

# Problems with traditional rating scales

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## A Standard Rating Scale

Intensity Name	Priority
High	1.000
Moderate	.660
Low	.330
None	.000

### Pros

Familiar  
Simple

### Cons

Can't adequately distinguish between the quality of investments – you don't get a "good fit" & here's proof

Do not support effective cost/benefit analysis or optimization – you'll be "skateboarding to work"



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## Ratings Scales

### A Pair of Jeans

What if you went to buy a pair of jeans and they were only available in three sizes....



### Size

20" Waist

30" Waist

40" Waist

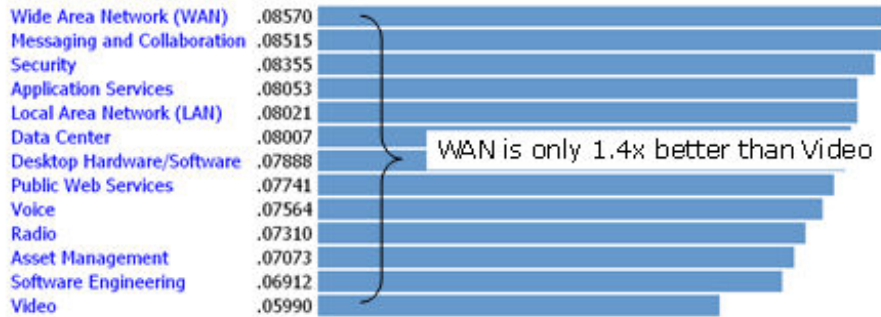


*...and you have a size 34" waist?*



## Example Results Using a High, Med, Low Rating Scale

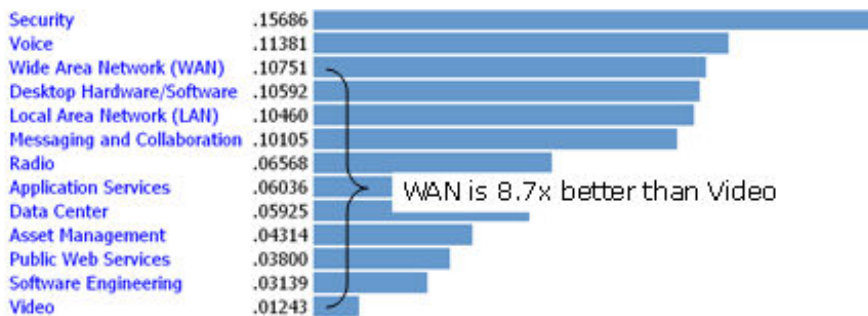
### Evaluation Using a *Rating*s Approach



High = 1.0  
 Med = 0.66  
 Low = 0.33  
 None = 0

## Example Results Using Pairwise Comparison




### Evaluation Using a *Pairwise* Comparison Approach



## Ratings Scales

### ► Skateboarding to Work

Let's say you live 30 miles from work, have a choice of 3 modes of transportation for your commute and want to select the mode with the highest benefit/cost...

	<u>Effectiveness Rating</u>	<u>Cost</u>	<u>Benefit/Cost * 10<sup>^5</sup></u>
	High (1.0)	\$30,000	3.333
	Med. (.66)	\$ 1,000	66
	Low (.33)	\$ 100	330

*...you'll be skateboarding to work!*