

Know What You Need... Use What you Know: A Proactive Approach to Strategic Planning from a Portfolio Perspective

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Successful corporate executives design strategic plans that are meaningful to shareholders and they are confident they can deliver. Companies with good strategic plans are dependent upon known investment opportunities they have identified and “future investments” they “know” can exist. The technical uncertainty and probability of capturing the “future investments” make them risky components of any strategic plan. We will illustrate how companies use what they know about these uncertain “future investments” to create opportunities and plan for potential contingencies associated with their strategic plan or plans. Using goal-seeking portfolio management processes and probabilistic data, executives can take a proactive approach to strategic planning. Rather than rolling up expected values to forecast future performance or building random collections of projects, they address critical business issues such as:

- What confidence level do we require for our performance goals?
- How many, and what type of opportunities are needed to deliver the required performance with acceptable confidence?
- How do we ensure appropriate contingencies are identified for potential uncertainties associated with a given strategic plan?
- How do we evaluate unanticipated opportunities when they arise?

With knowledge of potential opportunities, operational and business dependencies and goal-seeking portfolio management processes, executives can develop strategic plans that are achievable and material to their shareholders, and have confidence that they can deliver on their promise.
