

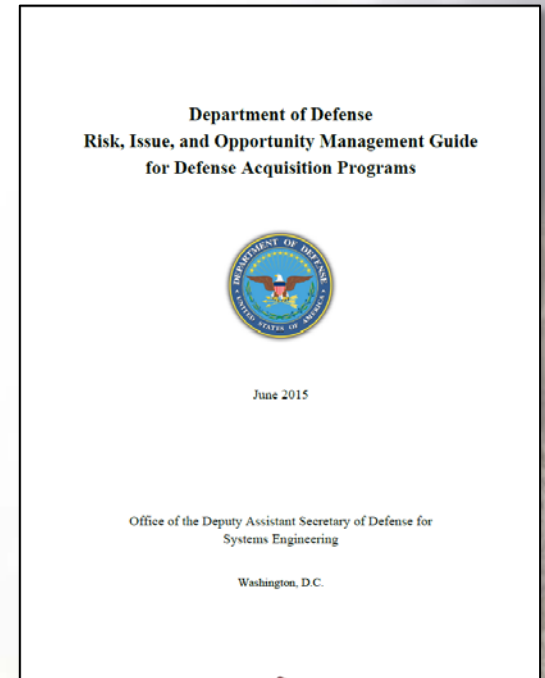
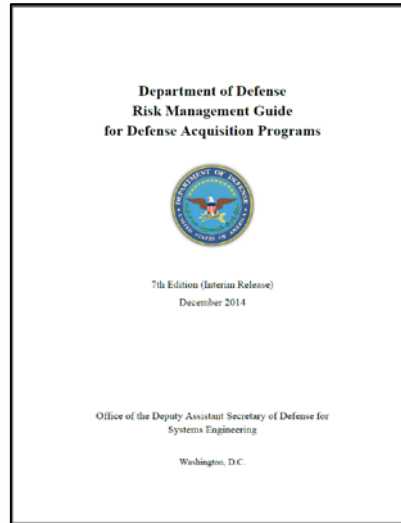
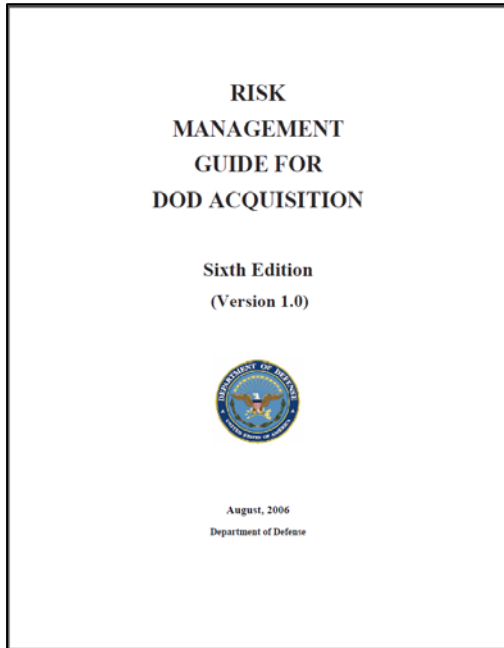
DoD Risk, Issue, and Opportunity Management Guide for Defense Acquisition Programs

25 August 2015

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Group**

Evolution of Risk Management Guide



Updated Emphasis has been placed on:

- Issue management (new)
- Opportunity management (new)
- Future root causes and their role in program risk
- Tying risk likelihood to the root cause
- Distinguishing between risk & issue management
- Tracking the status of risk mitigation implementation vs risk tracking
- Focusing on event-driven technical reviews

**Government Guidance
Not Levied on Industry**

- **Improve our leaders' ability to understand and mitigate technical risk**
 - Shape and control risk
 - Anticipate possible adverse events
 - Risk Management throughout the lifecycle
 - Program Management focus
- **Strengthen and expand “should cost” based cost management**

“Active risk management requires investment based on identification of where to best deploy scarce resources for the greatest impact on the program’s risk profile.”

1 INTRODUCTION

2 ESTABLISHING AN EFFECTIVE RISK MANAGEMENT PROCESS

- 2.1 Framing Assumptions and Ground Rules
- 2.2 Aligning Government and Contractor Risk Management
 - 2.2.1 Risk Management Board and Risk Working Group
 - 2.2.2 Acquisition Strategy, SEP, and SEMP
- 2.3 Risk Management Plan
- 2.4 Selecting a Risk Management Tool
- 2.5 Risk Management Roles, Responsibilities, and Relationships

3 RISK MANAGEMENT

- 3.1 Risk Management Planning
- 3.2 Risk Identification
 - 3.2.1 Risk Identification Methodologies
 - 3.2.2 Risk Categories
 - 3.2.3 Risk Statement
 - 3.2.4 Evaluation of Candidate Risks
- 3.3 Risk Analysis
 - 3.3.1 Consequence
 - 3.3.2 Likelihood
 - 3.3.3 Risk Reporting Matrix
 - 3.3.4 Risk Register
- 3.4 Risk Handling
 - 3.4.1 Risk Acceptance
 - 3.4.2 Risk Avoidance
 - 3.4.3 Risk Transfer
 - 3.4.4 Risk Mitigation
 - 3.4.5 Risk Burn-Down
- 3.5 Risk Monitoring

4 RISK MANAGEMENT IN RELATION TO OTHER PROGRAM MANAGEMENT AND SYSTEMS

ENGINEERING TOOLS

- 4.1 Work Breakdown Structure
- 4.2 Integrated Master Plans and Integrated Master Schedules
 - 4.2.1 Schedule Health Assessment
 - 4.2.2 Risk Analysis
 - 4.2.3 Cost Risk Analysis
 - 4.2.4 Performance Risk Analysis
- 4.3 Earned Value Management
- 4.4 Technical Performance Measures and Metrics

5 ISSUE MANAGEMENT

6 OPPORTUNITY MANAGEMENT

7 MANAGEMENT OF CROSS-PROGRAM RISKS

APPENDIX A. RISK MANAGEMENT CONSIDERATIONS DURING ACQUISITION LIFE CYCLE PHASES

- Pre-Materiel Development Decision
- Materiel Solution Analysis (MSA) Phase
- Technology Maturation and Risk Reduction (TMRR) Phase
- Engineering and Manufacturing Development (EMD) Phase
- Production and Deployment (P&D) Phase
- Operations and Support (O&S) Phase

APPENDIX B. PROACTIVE RISK MANAGEMENT ACTIVITIES

1. Common Technical Risks
2. Common Programmatic Risks
3. Common Business Risks

APPENDIX C. SAMPLE TEMPLATES FOR REPORTING RISKS, ISSUES, AND OPPORTUNITIES

- Risk Register
- Suggested Risk Reporting Format
- Alternative Risk Reporting Format
- Issue Tracking Register
- Opportunity Tracking Register
- Sample Opportunity Matrix and Criteria

APPENDIX D. ROLES, RESPONSIBILITIES, AND RELATIONSHIPS

- Government Responsibilities
- Typical Contractor Responsibilities
- Suggested Tiered Roles and Responsibilities

APPENDIX E. RISK MANAGEMENT PROCESS VIGNETTE

- GLOSSARY**
- ACRONYMS**
- REFERENCES**

Focus on integration across potential risk categories throughout the program life cycle

- Technical risks to meeting performance objectives
 - Need to distinguish between the phases of technical risks
 - **Technology** risks with new technology
 - **Engineering** risks into effective and affordable systems
 - **Integration** of functional and physical interfaces
- Programmatic risks within the PMs control
- Business (External) risks outside the program office

Mitigate Risks and Create Opportunities for Positive Impact on Meeting Objectives

- **Full integration that tracks touch points and risks**
- **Synchronization of schedule activities, technical, business, and programmatic risks**
- **Integration with Contractors' Risk Process & Tools**
- **Collaboration & shared commitment between programs**

“Collaboration between Government and Industry is Essential”

- **Risk linkage to IMP, IMS, WBS and EVM**
- **Track actual vs planned progress**
- **Risk activities included in IMP and IMS**
- **Fully burdened cost impact for each risk**
- **Focus on aggregate risks and not singular**

- **Compliments risk management**
- **Events that have occurred or will occur**
 - 100% probability
 - Assess residual risk



Opportunity Management

- **Actively pursue and capture opportunities**
 - Opportunity vs Affordability
- **Supports Better Buying Power initiatives**
 - “Should-cost” objectives
 - “Will-cost” objectives



Summary

- **Risk, Issue, and Opportunity Management should be proactive and forward looking**
 - Distinguish between Risks and Issues
 - Manage Opportunities to meet “Should Cost”
- **Cross-Program Integration is key to success**
 - Collaborative effort on shaping and controlling risk
- **Align RIO management processes with contractor**

References

- ***Defense Risk, Issue, and Opportunity Management Guide for Defense Acquisition Programs***
 - <http://bbp.dau.mil/docs/RIO-Guide-Jun2015.pdf>
- ***BBP 3.0 Memorandum & Factsheet***
 - [BBP 3.0 Memorandum](#)
[BBP 3.0 Factsheet](#)

DISCUSSION