# GE-McKinsey Multi-Factor Excel Template

Introduction to the GE Matrix

You may be already familiar with the BCG matrix, with its four quadrants of dogs, stars, question marks, and cash cows. The GE matrix is a conceptually similar model, with a similar intent of helping to manage a business portfolio.

The GE matrix is a nine-box model that uses numerical inputs to assess different business strategic unit's (SBU's) strengths against the attractiveness of their potential market opportunities.

The concept is quite similar to what we do when we combine strengths with opportunities in a SWOT analysis as well, where we often try to match strengths to opportunities. The overall intent is to ensure that firms concentrate on business opportunities where they have an advantage, rather than pursuing all opportunities.
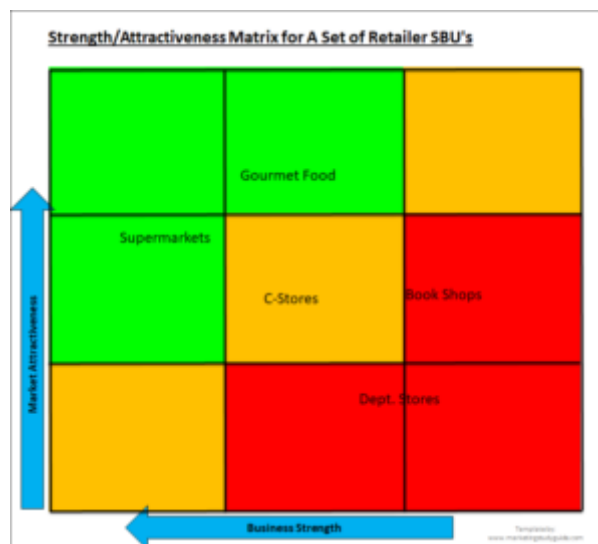
Please Note Different Terminology

For clarity purposes, it is important to note that the GE matrix sometimes goes by different names, including:

- GE-McKinsey matrix/model
- General Electric matrix/model
- Business strength/industry attractiveness matrix/model

Download the GE Matrix template

Your first step is to download the GE matrix template that is designed for Excel, or for other similar spreadsheet software programs.

Don't worry if you are not that familiar with Excel, as the template is designed with the beginner Excel user in mind and is simple to use.

Your teacher will give you access to the template, or you can download it at... https://www.marketingstudyguide.com/free-ge-matrix-excel-template/

Or simple search on Google for "GE matrix excel template" and the above page should be listed at the top of the search results.

Using the GE Matrix template

When you download and open the template, there are two main boxes that you need to complete – one for business strength and the other for market attractiveness, as shown below.

You only need to fill in the blue cells with your data of importance weightings (which must add up to 100%) and your scores of 1 to 10 for each of the portfolios. You change the names of the portfolios – in this example they are listed as different types of retailers.

The key factors already provided, however if you do not think they are important, you can set them to for their importance weighting. And there is also an opportunity to add additional factors which you consider important into your matrix calculation.

Initially, you want to plug in some numbers and make sure that your GE matrix is being produced and you have an understanding of how to use the template. It should only take a few minutes for you to get comfortable with using it.

Name Your Matrix ===>		Strength/Attractiveness Matrix for		A Set of Retailer SBU's						
BUSINESS STRENGTH FACTORS		**Name and score up to 10 businesses, brands, SBUs ===>**								
Enter % weighting, name, score 1-10		Dept. Stores		Supermarkets		C-Stores		Gourmet Food		Book Shops	
Key Factors	Importance Weighting %	Score 1-10	Weighted Score /100	Score 1-10	Weighted Score /100	Score 1-10	Weighted Score /100	Score 1-10	Weighted Score /100	Score 1-10	Weighted Score /100
Brand equity	10.0%	4	4	8	8	6	6	6	6	2	2
Market share	10.0%	2	2	8	8	8	8	8	8	3	3
Customer loyalty	15.0%	3	4.5	8	12	5	7.5	4	6	5	7.5
Innovation + R&D	5.0%	1	1	6	3	3	2	3	2	2	1
Product differentiation	10.0%	5	5	5	5	3	3	3	3	2	2
Logistics/production expertise	15.0%	6	9	10	15	8	12	8	12	2	3
Channel relationships	15.0%	6	9	10	15	8	12	9	13.5	4	6
Strategic alliances	0.0%		0		0		0		0		0
Strategic/marketing expertise	5.0%	2	1	7	3.5	5	2.5	4	2	4	2
Strong capital + cash flows	10.0%	3	3	9	9	6	6	5	5	3	3
Big data access + usage	5.0%	2	1	10	5	2	1	6	3	2	1

MARKET ATTRACTIVENESS FACTORS		**Now rate how attractive their markets are ===>**								
Enter % weighting, name, score 1-10		Dept. Stores		Supermarkets		C-Stores		Gourmet Food		Book Shops	
Key Factors	Importance Weighting %	Score 1-10	Weighted Score /100	Score 1-10	Weighted Score /100	Score 1-10	Weighted Score /100	Score 1-10	Weighted Score /100	Score 1-10	Weighted Score /100
Market size	10.0%	3	3	10	10	8	8	6	6	4	4
Profit margins	20.0%	3	6	6	12	7	14	10	20	5	10
Market growth rate	15.0%	1	1.5	6	9	3	4.5	10	15	5	7.5
Competitive rivalry (if high, give low score)	15.0%	2	3	4	6	3	5	8	12	5	8
Threat of new competition (if high, give low score)	5.0%	2	1	3	1.5	4	2	6	3	5	2.5
Threat of disruption (if high, give low score)	5.0%	1	0.5	5	2.5	4	2	6	3	5	2.5
Capital cost to enter (high = good barrier)	5.0%	8	4	8	4	5	2.5	5	2.5	5	2.5
Technology/R&D costs (high = good barrier)	5.0%	4	2	5	2.5	5	2.5	7	3.5	5	2.5
Innovation required (high = good barrier)	5.0%	2	1	5	2.5	6	3	6	3	10	5
Power of channel partners (if high, give low score)	15.0%	3	4.5	10	15	5	7.5	8	12	5	7.5
Macroenvironment change (if high, give low score)	0.0%		0		0		0		0		0

Student Activities

Here are two activities that you may want to undertake, your instructor will guide you in this regard.

1 = Build your Own Scoring Model for a Conglomerate Firm

In your group (or across your class), select a company that has multiple businesses (SBU's) in its operation - these types of firms are known as conglomerates. Ideally your group/class should select a conglomerate that is commonly known and has easily understandable   strategic business units - or a conglomerate which can be quickly researched.

For the conglomerate that you have selected, you will need to build your own scoring model for the GE matrix. You can do this by either using the pre-set options for business strengths and market attractiveness built into the template, or by adding a few of your own rating factors (quite easy to do in the matrix).

This will mean that the actual design and construction of the overall scoring model will be determined by your group. There are no wrong or right answers here – you are basing it on your understanding of what makes a market attractive and what gives a business strength.

At the end of this initial exercise, some groups may be asked to share their design of their scoring model and why they have included various key factors and how they scored them in terms of importance weightings.

2 = Assess the Competitiveness of an Industry

Another potential use of the GE matrix is to plot various direct competitors within an industry. For this exercise, you will probably end up with distinct differences in business strength, but with market attractiveness would be relatively similar because they operate in a similar market.

Note: However, some differences in market attractiveness would still be expected, as these competing firms will define their market differently. For example, McDonald's may perceive themselves as having a broader market and competing even against restaurants and cafés, whereas KFC probably perceive their market as traditional fast food.

Student Discussion Questions

1. If you are using the GE matrix within a firm, how often would you change the key factors and importance weightings in the model – frequently or rarely? Why?
2. Outline the advantages of the GE matrix versus the BCG matrix
3. Research and identify what each of the nine boxes represent – what strategic direction do they indicate?