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**VISION STATEMENT**

# The Charts That Changed the World

*Data compiled by Andrea Ovans*

# Vision Statement

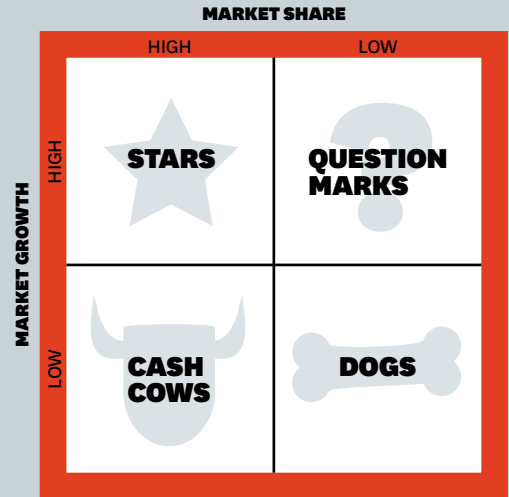
## The Charts That Changed the World

Data compiled by **Andrea Ovans**

This issue of HBR contains about 20 charts, graphs, and other exhibits—all aimed at visually communicating the ideas of our contributors. We hope they augment readers’ understanding—but we realize that many of them are useful only in their original context.

Once in a while, however, a chart so deftly captures an important strategic insight that it becomes an iconic part of management thinking—and a tool that shows up in MBA classrooms and corporate boardrooms for years to come. As HBR prepares for its 90th anniversary, in 2012, our editors have combed the magazine archives and other sources to select some charts that changed the shape of strategy. ♥

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### THE GROWTH SHARE MATRIX

SOURCE WALTER KIECHEL, *THE LORDS OF STRATEGY* (HARVARD BUSINESS PRESS, 2010)

This grid, devised at Boston Consulting Group in 1968, crystallized the relationship between market growth and market share to help determine the overall prospects for various business units. It is used to teach managers to milk cash cows, divest dogs, invest in stars, and weigh the risks and rewards of question marks.

### THE EXPERIENCE CURVE

Created by the Boston Consulting Group in 1966, this diagram may look simple, but it captured the notion that companies develop competitive advantage through economies of scale: Over time, they learn to lower costs, gain efficiencies, and improve products by redesigning and utilizing better technology.

SOURCE WALTER KIECHEL, *THE LORDS OF STRATEGY* (HARVARD BUSINESS PRESS, 2010)



### THE FIVE FORCES

Prior to Michael Porter’s breakthrough 1979 HBR article, “competition” referred to rivalry between companies. Few people considered whether or why some industries were inherently more or less profitable than others or how persistent their profits were over time. Porter’s diagram changed that—and students, strategists, consultants, and entrepreneurs now assess a company’s competitive position according to the strength of the five forces.

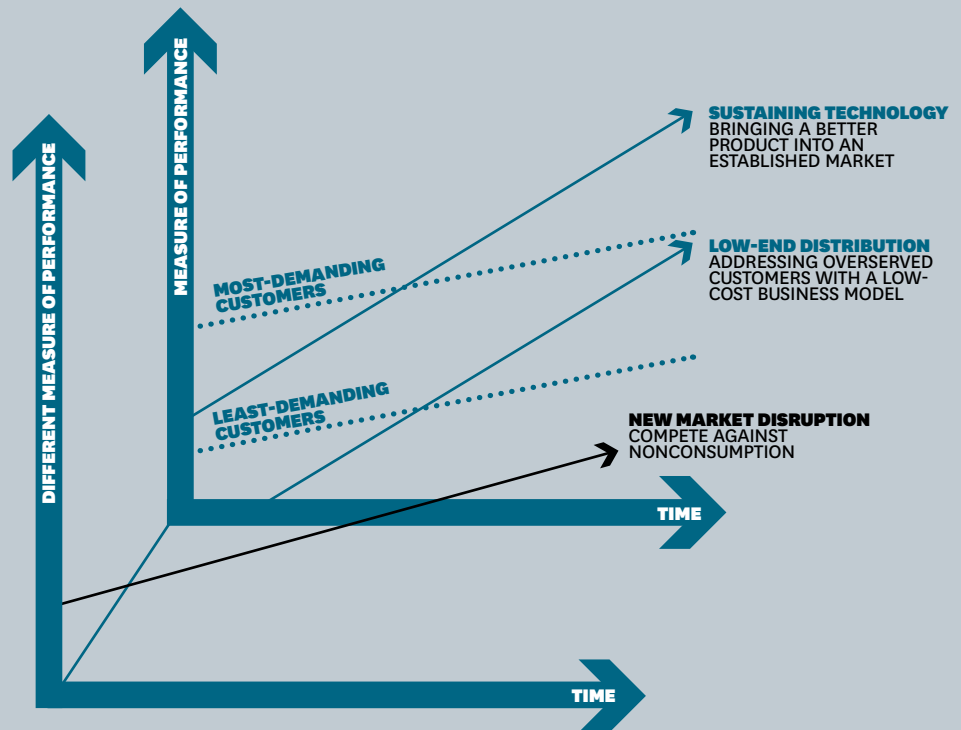
SOURCE “HOW COMPETITIVE FORCES SHAPE STRATEGY,” HBR MARCH–APRIL 1979

**BARGAINING POWER OF SUPPLIERS**

## DISRUPTIVE INNOVATION

When Clayton M. Christensen and Joseph L. Bower introduced this idea, in a 1995 HBR article, their simple chart illustrated a key insight: Established players can be threatened by lower-quality offerings that fulfill the needs of “overserved” customers—and those offerings tend to improve over time.

SOURCE “DISRUPTIVE TECHNOLOGIES: CATCHING THE WAVE,” HBR JANUARY–FEBRUARY 1995



**THREAT OF NEW ENTRANTS**

**RIVALRY AMONG EXISTING COMPETITORS**

**BARGAINING POWER OF BUYERS**

**THREAT OF SUBSTITUTE PRODUCTS OR SERVICES**

## THE MARKET PYRAMID

Today managers take for granted that the biggest growth opportunities lie in emerging markets—and that viable businesses can be built to serve people near “the bottom of the pyramid.” That can be traced to this chart, introduced by C.K. Prahalad and Kenneth Lieberthal in HBR in 1998. People living on \$5,000 to \$10,000 a year may not sound like lucrative consumers, but they constitute a demographic of immense purchasing power for companies selling food, housing, or energy.

SOURCE “THE END OF CORPORATE IMPERIALISM,” HBR JULY–AUGUST 1998

	PURCHASING POWER (IN \$US)	POPULATION (IN MILLIONS, 1998)		
		CHINA	INDIA	BRAZIL
<b>TIER 1</b>	>\$20,000	2	7	9
<b>TIER 2</b>	\$10,000 TO \$20,000	60	63	15
<b>TIER 3</b>	\$5,000 TO \$10,000	330	125	27
	<\$5,000	800	700	105