



STRENGTH THROUGH INDUSTRY & TECHNOLOGY



NDIA PMSC Risk and Opportunity Management Working Group

2 February 2011

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Working Group Status

- Sub-team: Methodology for Integrating Risks & Opportunities (R&O) with the Integrated Master Schedule (IMS) and the Program Management Baseline (PMB)
 - Developed draft outline for draft white paper
 - Insured that the upcoming publication of the Program Planning and Scheduling Subcommittee (PPSS IMS) guide did not conflict with the substance or intent of the proposed white paper
 - Team submitted edits/comments to the PPSS IMS Guide Review Board which were incorporated into the final draft
 - Soliciting successful practices for incorporation into draft white paper
- Sub-team: Risk Quantification Guidance and Incorporation into EAC
 - Team Charter and scope defined
 - Create a user guide for the quantification of risks for integration into the Earned Value Management System
 - Up to the point of inclusion into an IMS and/or PMB
 - Quantification Data (process & methods) collection underway

Working Group Status continued

- Sub-team: White Paper Development
 - Will be used to document the groups efforts
 - Appendixes for details from the two process working groups
 - Summarize current state of Risk Management and Integration
 - Layout a set of recommendations
 - Paper picks up where 2005 paper ends and reviews progress
 - Assumes need for integration is still valid
 - Summarize changes since 2005 paper ...emphasis on GAO and other guidance on “desire”, but notes limited methods are documented as guidance
 - Discussion on current state of Risk/Opportunity guidance/practice
 - Reviews the progress of 2005 Recommendations
 - Not many of the prior group’s recommendations have been addressed (identified on next slide)

2005 White Paper Recommendations

- ☹ Language addressing risk management integration in guidance ...
 - Words/process were added to the Application Guide
- ☹ Consider risk in development of WBS, incorporation into MIL-STD-881
- ☹ Address risk identification prior to contract award and its effect on competitive procurements, address in idea of a pre-award IBR
- ☹ OSD add risk assessment requirement for establishing program baselines and tracking such risk assessments in program/contract, to include the CPAR
- ☹ Industry guideline that documents Risk Management (like EVM)
- ☹ **EVM community reach out to other communities and partner with them on this initiative to create the demand for integrating RM and EVM. These included the “PMI’s Risk SIG, SCEA and INCOSE.**

Does NDIA PMSC want to address these?

Next Steps

- Solicit successful practices for:
 - Integrating risks and opportunities into the IMS and PMB
 - Quantification methods and techniques leading to a set of user guidelines
- Formalize draft white paper for delivery at NDIA May meeting



Backup slides

Proposed Charter

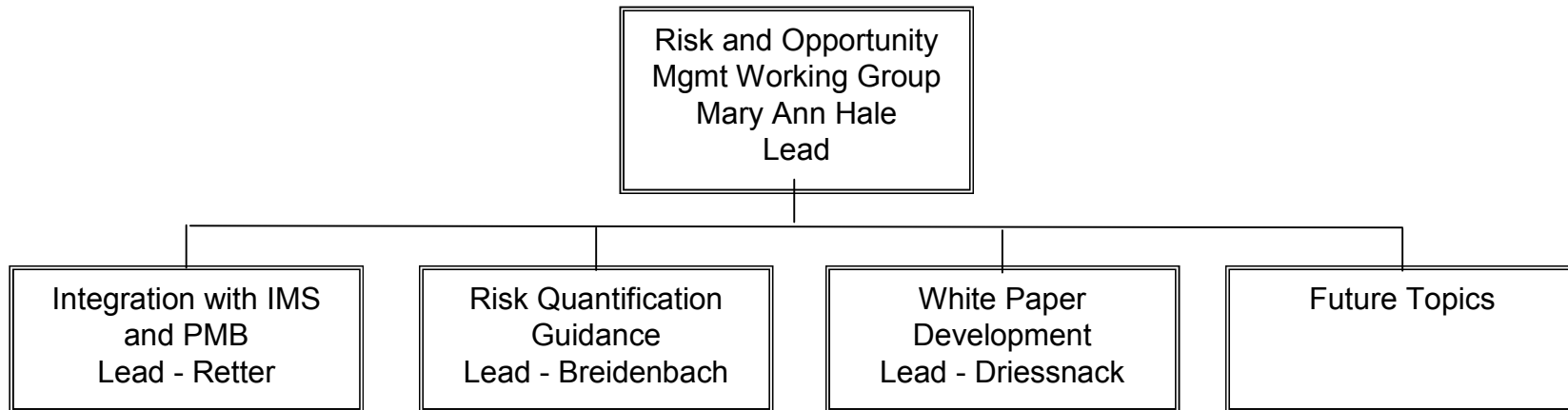
- Review, document, and communicate government and industry “successful practices” for effective Risk and Opportunity (R/O) Management throughout the acquisition life cycle of any Government program.
 - Includes quantitative and qualitative processes for planning, identifying, assessing, handling, and monitoring events that could have a potential for causing a positive (Opportunity) or negative (Risk) impact to program objectives.
- Consider and recommend changes to applicable Government policies, practices and processes which, if implemented, would enable or enhance the implementation of effective R/O Management.
- Define the approach for effective integration of R/O Management with other program management processes including, but not limited to, Planning, Scheduling, EAC development, and Cost Estimation.

Proposed Objectives

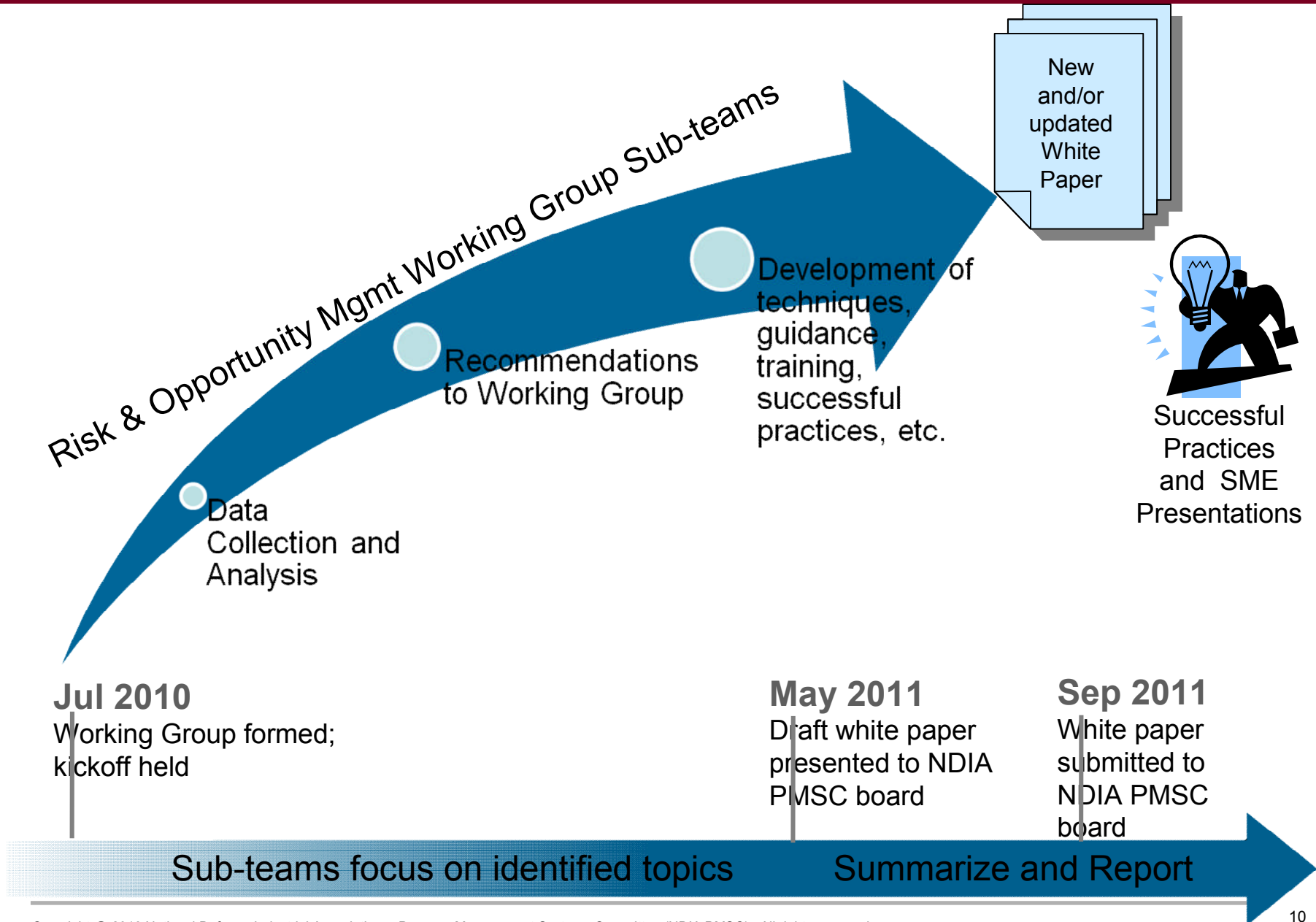
- Establish a PMSC Risk & Opportunity Management Working Group.
 - Include both Industry and Government participation (PARCA, DCMA, OSD sys engr, services, GAO rep) in the Risk & Opportunity Management Working Group.
 - Integrate other industry working groups (Risk SIG, PMI risk virtual group, INCOSE group)
- Provide Industry and Government SMEs on Risk & Opportunity Management to give presentations on “successful practices”.
- Develop and recommend integrating techniques, guidance, successful practices, and training that supports the integration of Risk & Opportunity Management with other Program Management functions.

Output: update to the existing Whitepaper, a potential new whitepaper, and successful practices on this subject

Organization



Process and Timeline



Team Members

Industry Participants

Participant	Company/Service Represented
Alleman, Glen	Lewis & Fowler
Ben-Zeev, Oren	PricewaterhouseCoopers
Brasell, James	Unisys Corp/Federal
Breidenbach, Jay	United Launch Alliance
Coleman, Richard	TBD
Driessnack, John	MCR, LLC
Druker, Eric	BAH
Feagin, Sid	Lockheed Martin Aeronautics
Hale, Mary Ann	General Dynamics
Hamon, Douglas	Battelle Memorial Institute
Houser, Joe	KM Systems
Houser, Susan	Battelle Memorial Institute
Infanti, Gay	Northrop Grumman
Kline, Melina	Navistar
Knapp, Alan	Robbins, Gioa, LLC
Kuhn, Tom	Integrity Management Consulting
Lacroix, Paul	Lockheed Martin
Melvin, Keith	General Dynamics C4S
Retter, Stuart	Bell Helicopter
Riehl, Kevin	BAE Systems
Robinson, Gary	Raytheon Integrated Defense Systems
Romanelli, Amy	Northrop Grumman Aerospace Systems
Siefert, Bill	Boeing/INCOSE
Smith, Wade	Raytheon Missile Systems
Wilkins, Laura	ITT Systems
Wynne, Peter	Lockheed Martin

Government Participants

Participant	Company/Service Represented
Lengyel, David	NASA, Exploration Systems Mission Directorate
Mercado, Amy	AF PM&AE (SAF/AQ)