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Corporate Portfolio Analysis

Introduction

- Business Portfolio Analysis is a strategic management tool used to measure what product / service of the company excels or fails in its portfolio.
- heps a manager to appraise the market shares within the industry.

Objectives of Business Analysis Portfolio

- Higher profits
- Risk spread
- Targeting diff mkt. segments.

Higher Profit

- through strategic resource allocation.
- identifying & nurturing high perf. divesting low perf.

Risk spread

- diversify risk across a sepectrum of prod. or services.

~~Target~~

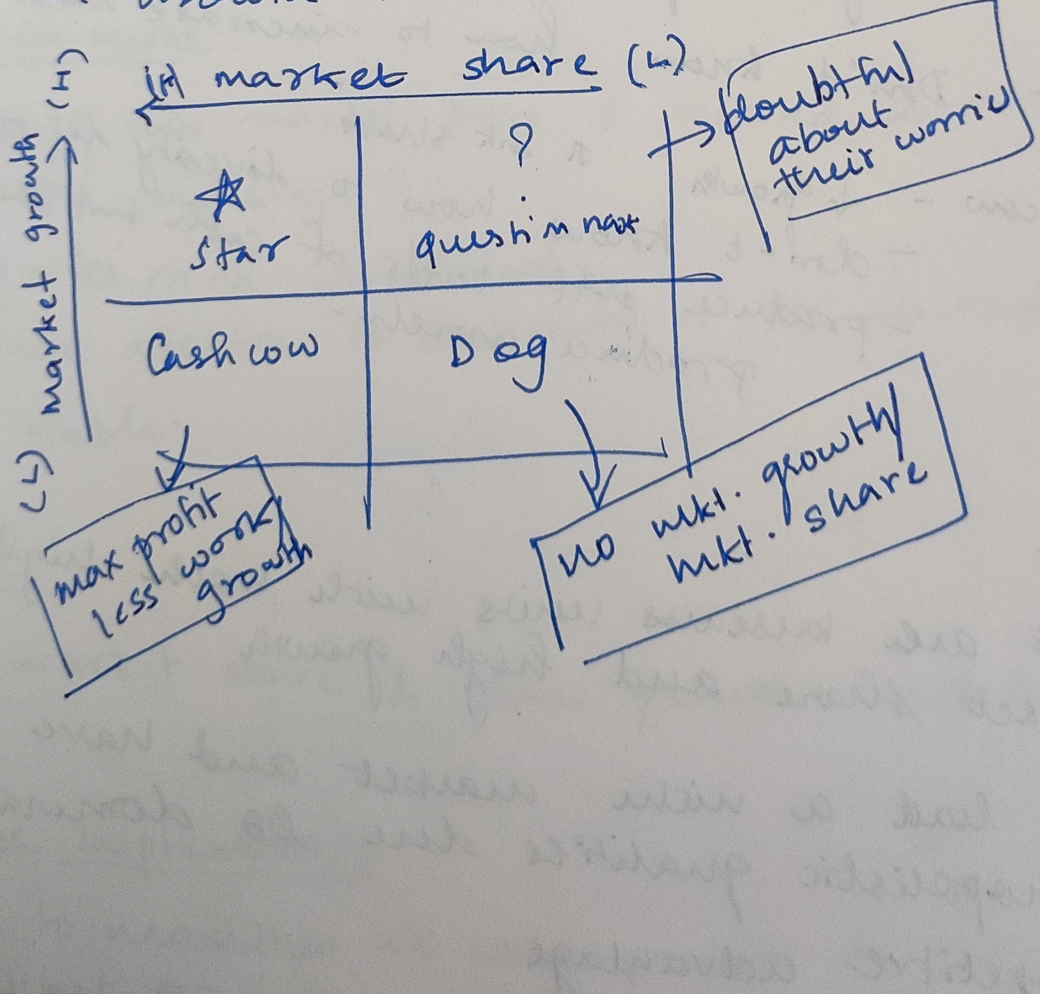
Targeting diff Mkt segments

- capacity of facilitate tailored mkt targetg.
- examining distinct needs and preferences.

BCG Matrix

> Boston consulting Group is renowned as a thought leader in the mgt consulting world.

→ BCG growth share market.



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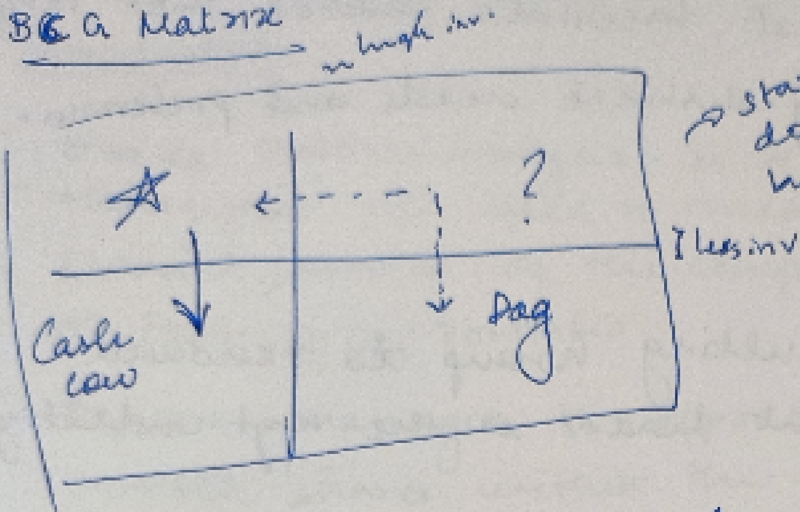
BCG Matrix



→ star can only go down to cash cow, but never to ?/dog.

Star - highest growth rate ↑ mkt share

? - Don't know how to increase mkt share.

Cash cow - ↓ growth ↑ mk share
- don't know how to diversify diff products.
- produce diff levels of cash but don't produce much.

Stars

- Stars are business units with both high market share and high growth
- they lead a niche market and have monopolistic qualities due to dominant competitive advantage
- As the stars continue to boom, additional investment generates excess cash making stars valuable products for company

~~the hope is that eventually~~

Cash cow

- represents business units having a large mkt share in a mature, slow growing industry.
- require little investment & generate cash that can be utilized for investment in other business units.
- (stability strategy)

Question Marks

- ~~boosting~~ low market share & located in a high growth industry.
- requires max investment.
- require attention to determine if the venture can be viable.

Dogs

- low market share & low growth markets.

Strategic implications

- need to maintain its comp. position in the cash cows but avoid overinvesting.
- invest on cash cow than star

Activity

Consider an organization with which you are familiar. Collect information regarding its various businesses and describe them using BCG growth-share market. First, give the chronology of year-wise business development and then the matrix

GE - General Electric (McKinsey) Matrix

or GE 9-cell matrix

- Industry Attractiveness (Porter's five force + value chain)
- Competitive strength.

Market attractiveness

div → stability

liquidation/stability

	S	A	W
high H	Leader	Try Harder	Double / Quit
med. M	Growth	Proceed with care	Phased withdrawal
low L	Cash Generation	Phased withdrawal	Divestment

remove entire org/prod.

S Strong

A Avg.

W Weak

~~Market Attractiveness~~

Comp. Strength

Unilever

1929: merger of British soap maker & Dutch margraine producer

1950: frozen foods by acquisition of Birds Eye

1984: beverage portfolio: Brooke Bon

2000: Sustainable living plan

2014: personal care acquired Talenti Gelato & Dermalogica

2020: commitment to being net-zero by 2039

Stars

- Dove - sig mkt share
  - cont to grow
- Ben & Jerry's - high growth prem. mkt segment
  - brand loyalty
  - rise in pre ice sales.

?

- Seventh Gen - competition in frag. mkt
  (eco friendly personal care)
  - success uncertain
  - has potential
- TRESemmé - - Competitive
  - dep on maint & expand mkt share

Cash cow

- Knorr - steady rev
  - broad mkt presence
  - profitability
  - widely rec.
- Hellmann's - dominant despite mature mkt.

Dog

- Flora margraine
  - move to healthier fats
  - red mksh and growth.
- Breyers Ice Cream
  - more specialized & artisanal brands

Lego

1932 : Denmark, wooden toys
1949 : plastic interlocking blocks
1998 : Mindstorms robotics kits
2005 : fin. diff but part. Star wars, Harry potter
2014 : LEGO movie - sales & brand awareness
2020 : sustainability strategy, more env friendly by 2030

Stars

LEGO Sets : Theme (Licensed)
popular, strong growth as appeal to both child & adult
- niche
- Midstorms - edu. ~~codin~~ coding & robotics STEM education

~~Cash~~ ?

- Video Games
  - competitive
  - can it capture mkt
- Sustainable prod
  - consumer adoption
  - eco friendly

Cash cows

- Lego classic Bricks
  - non themed LEGO
  - Long standing
  - stable cash flow
- Duplo - well established
  - reliable rev
  - families, child.
  - easy to handling

Dogs

- Dimensions - discontinued in 2017 due to poor sales
  - market saturation
  - toys to life
- Bionicle - declined in popularity over the years!
- discontinued 2010 2015 - 2017
- orig. story

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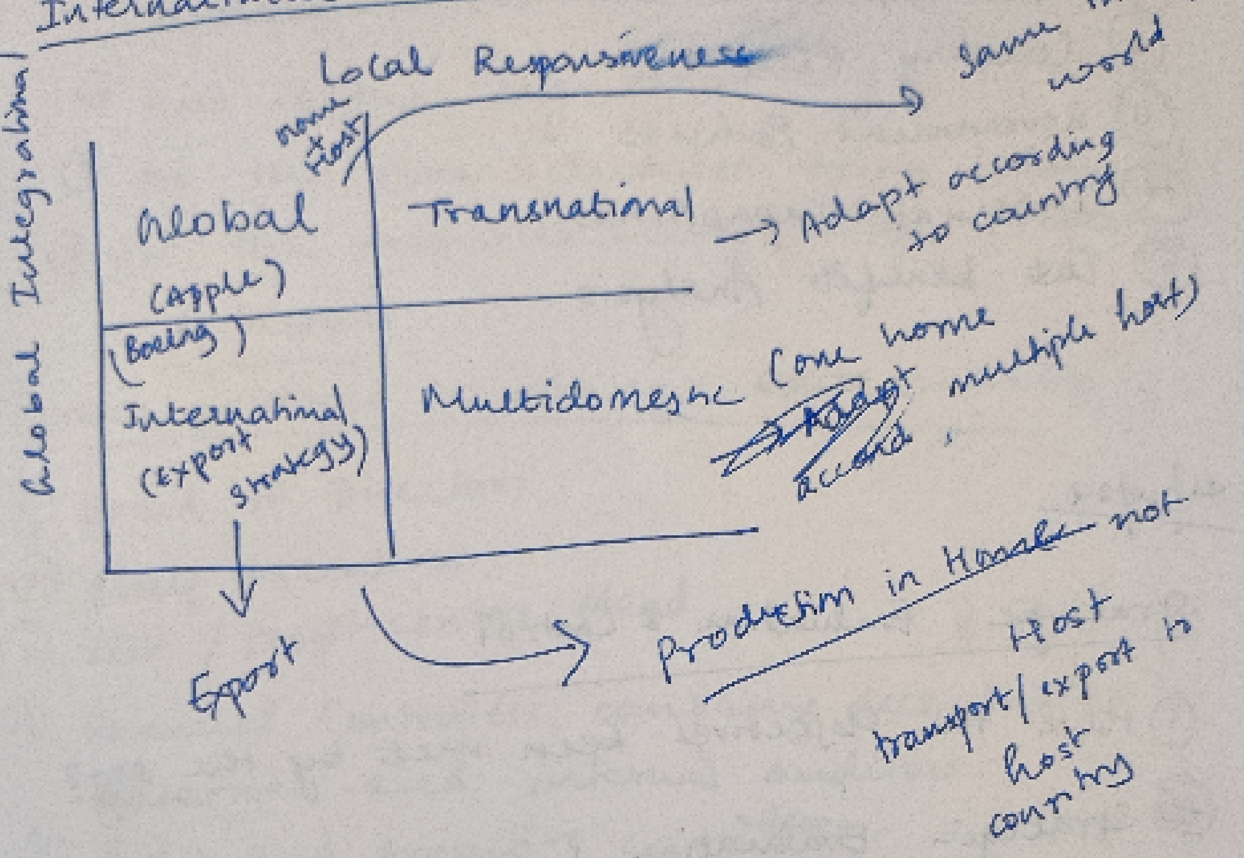
International Strategy



Modes of entry

1) Exporting & Importing
2) Contract Manufacturing (Int. outsourcing)
3) Liscencing } works
4) Franchising
3) Joint Venture
6) Wholly Owned subsidaries.

Factors influencing entry modes

1. Market Attractiveness
2. Country Risk
3. Government Policies
4. Internal capabilities
5. Cost benefit Analysis

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Strategic Evaluation & Control

1. Have the objectives been met by the org?
2. Strategic Evaluation & Control can be defined as the process of determining the effectiveness of the given strategy in achieving the org objectives & taking corrective action wherever required

The following are the things that need to be taken into consideration in the strategic evaluation & control process:

1. Wether the desired objectives are met by the organization
2. Are the org. & its managers are doing the things which need to be done?

(3) Is there a need to change and reformulate the strategy?

(4) How is the org. performing?

(5) Are the time schedules being followed?

(6) Are the resources being utilized properly?

participants

Persons ~~invowed~~ in strategic ~~conto~~ evaluation

(1) Board of Directors

(2) Cheif executives

(3) SBU / Profit center Head

(4) Financial Controllers, company secratories, external and internal auditors.

(5) Audit and Executive comittees

(6) Corporate Planning Staff

(7) Middle Level managers.

Barriers to evaluation

(1) Limits of control

(2) Resistance to Evaluate

(3) Difficulty ~~of~~ in Measurement

(4) Advising on Efficiency vs Effectiveness

Quantitative Qualitative

Shwetha Notes + 24/10/2024.

STRATEGIC CONTROL

This process take into consideration. The changing assumptions that determine, continuously evaluate the strategy as it is being implemented and take the necessary steps to adjust the strategy to the new requirements.

TYPES of STRATEGIC CONTROL:

PREMISE CONTROL

IMPLEMENTATION "

STRATEGIC SURVILLENCE "

SPECIAL ALERT CONTROL.

STEPS in DESIGNING STRATEGIC CONTROL/OPERATIONAL CONTROL.

I SETTING STANDARDS of PERFORMANCE.

II MEASUREMENT of Performance.

III Analysing variation / variants.

IV Taking collective actions.