

Project Business-case Forecasting and Evaluation

1-Day Intensive Course for Executives, Functional Managers, and Analysts

Decision-making Needs

- Does your organization have diverse types of project investments, such as technology or product platforms, new product development efforts, IP development or licensing activities?
- Do you have a business-case model that is relevant across your project investment types and has the proper balance between modeling detail and the decisions of interest?
- Do you distinguish between market risks versus forecasting uncertainties and properly incorporate these factors into your project financial metrics and project valuations?
- How defensible are your modeling assumptions, how credible are your project valuation criteria, and how actionable is the business-case information provided to your portfolio decision-making process?

Addressing the above challenges requires the proper application of domain expertise, analytical tools, robust practices/processes, and combinations thereof. The figure below represents the core elements of the project-level business case and brief descriptions of the primary data that must be forecasted, collected, validated, and risk-adjusted via appropriate analytical techniques:

Development Schedule (Project Life Cycle)	<ul style="list-style-type: none">• Milestone Dates• Phase Durations
Human Resource Requirements	<ul style="list-style-type: none">• Headcount Requirements by Department and Skill Set• Monthly/Quarterly People or Full-time Equivalents (FTE)
Upfront Implementation Costs	<ul style="list-style-type: none">• Non-Labor Project Development Expenses• Capital Expenditures
Pro-Forma Financials	<ul style="list-style-type: none">• Revenue, COGS, Gross Profit, Operating Income• Gross Margin, NPV, IRR, ROI, CAGR
Custom Fields and Inter- project Relationships	<ul style="list-style-type: none">• Strategic Criteria, Risk Factors, other Qualitative or Quantitative Information• Project Dependencies and Mutual Exclusivities

Vital Financial Impact

Whether your business objectives are driven by top-line revenue growth, bottom-line profits, or intermediate performance measures, the difference in value creation between accepting a “good” project and rejecting a “bad” project is typically quite large. For medium to large enterprises, the lifetime value of making a single “right” project selection (normalized for the resource investment at risk) is generally in the millions, or even tens of millions, of dollars. Multiplying this value creation by the many project portfolio decisions made annually, if not quarterly, you can readily reveal the means to drastically impact your business now.



“Historically, decisions about prioritization and execution of our projects were primarily a matter of subjective evaluations and driven by immediate needs. PROXI provided our organization with the methodology and tools to rationalize our portfolio of over 200 projects. It allowed us to bring sound, objective measures and consistency in evaluating the value of projects relative to corporate strategic objectives and needs. With a focus on business value and aligning priorities with the growth objectives of our company, PROXI allows us to make better, consistent and transparent decisions to manage our business, and this enables us to better meet our customer and market needs.”

Simonetta Turek
Vice President
Corporate Business Architecture
Alcatel-Lucent

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Expert Practices Now

Following a brief review of some key accounting principles, financial concepts, and analytical methods, this course will present the requisite practices for attendees to prepare robust business cases that are built upon defensible assumptions and quality pro-forma forecasts:

- Learn to characterize and model the many costs and benefits associated with human resource and capital-intensive project investments
- Understand and utilize the dynamics relating phase-based schedule milestones and skill-specific staffing levels, to rigorously forecast alternative project schedules
- Master the methodologies to disaggregate market risks from forecasting uncertainties and properly incorporate each into project financial metrics and valuation techniques
- Create a management culture where high-confidence project metrics, portfolio strategy, and the option value of investments drive decision making

Course Curriculum & Info

The Business Case—A Cost-Benefit Analysis

- What elements need to be included?
- Strategic value vs. business impact
- Risk versus uncertainty

Robust Financial and Accounting Principles

- Project-level income statements
- Financial metrics for decision making
- Cost of capital and multiple discount rates

Risk Management and Modeling Uncertainty

- Characterizing and quantifying key risks
- “Risk adjusting” the business case
- Diversifying risk with portfolio optimization

Market Research and Sales-life Forecasting

- Top-down/bottoms-up revenue forecasting
- Designing models around data sources
- Modeling and forecasting operating costs
- Sensitivity analysis and key parameters

Development Cost & Schedule Forecasting

- Budget-constrained vs. unconstrained costs
- HR expense as a development cost, or not?
- Contractors and outsourced costs
- Phase-Gate milestone dates & staffing levels

Statistically-significant Project Valuation

- Valuation methods and their relative merits
- Asymmetric risks for costs versus benefits
- Descriptive statistics and confidence levels

Inter-project Relationships & Strategy

- Projects are not isolated investments
- Dependencies and mutual exclusivities
- Strategy does not directly affect project value

Forecast Models & Business-Case Template

- System dynamics Project Life-Cycle model
- System dynamics market forecast model
- Excel-based project business-case template

Course Dates & Locations: [see website for details](#)
1-Day Course Fee (per attendee): **US \$650***
(group rates available for on-site company courses)

To register, please call or email us at:
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training@proxidecisions.com

*Register by **Early Registration date** and save
US \$100 with a discounted course fee of **US \$550**.

Course fee includes lunch, refreshments, and bound
course training materials.

Instructor Biography



Jeff Baum has more than 20 years of new product development and technology management experience within the semiconductor, imaging & printing, medical devices, telecommunications, and enterprise software industries. Working with customers to define new product requirements, to forecast the financial performance of new product candidates, and to manage development programs through market introduction, Jeff has been building project business cases throughout his career. Jeff has lived project business case development and portfolio decision making at global companies such as Motorola, Hewlett-Packard, TRW, Agilent Technologies, Freescale Semiconductor, ACCO Brands, Alcatel-Lucent, and Fujitsu. Jeff has an MBA—Corporate Finance, an MS Electrical Engineering—Circuits & Instrumentation, and a BS Electrical Engineering—Biomedical Engineering.