Category

Strategy

Competitive Strategy Playbook (Porter's Five Forces in Practice)

A practical walkthrough of Porter's Five Forces that turns industry analysis into scored evidence and defensible strategic moves, not a static diagram.

- Practitioner
- Intermediate
- Template Included

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Overview

A hands-on method for scoring Porter's Five Forces with real evidence, finding the force actually compressing your margin, and turning that into a specific competitive response.

How is Five Forces different from a straightforward SWOT analysis?

SWOT is company-specific and largely qualitative; Five Forces is industry-structural and evidence-scored, explaining why an entire industry's profitability behaves the way it does regardless of any one company's strengths or weaknesses. Used together, Five Forces explains the external structure and SWOT maps your specific position within it.

What counts as a "substitute" versus a direct competitor?

A direct competitor solves the same problem the same way you do; a substitute solves the same underlying customer problem in a fundamentally different way — for a payment processor, a substitute might be a buy-now-pay-later product that removes the need for traditional processing on a transaction entirely, not another processor.

Can a force score change without any competitor doing anything differently?

Yes — force scores respond to structural shifts like new regulation, a technology lowering switching costs, or buyer consolidation, none of which require any single competitor to act. This is why the framework is scored at the industry-structure level rather than the competitor-behavior level.

Should every business unit in a diversified company run its own Five Forces analysis?

Yes, separately for each distinct industry or segment the business unit competes in. A single company-wide analysis averages across genuinely different competitive structures and produces scores too generic to drive a specific response in any one business.

How do we know if our proposed strategic response is strong enough?

The war-gaming step is the test: if a plausible competitor response within 12 months would neutralize your move, it isn't strong enough on its own. Strong responses typically combine two or more mechanisms — for example, a cost move plus a switching-cost move — so a single competitor countermove can't fully offset them. If every proposed move fails the war-game, that's a signal to revisit the force diagnosis itself rather than force a weak response through.

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