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Optimizing Your Business Portfolio

Markets tend to offer an overwhelming variety of products and services. The more products a company has in its pipeline the better. Yet, studies show that products often fail to meet expectations for many reasons, most of which are self-inflicted by the company. In many cases it is the technical playfulness of the development and engineering departments and not real customer demand that lure companies into large and diverse product lines. Yet, product overstretch not only might cause overspending. It also binds scarce management and development capacities which could be better used for correctly understanding the market's current and future demand and allocating the company's resources to achieve optimal product offerings and sales structures.

The 20 / 80 Formula

Against the backdrop of a changing market landscape and dynamic customer demand, the case for optimizing product and service portfolios is strong. As for many things in life, the Pareto rule applies for most products and services: The vital few (20%) make your business, while the trivial many (80%) mostly add complexity. This means that most companies could reduce their offerings without risking profit margins.

Unbiased outside experts can help your management to find the best business portfolio-one that fits your company's strengths and helps exploit the most attractive opportunities. By calculating Pareto classifications for various offerings and dimensions (revenue, margin,...) of your business, these experienced consultants will support your organization to rationalize and optimize your product portfolio management.

Optimizing Your Portfolio Management

Addressing product and service portfolio management is important in becoming a high-performance business. Along the assessment approach these experienced experts will assist your management analyzing your current business portfolio and deciding which businesses should receive more or less investment. After having jointly screened your business from a 360 degree perspective you will be able to develop growth strategies for adding new products and services to your portfolio, whilst at the same time deciding when products and services should no longer be retained.

Last but not least, your company often has to decide whether to develop new services or products or outsource them to a third party. Here again, consultants can assist your management to understand the primary and auxiliary functions the product or service can offer, what it can do and what it can't do. The definition of minimum performance goals will help you to determine whether your organization possesses the capabilities and resources to make the product or to buy it from another company.

For most organizations, there is room for improvement in product and service governance performance- integrating decision makers and development teams into a correctly focused, coherent framework. Independent consults can assist your management to correctly understand the market's current and future demand and to allocate your company's resources to achieve optimal business offerings.

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