

ATTACHMENT 0027

JLTV Risk Scoring Criteria

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Attachment 0027 – JLTV Risk Scoring Criteria

Analysis

Risk analysis is an evaluation of the identified risk event to determine possible outcomes, the probability of those events occurring, and the severity of the outcomes should the risk event occur. Once this has been determined, the risk event is rated against the program criteria, and an assessment of red, yellow, or green assigned.

Probability (Likelihood)

The probability (likelihood) rating for each risk is determined by asking the following question: “What is the probability the root cause will happen?” Five levels of probability will be used for the JLTV Program. Figure 1 shows these levels and their likelihood of occurrences. The contractor will assign one of these values to each identified risk event based on their analysis of the event.

Probability of Occurrence		Description	Probability Percentage
Very High	5	A risk item is nearly certain to occur	90%
High	4	A risk item is probable but may be avoided	70%
Medium	3	A risk item is equally likely to occur or not occur	50%
Low	2	A risk item is possible but will likely be avoided	30%
Very Low	1	A risk item is unlikely to occur	< 10%

Figure 1: Probability Levels

Severity (Consequence)

For each risk identified, the following question must be answered: “Assuming the event occurs, what is the magnitude of the consequence?” For the JLTV Program, severity will be determined in each of three risk areas: performance, cost, and schedule. Guidance for ranking the severity is given in Figure 2.

Severity Level			Performance <i>Referring to all requirements designated in the PD and SOW</i>	Cost <i>Referring to the Contract Budget</i>	Schedule
Very High	Program Success Jeopardized	5	Major shortfall in required performance; drastic changes required	Impacted >10%	Significant impact to Critical Path
High	Program Success in Doubt	4	Shortfall in required performance; significant changes required	Impacted 5-10%	Cannot meet next major Program Event (including, but not limited to, CDR, TRR)
Medium	Limited Impact on Program Success	3	Performance below goal; moderate changes required	Impacted 1-5%	Schedule slip impacting another IPT and/or subsystem, with no impact to a major Program Event and/or Critical Path
Low	Minor Impact on Program Success	2	Remedy will require minor performance trades	Impacted 1%	Schedule slip with no impact to another IPT and/or subsystem, with no impact to a major Program Event and/or Critical Path
Very Low	No Impact on Program Success	1	Minimal consequence in technical performance	Impacted <1%	Minor schedule slip with minimal or no impact

Figure 2: Severity Levels

Overall Risk Assessment

Probability and severity of risks will be displayed on a color coded chart, as depicted in Figure 3. Every risk will be rated for all three severity areas (performance, cost, and schedule), with the highest ranking determining the overall severity for that risk. Risks that fall within the red and yellow zones require development of mitigation plans, green risks require monitoring.

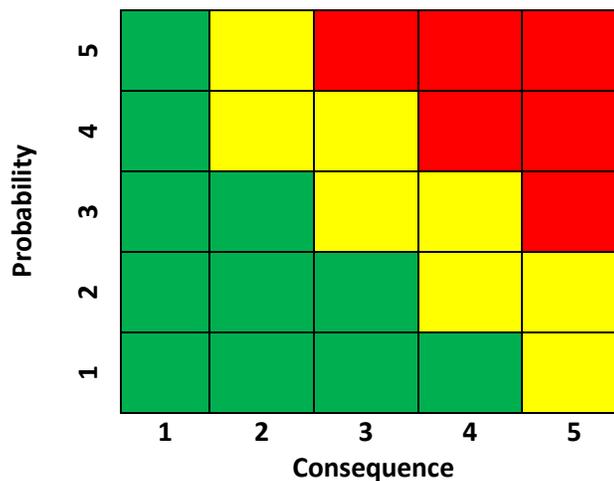


Figure 3: Overall Risk Assessment