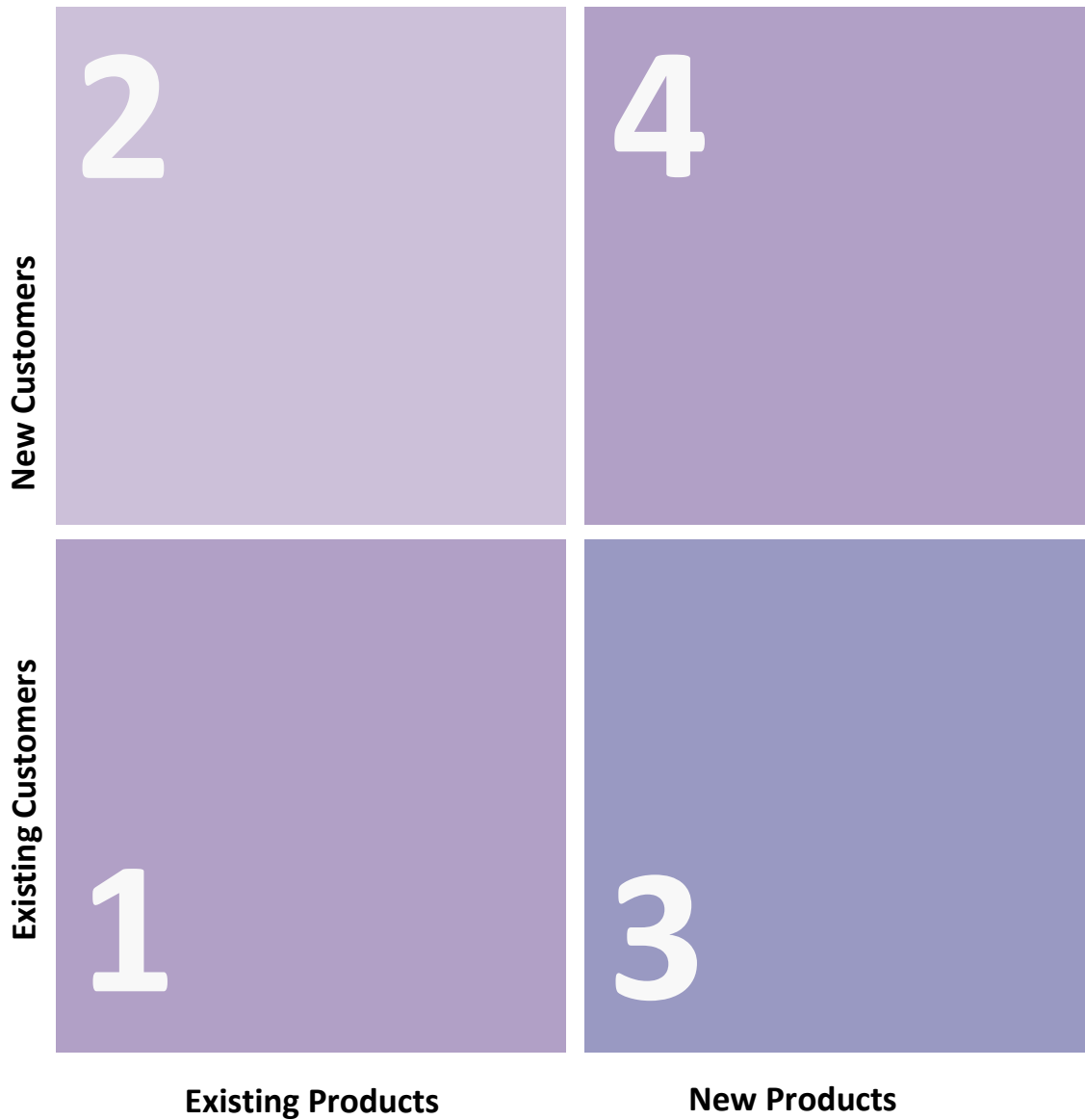


Growth Risk Matrix



Sector 1 Market penetration

In market penetration strategy, you plan to sell more of the same offerings to more of the same customers.

This can be accomplished by:

1. Price decrease
2. Increase in promotion and distribution support
3. Acquisition of a rival in the same market
4. Modest product refinements

Questions to ask to prepare for this method:

1. Do we need to update insurance?
2. Do we have the capacity?
3. Do we need more employees, equipment, real estate or training?

Sector 2 Market development

In market development strategy, you plan to sell into a new market area with the same offerings.

This can be accomplished by:

1. Selling into a new customer base. i.e. B2B → B2C
2. New areas or regions
3. Foreign markets

Questions to ask to prepare for this method:

1. Do we need to update insurance?
2. Do we need to hire subject matter experts for that industry?
3. How will this change our marketing and sales function?
4. Do we need to change the brand or packaging?
5. Will this dilute our current brand or pricing?
6. What do we need to learn about these industries normal and customary business practices?

Sector 3 Product development

In product development strategy, you plan to significantly change your offering or develop a new offering but to sell it to your existing customers.

This can be accomplished by:

1. R&D the offering yourself.
2. Purchase the right to sell the offering from someone else.
3. Joint development with another company.

Questions to ask to prepare for this method:

1. How much capital will this take?
2. What insurance is required.
3. What new liabilities are we taking on?
4. Are there new regulations we need to learn?
5. Does our channel to market change?
6. Will this dilute our current brand and reputation with our current customers?
7. What training will be required to my existing staff?
8. Does my existing staff have the foundational skill set for this?

Sector 4 Diversification

In diversification, an organization tries to grow its market share by introducing new offerings in new markets. It is the riskiest strategy because both product and market development is required.

This can be accomplished by:

1. Purchasing a company already doing this offering?
2. Development of a new offering.
3. Purchase the right to sell the offering from someone else.
4. Joint development with another company.

Questions to ask to prepare for this method:

1. How much capital will this take?
2. What insurance is required?
3. What new liabilities are we taking on?
4. Are there new regulations we need to learn?
5. What is the channel to market?
6. Will this dilute our current brand and reputation with our current customers?
7. What training will be required?
8. What new staff or staff training will be required?