

Teach yourself how to build a Business Case for any industry incl mining

3b. Decision Making

How to become part of the decision making team



Spend only a few seconds/minutes on each page

This website contains opinions.

It may have errors so always check your own work
and have it audited by a competent person



Economic evaluation has three levels ...

Level 3: Decision Making

Level 2: Evaluating the business/project

Level 1:

At the very beginning, think to yourself:
“Today I start working on a new project/business.”

“Today I must begin setting myself up to be one of the key experts sitting around the table when the final decision is being made.”

“Starting today I must earn my place.”

Economic evaluation has three levels ...

Level 3: Decision Making

Level 2: Evaluating the business/project

Level 1:

“Over the next weeks/months I must prove myself as a hard working, competent, positive, constructive, divergent-thinking problem solver.”

“My team must know they can rely upon my work because it is easy to understand, fit-for-purpose and because I had it audited.”

Economic evaluation has three levels ...

Level 3: Decision Making

Level 2: Evaluating the business/project

Level 1:

“As the evaluation proceeds I want to have key people listening to me and seeking me out.”

You can adopt one of two approaches: -

- **Passive:** sit at the computer; receive data; process data; build a more sophisticated Excel model; contact corporate office, go home at night feeling proud of your model; email out results.
- **Active:** Get out into the operations and understand the business; interact with colleagues when receiving and processing data, get them to do checks; do evaluations with your colleagues, discuss results with key people; think laterally; create; help solve challenges, communicate concisely but comprehensively before emailing out results. Do not become compliant and submissive but remain strong and objective.

The old-fashioned way of doing evaluations (“financial modelling”): -

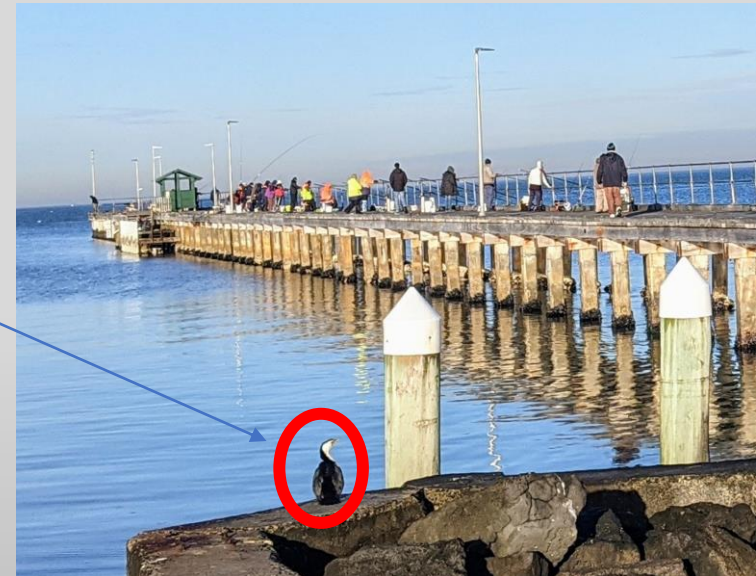
A commercial specialist sits in an office processing data...

The work is seen as a fringe activity to compute the NPV and a sensitivity chart for the documentation

Business/economic evaluation is wrongly called ‘financial analysis’, ‘financial modelling’ or worse ‘cost modelling’

It is seen as a non-core activity done at the end.

Project Managers and other Managers see themselves as doing the important work and leaving the ‘financial analysis’ to a far lesser player.



The active & rewarding way: -

The business evaluation becomes a key Team Activity from Day 1...

It is used as a 'steering wheel' to direct the whole business: its operations, projects, technical studies, technology assessments, trade-off studies, etc.

The evaluation specialist sits amongst the key marketing, operational and technical people and interacts continuously

Key people want to 'play with' their own copy of the evaluation model to understand their own area.

It is a lot more than computing NPV

It is not about creating a sophisticated Excel 'trophy' model.

It is a core activity to manage the business!

Get your hands dirty!

Evaluation specialists who previously have worked inside the business in operational, technical or commercial roles generally have an advantage when doing evaluation work.

- But only if they have already got their hands dirty and educated themselves on how everything fits together.

Inexperienced specialists, and especially those from a commercial function, will need to get out into the business operations and educate themselves

- to develop a working knowledge of all the key activities.
- to develop a working relationship with the key experts.

On an assignment across in South Africa, I recall reading on the long flight technical descriptions of aluminium smelters and marketing reports on the industry. I spent my first weekend on night-shift in the aluminium smelter learning how everything works, how sections fit together, getting to know the key people and discovering the key drivers.

On a Friday night, all of Saturday and Sunday I was in work clothes with the shift foreman and workers in each key section.

On Monday the evaluation work started, and most importantly word got around so the management and project team began accepting me as an 'outsider'

A week later the section managers began auditing their own copy of my evaluation model: constructively and positively

How to succeed ...

- work closely with colleagues
- take the lead in creating a viable business
- make mistakes (once) but find them with audits before your results are made known
- learn from feedback and audits
- be actively involved in discussions with decision makers
- get out and about; interact enthusiastically, competently and objectively with everyone
- express complexity in simple concepts
- Offer your colleagues an easy to use tool: their own copy of your evaluation model
- over the years, develop for yourself a broad range of experiences in economic assessments.
- maintain high personal integrity so people know they can trust you

You know you are being successful ...

When your manager or senior key people regularly drop by for a chat about the business.

When they ask you to help on important tasks:

- Because you can take a helicopter view and objectively but rapidly assess alternative actions.
- Because you set out all key results, key information and major interactions in concise, easy-to-follow concepts so they can make a decision **'with eyes wide open'**
- Because they trust you to do a thorough and objective assessment

You know you are being successful when you are sitting at the table when important decisions are being made

End of Module