacuum. In order to plan well for the future, you need to understand what is going on inside your organisation as well as the external influences which may impact on the organisation's ability to meet its stated aims and objectives.

A tool that is used by many organisations is a 'SWOT analysis' (Strengths, Weaknesses, Opportunities and Threats).

SWOT Analysis

Strengths	Weaknesses
Opportunities	Threats

Understanding your organisation

The first step is to identify the strengths and weaknesses of your organisation - your internal environment. This will provide information to enable you to test whether the strategies you develop are indeed feasible.

Get everyone in the group to think about the strengths and weaknesses of the organisation and write these down. Consider the following:

- Activities and services (e.g. how successful, level of demand etc.) – consider things you don't do (and perhaps should do?) as well as things you

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do already

- Skills and knowledge (perhaps do a skills audit of staff and trustees?)
- Ways of working (e.g. inclusive, hierarchical)
- Resources (funding, IT, venue/offices, equipment, partnerships, sources of support etc.)
- Capacity of the organisation – current and future – how sustainable is the organisation?
- Governance and management
- Relationships with key people outside the organisation (e.g. partners, referral agencies, funders, local community etc.)
- Feedback from service users, volunteers, partner organisations etc.

It is useful to have information at hand – e.g. trustee and staff information such as skills and knowledge, financial situation, information collected through monitoring and evaluation, changes to the lease of your office space etc.

It is important to write up the discussions as they can provide useful background information for a number of documents that you may later wish to develop for your organisation e.g. marketing information, annual reports etc.

A useful focus for the discussion is to identify what specific factors make your organisation different from others providing similar services – where do you add value, which services or approaches make your organisation unique? At the same time be honest about weaknesses as they provide guidance on priority areas for trustees and staff to address in order that aims and objectives can be met.

Understanding the external environment

In order to plan for the future, consideration needs to be given to what is happening around you, external factors that will either help or prevent you from meeting your aims and objectives.

Some external factors are obvious e.g. the availability of funding; others, such as changes of society attitudes or government policy, may not seem to be directly relevant to what your organisation wishes to achieve, but in the longer term, can be very important.

The external environment is always changing, and is made up of people, organisations and agencies that have an impact on your organisation.

A tool that is often used is called a PESTLE. This requires you to identify the political, economic, social, technological, legal and environmental characteristics of your external environment.

Political	Local council policies, national Government policy, European
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	directives
Economic	Funding trends (including changes in funding sources), local and national economic changes, budget cuts, trends in charitable giving and volunteering,
Social	Changes in population (e.g. age, lone parents, race, culture, faith, etc.), public attitudes
Technological	Changes and access to new technology (e.g. IT, social media), skill requirements
Legal	New laws or changes to existing legislation
Environmental	Local, national and international environmental changes and impacts

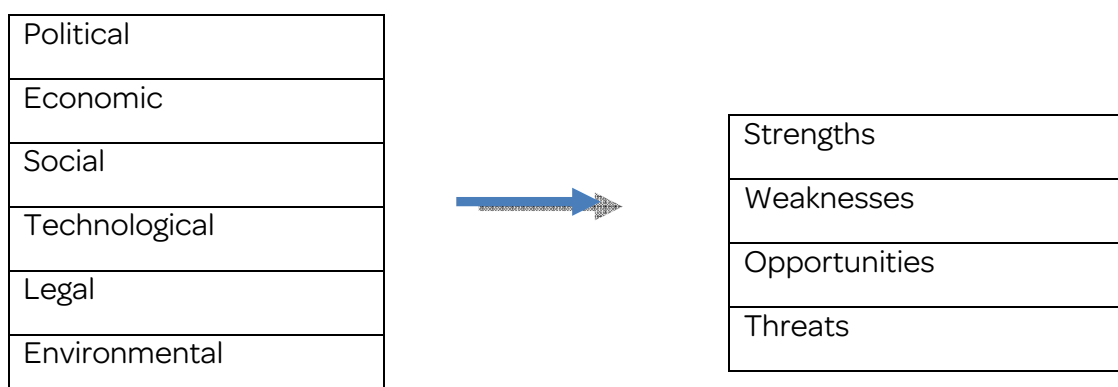
Consider the following questions:

- Which of these factors are most important now?
- Which are likely to become important in a few years?
- What are the factors influencing changes?

To analyse your external environment thoroughly, you may need to do some research on issues such as social trends, factors impacting on the voluntary sector, demographics of your local area. Often local authorities have information on their websites on what is happening locally; other useful resources are listed at the end of this guide.

Again, think widely and do not worry too much about the categories. The objective is to understand the external factors that may either assist your organisation’s objectives or be a challenge.

Use the PESTLE analysis to consider what external opportunities and threats your organisation is facing. The factors you identify will fit into the SWOT framework.



Once you have done your SWOT and PESTLE analyses discuss both the positive and negative points raised, and clarify the main strategic issues for your organisation by considering these questions:

- How do we use our strengths to take advantage of the opportunities?
- How do we overcome weaknesses that prevent us taking advantage of these opportunities?
- How do we use our strengths to reduce the likelihood and impact of these threats?
- How do we overcome the weaknesses that will make these threats a reality?

	Strengths	Weaknesses
Opportunities	<i>[How do we use these strengths to take advantage of these opportunities?]</i>	<i>[How do we overcome the weaknesses that prevent us taking advantage of these opportunities?]</i>
Threats	<i>[How do we use these strengths to reduce the likelihood and impact of these threats?]</i>	<i>[How do we address the weaknesses that will make these threats a reality?]</i>

The Resources section at the end of this guide gives links to other resources.