

R&D Portfolio Prioritisation | The Process

The **Catalyze Strategic Portfolio Management** process enables you to select and then manage a balanced portfolio of R&D investments to deliver your strategic business objectives. It engages your key stakeholders and experts in a structured dialogue to develop a multi-criteria model, providing a foundation of logic, objectivity and transparency. Our goal is to help you to adopt and embed this best practice process as part of your regular business cycle.

Establish Direction

Elicit strategic intent and objectives, understand constraints, and develop specific decision criteria.

Create Options

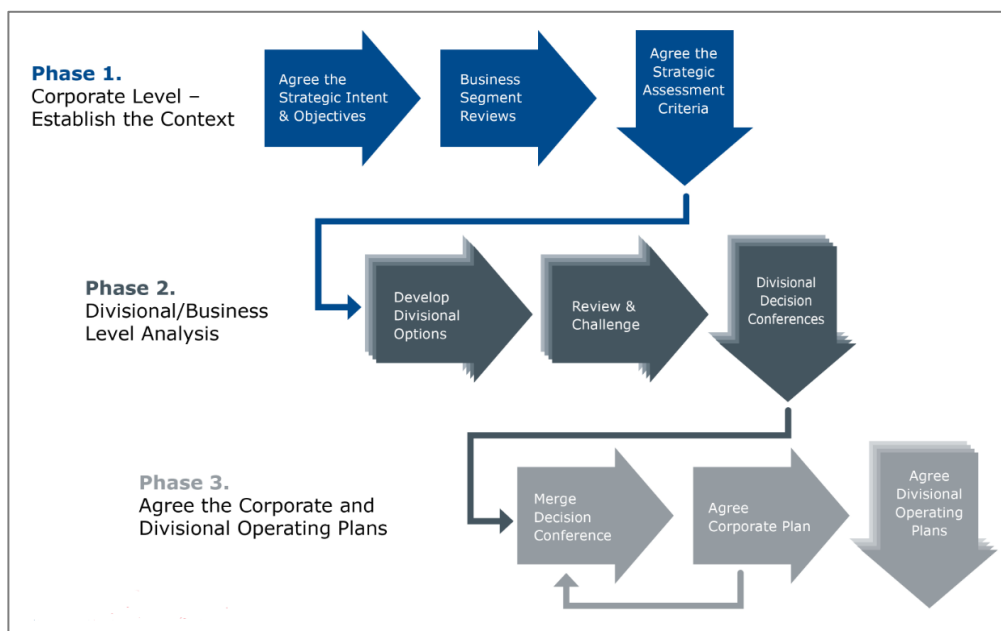
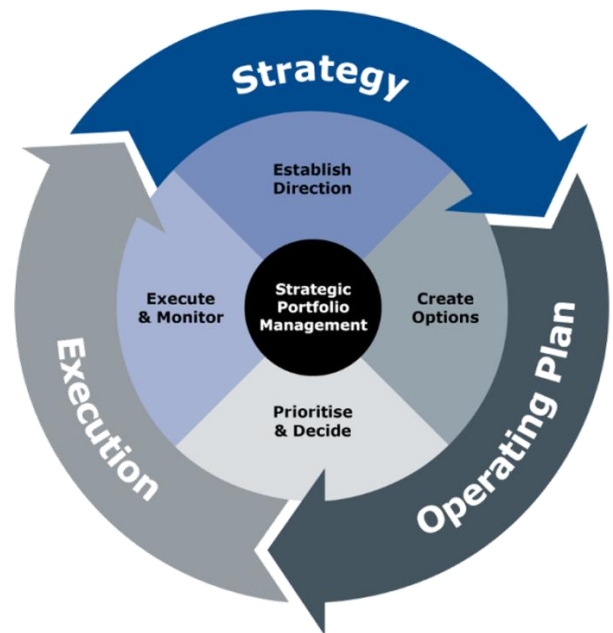
Apply a framework to capture the business cases and develop the options, with 'review and challenge' sessions.

Prioritise & Decide

Use multi-criteria modeling 'live' in a decision conference to enable the difficult decisions and trade-offs.

Execute & Monitor

Establish clear metrics and integrate with your established management practices.



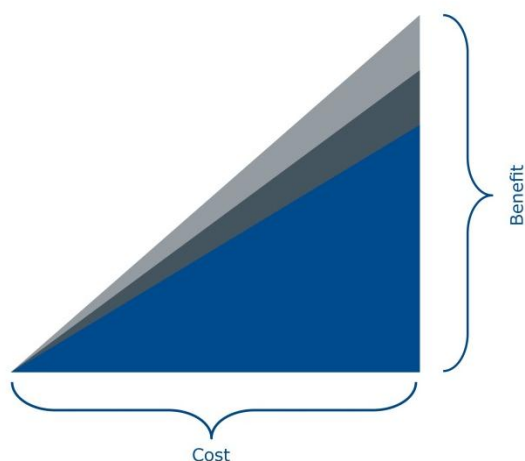
The process can be applied in one division, or can span multiple levels in your organisation to align local operations with corporate strategic objectives.

We can work with you to design the process to match your requirements.

R&D Portfolio Prioritisation | The Model

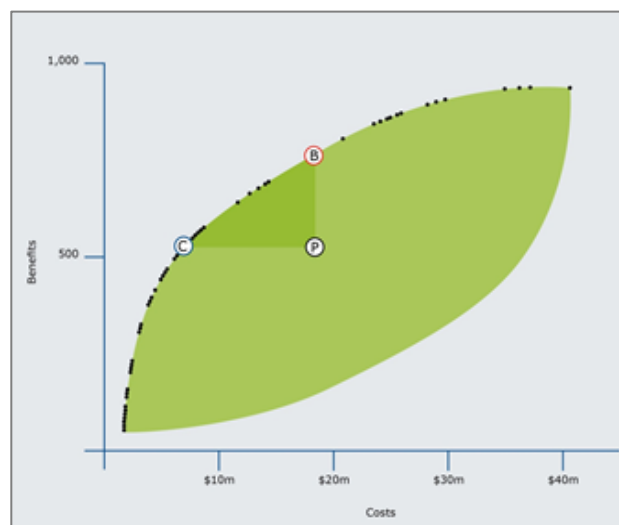
How the model works

We help you to create business cases to measure the added value of each R&D project, taking into account benefits (both financial and non-financial), risk and cost. Each investment (project) is represented by a cost-benefit triangle, where expected benefits are adjusted for risk:



Any combination of investments can be selected to produce a portfolio. The investments with the best benefit to cost ratio will have the steepest slope as represented on the triangle, and so it is likely that these would be chosen first.

The 'leaf diagram' shows all possible combinations of project triangles, each delivering a benefit for a cost. Portfolios on the top edge of the curve deliver the highest benefit for a given cost – this is ideally where you want your portfolio to be.



We typically find current portfolios that are far from optimal, for example as shown:

- Point **P** depicts the current portfolio
- Point **B** represents a portfolio that delivers more value for similar cost
- Point **C** represents a portfolio that delivers similar value at a lower cost.

The questions then are: do we continue as we are? Reallocate resources to deliver more benefits? Or look to take the savings? The answer is generally a fine balance between the three, and the model enables an open and objective discussion leading to a clear and robust decision.

About Catalyze

At Catalyze we help organisations create and execute decision-making processes which focus on the best possible outcome; engaging people, breaking down barriers, creating understanding of different perspectives, and making best use of resources.

Catalyze was founded in 2001 in conjunction with the London School of Economics and Political Science, applying techniques built on robust and validated decision theory. We support global clients from offices in the UK, USA and New Zealand.

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