



ADL MATRIX

The ADL Matrix from Arthur D. Little is a Portfolio Management technique that is based on the Product Life Cycle (PLC). The ADL approach uses the dimensions of environment assessment and business - strength assessment ie. Competitive Position and Industry Maturity.

The combination between the dimensions yields 5 (competitive positions) by 4 (life cycle stages) matrix. The positioning in the matrix identifies a general strategy.



Industry Maturity:

There are 4 categories of industry maturity:

- **Embryonic:** Introduction stage characterized by rapid market growth and very little competition
- **Growth:** Market continues to strengthen and sales increase
- **Mature:** Market is stable, there's a well established customer base, and a lot of competition
- **Aging:** Demand decreases and companies start abandoning the market

Competitive Position:

The 5 categories for competitive position are as follows:

- **Dominant:** This is rare and typically short-lived. Little, if any, competition.
- **Strong:** Market share is strong and stable, regardless of competitors.
- **Favorable:** Business line enjoys competitive advantages in certain segments of market. However there are many rivals.
- **Tenable:** Position in overall market is small. Competitors are getting stronger
- **Weak:** Continuous loss of market share. Business line is too small to maintain profitability.

Use:

ADL Matrix is a great tool for uncovering high level strategies that may be successful.

ADL Matrix

		INDUSTRY LIFE CYCLE STAGE			
		Embryonic	Growth	Mature	Aging
Competitive Position	Dominant	All out push for share Hold position.	Hold position Hold share.	Hold position. Grow with industry.	Hold position.
	Strong	Attempt to improve position. All out push for share.	Attempt to improve position. Push for share.	Hold position. Grow with industry.	Hold position. or harvest.
	Favorable	Selective or all out push for share. Selectively attempt to improve position.	Attempt to improve position.	Find niche and attempt to protect it.	Harvest, or phased out withdrawal
	Tenable	Selective push for position.	Find niche and protect it.	Find niche and hang on.	Phased out withdrawal.
	Weak	Up or out.	Turnaround or abandon.	Turnaround, orphaned out withdrawal.	Abandon.