**Porter’s Five Forces Framework**

Dr. Michael E. Porter’s five forces framework provides an opportunity to look at the institution’s threats and opportunities in higher education. The five forces include the threat of new entrants, supplier power, buyer power, the threat of substitutes, and industry rivalry.

**Step-by-step Guide**

**Step one**: Identify the threats of new entrants by answering the questions: How hard is it to enter your industry? What new players have arrived recently? Bullet point the conclusions and decide if the threat is high, moderate, or low.

**Step two**: Identify the threat of substitution by answering the questions: How easy would it be to replace the services of your department with an entirely new service? What current substitute products and services already exist? Bullet point the conclusions and decide if the threat is high, moderate, or low.

**Step three**: List all the suppliers that enable your department to provide services. Consider how powerful the suppliers are and what impact they may have on your work. Bullet point the conclusions and decide if the threat is high, moderate, or low.

**Step four**: List all the customers/buyers and consider their power. Identify how much services they purchase, if they are price sensitive, how well they know about your services, how much it costs to gain new customers and retain the existing. Bullet point the conclusions and decide if the threat is high, medium, or low.

**Step five**: Looking at the completed four areas, establish the competitive rivalry in your industry. These questions may help: Who are the competitors in your field? What advantages do they leverage over your department? What distinguishes your department from the competitors?

**Step six**: Look out for the wins and concerns and consider how they may influence the future direction of the department.

On the next page there is an example of an Agriculture School.

 **Porter’s Five Forces Framework for Agriculture School**

 NEW ENTRANTS

 New associate degree programs

EMBA programs

New equipment at Dell College

**Strength of threat: moderate**

BUYERS

Parents

Students

Alumni

Massive Open Online Courses

Corporations

Other Universities

Content Licensors

**Strength of threat: high**

RIVALS

Two-year colleges

Little product differentiation

Advertising campaigns

**Strength of threat: high**

SUPPLIERS

Faculty/staff

Administrative staff

Service providers

Banks

Technology services

Book publishers

**Strength of threat: low**

SUBSTITUTES

Community colleges

New certificate programs

Massive Open Online Courses

**Strength of threat: high**

**Porter’s Five Forces Template**

In the space below, explore the threats and opportunities in relation to your area.

 NEW ENTRANTS

BUYERS

RIVALS

SUPPLIERS

SUBSTITUTES