BCG Growth-Share Matrices and GE/McKinsey Nine Cell Matrices

Name

Institution Affiliation

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BCG Growth-Share Matrix

The BCG Growth-Share Matrix is essentially developed from the market growth rate and relative market share matrix. A circle-like symbol denotes every communication activity of a health care provider. The coordinates of the circle are provided by the relative market share of the health care firm, the market growth rate is represented in comparison to the rival's, and the circle zone is in alignment with the ROI (Return on investment) value of the communication activity (Bobocea, Spiridon, Petrescu, Gheorghe, & Purcarea, 2016). The matrix expects a normal progression of a campaign. Contrasting the forecasted matrix to the original matrix, specialists may establish the significant strategic problems during the execution stage of the campaign. Thereby, four strategies can be applied:

1. The maintenance plan. This kind of methodology tries to sustain the position secured on the market. It relates to Cash Cows but only if there is a higher effect on the financial assets of the firm.
2. The desertification strategy. This plan strives to trade some aspects of the organization that have adverse impacts on the available resources. This relates to Dilemmas and Dogs when the firm is unwilling to finance them.
3. The fructification strategy. This method attempts to increase the financial involvement in a short duration. It pertains to Cash Cows which have a future full of doubt. Moreover, it could also be employed in Dogs and Dilemmas.
4. The investment strategy. This approach strives to increase the market share on the expense of short-term earnings. It is restricted to Dilemmas, as they change into Stars.

A health-associated illustration can be found in the eye care sector, in the optical dispensary that trades certain products to clients. A good case is where a healthcare provider decides to improve sales in sports vision, which is presently in the Dog category. The provider realizes a particular demand in the community, because of current sports-related ocular injuries, and begins to inform the public on the importance of wearing sports eyewear. A blended marketing strategy assists in shifting sports vision from Dog to question mark, and the unit then demonstrates movement into the Star group.

GE/McKinsey Nine Cell Matrices

GE/McKinsey Nine Cell Matrix was developed by McKinsey and Company in 1971 while collaborating with General Electric to try to enhance the BCG matrix (Samantha, & Garrie, 2015). This model utilizes weighted benchmarks to assess SBUs (strategic business units) in regards to industry appeal in union with business strengths. The scores are charted on a nine-cell grid where every cell denotes a strategic proposal. The lattice is one of the method's fortes together with its capacity to evaluate several factors allowing for more discernment in regards to strategic consequences.

What is more, the GE/McKinsey Nine Cell Matrix provides reports on market share, forecasting, and size of the market. Restrictions include the intricacy of the model, the point that composite scores can obstruct vital disparities among SBUs, and the prejudiced weighting/scoring of the criteria (Samantha, & Garrie, 2015).

Regardless of multiple variations of these first portfolio models, the general principle and justification do not change: portfolio balance, prioritization, and proper decision making about resource distribution to fund financial performance and future development (Atta-Panin, 2013). Indeed, portfolio models have been progressively applied in healthcare to estimate and rank

those service lines with encouraging market conditions and the highest economic capacity. Healthcare adaptations known for their ease include:

I. Market factors (like market size, market share, and volumes) exploiting weighted scores in combination with financial performance.

Market share charted against annual market growth rate (the circle's size is usually applied to represent financial results like profit margin per case or contribution margin).

References

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