



Decision Matrix

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Decision Matrix

Why and when is it used?

A simple tool which can be used to help in this process of choice is a decision matrix. This provides a focus for looking at various options against a number of agreed criteria; once again, its main purpose is to help structure the discussion about strategy.

How does it work?

Step 1 is to list the options which are competing for strategic support.

Option

A

B

C

Step 2 is to list the key checks — does it fit our competence base, does it fit our business strategy and how feasible is its implementation, etc. We can fill these cells in with simple scores or with detailed comments.

Option	Fit with strategy?	Fit with competence base?	Implementation feasibility?
A			
B			
C			

Step 3 is to add some indication of the expected costs and benefits associated with the different projects.

Option	Fit with strategy?	Fit with competence base?	Implementation feasibility?	Anticipated costs?	Anticipated benefits?
A					
B					

C					
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Step 4 is to add a total score column which tries to arrive at some priority based on the individual cells.

Option	Fit with strategy?	Fit with competence base?	Implementation feasibility?	Anticipated costs?	Anticipated benefits?	Overall score	Comments
A	3	2	5	1	5	16	
B	1	1	2	1	1	6	
C	5	4	3	3	4	19	

We can carry on adding cells, depending on the range of criteria we want to satisfy. Most decision matrices use a simple 'rough cut' version to knock out the low potential options and then gradually repeat the exercise adding more columns.

Strengths and weaknesses of this tool

This is a powerful and simple tool, but it does depend on the quality of data you put in. There is also the problem of seeing the wood for the trees - if you're not careful you may find yourself putting in too much information and blurring the lines between options. Find simple scales rather than trying to be too accurate, and only when you have whittled down the choices to a small number, is it worth looking for detailed information.

Hints for using this tool

You can carry on adding cells, depending on the range of criteria you want to satisfy. Most decision matrices use a simple 'rough cut' version to knock out the low potential options and then gradually repeat the exercise adding more columns.