

## The Beauty of AHP

**0:00:05.3 Announcer:** From the Washington DC chapter of the Project Management Institute. This is PM point of view, the podcast that looks at project management from all the angles. Here's your host, Kendall Lott.

**0:00:16.5 Kendall Lott:** Hello, PMs and welcome to the September, 2022 episode of PM Point of view, The Beauty of AHP, stick with me here. With me today. Co-host Mike Hannon and guest majorest, Stewart Easton, CEO of transparent choice gentlemen. Welcome.

**0:00:34.9 Mike Hannan:** Hey, Kendall.

**0:00:35.4 Stuart Easton:** Hey, Kendall.

**0:00:36.4 KL:** Glad you guys can make it today, Mike, as always, we're going to start with you, how you doing and where you calling in from.

**0:00:42.5 MH:** Back East now, Bethesda, Maryland for the first time, since June, so readjusting to the heat and humidity and all the overgrowth on my property now [chuckle]

**0:00:50.4 KL:** Well, you've missed most of it, but yeah, hopefully, it'll start cooling off. We had one last night that was cooling off some. So, you've been out working even while you were out west. Just curious, in case we have a new topic we have to handle during the rest of the fall here, you got any topic of interest, any bur in your saddle that we need to deal with topic to plum later this year?

**0:01:08.5 MH:** Well, it just so happens. We're going to deal with it today, addressing the dysfunction of senior level prioritization decisions and how to fix it.

**0:01:15.3 KL:** You know, it almost makes me want to ask, was there any other kind, because that's where we see all the pain, right?

**0:01:19.0 MH:** Yeah. Let's just, you know, without naming names, let's just say I've seen particular pay in there of late. So, very timely. At least for me, hopefully for everyone.

**0:01:27.3 KL:** It's stops at the pareto principle, it's not even 20:80. It's like the 1% that can drive 95% of the problem [laughter]

**0:01:34.7 MH:** Oh, that's probably a good cue for Stuart to just launch.

**0:01:38.7 KL:** Oh, there we go. Stuart, we spoke earlier and again, where are you calling in from sir?

**0:01:44.0 SE:** Well, I'm calling in from Cambridge in England. That's the real Cambridge, by the way, the one with the river Cam and the little bridge over the river Cam. So, I've also lived in the

other Cambridge in Massachusetts, but right now I'm speaking to you from the real Cambridge.

**0:01:58.1 KL:** And they say cheap knockoffs are bad. I like, I don't know.

**0:02:01.8 SE:** Yeah. You know, you guys, haven't had a single original idea in 300 years, so I don't know why I should be surprised. I really love my time living in the States. And I do consider myself bilingual, but I am going to speak English today. So, I will try and speak slowly and clearly so that you can all keep up.

**0:02:18.6 KL:** So, let's talk about AHP by which AHP let us do what Wikipedia does and disambiguate the term. This is not the rare disease. This is the analytical process. So, Stuart let's get to AHP. So, first of all, you are the CEO of Transparent Choice. Tell us a little bit about what the firm is just for a second.

**0:02:38.4 SE:** So, we're a software company and we specialize in project prioritization. And what makes it a little bit different to what you will have seen elsewhere is that we started the company by reading a whole bunch of academic papers. That doesn't sound very interesting, but when you look at the research into what actually works, surprise, surprise, you end up with something that works. And there's a lot of folklore out there about project prioritization and how to do it. And some of that folklore even sounds kind of sciencey, but the research suggests that it's not terribly effective. So, we looked at the research into what actually works, and we turned that into software. And, in a way that you don't need to go out and become a decision scientist to make good prioritization decisions. And this is kind of the unusual backwater for PMOs, right?

**0:03:26.2 SE:** Because everything else that the PMO does is project based, it's project-y right? We get speak project-ese and use project skills and project methodologies, but this is not a project problem. This is a decision making, decision science, collaboration problem. And so, the tools that you need to fix it are decision science tools. And that's really what we are, we've taken that stuff and we've made it fun and easy to implement, and you don't need to do any of the geeky stuff. We've got rooms full of geeks that do the geeky stuff. So, you don't have to.

**0:03:58.7 KL:** I'm going to be interested later, but I do want to hear your journey to why this actually matters and why you got to this, but you just said something, you have a strong sense of why this is important, but you referred to it as, because it works. What does "works" mean?

**0:04:12.1 SE:** Fantastic question. So, I have a book up on my shelf here by a professor, Paul Note, and he did some really great research into all these great decisions. So, you get to a decision and you think it's worked, actually half of those big strategic decisions end in failure, right? The hard... That's pretty good, hard data. And so, let's bring it to project prioritization. So, getting a decision isn't enough, right? There's research out of Stanford that talks about getting to a decision is only half the job, but getting people to buy into that decision so that they then actually execute it efficiently is the other part of the job. And that's the bit that's really difficult around prioritization because at the end of the day, as PMO leaders, we don't do projects so that we can gloat about our statistics. How many projects did we deliver on time and on budget?

**0:05:03.1 SE:** No, that's not why we do it. The organization needs projects because of change, right? The organization is changing. There are strategic goals that your leadership team has and they want to achieve those strategic goals and projects are how that happens. So, the only reason that we

## The Beauty of AHP

have projects, the only reason we have a PMO is to achieve that goal. So, the way to measure success, whether it's in project prioritization or project execution, or any of these things is in, in terms of how much business value did we deliver? The problem with that statement is that... Last I checked, you can't walk into Walmart and buy a tape measure that measures strategic impact. In fact, if you go around the leadership team of any organization, and we do this all the time, right? This is our bread and butter. If you go around the leadership team, go around that top table and you ask each one, actually it's best separately in rooms, right? You ask one what's... What is our... What is your strategy? What are you trying to achieve? What's most important?

**0:06:01.9 SE:** And then you go to executive number two in the next cubicle. Right? You ask the same question; you'll get a completely different answer. You go to exec three, you'll get a different answer again. You go to executive four, you'll get a different answer again. So, you scratch your head, right? You go... As a PMO leader, you scratch your head, you go away, you think about it for a week or two. And then you go back to executive one and you say, "you know, you said that this is what our strategy is," and exec one looks at and you goes, "well, that's not our strategy. Our strategy is this!" right? He's changed his mind. It's only a week or two and he's changed his mind. So, the problem with this statement of projects exist to deliver business value is that there is no common understanding of what business value is. The sales guy thinks it's all about sales...

**0:06:44.9 SE:** The manufacturing guy thinks it's about efficiency and quality and all those kind of good things. And so, for prioritization to work, for those decisions to be good decisions, you need to, first of all, get people aligned, the leadership team in particular, aligned on what do we mean by success? What is the blend of achieving different strategic goals is the definition of success. So, in a way, your question Kendall is a really insightful question. And I would say that the measure of success in terms of using this methodology is that we end up with a measure of success in terms of the portfolio, in terms of strategic alignment, right? Strategic outcomes or business outcomes that we're trying to achieve.

**0:07:26.2 KL:** So, we make decisions such that we will get the business outcomes we're trying to achieve. That's what constitutes the decision process working.

**0:07:33.2 SE:** Absolutely. And if you look at the... PMI did some research about five years ago with the economist intelligence unit, I think it was. And they looked at kind of the strategic impact of portfolios and the relationship between company strategy and portfolios. And what they discovered is that in a typical portfolio, 20% of the projects in that portfolio are so badly aligned with the goals of the organization that they should be stopped, right? That's a pretty good definition of waste. So, we're not including in that number, all the projects that are just a little bit aligned or slightly wonky or slightly misaligned, right? These are the ones that are just so badly aligned that they should be stopped tomorrow, right? Kill them off, burn them. And most organizations aren't very good at doing that. They're not good at identifying which projects they are and then they're not good at stopping them once they have identified them.

**0:08:24.3 MH:** And let me take that one step further and say, it's obvious to say, well, whatever amount of money or resources they invested in these projects that should have been stopped. Like we can count up the dollars or whatever and say that's how much was wasted. But I think that's only a small portion of what's actually lost because the people on those projects generally, no, that they're working on someone's pet project. The people on that project often are looking for a higher impact project to escape to, under the radar, so to speak, right? So, the Whisper net is at work about,

## The Beauty of AHP

oh yep, these executives went toe to toe and the one with more power won and so that's why we're doing this stupid pet project. And so, all of that churn and confusion and sort of... The Whisper net conflicts where people don't feel like they're having the impact that they had hoped they would have when they joined the organization to begin with. And all of that, I think, just creates so much background noise and friction that executives, I don't think, always know how much damage that's really... Like how much sand that's really throwing into the gears of the whole organization.

**0:09:26.2 KL:** Agreed. And I want to add something else while you're still at the top of this, about executives, maybe not even being clear of the decision, which was actually the burr in the saddle of Mike there, about the question of senior management decision. And because I do want us to tip into, so what does it do? What is the process and what does it do for us actually? What is it actually driving when we say it makes better decisions, but I want to share my experience with your executive story while we sit here at the cloud level is not only do you get the four different examples that you said, but I don't get when I go back that they've forgotten so much as when I say, well, here's what your peers said. They're like, "oh yeah, that too." So, what actually happens is not just that 20% aren't aligned, where I'm hoping this leads us in this technique and what I'm hoping my audience can hear, because this is the part I am after is what about the remaining 80? If I only had \$1, which one goes first and if I have \$80, do I get all 80? For me, it's about sequence and prioritization, which then drives sequencing, at least in terms of the management team. I'm not talking about project dependency level. I'm talking about managers learning to say, yes, that's good and yet we can't do it. And those of you who've worked in nonprofits or with government clients that are inherently mission focused, you know what I'm talking about? I'm going to be the government guy on the call.

**0:10:41.1 MH:** Their eyes are better than their stomachs. [chuckle]

**0:10:42.8 SE:** And it's not just government guys. So, there was a Dutch telephone company I spoke with a little while ago and I spoke to the PMO lead and just said, what's the problem? And he said, "well, we just can't say no to anything." And I said, "well, what does that mean?" He says, "well, everybody's running around like their hair's on fire. Everyone's really stressed out. And we have a really high absenteeism problem. And people are actually having nervous breakdowns or leaving the company because of this." And so, I kind of gave him the pitch and said, look, the world could be wonderful and rosy. And he said, great, let me go talk to the CIO about this, because this is really exciting. And when I went to follow up on him, I discovered that he'd got sick and he'd left. So, you know, I mean, I started off by talking about impact on the business, but the other angle is impact on the people, right? Mike, you're absolutely right. People know when they're working on a pup and there is nothing worse in my view than wasting human creativity. With human creativity, we can solve any problem you give us. But if you waste the creativity, it's not on. It's not on.

**0:11:48.2 KL:** And I find if we can't have an objective and I'm hoping that's where we're going, an objective ruler for understanding this, or at least one we all agree to, even if we're wrong, what I find is we get caught into discussions about the goodness of something. And generally speaking, often with our current methods of decision and having meetings and making decisions, all ideas are good ideas that the really obviously bad ones typically get flushed out. So, they're all good, but that's insufficient. The problem is of what you said, we're overwhelmed. And this is so imagine they're all aligned and they're good. Some are more gooder than others, right? And we all know it, but nobody wants to commit to it. And here's where it leads next. The second a leader says, "I hear what you're saying, but I think we can't do that now." And it's not based on something objective in

## The Beauty of AHP

some measure, it becomes a moral issue. What? You don't think it's good to have a quality management system? No, I didn't say that. And it's not just me mean it's... This is what you observe as the dialogue, when you're running this as a facilitator, rather than an objective analysis or an analyst.

**0:12:50.8 SE:** So, I don't know if anybody listening to this is a Gary Larson fan, all those really cool cartoons. And there's one of them where there's a dog sitting and there's the owner of the dog and the owner of the dog is saying, "Rover, sit. Rover, roll over. Rover, give me a paw." Right? The next image is what the dog hears, "Rover, blah, blah, blah. Rover, blah, blah, blah. Rover, blah, blah, blah." Right? That's what happens in these board meetings. So, the manufacturing guy stands up and says, "My project is fantastic because I can reduce the waste by 3% on this extremely technical and difficult project." Right? What's the sales guy hearing, "Blah, blah, blah. Blah, blah, blah." That's all he hears. So, when the VP of marketing is saying, "This is the most important project..." Sorry, when the VP of manufacturing says, "This is the most important project we can do," what actually goes through the head of the sales guy is, "This guy is insane." And we've seen leadership teams so dysfunctional that people will be hurling abuse, swearing at each other, storming out of rooms, because they just fundamentally disagree so much, and don't understand each other's point of view.

**0:13:58.3 SE:** So, what is AHP, right? If you go and Google it, you will find articles that talk about matrix maths and creating hierarchies and cross-scoring matrices and eigenvectors.

**0:14:12.3 KL:** I mean, it is in the title, hierarchy.

**0:14:16.0 SE:** Well, yeah...

[laughter]

**0:14:16.6 SE:** But that's not what AHP is.

**0:14:18.4 KL:** Tell us what AHP is?

**0:14:20.5 SE:** What AHP is, it's a method that lets you have a structured conversation between these people who are fundamentally not aligned and it lets you get them aligned. Fundamentally, that's it. Once you've done that, the rest is easy. You can take the business goals. You have a structured conversation; you turn them into a set of criteria that you weight. It sounds a lot like a weighted scoring spreadsheet 'cause that's... Conceptually that's exactly what it is. You take a bunch of criteria. You weigh them and you score projects. That's what it does, but it's how you do it that matters. It's how you take the leadership team on that journey that matters. It's the way you structure the conversation and the way that you give people an opportunity to share their knowledge and to learn from each other. And we... I did this recently with a large Canadian insurance company and the CEO came out of this workshop using the software, during the AHP piece, the structured conversation. And he just went, "Wow, we're having conversations we should have had years ago."

**0:15:19.9 MH:** Now, I got to tell AHP origin story, okay? So, I was in grad school like a long time ago, and I happened to go for that particular degree to George Washington University here in the Washington DC area. And I didn't know at the time that that's where some guy 20 or 30 years prior named Thomas Saaty had invented this thing called AHP and all the mathematical proofs behind it.

## The Beauty of AHP

And I didn't think much of it, right, 'cause I never really thought of myself as a decision science guy, but in order to get this degree, which was actually in IT systems, I had to take this decision science course. But then when I actually went through and had to do the project, I chose as my project buying a house because my wife and I had that dilemma, that we couldn't agree on what the priorities were. All we knew was we wanted to get out of the apartment we were in.

**0:16:04.0 SE:** Is that 'cause she was in it with you, Mike?

**0:16:06.6 MH:** Could well be. Maybe that was part of the unstated criteria. But anyway, we did what we thought was the logical thing. And we said, "Well, let's put down our... What's important to you and what's important to me, and let's come up with our combined set of criteria and then let's weight them. And then judge all the houses we see according to the weights and we'll come out with this numerical score that will give us the objective answer. And of course, you already know where this is going, Stuart. What happened was we were fine on all that until we saw that on this one particular house, it scored in her favor, and I didn't want it. Then I said, "Well, maybe the criteria weightings for these things weren't really what we agreed to. If we weight them a bit differently, it would have come out with a different answer, which is the answer I wanted. And then of course the same thing would happen when I found a house I liked and she thought, you know, maybe... Maybe if we tweak the criteria weightings a bit, we could have had a different outcome. So, who's to say that the walkability score should be a 30% or a 22.6% or whatever. And it just all kind of broke down. And luckily, I had this class that required us to use AHP and we applied it to our house buying process and we actually found a house that we agreed on and raised our family in.

**0:17:12.6 SE:** Yay.

[laughter]

**0:17:14.1 SE:** Absolutely beautiful. And that's it. It's not about... So too many decisions. And this is not just something that applies to Mike buying a house, but applies to company governance. It applies to project governance. It applies to selecting vendors. You know, are you putting a new CRM system, which CRM system should we buy? It applies to coming up with government policy at every level, right? You have this problem of how do we make a decision. And very often what you end up in is this sort of unstated adversarial position where I have my kind of embedded assumptions and you've got your embedded assumptions. And those are embedded assumptions, right? That walkability is more important than commute to town or is more important than having a big yard, right? These embedded assumptions with different people cause us to fixate on different outcomes. So, house one versus house two or project one versus project two in project prioritization. And then people kind of say, "Well, if that's the project that's best for my outcomes, I'm going to advocate for that. So, the project prioritization process suddenly becomes... Is like King Kong and Godzilla going for it, right? It's the big beasts coming together and I want this project and no I want this project and only one of two things is going to happen, either he who shouts loudest is going to win or they'll say, "Tell you what, let's do them both."

**0:18:37.0 MH:** They'll split the resources 50-50 and make both of them go as slow as possible.

**0:18:40.9 SE:** And yeah, exactly. Neither of those is a good outcome, right? So.

**0:18:45.1 KL:** Well, I'm curious for us to talk a little bit how to actually do it. Because... Or what it

## The Beauty of AHP

drives for us then. So, let's demystify it for people, because one of the things that I can wait till the end to say, or I can say it now, decision-making processes as individuals, there's some... I don't have the studies in front of me, but there's some evidence that we actually intuitively make decisions and then analytically prove them after the fact. And this happens at a split second in your brain.

**0:19:09.2 KL:** You decide whether you like the dog or not, then you come up with the reasons why you should like that dog. And then you are adamant about it, the more people press you want it about how right you were to begin with. I've observed, if they understand the framework, they know how to score against the weighted structure. I've tried to strip off the scoring separately. You have people score, but then when you go to have them help weight, they know what they're scoring, and so they emphasize the weighting. As we can all game a system when we learn the system, because we all think that way. And there's some evidence again, and I believe I have seen it at the group level that we select first and justify later using an analytical process. So I am now with my listeners, 20 minutes into this wanting, so what is this analytical process that will take away my biases, intuitions, given that I've collaborated properly?

**0:19:56.7 SE:** So, let me throw out one little experiment just to underscore what you just said. So, there was a very elegant... Couple of psychologists went off and learned sleight of hand magic so that they could do this experiment. Really cool experiment. So, it uses a technique called black on black. So, imagine a black card table covered in black felt. And on one side of the table, you've got the experimenter, and on the other side of the table, you've got the subject. And on the table, you've got two face down cards. And the experimenter lifts up the cards and shows them to the subject. Each card has a face on it. And the question is, which face do you like the best? And so, they'll say left hand, right hand, whichever it is. So, let's say it's right hand. They select the right-hand card. The experimenter puts the cards down, and then this is where the sleight of hand comes in.

**0:20:44.7 SE:** He slides across the card... In fact, each card is two cards. Okay? The bottom card is the one that the guy just saw and the bottom card has a black back. And what he does is he slides across the top card. So, they don't notice that there was another card there 'cause it's black on black. So, they slide across the other card, which is in fact the face that was in the left hand. And so, they say, okay, how did you feel about that? So that was good. Yeah. Yeah. I had a really clear feeling that that was the one that I preferred. He said, well, just pick it up, take a look at it, and then explain to me why you picked that card? 80% of the time, they would pick it up, not realize they've been given the wrong card and they would justify why they picked the card they didn't pick. Humans are decision making disasters.

**0:21:29.9 KL:** I think it is also worth noting, which is that people will agree with the group too when they know better. They'll say, I know this is the right decision, but everyone else literally says that color is green. So, I guess it's green.

**0:21:44.2 SE:** Yeah. The classic one is the Asch experiment where they did exactly that. It wasn't colors. They had a panel of people and there would be one person who is a subject and the rest were stooges. Right? They were actors. And they would show them cards with two lines on and they'd say which line's longer. And so, the first time the subject would say line B, because line B was longer, but everyone else would say line D and he'd be looking around going, I don't get this, so they'd do it again. And they would ask the first stooge and he'd say line A and then the subject would say line B. And then the next stooge would say, line A line A. And the guy'd be looking at him going, that's not right. After four or five cards stooge A would say line C. It would be a long

pause, and then the subject would say, line C.

**0:22:29.6 SE:** They knew line C was not the answer, but they would go with it. So, there are all these kind of biases and influences and things like that. And they are all pushing and pulling your executives. They're pushing and pulling your subject matter experts who are going to score your projects. And really what AHP is doing is it's helping nullify a lot of those biases. So, for example, here's the weighting criteria. So, first of all, I'm going to ask everybody, if you're near a window, look out a window, find a tree if you can, if you live somewhere with a tree. And just take a look at that tree and write down or make a note mentally how tall you think that tree is. Okay. I'll just give you a couple of seconds to do that.

**0:23:09.2 SE:** Now I'm going to make a prediction. I'm going to predict that everyone who just estimated the height of a tree, unless you are a trained lumberjack, you are wrong. Human beings are not good at making an estimate of how big or small something is. So, if you ask somebody, what weight should we put on a criterion? They're going to give you a number. And they will even justify that number. Remember the photograph experiment we talked about earlier, they will even justify that number. But that number is almost meaningless. So, what we can do... Again, if you live somewhere with trees, look out and pick two trees. Now, tell me which one is taller. So, I'm now making a prediction that every single person got that right. It's really hard to get the height of the tree right or the weighting of the criteria right, but you know which one's taller. And so, it turns out the psychology research tells us that humans are much better at making these relative judgments than we are at making an absolute guess of the weighting of a criteria.

**0:24:06.6 MH:** One is I'll take that even further Stuart and say, we probably will get close in saying how much taller? Like, is it twice as tall, three times taller or only marginally taller? Even if it's not precise, it'll be probably close. And then I never made this connection till just now, but the whole movement in project management of trying to do relative size estimation, to estimate task level complexity, and therefore maybe resourcing and duration and all those things that we PMs think we know well, often is much more effective than absolute time estimation. Like this task will take 42.3 days. The absolute time estimates, unless we've done that exact same task about 52 times, we're much better at making the relative size estimations than we are at the absolute. So, I just hadn't made the connection that that ties right into AHP as well.

**0:24:51.8 SE:** 100%. Absolutely.

**0:24:52.7 KL:** So, there's going to be a method that allows us to do multiple comparisons and the comparisons is going to drive the relative weighting.

**0:25:00.4 SE:** So, what we'll do... The first step, if you remember, was to take your strategic goals, whether you're in government or in a for-profit organization, you've got goals that you're trying to achieve with the leadership to team. You're going to take those and you're going to do this pair wise comparison thing. And you're going to say, is it more important for us to expand geographically or improve our margins? Because we can probably do one or the other, or we can do them to different degrees. Is it more important to expand geographically or grow our margins? And is it a little bit more important or is it a lot more important? And Mike, to your point about you can say whether the tree is a little bit taller or a lot taller, you can make that judgement really easily. So AHP takes that and it formalizes that process. So, there's a bunch of matrix maths on the back end that you don't need to know about.



**0:25:46.5 SE:** But there's a bunch of matrix maths on the backend that helps us take all of those little judgments where you're comparing all the different combinations and it figures out what's the best fit to that data. If I say B is twice as big as A. C is twice as big as B, I know that C is four times bigger than A. So, what you're looking to do is find the best fit to that data, and there's a bunch of stuff about helping people identify when they're being inconsistent, 'cause we are inconsistent, we're human, we're big bags of mush. So, we're not robots, we are inconsistent, and AHP helps you structure that conversation in a way that not only am I reducing my own personal biases and noise, but we're doing it as a team, so when I say, is criteria A or B more important?

**0:26:30.6 SE:** And by how much? I put my vote, but then all the peers around me also place a vote, but I can't see them voting, so there's no follow me leader, there's none of that politics kicks in. Each person votes blind, so they're voting independently, and then you reveal the votes and magic happens. I'll give you a real example. When we did this for ourselves about a year or so ago, we were doing some sort of strategic roadmap planning, and we're a small company, so we just had the whole company join in this exercise, and there were a couple of questions where everyone in the company said that criteria A was more important. And there was one person, one of our more junior people, just one of them, who said that criteria B was more important, and so that gives a chance to say, "Can you explain your point of view?" And by the time she had finished speaking, every single vote had moved from A to B because she'd spotted something that everyone else had missed, that is powerful. And it lets your leadership team listen to each other...

**0:27:29.8 MH:** Her opinion, how she did the relative weightings, of course was different than mine, and that's normal. And so the big thing for me, Stewart, that I wasn't able to articulate in my own brain until I met you, and you helped me clarify this, was it channeled the subjective opinions that are valid from the different perspectives that exist on the decision-making team, which in my case was just my wife and me, in a way that makes sure you're both heard, and that arrives at a decision that even if it's not the best from either one of your points of view, it absolutely is the best for the organization.

**0:28:00.0 SE:** Absolutely...

**0:28:01.3 KL:** It's an optimizing function rather than a maximizing in the sense that it's not that you got the most out of it, it's that between all the different voices, it's the one that fits the data best.

**0:28:10.7 SE:** I come back to your first question, Kendall, and it was so insightful. Absolutely, congratulations on asking it, how do you measure success? And the whole point is that value in an organization is not an objective thing, it doesn't exist. It is by very nature subjective.

**0:28:27.9 MH:** Or I like to say, in the eye of the beholder and changing constantly.

**0:28:30.3 KL:** I was going to say... You don't know about it until after the fact anyway.

**0:28:37.3 SE:** And what we find when you go through this process, people realize that they're being inconsistent, people discover that there are other things that are important, and when they buy into this, what you get at the end of it is a set of weighted criteria. And then you can go on and you can score projects against those weighted criteria and make your whole process data-driven, but the key thing is that the leadership team at that point understand the trade-offs that they're making. They

## The Beauty of AHP

understand how my view isn't the only valid view, and we need to find something in between if we're all going to live and move forward together.

**0:29:08.1 KL:** It seems to me that we could apply this at multiple if we want to go with layers, layers of the organization, what is the strategy to begin with? And now that we know what the strategy is, what are the projects to begin with, and then what are the key attributes of this project that I want or why... Or to get kind of weird, like Mike, it could be, should we buy rent or go live in a tent? In theory it could have been a question, not just about what kind of house, but the nature of housing itself. Is this about defining the question to begin with?

**0:29:34.8 SE:** Yeah, that's a part of it. My personal journey to this, by the way, is kind of several strands that all, kind of, ended up in a great big Gordian knot. So, one strand was just, I've been in software businesses for decades, and a couple of those businesses have been about data, about reporting and data mining and things like that, and the whole proposition there is that, "Hey, we give you amazing data so you can make great decisions," and one thing I noticed was that we gave them amazing data and they made really bad decisions. And I couldn't get my head around it. How can you be making bad decisions? You've got great data. And so, then I was introduced to one of my co-founders, one of whom taught Decision Science, and he explained to me that the reason that they made really dumb decisions was in fact that they're human, and that there was... There's body of research that told us what we could do about it. And that was the start, that was when we sat up and went, "Oh, so we can fix this." So that's one strand coming in, the other strand is kind of my introduction to project land, I'd never done a project until 20, 20-ish, 25 years ago, when I ended up with effectively the P&L responsibility for the two biggest accounts, two huge telcos, big global telcos. And I don't know what they were thinking giving it to me, 'cause I knew nothing about telephony, I knew nothing about billing, and I certainly didn't know anything about project management.

**0:31:00.0 SE:** So, there you go. That was a good decision. So before I joined, they'd closed a deal with this big telco, one of these big telcos, and when the project manager on our side realized that I had absolutely no idea, no clue whatsoever, I'd never been involved in a major project in my life, he said, "Well, you do have P&L responsibility, you're responsible for the customer, you should come along to the kick off, but don't, whatever you do, say anything, 'cause you'll mess it up for us." So, we flew to the customer and everybody's there in the room for the kick-off meeting, and the project manager on the customer side stood up and sort of went, "Dearly beloved, we are gathered here today to implement a billing system," and instantly my hand went up. My project manager's looking at me going, and he's mouthing, "Shut up. Shut up." And the guy looks to me, he said, "Yes Stewart?" I said, "We're not here to implement a billing system, are we?" He said, "what do you mean? We're paying you \$13 million," or whatever the number was, it was some big number. "We're paying for a new billing system," I said, "Yeah, but that's not what we're here to do. We're here to grow revenue, aren't we? We're here to win you new customers, aren't we?"

**0:32:01.7 SE:** And so, there was this realization that there was a mismatch between the way that people think about projects and the intent of those projects, the strategy of the organization, the goals of the organization. And when you put those two together, you very quickly end up at project prioritization, as being kind of the absolute lever in any portfolio projects. As a PMO leader, if you want to have big impact, do one thing that's going to have a huge impact, sort project prioritization because it affects your ability to execute projects, allocate resources. It affects, directly, the value you're going to deliver to the organization. Remember that 20% waste we talked about earlier on. It

## The Beauty of AHP

has a huge impact, and it's something that you can do quickly using quite a small team. You don't have to retrain 200 project managers to use new tools and new methodologies over a two-year period, you can do it in a month or two. Mike, you've just been through it. In a month or two.

**0:32:58.8 MH:** Yeah, yeah, we did that project together where they had a decent process, they had a relatively cohesive board along with the cohesive leadership team, but they were still making bad decisions and they knew it just by applying these processes, they learned all sorts of things about just how bad and just where they took the wrong turn and then how we could take a better turn.

**0:33:18.7 SE:** So, it impacts your flow. If you're trying to do too many projects, your flow rate goes down. Your project delivery flow rate goes down. If you're doing the wrong projects, you're not delivering maximum value that you could be, if you don't clearly understand which project has priority, you're going to allocate resources to the wrong projects.

**0:33:37.3 MH:** If I feel like my project was incorrectly not chosen because of some back room politicking that my adversary who's supposed to be my peer, but suddenly he feels... He or she feels more like an adversary now because they manipulated the system to get their objective met, which cost me mine, and I also believe it cost the organization, so now there's bad blood and now all these things like, well, how might I manipulate the system next time to make sure that doesn't happen to me again, but now we've got all the back room politicking and manipulations and leadership team cohesion will rapidly drop through the floor.

**0:34:12.5 SE:** And it really does. And you see totally... We've seen executives literally screaming at each other, we've seen executives leave the meeting and when the project manager comes along to the disgruntled executive says, oh, I need one of your resources as a subject matter expert. Well sit there and look out for one.

**0:34:29.1 MH:** Yeah, when hell freezes over.

**0:34:30.1 SE:** Well, no, they'll sit there and they'll think about it for a few minutes, and then they'll give them the most disruptive, unconnected, unknowledgeable person that they can find.

**0:34:38.4 KL:** I'll give an example that I experienced that listeners might be familiar with. I didn't do the AHP process, 'cause I don't have the math chops to pull off all the parts to it, and I didn't go to a company with the software for it, but my goal was to do weighting and scoring through a series of independent bidding and then collective discussions, highlighting variation, 10 of you are thinking this, three of you said this, why? And invariably, just heads up to everyone, you'll find out that one of the people is like, oh, I misread the question, but sometimes and you're looking for it, I just built it as a heat map, where are we seeing variation and let us as peers have that conversation, that was the process. So, I kind of used a knock-off version of yours, and I do it using resource constraint, the classic one to do live in a room is here are your pieces of chocolate and here's the card with the decisions, stack your chocolate pieces. Where would you like to put your chocolate to eat later? And you get people to put it out there, a voting system.

**0:35:34.1 SE:** So, there was a famous decision scientist, he said, that's certainly better than a chimp throwing darts at a dartboard, but that doesn't mean it's good.

**0:35:43.0 KL:** Hold on a second. Here's how my client asked for a solution. They did not say we

## The Beauty of AHP

need good decisions, they said, we have a decision process that's not repeatable, it has that backroom dealing, so what we want to solve for is we need something that is transparent, but more fair. They're like, "We want it to be fair."

**0:36:01.0 SE:** Exactly.

**0:36:01.5 KL:** And I kept asking, what does fair mean? Like, I get valued and all this, but what does it mean to be fair? And it's about the fact that a leadership team wanted to make sure that they had all equal voice, that they knew what the system was, 'cause of course what they were getting was whoever called the boss last at night, most urgently, magically somehow had all the throw weight in the room the next day. And that's a little unfair to them, but we all experience this, right, whoever influences us last or whoever is loudest, all those things they wanted fairness, and I'm thinking your process helps me with fairness.

**0:36:38.0 SE:** 100%. I want to make it something else. Actually, so what you just said was really useful. Thank you for saying that, Kendall, because there is a right way to do it, but very often what we find is that the leadership team isn't ready for that. I had a conversation just yesterday with a PMO leader who said, Stuart I'm trying to get them to pay attention to prioritization because I can't execute anything because I don't know what's important, so that was his pain, was I can't execute 'cause I don't know what to execute, everybody is shouting at me, and there's just so much noise I don't know what's important. So, he's trying to get the leadership team to execute and they're just kind of saying, "do everything, you can do everything," so there is a place for your chocolate coins, which is to give them a way to understand that actually it is important, because at the end of that I bet they felt a lot better about the decision that was made than they did when they were just arguing about it.

**0:37:32.0 KL:** I will say this to the idea of saying you have a resource constraint on your voting rather than what is the weight, you only have 100 weights and I don't know what your position is just start weighting for a reason, and we went to weighting characteristics as well, which is why I didn't really get into the idea 'cause I was just weighting the outcome not the characteristics about the outcomes, but having said that, what happened was the things you guys have already described, and I highlight that I think this is a good approach for people, because it was in a group, one thing is that you can drive averages, which kind of gives you a wrong answer, but it gives you an answer of discussion that takes out some random variation, it triggers the conversation, which is what you found, somebody could sway other people because they get expression, which allows you to have more information. That's the analytical value. The human value is humans get a voice, everybody got a voice because you do it in two different methods, you do it in a closed method.

**0:38:25.6 SE:** Exactly.

**0:38:25.9 KL:** You do it in an open method, so people are having a voice and you're getting better information.

**0:38:32.0 SE:** I think so.

**0:38:32.1 KL:** And I think that was very valuable to this team as a function of team building frankly, or team cohesion, I should say, maybe. And so, I found that that was very helpful in understanding, exposing the process, and then you had mentioned at the top of our discussion here,

## The Beauty of AHP

buy-in matters because people have to execute because that felt good, they felt like they could give buy-in to the process for the downstream action.

**0:38:52.8 MH:** And the reason that felt good is because I felt heard.

**0:38:57.2 SE:** That's... That's exactly it. I felt heard.

**0:39:00.6 MH:** My pet project didn't get picked in the end. My voice was heard, but now I'm more likely to say, I understand I'm part of a team. I don't always get my way. I'm not a one-man business. So, I will gladly defer to the judgment of the group, given that I know my voice was heard.

**0:39:13.7 SE:** Well, let me tell you why that was so difficult. If you put together a scoring model in a spreadsheet, right? Here's how the meeting goes. You put your criteria on the whiteboard and you say criteria, number one, guys, what weight should we give it? And the CEO sits back and says, 23.7%, two problems, we've talked about one of them earlier, right? Which is that 23.7% doesn't really mean anything.

**0:39:33.5 KL:** It's anchoring.

**0:39:34.4 SE:** It is anchoring, we'll come back to that idea in a minute. Problem number two, is that now everyone around the table, isn't thinking what should the number be? They're thinking, "Oh, I've not had enough coffee today. I'm not going to take the boss on right now. I disagree with that number, but I'm just not ready for a fight." So, you go onto criteria two, same thing happens. Criteria three, same thing happens, right? So, you get to the end of the meeting. And there's only one thing that everyone agrees on with a possible exception of the CEO, but nobody ever says it, which is that the model we just built is wrong. I know it's wrong because I disagreed with every component in it. Are we surprised that there's backsliding when they just fundamentally know the model's wrong? No, I'm not surprised by that. And AHP fixes that because it gives them a voice. It gives them structure and they walk away really owning that model, understanding it, knowing where it came from, understanding the tradeoffs that went into it and owning that model. And that really is kind of the foundation of the whole thing. So, I'm not surprised that it was a struggle with a spreadsheet.

**0:40:32.0 KL:** No, I got past that. What happens is even, I think in AHP, I'm going to venture that there's a human tendency to say, what have we rocked.

**0:40:39.0 SE:** Sometimes.

**0:40:39.6 KL:** Wait a second. And one of the things I did use based on my coaching experience is you have them self-validate. Now we're done with all the modeling and talking for weeks and weeks and weeks. Just a quick question, what does this mean to you? Somebody was saying that what we mostly care about are things that are really high value and everybody heard what that person said and went, "Right. Yes. That's exactly what we're saying."

**0:41:00.1 SE:** And in fact, you can go a step further than that, right? So, you're absolutely right there. And you can go a step further because that scoring model you've created is actually probably the most concrete way that anyone in the room has ever seen of expressing their corporate strategy.

## The Beauty of AHP

So, you can use that and publish that to the rest of the organization and use it to challenge people to come up with better change programs, better projects, better ideas. So, if you go to the organization, as most organizations will open bidding season, right, you get to come and bid your projects. So, you'll get this ragtag bunch of knee jerk projects, political projects, pet projects, all this kind of dross flowing into the pipeline.

**0:41:43.2 SE:** Instead of just saying, you know, bring out your dad as Monte Python once said, right? So, imagine a different scenario where you go to people and you say, right, we've got these five strategic drivers and these three are the most important ones. So, we want every team to put your thinking caps on and bring us three ideas. Every team, three ideas, that'll move the needle on these three things that we really care about. Suddenly you've got much better quality of ideas coming into the pipeline, right. And that matters as well. So, you're absolutely spot on that, interpreting that weighted criteria just weighted criteria. But actually, what they mean is that this is my strategy. We are saying that it is more important for us to go and build business in Europe than it is to defend sales in Guatemala.

**0:42:30.1 KL:** Let's go through this a little bit here. So, it's a method of looking at some force comparisons. It is meant to be comparative rather than absolute, you do it across force pairs A to B, A to C, A to D, B to C, B to D, C to D. Everybody participates in that. And there's a method for bringing the voice of everyone together to get those things. There's some math that has to do with the matrix when you're doing it formally, which is where your software company and others come in and it produces something we can all agree to, if we frame the problem correctly. Right?

**0:43:01.1 SE:** Right.

**0:43:02.0 KL:** So interestingly is, I think you're talking about being able to compare things that are not always the same. So, one of its powers must be able to do this broad comparison.

**0:43:10.7 SE:** Yeah. So, one of the really cool things about AHP is that it gives you a very rigorous way to combine a measure, not just objective things, but subjective things as well. And that's really important. So, if you imagine a government department that is delivering services to the homeless, and we actually supported a European government in exactly that use case, they're trying to figure out, is it more important for us to deliver or how do we deliver value for money? And it comes down to, well, some of those things are hard data. How many people are sleeping on the street? That's hard data, that's objective. And some of it is subjective. What's the quality of life for those people. If they're living on the street, can we improve the quality of life? That's subjective, that's a subjective measure. And so AHP gives you a rigorous way to combine those two types of data. And it's so easy to get it wrong if you try and do that in a spreadsheet, there's lots of rules that you got to follow to make that work. And then they're all baked into AHP when it's done well.

**0:44:12.9 KL:** I like your comment too on objective, there was not necessarily monetized. We often get stuck at, is it a cost savings or can I even show the value in dollar return? You can try and convert a lot of things, but you end up really having to twist and turn and squint a lot sometimes just to be able to use the one yard stick we have, which is the value or rather the normal cost accounting department. And so, I like your point that objective doesn't necessarily mean monetize.

**0:44:36.9 SE:** So, here's a nice little metaphor, Kendall to think about that, right? So, I trained a million years ago as a physicist, and I like to think I'm recovering fairly well, but you know, you

## The Beauty of AHP

can be the judge of that. So, in physics you have two different kinds of numbers if you like, you have scalars, it's just a number, right? 1, 2, 3, 4, 5, and you have things called vectors. So, vectors have a size, but they also have a direction. So, money is a scalars. It's just a number. It has no direction at all, but strategic intent has a size, but also a direction. And so, if you...

**0:45:12.2 SE:** And there's a little video. I got really frustrated with someone one day. I was at a conference. I got really frustrated with someone one day and stormed off and made this video. And so, what I did was I drew a whole bunch of arrows, just random arrows on post-it notes. And then I went and I put a starting point in the middle of the table and I put the camera above and I put the longest arrow at the starting point. It happened to be pointing sideways. Then I put the next longest arrow at the end of it. It happened to be pointing downwards. So, then we've gone to the right and we've gone down. And then the next arrow pointed upwards. So, we went up a bit and so on, right? So, each arrow was adding a financial money benefit, but in terms of the direction that we were going, we actually ended up exactly where we started. We ended up more or less in the middle of the page. So, we did all of this activity and we did get some financial benefits. Don't get me wrong. That's useful, right? But strategically, we didn't move forward at all. And that's the difference. It's not just money. We're trying to achieve goals that aren't always financial goals. And if you're in government, they're almost never financial goals.

**0:46:19.2 KL:** My question back to you is kind of the opening one that based on your experience as a consultant with this and people thinking about how they might engage with this is how do you know those are better decisions? Is there any study or understanding? There are many management methodologies, many decision methods. Why should someone struggle with this? Why? What do we know about this?

**0:46:38.3 SE:** So, number one, there's an implicit assumption that this is somehow harder or more difficult or more onerous than not doing it. And I would argue... So, generally, we've got one customer and they talk about how they now make these decisions 10 times faster. It's easier. It's quicker because you have a good framework for doing it, right? So, you don't spend, you don't get into that endless cycles of horse trading and everything else. So, let's set that aside. The evidence, 2017 University of New South Wales did a study where they looked at the last couple of decades of research into project prioritization. And they looked at over a 100 different methodologies for doing prioritization in large organizations. And what they discovered is that there were only two of those methodologies that actually delivered the goods that were 'suitable' was the word that they used. One of them was something called DEA, Data Envelopment Analysis and the other was AHP, Analytic Hierarchy Process. DEA is really difficult. It really is difficult. You really want your PhDs working on that one.

**0:47:38.4 SE:** AHP, conceptually is dead easy and with good software, it's pretty easy to implement. And there's actually lots of research papers on how to do it right and how effective it is and case studies on if you do it this way, it works better than doing it that way. And in as far as we can, we've kind of built all of that stuff into the product as well, right down to the level of you would think that just scoring projects against a scale... So, you've got your criteria and you're going to score a project against a scale, you'd think that was really simple and obvious. And actually, it's not, right? It's really noisy and messy. And so, we've even built-in capabilities there using a different better decision science, something called Delphi, to help really clean up that data, to really clean up that input. So again, it's come right full circle to the beginning of this conversation. But the reason we confidently say it works is because it's built on the research into what actually does work.

## The Beauty of AHP

**0:48:32.6 KL:** A question for you on this and an additional one. It is analytical. What makes it a hierarchy? Where does hierarchy come into this concept of the comparison, and we've talked about sharing to get the data? Why hierarchy?

**0:48:43.8 SE:** So, imagine you write down four criteria for your business, right? You're probably going to have something about strategic fit, finance, an IT portfolio, and risk. So those are your four criteria. Wonderful. Now, you are requesting a project. And one of the questions that I have to score your project is does it support our strategic direction? What's your answer?

**0:49:07.6 KL:** Somewhat.

**0:49:08.9 Announcer:** Really? You're very unusual 'cause most people say absolutely darn tootin' it does.

**0:49:14.4 KL:** Well, it's on some scale.

**0:49:15.6 SE:** Well, even with a scale, most people will say, of course it does.

**0:49:19.8 KL:** Muchly.

**0:49:20.8 SE:** Muchly. [chuckle] The moral of that is that does it fit with your corporate strategy? Is it too high level? So, the hierarchy is that we break that down into sub-criteria, right? So, then you say, "Okay, our strategy means... Alignment with strategy means making our customers happy or whatever it may be." So, you... And that's where the hierarchy comes from.

**0:49:40.2 KL:** Are the four equally weighted at the top? Or do we typically say, "No, you could weight those four that you mentioned."

**0:49:45.3 SE:** Yeah, you would.

**0:49:45.4 KL:** So those are weighted there and then they have subsets and those...

**0:49:48.6 SE:** You got it.

**0:49:50.1 KL:** Are the subsets weighted amongst each other?

**0:49:50.8 SE:** Yup. Down each branch of a tree, you weight it within that branch of the tree.

**0:49:54.1 KL:** We might have like 16 criteria ultimately that feed back up to the four things that we thought were important around it.

**0:50:01.3 SE:** You got it.

**0:50:01.8 KL:** That's the hierarchy aspect?

**0:50:03.3 SE:** That's the hierarchy aspect. Absolutely. So, it's...



## The Beauty of AHP

**0:50:05.7 KL:** And that could be hidden from everyone, hidden meaning you don't have to work it all the time. You could break that down and then now you just have your final... Number.

**0:50:12.1 SE:** You got it.

**0:50:12.6 KL:** Your final...

**0:50:14.2 SE:** And what...

**0:50:14.8 MH:** And back to the analogy of my wife and I buying the house, we had something like quality of the neighborhood. I was like, "Well, what does that mean?" Well, crime rate maybe was one, whether there was an open play area for children nearby but might have been another. And so, until we broke it down into those sort of specifics that mattered to us, the quality of the neighborhood is too vague.

**0:50:33.6 SE:** And related to that, different people hold the knowledge in these different areas, right? So, the marketing people know about marketing stuff and the engineering people know about engineering stuff. So, it let's you break up who's scoring projects against what. And going back to your house, Mike, right, if one of your criteria is how many bedrooms, you don't need to estimate how many bedrooms there are, you just look on the floor plan, right? It's a piece of data, it's right there. If you want to know about the neighborhood, then you would probably get your friends. Some of the neighbors, you, your wife, you'd all get together and you'd figure out, you'd... 'Cause that's subjective. So, you'd... You'd have this noisy little discussion and then you'd come up with an answer. So again, that's one way that you would score projects, is stuff that's fuzzy. You have a bunch of people talk about it, and you'd come up with a good answer. Other things you might use a model, right? So, in the house example, how long is it going to take me to drive to work? I don't need to be... Get all subjective about that. I just bang it into Google Maps and it tells me how long it's going to take to get to work. So... And it's the same thing in a business. There are some things, what impact is this going to have on customer satisfaction? Who knows.

**0:51:43.3 SE:** So, let's get some experts around the table and get them all to estimate it and have kind of wisdom of the crowd thing happening. It works, but if it's a finance thing, maybe you build a model, an NPV model or something that feeds it. So, it's expert knowledge going in at the right places, combined with the executive level criteria, that gets you better data.

**0:52:04.0 KL:** So, from my perspective then that's kind of the summary value of all this is that it's transparent, meaning it's observable by everyone who's participating in it. There's a little bit of... There's some black bath math, but the point is our commitment to it, our understanding of it is transparent. It is an abstract thing rather than somebody saying this is the actual tool you have to use, it is abstract and therefore it's standard... Standardized, which creates the sense of fairness. It's broad in the sense of what you just said about bringing in the experts. You literally get more information in the process of perhaps running those group meetings well, for the part that's group-y, some of it I know is individual and some of it can be done as a group or reflected on as a group, allows you to get more and better information. It drives cooperation on the team itself, if you want a team to work together, this is work that they will be doing.

**0:52:51.5 KL:** You talked about buy-in for improved execution of what do we do, which is ultimately all of that leads to improved outcomes based on whatever you said was the important

## The Beauty of AHP

outcomes... With 'you' meaning the organizations will is to its outcomes, like those are all the multiple pieces we get to that, and then I want to add one more from a business perspective, I've put on the money hat, it's reusable because if it's what we say matters around here, I can use it for any set of decisions that are related to what matters around here, use of resources, management of risk. I could see how it might be a stretch, but I can see how I can use it in communications planning, determining what themes matter. If someone asks... Well, I want to make sure we're getting this out, I'd say, Let's use this executive team's decision indices here and go like, does this thing hit any of the things that matter around here?

**0:53:44.5 SE:** So, we've been talking about portfolio governance up to now, project prioritization as a piece of portfolio governance, but then you get to project governance right, decision-making in a project. So, we had one customer with one of the Big Five accounting guys we work with down in Australia, where the project was quite a big project. It was a \$4.5 billion airport that they were building, and the decision was: Where are we going to put the airport? So, as you can imagine the different stakeholders in that, the environmental groups, business groups, local residents, you could just keep going on with stakeholder groups, they really didn't like each other, and you put them in a room and you... Just be fire and sparks flying all over the place, right? So, I asked this guy, what's your normal process for making these decisions? And he said, well, what we do is we have a nine-month consultation period during which nothing converges, and so we then pull three people into a meeting room for 10 minutes, we make a decision, we announce it, then we get sued. So that sounds like an awful lot of risk and delay that you've just injected into your project.

**0:54:47.5 SE:** Using this methodology, using this AHP tool that we have, what actually happened was they used our tool, so they went through the structured process, so they didn't talk at all about where we're going to put the airport. They had a very structured conversation about: Is it more important to save the lesser spotted wombat, or to take care of indigenous remains or to generate jobs? And so, the person who really cared about the environment had to listen and take on board the point of view of the mother whose three sons couldn't get jobs, and she kind of went: Oh yeah, it's not just the wombat that matters, right? So, by the end of that session, they basically had the rules by which they could make the decision, and then just a little bit of data collection and they had the decision and there was no lawsuit, there was no delay. The decision-making layer is absolutely key to unlocking the rest of that potential success, and the best organizations that do this, they don't achieve 60% project success rates, they achieve consistently above 90% project success rates, okay? And it's all about that governance layer. Everybody does project management, it's not rocket science, it's not innovative, but the thing that people miss out is this governance layer, whether it's at the portfolio level, the project level, the decision-making that is just missing.

**0:56:07.2 KL:** So AHP is a tool for the governance layer. So, reflecting on your career and how you've used it before, what was the most telling moment? What's the biggest a-ha you had where people could hear and know a story where this use really mattered in something you were doing? When you really feel like that was your pinnacle of this.

**0:56:24.5 SE:** Good question. So, it was a government client actually, and the PMO leader had done a really super job of defining criteria that everybody bought into. She'd done a really good job. She'd put those into a spreadsheet, they'd weighted them, and the meeting went pretty much as we talked about earlier on. So they'd weighted them, they'd scored the projects against the criteria, they'd even got to the level where they understood the change impact on different teams, and making sure that they didn't crush any particular team with too much change at any one time, they'd

## The Beauty of AHP

done a really good job of building this and then turning into some lovely slides that the executives could use to pick projects, but they still ended up with 20% of the resources being spent on what were really clearly pet projects that were sponsored by... They call it the commissioner, it's the head of the government department in Australia. So, these pet projects were sponsored by the commissioner, the rest of the executive team had been trying to kill those projects for three planning cycles and failed. So, he was pretty entrenched in his view, and they always... And they always ended up with a commitment of about 30% more work to do than they had resources to deliver it. So, if you want to guarantee failure, you do that.

**0:57:33.6 SE:** So, they have these two really huge problems: The PMO lead contacted us about a week, a week and a half before the big meeting, whether we're going to select projects, so they had their spreadsheet already. And so, what we did was we said: Okay, let's just suck that data. We're not going to change your data, we're not going to change the criteria, we're not going to change anything. The only thing we're going to do is we're going to have the leadership team go through that AHP process, go through that criteria waiting process, so that they listen to each other, they learn from each other, and we build buy-in to the scoring model. And then of course, as soon as they'd done that they could see all the charts and everything and make their decision. The first thing that happened was the commissioner killed his own pet projects, he realized he could see on the chart really clearly, the project was actually where it had been in the previous three meetings on the chart, but this time he believed it. So that was the first thing that happened, and the second thing that happened was that they then started building the portfolio, and when the bucket was full, they put the lid on and moved forward, right? Rather than piling more stuff in.

**0:58:34.1 SE:** Now, for me, that was amazing because the data didn't change underneath it. The criteria didn't change. The only difference was that they went through that AHP process. And that was where I went from someone who kind of understood it from reading literature to fully grokking it. And if you're a sci-fi fan, you'll know the word grokking. To really understand, feel it and really understand it in your bones. That was the moment that I grokked it for the first time.

**0:59:02.2 KL:** Well, I will be back to you on resources in here in just a second. Mike, what's your take on this? You introduced this to me a while ago, as a way to help think through some decision-making and working with clients. And I really appreciated it and I got to start learning something about it without doing the software side. You apparently got to use it to do something important, like select a house. What's been your experience with it? What are your caveats, extensions of it? Where do you see this conversation from here, looking forward?

**0:59:26.3 MH:** So, we... I think we've covered well, a lot of the benefits, a lot of the scenarios that generate a lot of the pain and angst that many of us have had lots of experience with. But if I were to sum it all up in one word, I would say it lends the necessary focus. Because without that focus, we do split resources between all the different teams, so that at least nobody can accuse us of being unfair. But we've actually been grossly unfair to the performance of the whole organization, which is our primary responsibility, or at least it should be. And so, this whole notion of where to focus or as Stuart likes to remind me, "More importantly, Mike, where not to focus." It's much harder to say no than it is to say yes. So, figuring out what to say no to, or at least the not yet. So that we can focus on the things that absolutely call for our full organizational attention right now. That's a very difficult thing for most organizations to achieve, just that focus question. And so just solving that has so many positive, virtuous cycle, ripple effects, many of which we've covered on this session.

## The Beauty of AHP

**1:00:27.9 KL:** Yeah. I think it's great to have a tool like that in that transparency and all that, and that you're right. It's about my experience with my clients and my own team of people of goodwill who are in positions, generally speaking, that they should be in, that there was a reason they were hired, is in short, no idea is a bad idea. And yet we have to say no. So how will we know to say no? And I got to go back to my political science roots here. What you really asked was, what's the good life? How will we do things well? How will we be good? And the second question was, how shall we be governed? And this is literally a governance question about our decision as organizations, not political nation state, but we choose to work in organizations, the CEO has to know what no is. Even we're all... We all have to agree to be constrained or nothing gets done. And that leads us to our flow conversations. How shall we be governed? And this is a tool for helping us govern ourselves. So, we're not wasting our time and demoralizing each other or ourselves. But we're still trying to learn what that is a bit, so Stuart, where would people go to learn?

**1:01:30.7 SE:** The best place to go is to head to our website, [transparentchoice.com](http://transparentchoice.com). And there's a whole load of resources over there. Whether you ever buy our software or not, you're welcome to those resources. There's an ultimate guide to prioritization. We have a world-renowned decision scientist telling you how to come up with criteria to prioritize projects. There's a whole bunch of resources on there that you can access and learn more. You can contact me, if you search for Stuart Easton, S-T-U-A-R-T E-A-S-T-O-N on LinkedIn, you'll find me. Just reach out and connect there. And that's always a great way to get to know people. And just dive onto the website and start plowing through the resources.

**1:02:13.9 MH:** Let me put a little plug in there, Kendall, because of course we expect Stuart to point us to his website and talk about how awesome his company is and all that sort of stuff. But the way in which Stuart and I first got to know each other was, I had a problem with AHP that I was stuck with. I didn't know how to get past it. I was Googling all over the place. I found the answer in one of his blog posts and said, "I got to get to know this guy." He's actually really helping. [chuckle]

**1:02:38.1 KL:** He's guest majorest. We've got the guy. [chuckle] So this is where this stuff is. Will they find this in a typical university? Will this be in a master's program for business administration? Will this be in a project area?

**1:02:47.9 SE:** Yeah. In some cases, it will. But be warned, most professors will teach this as if it's about maths. Most textbooks will teach it as if it's about maths. Most people on the web will talk about it as if it's about maths. And it is not about maths. It's about people and collaboration. The maths is merely how we do that. So, it's actually much more about how you present it and how you have the conversation. So, when you hear about it in class, absolutely absorb that. But just remember, it's about people, it's about collaboration, it's not about the maths.

**1:03:23.0 KL:** And when we run this through Google translator, we'll make sure that we call that math for all of our American listeners. [laughter]

**1:03:28.8 KL:** 'Cause they're like... Wait a second. I had enough trouble with math. You're telling me there's more than one?

**1:03:33.8 MH:** Although to be fair, when we say mathematics, it's always plural.

## The Beauty of AHP

**1:03:38.2 SE:** There we go. There we go.

**1:03:40.0 KL:** There we go. Just know how to shorten your words right. Listen guys, thank you so much for your time today and for pointing us out to this important tool and the source of it. And I enjoyed your website as well. So, Stuart, thank you for taking the time to share your expertise today and in a whole different time zone, even. And Mike, also, thank you for introducing me to this topic so long ago. And finding a guest so that at least in a minimum, I understand it better. Even if our close listening audience is going like, "Wait, what was this topic? Okay. I got to go find out more." So, I appreciate it very much from both of you. With that PMs who listened to this whole episode can go to [ccrs.pmi.org/claim](https://ccrs.pmi.org/claim) and scroll to the fourth banner on the left column, online or digital media and manually enter provider code number 4634, and select M Powered Strategies and manually enter, yes, type it in, the name of the episode "PMPOV0102," The Beauty of AHP. And select technical project management in the talent triangle. I am and remain your co-host, Kendall Lott, reminding you to learn when to say no, and to always keep it in scope and get it done.

[music]

**1:04:50.7 Announcer:** This has been a Final Milestone production sponsored by M Powered Strategies.