

SWORD

ACTIVE RISK

Aerospace and Defense

Risk, Issue, and Opportunity Management Guide

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US Federal Agencies are facing greater challenges than ever before when it comes to delivering their capital and R&D projects against key performance objectives (typically cost, time and technical specification).

With moves across other parts of government regarding performance improvements in delivery processes and cost reduction, the US Department of Defense issued the Risk, Issue and Opportunity Management Guide (RIO) for Defense Acquisition Programs In January 2017. While this is not a mandate for government organizations and their contractors to follow, much thought has gone into this extensive document pulling together the best thinking as to what is required to obtain the significant benefits that risk management has to offer in helping to ensure project success. The positioning of the new RIO guide should be considered a vital requirement in the ability for contractors to manage the probability of potential project failures in the future.

The new 2017-RIO Guide sets the benchmark for government organizations and defense contractors to measure their risk management processes against. In the past, Government has investigated major project failures and the corrective actions applied by the DCMA on contractors, by reviewing the risk management processes that were in place. It seemed that the adequacy of the risk management process is likely to be a critical factor in the assessment of the culpability of the delivery agent.

We, therefore, see it as very important for organizations delivering government projects, especially in defense, as having a level of robustness in their risk management processes that are at least in line with the new DoD RIO Guidelines.

We believe this will also be an increasingly important assessment criteria for the award of new defense projects.

As computer software solutions help drive and monitor the performance of processes (and risk is no different), risk management solutions such as Active Risk Manager should be considered essential in helping deploy the new RIO guidelines for Risk, Issues, and Opportunities. More importantly, Active Risk Manager can help organizations ensure the risk management processes are maintained and have the maximum opportunity of protecting against major single or aggregate project failures. As well as driving the process, these software solutions help automate and make the process as efficient as possible - thereby reducing process costs.

Sword Active Risk has taken the initiative of condensing the Guide into a matrix of key process capabilities required to meet the recommendations of the guide and have mapped these to Active Risk Manager's (ARM's) capability today.

As can be seen from the matrix, ARM has a complete coverage of the key recommendations, and we would recommend that any organization looking to adopt or benchmark their processes against the guide recommendations compare their existing Risk, Issues and Opportunity management processes against this matrix.

Key Guideline Requirements

The management of Risks	✓	Risk summarization at different levels	✓
The management of Opportunities	✓	Supports for risk workshops	✓
The management of Issues (link to risks)	✓	Documentation of brainstorming and risk reviews	✓
The management of Assumptions (link to risks)	✓	Link to KPP's and KSA's	✓
Return on Investment of Mitigation strategies	✓	Risk categories (Tech, Programmatic, Business)	✓
Schedule Impact Assessments (against WBS)	✓	Candidate risks	✓
Cost Impact Assessments (against CBS)	✓	Risk quantification	✓
Technical Impact Assessments (against CBS)	✓	Qualitative consequence and likelihood bands	✓
Business Impact Assessments	✓	Risk aggregation - (EMV, Monte Carlo)	✓
Safety System Support DoDI 5000.02	✓	Risk consolidation - Risk Matrices	✓
Cyber Security Support DoDI 8510.01	✓	Inter-relationship with other risks	✓
Engage all personnel	✓	Risk Mitigation Strategies	✓
Robust and high integrity Risk Mitigation plans	✓	Contingency plans as well as Controls and Actions	✓
Linkage of risk to Program Objectives	✓	Risk reduction based on mitigation	✓
Project Phases in the Acquisition Life cycle	✓	Risk mitigation plan funding	✓
Sub-contractor collaboration	✓	Risk burn down plan	✓
Risk reduction prototyping	✓	Mitigation start and end dates	✓
Linkage of risks to TPM's	✓	Link mitigation activities to IMS	✓
Link of risks to project activities (IMP)	✓	Relationship of risk mitigation actions	✓
Program Inter-dependencies	✓	Manage cross program risks	✓
Manage contingencies (Fall Back plans)	✓	Support for feedback processes	✓
Manage uncertainty as well as risk	✓	Audit trails to support integrity and accountability	✓
Risk root cause analysis	✓	Risk Trending	✓
Real-time risk management	✓		

We are comfortable in our position that no other single risk management product can meet these recommendations and would be happy to have conversations with interested parties to verify this by a walk-through of “ARM for Defense Acquisition Programs” out of the box capability – including press of a button reporting.

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About Sword Active Risk & Active Risk Manager

Sword Active Risk addresses enterprise-wide risk management (ERM) requirements with advanced software and services that can be implemented across organizations in project based industry sectors.

Active Risk Manager (ARM), is recognized as having the most extensive range of ERM capabilities available today designed specifically for project based organizations. ARM enables the identification, communication, analysis and mitigation of uncertainty, risk, issues and opportunities available in both quantitative and qualitative formats. It leads the market in project and portfolio risk management and is the solution of choice when project success is critical.

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