Forum for Change

In Focus:
making sense
of the external
environment

Why is it important?

Policy-making is often presented as a rational and objective process that follows a logical sequence of events: a problem is identified, various options are reviewed against the available evidence and the best solution is then agreed and implemented. The reality of policy making, however, is one in which policy decisions emerge from a complex arena of competing ideologies, interests and agenda where a diverse range of individual and institutional actors are trying to exert their influence.

The policy process is in fact shaped by a wide range of factors. These range from very practical considerations, such as resource constraints and what the available evidence demonstrates, through to the judgements and experience of policymakers themselves and the power of lobbyists and pressure groups. Policymaking is also invariably influenced by the unexpected: sudden events or 'shocks' that require an immediate policy response.

Making sense of the external policy environment is therefore one of the bedrocks of effective policy work and campaigning. Voluntary and community organisations need to gather as much intelligence about the policy process as possible in order that they can engage with and influence it and, above all, ensure the policy decisions made reflect the needs and interests of those they represent.
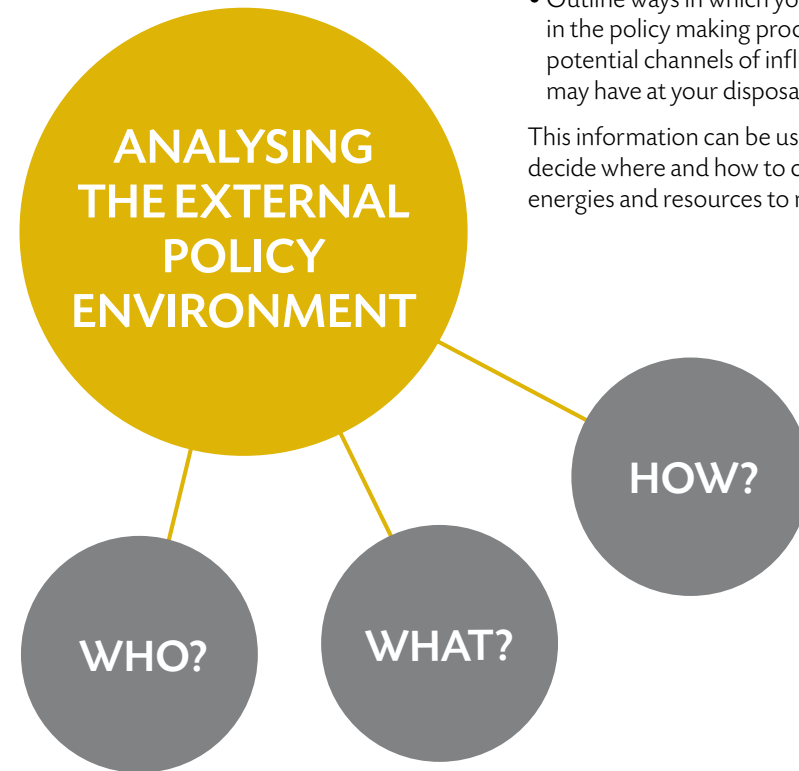
What does it involve?

At its simplest, making sense of the external policy environment involves asking the following key questions:

- What political, social, economic and other factors are driving the public policy agenda?
- How are policy decisions made and where?
- Who holds the power to make or influence policy decisions?

Gathering intelligence on the external policy environment is a bit like piecing together a jigsaw. At the end of the process you should have a picture – albeit not necessarily complete – which reveals important information to guide and inform your policy and campaigning work. For example, it can help you:

- Identify key allies and opponents on a given policy issue
- Reveal potential opportunities and barriers to securing policy change
- Outline ways in which you might engage in the policy making process and the potential channels of influence you may have at your disposal

This information can be used to help you decide where and how to channel your time, energies and resources to maximum effect.

ANALYSING THE EXTERNAL POLICY ENVIRONMENT

WHO?

WHAT?

HOW?

Where do I start?

There are a variety of tools and approaches that you can use to help make sense of the external policy environment and consider the implications for your policy and campaigning work. Some of these are outlined in this guide. Although you can carry out the exercises by yourself, you will find it much more productive and stimulating to carry out the activities as part of a group. This might include staff and trustees, as well as volunteers, service users or colleagues from partner organisations.

PEST analysis

PEST analysis is a tool that is used to assess the political, economic, social and technical factors likely to influence your ability to effect policy change. Variants of PEST analysis also look at the environmental, legal and ethical factors likely to inhibit or support change (commonly referred to as PESTEL analysis or STEEPLE analysis).

How to do it

STEP 1: Under each heading (political, economic, social and technological) consider the key trends or forces that are likely to impact on the public policy agenda and policy making generally. These trends are often referred to as 'drivers'. Set a timeframe to guide your thinking e.g. in the next year, next five years, next ten years. Decide whether you want to focus on the policy environment as a whole or a specific policy area.

STEP 2: The next stage involves thinking about what each driver means for your organisation's policy and campaigning work. The table can be used as a guide.

STEP 3: Finally, draw out the key opportunities and threats these drivers present for your work. You should highlight the ones that are likely to have the greatest impact on your work as well as those that are most unpredictable or uncertain.

STEP 4: Following the exercise, you may identify specific follow up actions. This might include monitoring a specific political development more closely, establishing contact with potential allies or clarifying the decision-making process for a particular issue. PEST analysis can be particularly helpful at flagging up gaps in knowledge and areas for further research.

PEST guiding questions[2]

POLITICAL:

Do you understand the political climate within which you operate?

- What are the national/regional/local policy-making structures that affect your issue and how will decision making work in this instance?
- Which political players are likely to be friends, foes or floaters?
- Is your contact base with decision makers strong?
- Are there any political developments pending that could influence the outcome of your campaign or polarise political opinion for or against you?

ECONOMIC:

How will economic conditions affect policy decisions?

- Will the economic climate influence government spending to benefit or threaten your desired outcomes?
- If you are working with the corporate sector, are economic issues/forecasts likely to affect their actions?

SOCIAL:

What social factors could influence your work?

- Is public opinion generally with you or against you on this issue?
- How do the media cover this issue – positive, negative or undecided?
- Are other civil society organisations supportive of your aims?
- Do any key opinion formers or high profile individuals stand with you or against you?
- Does your desired outcome have other social knock-on effects?

TECHNOLOGICAL:

What are the technical or scientific influences on your campaign?

- Is there scientific evidence stacked against your argument? If so, can you counter it?
- Changing communication technology may provide different routes to influence targets. Are there recent developments in communication technology that have a bearing on how you conduct your policy and campaigning work?

TIP: the NCVO Third Sector Foresight website **www.3s4.org.uk** contains a free bank of drivers for you to search and review

[2] Source: The Good Campaigns Guide, NCVO, 2005.

Force field analysis

Force field analysis involves assessing the different forces acting on a particular policy issue. It can be used to consider what factors might drive or inhibit policy change and therefore identify the potential opportunities and barriers to achieving your desired policy objective.

How to do it

STEP 1: Select the specific policy change your organisation is seeking and identify the potential factors that might support or resist this change. If carrying out the exercise as a group, you may wish to divide the group into two, with one half focusing on the forces for change and the other focusing on forces resisting change

STEP 2: The next stage involves ranking each of the factors on a scale of 1-5 according to how great an impact they might have (1= little impact, 5= great impact). The resulting scores on either side will provide a rather crude indictor of the likelihood of achieving your desired policy change.

More importantly, however, the discussions that take place as part of the process will help tease out some of the possible symptoms and solutions to resisting factors.

Example: a campaign against airport expansion

FORCES FOR POLICY CHANGE ▶	DESIRED POLICY CHANGE:	FORCES AGAINST POLICY CHANGE ◀
Will help curb growth in CO_2 emissions in the UK (2)	A government commitment to prevent UK airport expansion	Significant and sustained growth in demand for air travel, both in UK and internationally (3)
Key heritage and wildlife sites will be irrevocably lost (2)		Job creation: within aviation, service and construction industries; strong union support (3)
Financial and political costs for re-housing and compensating local residents; protracted legal battles (3)		Support economic growth: positive impact on UK service sector, particularly tourism (3)
Increased noise pollution from increased number of flights (1)		Will increase UK's competitiveness in the global economy (3)
Expansion costs, particularly in face of pressure to curb public spending commitments (3)		
TOTAL: 11		TOTAL: 12

Stakeholder analysis

Stakeholder analysis involves identifying the individuals and interest groups engaged on a particular policy problem or issue and finding out what their positions and interests are. The term 'stakeholder' in this context refers to policy makers themselves, as well as any individuals or groups that stand to gain or lose from a particular policy decision.

How to do it
STEP 1: The first stage involves drawing up a 'stakeholder table'. The categories listed can be used as a guide. Aim to be as specific as possible i.e. name specific organisations and individuals where known rather than treat one type of stakeholder as a generic category. Also think about stakeholders that exist at local, regional, national and international levels.
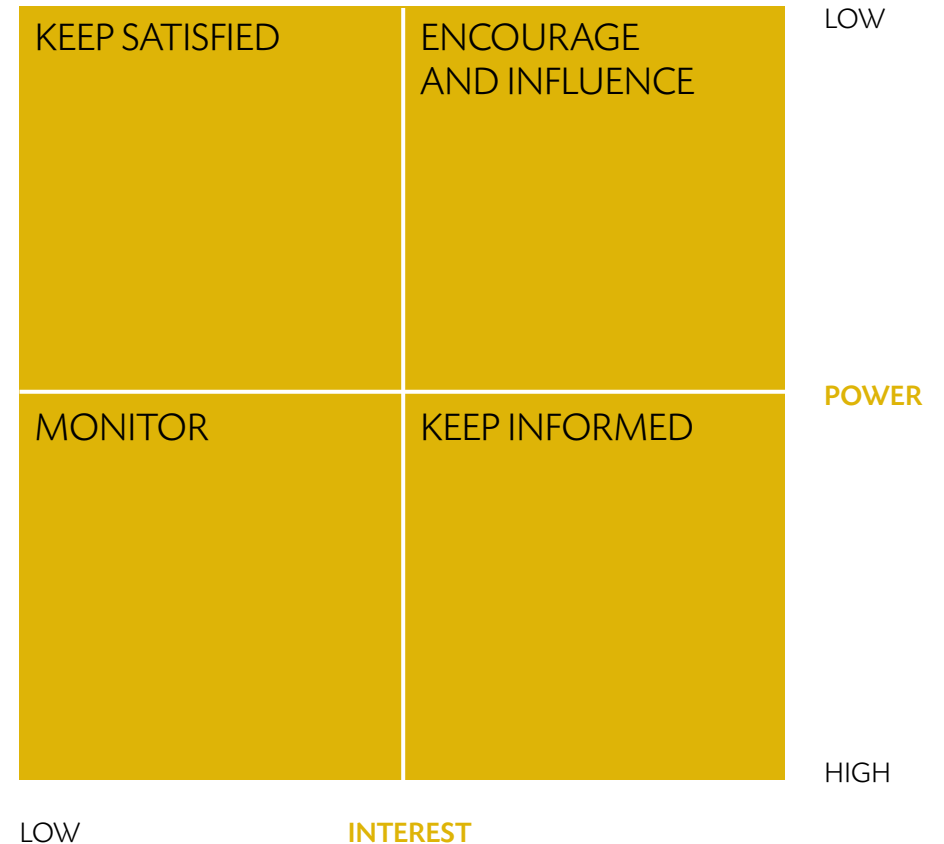
Categories of stakeholders [3]

CIVIL SOCIETY STAKEHOLDERS
Media
Churches, faith groups
Schools and universities
Social movements and advocacy groups
Trade unions
Voluntary and community organisations (local, regional, national, international)

PUBLIC SECTOR
Ministers and advisors
Civil servants and departments
Elected representatives
Courts
Political parties
Local government and councils
Military
Quangos and commissions
International and inter-governmental bodies

PRIVATE SECTOR
Corporations and businesses
Business associations
Professional bodies
Individual business leaders
Financial institutions

STEP 2: The next stage involves mapping out your list of stakeholders onto a 'power-interest' matrix, as shown below. This will help you determine your strategies for engaging with each of the stakeholders. Those who have high levels of power and interest, for example, are stakeholders that you will want to invest time and resources into supporting and influencing. Whereas for those with low levels of interest and power you will want to simply keep their activities under review.

Power-interest matrix

KEEP SATISFIED	ENCOURAGE AND INFLUENCE	LOW
MONITOR	KEEP INFORMED	**POWER**
		HIGH

LOW   **INTEREST**

STEP 3: Once you have done this you can then review your organisation's relationships with these stakeholders. Questions you should be asking include: how will you establish contact and maintain relationships with them? How and what will you communicate to them?

Influence mapping

Influence mapping takes stakeholder analysis once step further by indentifying the specific individuals and groups with power to affect a decision. It looks at their motives and position and channels through which to influence.

Influence map [4]

How to do it
STEP 1: Taking your selected policy issue, identify who the key decision makers are, who the key opinion leaders are and who in turn has an influence over them. By mapping out these individuals and institutions, your map should end up looking like a pyramid.

STEP 2: Looking at your map, assess the degree of influence and power each individual or institution has. Consider the channels through which they influence the decision-makers and the tools that they use to do this.

STEP 3: It can then be helpful to group the individuals and institutions according to whether they may be potential allies, opponents or floaters. Consider how allies might be able to support your policy agenda; similarly think about how your opponents might obstruct your policy agenda and how you could mitigate against this.

STEP 4: Above all, you need to assess what access your organisation has to these different constituencies.

DECISION-MAKERS

ADVISORS AND OPINION FORMERS

GOVERNMENT DEPARTMENTS	ASSOCIATIONS AND LOBBIES	PUBLIC CONSTITUENCIES	INFORMATION AND MEDIA	BELIEF, RELIGION

ALLIES	OPPONENTS	FLOATERS

TIP: Why not fill this table in yourself.

What next?

Whilst the exercises illustrated above might lend themselves well to a team away day or annual planning session, it is important to consider analysing the external environment as an everyday activity. There are a variety of steps you can take, either individually or organisationally, to keep on top of external policy developments on a day-to-day basis. Some of these are listed here.

It is equally important not to reinvent the wheel. Before you carry out any of the exercises above, for example, find out what research and analysis has already been undertaken elsewhere. Infrastructure organisations, such as NCVO, think tanks or research institutes, may have already done some of the background work for you.

Finally, it is critical to remember that analysing the external policy environment is not a precise science: there will always be unforeseen events or circumstances that can change policy priorities or anticipated policy decisions overnight.

Putting it into practice
If you have five minutes…

- Join the 'analysing the external environment' discussion group on the Forum for Change website **www.forumforchange.org.uk**. Here you'll be able to post and take part in discussions on these issues with other colleagues across the sector. By signing up as a member of the Forum for Change, you can also receive a monthly bulletin, which includes the latest news and developments from the world of public policy.

- Visit the NCVO Third Sector Foresight website **www.3s4.org.uk** where you can access a free bank of drivers relevant to voluntary and community organisations. You'll also be able to sign up to receive their free monthly newsletter.

- Sign up to receive email alerts from relevant policy monitoring sites or specific government departments. **www.politics.co.uk** provides a free daily email news service as well as a monthly public affairs briefing. Alternatively, the Central Office for Information (COI) provides a free government news service that can be tailored to particular departments and issues (available at **http://nds.coi.gov.uk/**).

- Create a standing item on your team meeting agenda to discuss the latest policy and political developments that are relevant to your organisation's policy priorities.

If you have one-two hours…

- Carry out one of the activities outlined in this guide as part of a team meeting and review the implications for your work. Some of the toolkits and practical guides listed on the following page give you further advice on how you might conduct the activities.

- Take time out to read or browse some of the further reading and online resources listed on the following page.

- Develop a system for collecting and collating policy information within your organisation. This might involve creating box files to collect press cuttings, reports and other documents relating to each of your policy issues. Alternatively you might create a 'virtual' library on your personal drive or shared network.

- Or set up a free social bookmarking page to store, organise and manage bookmarks of webpages.

If you have one day…

- Attend a conference to build up your intelligence on a particular policy issue or develop your knowledge of the current policy/political environment more generally. This could include NCVO's annual Campaign Conference or Strategy Conference.

- Organise an away day with your team to carry out the exercises above as part of your annual planning process.

Further reading

Toolkits and guides

The Good Campaigns Guide
Published by NCVO, 2005

Looking Out: how to make sense of your organisation's environment
Published by the Performance Hub, 2007

Picture this: a guide to scenario planning for voluntary organisations
Published by NCVO
Third Sector Foresight, 2005

Tools for policy impact: a handbook for researchers
Published by the Overseas
Development Institute, 2004

Tools for Tomorrow: a practical guide to strategic
planning for voluntary organisations
Published by NCVO Third Sector
Foresight, 2008

Futures Analysis

The Shape of Civil Society to Come
Published by the Carnegie Trust, 2007

Scenarios for Civil Society
Published by the Carnegie Trust, 2007

Voluntary Sector Strategic Analysis 2008/09
Published by NCVO
Third Sector Foresight, 2008

Global Trends 2025: A Transformed World
Published by the US National
Intelligence Council, 2008

Forum for Change
Analysing the external environment group
http://www.ncvopolicyforum.org.uk/
group/horizonscanning

Online resources

Parliamentary processes and policymaking in the UK

UK Parliament website
www.parliament.uk/about/index.cfm

Futures Analysis

NCVO Third Sector Foresight website
www.3s4.org.uk/drivers

The World in…
www.economist.com/theworldin/

Sigma Scan
www.sigmascan.org

Shaping Tomorrow
www.shapingtomorrow.com

About Campaigning Effectiveness, NCVO

Campaigning Effectiveness, **NCVO**
supports and empowers people and
organisations to change their world
through campaigning and influencing policy.
We bring together experience and expertise
and drive excellence in campaigning and
policy work across civil society by providing
support, knowledge, tools and resources.
For further information about our work
go to www.ncvo-vol.org.uk
campaigningeffectiveness

About Forum for Change
The Forum for Change is a network for
people influencing policy and campaigning
for change across the voluntary and community
sector. Membership is free and open to
everyone. To join or for further information
go to www.forumforchange.org.uk or
email forumforchange@ncvo-vol.org.uk

About In Focus
In Focus guide are produced for Forum for
Change members as part of the Policy Skills
Development Programme. They accompany
the Getting You Started factsheet series and
In Practice case study series, all of which
can be found at: www.ncvo-vol.org.uk/
campaigningeffectiveness/resources