



# The decision matrix

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# The decision matrix

A simple tool which can be used to help in the process of strategic 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.

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

<i>Option</i>	
<i>A</i>	
<i>B</i>	
<i>C</i>	

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

<i>Option</i>	<i>Fit with strategy?</i>	<i>Fit with competence base?</i>	<i>Implementation feasibility?</i>
<i>A</i>			
<i>B</i>			
<i>C</i>			

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

<i>Option</i>	<i>Fit with strategy?</i>	<i>Fit with competence base?</i>	<i>Implementation feasibility?</i>	<i>Anticipated costs</i>	<i>Anticipated benefits</i>
<i>A</i>					
<i>B</i>					
<i>C</i>					

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

<i>Option</i>	<i>Fit with strategy?</i>	<i>Fit with competence base?</i>	<i>Implementation feasibility?</i>	<i>Anticipated costs</i>	<i>Anticipated benefits</i>	<i>Overall score/ comments</i>
<b>A</b>	‘em	***	*****	**	*****	*****
<b>B</b>	*	*	**	***	**	*
<b>C</b>	*****	***	*	*****	****	***

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.

**Now it's your turn...**

Using the decision matrix tool, think about three possible product innovations which your organisation might make. Then apply the above approach to evaluating each of them, putting simple scores in each cell. From this develop a short paragraph which explains why you would choose a particular option rather than the other two.