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Aviation and Missile LCMC Risk Management

**73rd MORSS
21-23 June 2005**

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Why Risk Management

The Undesirable Alternative to Risk Management is Crisis Management, a Resource Intensive Process that is Normally Constrained by a Restricted Set of Available Options

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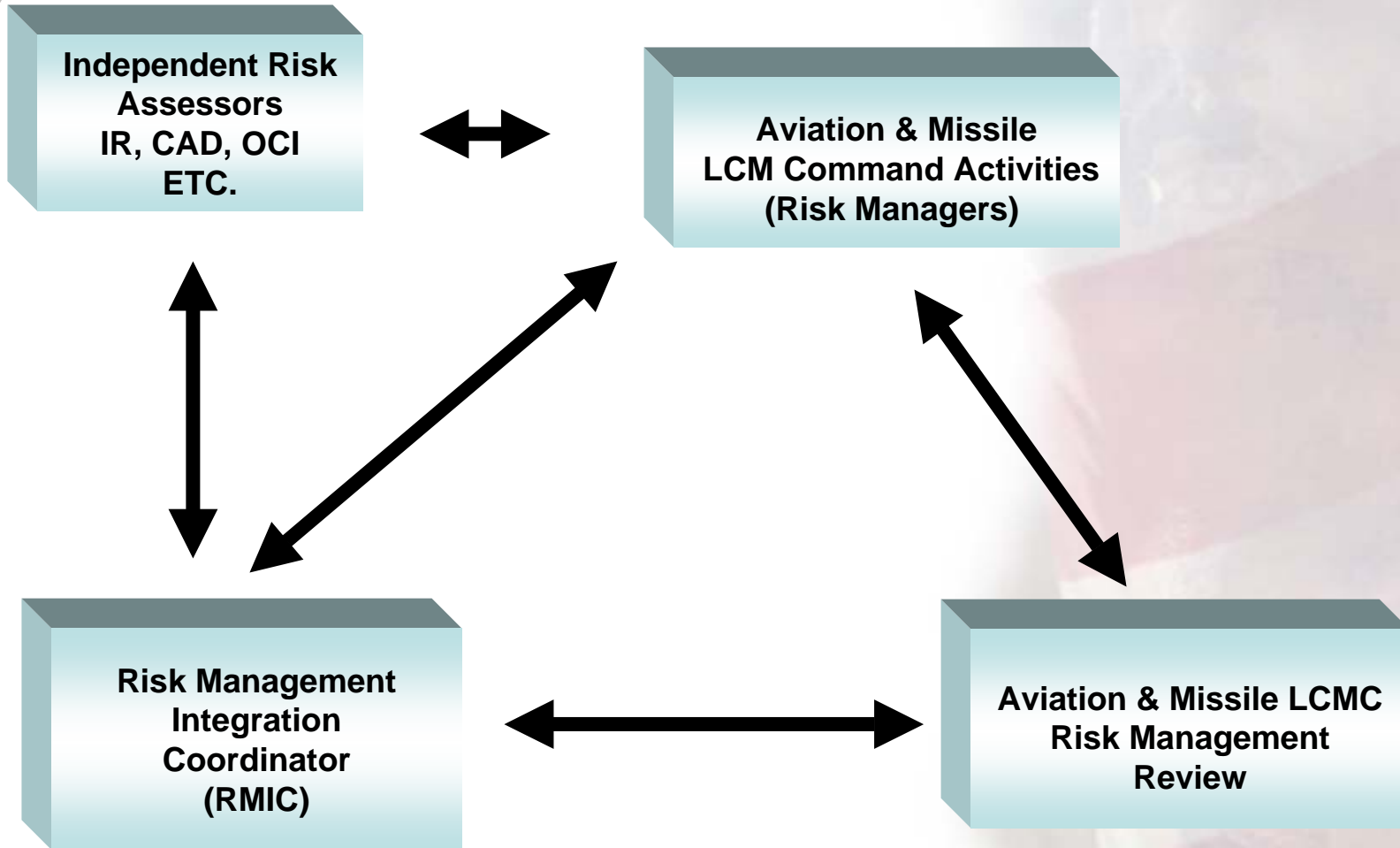
LCMC Risk Management Process Implementation

- **Organized, Comprehensive, and integrated approach for identifying, assessing and handling risk.**
- **AMCOM Command Risk encompasses programmatic, functional and operational risk.**
- **Includes the Risk Assessment Internal Control Process (RAICP)/ Strategic Readiness System (SRS) Balanced Score Card concept. (RAICP PAT Interim Report to be included in AR 11-2 revision)**
- **Functional Areas Risk Assessments**
- **Acquisition Program Risk Assessments**
- **Quantified Risk Assessment Methodology**

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Aviation and Missile LCM Command Risk Management Structure



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LCMC Risk Management Structure

Risk Manager

- the principal risk owners within the LCMC activities.
- Interface with the RMIC to provide all required documentation for Aviation & Missile LCMC Risk Management Reviews, as well as requests for Independent Risk Assessor's assistance.

Risk Management Integration Coordinator (RMIC)

- LCMC's G 3 principal staff officer
- Reviews and integrates risk assessments provided by Aviation & Missile LCM Command Activities Risk Managers for the Aviation & Missile LCMC Risk Management Review.
- coordinate all requests for Independent Risk Assessor assistance.
- Provides risk assessment and risk management training for all Risk Managers and Independent Risk Assessors.

Independent Risk Assessors

- Provides risk assessment assistance to all LCMC Activities.
- Provides functional expertise and risk analysis assistance to the LCMC activities and programs, and to the RMIC as necessary.
- The Independent Risk Assessors coordinate all requests for assistance through the RMIC

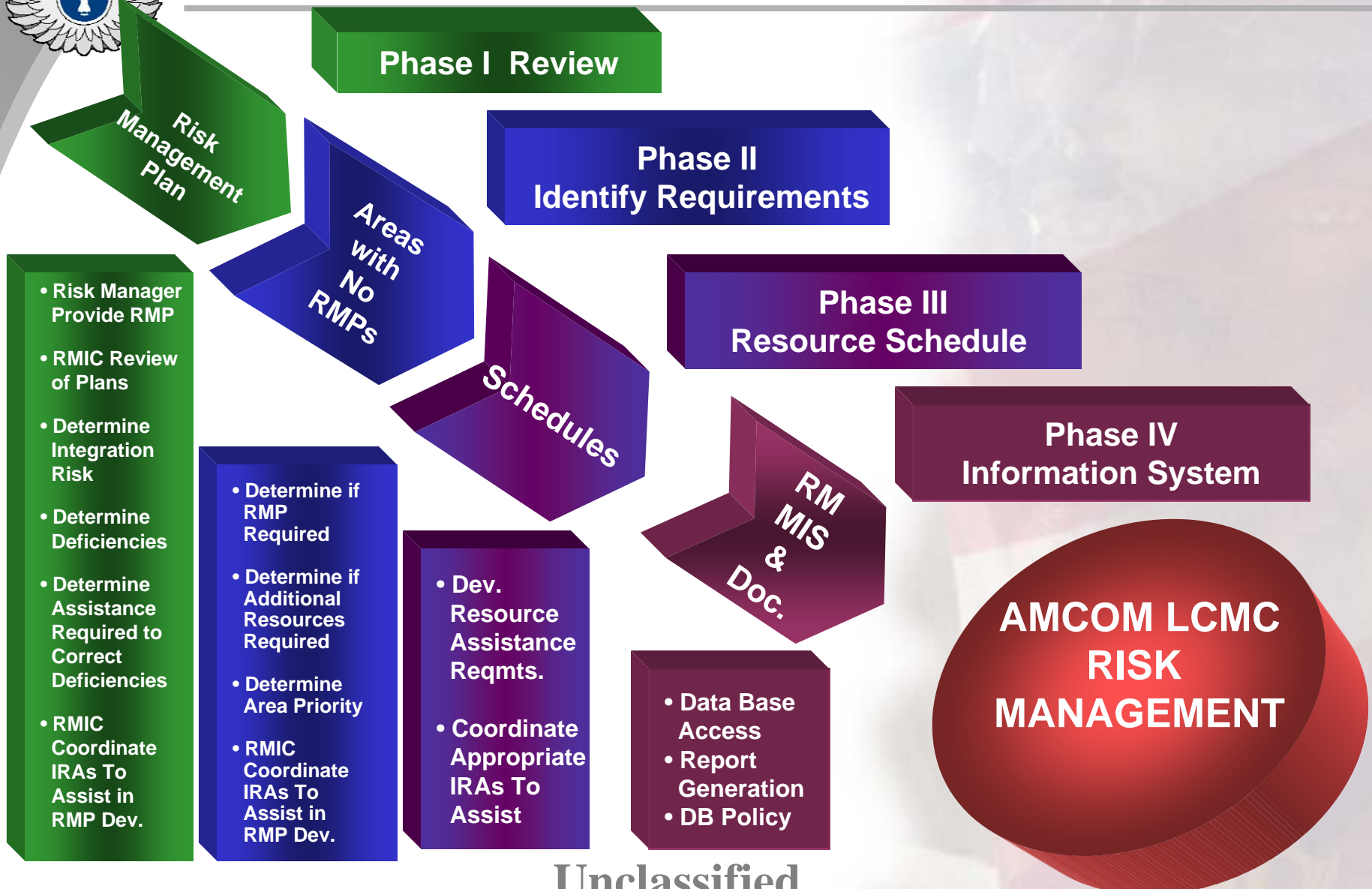
Aviation & Missile LCM Command Risk Management Review

- Conducted independently as critical issues arise or in conjunction with Weapon System or SRS Reviews
- The Aviation & Missile LCMC Risk Management Reviews will be chaired by the Aviation & Missile LCMC Commander or the designated representative.

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LCMC Risk Management Implementation Phases



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LCMC Risk Management Implementation Process

- **Phase 1 Review**

All programs, functional elements and operation elements will provide the Risk Management Integration Coordinator (RMIC) their latest Risk Management Plan. The Risk Management Plans will be reviewed by the RMIC to determine the integration level of risk. Deficiencies in the Risk Management Plans will be identified and the RMIC will work with the Risk Manager to determine the assistance required from the Independent Risk Assessors (IRA) to correct the deficiencies.
- **Phase 2 Identify Requirements**

Areas which do not already have a Risk Management Plan will be reviewed to determine if a Risk Management Plan is required. If a plan is required and additional assistance is needed, the RMIC will coordinate with the appropriate IRAs to assist in developing the Risk Management Plan. Programs will be evaluated to determine the highest risk areas and these will receive a high priority.
- **Phase 3 Resourced Schedules**

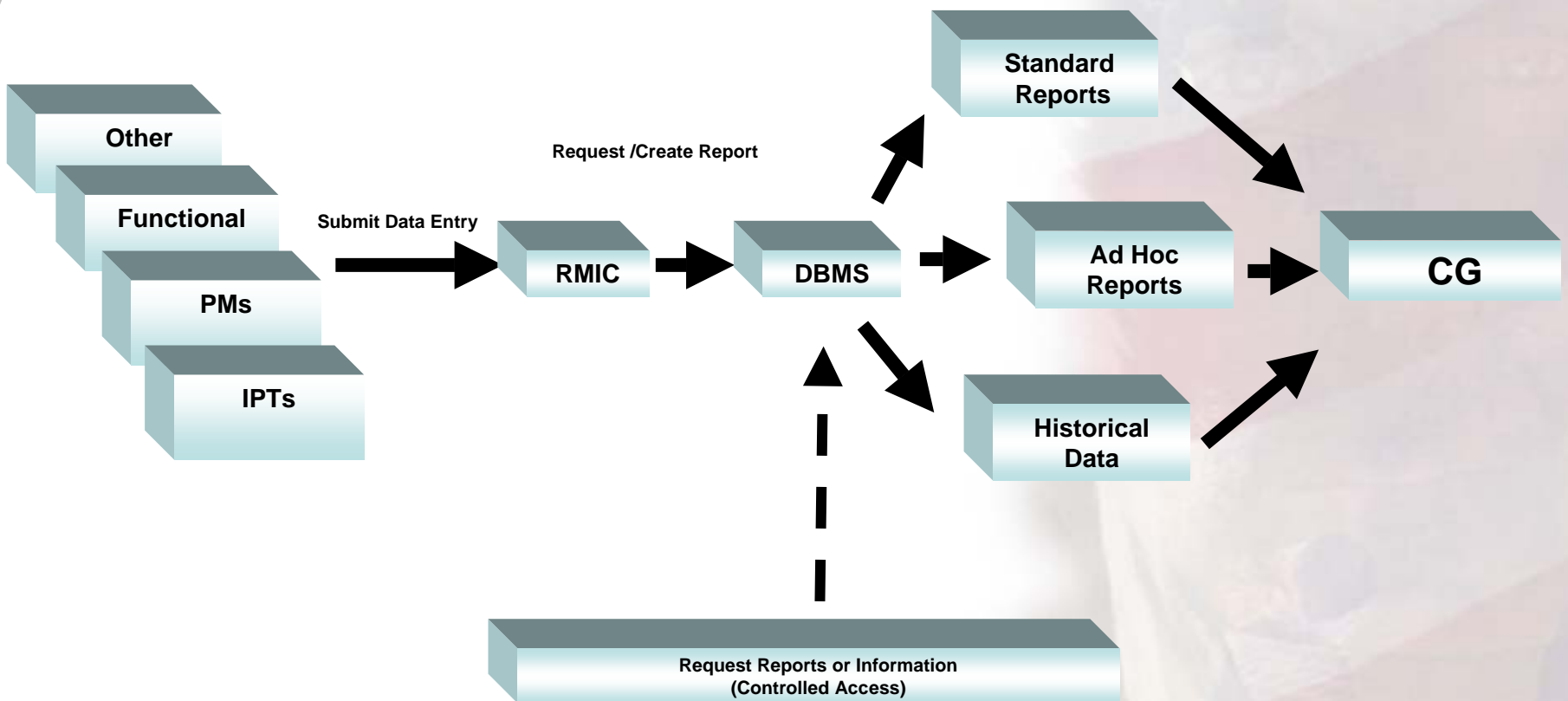
The RMIC will develop a resourced implementation schedule which identifies the resources required and a time line to achieve complete implementation. The Risk Management Implementation Process will be incrementally implemented beginning with those areas which already have approved Risk Management Plans.
- **Phase 4 Command Risk Management Information System and Documentation**

Command database management system will store and allow retrieval of risk-related data. The risk management information system provides data for creating reports and serves as the repository for current and historical information related to Command risk. This information include risk assessment documents and any other risk-related reports. The RMIC is the LCMC's principal staff officer responsible for management of the reporting system and will; Publish any restrictions for entering data into the database; Identify reports and establish a schedule, if appropriate; Use standard report formats as much as possible; Ensure that the standard report formats support all users, such as the PM, functional areas, IPTs, and IIPs; Establish policy concerning access to the reporting system and protect the database from unauthorized access.

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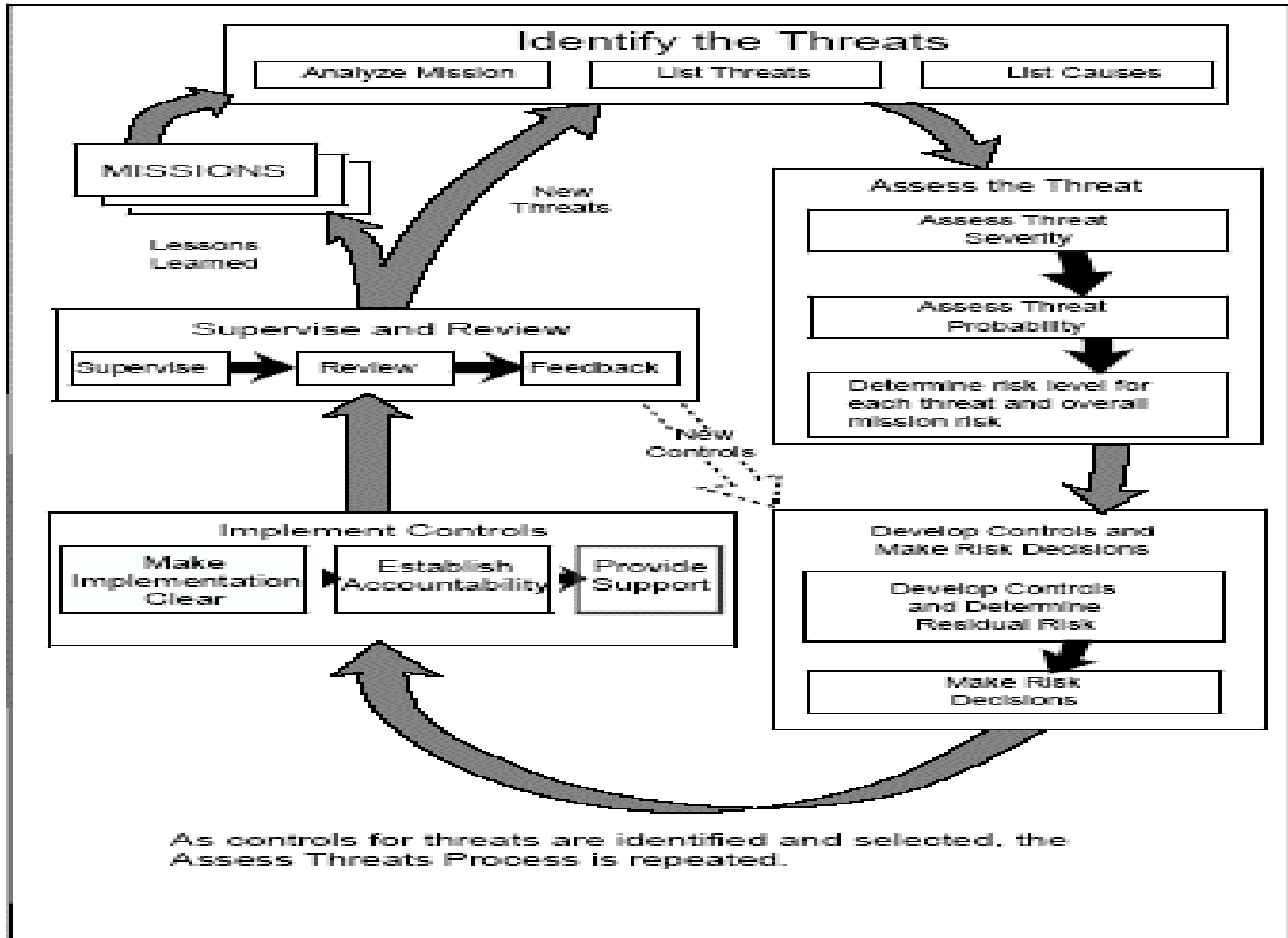
Risk Management Information Structure



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Continuous Application of Risk Management





Risk Information Form

Risk Information Form

Risk Identification Number _____ Date _____

Risk Event:
Priority _____

Major System/Component/Functional Area: _____

Category: _____

Statement of Risk:
Description of Risk: _____

Key Parameters:
Assessment: _____

Analysis: _____

Process Variance
Probability of Occurrence:
Consequence: _____

Time Sensitivity:
Other Affected Areas: _____

Risk Handling Plans: _____

Risk Monitoring Activity: _____

Status _____
Status Date: _____

Assignment: _____ Reported By: _____

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Risk Tracking Report

Risk Tracking Report (Example Report)

- I. Risk Area Status: Design P_F : HI C_F : HI
Significant Design Risks:
1. Title: System Weight P_F : HI C_F : HI
Risk Event: Exceed system weight by 10%; decreasing the range and increasing fuel consumption.
Action: Examining subsystems to determine areas where weight may be reduced. Reviewing the requirement. Closely watching the effect on reliability and survivability.
 2. Title: Design Analysis P_F : HI C_F : HI
Risk Event: Failure Modes, Effects and Criticality Analysis (FMECA) is planned too late to identify and correct any critical single-point failure points prior to design freeze.
Action: Additional resources are being sought to expedite performance of FMECA.
- II. Risk Area Status: Supportability P_F : HI C_F : Mod/Hi
1. Title: Operational Support P_F : HI C_F : Mod/Hi
Risk Event: Power supply subcontractor is in financial trouble and may go out of business. No other known sources exist.
Action: Doing trade study to see if alternative designs have a broader power supply vendor base. Prime contractor is negotiating with the subcontractor to buy drawings for development of second source.

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Database Management Elements

Element	Description
Risk Identification (ID) Number	Identifies the risk and is a critical element of information, assuming that a relational database will be used by the PMO. (Construct the ID number to identify the organization responsible for oversight.)
Risk Event	States the risk event and identifies it with a descriptive name. The statement and risk identification number will always be associated in any report.
Priority	Reflects the importance of this risk priority assigned by the PMO compared to all other risks, e.g., a one (1) indicates the highest priority.
Data Submitted	Gives the date that the RIF was submitted.
Major System/Component	Identifies the major system/component based on the WBS.
Subsystem/Functional Area	Identifies the pertinent subsystem or component based on the WBS.
Category	Identifies the risk as technical/performance cost or schedule or combination of these.
Statement of Risk	Gives a concise statement (one or two sentences) of the risk.
Description of Risk	Briefly describes the risk. Lists the key processes that are involved in the design, development, and production of the particular system or subsystem. If technical/performance, includes how it is manifested (e.g., design and engineering, manufacturing, etc.).
Key Parameters	Identifies the key parameter, minimum acceptable value, and goal value, if appropriate. Identifies associated subsystem values required to meet the minimum acceptable value and describes the principal events planned to demonstrate that the minimum value has been met.
Assessment	States if an assessment has been done. Cites the Risk Assessment Report, if appropriate.
Analyses	Briefly describes the analysis done to assess the risk. Includes rationale and basis for results.
Probability of Occurrence	States the likelihood of the event occurring, based on definitions in the program's Risk Management Plan.
Consequence	States the consequence of the event, if it occurs, based on definitions in the program's Risk Management Plan.
Time Sensitivity	Estimates the relative urgency for implementing the risk-handling option.
Other Affected Areas	If appropriate, identifies any other subsystem or process that this risk affects.
Risk Handling Plans	Briefly describes plans to mitigate the risk. Refers to any detailed plans that may exist, if appropriate.
Risk Monitoring Activity	Measures using metrics for tracking progress in implementing risk-handling plans and achieving planned results for risk reduction.
Status	Briefly reports the status of the risk-handling activities and outcomes relevant to any risk handling milestones.
Status Due Date	Lists date of the status report.
Assignment	Lists individual assigned responsibility for handling activities.
Reported By	Records name and phone number of individual who reported the risk.

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