

Good Growth and the Ansoff Matrix

If you want to grow your business, The Ansoff Matrix is a good place to start. Named after its creator, H. Igor Ansoff, it's also sometimes called the the **'Product-Market Matrix'** because people use it to look at the potential to grow their business through developing new products or services and/or tapping into new marketing. Its focus on different growth strategies means that it's one of the most widely used marketing models.

Here's an illustration of the matrix, showing the 4 growth strategies you may want to consider, along with the questions it can help you answer.



How and when to use Ansoff to achieve good

You can use the Ansoff Matrix to consider each strategy in turn and decide which makes sense for you. You need to thoroughly weigh up the pros and cons of each strategy, and how realistic each one is. Here you might want to take a quick look at our [Could vs Should: Strategy and Tactics](#) and [Working Out Which Way to Go](#) quick reads, both of which will help you understand how to make smarter decisions.

Not got time to do that? Just remember this simple question: there are lots of things you COULD do, but which SHOULD you do, knowing what you know of yourself, your business and what's going on in the world at large?

The key thing you're aiming to achieve through this is a sense of what good growth looks like and how you'll achieve it. Trust us (we've been there, done that), there's no point in growing just for growth's sake or because it's what people do; if it won't make you happy, or enable you to run your business in a way that works for you, then look for another plan.

Some things to consider about each strategy

Here's a short list of things you might want to consider in relation to each strategy:

Market Penetration

- What would need to change for me to be able to do or make more things?
- How could I improve efficiency?
- What would that cost, financially (e.g. wages for new staff) or otherwise (e.g. I would need to work longer hours)?
- What would the pay off be, financially (e.g. more profit) or otherwise (you're freed up to do more marketing)?

Market Development

- How sure am I about these new markets and new demand?
- Have I done enough market research?
- How would I reach these new markets, and what would that cost?
- How much additional money/profit will I make if I do this?

Product Development

- What else do my existing customers need?
- What's changed for them recently, and how can I best respond to that?
- What would the costs be, and how much would I charge?
- How can I test all of this, before making a decision?

Diversification

- What's driving this potentially radical shift?
- What research have I done into this new market and what they want?
- How does what they want match with my values and mission, and also the skills and knowledge I have?
- How would I make this move? What would need to change?
- What would it cost to make this move?
- How big would the return be, financially or otherwise?



It might well be the case that it makes sense to use or develop more than one strategy over the same period. You know that old saying about **not putting all your eggs in one basket**? That's definitely worth remembering here!



How often should I do this?

We'd suggest that you come back to the Ansoff Matrix every year or so, ideally as part of the process of **updating your business plan**. Use it to help you think about if now's the time to grow or not, and to identify potential new markets and how to serve them, or new products/services and where to place them. You may decide that growth isn't the way forward now, or identify a really clear path towards growth. **The key thing is that your decisions will be smart, and based on real insight!**