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Matriz general electric

The General Electric GE Matrix Model is a strategic business planning tool that assists companies in making informed decisions. This model, developed by the General Electric Company and McKinsey consultants, provides an analytical approach to portfolio management, helping businesses prioritize their product lineup in terms of market attractiveness and business unit strength.Basics of the GE Matrix ModelEstablished by General Electric, the GE Matrix Model is an analytical tool used by businesses to categorize and prioritize their portfolio of products or services. This nine-box matrix is constructed using two primary dimensions:Market Attractiveness: This axis scrutinizes the appeal of a product's given market. It examines aspects such as market growth rate, market size, and pricing trends.Business Strength: On this axis, businesses assess their ability to compete effectively. They review factors like brand strength, production capacity, and market share.By plotting their products or business units inside the nine boxes, businesses can identify the strategic steps they should take – invest, hold, or divest.Three Main Reasons Why the GE Matrix Important?Informed Decision-making: The matrix helps businesses make informed strategic decisions. By understanding their offerings in relation to market attractiveness and business strength, decisions concerning investments and resource allocation become clearer.Tailored Strategies: Each business unit or product can have unique strategies. Based on where they land on the matrix, managers can create customized strategies to either capitalize on growth opportunities or manage potential risks.Structured Analysis: It streamlines the process of evaluating commercial activity by boxing everything into a structured, visual analysis. This can be particularly useful if there are many different business units or products to consider.How to construct the GE MatrixFollow the steps below, or grab the Free GE Matrix Excel Template. And please see instructional video at the end of this post.Step 1 = Identify Your Business Units:Kick off by listing your company's strategic business units (SBUs). These can be products, services or divisions that have their own strategies and competitors. Let's say, for instance, you manage a sports equipment company. Your SBUs could include footballs, basketballs, and tennis rackets, among others.Step 2 = Measure Market Attractiveness:The vertical axis in your GE Matrix is all about 'Market Attractiveness'. This could include market factors such as size of market, market growth rates, market profitability, pricing trends, distribution structures, or technological developments, to name a few. Develop a scoring method, with 1 being the least attractive and 10 the most attractive.Here are some ideas for Market Attractiveness factors.Step 3 = Assess Business Strength:Similarly, you'll need to evaluate each business unit for its competitive strength. The horizontal axis, 'Business Strength', covers factors such as market share, strength of assets and competencies, brand strength, customer loyalty, and cost advantages. Again, rank each SBU from 1 (weakest) to 10 (strongest).Here are some ideas for Business Strength factors.Step 4 = Plot:Now, with each SBU scored for market attractiveness and business strength, it's time to plot these scores on our GE Matrix, as per below.Factors To Consider When Constructing a GE MatrixWhat are the key factors one must consider when constructing a GE Matrix?Choose appropriate factors:The choice of factors for market attractiveness and business strength should be relevant to your organization and industry. Generic factors may not capture the complexity of your business environment.Weight the Factors:No two factors typically carry the same importance. Thus, you need to assign weights to them. These must add up to 1. For instance, if you deem market size has twice the importance compared to the growth rate, assign a weight of 0.6 to market size and 0.3 to growth rate.Consistent Scoring:Ensure consistency in the scoring to maintain accuracy. Ensure the same criteria and parameters are used for each SBU.Examples of using the GE Matrix ModelStarbucks Coffee CompanyStarbucks, the widely recognized coffeehouse chain, makes an excellent case study for the GE Matrix Model. With a range of products that vary in both market attractiveness and business strength, plotting them on a GE Matrix gives us a comprehensive understanding of their portfolio.High Market Attractiveness/High Business Strength: Starbucks' most popular beverage, the Frappuccino, falls neatly into this quadrant. With high consumer demand and Starbucks' strong push in marketing and distribution, this product shows the company's strong footing in this category.High Market Attractiveness/Low Business Strength: Starbucks also came out with its carbonated drinks, dubbed "Spiced Root Beer," "Golden Ginger Ale," and "Lemon Ale." While this market is attractive regarding consumer interest and potential revenue, Starbucks competes with long-standing, popular brands, placing it at a disadvantage.Low Market Attractiveness/High Business Strength: The Starbucks Decaf Pike Place Roast can be considered less attractive in the overall market due to lower demand for decaffeinated coffee. However, Starbucks, with its robust supply chain and distribution network, is capable of effectively marketing this product.General Electric (GE)Since the GE Matrix is developed by none other than General Electric, it would be remiss not to discuss how this corporation uses this model.High Market Attractiveness/High Business Strength: GE's Healthcare division, specializing in medical imaging and diagnostics equipment, falls into this quadrant. With the constant demand for innovative healthcare solutions and GE's market dominance, this particular division has high market attractiveness with constant demand and GE rules the roost with its innovative solutions.High Market Attractiveness/Low Business Strength: The Lighting Solutions division of GE is part of a crowded market, with numerous competitors offering similar products. Despite the high potential of the market, GE's strength in this field is comparatively lower.Low Market Attractiveness/High Business Strength: GE's Capital aviation services division falls into this quadrant due significant competition and the cyclical nature of the sector. Despite these challenges, GE's considerable resources and brand strength keep them competitive in the sector.Limitations and Criticisms of the GE Matrix ModelSubjective AnalysisKeep in mind that the GE Matrix model inherently involves some degree of subjectivity. The assignment of ratings and weightages to the factors in business strength and market attractiveness is largely dependent on human judgment. It's subjective and could potentially lead to bias.Two different teams might come up with different GE Matrices for the same company or business unit due to variations in their perceptions of market variables and competitive advantages.Complexity IssuesThe GE Matrix Model requires a good deal of information and data, not to mention the task of gathering, analyzing and interpreting this information which can be time-consuming and complex.Small businesses and startups may find it challenging to access such comprehensive data or lack the manpower to conduct in-depth market analysis.Fluctuating Market ConditionsThe model also assumes relatively stable market conditions, which may not always be the case. Sudden changes in the market, arising from unforeseen events or shifts in consumer behavior, can drastically alter the validity of the GE Matrix analysis.High Resource CommitmentThe implementation of strategies based on the GE Matrix often involves a high commitment of resources. It means that a wrong assessment can lead to significant losses. For example, investing heavily in a business unit perceived to have high market potential and strong competitiveness, only to find the projections were overly optimistic.Categorization ChallengesThe rather rigid categorization into three cell classifications may sometimes be misleading. A product with a score that barely squeezes into the high attractiveness, strong business unit box can be incorrectly given similar strategic prominence as a product with much higher scores.Focus on Current BusinessThe GE Matrix Model primarily emphasizes the current businesses of a firm. It might overlook the potential of new ventures or diversifications that might prove beneficial in the long-term, narrows the company's vision and hinders long-term growth.Comparison to the BCG MatrixThe GE Nine Box Matrix and the BCG Matrix are both popular tools used in business for portfolio analysis and strategic management. However, they have distinct features and approaches. Here's a comparison and contrast of these two models:Similarities:Portfolio Analysis: Both are used for analyzing a company's portfolio of businesses or products.Strategic Decision-Making: They aid in making strategic decisions regarding investment, development, or divestment.Matrix Format: Each employs a matrix format for visual representation and analysis.Market Consideration: Both models consider market factors to assess business units or products.Differences:Dimensions of Analysis:GE Nine Box Matrix: It uses two dimensions – 'industry attractiveness' and 'business unit strength.' Each of these dimensions has three levels: high, medium, and low.BCG Matrix: This matrix uses 'market growth rate' and 'relative market share' as its dimensions. The categories are high or low, resulting in four quadrants.Complexity and Nuance:GE Nine Box Matrix: It is generally considered more complex and nuanced due to its three-tier categorization in each dimension.BCG Matrix: It is simpler, with a two-tier categorization, making it more straightforward but potentially less nuanced.Strategic Implications:GE Nine Box Matrix: Offers a more granular strategy approach, with nine potential categories each requiring a different strategy.BCG Matrix: Provides a more high-level view, categorizing businesses into four types (Cash Cows, Stars, Question Marks, Dogs), each with a recommended general strategy.Scope of Application:GE Nine Box Matrix: Due to its complexity, it is often used by larger, more diverse companies with varied business units.BCG Matrix: Its simplicity makes it more accessible for smaller companies or those with less diversity in their product lines.Subjectivity in Assessment:GE Nine Box Matrix: Can be more subjective due to more criteria needing judgment in assessing industry attractiveness and business unit strength.BCG Matrix: Relies on more concrete data (market share and growth rate), though these can still be subject to interpretation.Focus on Industry Dynamics:GE Nine Box Matrix: Puts more emphasis on the attractiveness of the industry, considering external market conditions.BCG Matrix: Focuses primarily on the product's position in the market, with less emphasis on the broader industry dynamics.In summary, while both models serve similar purposes in strategic planning and portfolio management, the GE Nine Box Matrix offers a more detailed and complex analysis, whereas the BCG Matrix provides a simpler, more straightforward approach. The choice between these models often depends on the specific needs of the business, the complexity of its portfolio, and the preference for detail in strategic analysis.VIDEO: Using the Free GE Matrix TemplateFAQsWhat is the GE Nine Box Matrix?The GE Nine Box Matrix is a strategic business tool developed by McKinsey & Company for General Electric. It helps businesses prioritize their investments among various business units.How is the matrix structured?The matrix is a 3×3 grid. The horizontal axis represents industry attractiveness (low, medium, high), and the vertical axis represents business unit strength (low, medium, high).What does each axis represent?Industry Attractiveness: Factors like market growth, profitability, and competitive intensity.Business Unit Strength: Factors like market share, brand strength, and product quality.How is the matrix used in strategic planning?It assists in evaluating the potential of different business units or product lines, guiding decisions on resource allocation and strategy based on two key dimensions: market attractiveness and competitive strength.What are the strategic implications of different positions in the matrix?High Attractiveness, High Strength: Invest and grow.High Attractiveness, Low Strength: Selective investment.Low Attractiveness, High Strength: Harvest or divest.Low Attractiveness, Low Strength: Divest.Can the GE Nine Box Matrix be applied to all types of businesses?Yes, it's versatile and can be adapted to different industries and business sizes, but its effectiveness can vary depending on the complexity and nature of the business.What are the benefits of using the GE Nine Box Matrix?It provides a structured approach for portfolio analysis, helps in resource allocation decisions, and encourages a broader perspective on business units.Are there any limitations to the matrix?Yes, it can be subjective, as the rating of attractiveness and strength may vary based on personal judgment. It also doesn't account for synergies between business units or external factors like economic changes.How does the GE Nine Box Matrix differ from the BCG Matrix?While both are portfolio analysis tools, the GE Matrix offers a more nuanced approach with three categories instead of the BCG Matrix's two. It also considers industry attractiveness, unlike the BCG Matrix, which focuses on market growth rate.How often should a business revisit its GE Nine Box Matrix analysis?Regularly, especially when there are significant changes in the market or within the business units. Typically, an annual review is recommended, but this may vary depending on the industry dynamics. La matriz General Electric (GE), es una herramienta de planificación estratégica que fue desarrollada por la empresa del mismo nombre, también se conoce como «Matriz McKinsey» (por su autor), «Matriz direccional» y «Matriz DPM«. ¿Qué es la matriz General Electric? El objetivo inicial de la matriz GE fue el de ayudar a los responsables de la empresa a identificar las oportunidades y objetivos de inversión en nuevas áreas de actividad. Sin embargo: En la actualidad también se utiliza para decidir, dentro de las áreas de actividad ya existentes en la empresa, a cuál de ellas se dará más apoyo financiero, se dedicarán más esfuerzos y se le prestará más atención estratégica. Las oportunidades y objetivos detectados mediante el uso de la matriz GE se convierten en directrices para el establecimiento de los objetivos de crecimiento y para el desarrollo de las respectivas estrategias que permitirán alcanzarlos. ¿Cómo se utiliza la matriz GE o matriz McKinsey? En principio, la matriz GE se utiliza para identificar las áreas de actividad que son más atractivas para una empresa ya que son las que muestran mayores posibilidades de generar recursos. Cada área se evalúa en función de los factores de atracción y los puntos fuertes o fortalezas de la empresa. Los factores de atracción variarán de un sector a otro, pero los más utilizados son: Tamaño del mercado. Tasa de crecimiento del mercado. Rentabilidad del sector. Flexibilidad de los precios. Estabilidad del sector. Como se puede ver, los factores de atracción se corresponden con las características que las empresas desearían encontrar en los mercados en que operan o en los que se plantean la posibilidad de ingresar. Por su parte, la identificación de los puntos fuertes o fortalezas de la empresa señala los factores propios de la organización que podrían influir decisivamente en el éxito de mercado de la misma (véase, en el Análisis de la situación en este mismo sitio web el Análisis FODA, DAFO o SWOT). Para determinar la posición de cada área u oportunidad en la matriz, usualmente se realizan evaluaciones numéricas de los factores de atracción y de los puntos fuertes con el fin de identificar la posición que les corresponde en las escalas que aparecen en la matriz (alto, medio y bajo) tanto para los puntos fuertes como para los factores de atracción. Luego, las evaluaciones de las posibles decisiones de inversión (realizadas, repetimos, en función de los factores de atracción y puntos fuertes de la empresa) se trasladan a una matriz como la siguiente:De esa forma, para una determinada área de actividad u oportunidad de negocio la empresa puede determinar que coinciden, por ejemplo, un alto nivel de atracción del sector y un nivel alto en los puntos fuertes de la empresa. En ese caso: El área u oportunidad se situaría en la casilla I de la matriz. Un área u oportunidad que plantee características completamente opuestas se situaría en la casilla IX de la matriz. Ahora bien, de acuerdo con los planteamientos de la matriz General Electric, existen recomendaciones básicas, expresadas en forma de «directrices estratégicas», para cada una de las casillas. Son las que aparecen en la Matriz de Directrices Estratégicas, en la que: FA = Factores de atracción. PFE = Puntos fuertes de la empresa. Matriz de Directrices Estratégicas Directrices estratégicas   FA altos PFE altos – Invertir para crecer. – Apoyar el área con el máximo de inversiones. – Consolidar las posiciones alcanzadas. – Aceptar niveles de rentabilidad moderados.   FA altos PFE medios – Invertir para crecer. – Crecer selectivamente en función de los puntos fuertes de la empresa. – Crecer en áreas definidas. – Crecer aumentando la participación de mercado. – Disminuir los «puntos débiles» de la empresa.   FA altos PFE bajos – Invertir selectivamente para: a) Apoyar la diferenciación del producto. b) Aumentar la rentabilidad. – Identificar «nichos» de mercado. – Procurar la especialización del producto. – Identificar áreas en las que se puedan explotar los puntos fuertes de la empresa.   FA medios PFE altos – Invertir para crecer. – Invertir fuertemente en segmentos seleccionados. – Disminuir progresivamente las inversiones para incrementar la rentabilidad. – Identificar nuevos segmentos atractivos que se correspondan con los puntos fuertes de la empresa.   FA medios PFE medios – Invertir selectivamente para: a) Apoyar la diferenciación del producto. b) Aumentar la rentabilidad. – Procurar la segmentación del mercado. – Establecer planes para compensar los puntos débiles.   FA medios PFE bajos – Invertir para: a) Reestructurar las operaciones del área. b) Eliminar la actividad por ser muy arriesgada. – Prepararse para la desaparición del área. – Tratar de preservar el flujo de ingresos. – Buscar nuevas oportunidades de venta. – Racionalizar para aumentar los puntos fuertes.   FA bajos PFE altos – Proteger y re-enfocar el área. – Reinvertir selectivamente para: a) Apoyar la diferenciación del producto. b) Aumentar la rentabilidad. – Defender los puntos fuertes. – Re-enfocar la actividad hacia nuevos segmentos. – Evaluar una posible revitalización del sector. – Controlar cuidadosamente para identificar el mejor momento para la salida o reconversión del área.   FA bajos PFE medios – Reestructurar. – Invertir para: a) Reestructurar las operaciones del área. b) Eliminar el área. – Cambiar a segmentos más atractivos. – Prepararse para la desaparición del área.   FA bajos PFE bajos – Prepararse para: a) Diversificación. b) Salida del mercado. c) Liquidación de la actividad. – Invertir moderadamente para evitar mayores riesgos. – Retirar o «exprimir» la línea de productos (tratar de obtener el máximo beneficio). – Identificar el momento preciso de la salida para maximizar el valor actual. Esta herramienta genera la tabla de amortización de activos, diseñada para facilitar el registro y análisis contable conforme a las Normas Internacionales de Información Financiera (NIIF). Permite clasificar y priorizar estratégicamente proveedores de productos o servicios, combinando valor económico y métricas de desempeño, en una interfaz intuitiva que transforma cifras en información accionable. Esta herramienta está diseñada para ayudar a freelancers y profesionales independientes a calcular de forma precisa y personalizada sus tarifas por hora, por proyecto y por paquete mensual (retainer). Making the right decision at the right time is hard. It's a struggle business leaders know well. A broken decision-making process, the wrong strategic tools, and no visibility into the company's portfolio performance can lead to failed strategies and large organizations going out of business. But the ability to recognize growth opportunities and cut dead-end strategies in time has always been a competitive advantage. And GE Matrix - also known as GE McKinsey Matrix - is one of the strategic tools that can help you in the process. In this article, we will cover everything you need to know about this framework, including HOW to use it, and WHEN you should use it.⚠ Go beyond the matrix! While it helps prioritize investments, the GE Matrix shouldn't be the final stop. Cascade Strategy Execution Platform bridges the gap between portfolio analysis and action. Talk to a strategy expert and translate your GE Matrix insights into a strategic plan with clear ownership and measurable results.McKinsey GE Matrix one page summaryThe GE McKinsey Matrix is a strategic framework that helps multi-business corporations manage portfolios and prioritize investments across products and SBUs (Strategic Business Units).GE Matrix diagramThe GE Matrix looks at two factors: the competitive strength of an SBU and the attractiveness of the market in which it operates.Based on where the SBU sits within the 3x3 GE Matrix, portfolio managers can quickly answer three strategic questions:How to allocate capital throughout the organization's portfolio of companies?What products or additional strategic business units are needed in their portfolio?Which strategic business units should be divested? Prefer watching over reading? Check out our video on the GE Matrix for a concise visual breakdown of this powerful framework: The Components Of The GE McKinsey Nine Box MatrixLet's look at the components of the GE McKinsey Matrix to make sense of the results.Y-AxisThe vertical axis scores the industry attractiveness (either low, medium, or high) of SBUs. A higher score on this axis will place an SBU higher in the GE Matrix.The Y-Axis in the GE Matrix measures industry attractivenessX-AxisThe horizontal axis indicates the SBU's strength as either low, medium, or high. It moves from right to left, but it goes from high to low.The X-Axis in the GE Matrix measures business unit strengthInvest/Grow (Green)SBUs in these blocks have a mixture of solid business performance and an attractive industry. They are primed for growth and should be allocated resources and capital.GE Matrix invest/grow quadrants diagramSelectivity/Earnings (Orange)SBUs that fall within these blocks aren't performing optimally or operate in an unattractive industry. These business units require a more conservative approach to either growth or divestment strategies.GE Matrix selectivity/earnings quadrants diagramHarvest/Divest (Red)If a business unit is mapped in the red blocks, this indicates that a divestment/harvest strategy should be taken. Generally, this means that a business should be closed, further investment should be withheld, or the company should be run for cash.GE Matrix harvest/divest quadrants diagramHow To Use GE Matrix?1. Determine the industry attractiveness of each SBUCalculate the market attractiveness in which each SBU operates. Remember, this is a subjective estimate based on your understanding of the business unit industry or sector.Score the SBUs industry attractiveness by looking at factors like:Market sizeIndustry profitabilityMarket growth potentialIndustry segmentationMarket profitabilityDifferentiationMarket growth rateLevel of competitionImportant note: The scale you use to score SBU strength and industry attractiveness will depend on your needs. Most businesses use a 1-10 scorecard, but you may want to use a different range when assigning values.2. Determine the competitive strength of your strategic business unitsYou'll then repeat this process for each company in your portfolio. Look at the strength of the business unit and its competitive position in the market.Factors you can consider when working out the strength of a business unit:Sustainable competitive advantages (use VRIO analysis)Brand equityCustomer loyaltyMarket shareInternal competenciesStrength of the value chain (use value chain analysis) Production capacityProduct linesPricing and cash flowsProfit margin compared to competitorsImportant note: Different factors have different levels of importance. When calculating industry attractiveness and business strength scores, you'll need to weigh numerous factors to reflect this.3. Plot the information on the GE McKinsey MatrixNext, plot the values for each strategic business unit on your Matrix. Use the market attractiveness score to plot your Y-axis position and the business strength score to plot your X-axis position. The location of each SBU on the 3x3 chart will indicate whether the company should grow, hold, or harvest specific business units.4. Identify the future direction of each strategic business unitThe GE Matrix only provides a view of the current state of business units in a portfolio and doesn't account for other variables that may impact a business's viability. This means that teams that use the GE Matrix must analyze business units in more detail to understand all strategic implications.Using different strategic analysis tools, such as SWOT analysis, Porter's 5 Forces, or PESTEL analysis, could help you analyze internal and external environmental factors. This will also help you to identify potential risks in the future.5. Choose where to invest and focus your attentionOnce you have a picture of your portfolio mapped out on the GE Matrix, you'll still need to answer some critical questions before making decisions about SBUs.For example, how much money should you put into a specific business unit? Does investing in these SBUs align with your long-term strategy? Which parts of a particular business unit should you invest in? As Michael Porter, the father of the modern business strategy, says, "The essence of strategy is choosing what not to do". At this point, you should clearly understand what your organization will focus on. This will help your organization to stay on the right track and prevent wasting resources on misaligned efforts.6. Turn insights into resultsWith a clear idea of direction and new priorities, you should take those insights and turn them into an actionable strategic plan. A strategy execution platform like Cascade can streamline the process of communicating new goals, strategizing, and executing strategic initiatives. It can also help your organization ensure performance and align your portfolio strategy with the company's high-level strategy.At one point, Microsoft Internet Explorer, was the dominant internet browser in the market. In 2003, more than 95% of all internet users were using it to surf the web. Here's how the GE McKinsey Matrix might look for the Internet Explorer SBU over time.The 2003 Microsoft Internet Explorer was:1. A strong business unit2. In an attractive industryIt would have been somewhere in the top left corner of a GE McKinsey Nine Box.GE Matrix Example (Harvest Strategy): Microsoft Internet ExplorerHowever, more web browsers started to appear, and the industry became more competitive. By 2010, Microsoft had lost 35% of its web browser market share to other competitors such as Firefox, Chrome, and Safari. After 2010, the Internet Explorer SBU likely scored lower in competitive strength and market attractiveness compared to its earlier days.GE Matrix Example (Harvest Strategy): Microsoft Internet ExplorerBased on these significant changes, Microsoft likely decided that the Internet Explorer business unit would need to be closed, run for cash, or selectively harvested. And that's the strategy the company followed over the next 12 years.In 2013, Microsoft released the last version of Internet Explorer (IE 11).In 2015, they launched a new web browser, Microsoft Edge.In 2022, they ended support and retired the program.GE Matrix Example (Hold Strategy): David Jones In 2014, Woolworths Holding Ltd., a prominent South African retail chain, acquired Australian retailer David Jones, believing it could generate A$130 million per annum in earnings within five years. According to Woolworths Holding Ltd., David Jones had:A strong business unit with a 176-year history in AustraliaHigh industry attractiveness and a strong position in the retail market.Here's an example of how David Jones' GE Matrix might have looked between 2014 and 2021:GE Matrix Example (Hold Strategy): David Jones However, the David Jones brand underperformed, and original plans to expand operations stagnated. Here's how its position might have looked in 2015.GE Matrix Example (Hold Strategy): David JonesWoolworths Holding Ltd. likely decided to take a selective harvest/grow approach in response to the changing Australian retail market. This strategy is evident in some of their significant decisions between 2015 and 2022.In 2015, David Jones implemented several cost-cutting measures, such as restructuring the organization, cutting floor space in all stores, reducing product ranges, and firing top IT executives.One year later, in 2016, they shifted their head office from Sydney to Melbourne, citing lower real estate costs as one of the factors. By 2020, David Jones closed 48 stores; and in 2021, they sold two properties worth A$620M to free up capital.GE Matrix Example (Grow Strategy): NetflixNowadays, Netflix, the online streaming company that revolutionized the entertainment industry, is a household name. However, when Netflix released its streaming service in 2007, it made up a tiny portion of the company's revenue, offering 1,000 titles for streaming, compared to the 70,000 titles in physical DVD format. Here's an example of how Netflix's streaming business unit might have looked in 2007.GE Matrix Example (Grow Strategy): NetflixIn 2010, Blockbuster, Netflix's largest competitor, filed for bankruptcy, further propelling its online entertainment streaming industry dominance. As internet speeds increased, technology improved, and consumer preferences shifted towards streaming, Netflix's video-on-demand service business unit would have moved to an aggressive growth strategy block on the GE McKinsey Matrix.GE Matrix Example (Grow Strategy): NetflixNetflix continued its growth path and rapidly expanded between 2012 and 2021:In 2012, the platform had 20 million subscribers, consumed 30% of all residential US bandwidth, and launched in the UK.By 2018, Netflix had 125 million subscribers and a market value of $151 B.In 2020, Netflix added 36 million subscribers to its user base and had a net income of $2.76 B.Advantages of GE MatrixThe advantages of GE McKinsey Matrix are: A simplified approach to portfolio analysis and investment allocation decisionsHighly replicable and consistent frameworkApplicable across different industriesAn efficient method of determining strategic paths for multiple business unitsHelps measure and map the strategic position of business unitsHelps understand which businesses are making a profit and which aren'tLimitations of GE MatrixThe possible limitations of GE McKinsey Matrix are: The GE Matrix is only a snapshot of your portfolio's performanceIt relies on subjective estimations of market attractiveness and business strengthLacks nuance in differentiating between business unitsTeams may need to do more research before they can make investment decisionsMay not be suited for emerging or rapidly-evolving industriesWhen Is The GE Matrix Framework The Best Choice?While the GE McKinsey Matrix doesn't offer a complete picture of SBU performance, its simple design means that strategic thinkers can quickly get a snapshot of how different businesses or product portfolios are performing.Strategic portfolio management, PMOs, and corporate-level decision-makers will benefit from using the GE Matrix to inform their strategic investment planning.Recommended reading: How successful PMOs deliver value and avoid the hot seatGE Matrix + Strategy Execution = GE McKinsey Matrix and other strategic frameworks are great for fleshing out your strategy, but to successfully execute strategy and adapt as needed, you also need the right software. A great strategy execution platform will help you to create a single source of truth for your strategy, eliminating wasted time in disconnected spreadsheets, confusion and potentially preventing a failed strategy execution.A single home for your strategy will help you to keep everyone on the same page, allowing leaders to focus on the most critical parts of strategy execution: robust goals, context, and strategic thinking. And when you are not wasting time in meetings to keep everyone aligned, you can focus on maximizing the ROI from your portfolio. Cascade makes it easy to build strategic portfolio plans and assign KPIs and owners to drive accountability. It lets your team collaborate on shared goals to drive strategy execution across the organization. Interested in seeing Cascade in action? Get started for free or book a demo with Cascade's experts.The GE Matrix was created for General Electric by McKinsey - thus the name GE McKinsey Matrix - in the 1970s to help decision-makers with investment decisions about their various SBUs. What is the difference between the GE and the BCG Matrix?The GE Matrix is used by businesses to prioritize investments and looks at industry attractiveness and business unit strength. Boston Consulting Group's BCG Matrix is used to deploy resources and looks at the product growth rate and market share for SBUs.Is the GE McKinsey Matrix better than the BCG Matrix?No, the GE Matrix and BCG Matrix have different purposes. Depending on your current needs, one may be better than the other. However, both are useful tools for strategic planning.What are other names for the GE Matrix?The GE Matrix is also known as the GE McKinsey Matrix, the GE Nine-Cell Matrix, or the McKinsey Nine-Box Matrix.