USE BCG ANALYSIS TO EVALUATE THE CO'S PERFORMANCE

From the BCG analysis, ENT performance is weak as they don't have any product within the star category and in fact two of them is classified as question mark.

Performance of ENT is only contributed by Bars division which is currently their cash cow product.

ENT has three products with low mkt share which is restaurants, cafes and dance club thus too much reliance on Bars division to contribute to the overall performance thus its unlikely that ENT has a good performance.

Evaluate this BCG analysis as a performance management system at ENT

BCG only focus on 2 variable to determine the product category therefore this is too simple, as ENT obj is to maximise shareholder wealth therefore profitability is an important factor to consider

BCG analysis helps ENT in terms of performance management as it helps ENT to allocate resources to the right division to contribute towards the goal. Division such as cafes & dance clubs need more resources for further development.

BCG assume all product is not related however ENT bars & dance club division might be complementary product as dance club customer might increase bars revenue.

BCG analysis helps ENT to identify which division is contributing towards its goal, which is to maximize shareholder wealth. Based on the result of the BCG analysis, ENT's manager could determine the correct strategy that should be used for each division.

One issue with using BCG analysis as a performance mgmt. tool for ENT is that it consider only two variables, however there are many factors affecting the ability of a division to contribute towards ENT goal such as profit margin of the division. Restaurant maybe a dog category but if the profit margin is high then discontinuing it is wrong.

Another issue is BCG classification of high and low is subjective, where we can see that Dance club is categorise as low market share when in actual fact at 11% it's the highest among all the division. Thus, this subjectivity may lead to wrong strategy & ultimately affecting ENT ability to meet the organisational goal.