

Measuring Risk Management's Value



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What's My Value For Money?



PROVE IT!!

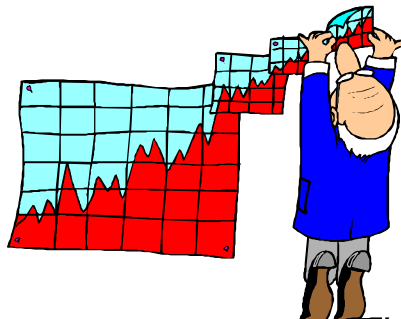
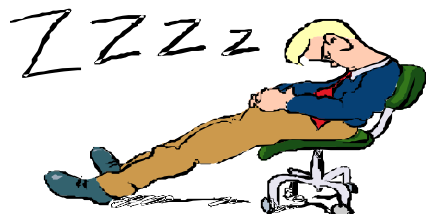
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Risk Management Practice

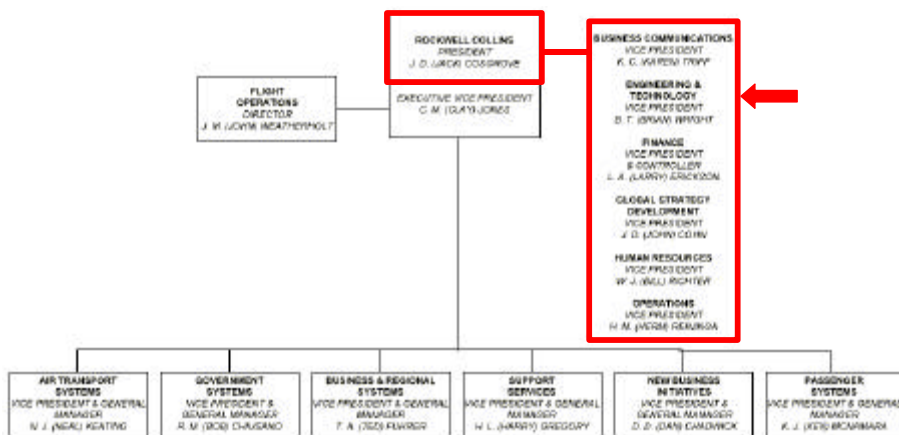
Least Used of All PM Disciplines



Strongest Correlation with Success



Risk Management at Rockwell

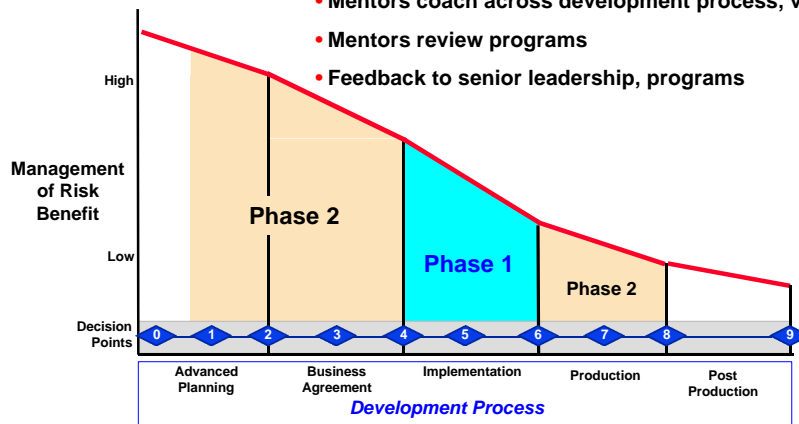


Management of Risk supports all Collins Businesses, other Rockwell entities, strategic customers and allies.



Risk Management at Rockwell

- 100+ programs (from \$2M to \$90M)
- Evaluation criteria for risk management practices
- Mentors coach across development process, value chain
- Mentors review programs
- Feedback to senior leadership, programs

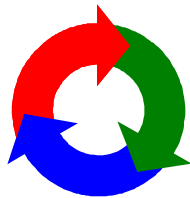


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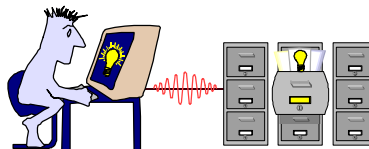
Effective Risk Management



Repeatable & Measurable
Process



Motivating
Functional Behavior



Widespread access to adequate
sources of knowledge

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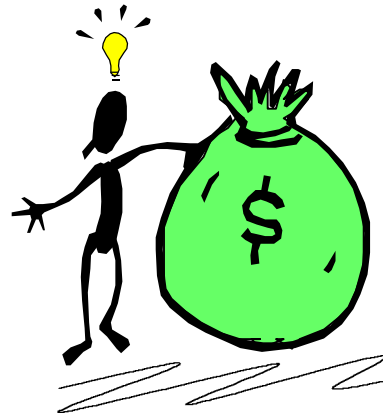
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Cost to Implement



**Payback expected
@ 5:1 to 50:1**



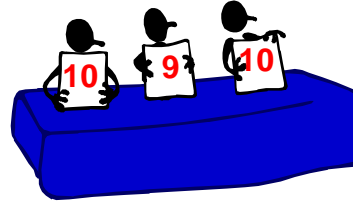
Evaluating Value



- Indirectly
- Cost Avoidance
- Revenue Preservation
- Revenue Enhancement

Qualitative Results

Difficult to track hard value numbers, but value is definitely perceived by:



- **Individual Engineers** Far fewer crises
- **Program Managers** Superior performance and visibility
- **Senior Leadership** Greater predictability & forward look
- **Rockwell, Customers, Allies** More reliable performance

Quantitative Results



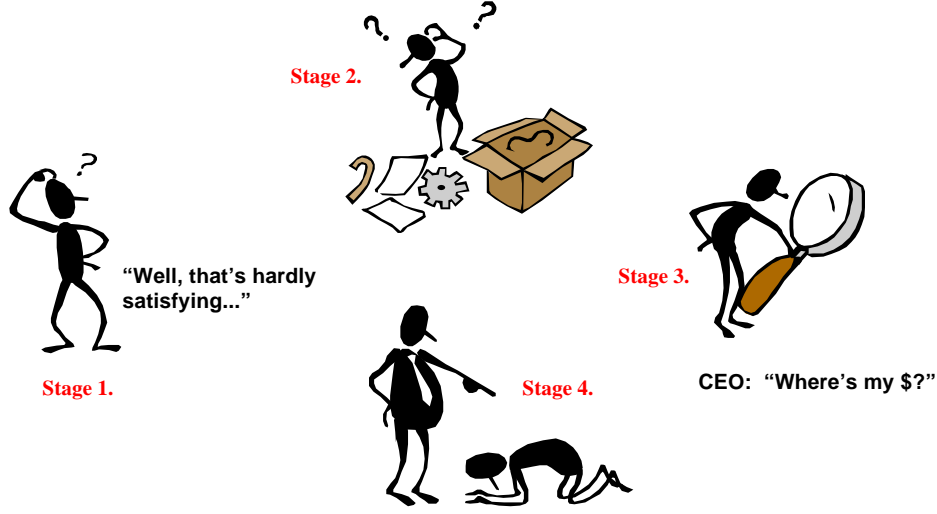
'97 FY Data Shows:

- ★ 17% Cost performance (CPI) delta between green programs & the rest
- ★ 14% Schedule performance (SPI) delta between green programs & the rest
- ★ Data indicate variance reduction in SPI

Conclusion: Programs that practice risk management diligently have best cost and schedule performance.

Senior Management Reaction

"Risk management alone doesn't explain it..."



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Risk Management's Future



"Effective risk management is a critical corporate objective of Rockwell."

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Lessons of Trapping Value



- Top-Down Vision
- Bottom-Up Execution
- Middle-Out Application
- Business & Individual Values

Where To Next?

Integrated Risk Management Framework



Risk Process

- Identify
- Analyze
- Prioritize
- Monitor
- Control

Risk Application

- Planning
- Design
- Development
- Deployment
- Operation

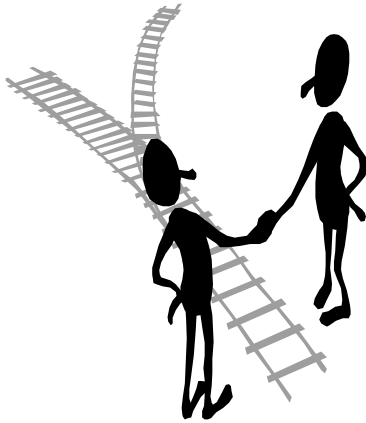
Risk Context

- Enterprise
- Organization
- Program
- Project

Risk Scope

- Software
- Hardware
- System
- Application Domain
- Business Environment
- Policy / Legislative

Risk Management & Measurement Implications



Cost Management

Performance Management

Risk Management

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