

# The Business Portfolio Matrix



- The Boston Consulting group's business portfolio matrix (BCG matrix) is designed to help with long-term strategic planning, to help a business consider growth opportunities by reviewing its portfolio of products to decide where to invest, to discontinue or develop products. It's also known as the Growth/Share Matrix.

# THE GROWTH SHARE MATRIX

RELATIVE MARKET SHARE

CASH GENERATION

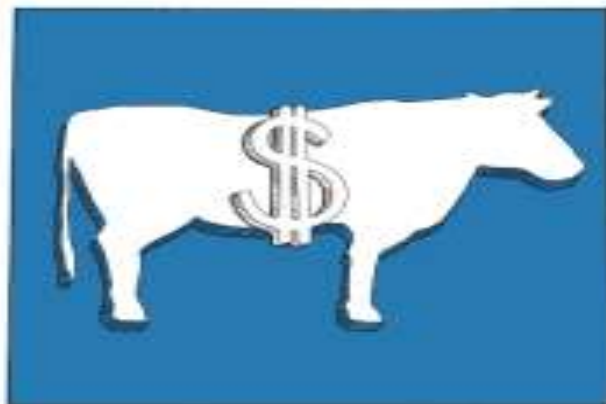
HIGH

LOW

HIGH



LOW



MARKET GROWTH RATE

CASH USAGE

Market Growth Rate (Cash Usage)

High



Low



High

Low

Market Share (Cash Generation)

# HIERARCHY OF COMPANY STRATEGIES



## Mastering Your Enterprise Strategy

### The Three Hierarchical Levels of Strategy

Strategy is a set of analytic techniques for understanding and influencing your company's position in the market place



#### Corporate Strategy

Business you should be in

Enterprise strategy is concerned with the match between your company's internal capabilities and its external environment



#### Business Strategy

Tactics to beat the competition



#### Functional Strategy

Operational methods to implement the tactics

# Porter's Industry Analysis

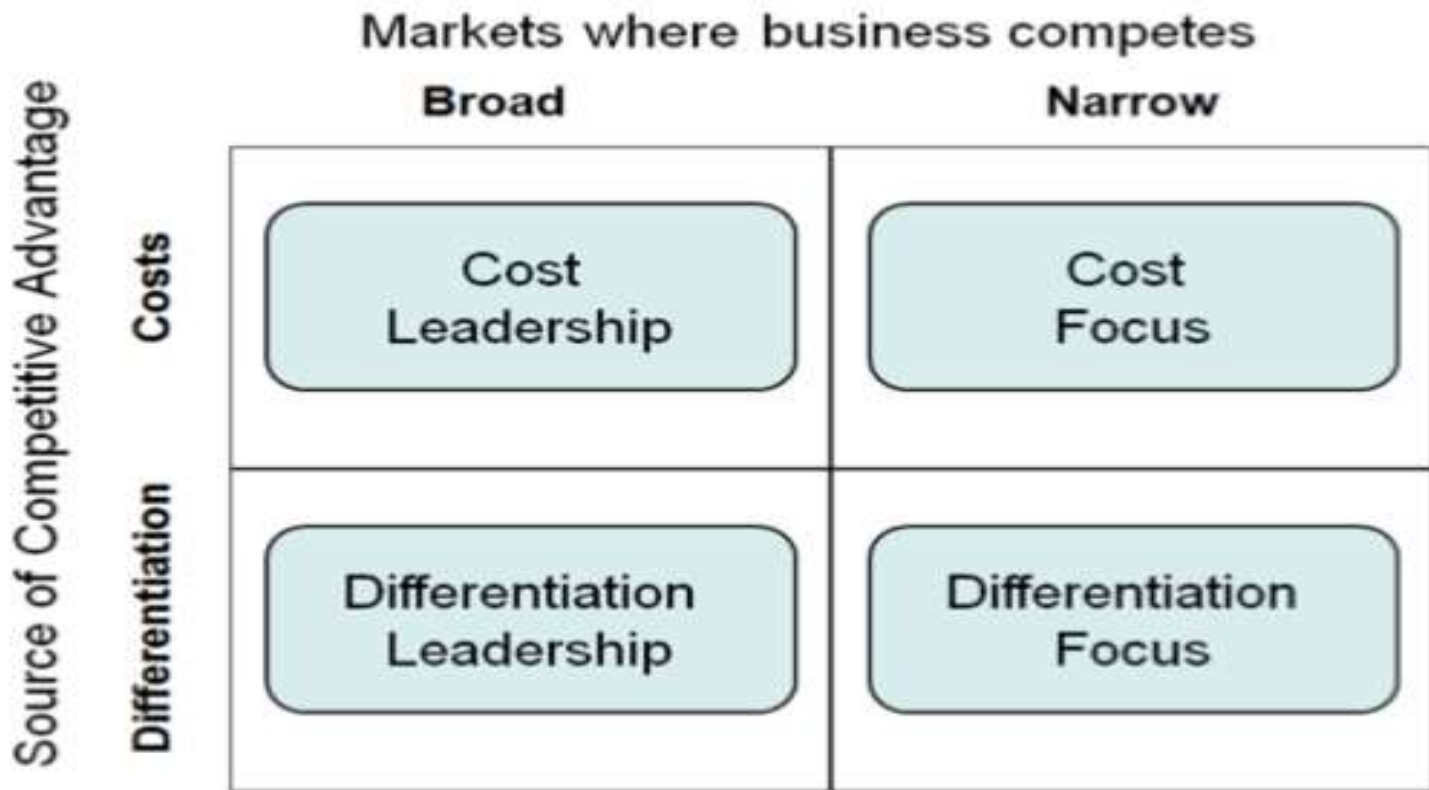




- Professor Michael Porter suggests that strategy formulation requires an analysis of the attractiveness of an industry and the company's position within that industry. This analysis becomes the basis for formulating generic strategies.

# Porter's Generic Competitive Strategies

## Porter's Generic Strategies



# Planning Premises



- Planning premises: The anticipated environment in which plans are expected to operate.
- The process of planning is based upon estimates and predictions of the future. Though past guides the plans in present, plans achieve the goals in the future. Therefore, the forecast of future events leads to efficient plans. Since future events are not known accurately, the assumption is made about these events.





- By identifying the factors (assumptions) that affect plans is called premising and the methods used for making premises are called forecasting.

# Types of Planning premises



- **Internal and External Premises**
- Internal Premises come from the business itself. It includes the skills of the labor force, investment policies of the company, management style, sales forecasts, etc.
- External Premises come from the external environment. That is economic, technological, social, political and even cultural environment. External premises cannot be controlled by the business.



- **Controllable, Semi-controllable and Uncontrollable Premises**
- Controllable Premises are fully controlled by the management. They include factors like materials, machines, and money.
- Semi-controllable Premises are partly controllable. They include marketing strategy.
- Uncontrollable Premises as the name suggests are those over which the management has absolutely no control. Take for example weather conditions, consumer behavior, natural disasters, wars, etc

# Environmental forecasting



- Estimating the intensity, nature, and timing of the external forces that may effect the performance of a firm, disrupt its plans, or force a change in its strategies.

# Areas of forecasting



- The environmental areas that are frequently chosen for making forecasts include the:
  - Economic
  - Social
  - Political/legal
  - Technological environments

# Forecasting with the Delphi technique

