

Strategic Planning Template
Industry Environment Analysis
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1.1 Industry Environment

Review the industry environment using the tables below to determine the nature of your industry environment

When completing an industry environment analysis you will be seeking to answer the questions “What is the profitability of the industry likely to be” or “will these things increase or decrease competition (typically price competition) in your industry”

This template contains examples of trends to consider, the list is to be considered by no means exhaustive. You will have to review the examples provided and update the list with the trends that are more likely to affect your industry.

1.1.1 Industry Rivalry

Industry Rivalry	The extent of competition between competitors	Rating
Industry growth rate		
Level of fixed costs		
Industry capacity (Demand verse supply)		
Differences between products		
Brand strength / consumer brand preference		
Switching costs		
Informational complexity		
Concentration & balance		
Diversity of competitors		
Corporate stakes		
Exit barriers		
Entry barriers		
Industry rivalry rating		

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1.1.2 The bargaining power of customers

The bargaining power of customers (buyers)	The degree of customer power	Rating
Differentiation of outputs		
Switching costs		
Presence of substitutes		
Industry concentration relative to buyer concentration		
Importance of volume to buyers		
Cost relative to total buyer purchases		
Impact of outputs on the cost of differentiation		
Buyer information about supplier products		
Buyer profitability		
Decision makers incentives		
Threat of backward integration		
Bargaining power of customers (buyers) Rating		

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1.1.3 The bargaining power of suppliers

The bargaining power of suppliers	The degree of supplier power	Rating
Differentiation of inputs		
Switching costs		
Presence of substitute products		
Supplier concentration relative to industry concentration		
Importance of volume to suppliers		
Cost relative to total purchases in the industry		
Impact of inputs on cost or differentiation		
Information about suppliers products		
Supplier profitability		
Decision makers incentives		
Threat of forward integration		
Bargaining power of suppliers rating		

1.1.4 The Threat of New Entrants

The threat of new entrants	The ease of entry to the market	Rating
Economies of scale		
Proprietary product differences		
Brand identity		
Switching costs		
Capital requirements		
Access to distribution		
Absolute cost advantage		
Government policy		
Expected retaliation		
Threat of new entrants rating		

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1.1.5 The threat of Substitute Products or Services

Threat of substitute products or services	The extent that different industries offer substitute products	Rating
Relative price performance of substitutes		
Switching costs		
Buyer propensity to substitute		
Substitutes rating		

1.1.6 Summary of the Macro Environment Analysis

Firstly list the opportunities (positive impact on the profitability of your industry) and threats (negative impact on the profitability of your industry)

Opportunities	Threats

Table A-1.1 Opportunities and Threats – Industry Environment

1.1.7 Industry Environment Analysis Summary

Then summarise the Industry Environment Analysis responding to the questions “What is the profitability of the industry likely to be” or “will these things increase or decrease competition (typically price competition) in your industry”