MONARCH MANAGEMENT INSTITUTE

Open Course Network · Micro-Course 02

COURSE PROSPECTUS

Reading the Competitive Landscape

Why does one industry average six times another's returns, for fifteen years running? Learn the one technique that answers it — and apply it, force by force, to a real industry of your own choosing.

12 sections · 2 weeks	**~15** hours, self-paced	**70%** to certify

At a glance

Course	Micro Course 02 — Reading the Competitive Landscape
Subject domain	Strategic Management — Competitive and Industry Analysis
Theoretical foundation	Porter's Five Forces (Porter, 1979; 1980; 2008)
Duration	2 weeks (two weekly modules), self-paced
Study time	Approximately 15 directed hours
Level	Introductory–intermediate; no prior strategy study required
Format	Fully online; delivered on the Monarch learning platform
Structure	Orientation + 12 sections, each Explain → Show → Do → Feedback
Assessment	Section checkpoints, formative quizzes, and one summative scenario assessment per module
Pass mark	70% on the summative assessment; unlimited attempts
Certificate	Monarch-endorsed Certificate of Knowledge

Bring one real industry, and learn to read its structure the way a strategist does.

What you will gain

By the end of this course you will be able to apply Porter's Five Forces framework to a defined industry in order to assess its structure, identify the force or forces controlling its long-run profitability, and justify a resulting strategic recommendation.

And what it counts toward

You earn the Monarch-endorsed Certificate of Knowledge and 2 MMI-Credits. MMI-Credits carry toward MMI program progression (PD-001).

About this course

Reading the Competitive Landscape is a two-week micro-course from the Monarch Management Institute Open Course Network. It teaches a single technique — Porter's Five Forces analysis — as a method of judgment rather than a diagram to fill in. You choose a real industry in the first thirty minutes and carry it through every section, so that by the end of the course you hold a complete structural analysis you built yourself.

The problem the course addresses

Between 1992 and 2006 the average United States industry earned a return on invested capital of about 14.9 percent. Over those same fifteen years the airline industry averaged 5.9 percent and the soft-drink industry 37.6 percent. Neither figure is explained by management quality, and both applied to every firm in the industry regardless of how well it was run. Reading that structure before capital is committed is what this course teaches.

Who this course is for

Managers facing an entry, exit, pricing or investment decision; analysts and consultants who write industry sections that get questioned; founders and owner-managers who want to name the source of the margin pressure they can feel; and prospective BBA, MBA and DBA candidates building a foundation in strategy. The course assumes no prior study of strategy, and the one quantitative skill it calls for — reading a return-on-capital figure — is taught in the orientation.

What you will accomplish

- Draw an industry's boundaries on both product and geographic dimensions — and defend where you drew them.
- Assess the threat of new entrants across seven structural barriers, and judge whether incumbents would credibly fight.
- Test any supplier group — including labor — against the six conditions that confer bargaining power.
- Separate buyer negotiating leverage from buyer price sensitivity, and derive the right response from whichever dominates.
- Identify substitutes on a functional basis, including the three that involve no competitor at all.
- Tell intense rivalry from destructive rivalry by looking at what competitors are actually competing on.
- Name the one or two forces that control profitability, test your verdict against real returns, and write a recommendation that follows from it.
- Measure your industry's profitability against the cost of capital over a defensible period, and state honestly how rough the figure is and which way it errs.
- Identify the complements to your industry and trace each through the five forces rather than treating it as a force of its own.
- Separate a structural change from a movement of the cycle using three explicit tests, and name the determinant any real change moves.
- Judge whether your industry is one competitive arena or several, and report by segment where a single average would conceal the answer.

- State what your own analysis cannot explain, name the lens that would explain it, and attach a level of confidence the evidence supports.

Course structure

The course runs over two weeks as two modules of six sections each, plus an orientation. Every section follows the same four-step cycle — a short instructional segment, a worked example on a real industry, a practice task on yours, and a model answer with a self-check rubric. About half the course is active practice.

Orientation — The Profit Puzzle

START HERE

- Structure versus weather — what explains long-run industry profitability
- The right metric and the right horizon — return on invested capital, averaged over a full business cycle
- Defining the arena — product scope, geographic scope, and the structural-similarity test
- Your first task: scope the industry you will carry through the whole course

Cognitive focus: Understand → Apply · ~0.55 hours

Section 1–5 — One Force at a Time

MODULE 1 · WEEK 1

- Section 1 — The Threat of New Entrants: seven structural barriers, and what capital intensity really tells you
- Section 2 — The Bargaining Power of Suppliers: six conditions of power, and why labor belongs on the list
- Section 3 — The Bargaining Power of Buyers: negotiating leverage and price sensitivity as separate judgments
- Section 4 — The Threat of Substitutes: the functional test, and the force that arrives from outside your field of view
- Section 5 — Rivalry Among Existing Competitors: intensity, the basis of competition, and zero-sum versus positive-sum

Cognitive focus: Apply → Analyze · ~3.6 hours

Section 6 — Reading the Landscape

MODULE 1 · SYNTHESIS

- Aggregation is not averaging — finding the forces that actually control profitability
- The consistency test — checking your structural verdict against what the industry has really earned
- Three strategic uses: position where the forces are weakest, exploit structural change, shape the structure itself
- Where the framework stops — the peer-reviewed evidence on its limits, taught directly

Cognitive focus: Evaluate → Create · ~0.95 hours

Sections 7–11 — From Measurement to Strategy

MODULE 2 · WEEK 2

- Section 7 — Measuring Industry Profitability: return on invested capital against the cost of capital, averaged over a full business cycle
- Section 8 — Complements: why Porter declines to make them a sixth force, and how to trace one through all five
- Section 9 — How Industry Structure Changes: three tests that separate a structural change from a turn of the business cycle
- Section 10 — Segmenting the Industry: the structural-similarity test applied force by force, to find where one reading stops meaning anything
- Section 11 — From Analysis to Strategy: position, exploit change, or shape structure — and defending the choice against the determinant it has to move

Cognitive focus: Analyze → Evaluate

Section 12 — The Limits of the Framework

MODULE 2 · CLOSE

- What the framework explains — the average return in an arena, not which participant captures it
- McGahan and Porter (1997): roughly 19 percent of profitability variance attributable to industry, 32 percent to the business itself
- The resource-based view of Wernerfelt (1984) and Barney (1991) as the firm-level complement, not a replacement
- Where platforms strain the linear supplier–industry–buyer picture: demand-side scale and multi-sided pricing
- Scoring your finished analysis against the Analysis Quality Rubric, and attaching a level of confidence the evidence actually supports

Cognitive focus: Evaluate → Create

How you will learn & be assessed

The course is fully online on the Monarch learning platform — about fifteen hours, at the pace you choose. Learning is active: every section ends with a practice task on your own industry and a two-question checkpoint, and three short retrieval quizzes are distributed across the course. Certification rests on a summative scenario assessment at the end of each module, each presenting industries you have not studied and asking for a judgment of the kind the course has trained. A score of 70 percent earns a Monarch- endorsed Certificate of Knowledge. Attempts are unlimited and the assessment is untimed. The rubric your work is measured against is published in the first thirty minutes of the course, and you use it to check your own work in every section.

A note on rigor

This course teaches the framework's limits as carefully as it teaches the framework. Four decades of peer-reviewed research have measured how much industry structure explains about firm profitability — roughly eight to nineteen percent of the variance, against thirty-one to forty-six percent for what the individual business does — and that evidence is presented directly. Five Forces is necessary and clearly insufficient. Knowing that, and knowing what to pair it with, is part of using it competently.