

Better Buying Power 3.0 Implementation Memo on Technical Risk:

Improve our leaders' ability to understand and mitigate technical risk

GENERAL GUIDANCE:

Successful product development requires understanding and actively managing program risks. Risk management is an endeavor that begins with requirements formulation and assessment, includes the planning and conducting of a technical risk reduction phase if needed, and strongly influences the structure of the development and test activities. Active risk management requires investment based on identification of where to best deploy scarce resources for the greatest impact on the program's risk profile. PMs and staff should shape and control risk, not just observe progress and react to risks that are realized. Anticipating possible adverse events, evaluating probabilities of occurrence, understanding cost and schedule impacts, and deciding to take cost effective steps ahead of time to limit their impact if they occur is the essence of effective risk management. Risk management should occur throughout the lifecycle of the program and strategies should be adjusted as the risk profile changes. Among activities to implement this initiative are the development of pilot programs, hands-on training, and briefings to educate acquisition leaders about proactive risk management. The Department will also expand the available repository of risk-related case studies and lessons learned.

In 3.0, we will continue to refine BBP implementation plans through designated supporting organizations, make recommendations to evaluate a set of acquisition programs to assess/evaluate active risk planning, and coordinate updates to program review guidance to incorporate refinements in the technical risk information needed to support major decisions.

SPECIFIC ACTIONS:

DASD(SE) will work with the CAEs and DAU to collect risk management case studies and lessons learned and report results to the USD(AT&L) and the BSIG by October 2015.

DASD(SE) will re-issue the DoD Risk Management Guide by June 2015 to ensure understanding, implementation, and reporting of risk identification, management, and mitigation across the Department.

SAEs will commission a review of current risk management curricula and recommend updates by November 2015.

DASD(SE) will work with the Components to pilot technical risk peer reviews and provide independent feedback to programs prior to major milestones or decision points. Program Managers will emphasize remaining risks and ongoing or planned mitigation actions in annual program assessments for the DAE, CAE, and PEO.

[Complete BBP 3.0 Implementation Memorandum, April 9, 2015](#)

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