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# identifying product strategies

Using the Boston Matrix

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## In brief

Originally designed by the Boston Consulting Group, this matrix has taken a fair amount of flak over the years. Rightly so in some areas, but mostly criticised by those who were expecting it to generate a strategic silver bullet, or simply took it at face value and failed to use it creatively. Like others, the Boston Matrix is the starting point for a strategic discussion, not an end point on which to base a final decision.

The Boston Matrix asks you to assess each business unit or product line in terms of 1) its position in the market, and, 2) the outlook for the market it is in – in other words, market share versus market growth. Subject to where the item sits in the matrix, it is designated, under the somewhat colourful Boston language as either a Dog, a Cash Cow, a Star, or a Problem Child.

The Boston Matrix is clearly simplistic but the classification raises strategic issues. A cash cow, by definition, is a mature but profitable product. It's market may not be growing but its share is well-established. It is a candidate for a "harvest" strategy: minimise ongoing investment, maximize profits, and channel resulting cash flow into problem children or stars, which in turn are products where potential growth in market share is more compelling.

Dogs are business lines where both existing share and potential growth are limited. They may be prime candidates for disposal.

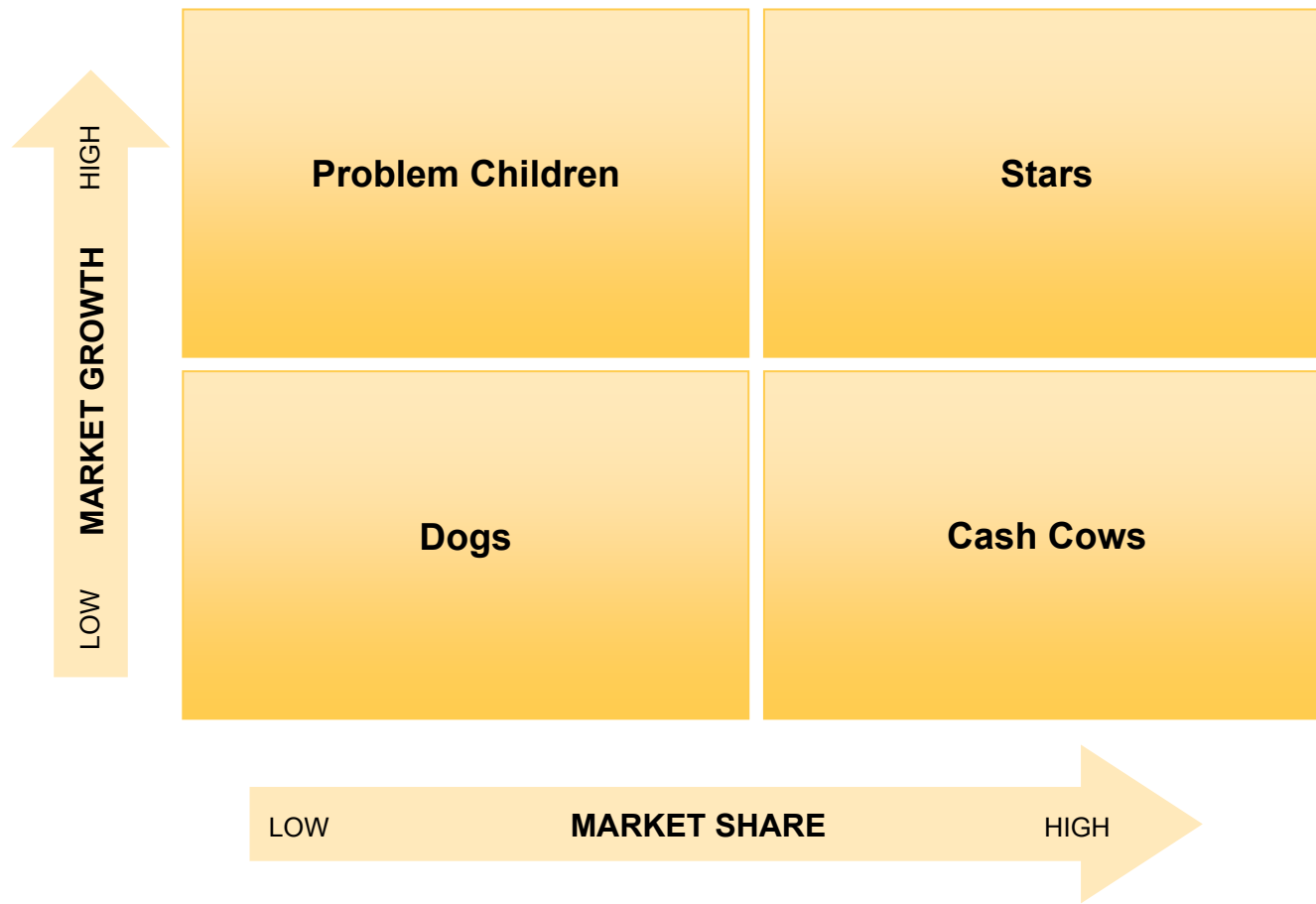
Problem children, also known as Question Marks, are often exciting products or services in their own right. But like the creative but lost teenager, they need clear direction, specific goals and a structured plan if they are to justify investment in their potential.

The longevity of the Boston Matrix reflects the fact that it encourages managers to be forward looking. By examining business units in each quadrant you are forced to take a view on the future of those units. Strategy cannot make sense if it does not acknowledge key trends the marketplace and the likely impact on the firm's business.



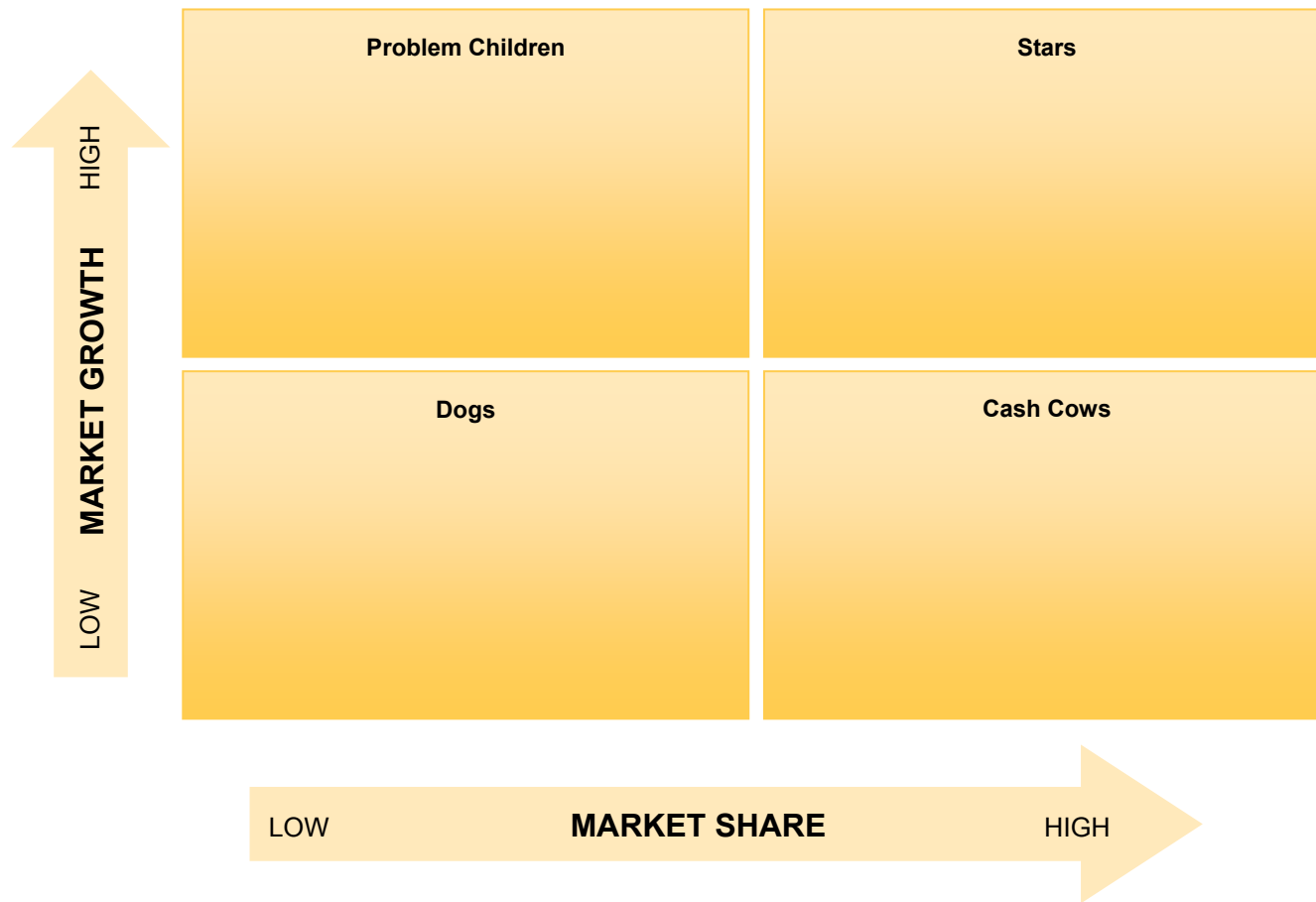
# The Boston Matrix

Current Position v Outlook



## The Boston Matrix

Use the template below to develop perspective on your own products and services



**For more information, visit my website [www.alanhargreaves.com](http://www.alanhargreaves.com)**

Hi, I'm Alan Hargreaves. I specialise in simplifying complex business problems. In over 35 years as a business executive, I have never found an issue that cannot be addressed through identifying the essential but simple steps required to make any problem manageable. It might be your career, your firm, your team or your strategy. It doesn't matter. All hurdles can be lowered through dispassionate analysis, and all executives can embrace simple processes to take them forward. Using these techniques, I have helped hundreds of people through the various stages of their business or career development. It may be the challenge of taking on new responsibilities; it could be the task of managing a business you have created yourself; it may be handling a difficult team in the midst of major change. I use a straightforward combination of key principles to get results: collaboration, adaptation, simplification and action. You can contact me anytime at [alan@alanhargreaves.com](mailto:alan@alanhargreaves.com).



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