

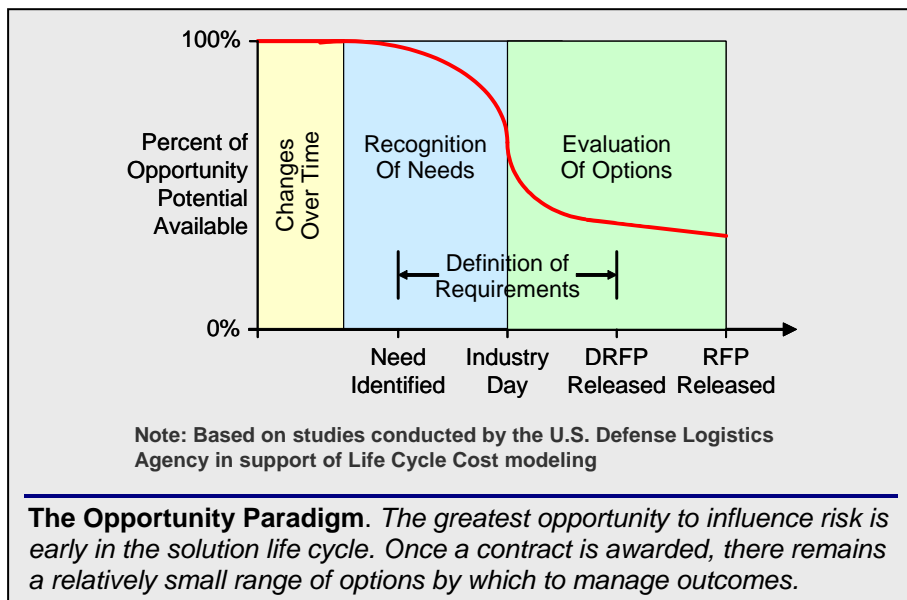
## BD-CMM White Paper #3: Why “Managing” Risk Isn’t Enough

<b>THE CHALLENGE</b>	The world’s leading acquisition organizations and major contractors alike struggle with the issue of how to mitigate program risk. They collect and analyze data on past performance, mandate use of certain standards, and implement acquisition best practices. Nonetheless, they continue to experience unpredictable outcomes in terms of cost, schedule, and technical performance.
<b>THE SOLUTION</b>	What is missing from considerations to date are the business development (BD) best practices that bridge the gap between what acquisition organizations can control through acquisition best practices and how contractors position to deploy both program management and engineering best practices. It is in addressing this gap that acquisition organizations and contractors can stop simply “managing” risk and begin to actually “mitigate” risk.
<b>THE PAYOFF</b>	Mature BD practices, as described in the Capability Maturity Model® for Business Development (BD-CMM), assure that contractors align solutions with customer needs, only promise what they can deliver, and provide seamless transition into contract delivery. Similarly, acquiring organizations can count on organizations with mature BD capability to support acquisition strategies in proactive ways that provide the kind of partnering needed to achieve complex goals in the contemporary acquisition environment.

Without doubt, we have made tremendous progress in understanding what is involved in managing program risk. Certainly identifying and using best practices throughout the life cycle of a given system promises more predictable outcomes. However, initiatives to date have focused primarily on best practices implemented by contractors after contract award, and the more recent emphasis on acquisition best practices focuses primarily on what acquisition organizations should do.

*Successfully managing program risk requires that you address its primary issues:*

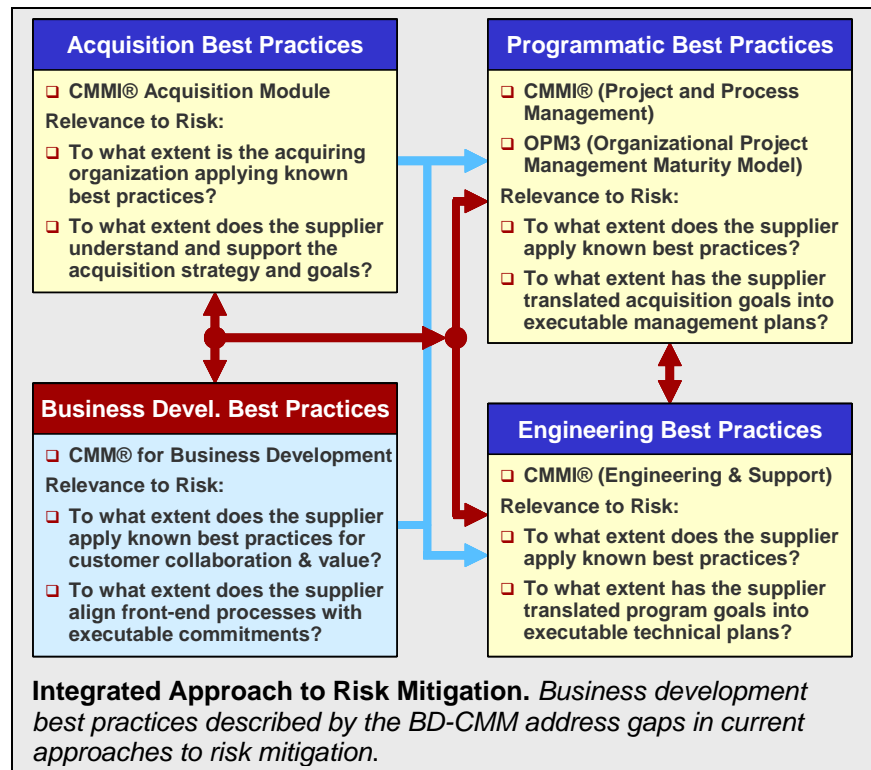
- *Meeting customer expectations*
- *Addressing technical, cost, and schedule realities*
- *Defining what constitutes acceptable risk*
- *Assuring ability to perform what is promised*



P.O. Box 31624  
Phoenix, Arizona 85046-1624

By far, the most productive work in risk management has been to capture and apply best practices for acquisition and delivery in Capability Maturity Models®. These have helped industry to standardize on process-based approaches, while giving acquisition organization useful “indicators” of given contractors probable ability to perform. However, it is only by also implementing best practices within contractors’ BD processes that we can achieve an integrated approach capable of more fully mitigating risk. As provided by the BD-CMM, key practices bridge the many substantive gaps between what acquisition organizations can do on their own and what only suppliers can do in addressing program risk. For example, the following practices in the model resolve key issues:

- Solution teams use customer preferences, needs, and requirements to guide customer interaction
- Teams collaborate with customers in developing and evaluating solutions to customer needs
- Appropriate personnel (including key individuals who are responsible for delivery) are assigned and authorized to perform pursuit tasks in accordance with process requirements



The overall impact of BD-CMM practices assures that solution architecture and customer interaction at the front end of the business cycle involve key stakeholders and that what is promised can be delivered.

## About the BD-Institute

The BD-Institute is a non-profit organization dedicated to promoting leading-edge results in business development through the BD-CMM. Our mission is to promote and extend best practices in business development, and we provide training, appraisal services, research, knowledge management, and support to small and large businesses around the world. Through alliances with professional societies, collaboration with service providers, and partnering with both government and industry, we maintain an innovative Community of Practice that transforms business-development organizations and produces high performance and long-term value for stakeholders.

For further information, please visit our website at [www.bd-institute.org](http://www.bd-institute.org) or contact us by email at [info@bd-institute.org](mailto:info@bd-institute.org).

*The BD-CMM is based on the original Carnegie Mellon® Software Engineering Institute (SEI) capability maturity models (CMMs).*

*The BD-CMM was validated as part of a study sponsored by the Association of Proposal Management Professionals (APMP) that found significant correlation between performance results and BD-CMM key practices.*