GE/McKinsey 9-Block Matrix

Industry Attractiveness ←

Business Strength ↑	*High*	*Medium*	*Low*
High	***Investment and Growth***	***Selective Growth***	***Selectivity***
Medium	***Selective Growth***	***Selectivity***	***Harvest/Divest***
Low	***Selectivity***	***Harvest/Divest***	***Harvest/Divest***

In 1968, then-CEO of GE, Fred Borch, asked McKinsey and Co. for an examination of GE's corporate structure. McKinsey's examination revealed that GE's structure was inadequate, and they argued that "the firm should be organized on more strategic lines, with greater concern for external conditions than internal controls." The company was divided into strategic business units, or SBUs.

In 1971, a GE exec. asked McKinsey to evaluate strategic plans drawn up by the SBUs. According to GE, the BCG Growth Matrix, with only two performance measures, was insufficient for the company's needs. From this request, the GE/McKinsey 9-block matrix, a system using a "dozen measures to screen for industry attractiveness and another dozen to screen for competitive position," was developed.

Questions/Tasks for you:

1. *Plot each segment of your business on the GE/McKinsey 9-block matrix.*
2. *What actions do you need to take to push your growth units?*
3. *What do you need to do to harvest/divest your weak units?*

Developed from "Competition and Business Strategy in Historical Perspective," Harvard Business School, Dec. 11, 1997