

79. Strategic Assignment Matrix

Which strategic assignment should I give to each business unit in my portfolio?

Key Definitions

A corporation has a *portfolio of business units* when it consists of two or more operating companies, each requiring a separate strategy because they compete in different markets.

While each business unit will typically strive to have a unique competitive strategy, the corporate center will give them a more general *strategic assignment* to grow, consolidate, turnaround or leave. Corporate investment in each business unit, and the expected future performance, will all be aligned with this specific strategic assignment.

Conceptual Model

The *Strategic Assignment Matrix* is an analytical framework for setting the overall strategic objective for each business unit in a corporate portfolio. It is based on a comparison between the current returns achieved by each unit and their potential future performance. The current performance, however measured, is known for each unit, allowing each to be plotted on the horizontal axis, with the expected average return in the middle. Then an analysis of each unit's potential future performance needs to be made, based on a projection of market attractiveness and the unit's competitive strength. The resulting position on the vertical axis is both an analytical estimation and a tangible future target. The outcome for each unit will be one of five strategic assignments, with linked room for investment. Ideally, the analysis and conclusions should be jointly agreed on by the corporate center and business units.



Key Elements

The five possible strategic assignments are the following:

1. **Grow: For High Performing Speedboats.** Any business unit that is currently reaching above average returns and has a realistic possibility to keep on achieving superior

performance in the coming years, has earned the right, but also has the duty, to invest in further growth. Their assignment will be to *realize their potential*, by increasing their topline and/or margins in a way that is sustainable in the longer run.

2. **Selectively Grow: For Stable Performing Cargo Ships.** Business units with healthy returns and the prospect of staying that way for the foreseeable future, need to selectively bet on growth opportunities, while keeping their base business stable and up to date. Their assignment will be to *stay in shape*, by prudently investing in improvements and renewal, to keep their returns on par.
3. **Turnaround: For Underperforming Leaky Ships.** Achieving lower than average returns is a clear indication that the business unit has sprung a leak. It can be an old vessel that hasn't been properly maintained, or a new one with some start-up challenges. If the future potential is still positive, investments should be made to rapidly turn the situation around. The assignment will be to quickly *plug the leak* and prove the ship is still seaworthy.
4. **Divest: For Low Performing Shipwrecks.** If the future potential of a poorly performing business unit is unattractive, then investing to plug leaks will not suddenly make a shipwreck seaworthy. Valiantly investing in a sinking ship will only suck the captain down with it. The assignment will be to *decisively withdraw* from the business, often by divesting it to another shipyard or even by dismantling it, to salvage some reusable parts.
5. **Consolidate: For Overperforming Sailing Ships.** Some business units are like old sailing ships; they're still operating well, but they're not the ships of the future. As their longer-term potential is limited, selective investments should be focused on maintenance and sustaining the existing business. Their assignment will be to *prolong their lifespan*, getting as much mileage out of the existing resources and relations as possible.

Key Insights

- **Strategic assignments are about future investments.** In a corporation with two or more business units, the corporate center must decide like a financial investor in which parts of the portfolio to inject capital, which to hold and which to divest. But while an outside investor can only passively allocate capital, the corporate center can actively assign units the objective to grow, consolidate or exit the business.
- **Strategic assignments depend on current and future performance.** When determining which assignment to give each unit, the corporate center will contrast how well each unit is currently performing, which is known, with its future performance potential, which needs to be analyzed by considering the future market attractiveness and the unit's potential competitive position. Current and future performance potential are plotted in the matrix.
- **Strategic assignments come in five flavors.** The five generic strategic assignments are grow, selectively grow, turnaround, divest and consolidate. Each assignment provides a business unit with the general direction on which to base their detailed business strategy.
- **Strategic assignments need to be managed differently.** While each business unit needs to tailor its strategy to fit its strategic assignment, the corporate center will need to manage the various categories of business units differently. Especially the businesses with a turnaround and divest assignment might require a separate approach and/or team.
- **The Strategic Assignment Matrix is a complementary portfolio analysis tool.** Most other portfolio analysis tools, such as the BCG Matrix and GE Business Screen, map each unit's future potential, but don't suggest a strategic assignment. The Strategic Assignment Matrix is a complementary tool that can best be used after a first portfolio analysis to agree on the strategic assignment that each unit will be given.

Meyer's Management Models

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Publication Schedule

<i>July 2019</i>	<i>Mind the Gap Model</i>	<i>Change Management</i>
<i>August 2019</i>	<i>Digital Platform Map</i>	<i>Digital Strategy</i>
<i>September 2019</i>	<i>Interaction Pressure Gauge</i>	<i>Interpersonal Interaction</i>
<i>October 2019</i>	<i>Revenue Model Framework</i>	<i>Revenue Model Typology</i>
<i>November 2019</i>	<i>House of Engagement</i>	<i>Organizational Engagement</i>
<i>December 2019</i>	<i>Confidence Quotient</i>	<i>Trust Building</i>
<i>January 2020</i>	<i>Competition Tornado</i>	<i>Competitive Strategy</i>
<i>February 2020</i>	<i>11C Synergy Model</i>	<i>Corporate Synergy Management</i>
<i>March 2020</i>	<i>Leadership Fairness Model</i>	<i>Leader-Follower Interaction</i>
<i>April 2020</i>	<i>Strategic Agility Model</i>	<i>Strategy Process Approach</i>
<i>May 2020</i>	<i>Control Panel</i>	<i>Corporate Control Dimensions</i>
<i>June 2020</i>	<i>Rising Star Framework</i>	<i>Talent Management</i>
<i>July 2020</i>	<i>Strategy Development Cycle</i>	<i>Strategy Process Steps</i>
<i>August 2020</i>	<i>7I Corporate Center Model</i>	<i>Corporate Organization</i>
<i>September 2020</i>	<i>Storytelling Scripts</i>	<i>Leadership Communication</i>
<i>October 2020</i>	<i>Strategic Bets Framework</i>	<i>Strategic Decision-Making</i>
<i>November 2020</i>	<i>Rebound Model of Resilience</i>	<i>Organizational Resilience</i>
<i>December 2020</i>	<i>4C Leadership Capabilities</i>	<i>Leadership Competences</i>
<i>January 2021</i>	<i>Digital Product Model Dial</i>	<i>Digital Strategy</i>
<i>February 2021</i>	<i>Digital Distribution Model Dial</i>	<i>Digital Strategy</i>
<i>March 2021</i>	<i>Empowerment Cycle</i>	<i>Employee Empowerment</i>
<i>April 2021</i>	<i>Innovation Box</i>	<i>Innovation Approaches</i>
<i>May 2021</i>	<i>Knowledge Sharing Bridges</i>	<i>Best Practice Sharing</i>
<i>June 2021</i>	<i>Followership Cycle</i>	<i>Leader-Follower Interaction</i>
<i>July 2021</i>	<i>Everest Model of Change</i>	<i>Change Management</i>
<i>August 2021</i>	<i>Fruits & Nuts Matrix</i>	<i>Priority-Setting</i>
<i>September 2021</i>	<i>Powerhouse Framework</i>	<i>People & Organization Strategy</i>
<i>October 2021</i>	<i>Strategy Hourglass</i>	<i>Strategy-Making Steps</i>
<i>November 2021</i>	<i>Disciplined Dialogue Model</i>	<i>Interpersonal Communication</i>
<i>December 2021</i>	<i>Team Building Cycle</i>	<i>Team Building Process</i>
<i>January 2022</i>	<i>Market System Map</i>	<i>External Analysis Framework</i>
<i>February 2022</i>	<i>Strategic Alignment Model</i>	<i>Business Level Strategy</i>
<i>March 2022</i>	<i>Creativity X-Factor</i>	<i>Creativity Enhancement</i>
<i>April 2022</i>	<i>Organizational System Map</i>	<i>Organizational Analysis</i>
<i>May 2022</i>	<i>Corporate Value Creation Model</i>	<i>Corporate Level Strategy</i>
<i>June 2022</i>	<i>Change Manager's Toolbox</i>	<i>Change Methodologies</i>

July 2022	Sustainable You Model	Personal Sustainability
August 2022	Value Proposition Dial	Business Level Strategy
September 2022	The Tree of Power	Organizational Power
October 2022	Psychological Safety Compass	Team Dynamics
November 2022	Strategic Action Modes	Strategy Process
December 2022	Corporate Management Styles	HQ Management
January 2023	Thinking Directions Framework	Reasoning Skills
February 2023	5I Innovation Pipeline	Innovation Process
March 2023	Resistance to Change Typology	Change Management
April 2023	Ambition Radar Screen	Motivation Analysis
May 2023	Corporate Strategy Framework	Corporate Strategy
June 2023	Cultural Fabric Model	Organizational Culture
July 2023	New Pyramid Principle	Presentation Approaches
August 2023	Activity System Dial	Value Creation Analysis
September 2023	Customer-Centricity Circle	Organizational Design
October 2023	Status Snakes & Ladders	Leadership Branding
November 2023	Stakeholder Stance Map	Stakeholder Management
December 2023	Best Practice Sharing Modes	Sharing Methods
January 2024	Duty of Care Feedback Model	Feedback Method
February 2024	BOLD Vision Framework	Organizational Vision
March 2024	MOVING Mission Framework	Organizational Mission
April 2024	Leadership Circle Map	Leadership Skills
May 2024	Digitalization Staircase	Digital Strategy
June 2024	Time Management Funnel	Personal Time Management
July 2024	Wicked Problem Scorecard	Organizational Decision-Making
August 2024	Hunting & Farming Typology	Sales Management
September 2024	Guiding STAR Matrix	Objective Setting Approach
October 2024	Corporate Synergy Typology	Corporate Level Strategy
November 2024	Self-Centered Thinking Traps	Thinking Styles
December 2024	Sustainability Maturity Ladder	Sustainability Management
January 2025	Top Line Growth Pie	Growth Strategy
February 2025	Innovation Sins & Virtues	Innovation Management
March 2025	Interaction Drivers	Communication Determinants
April 2025	Frictionless Flow Framework	Customer Journey
May 2025	Five Phases of Change	Change Management
June 2025	Courageous Core Model	Leadership Behaviors
July 2025	Integration Zippers	Corporate Strategy
August 2025	Innovation Arena	Innovation Management
September 2025	Conversation Elevator	Communication Approaches
October 2025	5T SMART Plan	Strategic Planning

November 2025	<i>Organizational Diamond</i>	<i>Organizational Design</i>
December 2025	<i>New Learning Curve</i>	<i>Personal Learning</i>
January 2026	<i>Strategic Assignment Matrix</i>	<i>Corporate Strategy</i>
February 2026	Five Company-Centric Forces	Organizational Dynamics
March 2026	Embedded Identity Model	Personal Awareness
April 2026	Resource Base Dial	Business Level Strategy
May 2026	Low Performance Team Slide	Team Building
June 2026	Leadership Journey	Leadership Development
July 2026	Partnership Distance Model	Interorganizational Relations
August 2026	Triple Diamond Model	Organizational Decision-Making
September 2026	Personal Quick Guide	Personal Effectiveness
October 2026	Synergy Value Matrix	Corporate Level Strategy
November 2026	Dynamic Organization Paradigm	Human-centered Organization