

Decision Making 101

There are many factors a government or industry executive should consider when making an important decision. I am always surprised how many organizations fail to employ basic decision management techniques and instead embrace a more emotional unstructured process. A decision matrix is a necessary tool to ensure that managers consider all of the major aspects of a decision.

Table 1 illustrates a decision matrix for a government project. Table 2 illustrates a decision matrix for a company making a bid decision. Both provide a set of evaluation criteria that characterize potential risk. This then in turn helps focus the deliberations on the most important factors that could impact the decision as opposed to “decision by emotion.” These criteria should be tailored to fit a specific organization’s unique environment and priorities.

An assessment of two or more “highs” or, if a numerical scoring system is used, too low a number, should be cause for concern. This process also helps to identify actions that can be taken to mitigate potential risk in order to increase the probability of success should a decision be made to proceed.

Table 1 – Decision making risk assessment matrix

Project or Initiative	Potential Risk (High, Medium Low)	Mitigation (actions that, if the decision is made to proceed, can be taken to mitigate the risk)
Consistency with overall priorities of government		
Consistency with agreed upon current year priorities		
Funding level impact <\$250K; <\$1M; >\$1M		
Complexity of contracting strategy		
Staffing requirements and workload		
Degree of technical complexity		
Degree of interagency complexity		
Degree of citizen involvement		
Potential legal complexity/risk		
Other:		
Alternatives:		

Table 2: Sample bid decision matrix (professional services example)

Bid Factor	Factor Rating									Rating
	Positive			Neutral			Negative			
	9	8	7	6	5	4	3	2	1	
1. Is this bid consistent with our strategic focus (our three major competencies, target markets, staffing location & labor costs)?	Fits our strategic business plan; matches our services and target markets, and is consistent with our cost objectives			Close to our strategic plan, market, services and cost objectives			A departure from our strategic plan, market, services and cost objectives			
2. What is our overall ability to meet the technical requirements (Discriminators)?	Our team has the necessary strong technical capabilities and discriminators			Our team has average technical capabilities and perhaps a few minor technical gaps			Our team has several technical weaknesses or gaps and/or no real discriminators			
3. Do we have the past performance necessary to win the job?	We have successfully completed the necessary number of similar projects that demonstrate all of the required competencies			We have successfully completed projects that demonstrate at least some of the required competencies			We don't have the necessary past performance			
4. Do we have the available key personnel including a Project Manager?	Our team has the key staff; they are qualified; and, if required, can be made available			Our team has acceptable key personnel and most could be made available			Not identified and/or available and/or not totally qualified			
5. How much risk is there to successfully executing this contract (Do we really want to win?)?	This work can be completed on time and within budget			There is some technical, cost and/or schedule risk			This would be a very difficult job to satisfactorily complete on time and within budget			
6. Have we marketed the client and established a good rapport?	Many visits/good working relationship – we know what the client is really looking for			Some visits; we are known by the client and have some idea of what they are looking for			Few or no visits; client doesn't really know us and we don't really know this client			
7. Will this job be profitable?	Very profitable work			Average profit work			Most likely this is low margin work			

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8. Can we be cost competitive?	Our team can reach or beat the most likely competitive target cost			Our team can get close to the target cost but will need other factors (like being #1 technically) to win the job			Our team can't get anywhere near it and will depend on other factors to win the job			
9. How much competition is there?	Sole source or wired for our company			Open competition and/or unknown (not wired for someone else)			Very strong competition and maybe wired for someone else or we just don't know			
10. Do we have the necessary available proposal resources and the time to do a good proposal?	Resources are readily available, there is sufficient time to do a good proposal, and there are no known unique proposal challenges			It's a stretch but still doable			We have scarce proposal resources, a very tight schedule (for instance - RFP already came out and surprised us) and/or there are some onerous proposal requirements			
Scoring Key:										Score (out of 90)
* 75 point score is ideal for a very strong bid										
* Below 60 points is probable "NO BID"										Enter "Bid" or "No Bid"
Comments (including actions needed to raise the score):										