The Analyst's Guide To

Killing Off Your Company…

Through Portfolio Analysis

The READER of this presentation will lack a certain sarcastic, tongue-in-cheek approach that was readily apparent (hopefully) to those at the LIVE PRESENTATION.

The Analytical techniques portrayed here-in should only be performed by trained RISK or DECISION ANALYSIS Professionals, fully equipped with all of the latest safety equipment.

For your own well being... *DO NOT ATTEMPT TO CARRY OUT THESE PROCEDURES IN YOUR OWN HOME OR PLACE OF EMPLOYMENT*, without the services of fully competent professional (and the express written consent of Major League Baseball).

What is a Healthy Company??

Trust

Makes a profit.

Sound Strategy

Moves Quickly.

Communication

Has Happy, Motivated Employees

Anticipates or makes its own market conditions

BUT WAIT!

Healthy Companies Take Most Of The Fun Out Of Being In A Staff Position.

How will you manipulate the Company future if you have no control of the process?

It takes a crisis to be a hero.

PORTFOLIO

ANALYSIS!!

Step 1 - A "crunched" number is a believable number

- Forget about uncertainty, all you really need is the mean.
  - Managers are always looking for a "silver bullet" number or a method.
- Do exactly what the Portfolio Analysis tells you to do. Nothing else should matter.

<u>Step 2</u> - Make your data request to the line groups as detailed as possible.

- You'll have lots of extra data to play with.
  - Besides, Geologists make funny faces when you ask them to calculate 20 year Capitalized Interest on a project that has a 10% chance of even existing.
- Never tell them why you need the data, or show them the results, it just gets them upset.

Step 3 - Optimization is great! Use it!

- Finally, a "*value based*" tool that justifies large capital allocation swings and massive re-organization every six months.

- You can almost convince yourself that you are calculating a STRATEGY

Step 3 continued - Remember that...

- Most optimization methods are single variable optimizers. No worries about other constrained resources.
    - Human Resources
    - Project cycle time

- You can start arguments over who's perception of acceptable risk to use.

Step 4 - Keep it a Secret

- People won’t ask you questions
- If you control the calculation, you control the answers
- The portfolio has sensitive information in it, so the less people that have access to it, the safer the Company will be.

<u>Step 5</u> - Never tie the analysis to a goal or especially the Corporate Strategy

- Goaling gives too much focus, this is dangerous as it enables "PORTFOLIO MANAGEMENT"

- Never include the big "top secret" strategically important projects in the portfolio.

ON THE OTHER HAND...

If you actually like working in a healthy, stable, growth focused company...

NEVER MIND

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