

Using Portfolio Models to Optimize and Communicate Strategy

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Strategic planning can be greatly aided by currently available software, which allows probabilistic modeling of oil and gas investments. Establishing performance metrics consistent with a company's vision, mission, goals, and objectives allows selection of the appropriate set of projects most likely to achieve the metrics at minimal risk or uncertainty. Portfolio modeling software allows con-

struction of models, which can be tested and modified to guide investment decisions.

Perhaps equally important, portfolio models can be used to communicate strategy throughout the organization. Graphic representations of outcome ranges for both operating and financial metrics can be used to demonstrate the impact of changing assumptions as they effect the achievement of goals.