

DuPont Consulting Solutions

Misapplications of Decision Analysis

Hugh Taylor

DAAG Conference

May 17, 2001

What Misapplications?

DuPont Confidential

- ◆ **We searched high and low**

Our dirty little secrets.....

DuPont Confidential

- ◆ **We finally dug up a few semi-hypothetical situations....**

Seeking to use DA to “Optimize”

DuPont Confidential

- ◆ **“Optimum” share for biggest customer**

Framing problems

DuPont Confidential

- ◆ **Domestic vs. Offshore plant**
- ◆ **Including too much detail**
 - **Year-by-year assessments**
 - **Databases full of tactical details on segments, products, regions, etc.**
- ◆ **Trying to use DA when unwilling to agree on what decision needs to be made....we must be ready to face the real strategic decisions, even if they are uncomfortable.**
- ◆ **Settling for Sensitivity Analysis vs. “Real DA”**

“Justifying” a prior decision

DuPont Confidential

- ◆ **Activities are to be centralized. Where?**
- ◆ **Occasional expansion plans**
- ◆ **“Don’t use DA if a decision has already been made. It is a waste of everyone’s time.”**

“Agenda” Issues

DuPont Confidential

- ◆ **Their agendas: Assessment inflation**
- ◆ **Our agenda: “Will consult for fee”**

How serious is misapplication?

DuPont Confidential

- ◆ **Shifting to fee basis work helps. Proper DA can be included in the project scope.**
- ◆ **Diffusion of DA principles throughout the organization is harder to deal with. The “Brand” is compromised when Sensitivity Analysis passes for DA.**



*The miracles **o**f science™*