

Integrated Program Management Fall Conference

Practice Symposia (PS10 and PS16) – Integrating Risk
Management and Earned Value Management in the US
and UK

US Participants: Patricia Tisone, Gay Infanti

UK Participants: Val Jonas

Discussion Moderator – Wayne Abba

RM/EVM Integration Symposia - Overview

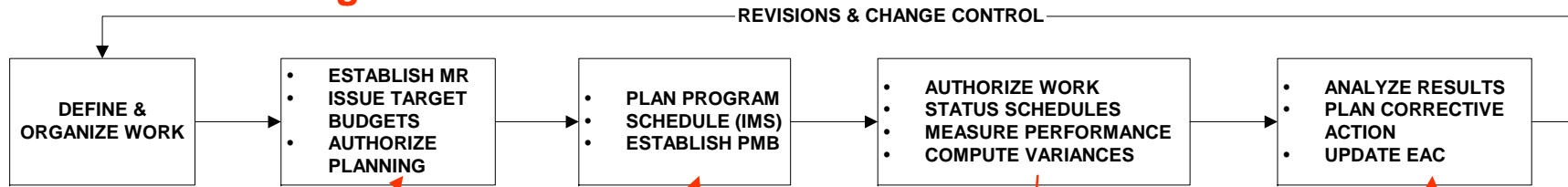
- **Part 1 (PS10)**
 - Introduction - Gay Infanti, NDIA PMSC Risk Management Working Group
 - Presentation - Val Jonas, Risk Decisions
- **Part 2 (PS 16)**
 - Presentation - Patricia Tisone, Northrop Grumman
 - Q&A/Discussion - Wayne Abba, Moderator

Recent NDIA Working Group Activities

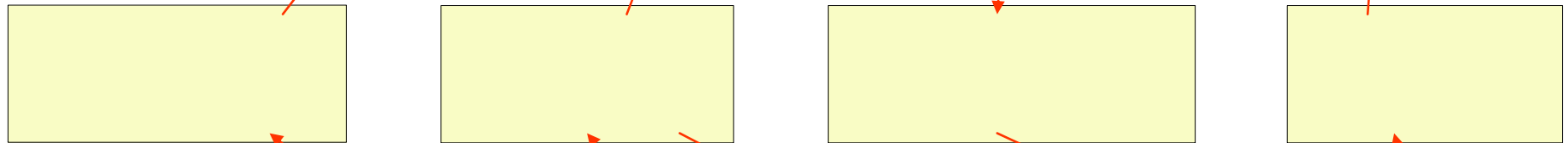
- **Developed and submitted proposed language for incorporation into the NDIA EVMS Application Guide to provide high-level guidance for the integration of risk management with EVM**
- **Ongoing interaction with APM the in UK**
 - **Continued joint sponsorship/participation in conference workshops to share process integration/interface techniques**
 - **Plan to participate in formal review of APM's Handbook for interfacing RM and EVM**

RM/EVM Process Integration Model

Earned Value Management:



Integrating Guidance:



Risk Management:



Process Integration Guidance – Planning Phase

- **Expand MR to include reserve for potential cost & schedule impacts, based on overall risk assessment, in addition to reserve for unknowns**
- **Establish MR at appropriate levels based on risk tolerance**
- **Identify and reference risk to WBS elements in the planning phase to ensure adequate budget and schedule are available for risk handling**
- **Allocate budgets to PMB based on confidence levels that provide challenging but achievable targets and provide resources for risk handling activities**

Process Integration Guidance – Execution Phase

- Use EVM to monitor risk and opportunity handling plans, uncover new risks/opportunities, identify adjustments to risk handling plans, i.e., corrective actions, and trigger updates to EAC
- Conduct program reviews where both EV and RM data are reviewed, variances discussed, and corrective actions are agreed upon to achieve program objectives
- Monitor and update the risks and opportunities throughout the program life cycle to enable a forecast of potential cost/schedule impacts, if any, after risk/opportunity handling plans are complete
 - **Allocate MR for planning risk handling activity resulting from the identification of a new risk or risk whose consequence or impact has become elevated**
 - **When issuing MR to plan new risk handling activities, use the EVM system's formal change control process to ensure baseline integrity**
 - **Reflect risk impacts in EAC when it becomes known they will be realized**
 - **Replan future work to recover excess budget resulting from opportunity capture; replenish MR**

Implementation Guidance

- **Assign overall responsibility for RM and EVM to the PM with support from process experts as required**
- **Cross train RM and EVM personnel on the EVM and RM processes, respectively**
- **Develop a plan for integrating the processes**
- **Update process documentation to incorporate integrating steps**
- **Provide process integration training to PMs, as well as, RM and EVM personnel**
- **Implement process integration**