

Opportunity Management



Certification Training



Knowledge Sharing



Continuous Learning



Mission Assistance

Date: 2 March 2016
Presenter: Don Goddard, C.P.L., PMP
Email: donald.goddard@dau.mil

Moderator



Brian Canino



- Opening
 - *Opportunity* defined
 - Examples good & bad
 - Coverage by industry and Defense
- DoD's opportunity management process
- More opportunities await
- Closing



Questions? Comments.
Emotional Outbursts!

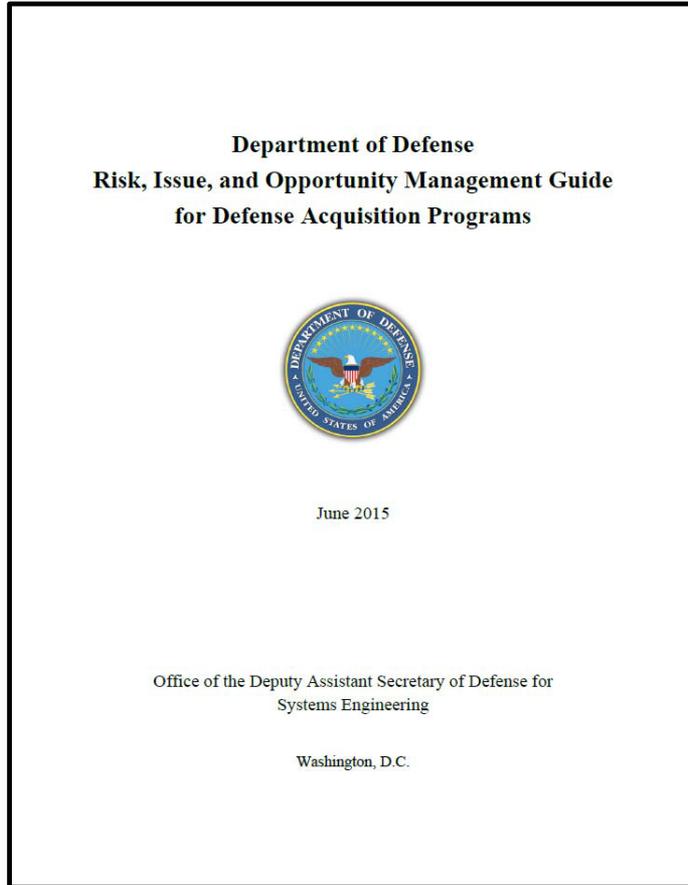
Yours are welcome...always
(even now)

Opening

- *Opportunity* defined
- Examples good & bad
- Coverage by industry and Defense



DOD'S LATEST GUIDANCE



- Replaces DoD Risk Management Guide v.6 (since August 2006)
 - Not called v.7
- Now called DoD Risk, Issue, and **Opportunity** (RIO) Management Guide
 - Went through several drafts over several years
 - Released June 2015

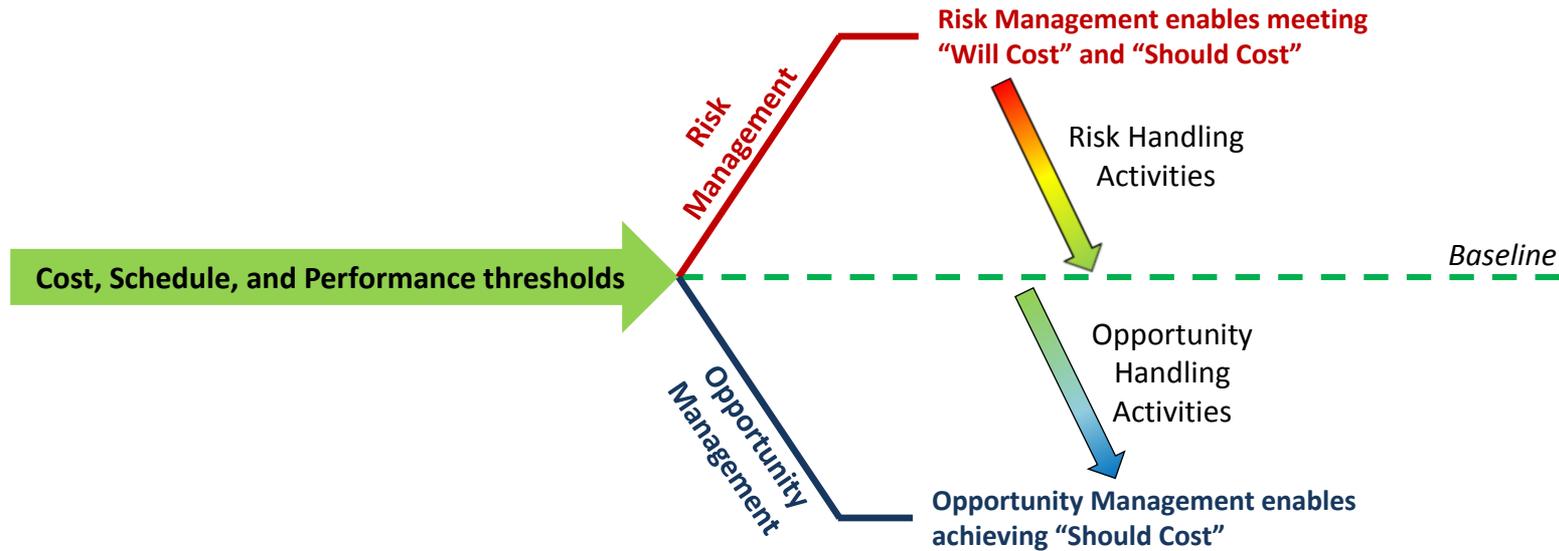
- **Opportunities** are potential future benefits to the program's cost, schedule, and/or performance baseline, usually achieved through reallocation of resources
- **Opportunity Management** is a process for planning, identifying, analyzing, handling, and monitoring initiatives that yield potential program cost reductions, schedule reductions, and/or performance improvements

(Source: DoD Risk, Issue, and Opportunity Management Guide for Defense Acquisition Programs)

- **Will Cost** is a non-advocate, independent cost estimate for a program's budgeting and programming
- **Should Cost** is a program manager's cost target for program execution. Should Cost generally is set below the independent cost estimate, and managed with the intention to achieve identified cost savings



OPPORTUNITIES HELP DELIVER SHOULD-COST OBJECTIVES



- Risk, issue, and opportunity (RIO) management, singly and collectively, attempts to improve potential program outcomes
- Opportunity management, like issue management, should be considered as complementary to risk management
- Opportunity management measures potential program improvement in terms of likelihood and benefit
- Opportunities may be identified before program execution and should be sought across the program life cycle



EXAMPLE OF *OPPORTUNITY*?

Wednesday, 3:02 AM

Good Day,

I am happy that this email finally has found you. I am Doctor [REDACTED], a director with the National Bank of [REDACTED]. I wish to speak with you most urgently about a matter regarding the sum of \$41,000,000 U.S. dollars...



EXAMPLE OF *OPPORTUNITY*?

WIN
\$5,280.00
A WEEK
“AD INFINITUM”

- Redesign system to replace certain “bad actors” with better quality parts
 - **Increases** procurement cost initially
 - **Decreases** operations & maintenance (O&M) costs due to higher reliability over multi-year life cycle
 - O&M savings >> Procurement premium

JFK MOON SPEECH, RICE UNIVERSITY



“We choose to go to the moon in this decade and do the other things, not because they are easy, but because they are hard, because that goal will serve to organize and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win.”

– President John F. Kennedy, 12 Sep 1962

First Moon Landing by
Apollo 11 on 20 Jul 1969

- Project Management Book of Knowledge (PMI)
 - Chapter 11 considers risks to be both threats and opportunities (both involve uncertainty)
- Systems Engineering Handbook (INCOSE)
 - Section 5.4 includes opportunities within the description and elaboration of risk management process
- ...and others



OPPS HAVE BEEN CONSIDERED BY DOD: E.G., DATL 2006-2012 & DARJ 2012, 2014



All of these can be accessed using hyperlinks in the “Opportunity Management” article of the ACQuipedia (<https://dap.dau.mil/acquipedia>)



OPPORTUNITIES IN *BETTER BUYING POWER (BBP)* IMPLEMENTATION

The entire BBP manifesto (public statement of policy) is about opportunities, including these specifics:

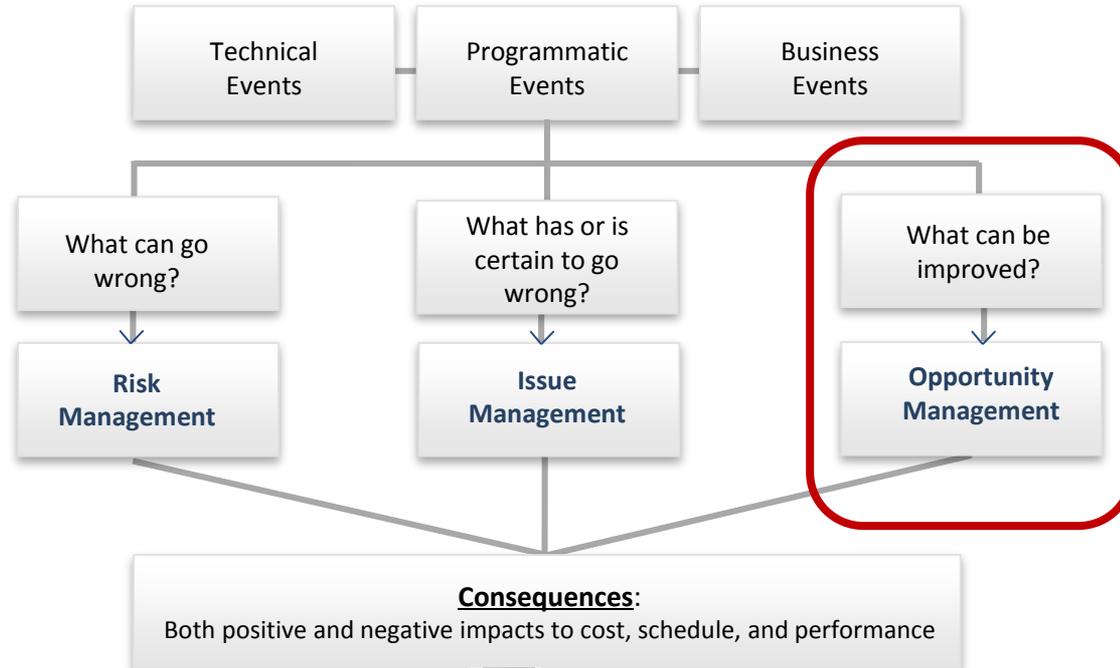
- Remove barriers to commercial technology use
- Restore balance between corporate investments in independent research/development and pursuit of militarily useful technologies
- Reinvigorate the use of prototyping and experimentation
- Stimulate innovation via modular, open systems
- Increase small business participation, including effective market research



DoD's Opportunity Management Process



EVENT-BASED RIO



- “Our processes for risk management may have focused too much on the process and not enough on the substance of identifying and controlling risk.”
- “Categorization in the ‘risk matrix’...by itself isn’t risk management; it is risk watching.”
- “We need to...manage and control risk, not just observe it.”



– *Defense AT&L*, JanFeb 2015

**Same caveat applies to opportunity management:
the emphasis is on identifying and managing
opportunities, not categorizing them in a matrix**

OPPORTUNITY MANAGEMENT PROCESS





When planning for opportunity management:

- Assign roles, responsibilities, and authorities
- Select and document overall approach:
 - Process and procedures
 - Opportunity analysis criteria for likelihood and consequences
 - Opportunity handling procedures
- Establish traceability of opportunity to technical requirements and overall program objectives
- Align government and contractor roles, responsibilities, tools, and information exchange
- Determine opportunity management resources, to include budget, facilities, personnel, schedule
- Determine opportunity management battle rhythm



BATTLE RHYTHM (EXAMPLE)

Daily	Weekly	Monthly	Quarterly	Annually
<ul style="list-style-type: none">• Sub-IPT / Working Group activities• Calendar updates• Status updates• Daily operations	<ul style="list-style-type: none">• Program office stand-up meeting• Sub-IPT meetings• Opps Working Group• Update IMP/IMS, critical path• Action plan development• Quality and metrics review	<ul style="list-style-type: none">• IPT meetings:<ul style="list-style-type: none">– ID oppss– Update status• Track external program dependencies• Opportunities Management Board<ul style="list-style-type: none">– Approve action plans• Opps register updates/reviews• EVM status update	<ul style="list-style-type: none">• PMR: Review status, approve closures• Review opps with external programs• Review results of SRA	<ul style="list-style-type: none">• DAB or DAES review• MDA meetings• Configuration Steering Boards

OPPORTUNITY IDENTIFICATION

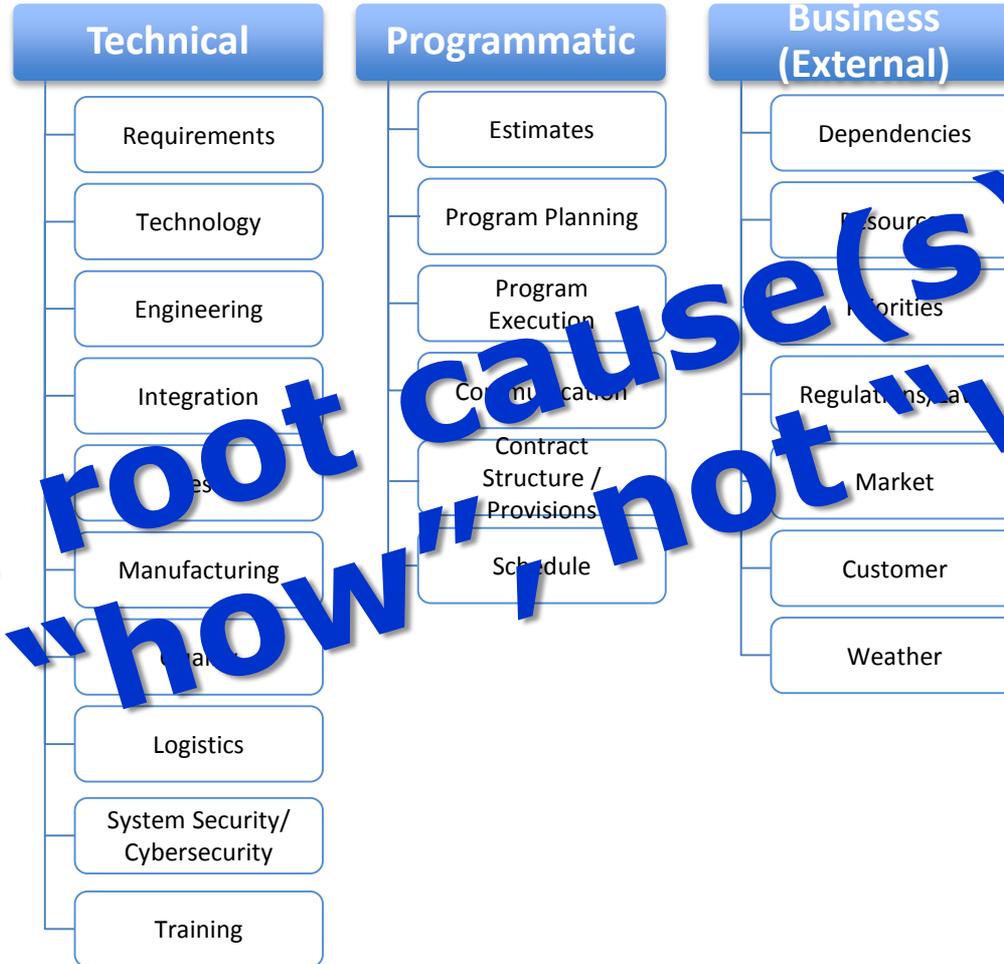


When identifying opportunities:

- Example opportunity ID methodologies:
 - Independent assessments
 - SOW requirements
 - Brainstorming sessions with SMEs
 - Interviews with IPT leads, Systems Command/Center competencies
 - Review of similar/historical programs
 - Trade studies
- Review analysis of Technical Performance Measurements, resource data, life cycle cost information, WBS/IMS/EVM data trends, and progress against critical path
- Review Systems Engineering Technical Review Checklists



OPPORTUNITY TAXONOMY



Find root cause(s);
ask "how", not "why"

OPPORTUNITY ANALYSIS

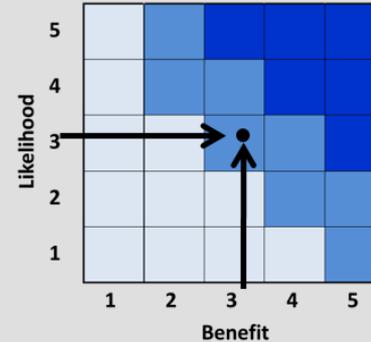


When analyzing opportunities:

- Quantify the cost, schedule, and performance impacts:
 - RDT&E costs
 - Procurement costs
 - O&S costs
 - Performance thresholds
 - Schedule thresholds
- Assess the likelihood of the opportunities being realized
- Conduct analysis periodically to support cost, schedule, and performance assessments

OPPORTUNITY MATRIX & CRITERIA

Level	Likelihood	Probability of Occurrence
5	Near Certainty	> 80% to ≤ 99%
4	Highly Likely	> 60% to ≤ 80%
3	Likely	> 40% to ≤ 60%
2	Low Likelihood	> 20% to ≤ 40%
1	Not Likely	> 1% to ≤ 20%



Level	Cost			Schedule	Performance
	RDT&E	Procurement	Operations & Maintenance		
5	Significant cost benefit of >\$W; or reduces costs by >q% of budget	Significant cost benefit of >\$D or; reduces production unit cost by >q%	Significant cost benefit for O&M savings	Exceptional benefit in meeting major milestones and improving critical path	Exceptional benefit to design margin, system performance and requirements
4	Major cost benefit \$Z - <\$W; or reduces costs by p% - <q% of budget	Major cost benefit of \$C - <\$D or; reduces production unit cost by p% - <q%	Major cost benefit for O&M savings	Major benefit in meeting major milestones and improving critical path	Major benefit to design margin, system performance or requirements
3	Cost benefit of \$Y - <\$Z; or reduces costs by n% - <p% of budget	Moderate cost benefit of \$B - <\$C or; reduces production unit cost by n% - <p%	Moderate Cost benefit for O&M savings	Moderate benefit in meeting major milestones	Moderate benefit to design margin, system performance or requirements
2	Minor cost benefit of \$X - <\$Y; or reduces costs by m% - <n% of budget	Minor cost benefit of \$A - <\$B or; reduces production unit cost by m% - <n%	Minor cost benefit for O&M savings	Minor benefit in meeting lower level milestones	Minor benefit to design margin, system performance or requirements
1	Minimal cost benefit of <\$X; or reduces costs by <m% of budget	Minimal cost benefit of <\$A or; reduces production unit cost by <.5%	Minimal cost benefit for O&M savings	Minimal benefit to improving overall schedule	Negligible benefit to design margin, system performance or requirements

When handling opportunities:

- Consider all three options (pursue, reevaluate, and reject)
- Choose the best handling option, then select the best implementation approach for that option
- Take into consideration elevating the opportunity to the appropriate tier (management or executive level)
- Include cross-program opportunities in order to consider the impact of opportunity management actions on other programs



- Before handling a suspected opportunity, both its upsides and downsides need to be explored thoroughly. Three basic handling options are:
 - **Pursue:** Fund and implement a plan to realize the opportunity
 - **Reevaluate:** Continuously evaluate opportunity for changes in circumstances
 - **Reject:** Intentionally ignore opportunity due to cost, technical readiness, resources, schedule burden, and/or low probability of successful capture

SEE opportunities as a way to pursue them:

- **Share**: Transfer to a third party that is better positioned to address a particular opportunity
- **Exploit**: Take actions to ensure that the opportunity will occur and project will be able to take advantage of it
- **Enhance**: Identify actions that will increase the probability and/or (positive) impact of an opportunity; the most widely used option

(Source: Project Management Institute. *Practice Standard for Project Risk Management*, 2009.)

When monitoring opportunities:

- Track the implementation and progress of the opportunity handling strategy, not just the development and planning of the selected strategy
- Include Technical Performance Measures as an integral activity when monitoring opportunities after selecting the appropriate handling strategy
- Conduct regular status updates to monitor opportunities for changes to likelihood and/or consequences
- Document opportunities that can be retired as well as those that are still being managed to promote and encourage a repeat of the retired opportunity
- Notify management when opportunity handling is ineffective





OPPORTUNITY TRACKING REGISTER

Opportunity	Likelihood	Cost to Implement	Benefit				Opportunity Level	Handling Strategy	Expected Closure	
			Cost			Schedule				Performance
			RDT&E	Procurement	O&M					
Opportunity 1: Procure Smith rotor blades instead of Jones rotor blades.	Mod	\$3.2M			\$4M	3 month margin	4% greater lift	Moderate	Reevaluate - Summarize the handling plan	March 2017
Opportunity 2: Summarize the opportunity activity.	Mod	\$350K	\$25K		\$375K			Low	Reject	May 2017
Opportunity 3: Summarize the opportunity activity.	High	\$211K		\$0.4M	\$3.6M	4 months less long-lead time needed		High	Summarize the handling plan to realize the opportunity	January 2017



More Opportunities Await



**ARE YOU
MAJORING
IN** minor
THINGS?

Change majors!

Clear some
space where
opportunities
can arrive
and reside.



“Opportunity favors the bold.... If somebody offers you an amazing opportunity but you are not sure you can do it, say yes – then learn how to do it later!”

– Sir Richard Branson



MORE *OPPORTUNITY* QUOTATIONS; STILL USEFUL, EVEN IF MISATTRIBUTED

“The greatest danger for most of us is not that our aim is too high and we miss it, but that it is too low and we reach it.”

— Misattributed to Michelangelo, *et al.* (see wikiquote.org)

“Opportunity is missed because it is dressed in overalls and looks like work.”

— Misattributed to Thomas Edison, *et al.* (see quoteinvestigator.com)

“Luck is what happens when preparation meets opportunity.”

— Misattributed to Seneca the Younger, *et al.* (see wikiquote.org)

BENEFIT MORE OFTEN FROM BIG OPPORTUNITIES (BASED ON RESEARCH):

- ***BOLD: How to Go Big, Achieve Success and Impact the World.*** Peter H. Diamandis and Steven Kotler, 2015
- ***Change Anything: The New Science of Personal Success.*** Kerry Patterson, *et al.*, 2011
- ***Give and Take: A Revolutionary Approach to Success.*** Adam M. Grant, 2013
- ***Influencer: The New Science of Leading Change, 2nd Ed.*** Joseph Grenny, *et al.*, 2013
- ***Mindset: The New Psychology of Success.*** Carol S. Dweck, 2006
- ***Originals: How Non-Conformists Move the World.*** Adam M. Grant, 2016
- ***Presence: Bringing Your Boldest Self to Your Biggest Challenges.*** Amy Cuddy, 2015
- ***Rethinking Positive Thinking: Inside the New Science of Motivation.*** Gabriele Oettingen, 2014

SIX SOURCES OF INFLUENCE

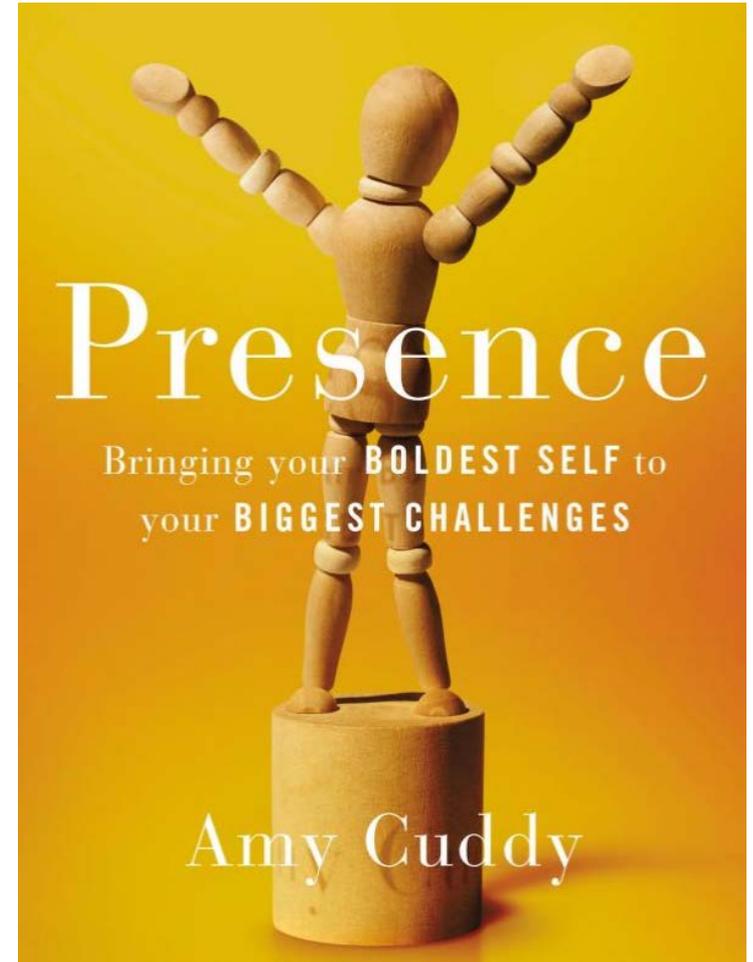
	Motivation	Ability
Personal	1st: Make the Undesirable Desirable	Surpass Your Limits
	Connect <i>vital behaviors</i> to intrinsic motives (inspire, gratify, please, etc.)	Coach the specifics of each <i>vital behavior</i> through deliberate practice
Social	2nd: Harness Peer Pressure	Find Strength in Numbers
	Draw on social influence to enable target behaviors	People in a community champion & assist each other in mutual success
Structural	3rd: Design Rewards and Demand Accountability	Change the Environment
	Attach appropriate rewards to get people to pick up the <i>vital behaviors</i>	Ensure that systems, processes, and sensory cues support <i>vital behaviors</i>

“Using 4 or more of these sources increases likelihood of success 10X!”
 – MIT Sloan Management Review

Both *Influencer* by J. Grenny, et al., and *Change Anything* by K. Patterson, et al., use this model. *Influencer* applies it to groups (even whole nations), while *Change Anything* applies it to individuals.

SOME OPPORTUNISTIC FINDINGS

- Our bodies change our minds about ourselves ~ and our minds change our behavior ~ and our behavior changes our outcomes (for example, forcing a grin by clenching a pencil horizontally in your mouth for 2 minutes ~ you get happier)
- Hunching with a cellphone for 5 minutes nearly halves your assertiveness vs. performing the same tasks sitting upright at a desktop (hint: sit upright w/ cellphone)
- Holding a high-power pose, either sitting or standing, for 2 minutes ~ 86% risk tolerance vs. 60% for a low-power pose (testosterone increases and cortisol decreases significantly)
- Hint: tiny tweaks > BIG CHANGES
- See Amy Cuddy's 2012 TED talk (ted.com)





Closing



- Opening
 - *Opportunity* defined
 - Examples good & bad
 - Coverage by industry and Defense
- DoD's opportunity management process
- More opportunities await
- Closing



Questions? Comments.
Emotional Outbursts!



HERE'S HOW TO CONTACT ME

Don Goddard

- Cell **760-801-0588**
- Email donald.goddard@dau.mil



Get Don's contact information
by auto-responder: Text **DAUdon** to **50500**
Or, scan the QR Code on the right →

