Crystal Ball®

Using Crystal Ball, this industry leader in defense achieves a multi-million dollar positive swing in performance to budget for business development, while maintaining a growth rate that exceeds market norms

This business development division of an industry leader in defense and aerospace uses Crystal Ball in their project selection process to meet their goal of maximizing returns on project portfolio while respecting budget and resource constraints, minimizing risk and maintaining above market average growth rate.

At-a-glance...

Business development division of an industry leader in defense and aerospace

Optimize the funding decision for a portfolio of over 300 possible projects

Development of a Web-based application for capture of project funding requests, plus Crystal Ball for analysis

Multi-million dollar positive swing in performance to budget in one year

THE SITUATION

The business development division of a leader in defense and aerospace must, each year, decide which projects to fund, from a possible portfolio of over 300 new marketing or R&D projects. The goal is to select the optimal portfolio of projects to fund such that returns are maximized, budget and resource constraints respected, risk minimized and growth rate remains at or above market norms.

Prior to implementing the new project selection process a little over a year ago, decisions on which projects to fund were often based on prior sales for the division requesting project funding. The project's opportunity, its associated risk and correlation to the success of other projects were not an integrated part of the decision-making process. It was also difficult to collect and use metrics on past performance in order to improve future performance.

THE SOLUTION

A new process was implemented. This included a Web-based application to capture project information, calculate its return and pass the data to Excel. Crystal Ball is then used to analyze the various projects and determine which projects will meet the required returns, comply with budget constraints and produce the necessary growth. The Crystal Ball model also accounts for positive and negative correlation between the projects.

THE RESULTS

While the business was already growing at a rate that exceeded the market norm, with the new project selection process and Crystal Ball, this division achieved, in one year, a multi-million dollar positive shift in performance to budget, roughly equivalent to 10% of the overall budget. This money can now be used to fund additional projects, further increasing the growth rate.

Another important, yet less quantifiable benefit is a substantial reduction in management resources needed to make final project selection decisions, leading to overall management support for the new project selection process.

ABOUT DECISIONEERING, INC. AND CRYSTAL BALL SOFTWARE

Decisioneering understands that in any project, risk analysis tools such as simulation, real options analysis or optimization, are used when they help achieve a goal: decreased costs, faster time to market, improved efficiency or increased revenue.

Decisioneering helps organizations meet these goals with Crystal Ball software. Crystal Ball is a suite of Microsoft® Excel-based applications that harnesses and extends the analytical power of spreadsheets. With a full set of risk analysis software, training and consulting, Crystal Ball users improve the quality of their critical business decisions.