

6 Tools Every Business Consultant Should Know

Business experts have a number of tools at hand to analyze company performance. Here are six frameworks that consultants and business analysts use, and that you might consider adding to your own set of tools.

1. Benchmarking

Benchmarking is the process of comparing your company metrics to the metrics of your industry competitors or to those of innovative companies outside the industry.

Common metrics for benchmarking include:

- Revenues
- Production costs
- Employee turnover
- Process cycle time

Read more about benchmarking at [Bain & Company Business Insights: Benchmarking](#) and [Harvard Business Review blog: Beyond Benchmarking: Why Copy the Competition?](#)

2. Balanced Scorecard

The balanced scorecard is a framework for tracking important aspects of company strategy and for facilitating organizational improvement or change. It measures metrics beyond typical financial metrics to help

companies keep long-term strategic goals in focus and spot trouble before it appears in the financial statements.

The scorecard is a comprehensive and quantitative set of objectives that can be measured over time. Common components include:

- Revenues
- Earnings
- Market share
- Quality
- Employee morale
- Customer satisfaction metrics

Learning how to assess and measure these components is best done in a hands-on setting. Our program [Advanced Business Strategies: Gaining a Competitive Edge](#) takes a deep dive into the frameworks for launching successful initiatives in your organization.

You can also read more about the balanced scorecard at [Bain & Company Business Insights: Balanced Scorecard](#).

Advanced Business Strategy: Gaining a Competitive Edge

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3. Porter's Five Forces

Developed by Michael E. Porter, Bishop William Lawrence University Professor at Harvard Business School, Porter's five forces is a framework for industry analysis that is used as an input to a strategic plan.

The five competitive forces that influence profitability in any industry are outlined in Porter's model:

- Competitor rivalry
- The bargaining power of buyers

- The bargaining power of suppliers
- The threat of new entrants
- The threat of substitute offerings

Learn more at the [Five Competitive Forces That Shape Strategy: A video interview with Michael E. Porter.](#)

4. The GE-McKinsey Nine-Box Matrix

This matrix was developed by McKinsey & Company in the 1970s to help General Electric prioritize its investments in its numerous business units. It's widely used to help companies assess the relative merits of various opportunities.

Business units or opportunities are categorized as "high," "medium," or "low" within the two axes of the matrix, which are "industry attractiveness" and "competitive strength of the business unit."

For more information, read *McKinsey Quarterly's* [Enduring Ideas: The GE-McKinsey nine-box matrix.](#)

5. The BCG Growth-Share Matrix

This quadrant matrix, developed by Boston Consulting Group (BCG), is a tool companies use to assess the relative strength of product lines within their portfolios.

Product lines are assigned to one of four quadrants:

- Cash cows
- Stars
- Question marks
- Dogs

Read [BCG: The growth share matrix or the product portfolio.](#)

6. Core Competencies

The process of identifying your company's core competencies helps you define your company's positioning and competitive advantage. A core competency is a proficiency in an area that is not easily replicated by competitors. It allows your company to deliver unique value to customers, thus giving the company a "leg up" on the competition. One example is how the employees and unique culture of Southwest Airlines allows them to provide better customer service and faster turnaround times for planes. Read more about this framework at [Bain & Company Business Insights: Core Competencies](#).