GE / McKinsey MATRIX

In consulting engagements with General Electric in the 1970's, McKinsey & Company developed a nine-cell portfolio matrix as a tool for screening GE's large portfolio of strategic business units (SBU). This business screen became known as the GE Matrix and is shown below:

GE / McKinsey Matrix

		Business Unit Strength		
		High	Medium	Low
Industry Attractiveness	High			
	Medium			
	Low			

The GE Matrix overcomes a number of the disadvantages of the BCG Matrix. Firstly, market attractiveness replaces market growth as the dimension of industry attractiveness, and includes a broader range of factors other than just the market growth rate. Secondly, competitive strength replaces market share as the dimension by which the competitive position of each SBU is assessed.

Illustrates some of the possible elements that determine market attractiveness and competitive strength

Market Attractiveness Determine	Size, growth, competitive rivalry, profit levels, availability to differentiate, cyclicality
Competitive Strength Determine	Market share, size/scale, quality, technology, cost base, brand strength, customer loyalty