

Environmental scan

What is it?

The environmental scan provides a systematic overview of the external factors that are important to the organisation (or sector) and indicates whether the organisation can influence them or not. In general the factors are classified in factors influencing the demand/need for services (and products), the supply of inputs to the project/organisation concerned, the competition and collaboration and general policy factors. The factors are also classified with respect to the positive (+) or negative (-) influence on the organisation and whether or not the factor can be influenced or just be appreciated (known and understood).

What can you do with it?

Making an environmental scan results in identifying the impact of relevant factors in the environment of an organisation or sector. Whereas people often complain as powerless victims about negative factors in their environment, the environmental scan helps you to take action or adapt yourself to your environment. Scanning promotes an active response to positive (opportunities) and compliant factors, and leads to insights how to live with the 'hard facts'. While the scan is a simple tool, it nevertheless helps to get a comprehensive view of the chief factors, helping to go beyond reacting to scattered observations.

Basic (sub-) questions

- Which (negative) factors are most opportune to try to influence?
- Which factors are most crucial to adapt your behaviour to?
- What are opportunities and threats to the organisation/sector objectives? (preliminary step to strategy decisions)

Results

- What are the main factors that have an impact on the organisation (or sector) performance?
- Which factors can you influence?
- Is the impact of the factor positive or negative (given your objective and question)?

How to use it?

Process

An environmental scan can be made on an individual basis or in a group (not more than 20 people) on a participatory basis. Resource persons who have no direct interest in the outcome may be helpful in the fact-finding stage. Group sessions will take around one and a half hour.

Groundwork

To prepare for strategic orientation, the environmental scan should be preceded (or succeeded) by an institutiogramme and/or a coverage matrix.

Requirements and limitations

The environmental scan is a powerful common sense tool that prerequisites a lot of information on the factors as well as on the organisation itself to determine the impact of the factors. If input and output is not clearly defined and understood by all participants, this will cause confusion.

Practical references

- MDF Syllabus (2004) "Environmental scan"
- Youker, R, (1992) Managing the international project environment, International Journal Project Management vol. 10 nr 4.

Example: NGO Environmental scan: RICANTOR

Problem owner

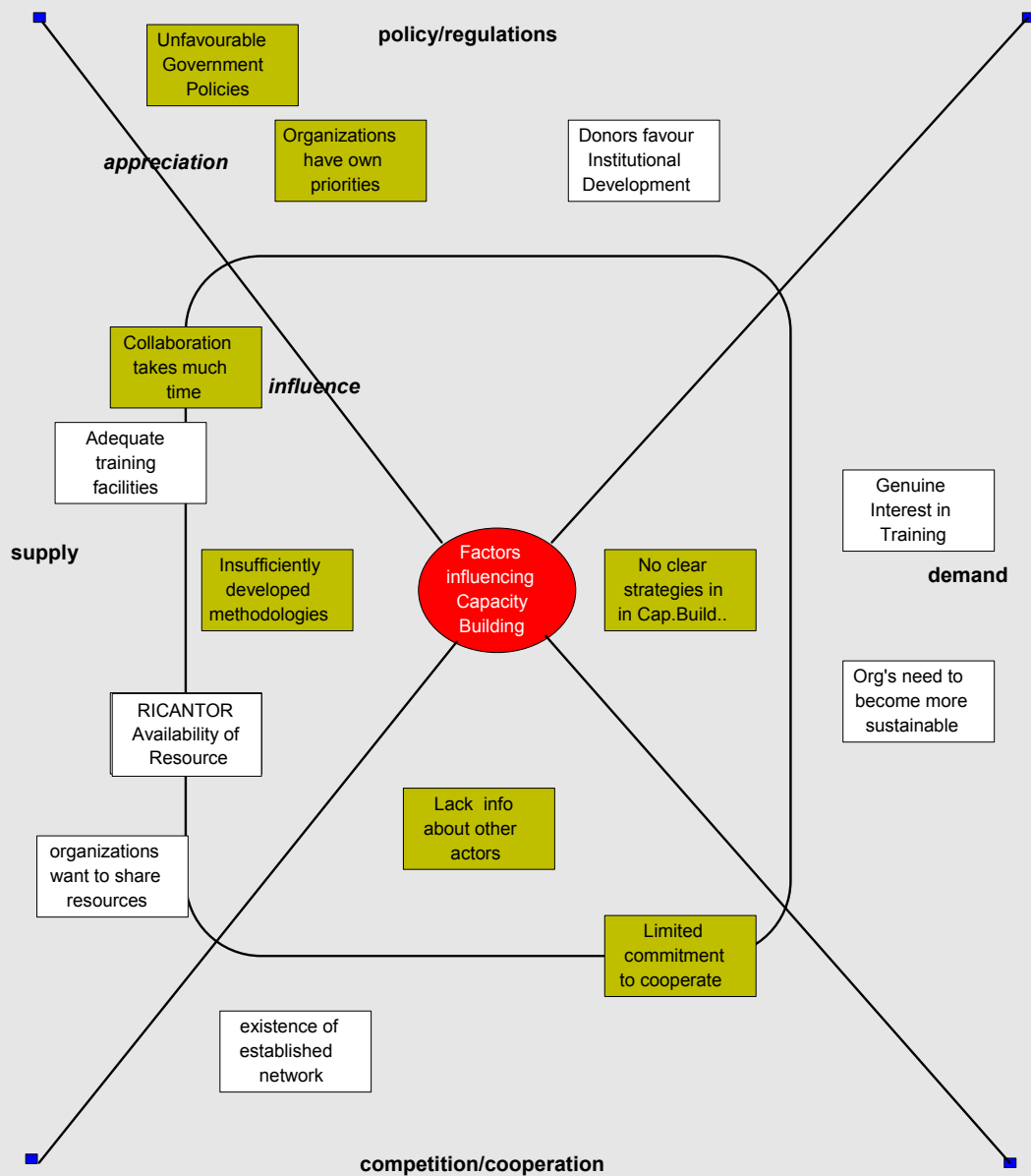
RICANTOR management

Basic question

What support to micro- and small finance enterprises should RICANTOR offer to optimise the contribution of these organisations to economic growth of their target groups?

Sub-question

What are opportunities and threats to optimising the services of the SME support actors?



Observations

There are strong positive factors on the input-side. There is a clear demand for developing institutional capacity, supported by the policy environment, but the strategies are insufficiently developed. Another negative factor is that collaboration and capacity building take time and the internal policies of the different organisations are not very conducive to co-operation.

Conclusions

Important for RICANTOR is to develop a clear approach to institutional capacity building, based on the needs of the different organisations, and using time-efficient methods. It is important to address the policy differences between the different organisations.

Comment

Check and be clear whether the factors are internal or external. The card 'RICANTOR's availability of resources' is a dubious one: It seems to be an internal fact, and should therefore be judged as strength (note it for the organisational analysis). However internal and external aspects are often closely linked, as an opportunity you may write: 'Donors willing to finance RICANTOR'.

Sector Environmental scan: Education Sector

Problem owner

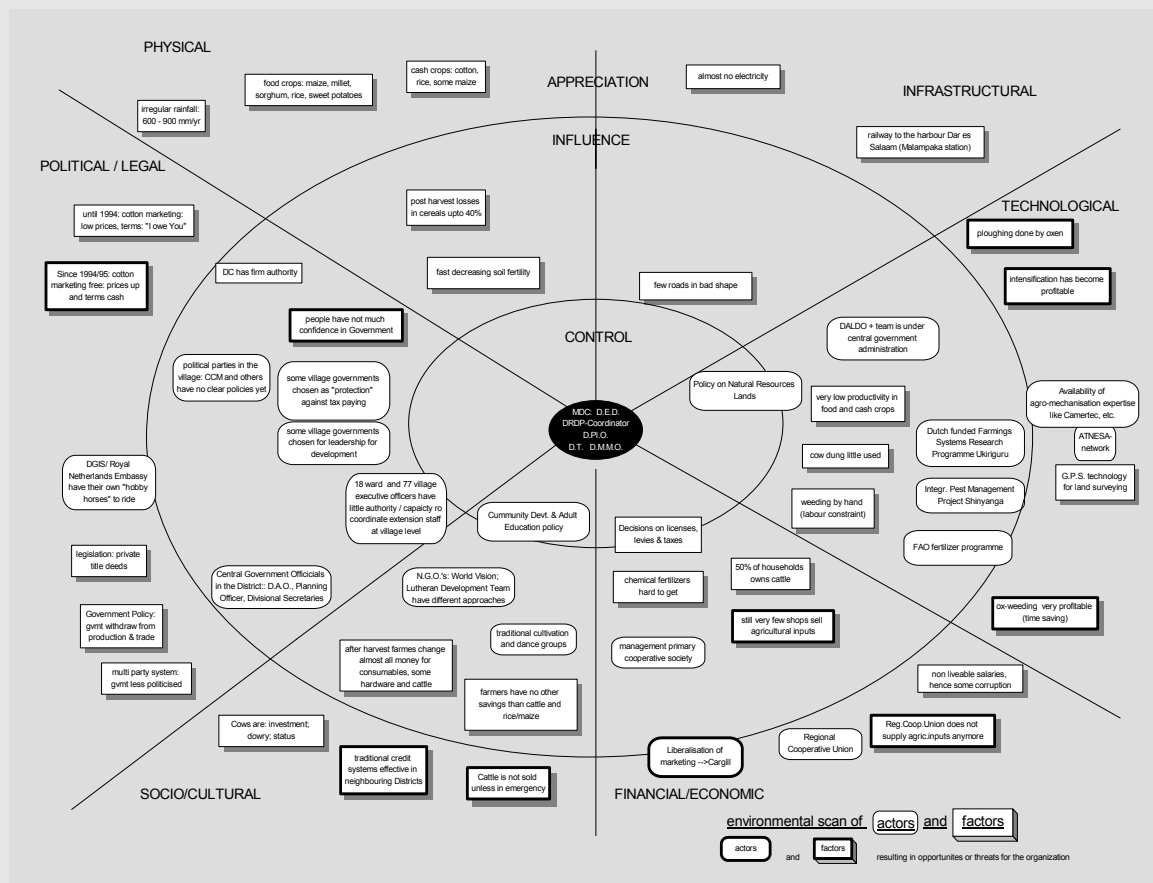
The Ministry of Education and the Cabinet

Basic question

What should the Ministry of Education do to optimise the contribution of education to the development of society?

Sub-question

What are relevant opportunities and threats in the education sector, and what are strengths and weaknesses in the facts regarding the actors steered by the Ministry?



First conclusion

Complex environment, but a fair amount of opportunities and threats is under the sphere of influence

Steps in making an environmental scan

0. **Define the problem owner** who wants to intervene (more effectively)
0. **Formulate the (sub-) question** that you want to answer by making the environmental scan. Suitable aims of scanning are:
 - To make plans to develop your environment (identify compliant factors, and plan interventions)
 - To make/adapt operational plans (identify threats and make responsive plans)
 - To prepare strategic choices (on which opportunities and threats to gear your actions to)
0. **Define the field of analysis**
 - Define the sector or (project-) organisation
 - Define the geographical area
 - Decide whether you depict the current, expected (when?) or desired situation:
 - Clearly distinguish desired from current and/or expected
 - Analyse the desired situation only after the current and/or forecasted situation
1. **List all external factors** influencing your field of analysis on white cards (to draw out information do this in a brainstorm session, where you do not discuss whether all points people put forward are correct and relevant. Sifting can come later). Think of:
 - Political
 - Physical
 - Infrastructure
 - Technological
 - Psycho-social
 - Socio-cultural
 - Economic
2. **Assess the impact** of the factor. Write positive factors (opportunities) on yellow and negative factors (threats) on blue cards (If you scan a sector programme, write strengths of the sector on green and weaknesses on red cards).

Note if there is insufficient information about certain facts, this can be noted for further research. 'Being uninformed' is in itself also a weakness or threat

Note: Do not have lengthy debate about whether a fact is an opportunity or a threat (a strength or a weakness). In case of uncertainty or disagreement:

- *Check whether the judgement is based on the basic question. If the basic question seems pointless or vague, refine the question*
- *Split the facts that have both a positive and negative (this is why you judge in the first place: to be more clear about what effects you in what way)*
- *Make duplicate cards: Judge the fact both positive (yellow or green) and negative (blue or red), or leave it neutral (white)*

3. Assess your influence over the factor, distinguish:

- **Appreciation:** You (as problem owner) have no influence over this factor (you will place such factors far from the centre, outside the influence square or circle)
- **Influence:** You have no control over the factor, but you can influence it (you will place such factors closer to the centre, inside the influence square or circle)
- **Control/command:** The factor is internal and under your command, yielding strengths and weaknesses (rather than opportunities and threats):
 - If you scan the environment around a single organisation (or even a part of it) you make the control circle a blackbox and just write the organisation name on it. In other words: You discard internal factors
 - If you scan a sector or (local) government environment, you make the control circle larger. You place factors in it that relate to actors under the control/command of the problem owner, whom you represent with a final closed circle or box in the centre (e.g. Ministry or unit in a Ministry)

Note: Check whether facts are truly external. If not:

- Remember them as strengths and weaknesses for the internal organisational analysis, and/or
- Identify the related external factor (e.g. 'Good PR' is an internal strength, but 'Good image among donors' an external opportunity)

Note: You can make a second, complementary environmental scan of the same situation by assessing the influence factors have over you (rather than you over them). In that case you do not draw the 'influence square', but simply place factors with the largest impact on your performance nearest to the centre, and factors that influence you less correspondingly further away

4. Categorise the factors according to a relevant classification. Generally categorise into (note that the local government example uses an extended classification):

- Policy/regulation (on top)
- Supply/resource base/input (to the left)
- Demand/output (to the right)
- Competition/collaboration (below)

5. Place factors in the diagram

- Factors that you can influence inside, others outside the square of influence
- Each factor under its own category

6. Optional: Complement and complete your inventory by repeating steps 1-5, especially if certain categories contain very few (positive) factors. In this way you investigate whether you had a blind spot for this field, or whether in truth you face limited opportunities and threats in this area

7. Analyse the scan

- Where are the major positive and negative factors?
- Are demand and supply in balance (opportunities in supply are meaningless, unless matched with opportunities in demand)?
- What should be done to influence relevant factors that can be influenced?
- Which are factors you want to strategize upon?