The Challenge

With a history of innovation spanning 90 years, Raytheon provides state-of-the-art electronics, mission systems integration and other capabilities in the areas of sensing, effects, command, control, communications and intelligence systems, as well as a broad range of mission support services.

Prior to implementing an Enterprise Risk Management (ERM) program, Raytheon had insufficient understanding of how risk affected its projects. The culture at Raytheon was reactive and not truly risk-aware. The focus was on fixing problems and putting out fires, rather than a proactive approach of identifying and preventing problems before they occurred. Raytheon’s brightest thinkers were engaged almost exclusively with their daily tasks of technical scope, rarely able to raise their heads to look at the big picture or gain visibility of the risk landscape.

Without access to comprehensive risk data, Raytheon found it difficult to identify its outstanding risks and their probability of occurrence, causing forecasts to be less accurate. There was also a disconnect between the information used by employees on the ground and executive decision makers.

Challenge:
Insufficient understanding of risk, inability to identify and prevent risks

Solution:
Implement ERM software and make risk management a priority

Results:
Risk-aware organizational culture with proactive risk management

“Raytheon launched an ambitious Enterprise Risk Management program designed to change its risk culture from reactive to proactive, and to accurately forecast and mitigate the impact of risk on key programs.”
With ARM, Raytheon can now produce monthly risk reports in a quarter of the time, improving responsiveness to customers.

The Solution

In 2011, Raytheon launched an ambitious Enterprise Risk Management program designed to change its risk culture from reactive to proactive, and to accurately forecast and mitigate the impact of risk on key programs. Raytheon’s ERM program is underpinned by Sword Active Risk’s Active Risk Manager (ARM) software. In addition to identifying risks and showing their interconnectivity, ARM is also a critical tool in Raytheon’s metrics reporting – the means by which the Company measures behaviors and reports each month to its management team.

When Raytheon introduced its risk program, it began by addressing ERM at an organizational level. Rather than viewing ERM as an administrative function, senior management decided to make the risk management program more visible throughout the entire company. In addition to holding regularly scheduled risk workshops with employees, Raytheon also implemented a risk board, which reviews consistent scorecards and checklists to gain full visibility of risks and to maintain accountability.

The Results

Raytheon’s implementation of an ERM program supported by Active Risk Manager has driven benefits across the company, including increased risk visibility, a more strategic approach to risk and an embedded risk culture.

With support from the highest levels of the Company, risk management is now a regular part of each employee’s job. Raytheon’s culture is now one of identifying and managing risks proactively, rather than trying to fix problems after the fact.

Raytheon has succeeded in drastically improving its risk reporting capabilities by using ARM. With ARM, each monthly report now takes 76% less time to produce, requiring fewer billable government hours and improving responsiveness to customers.

A shining example of Raytheon’s ERM success was the October 2011 launch of NASA’s next-generation satellite. Raytheon was the ground provider for the launch. Any delay would have meant a lack of continuity in global climate and weather information. Without weather coverage, everything from planning for a family vacation to preparation for catastrophic natural disasters, of which there were 69 in the U.S. alone in 2011, would be affected.

With its ERM program and ARM software in place, Raytheon could quickly identify risks in the satellite project and take mitigating actions. Raytheon successfully completed its part of the project on-time and on-budget, contributing to the overall success of the launch.

Using ARM to identify risks, Raytheon successfully completed its part of NASA’s next generation satellite program launch, on-time and on-budget.