Rely week 3 db

Read one of the learner’s post and critique their choice of matrix( different than yours). Sell them on your choice by comparing your matrix to their own.

And

Respond to a second learner as per usual

1reponse 75 words

2 Reponses 75 words

150 words

1 post

MGT680

DB#3

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| IE Matrix | Advantages  · Can easily see what divisions are contributing the most profits  · Can easily see which divisions are not producing profits  · Allows an organization to know what areas to allocate resources to | Disadvantages  · Very subjective  · Each division must construct a IFE and EFE Matrix to construct the corporate IE Matrix  · Need a lot of information regarding the divisions |
| BCG Matrix and the IE Matrix | Similarities  · Both involve plotting organization divisions  · Each section represents the percentage sales contribution of each division  · Both have sections that reveal the percentage of profit for each division | Differences  · Axes are different (What’s the use, 2012)  · More information is needed about the divisions for an IE Matrix  · Each matrix has a different strategic implication (David, 2014) |

The IE Matrix and the BCG Matrix are compatible. Since each matrix has a different strategic implication most companies that have many divisions will utilize both of these Matrices (David, 2014). An IE Matrix and a BCG Matrix are developed for the present and one is developed for future projected expectations. Doing both the present and future forecasts lets an organization know the effects of any strategic decisions that were made.

The IE Matrix and the BCG Matrix can be used together because they both let an organization know where resources should be allocated. Both matrices allow an organization to know what divisions are making money and which ones are not making a profit. A BCG Matrix draws attention to the needs of the organizations many divisions. Each division of a company can evolve into another section of the matrix. The IE Matrix is divided into 9 cells. Three of the cells tell an organization which divisions should grow and build. Three of the cells tell an organization which divisions should hold and maintain. And the last three cells tells the organization which divisions should be harvested or divested. The BCG Matrix has four cells. These four cells basically say the same thing as the IE Matrix. There is a cell for question marks. These are divisions that have low market share positions. Companies need to decide whether to reinforce them or to get rid of them. Next are the stars. They are the companies best prospects for growth. Then you have the cash cows. They hold many market shares in the market but the market doesn’t have much potential for growth. These divisions generate more cash than is needed in their industry. The last division is dogs. They hold very little in market shares and there is not much room for growth in their area of the market. They have weak internal and external positions. Doing both of these matrices would allow an organization a quick look to see what divisions are prospering and which ones are not. The IE Matrix goes more in depth than the BCG Matrix in allowing an organization to see which divisions hold the most profits.

References

David, F. D. (2011), Strategic Management: Concepts and cases, Boston

Prentice Hall.

What’s the use of running if you’re not on the right road? (2012). Retrieved on April 22, 2014 from <http://blogpapakamsol.blogspot.com/2012/04/c6-swotspacebcgieqspm.html>

#2 post

Unit 3 Main DB Post Body

The Advantages and Disadvantages of the IE Matrix

Advantages

§ Can create a more in depth look at a company or organization, uses Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) to analyze the company, can create a current snapshot and/or a future snapshot, and can be used on competitors (David, 2013).

§ Uses a weighted scale of 1-4 with 2.5 being the average to determine how a particular company is dealing with its internal and external environment (Emechebe, 2014).

§ Divides the weighted scores into one of nine sectors which determine if that company, or division, is in one of three categories; grow and build, hold and maintain, or harvest and divest (David, 2013).

Disadvantages

§ Requires a lot of information about a company to be effective (David, 2013).

§ It can be looked at as a snapshot of what is happening now and may be interpreted as not meaningful in the future (David, 2013).

§ An IFE and an EFE have to be constructed to formulate the IE Matrix (David, 2013).

Compare and contrast IE Matrix to BCG

Similarities

§ Divides the organizations into schematic diagrams ("IE vs. BCG," n.d.).

§ The size of each circle represents the percentage sales contribution of each division ("IE vs. BCG," n.d.).

§ Pie slices reveal the percentage profit contribution of each division in both the BCG and IE Matrix ("IE vs. BCG," n.d.).

Differences

§ The IE Matrix has nine sections versus four in the BCG, the IE Matrix requires more information, and the strategic implications are different (David, 2011).

§ Where the BCG Matrix deals with market share and high and low growth industries on the axes the IE Matrix uses IFE and EFE on the axes (David, 2011).

§ The IE Matrix then divides the nine sections into three areas; grow and build, hold and maintain, and harvest and divest (David, 2011).

Are they compatible?

Yes, they are compatible and often both are used by companies to analyze their own business and their competitors (David, 2013). The only thing needed to complete the IE Matrix after doing a BCG matrix is more information on the company (David, 2013).

Can they be used together?

They can be used together and are often called “portfolio matrices” (David, 2013, p. 186). They do provide different information about a company and can complement each other as they deal with different aspects of the company (David, 2013). By using them together a company learns different yet useful information about itself or another company (David, 2013).