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Instructions for using the Directional Policy Matrix

Step 1
Take one market sector in which you and/or your partners in your consortium operate.

Step 2
Answer each of the following questions with a rating of:

1 = considerably above average attractiveness/strength
2 = average or slightly above average attractiveness/strength
3 = slightly below average attractiveness/strength
4 = considerably below average attractiveness/strength.

Attractiveness
How quickly is it growing in terms of the number of learners?
1  2  3  4

How profitable is it?
1  2  3  4
Take the average of the two ratings.

Competitive advantage
To what extent do customers prefer you to your competitors?
1  2  3  4
What cost (not price) advantage do you have over your competitors?
1  2  3  4
Take the average of the two ratings.
Step 3
Plot your ratings on the grid below.

The examples below illustrate how this would be done.

Example 1
Attractiveness
The management curriculum in an FE college was attracting increasing numbers, but generating average levels of profit. The attractiveness ratings here would be 1 and 3. Draw a horizontal line high up the vertical axis.

Competitive advantage
The college was achieving fewer numbers than their competitors and was delivering the offer at somewhat higher costs than their competitors. The ratings would be 3 and 4. Draw a vertical line near the left-hand end of the horizontal axis. Where the two lines meet is the position for their management provision.
Example 2

Attractiveness
Sign-ups for the college’s Level 2 qualification for care workers had levelled off and the costs of delivering it had risen because many learners could only be assessed on their night shift, which entails higher payments for assessors. The ratings therefore were 2 and 4.

Competitive advantage
The provision for this qualification had a slightly higher profile in the market than their competitors’ offerings but the college had no cost advantage. The ratings here would be 2 and 2.

Step 4
Repeat the process for other market sectors and mark them on the matrix.

Step 5
Superimpose the 2x2 matrix below and see in which quadrants your market sectors fall.