

Internal Research (MABA) Strategy: A Review of Literature.

This review presents the business position of ASCO UK in relation to the Medical and Analytical markets, both new ones for the Company. It first touches upon the data procurement preference to point out a certain salient point essential to the future prospects of the Company. It next delves into the survey techniques to maintain certain essential elements uncovered by the Company Research Team within this process. It presents a succinct report of the telesales survey to again record certain salient features uncovered within the process. It presents the secondary data uncovered by the survey presented in Piecharts in the Figures and tables section at the end of the review to enable a better understanding of the external factors that influences the internal new portfolio research strategy. Lastly, this review explores the efficiency of the particular technique – Market Attractiveness Business Assessment (MABA) developed on the McKinsey/GE 9-Cell Matrix – utilized in the Internal Research Strategy, justifies its usage in preference to other prevailing techniques and elucidates the business position of the Company in relation to the new Medical and Analytical portfolios developed through the strategy with suggestions to the future course to be taken.

Data Procurement

This report finds that the Company decided to enter into the Medical and Analytical fields primarily because these are closely aligned to its present product mix. It is also

found from Fig. 3.2 that the Medical and Analytical segments are taken as separate Strategic Business Units (SBUs) (tutor2u, Para. 3) for the purpose of developing a business position on the matrix. (QuickMBA/Strategy/Levels of Strategy)

Survey Techniques

Based on the two product lines the research team decided to have an external telesales survey conducted to determine the following:

- Market Size and Location
- Competition
- Company Brand Awareness
- Product Requirements

The research team then held discussions with several existing customers and prepared a list of items whose SIC Business Sector Codes (Fig. 1.1) they utilized next to purchase secondary data in databases. This data gave the team an idea of the **market size and location** that they next decided to utilize in the survey.

Since the products being investigated were aligned to existing products, the research team was new the **mainstream competition** but did not know their relative strengths in these two new lines. Also, specialist suppliers in these markets were also unknown. These two unknowns had to be disclosed through the intended survey.

The Company had strong **brand awareness** in its existing field of operation and the research team had to take care that this strength was not in any way diluted by incursions into new markets.

Though the team initially was unaware of the **required product mix** after studying sales trends in these two fields they came up with a mix of products that they thought would make an ideal core offering from the Company.

After interviewing several telesales companies the team decided on one to do the job and send in a report.

Telesales Report

The summary of the Telesales Report states that the campaign made clear to the research team that the Company brand was well-known in the market but that of ASCO Scientific, traded only in the USA, is even better known in these segments of the equipments market. The team thus drew a conclusion that it is possible for the Company to attempt to make inroads into the specific products markets in these segments instead of the general purpose ones as these last are too diffuse and distanced from the Company's brand awareness levels. Here it should be noted that a factor based on the existing awareness of the Company's technological and innovative approach* could be included in the assessment of business strengths in the MABA analysis.

The team also decided to develop literature for the specific products lines as general-purpose catalogs would be too confusing. It was also disclosed through the market research that there was little knowledge of the specific products market in these segments. It was thus decided that a specialist in these segments should be retained to advice on both products and markets.

Market Characteristics

The research revealed the following characteristics of the markets:

- Market Split – Please refer to Fig. 2.1 for Piechart depicting percentage occupied by different segments in the market.
- Product Split – Please refer to Fig. 2.2 for Piechart depicting Product Split based on technology applied.
- Market Sales Penetration – Please refer to Fig. 2.3 for Piechart depicting market shares of major competitors in the market for these two segments.

The Internal Research (MABA) Strategy

The Strategy utilised by the research team to develop the potential business position of the Company in the two sectors – Medial and Analytical – is Market Attractiveness Business Assessment (MABA) Analysis. The matrix utilised is the McKinsey/GE one that is defined in the Dictionary of Marketing Terms under the head – “market attractiveness – competitive position matrix” as “In this matrix, each business unit or product is classified jointly by market attractiveness and competitive position. The market attractiveness – competitive position matrix is a multifactor portfolio model developed jointly by McKinsey and General Electric (GE), with each dimension of the matrix being based on multiple factors. It is sometimes called the nine-block matrix because each of the two dimensions is divided into three levels.” (Dictionary of Marketing Terms, Page 162). It is also germane to study the definition of “Portfolio

Analysis” available in the same reference book, page 211. The team has done well to choose the McKinsey/GE Matrix above other popular portfolio analysis models such as SWOT analysis with the 4-cell SWOT Matrix and the Boston Consulting Group Matrix. The SWOT (Strengths Weaknesses Opportunities Threats) analysis scans the business environment by classifying internal factors as either strengths (S) or weaknesses (W) and external factors as either opportunities (O) or threats (T). (Strategic Management, QuickMBA, Para. 1) The Boston Consulting Group (BCG) Box has some disadvantages that are overcome ably by the McKinsey/GE Matrix. As a dimension of industry attractiveness, market growth as a single factor is replaced by a much broader range of factors under the dimension market attractiveness in the GE Matrix while the multifactor competitive strength replaces market share as the dimension in the GE one. (Tutor2U, Para. 4) Finally the McKinsey/GE Matrix with a 3*3 grid while the BCG Matrix works with a 2*2 one. (Valuebasedmanagement.net)

To assess market attractiveness of the medical and analytical fields the team considered the following factors:

- Market Size – 1 small 10 large – Strength 1.
- Market Growth – 1 low growth 10 high growth – Strength 6.
- Competitor Intensity – 1 low 10 high – Strength 4.
- Profitability – 10 high 1 low – Strength 5.
- Customer Power – Are customers amenable to persuasiveness – 1 high 10 low – Strength 2.
- Requested Service Level – How demanding is the customer and is high maintenance required – 1 high demand 10 low demand – Strength 6.

- Required Dedicated Resources – 1 high dedication 10 low dedication – Strength 8.
- Risk for Large Claims – On product failures – 1 high 10 low - Strength 4.

The factors the team used to compute Business Assessment or Competitive Position are:

- Market Share of the Company – 1 low 10 high – Strength 2.
- Specific Know-How Necessary – 1 No 10 Yes – Strength 5.
- Sales Organisation Strength – (Is the Company sales force capable of dealing with customer demand) – 1 barely 10 easily – Strength 6.
- Available Product Range – Is the existing range of products capable of satisfying some of the needs in these segments – 1 not at all 10 fully – Strength 6.
- Cost Price/Quality Ratio – Can the desired quality be delivered at advantageous prices – 1 no 10 yes – Strength 6.
- Global Market Coverage – 1 no 10 yes – Strength 7.
- Reputation and Image – 1 low 10 high – Strength 4.
- Ability for Mass Customerisation – Ability to turn customer specials to generic standard products – 1 no 10 yes – Strength 6.

Please study Fig. 3.1 to get a tabulated version of the factors and their respective strengths.

Conclusion

On carefully studying the Fig. 3.1 the review finds that most of the respective strengths of the factors of both dimensions are in the region of 6 and, from Fig. 3.2 which depicts the 9-cell McKinsey/GE Matrix, it is found that the strengths of all the factors of the two dimensions – market attractiveness and business assessment or competitive position – are concentrated in the upper centre square which carries the value 6. This is the Company's final business position and it points to both a moderate level of market attractiveness and competitive position. The Company should “Invest selectively and build” (Fig. 22, Key Concepts in Strategic Management, the Company) up a business portfolio in the two market segments being studied.

Works Cited

Dictionary of Marketing Terms, McGraw-Hill, 2nd Edition, Edited by Peter D. Bennett, ISBN: 0844235989. Pages 162 & 211.

Palgrave Pdf document – Key to Strategic Management, Fig. 22. Extracted on July 18, 2005 from:

http://www.palgrave.com/keyconcepts/pdfs/Strategic%20Management%2014039_21350_10_G.pdf#search='McKinsey%20&%20GE%20Matrix'

Strategy – Portfolio Analysis – GE Matrix, Tutor2U Website. Extracted on July 18, 2005 from: http://www.tutor2u.net/business/strategy/ge_matrix.htm

QuickMBA/Strategy/Levels of Strategy. Extracted on July 20, 2005 from:

<http://www.quickmba.com/strategy/levels/>

QuickMBA/Strategy/SWOT Analysis. Extracted on July 18, 2005 from:

<http://www.quickmba.com/strategy/swot/>

Valuebasedmanagement.net, The paragraph on the difference between the McKinsey/GE Matrix and the BCG one. Extracted on July 20, 2005 from: http://www.valuebasedmanagement.net/methods_ge_mckinsey.html