

## WHAT'S THE BIG IDEA? THE FIVE FORCES

Dozy, Sneezzy, Sleepy, Bashful, Grumpy... and who were the others? Five is an easy number to remember, add more and it's easy to forget them. Ah, the wisdom of Michael Porter, sticking to what managers can recite and consultants can trade in, especially around strategy. His Five Forces – five threats to a business's ability to sustain advantage – have become standard (yawn) fare in every management student's company report. They are: 1. New entrants; 2. Competition; 3. Substitutes for your products or services; 4. Customer power; and 5. Supplier power. It's not a bad list, but we might want to add the war for talent and certainly regulation and access to capital. Where is co-operation in this thinking? How are the forces interconnected and how do they change? And does this foster a fortress mentality when thinking about the firm? It would be unfair to reduce Porter's work to this consultant's algorithm, but executives would be well advised to look beyond its limits to consider where value can be created and destroyed in their firms.

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