

As an active business leader of today, you are no doubt familiar with the challenge of too many project opportunities competing for resources as well as the difficulty in deciding when to initiate new projects and sunset existing ones. At Sapere, we understand that failing to evaluate the importance of competing priorities leads to an opportunity cost of sunk operational costs and lost revenue.

Our clients engage us to define prioritization processes and ensure their organizations are focusing on meeting activities critical to their mission. While typically considered a technique for helping IT departments organize workload and manage demand, this case study compares the approach used to help a broad spectrum of clients from a non-profit's challenge to define what programs, projects and activities are in line with its mission to a media company prioritizing projects to support new technology investments. With each client, Sapere successfully implemented a viable prioritization process to identify critical activities and projects.

So where do we start? At Sapere we know the key to ensuring that a new process is successfully adopted lies in understanding the challenges of a client's organizational environment. We begin a project by benchmarking the environment's organizational maturity and understanding current capabilities and constraints. This helps define how much "rigor" should be built into the prioritization process. A less formal environment with limited structure will need a process that is more subjective; while a more sophisticated environment will be able to support and sustain a more objective or quantifiable prioritization process.

Our next step after determining how much structure the organization can support is to work with the client to develop a set of evaluation criteria. For most clients we combine two techniques, used in a sequence, to evaluate the priority of an activity or project. The first technique we employ establishes a "hurdle" rate which defines the minimum benefit or value that a program or activity must possess to be considered for prioritization. For clients in a highly structured environment this may be defined as a minimum ROI; in a less formal environment it may be as subjective as ensuring that there is stakeholder agreement regarding alignment of the activity to the mission. Using a hurdle rate as the first prioritization checkpoint guarantees that the second more intensive step in the prioritization process is not overwhelmed with projects lacking substantial benefit or strategic importance. The hurdle rate can be raised or lowered based on budget, capacity to deliver programs, and executive judgment.

Once the baseline criteria are defined, a second technique called "scoring" is used to rank activities based on a defined set of strategic evaluation criteria. The set of criteria is used to calculate a project score, which is then ranked to identify relative importance of activities and alignment with the overall mission of the organization. In a less structured environment, we find the best way to approach criteria development is to frame the criteria as a series of questions to ask when comparing strategic importance of activities or programs. The questions help decision makers to determine how closely the evaluated activity aligns with the organization's goals. The answers may be surveyed as either Yes/No or scaled from 0-5 (with 5 being most aligned and 0 being least aligned). In a more structured environment, an expected value for criteria can be calculated, such as the actual number of customers impacted or expected revenue. Most clients adopt a set of 7-12 criteria with a mixture of both subjective and objective evaluations.

The criteria can also be weighted to encourage certain behavior, for example a target demographic of customer could carry more weight than another. When the current environment is structured around measurable objectives and program goals are well aligned, we are able to use a "modified Delphi"

technique to establish priorities and weightings for evaluation criteria. On the other hand, if we encounter strong and opposing viewpoints on the relative importance of strategic plan objectives, we will recommend a “pair-wise” comparison to establish weighted priorities. The pair-wise technique is more time intensive, but extremely effective in helping groups to work through major differences and reach an agreement. Once the criteria are defined, we develop a step-by-step process that describes how a program or activity progresses through the process from concept to approval. We identify prerequisites and exit criteria for each step. We also design the process to minimize costs, realizing that the client generally needs to manage the new process with existing resources.

Throughout the entire engagement, Sapere facilitates review sessions with a core stakeholder group. The goal of the sessions is to have the group challenge process assumptions, prerequisites, and exit criteria, and confirm alignment with goals. This feedback is incorporated into the final deliverable, ensuring that the prioritization process will be accepted and used in making critical program approval decisions. With each additional step, the number of competing opportunities is reduced, leading to a final list of projects and activities that are critical to the mission and align with the overall goals of the organization.