

STRATEGIC THOUGHT GROUP RISK MANAGEMENT CASE STUDY

Lockheed Martin – Joint Strike Fighter Project

Lockheed Martin continues to successfully use Active Risk Manager from Strategic Thought. Lockheed Martin and many of its critical suppliers have been using ARM since July 2001 for the management of F-35 Joint Strike Fighter (JSF) risks.

Project Overview

The JSF program is the largest defence contract to be awarded in history, with a value of just under \$19 billion. For the last three years Active Risk Manager has been used for the management of risk on this major program.

The F-35 is a stealthy, supersonic multi-role fighter designed to replace a wide range of ageing fighter and strike aircraft. In addition to the United States Air Force, Navy and Marine Corps, F-35 is being developed for the United Kingdom Royal Air Force and Royal Navy, the Canadian Department of National Defence and eight other nations.

The Risk Process

The Lockheed Martin JSF risk management process is recognised as an industry best practice. Active Risk Manager was selected as the standard risk management solution for that process. Karl Pringle, General Manager of Strategic Thought Inc said, "Before selecting Active Risk Manager Lockheed Martin had in-house products and processes but they were not using the Internet. Active Risk Manager is a Web-based product and without the Web Lockheed Martin would not be able to integrate partners and suppliers in the efficient way required for a project the size of JSF."

Karl Pringle continued, "The efficiency provided by Active Risk Manager has also enabled Lockheed Martin to manage more risks for less expense leading to far more cost effective risk management combined with better quality risk management. Active Risk Manager helps to reduce expenditure and ensure best value from existing resources." A tiered risk management process has been implemented for

the program, intermediate and supplier level risks. The tiered approach means there is a team responsible for every aspect of the program. Risk is tracked and managed within each team and tier. This tiered implementation and risk management system was necessary because of the size of the program and the potential for hundreds of risk issues at any one time. Active Risk Manager has proven its capability in terms of identifying, managing and mitigating risks on a large scale with hundreds of users. Karl Pringle of Strategic Thought continued, "The longer Lockheed Martin uses Active Risk Manager the more they discover its abilities. The Lockheed Martin team has found that one of its strengths is in terms of mitigation planning and managing the process of those plans. Lockheed Martin is using Active Risk Manager to plan, execute and manage mitigation processes."

Integrating Project tools with ARM

The Lockheed Martin risk management approach relies strongly on mitigation plans that have been integrated into program schedules. Strategic Thought and Lockheed Martin have worked together to ensure that Active Risk Manager integrates with program toolsets such as Project View and Microsoft Project.

David Ellis, Development Director at Strategic Thought said, "Both the tiered approach to risk management and the level of integration with program schedules on the JSF program are unique to Lockheed Martin. It has been a privilege to work with Lockheed Martin as it is a leader in this area. We look forward to continuing to further develop Active Risk Manager with input from the massively experienced risk management team."



About Lockheed Martin

Lockheed Martin Aeronautics Co, headquartered in Fort Worth, Texas is a leader in design, development, systems integration, production and support of advanced military aircraft and related industries. Its customers include the military services of the United States and allied countries throughout the world.

Original Press Release from April 2002

Active Risk Manager will be the risk management software solution used to help implement an initiative to standardise the risk management process across the Joint Strike Fighter Project and the sub-suppliers. Planned rollout across other projects in North America will be supported by the opening of a Strategic Thought US office in mid-summer 2002.

Karl Pringle, Business Development Manager for North America at Strategic Thought said, "This contract is one of the key milestones on our path to achieving the global goals for Active Risk Manager. Risk management across all industries is now a global opportunity. Active Risk Manager provides a real competitive edge to businesses operating in global markets where margins will continue to decline and the opportunity presented by risk management must be taken."

Strategic Thought developed Active Risk Manager as the first web-based fully integrated enterprise risk management software solution to enable companies to identify, assess and track risks associated with multiple projects and activities across an organisation or within consortium projects. Active Risk Manager promotes the understanding and communication of risk by getting the right information to the right people at the right time.

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