



UNDER SECRETARY OF THE AIR FORCE
WASHINGTON



AUG 31 2007

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Risk-Based Decision Making

We must assess and manage risk of all kinds as a routine part of program management, clearly identify risk at all levels during program reviews and use this risk information as a key element of program oversight and decision making.

Programs are required to use the Probability of Program Success (PoPS) tool to assess program risk objectively and consistently. Mandatory elements of source selection will continue to include evaluation of proposal risk, cost risk, and past performance. Acquisition programs will continue to integrate risk management into all aspects of program management by using the *Risk Management Guide for DoD Acquisition*, the *Defense Acquisition Guidebook*, System Metric and Reporting Tool, Technology Readiness Assessments, and Risk-based Source Selection.

Over the next six months, the Air Force will finalize additional process tools such as Manufacturing Readiness Assessments, to further support risk-based decision making. These tools, the required use of PoPS, and the development of a standard process for oversight, will be included in the planned update to AFI 63-101, *Operations of Capabilities Based Acquisition System*.

For further information regarding current web-based risk management tools, policy, and training please contact SAF/AQXA at (703) 588-7111.

SUE C. PAYTON
Assistant Secretary of the Air Force
(Acquisition)

Ronald M. Segal
Under Secretary of the Air Force

DISTRIBUTION:

AF/A4/7
AFMC/CC
SMC/CC