Who captures the profit in your industry — and how much is left for you?

Porter's Five Forces explains an industry's profitability through five competitive pressures. Direct rivals are only one of them.

WHY IT MATTERS

Teams size up competition by watching direct rivals. Porter's point is that suppliers, customers, new entrants and substitutes compete for the same profit — and together they shape how much your industry can earn.

BY THE NUMBERS

5
competitive forces (Porter, 2008)

1979
Porter's first HBR article (Porter, 2008)

2008
Porter's updated HBR article

29 yrs
between the original and the update

HOW IT WORKS

Rate each force for your industry: rivalry among existing competitors, power of suppliers, power of customers, threat of new entrants, and threat of substitutes (Porter, 2008). The strongest forces show where profit leaks — and where your strategy has to defend or reposition.



WHEN TO USE IT

- Before entering or exiting an industry
- When margins are falling and rivals are not the obvious cause
- To test whether a growth idea survives supplier and customer power

Where Horizon12 uses it: HorizonAxis and HorizonNorth both cite Porter, and the Strategy Blueprint workshop applies Five Forces.

GO DEEPER

Credit. Michael E. Porter introduced the framework in *Harvard Business Review* (Porter, 1979) and restated it there in 2008 (Porter, 2008).

Force names follow the 2008 article. The 1979 article words them differently — for example, "bargaining power of customers."

References

Porter, M. E. (1979, March–April). How competitive forces shape strategy. *Harvard Business Review*. https://hbr.org/1979/03/how-competitive-forces-shape-strategy

Porter, M. E. (2008, January). The five competitive forces that shape strategy. *Harvard Business Review*. https://hbr.org/2008/01/the-five-competitive-forces-that-shape-strategy

BOTTOM LINE

Five Forces shows where your industry's profit goes. Your strategy decides how much of it you keep. Run HorizonAxis and HorizonNorth free, then book a Strategy Blueprint ($5,000–$9,500) to turn the gap into a signed-off plan.