

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>

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

<i>November 2025</i>	<i>Organizational Diamond</i>	<i>Organizational Design</i>
<i>December 2025</i>	<i>New Learning Curve</i>	<i>Personal Learning</i>
<i>January 2026</i>	<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