

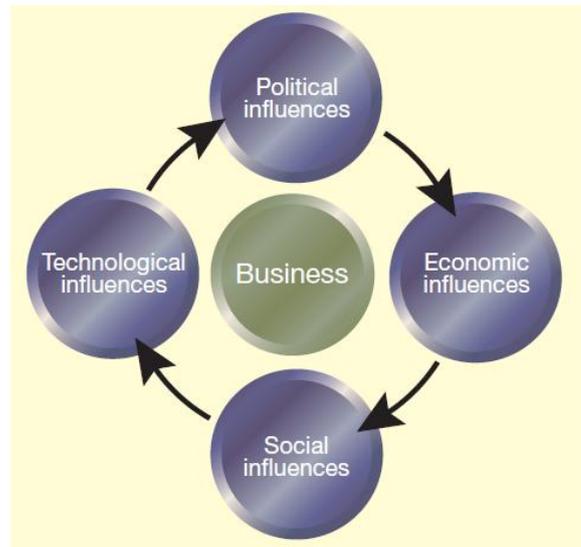


## Teacher guide

### Economic influences - Logica

#### Where does the lesson fit?

This session would fit in a Business Environment or External Influences Module. It could follow a general introduction to external influences and be used alongside other sessions to explore the PEST factors in more detail.



#### Suggested resources & activities related to PEST Analysis and Logica...

- Full Logica case study
- External influences PowerPoint
- Political, Social and Technological influences lesson resources
- Logica crossword
- Logica word search

#### Suggested timings for the session

5 mins	Starter e.g. Logica crossword
5 mins	Use the External Influences PowerPoint to discuss the topic
5 mins	Read the case study
10 mins	Questions
25 mins	Task – Report
10 mins	What have you learned?

#### Answers to questions

1. What does PEST stand for?
  - Political (includes legal)
  - Economic
  - Social (includes environmental)
  - Technological



## **THE TIMES 100**

### **BUSINESS CASE STUDIES**

2. What is meant by the 'external environment'?  
The external environment refers to those things outside of the operations of an organisation which impact upon it but over which the business has no control.
3. Explain why PEST analysis is used by firms.  
PEST analysis is used by firms to assess the external business environment in which they operate. Managers and directors can then make decisions on their findings. PEST analysis therefore will inform any new objectives being set and the marketing strategy for the firm.
4. Analyse how a recession may lead to more firms outsourcing services to organisations like Logica.  
Firms may outsource services because:
  - It may reduce costs as they do not have to employ specialist workers and buy the necessary equipment. They only have to pay for these services when they need them.
  - Firms may be reluctant to invest in specialist equipment and workers when the economic future is uncertain.
  - During a recession firms need to do everything they can to attract and retain customers. By using a specialist firm, like Logica, to provide focused, professional services, this can give them competitive advantage.

#### **What have you learned?**

Expected learning is likely to include:

- Definition of the external business environment
- PEST factors
- Use of PEST analysis to develop marketing strategy
- How firms respond to external factors
- Economic factors affecting businesses
- Examples of these factors