

How to Decide Which Opportunity to Concentrate On

by Andrew Horder, Principal Consultant, Business Strategy Solutions Ltd

If you're like me, a typical entrepreneur, you'll have a number of opportunities that you're considering at any one moment. And you'll have a limited supply of time, money and resources. So that means you need a way to decide which opportunities to focus on, and which to park – for now at least.

Multiple Criteria

For a long time, I used a balanced scorecard, or multi-criteria decision-making (MCDM), approach to making this kind of choice. For this, you decide on a set of criteria to rate each opportunity – it might be how easy it will be, how much time it will take, how exciting it is – and then apply a weighting to each, depending how important it is to you. Then you score each opportunity against the criteria, multiply the scores by the weights, and add them all up to arrive at a rating for each opportunity (see the example below for a clearer picture of how it works).

And then you focus on the opportunities with the highest ratings.

Criteria	Time	Effort	Know- ledge	Unit Cost	Speed	“Fit”	Refer- rals	
Weights	8	10	6	3	10	10	4	Rating
Opp A	8	7	8	8	9	7	10	406
	$8 \times 8 = 64 + 7 \times 10 = 70 + 8 \times 6 = 48 + 8 \times 3 = 24 + 9 \times 10 = 90 + 7 \times 10 = 70 + 10 \times 4 = 40$							=406
Opp B	7	5	9	3	9	7	8	361
Opp C	9	6	6	6	6	8	7	354

You can see that, despite a large number of criteria we need to take into account, this method gives us a relatively simple way to compare the choices we have, by arriving at a single 'Rating' score at the end.

It was only when I used this method to help me decide on a new car that I realised that it was actually rather one-dimensional. Here is the grid I completed:

Criteria	BHP	0-60	MPG	Serv. Cost	Re-sale	Style	Extras	
Weights	8	10	6	3	10	10	4	Rating
Audi A4	8	7	8	8	9	7	10	406
BMW	7	5	9	3	9	7	8	361
Saab	9	6	6	6	6	8	7	354
Jaguar	10	10	2	1	4	10	5	355
Octavia	3	4	5	7	2	1	8	177

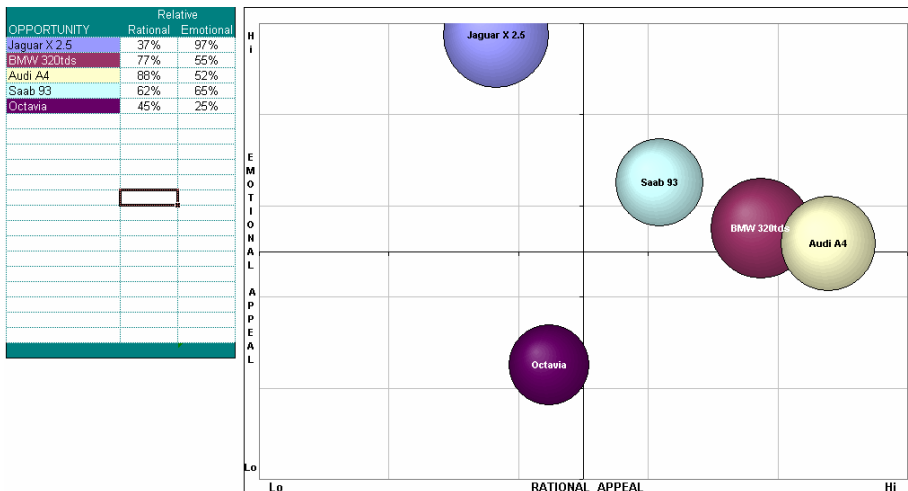
Clearly the Skoda Octavia didn't match up to my specifications, and the Audi was the best choice for me.

There was just one problem: I really (really) wanted to buy the Jaguar.

So that must mean there was a problem with either the criteria, or the scoring – right?

Multiple Dimensions

The standard MCDM approach was mixing up criteria that appealed to my rational mind with those that appealed to my emotions – my passion. Splitting out the rational measures (economy, service cost, features) from those that were important for emotional reasons (power, acceleration, style) gave a completely different picture, represented on a graph here:



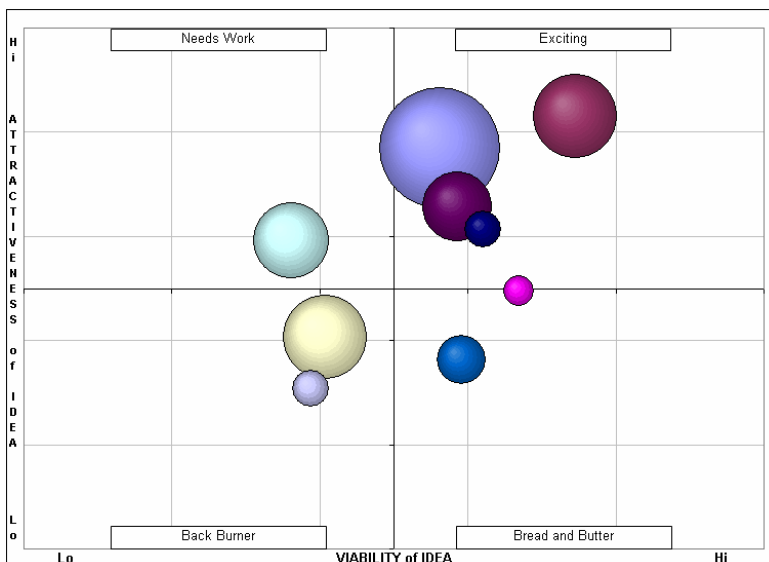
I could now clearly see that my emotional preference for the Jaguar was off the scale, although the rational choice was for the Audi. So rather than messing about with the scores to try to get the Jaguar to come out on top, I could choose to make my decision based on either emotion or rationality. But I would understand why I was doing it, rather than being frustrated by the results. In the event, I went for my passion, so I now drive a Jaguar.

This example highlighted for me the difficulty of comparing like with like when assessing opportunities. Some opportunities that come along are just more attractive than others, regardless of how practical, or viable, they are. So I now score opportunities on two dimensions – Attractiveness and Viability. I use a scorecard approach for each dimension, but I'm very careful to avoid mixing the two, as they each play a different part in the likely success of a venture.

Successful Business

If an opportunity appeals to us, we are far more likely to make a go of it. We'll put in the extra effort to overcome the obstacles that will be put in our way, and to find ways to make it work. So the Attractiveness score will determine how much passion we'll put into a venture – how much we want to do it.

But it's no good being madly passionate about an opportunity if it just won't work. Which is why I use a Viability dimension as well. The sorts of things that will make a venture viable (or not) won't inspire passion in most people – things like access to the market, or availability of skills. But they are all things that have to be right if the venture is to succeed.



Example of an Opportunity Matrix™ analysis

Having said that, you are more likely to make a go of an opportunity that scores high on Attractiveness but has 'challenges' on Viability than you are to succeed in a completely viable venture that just doesn't light you up. Without the passion that comes from finding the

opportunity attractive, even something that just shouldn't fail can peter out into mediocrity at best. In my experience, businesses only really perform when they are being driven by people who are truly passionate about them.

With that in mind, I developed the Opportunity Matrix™ programmes to help entrepreneurs, businessmen and salespeople to decide which opportunities to concentrate on. The analysis tool, available from www.opportunity-matrix.com, is only the start of the programmes, which also include up to 4 hours of being challenged by an experienced consultant, to justify the scores.

The outcome is a robust picture of which opportunities you need to be spending your time and resources on, so that you can focus on getting where you want to go.

More information about focusing on your best opportunities is available by going to www.opportunity-matrix.com

About Andrew Horder:

After a successful career as a Key Account Manager and Key Account Strategist in businesses ranging from owner-managed SME's to multinational corporates, Andrew established Business Strategy Solutions Ltd (www.businessstrategysolutions.com), a consultancy specialising in strategic analysis. In 2007 he developed Opportunity Matrix™ (www.opportunity-matrix.com), a programme to help business professionals to make sure they're focussing on the best things to get their business where they want it to go.