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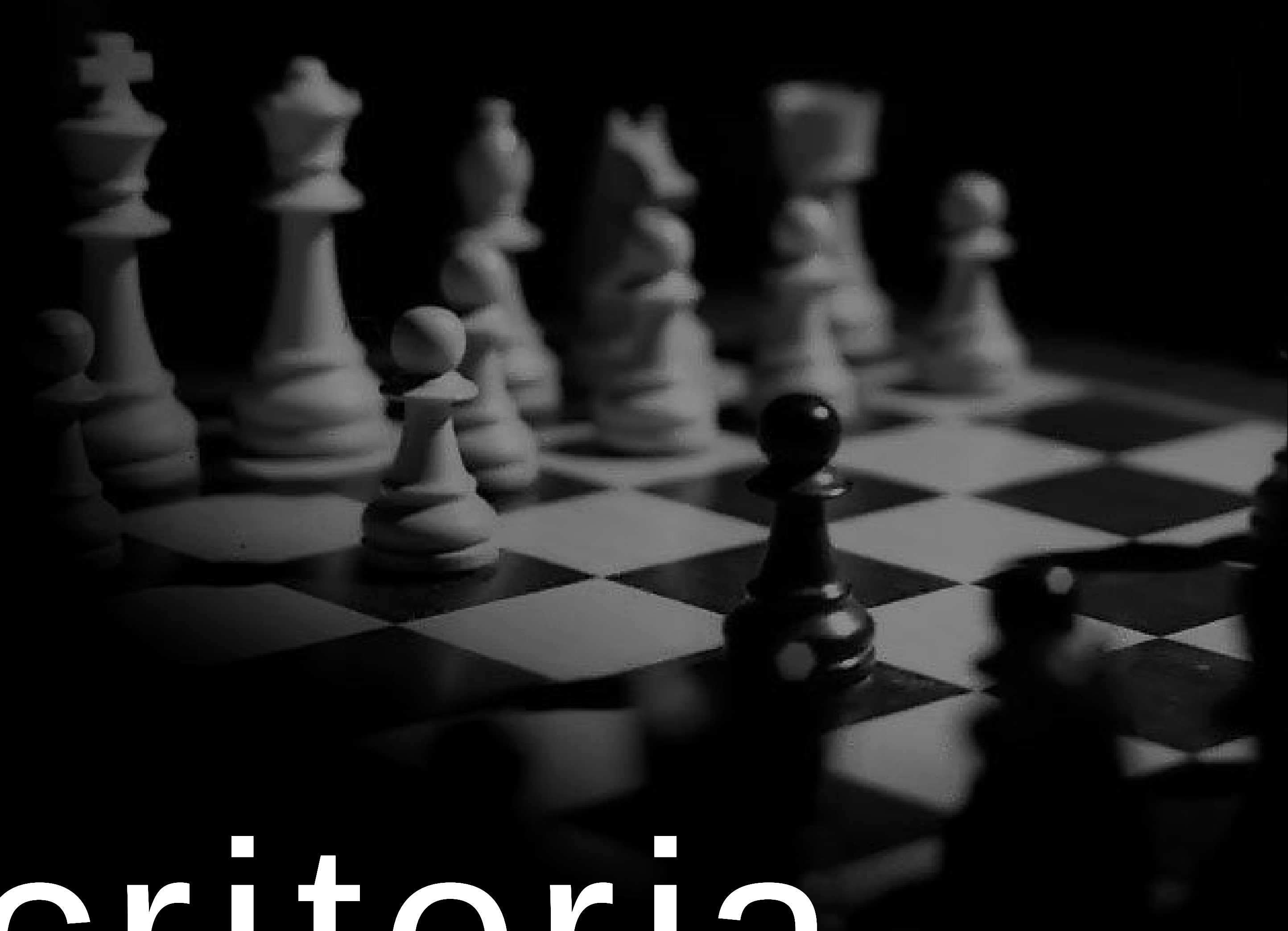

criteria

for project prioritization

"Missing Criteria is like Chess with Missing Pieces"

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Why is Prioritization important?

To answer this question, let's look at the cost of poor prioritization.

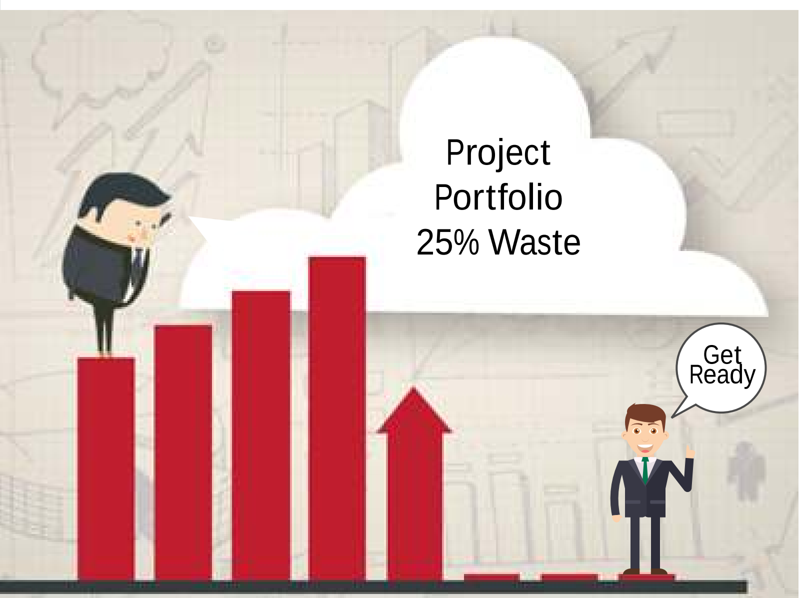
- Every project becomes 'critical' which makes for difficult resource allocation decisions
- Projects don't support the strategic drivers of your organization.
- Projects get priority if they are championed by an influential person within the organisation. These are not necessarily the most important projects.
- If projects aren't aligned to strategic direction, executive sponsorship quickly falls off. This contributes to higher project failure rates.

Poor project prioritization and selection ultimately leads to poor execution of projects and reduces the strategic performance of the business.

Here are some more startling stats

86% of organizations under-deliver on the value of their projects by at least 25%[1].

The implication is clear. Most portfolios simply do not deliver the goods. Picking the wrong projects, or a portfolio that can't be delivered effectively, is a major contributor to this poor performance.



"If you're spending \$10m a year on your project portfolio, this means that a typical organization is losing at least \$2.5m per year, and poor prioritization is a key contributor."[3]

Over 50% of organizations believe their projects and resources are not well or very well aligned with strategic business goals[2].

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Quick Case Study

ENERGINET.DK

If just one small decision can have such an impact,
imagine what a hundred would do.
Or even a thousand.

“Improving this one decision has increased value-delivered to the business by millions of Euros.”

Director Strategic IT
Energinet

Who

- National power-grid operator in Denmark
- $1.6 bn in revenues
- 5 million end customers

The Problem

- Project portfolio not aligned to corporate strategy
- 30% of projects are obsolete
- 75% of projects tagged as “top priority”, making resource allocation difficult

Solution and results

- TransparentChoice helps executives explicitly define corporate priorities
- Priorities used to drive project selection
- Obsolete projects reduced from 30% to 0%
- Every project now aligned with specific strategic goals or operational targets

Using criteria to prioritize

When picking your project portfolio, you are usually trying to maximize the "value delivered" given your constraints (budget, people, etc.) and the dependencies between projects.

Collect project demand / requests

Use Criteria to Define Value

Evaluate, document projects and score for value

Leverage the power of team through collaboration

Use advanced analytical outputs to prioritize

Optimize the project portfolio and resources

However, it's impossible to maximize value if you don't have a good definition of what value means.

That's where criteria come in.

Criteria: The Missing Link

Criteria are the mechanism that lets the executive team discuss and agree a definition of value, but decision scientists have some bad news.

Decision scientists are concerned with how organizations make decisions. They want to know how to make decisions better, and they have discovered something alarming;

Managers fail to identify around 50% of the important criteria when making decisions.

Elegant experiments using real decision makers found that, on their own, decision makers usually identified around half of the criteria that they later said were important. Only when the same people are shown a longer list of potential criteria, are they able to quickly identify the missing 50% of criteria.

Just as startling, on their own, decision makers only identify around 60% of the 10 most important criteria. Around 40% of the top 10 most important criteria were only added when decision makers were given the longer list of criteria.

That's why we have created a long list of potential criteria, to fuel your creativity, to stimulate your brainstorming.

TransparentChoice makes this process easier

TransparentChoice is an online software that helps you manage the whole process of selecting the projects for your portfolio more effectively, saving time and money and increasing the value delivered to the organization from your portfolio.

Based on decades of academic research in both cognitive neuro- and decision-science, TransparentChoice delivers a rigorous decision process that improves both the quality of you decision and the level of buy-in.

- Collect Project Requests
- Define Value
- Evaluate Projects
- Prioritize Projects
- Balance & Optimize Portfolio

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80+ Criteria for Project Prioritization

Disclaimer:
This list is intended to help and is only the beginning...not a silver bullet!
Use this list only as guide to frame your list of essential criteria for your project portfolio.

Geographic Expansion

Product readiness
Organizational readiness
Supports target customer segments
Product fit
Distribution and service fit

Transforms competitive positioning

Defensible IP position
Differentiation in product

Social sustainability

Improves employee perception
Improves external stakeholder perception

Only 23% of cost reporting is generated from project management software.[4]

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80+ Criteria for Project Prioritization

Supports restructuring

- Operational readiness
- Human factors
- Disaster recovery

Supports human capital development

- Recruit the best people
- Develop the best people
- Retain the best people

Supports brand position

- Enhances brand value/image
- Enhances brand reach

Supports major (government) policy goals (endless list of possibilities)

- Reduces unemployment
- Makes it easier to do business
- Reduces homelessness

Over 60% of project failures are linked to internal project issues (e.g., missed deadlines, insufficient resources).

80+ Criteria for Project Prioritization

Risk

Complexity
Level of technology
Accuracy of cost estimates
Level of project maturity
Management capacity
Risk of NOT doing this project

Business Resilience

Supports disaster recovery
Spreads customer / market risk
Spreads financing risk
Supports succession planning

Increase Sales

Increase customer acquisition
Reduce customer churn
Increase value of each customer
Increases brand awareness
Helps us build distribution capacity
Supports higher pricing for our product/service
Improves customer satisfaction
Opens up new markets

Reduces costs

Reduces waste
Reduces cycle time
Reduces down-time
Reduces taxes
Reduces transport costs
Reduces warehousing costs
Reduces energy consumption
Reduces headcount

80+ Criteria for Project Prioritization

Improve Quality

- Improve product "feel"
- Reduce warranty claims
- Reduce rework
- Increase mean-time to failure
- Improves employee participation

Customer satisfaction

- Improves consistency
- Improves customer journey
- Improves quality of touch points
- Reduces number of complaints
- Improves (INSERT YOUR MOST COMMON CUSTOMER GRIPE)

Improves employee productivity

- Gives people access to information they need
- Empowers people to take ownership
- Supports skills development
- Improves staff motivation

Financial

- Net Present Value (NPV)
- Return on Investment (RoI)
- Internal Rate of Return (IRR)

10 Questions
to Improve Your Criteria List

1. Pros and cons: What are the pros and cons of each option?
2. Ideal option: What would be an ideal option?
   E.g. ideal project, ideal candidate, vendor, technology...
3. Future: What might be the consequences of good and/or bad selection?
4. Stakeholders: What would stakeholders (executives, customers, competitors...) be concerned about?
5. Strategic alignment: What are your organization's objectives?
6. Constraints: What are your constraints? Can they be replaced with criteria?
7. Ask why: For each criterion on your list ask why this is important.
8. Be specific: For each criterion on the list specify what it exactly means.
9. Google and social media: You are probably not the first one who makes similar decision.
10. Let us help: SCHEDULE A DEMO

Three more reasons to act today

40%

Making better resource allocation decisions in your planning cycle can improve performance by 40% [5]

46%

46% of organizations admit to not fully understanding the value of project management, even though that understanding boosts the success rate of strategic initiatives by 16%. [6]

33%

1/3rd of projects fail because senior management doesn't get involved. [7]

Learn how to transform your Project Portfolio Performance

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