



MARKETING Club ^{167th}

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37th Jeddah Club

Marketing Portfolio Management



CLUB FOUNDER, HOST
DR. MAHMOUD BAHGAT
LEGENDARY DIRECTOR



LIVE WEBINAR

JOIN FREE

Date

10-12
2024
Tuesday

9 pm



Egypt

10 pm



KSA

11 pm



UAE

Place
Online
Zoom



Instructor

Dr. Moustafa Abdallah
Portfolio Management Consultant

Fundamentals of Portfolio Management

The pursuit of excellence series



Dr. Mostafa Abdallah



Personal Mini Profile



Dr. Mostafa Abdallah A. Mahmoud



- Gained more than 24 years of total experience within Multinational & international organizations' cultures in different management positions.
- Experienced in different business functions “marketing, sales, BD & Training” in MEA region “Middle East & Africa” & East Europe.
- Former companies:



Fundamentals of Portfolio Management

Contents

- What is meant by portfolio?
- Difference between Portfolio, brand & product.
- What is portfolio management?
- The Difference Between brand Management Vs. Portfolio Management
- Brands / products portfolio strategy
- What are the skills essential for marketing portfolio management?
- Portfolio management why it is indispensable to companies success?
- Most important tools & critical points in the desired pathway
- Example of company portfolio management



“ Business is often about killing your favorite children to allow others to succeed”

John Harvey Jones



What is Meant by Portfolio

A company's portfolio is the totality of products and services that a company offers & or invest in.



What is Portfolio Management

Portfolio management is a critical aspect of investment strategy, aimed at balancing risk and return on investment to achieve financial goals.



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What are sectors portfolio management engaged in?

- Portfolio management is a strategic approach, balances the company's selected sectors of investment to leverage revenues within the selected current/future sectors.



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Marketing portfolio management

- It is a strategic approach “brands level”, in which balancing the companies brands in order to enhance MS “market share” & revenues.
- This includes but not limited to:
 - Aligning all divisions to have a unified strategic direction:
 - Managing development programs “PIPE LINE / future brands” with BD
 - Managing in market products through their PLC “product life cycle” with Marketing Dep.



Difference Between Portfolio, Brand & Product

Clarification of the distinctions between a portfolio, a brand, and a product.



Brand Management vs. Portfolio Management



Portfolio management involves overseeing a collection of investments or products / services. It aims to optimize the performance and value of the entire portfolio through strategic allocation and diversification.

Brand management focuses on creating and maintaining a strong brand identity. It involves strategies to enhance brand perception, loyalty, and value in the market.



The Difference Between brand / marketing Management Vs. marketing Portfolio Management

- Portfolio manager looks at every product / service a business offers from all business prospective.
- Brand / Product manager oversee the development, production, and launch of the Brand / product under his responsibility.

POTFOLIO
MANAGER

- MACRO
management

Marketing
manager

- MICRO
management



What are the skills essential for marketing portfolio management?

It is a high management position.

It is essential to have experience in dealing with different departments with market high sense, sales, marketing & Business development experience along with, enough knowledge of dealing with logistics & finance departments with high proficiency to read financial reports correctly.



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why the position is indispensable to successful companies?

- Profitability enhancement.
 - Enables companies to balance investment between high risk / high reward innovative products and incremental improvement to existing ones
- Optimize overall frame strategic direction
- Optimize resources
 - Evaluate product performance
- Increase efficiency
 - Selecting which products meet company goals
 - Prioritize stronger products and recommend launch of new products more quickly.
 - Divest unmatched brands / products that don't meet strategic company goals with clear exit plan.
- Improve company competitive ranking
- Centralize data
- Risk management “determine and prepare for risks”



What the portfolio manager should do? “JD”

- Analysis to current company gaps in order to reduce the gaps effect on different business aspects
- Ensure alignment of sectors / brands strategy with the companies strategic direction
- Manage & recommend optimization of current spending vs current revenues
- Mapping desired sectors / brands portfolio
 - This map guide the allocation of
 - R&D investments
 - Departments investment
 - Risk tolerance
 - Provide governance for product lines & cooperate with departments to refine the portfolio “this point mainly for MPM not TPM”
- Managing the frontend of development to align business objectives with customers needs



Critical points may hinder MPM pathway

- Complete transparency & disclosure from top management & concerned departments.
- Conflicts and the resistance to change from employees
- Risk management features
- Budgeting and different company resources allocation
- Critical time tracking with close estimates of scheduling and calendars



Most important tools MPM is using

- The BCG Matrix
- The GE/McKinsey portfolio analysis Matrix
- Brands / products life cycle status.
- Ansoff's matrix
- Nagji & Tuff's innovation ambition matrix
- Data analytics, including market demand analytics;
- product roadmap tools
- Portfolio ranking.



Examples of tools

The BCG Matrix



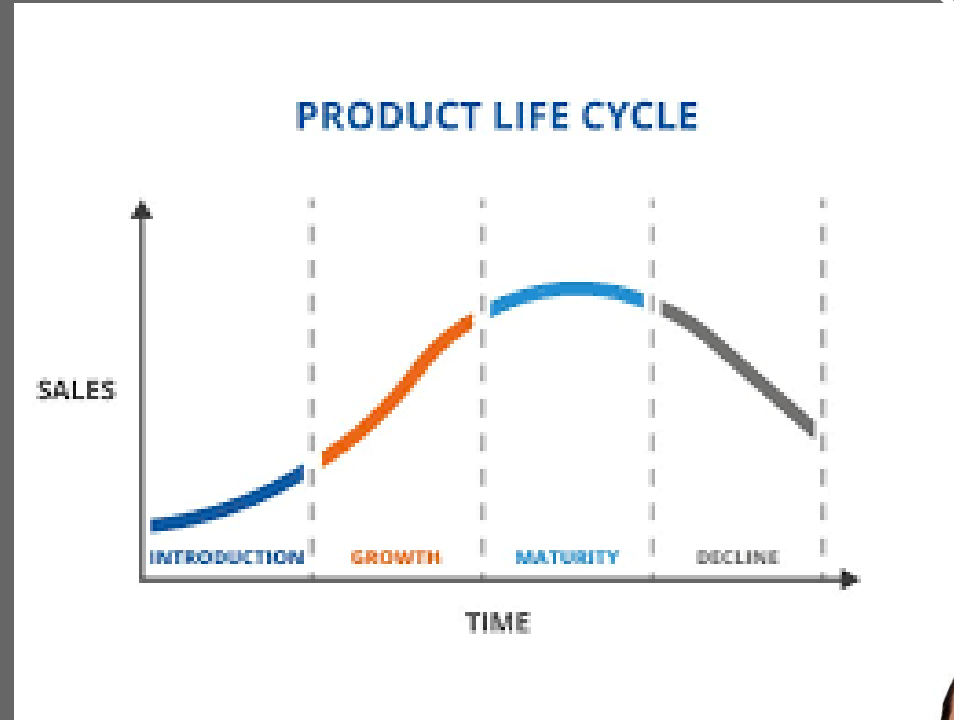
Examples of tools

GE/McKinsey
portfolio analysis Matrix



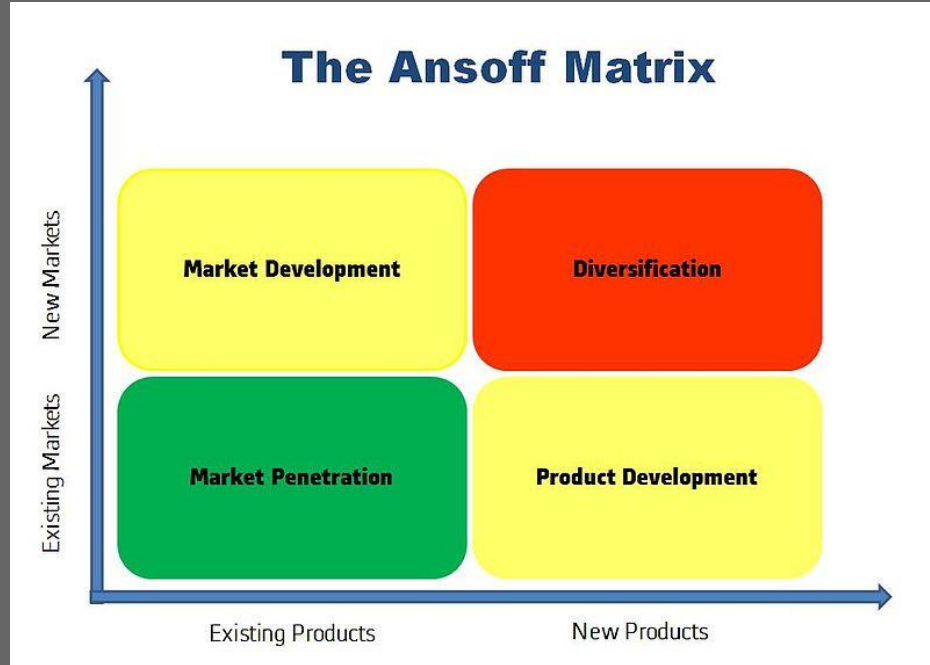
Examples of tools

Brands / products life cycle status.



Examples of tools

Ansoff's matrix



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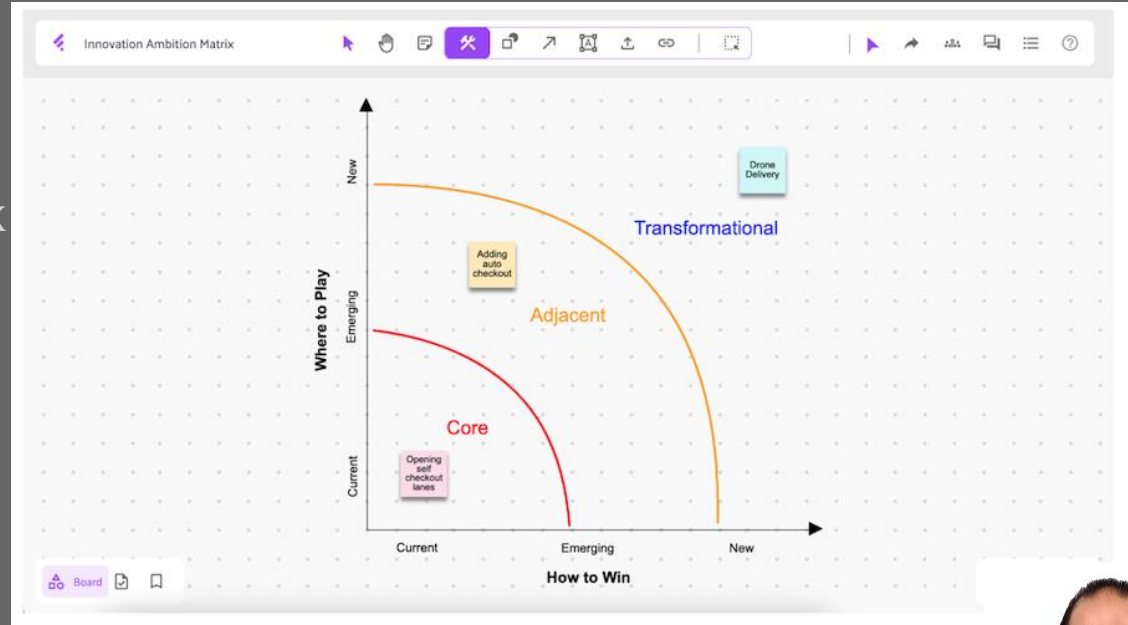
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Examples of tools

Nagji & Tuff's
innovation ambition matrix



MAIN advantages to business & OUTPUT

- Rational decision making to invest / divest
- Help in Creating milestones to each department of the company instead of working in isolated islands
- Budget management plan to streamline product / brand creation process or sector development process.



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Brands / products portfolio strategy

- Brands/Products Portfolio Strategy ensures alignment with company goals.
- Key components include:
 - Managing development programs for future brands.
 - Overseeing products through their lifecycle stages.
 - Strategic divestment of underperforming assets.



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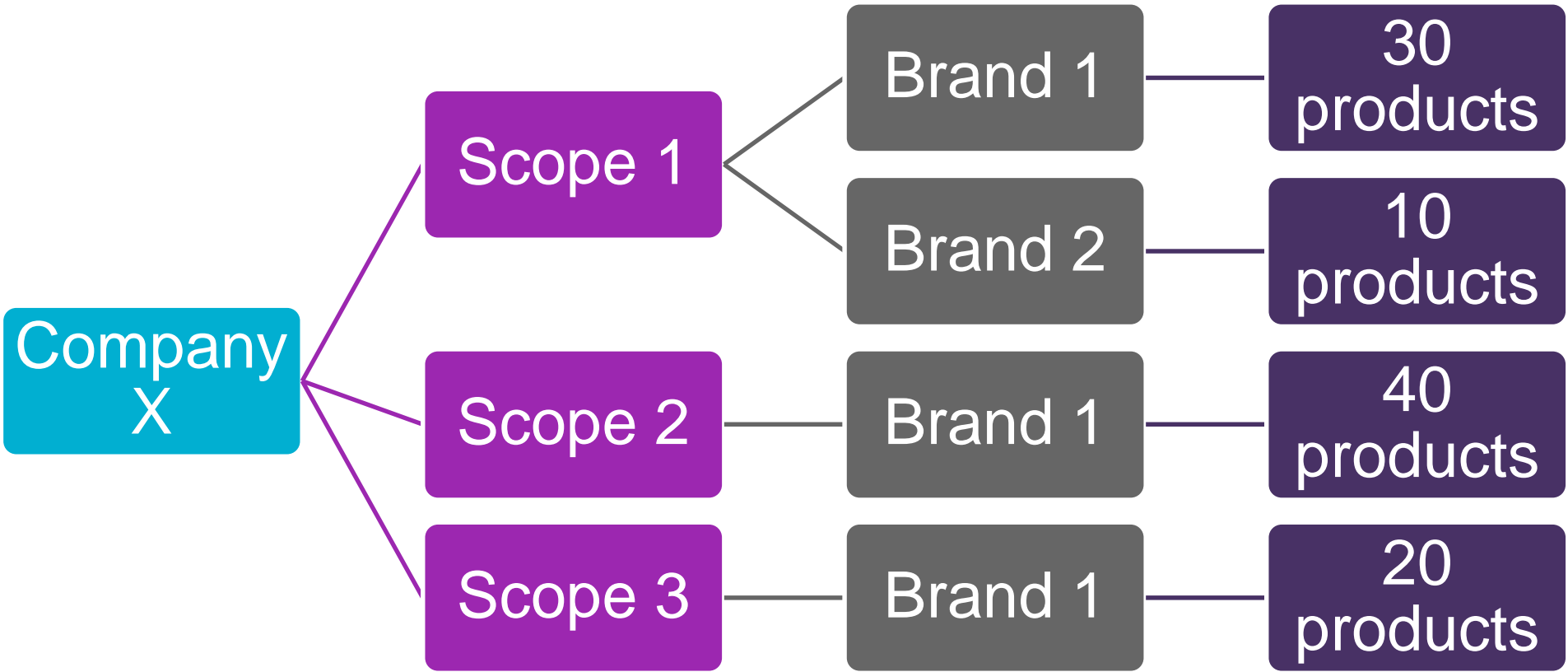
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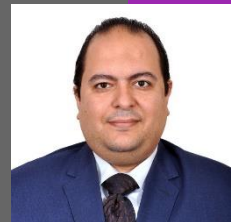


Example of company portfolio management

- Of course it is preferable to have a portfolio management role before beginning of business, but on the ground this is not the case in most of companies.
- The following example – of course – will discuss the majority
- Suppose we do have company named X
- This company currently have a diversified brands / products portfolio within different markets







Case Studies in marketing portfolio management

- Between 2012 and 2015, A.G. Lafley led this transformation in P&G reducing its portfolio from 170 brands to 65 core brands to streamline operations and focus resources on high-performing brands like Tide, Pampers, and Gillette.
 - These core brands accounted for 90% of the company's revenue.
- **Results:**
 - Simplified supply chain operations.
 - Achieved a **6% increase in profitability** within two years.
 - Boosted market share and brand loyalty in competitive categories.



Case Studies in marketing portfolio management

- Since Steve Jobs' return in 1997, he **Led the Initiative**
 - Apple eliminated 70% of its product lines to focus on a few high-quality products like the iMac and later the iPhone.
 - The focus was on innovation and delivering unmatched customer experiences.
- **Results:**
 - Annual revenue grew from **\$6 billion in 1997 to over \$300 billion by 2021.**
 - Apple became the first company to reach a **\$1 trillion valuation in 2018.**



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Case Studies in marketing portfolio management

- Between 2017 and 2020 Paul Polman led this transformation in Unilever reducing its portfolio by selling off underperforming brands, such as its margarine business.
 - Focused on sustainable brands like Dove, which aligned with the company's mission to grow through sustainability.
- **Results:**
 - Increased profitability by **8% CAGR** over three years.
 - Brands with a strong sustainability focus grew **46% faster** than the rest of the portfolio.



Case Studies in marketing portfolio management

- **Between 2010–2018**; Ian Read led the transformation in Pfizer restructured its portfolio by separating its innovative and mature businesses.
 - Sold off its nutrition and animal health divisions to focus on core therapeutic areas like oncology, vaccines, and biologics.
 - Acquired companies like Hospira (2015) to bolster its biosimilars portfolio and focus on high-margin products.
 - Introduced the blockbuster vaccine Prevnar, which became one of its top revenue generators.
- **Results:**
 - Divestments brought in over **\$20 billion in proceeds**.
 - Revenue from innovative products grew by **12% CAGR** during this period.
 - Pfizer's market value increased by **45% between 2010 and 2018**.



Case Studies in marketing portfolio management

- **Between 2014–2018** Joe Jimenez led the transformation in Novartis focused on becoming a specialized medicines company by divesting its vaccine and animal health businesses.
- Entered into a portfolio swap with GlaxoSmithKline (GSK):
 - Sold its vaccine business to GSK.
 - Acquired GSK's oncology portfolio.
 - Partnered with GSK for a consumer healthcare joint venture.
 - Focused R&D investments in high-potential areas like gene therapy and personalized medicine.
- **Results:**
 - Oncology sales grew by **20%** post-acquisition.
 - Market valuation increased by over **\$60 billion** in 5 years.
 - Novartis became a global leader in gene therapies with products like Zolgensma.



Summary

- Portfolio Management:
 - Ensures strategic alignment with organizational goals.
 - Optimizes resource allocation for maximum profitability.
 - Balances risk and innovation for long-term growth.
- Next Steps:
 - Conduct audits and identify opportunities.
 - Use data-driven tools for strategic decisions.
 - Regularly monitor and refine your portfolio.



AND FINALLY

DON'T FELL IN LOVE WITH YOUR BRANDS



Thank
you

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