ChevronTexaco

Convince me your complex analysis is correct.

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What makes me nervous

- Do we really understand the decision?
- Range of Input Variables – Were they chosen to get the desired outcome?
- Quality Control – How do I know a complex model is analytically correct?
- Too good to be true – How do I know I'm getting the true story with all its warts?
- Distinguishing between Salesmanship and Good Analytic Technique

Understanding the Decision

- Don't obfuscate the decision with esoteric emphasis on science and its cleverness

  - Is there a clear understanding and explanation of the "value drivers", i.e. what are the things that create the most value?
  - Focus on things that may change the decision, not things that are "interesting"
  - Are we focusing on the things we understand and can explain rather than what's really important?
  - Building in technical and analytic complexity (just because we can do it) may obscure the insights about the decision

Input Variables

- Are they appropriate?

  - Biased to get desired result

  - Range wide enough

  - Based upon sound technical review

  - True expert interviews

  - Deliberate debiasing

  - Recycled to 'improve' the data

Quality Control

- How do I know a complex model is analytically correct?
- Do insights from the model make sense?
- Can the analyst clearly explain the model?
- Has there been a Formal Review by peer DA practitioners?
- Is there clear documentation of assumptions and approach?
- Simulation of the "world" vs illustration of the key drivers

The Whole Truth

- Too good to be true – How do I know I'm getting the true story with all its warts?

  - Don't "sanitize" the analysis to "make the decision maker happy"
  - Identify and clarify the significant risks and downside
  - Fairly evaluate the upside
  - Do we understand the impact of what we can control or influence vs. the impact of "non-controllables" like oil price?
  - What are the signposts that tell me to do something different? (e.g. mitigate a risk, get out, get more,..)
  - Are there clear insights about what additional work can be done to mitigate risks and capture upside?
  - What would cause me to make a different decision?
  - Does DA group need billable hours?

Salesmanship and Analytical Quality

Analytic Quality

	Poor	**Good**
Good	Baffle them with B.S.	Appropriate Detail with Clear and Valid Insights
Poor	Look for a new job!	Lose the Audience & the Opportunity

Salesmanship/ Communication

Discussion

Do you have any of these issues in your company?

If so, how do you deal with them?