Opportunity Management

Deciding to Make it Part of Your Programs Acquisition Strategy

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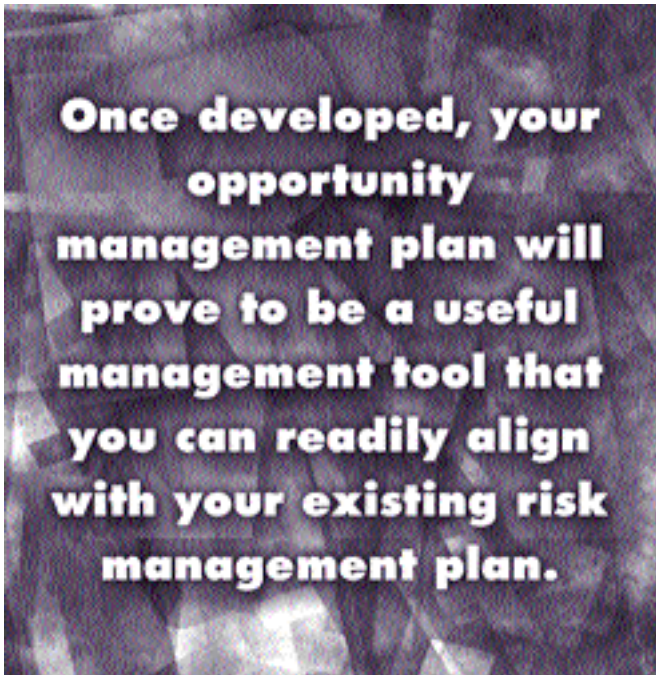
In our previous *Defense AT&L* article ("Should Opportunity Management be Added to my Programs Acquisition Strategy?" May-June 2007), we discussed the concept of opportunity management (OM) and the potential benefits such a process could yield for your program. In this article we take the next step in our journey by laying-out a notional framework for an opportunity management program (OMP). Our notional framework consists of seven major steps:

- Empower your OM IPT
- Identify opportunity candidates
- Assess the opportunity candidate for advantages and disadvantages
- Establish an implementation plan
- Validate all assessments and plans
- Maintain control/oversight
- Communicate and document.

When properly applied, this framework will provide the foundation for the development of an effective OMP in your own program. Once developed, your OMP will prove to be a useful management tool that you can readily align with your existing risk management plan.



Empower your OM IPT

This is the first step in the process because of its critical importance to the overall success of your team. Team empowerment can potentially lead to the following positive results for your program: creative thinking, an environment accepting of change, and a proactive team that acts rather than reacts. Through effective empowerment, you will foster a "Be All You Can Be" work environment (to use the old U.S. Army recruiting slogan). Once your team begins to work with OM as a concept, you will soon discover the similarities of its management tenets to the other management programs you already have in place. Like any other management program, to be effective, OM requires a set of defined and disciplined boundaries. Among these boundaries are a definition of the effort and how the effort will be conducted; who is responsible for program processes; what are the boundaries of official roles; what are the rules of engagement for your team and relevant stakeholders; how will your team be trained on OM processes; and finally, how will your team's leadership support the program? As a starting point, consider how your IPTs are chartered with their current assignments. In this regard, pay particular attention to how your risk management processes are conducted by each IPT component.

You may be asking, "Why focus on risk management and how the various IPT components support it?" In our previous article, we made a point to link the process of managing risk with managing opportunities. During the process of assessing a program's "risks," we are frequently able to identify potential opportunities that can actually reduce our risk, or at least provide the team a true return on investment. Like risk, we can assign the responsibil-

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ity for handling a potential opportunity to that IPT component having the greatest chance of achieving the potential benefits associated with that programmatic opportunity. If an opportunity is directly associated with a specific subsystem, is focused on cost performance, or is associated with overall program performance, the selection of the IPT lead for maximizing the potential opportunity ought to be relatively straightforward. It is the PM's responsibility to ensure that the necessary elements are in place for all assignments to be carried out successfully.

Identify Opportunity Candidates

This is the primary responsibility of the various program teams, whether they are composed of contractors, government personnel, or both. This makes perfect sense when you consider that those individuals or teams are most knowledgeable about achieving their program goals. The kinds of questions that stimulate provocative thinking about OM are: What are we doing? Why are we doing it that way? Is there a better way? Could the process be made more efficient or modified to increase our probability of success?

Although the initial investigation into pursuing an opportunity starts with the team, fleshing out an opportunity evolves as it progresses up the chain, ultimately reaching the desk of the program manager for consideration and adoption. The key to the identification of opportunities is an appreciation for the "trade space" that is potentially available within your program. It is absolutely essential that the program's measurable goals and objectives be promulgated to all levels within the IPTs at program initiation. All acquisition programs have baselines for cost, schedule, and technical performance that are documented, assessed, and reported on as the program progresses through its phases.

The following can serve as fundamental sources for identifying opportunities in your program: Key Performance Parameters outlined in your program's capability development document; technical performance measures outlined in your developers' systems engineering management plan; the traceability of the technical maturation of the program identified in your systems engineering plan; the contractual incentive structure exhibited in contract vehicle; or the cost and schedule objectives of your acquisition program baseline.

The process of identification can be crafted along the lines of your existing risk management program. With risk, you are looking for potential impacts to cost, schedule, and technical performance that you wish to reduce through a proactive set of actions. The identification of opportunities follows the same proactive approach as managing risk, except you are seeking to enhance the potential benefits associated with cost, schedule, and technical performance.

Assess the Opportunity Candidate for Advantages and Disadvantages

This is the heart and soul of the process. After identifying an opportunity, an initial assessment of advantages and disadvantages must be conducted. At a minimum, your assessment will determine the likelihood that the opportunity will occur, and the benefits to be associated with the opportunity (cost savings, man-hour savings, improved efficiency, improved end-product performance, enhanced safety factors, and the like). The responsibility for this step of the process once again belongs to the IPT, but it can flow up the chain of responsibility to the PM and down the chain to the end user. During this step of the process, all known and projected aspects of an opportunity's benefit are considered, with no single facet of the process outweighing any other. Based upon the probability that the opportunity can actually be realized, your IPT assigns a priority for consideration.

All opportunities are assessed in a two-step process: a qualitative analysis and if necessary, a follow-up quantitative analysis step. A qualitative analysis assesses the relative likelihood that the opportunity can be realized and the relative value of the benefit if the opportunity is in fact achieved. A quantitative assessment can be performed on any opportunity if greater granularity is required. This is particularly true if an objective estimate is necessary that requires more detail regarding the cost to pursue the opportunity and its potential benefits.

The qualitative analysis step provides an overall picture of the opportunity's perceived relative ranking when compared to other potential opportunities. This comparison is usually conducted with a normative standard such as an "opportunity cube" (explained and illustrated in our previous article). Your program will need to operationally define your methodology as you would with a risk cube structure so that a consistent criterion can be applied. The advantage of this is that when IPT members rate an opportunity as a "4" on the likelihood scale, the meaning is consistent for everyone in terms of its probability of occurring. Similarly, the benefit scale (akin to the consequences scale of a risk cube) would have a standard set for each rating level associated with cost, schedule, and/or technical performance.

The necessity for conducting a quantitative assessment frequently comes down to providing objective support for the selection of a response strategy for the opportunity in question. Similar to managing program risk, the cost of handling an opportunity strategy has to be consistent with the benefit to be gained. Even if your qualitative assessment validates it as an excellent candidate to pursue, the estimated resource investment in the opportunity to achieve the benefit may far exceed its ultimate value. A general rule of thumb is that the greater the resources needed to achieve an opportunity benefit,

Meet the DoD AT&L Workforce

Jenna Noble
Chief, Program Control
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What does your job entail?
As the program control officer for the director of the Program Executive Officer for SATCOM, Teleport and Services, Defense Information Systems Agency, I support the PEO-STS portfolio of systems by standardizing and streamlining acquisition reporting mechanisms to effectively advocate for assigned programs with the PEO and throughout DISA. I also keep the PEO apprised of cost, schedule, and performance changes within the PEO and assigned programs. In addition, I develop and implement reporting initiatives in the areas of contract management and budgeting.

What do you find most fulfilling about your job?
The opportunity to build a PEO acquisition management function that is truly value-added to the portfolio of program offices and initiatives supported by the PEO-STS.

And what do you find most frustrating?
The most frustrating aspect of my job is crafting that effective "sound byte" that will validate the work that the PMs and the PEO staff are doing and ensure sufficient resourcing support.

What do you think makes you successful at what you do?
I think it's a combination of dogged determination, creative solutions to complicated problems, and the great people with whom I work.

What are your interests and pastimes when you're not at work?
I have many. They include reading mystery novels; making beaded jewelry; playing Sudoku to keep my mind alert; music (listening and performing); attending movies and Broadway musicals; and keeping up with what is happening in the aftermath of Hurricanes Katrina and Rita, particularly in the New Orleans area because I lived in New Orleans for four years.

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the greater the likelihood that a thorough quantitative assessment will be required.

Establish an Implementation Plan

Planning is essential to a successful project and an inherent responsibility of any IPT. This axiom applies to the pursuit of an opportunity as well. Planning cannot be limited only to a primary plan but must also include a secondary or fall-back plan. It is during this stage that the following determinations/recommendations are made:

- How will you capture the opportunity in question?
- Who is most capable of implementing the opportunity once it is captured?
- What is the impact of disregarding a positive risk the program might desire to leverage?
- What strategy is best suited for taking advantage of the opportunity: exploit it, share it, enhance it, or accept it?

In our first article, we compared and contrasted an opportunity-response strategy to a risk-management strategy. You may recall that we acknowledged as a best practice four strategies for handling opportunities from the *PMBOK* (*Project Management Book of Knowledge*): exploit it; share it; enhance it; or accept it.

An exploiting strategy would be the approach taken if a program wishes to pursue an opportunity and ensure its realization. A sharing strategy would be the approach taken if a program needs to shift the ownership of the opportunity to another element of the organization or an external resource because they are better suited to achieving the benefits. An enhancing strategy would be the approach taken if a program desires to maximize its key drivers, thereby increasing the probability that the opportunity will be realized and/or increasing the positive impact (i.e., the benefit) of the opportunity that will be achieved. An accepting strategy would dictate no significant efforts on the program's part to pursue the achievement of the opportunity since the positive impact is very limited.

Validate all Assessments and Plans

This step is the responsibility of the oversight committee, which can be chaired by the PM, the assistant PM, or a designated representative. After an area has been identified and assessed and a handling strategy has been established, all aspects of the proposed approach are validated by the PM. All major programs have existing risk management boards whose role it is to oversee the conduct of risk management for the program team. A theme that we have emphasized in this article is that you consider leveraging your existing risk management program to support your opportunity management program. We urge you to develop your opportunity management plans and strategies and validate them against your risk management construct already in place. There are opportu-

nities (no pun intended) that your program team can take advantage of if you will consider aligning risk and opportunity management in a mutually collaborative way. Maybe the time is right, especially in a time of severely restrained government resources, for all of us to strive for reducing risk in conjunction with pursuing opportunities.

Maintain Control/Oversight

This step tracks the execution of implementation plans, providing oversight as well in the event changes or modifications are necessary because of changing environments. This step uses all available monitoring matrices, shifting to back-up plans when required. Opportunity management requires the same level of attention as other major elements of your program. As the program changes and matures, additional opportunities are identified, existing opportunities may change, and some opportunities may even disappear. How your team decides to incorporate the oversight task into your OM program should closely parallel your oversight process for managing risk. In fact, sufficient commonality exists between risk and opportunity management that your program ought to seriously consider adopting the two points of view as a mutually collaborative program.

Communicate and Document

A critical element at each stage of the process is free and open communication between all concerned: decision makers, providers, and receivers; up and down the information chain and across all management functions. Effective communication and well-documented progress are the principal keys to success. Documenting your achievement events, the reasons for missed or delayed deadlines, your successes, and timelines met or exceeded can ultimately lead to increased opportunities with corresponding potential benefits for your program.

Similar to any other program management element, Opportunity Management is aligned with many other aspects of your program such that to be successful your team must understand the needs of its stakeholders and what information they require. In the case of OM, team members need to clearly understand the "trade-space" opportunities that exist within their program. In recent years, we have all made great strides toward having more open and joint communications between all members of program IPTs, and this trend must continue with our efforts to conduct a viable opportunity management program. As with managing baselines or risk or any other major aspect of our programs, it is important that team members have access to approved plans and any documented lessons learned on the adequacy of your opportunity planning process.

Making a Commitment

Every program office is faced with the constant decision of where best to apply its limited resources. Given the discussions on opportunity management, we believe there is a strong case for making it a formal practice on your program. In our article in the last issue, you were introduced to the "what" of opportunity management, and we emphasized the commonly held understandings of its value as a practice. The purpose of this article was to introduce you to a set of elements on "how" you can implement opportunity management. Using the seven major framework elements—empower your OM IPT; identify opportunity candidates; assess the opportunity candidate for advantages and disadvantages; establish an implementation plan; validate all assessments and plans; maintain control/oversight; and communicate and document—would provide a structure to develop and implement a repeatable program approach to managing opportunity effectively.

Even with the previously highlighted value that practicing these principles will have on a program, you may still be faced with the question of what your program's return on investment will be if you make the commitment of resources necessary to formally establish opportunity management within the program.

A key to supporting this decision is having available a sharable body of research focused on answers to the following questions:

- What successes or failures have other programs had in applying these principles both in DoD and in the commercial sector?
- What are the barriers to implementation?
- What lessons-learned are available that my program can leverage?

The Defense Acquisition University has the charter to support the acquisition workforce and build communities of practice, and the area of opportunity management could be one that yields high returns for any program willing to pursue it. As implementation of OM as a practice becomes broader, we have the obligation, as practitioners, to assess its value as a tool to support our programs' maximizing their contribution to the warfighter and our other stakeholders.

Ultimately, the question that remains to be answered (if you choose to do so) is not if, but to what extent using OM will add value to your programs' outcomes. We look forward to hearing about your lessons learned in the future.

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