Decision-Making Poker
Choosing the right projects is both complex and extremely difficult. There are many variables to consider and the process can be very time consuming. At the same time it might be one of the most important decisions a company has to make.
2% Answered that the executives are knowledgeable in Agile [VersionOne annual survey 2012]

79% Answered that alignment between IT & Business is better from Agile [VersionOne annual survey 2012]

1% Answered that the product managers are knowledgeable in Agile [VersionOne annual survey 2012]

64% Answered that alignment between IT & Business is the highest or very important [VersionOne annual survey 2012]

65% Of the global workforce is unsupported, detached, or disengaged. [Global workforce study 2012, Tower Watson]

Conclusion. This is not acceptable. Only a fraction of executives and business managers have learn anything about being adoptable. Alignment between business and IT / development is of highest interest if your are planning stay in business. Including your employees, or as I like to call tem, your talents in the strategic decision-making is not an option. It is a necessity.
Scoring models show many different, very positive features when compared with more traditional decision-making strategies. Not only do they produce great strategic alignment but they also suit the modern pragmatic management style. So let’s use them more.

At this time there isn’t one decision model that alone solves every problem. Nor will there ever be. But one thing that many models have in common is that they are designed for management only, sometimes exclusively for upper management. This approach does not really fit well with self-organizing teams, empowered people, or bottom-up, emerging, agile organizations. If you believe that these attributes are good for your organization, then you might want to review your decision-making model.

A decision model fit for choosing the direction of your company, which acknowledges the fact that “we don’t have time to wait for management to decide”, should be based on a bottom-up approach. The model should allow the people that are supposed to deliver the solution to take part in choosing whether they should do one thing over another.

Not only will you use the collective intelligence of the company, but also you will get people doing what they want to do. A person who is told what to do, even with a good understanding of what is required, may not be as energized as someone who gets to choose. If you want committed, energized people, you might want to consider involving them in the decision process.

Financial models don’t work early on as decision-making tools, but they do offer a couple of things we need. They state the assumptions we make and the constraints on Cost of Development. These are both important factors.

Strategic approaches work well, since they choose strategically aligned projects, but they are usually organizationally top-down driven. This needs to be revised, strategy is far too important to be left to strategy folks. Bring in the teams.

Bubble diagrams work well to understand the balance of your portfolio, but fail to illustrate resource limitations and time-to-market factors which are also important in choosing projects.

Scoring models on the other hand can be adapted to be multi-purpose, adding parts from other models where appropriate. Scoring models are also super easy and time efficient in comparison to other methods, and can also be easily integrated into iterative thinking.

There are some mechanisms which can create a reinforcing feedback loop when people work together in deciding a way forward. These include Fair Process, Immersion, the Wisdom of the Crowd and the Law of Diffusion of Innovation. Lets take a closer look before we get to the techniques of Decision-making Poker.

“A fundamental truth is that people who have not had a hand in crafting something will invariably resist its implementation.”

- Dr. Robert G. Cooper, Portfolio Management for new products
The power of Fair Process

When I’m not in the room where people are making decisions, I know that they are making the wrong ones. At least that is what it feels like.

If you want people to be committed, they have to be involved in the process of choosing what they are supposed to do. If you want them to go beyond what is expected of them, the decision-making process must be fair.

Fair Process encourages people to trust the system(organization). People care as much about how just a process is, as they care about its outcome. This means the fairness of the process of choosing projects is as important as the fairness of the prioritization resulting from these choices.

Fair Process encourages the alignment of people according to strategy, by creating buy-in opportunities up front. When people are involved in the creation of strategy they trust the organization they belong to.

There are three E:s that define Fair Process.

- Engagement; By involving individuals in the strategic decisions that affect them, people feel respected.
- Explanation; When everyone involved and affected understands why decisions are made the way they are, people trust their management.
- Expectation; When people know what the key assumptions of the projects are, they are more likely to plan their own time better to meet deadlines, budget constraints, etc.

“Voluntary cooperation is more than mechanical execution, where people do only what it takes to get by.”

- W. Chan Kim & Renée Mauborgne, Blue Ocean Strategy
Importance of Immersion in local interactions

We have become addicted to simplifications and models, and therefore we lose sight of what is happening until it is too late. To be able to make good decisions we need to immerse ourselves in local interaction.

When we sitting in a conference room and discussing plans, budgets, resource allocations and possible future scenarios, we are pre-occupied with a second order abstraction game. Confused about what this means? Probably just as confused as you are about what is happening in your organization, even if you don’t know it.

A first order abstraction is the activity of creating a mental model of your real life experience, this is commonly done by narratives. For example when you have met with a customer and you are telling your colleague about the experience.

A second order abstraction is a categorization, measurement, or modeling of a first order abstraction, with the aim of exercising some form of control over it. For example, you summarize what you experienced with the customer and give it to your boss. She takes it with her to a board meeting where it is discussed. The board then tries to take control of the outcome from a distance, by say, planning for a new product.

Now we need both the first and second order abstractions to run a company, but we shouldn’t keep them separate or operate them separately. Second order abstractions have to be immersed.

Immersion is the activity of bringing together, filling in, expanding, and elaborating on abstractions. This is what we do when we discussing plans, budgets, etc. We immerse ourselves in the second order abstractions. But to understand what is really going on we also need immersion in local interaction. We need to find out about the first order abstractions, and sometimes we have to experience the real world in order to understand these stories. In short, leave the conference room and talk to the people who have real customer experience, and go out and meet with some customers. It is the only way to fully understand what is going on.

The result will be faster decision-making with a better gut feeling of what is right.

“People tend to be so immersed in the activity of second order abstractions that they do not take a reflexive, reflective, attitude to what they are doing.”

- Ralph Stacey, Complexity and organizational reality
The Wisdom of Crowds

When a large group of individuals estimate, reason, or score different alternatives, the average result has been found to be as good as, or even better, than the estimates of only a few individual experts.

By letter all members in an affected social system be part of scoring projects for execution and priority, an even better result can occur than if the task was left to Product Managers only. Known advantages of the Wisdom of the Crowd are:

- The judgment of the market situation can be much faster, more accurate and less subject to political forces, than that of expert committees.
- Common understanding within a social system shows surprisingly accurate judgments when it comes to coordination.
- Groups of people can create networks of trust that do away with the necessity of a central authority controlling their behavior or directly enforcing compliance.

“Diversity and independence are important because the best collective decisions are the product of disagreement and contest, not consensus or compromise.”

- James Surowiecki, The wisdom of crowds

To best work with large groups of individuals and utilize the Wisdom of the Crowd, three practices are recommended by James Surowiecki, author of the book “The Wisdom of crowds”:

1. Keep you ties loose. Meaning, have many weak relations to people rather than a few strong ones.
2. Keep your self exposed to as many diverse sources as possible.
3. Make groups that range across hierarchies.
Before a strategy can be successful it must be widely adopted in order to self-sustain. Different people tend to adopt innovations, or in this case new strategies, at different rates. When executing a strategy we want people to adopt it as fast as possible, correspondingly we want the diffusion time of the strategy to as short as possible.

Innovation is an idea, practice or object, that is perceived as new by an individual or population. For example a newly prioritized backlog, or a new project execution order, can be viewed as an innovation within an organization. There are three types of innovation-decisions that can occur with the adoption of a new idea.

- Optional innovation-decision; Where the decision is made by an individual independent from others within the social system
- Collective innovation-decision; Where the decision is made collectively by all individuals in the social system
- Authoritarian innovation-decision; Where the decision is made for the entire social system by individuals in positions of influence or power

Guess which type will shorten the execution time of a new strategy?

The process of getting a social system to adopt an innovation, is a decision-making process. “It occurs through a series of communication channels, over a period of time, among the members of the same social system” [Wikipedia].

By involving the members of a social system in the development of innovation, the time from when a decision is made until everyone accepts it, is shortened. Even the “laggards” may come to see that there is no option but to move forward with everyone else.

By letting all members be part of decision-making, decisions will be both collective and authority based. This can also speed things up.
Decision-Making Poker consists of simple, proven, absorbing processes which make it a powerful and fun exercise. It is designed to handle complexity, strategic alignment and to work as catalyst for energizing employees.

Decision-Making Poker is a tool for portfolio management. It captures the collective intelligence of multiple perspectives. The workshop should be performed frequently, each quarter or more. It does not require any significant market research, data collection or time consuming meetings spent trying to reach a consensus among those responsible. But it does require preparation.

Before the workshop the following material should be gathered:
- Company market trend
- Business Model
- Competitor Stories
- Customer Stories
- Project One-Page Stories
- Business Cases
- Project assumptions

1. Story telling. The Product Manager, Product Owners, CTO, CEO and everyone involved in strategic work, present the prepared material in a story telling fashion. 1 hour is the maximum time recommended for this, after that people start falling asleep. Make sure everyone has coffee.

2. Divide all those invited, which should be practically everyone employed, even the cleaning lady (she might know more than you think), into groups of 5 +/-2.

3. Choose a group member to collect the scoring data.

4. Go through the rules and the Scoring model before you start so that everyone understands the process.

5. Someone from each group reads a One-Page Project Story to their group.

6. Everyone in the group selects a score for the first factor and shows it to the group simultaneously. It is important to stress that people need to score what they think before they see anyone else’s score.

7. The lowest and highest score each explain the reason why they scored the way they did. This is one of the important parts. It is called Sense-Making.
8. Agree on a shared score for the factor with consensus within the group. Watch out for alpha personalities exerting too much influence here as this can destroy collective wisdom. Repeat for the next factor.

9. When all factors have been scored, sum up the project score and then continue with the next project.

10. When all projects are scored, line them up in order of how they scored and discuss the reasons for each project's priority within the group.

11. Rescore if you think it is necessary, now that you can see the relative prioritization.

12. The workshop is over.

13. The Product Managers and Product Owner collects the score cards and adds up all of the data then visually presents the scored prioritized list of projects.

The scored prioritized list may not be the actual order of execution but is defiantly a good input. Other circumstances might exist why a certain order of execution is needed but it is very important to communicate why the prioritized list is different from the execution list.
# Project Scoring Card

<table>
<thead>
<tr>
<th>Key Factors</th>
<th>1</th>
<th>3</th>
<th>5</th>
<th>7</th>
<th>10</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy alignment</td>
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<td>Low</td>
<td>Moderate</td>
<td>Strong</td>
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<td>Bang for the Buck Index</td>
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Suggested factors for a Project Scoring Card. **Strategic alignment** to make sure the project is in accordance with the strategic business model. **Team energy factor** is important to capture because a high team energy project is likely to have highly motivated individuals working on it, maximizing its chances of success. **Bang for the Buck Index** is an index which captures both resources, financial impact and time-to-market (very Agile). The Bang for the Buck Index numbers should reflect your projects financial data.

The **Assumption rate** factor reflects the scale of unverified assumptions that may pose a risk to the project if not correct. **Estimated Customer Value** is a measure of what value everyone thinks the project will bring to the customer. The last **Time-to-market-critical** factor, is a reflection of how time critical the project is seen to be.

Note! These are only suggested factors. You should create scoring cards which are tailor made for your circumstance.
Example

“The CEO, the Chief Product Owner and the Product Owners tell everyone about the market situation, and how the company business model is adapting to it “

“What are the competitors doing and what’s new from our customers? “

“What projects are in the backlog which align with our business model and tactics, that answer new customer needs or new moves by our competition”
Example

2. “Each project is scored for each factor.”

“Make sure that there is plenty of coffee and other social event energizers to increase the fun factor.”

“The CEO, Chief Product Owner and Product Owners are walking around and answering questions, explaining things that are unclear.”
Example

3. “When all projects are scored the score cards are collected”
Example

4.

“The Product Management team sorts and aggregates the scores and updates the priority order of the projects.”

“The new order is communicated to all who participated in the workshop.”
Ok, what’s next?

Now you might have tried Decision-Making Poker, hopefully with great results. It’s now time to integrate it into the iterative strategy process.

Choosing the direction of your company, and what projects to implement to achieve that direction, is not a one time or yearly activity. It needs to be integrated with the development process. If you only understand why you do something once a year, the energy can run out well before the year ends. And sometimes the way you understand it is no longer relevant by that time. So it’s important to continuously assess and update. To get quick wins, we need to see that the next release adds to the current strategy.

Strategy also needs to be adapted more frequently now days, due to more dynamic markets and competition.

The process of making a marketing/business plan is usually painful, time consuming and, in my experience, different from one time to the next due to different people performing it. There is little consistency.

Using Decision-Making Poker frequently will facilitate better market research and allow you to follow trends much faster. The more frequently you perform it the better you can adapt it to be useful. Being more up to date can mean that you only have to revise parts of your business plan at any one iteration, giving you better structure and consistency. In short it helps with all of the things that makes Agile work so well.

So how frequent is frequent? That depends on your business. But as a rule of thumb you can quarter your traditional cycles. In the same way as with Scrum, or Kanban or whatever Agile process you use, explore and re-design until it works.

Happy decision-making!
I have no idea, get the Product Owner over here to explain.
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Inspirational sources
Portfolio Management for new Products – Robert Cooper
Management 3.0 – Jurgen Appelo
The Product Manager’s desk reference – Steven Haines
Business Model Generation – Alexander Osterwalder
Innovation Killers – Clayton Christensen
Complexity and organizational reality – Ralph Stacey
Blue Ocean Strategy – Kim Mauborgne,

Thanks to David Jackson for editing and theoretical dialogues.