Porter's Five Forces

Understand the structural forces that determine your industry's profitability.

Threat of New Entrants

- What structural barriers (capital, regulation, network effects) prevent startups from stealing share?
- Do incumbents have significant cost advantages independent of scale?

Supplier Power

- How dependent are we on a single supplier for critical inputs or infrastructure?
- Do suppliers possess credible threats of forward integration into our market?

Competitive Rivalry

- Are competitors competing primarily on price, or are they differentiating on value?
- Is the industry growth rate stagnant, leading to zero-sum market share battles?

Buyer Power

- How concentrated are our buyers? (e.g., does a single customer account for >10% of revenue?)
- Are the switching costs for buyers low enough to give them immense negotiating leverage?

Threat of Substitutes

- What completely different products or services solve the same underlying customer problem?
- Is the price-performance tradeoff of substitutes improving rapidly enough to threaten our core business?