

STRATEGIC THOUGHT GROUP RISK MANAGEMENT CASE STUDY

United States Air Force

The United States Air Force (USAF) embraces ARM for rigorous risk management.

It is fair to say that “Nothing comes close” to the USAF in terms of other nations’ air forces. With over 7500 manned aircraft, 2000 air-launched cruise missiles and 800,000 military and civilian personnel it is the largest air force in the world.

Overview

The Air Force’s Air Force Material Command (AFMC) wanted to institutionalise rigorous risk management to enable on time, on budget and to high technical performance the delivery of acquisition programs and projects that equip the warfighter to protect the national interests of the USA. To ensure correct funding decisions are made AFMC needs to know the risk profile of each program. It can then decide whether additional funding is required to mitigate risk in one program while in another funds could be released as successful risk mitigation strategies have been deployed. To assist in achieving the goal of correct resource allocation AFMC installed Active Risk Manager (ARM).

Why Active Risk Manager

ARM will be used to monitor the progress of current and future programs and help with the rationalisation and allocation of resources across the USAF portfolio of programs. Current programs number around 500 with many thousands of potential ARM users.

ARM also supports the November 4th 2008 Guidance Memorandum: Life Cycle Risk Management, issued by the Assistant Secretary of the Air Force (Acquisition). This guidance, which is mandatory under AFI-63-101, Operations of Capabilities Based Acquisition System, stipulates that robust, rigorous, and standardised risk management must be done by all ACAT, pre-milestone/key decision point B,

and Services Category I and II programs across the system life cycle. All risks and associated handling plans must be tracked in a risk management database that can operate across both lifecycle phases as well as other organisations and prime contractors.

Mr Blaise Durante, Deputy Assistant Secretary for Acquisition Integration for the United States Air Force sponsored the evaluation and subsequent purchase of Active Risk Manager.

Mr Durante also entertained delegates at an US ARM Customer Conference in Washington as the Key Note Speaker. During his presentation Mr Durante told the audience that “Strategic risk is the threat or opportunity presented by changing conditions across the portfolio of multiple program/projects and that strategic risk is hard to measure.”

Speed of Communication

With Active Risk Manager the USAF intends to improve the speed of communication of key risks so as to reduce the probability/frequency and scale of impact of those risks. Other aims include:

- To encourage a more in depth risk management process and communication of risk at all levels to allow for the delivery of consistent processes to reduce costs



- To ensure that senior management have transparency of the real risks and opportunities across programs so they can assign/move funding and resource to the right programs based on real up to date and relevant information
- Capture risk knowledge not just for the success of today's missions but also for the next generation.

Karl Pringle, Global Alliances Director at Strategic Thought who worked with the USAF to complete the deal summarised the pride and delight of all those at Strategic Thought with the words, "Do Something Amazing is one of the recruitment mottos used by the USAF and at Strategic Thought we all felt that we had all achieved something amazing when the final contract worth over US\$1 million for software, support and services was signed, sealed and delivered. We know that Active Risk Manager will help to improve return on investment of risk handling initiatives for the USAF and in turn protect the national interests of the USA and its allies."

Bob Bell, the former Risk Manager at Lockheed Martin Aeronautics for the Joint Strike Fighter program said he had expected this outcome for some time, based on his very positive interactions with USA, JSF team.

Karl and all those involved have shown that if you "Aim high" (another recruitment slogan of the United States Air Force) the sky really can be the limit with Active Risk Manager.

About Strategic Thought Group plc

Strategic Thought is a leader in Enterprise Risk Management in both theory and practise through its team of industry practitioners who have a wealth of experience in setting enterprise-wide risk/reward strategies and implementing ERM programmes in a variety of industries.

Active Risk Manager is the world's leading web-based Enterprise Risk Management system. ARM enables the identification, registration, communication, analysis and management of risks and opportunities. ARM aids compliance with project, operational and enterprise-wide guidelines. The effective management of risks and opportunities allows companies to act within corporate governance requirements and industry standards while balancing the risk/reward mix to maximise the return on opportunities.

Strategic Thought was founded in 1987, has offices in Maidenhead, England and Washington DC in the US with local presence in Michigan, Washington State, Georgia, Wisconsin and Texas.

**For further information contact
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