Boston Consulting Group (BCG)

Growth-Share Matrix

MS-Excel & MS-Word Templates User Guide

In the early 1970's the Boston Consulting Group (BCG) developed a model for managing a portfolio of different strategic business units (SBUs) or major product lines. The BCG Growth-Share Matrix is a four-cell (2 by 2) matrix used to perform business portfolio analysis as a step in the strategic planning process.
**Boston Consulting Group (BCG) Growth-Share Matrix**

**Introduction**

In the early 1970’s the Boston Consulting Group (BCG) developed a model for managing a portfolio of different strategic business units (SBUs) or major product lines. The BCG Growth-Share Matrix is a four-cell (2 by 2) matrix used to perform business portfolio analysis as a step in the strategic planning process. The BCG Growth-Share Matrix positions the various SBUs/product lines based on Market Growth Rate and Market Share relative to the most important competitor.

The BCG matrix provides a framework to compare many SBUs/product lines at a glance and for allocating resources between the different SBUs or product lines.

- SBUs/Product Lines with a relative high market share in a high growth market are designated as Stars.
- SBUs/Product Lines with a relative high market share in a low growth market are designated as Cash Cows.
- SBUs/Product Lines with a relative low market share in a high growth market are designated as Question Marks or Problem Children.
• SBU/Products Lines with a relative low market share in a low growth market are
designated as Dogs.

A different strategic and investment approach is taken for each of the four different
categories.

• **Cash Cows** typically have large market shares in mature, slow growing markets.
  Cash cows require little investment and generate cash that can be used to invest in
  other SBUs/product lines.

• **Stars** are SBUs/product lines that have a large market share in a fast growing
  market. Because the market is growing rapidly, stars frequently require ongoing
  investment to maintain their market leadership. As marginal competitors withdraw
  and the market matures and slows down, successful stars become cash cows and
  generate significant cash.

• **Question Marks** operate in high growth markets, but suffer from low market share.
  The strategic options involve investing resources to grow market share or
  withdrawing. Investing to grow market does not guarantee these SBUs or product
  lines will become stars and hence the term Question Mark.

• **Dogs.** A dog suffers from having low market share in a market that is mature and
  slow growing. Investment will usually have little benefit and therefore, liquidation
  and withdrawal is usually the best strategy for those SBUs/product lines classified as
  Dogs.
2 USER INSTRUCTIONS MS-EXCEL

The Excel model has a simple Push Button Menu system at the top of the Workbook in cell B2. (See below) The following general guidelines should be followed. Cells in Green are intended for User Input. Cells in Black are calculated and should not be altered by the user. On first use, it is recommended that the Menu Options be used in the sequence in which they are numbered, 1, 2, 3, etc. On subsequent use, the options can be selected as required to make amendments to the data originally entered.

1. Enter Business Unit Names
2. Enter Relative Market Shares
3. Enter Market Growth Rates
4. Go to BCG Growth-Share Chart
5. Print Input Data

1. Enter the Business Unit Names. Up to 25 Business Units may be entered

<table>
<thead>
<tr>
<th>Business Unit Names</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Unit 1</td>
</tr>
<tr>
<td>Business Unit 2</td>
</tr>
<tr>
<td>Business Unit 3</td>
</tr>
<tr>
<td>Business Unit 4</td>
</tr>
<tr>
<td>Business Unit 5</td>
</tr>
<tr>
<td>Business Unit 6</td>
</tr>
<tr>
<td>Business Unit 7</td>
</tr>
<tr>
<td>Business Unit 8</td>
</tr>
<tr>
<td>Business Unit 9</td>
</tr>
<tr>
<td>Business Unit 10</td>
</tr>
<tr>
<td>Business Unit 11</td>
</tr>
<tr>
<td>Business Unit 12</td>
</tr>
<tr>
<td>Business Unit 13</td>
</tr>
<tr>
<td>Business Unit 14</td>
</tr>
<tr>
<td>Business Unit 15</td>
</tr>
<tr>
<td>Business Unit 16</td>
</tr>
<tr>
<td>Business Unit 17</td>
</tr>
</tbody>
</table>
2. Enter the **Relative Market Share** compared to the most important competitor for each Business Unit.

3. Enter the **Market Growth Rate** for each Business Unit.

4. Enter the **Relative Market Size**

The data for **Relative Market Share**, **Market Growth Rate** and **Market Size** should be based on a scale of 1 to 9 where

1 Extremely Low

5 Industry Average

9 Extremely High

Data may be entered using a single decimal point, e.g. a market Growth Rate of 3.5 can be used.
When the data is entered, the BCG Growth-Growth Matrix chart is automatically created. The size of the circle indicates the Market Size.
3 **User Instructions MS-Word**

The MS-Word document facilitates presentation of the results of the analysis of the mix of business units in a report/business plan or other MS-Word document.

![BCG Growth-Share Matrix](image)

MS-Word template can be copied and pasted into any MS-Word document.

Once it is pasted into the desired location in the document, it can be edited, as any standard MS-Word table would be. Simply type the various entries in the appropriate cell. The individual cells can be formatted by deleting the entries not used. The unused bullets can be disabled by using the standard formatting option in MS-Word to change the “bullets” option to “none”.

© Copyright Business Tools & Templates 2005

www.business-tools-templates.com