

OBJECTIVE 1: RISK 101 - COMMON UNDERSTANDING OF ENTERPRISE RISK MANAGEMENT AND RISK INFORMED DECISION MAKING IN PLANNING

Objective: *Develop a high level common understanding of goals with implementing an Enterprise Risk Management System, and specifically about risk informed planning.*



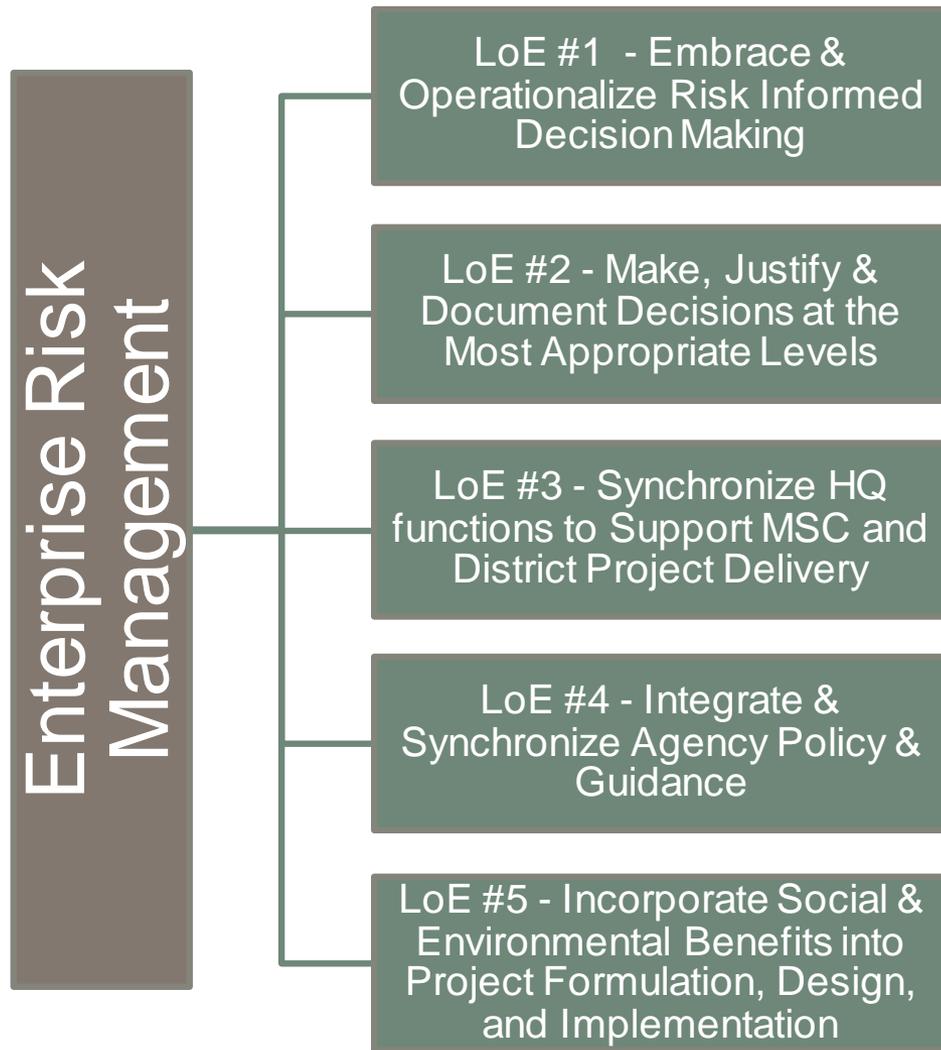
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INTENT: ENTERPRISE RISK MANAGEMENT

- *“As part of the Civil Works strategy, I intend to operationalize risk-informed decision making at all levels of the organization, and then I expect discipline in documenting the decisions at the appropriate level... We must change our behavior regarding risk management across Civil Works and in our policies, analytical approaches and models, priorities, and dialogue with sponsors and communities.”*
 - *We must move from a culture and convention of risk aversion to one of innovation and risk acceptance or our partners will go elsewhere for services.*
- Mr. James Dalton, PE, SES
Director of Civil Works

ENTERPRISE RISK MANAGEMENT INITIATIVE: IMPLEMENTATION PLAN (AUG 2017)



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USACE ENTERPRISE RISK MANAGEMENT SYSTEM

DRAFT EC 1165-XX-XXX, "USACE ENTERPRISE RISK MANAGEMENT SYSTEM, PRINCIPLES AND TERMINOLOGY" *Out for Review*

REV 27 Nov 2017

Department of the Army
U.S. Army Corps of Engineers
Washington, D.C. 20314-1000

EC 1165-XX-2017

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EXPIRES [DAY MONTH YEAR]
Water Resources Policies and Authorities
USACE ENTERPRISE RISK MANAGEMENT SYSTEM, PRINCIPLES AND
TERMINOLOGY

1. Purpose. This Engineer Circular (EC) begins a process to establish an Enterprise Risk Management (ERM) System within the Civil Works Program of the U.S. Army Corps of Engineers (USACE). This EC describes the principles and general terminology of the ERM System to be used to guide USACE in assessing, managing, and communicating risk for all Civil Works activities.

2. Applicability. This circular applies to all HQUSACE elements, Major Subordinate Commands (MSCs), districts, laboratories, and field operating activities having responsibilities for Civil Works activities. This includes, but is not limited to, construction, contracting, office of counsel, emergency management, engineering, human resources, logistics activity, operations, programs and project management, planning, real estate, regulatory, resource management, safety and occupational health, and activities undertaken in collaboration with other agencies.

3. Distribution. This circular is approved for public release. Distribution is unlimited.

4. References.

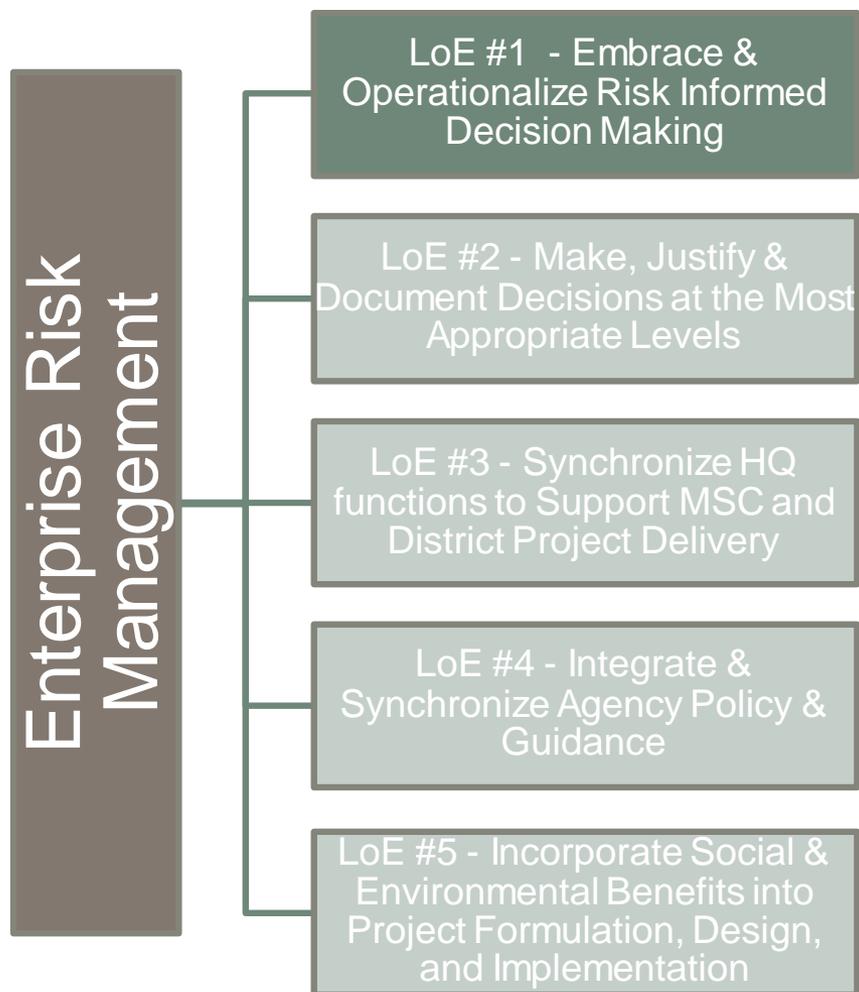
- a. OMB Circular A-123, Enterprise Risk Management, 2016.
- b. ISO 31000 Risk Management Principles and Guidelines.
- c. Principles of Risk Analysis for Water Resources, 2017-R-1, Institute for Water Resources, April, 2017.
- d. CECW-ZB Memorandum for Major Subordinate Commands, and Districts, Subject: Further Advancing Project Delivery Efficiency and Effectiveness of USACE Civil Works, June 21, 2017.



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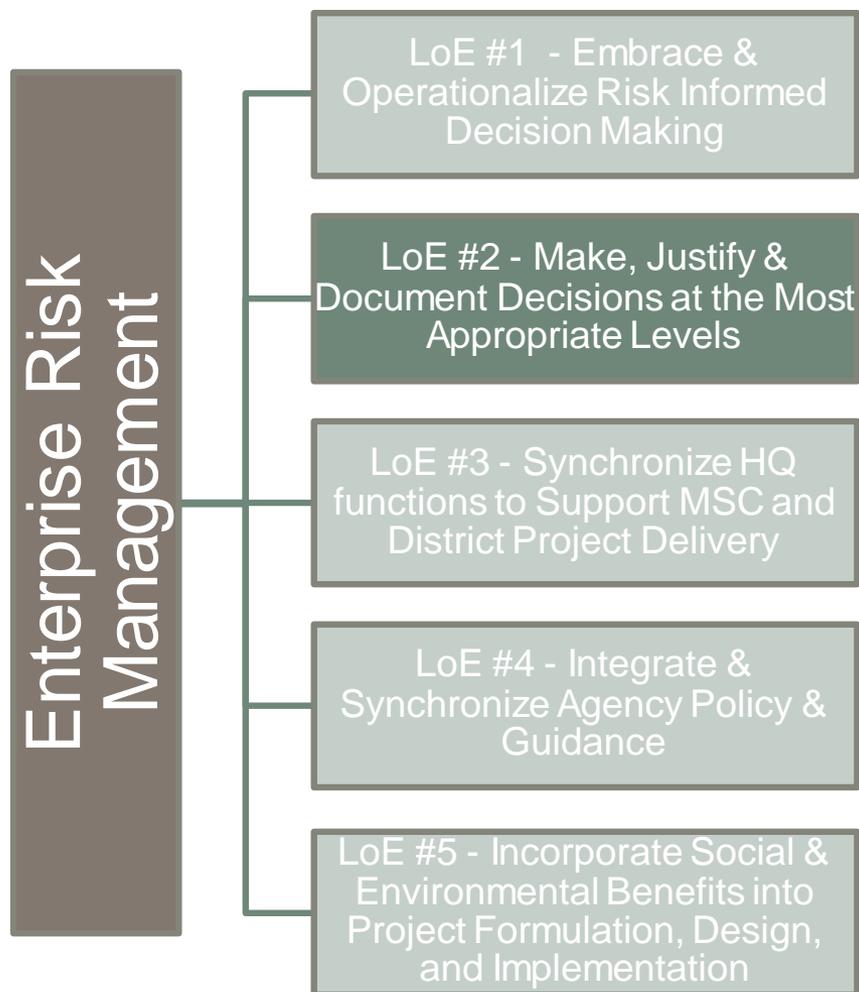


This is being implemented across the enterprise.

Key PCoP Activities:

- Implement **SMART** Planning with a focus on the **R**
- Put the methodologies of the Planning Manual Part II – Risk Informed Planning into practice
- Train planners in the language of risk and risk-informed decision making
- PAB act as Risk Champions to support PDT's risk informed decision making

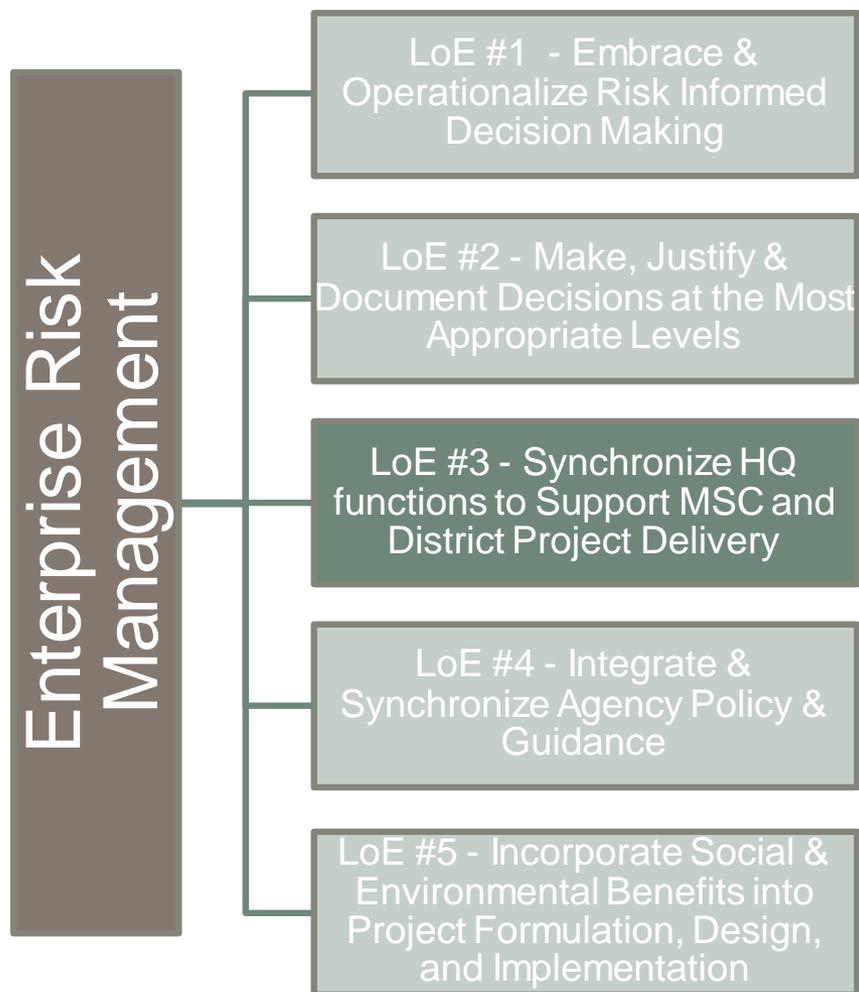
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Key PCoP Activities:

- Delegate milestone decision making to MSCs (DCW memo 2018-05)
- Update Appendix H – put PB guidance into our guiding ER
- Communicate expectations in light of no Civil Works Review Board (*it's not replaced by any other senior panel meeting or milestone*)
- Equip SMART Planning Milestone decision makers and PDTs to discuss risk and uncertainty with common terms

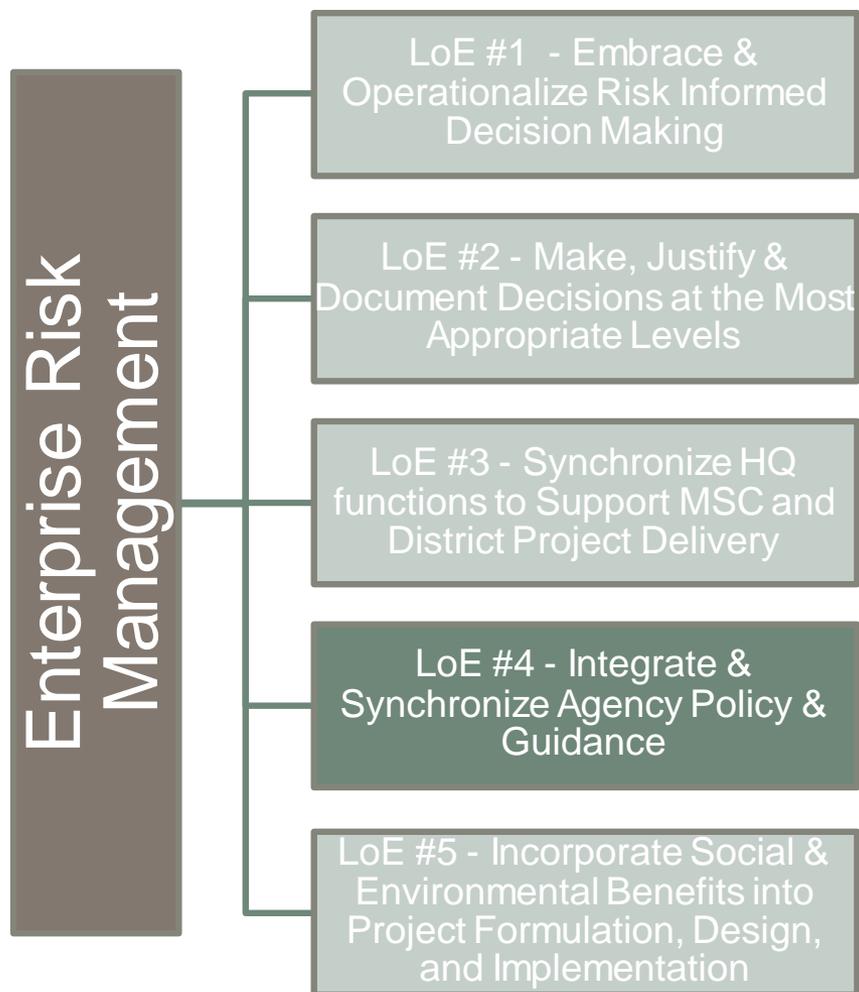
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Key PCoP Activities:

- Planning Mentors trained in Risk Informed Planning techniques and available to mentor new planning teams
- PCXes engaged to provide technical support and advice
- HQ / PCoP provides timely training and information to support District execution

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Key PCoP Activities:

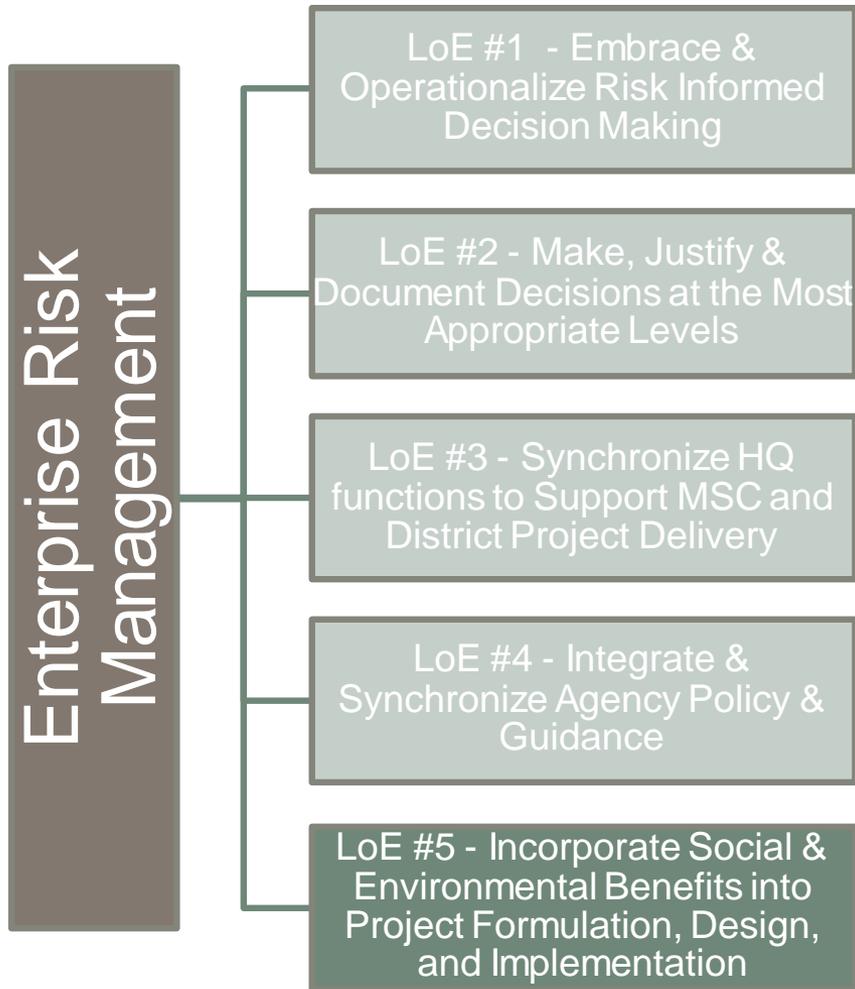
- PGN Updates: baseline, integrate Planning Bulletins and WRDAWRRDA IG memos
- Coordinate across Communities of Practice/disciplines and address when policy / guidance conflicts
- Ongoing participation with Civil Works Guidance Update Management process



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Key PCoP Activities:

- Ongoing engagement/leadership in developing policies for multi-objective decision-making criteria for project formulation



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STRATEGY TO PROGRESS USACE PLANNING

Ways			Means	End State
Process	*SMART Planning Principles Implementation and Progression	People	*Develop Risk Champions/ Planning Mentors *Conduct Risk Informed Planning – Train the Trainer Workshop *Continue Water Resources Planning certification program *Update to all training venues (PA & PROSPECT)	Highly proficient and effective planning workforce
	*Planning Manual Part II: Risk Informed Planning Implementation			
Process	*DCW Memo, 21 June 2017 to energizes enterprise Risk-Informed Decision Making through Risk-Informed Planning (SMART) Process	Projects	*Continue goal of 3x3x3 *Deliver on study effectiveness and efficiency, but most importantly use risk-informed planning to assist decision makers	Delivering timely and cost-effective analysis and recommendations for authorization and implementation
	*EC on Risk Management System, with follow-on ECs			
	*DCW Memo on Risk-Informed Planning			
	*Update and Roll-Out to PGN			
Program: Planning Strategic Assessments & Action Plans inform the Budget Process				Providing Solutions to the Nations' toughest Challenges



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THE “R” IN SMART PLANNING HAS ALWAYS BEEN ABOUT RISK!

Specific
Measurable
Attainable
Risk-Informed
Timely

Remember:

SMART Planning is a process...3x3x3 is the goal



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WHAT WE SAID THEN, IS STILL TRUE NOW

Process and outputs are **decision focused**

Risk and uncertainty is **acknowledged and managed**

- Only collect data needed to make the decision
- Make decision and move on to next decision
- Level of detail (of data / decision) grows over time
- Vertical Team agreement on “acceptable” level of uncertainty
- Report developed from the beginning of the study

*From SMART Planning Introduction
webinar, 2012*



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IN 2012 WE STATED THEN THAT THE SMART PLANNING PROCESS WOULD RESULT IN...

- Studies completed in a more reasonable amount of time
- Studies cost significantly less
- High quality and concise decision documents
- **Decisions informed by managing risk and acknowledging uncertainty**
- Strong, viable Civil Works Project portfolio developed

....and we have been seeing this in practice!

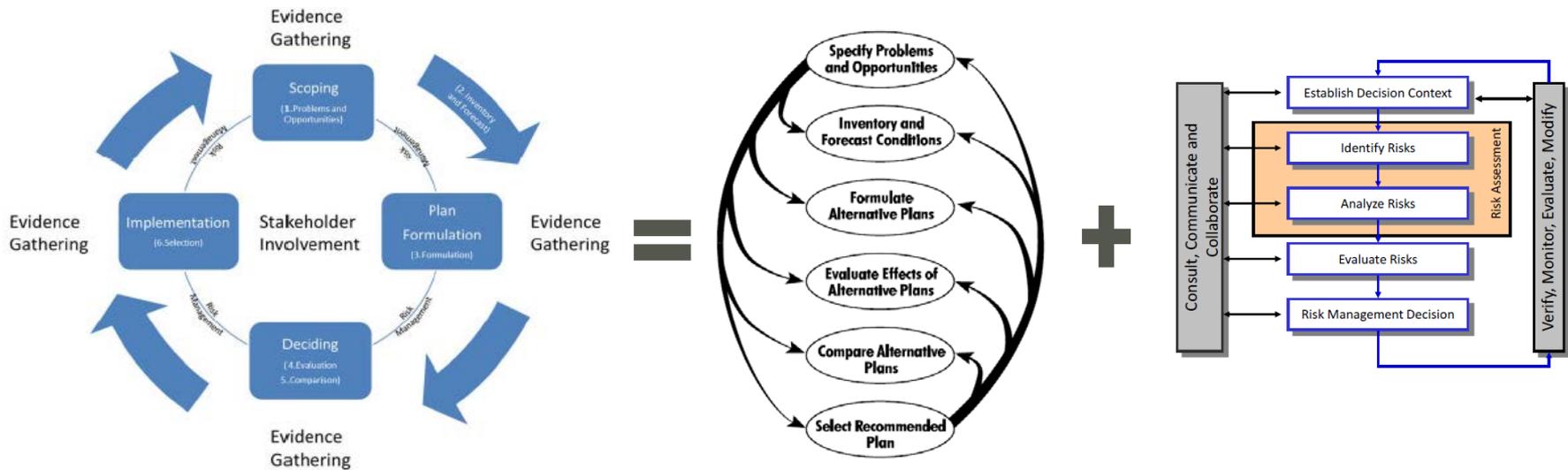


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RISK INFORMED PLANNING

SIX-STEP PROCESS + RISK-INFORMED DECISION MAKING



IN A NUTSHELL...

At every step think critically – Can we make a decision with what we know now? What risks would we face if we make decisions with what we know now? Do we need to address that risk and potential consequences now? Later?

- Engage early and often with vertical team and with SMEs across disciplines to gauge and manage risk
- Identify and elevate policy issues
- Communicate throughout process, not just at Milestones or during review
- Document and share decisions made



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APPLICATION OF RISK-INFORMED DECISION MAKING IS ADVANCING ACROSS THE ENTERPRISE

- SMART Planning
- Levee Safety Program
- Dam Safety Program
- Risk Management Center
- Mapping, Modeling & Consequences Center
- IWR Risk Analysis Gateway
 - “Principles of Risk Analysis for Water Resources” (IWR, 2017)
 - “Planning Manual Part II: Risk-Informed Planning” (IWR, 2017)



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THE BOTTOM LINE: WHAT'S DIFFERENT?

1. Through entire CW project lifecycle, actively manage risk (study risk, project risk, implementation risk)
2. Acknowledge and intentionally manage uncertainty
3. Use risk informed planning tools, including rapid planning iterations to inform study scope and tasks
4. Push to reach the TSP in 12 months/\$1.2M – Supplemental is an opportunity



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WHAT WE NEED FROM YOU...

1. Embrace risk management principles.
2. Encourage innovative analysis.
3. Continual focus on the value of the pending investment decision throughout the study process (why should USACE be advocating for this project?).
4. Think about the next decision to be made and what analysis the decision-maker needs.
5. Focus on the impact of the decision, including partners & external stakeholders partners.
6. Acknowledge that you may not have, nor do all districts need to have, all of the risk management expertise in-house - rely on SMEs
7. Prepare for milestone meetings **DIFFERENTLY**. The emphasis of the decision briefing at the milestone meeting should be on the risk story and the path ahead to the next milestone

DISCUSSION

*Tip: Press *6 to unmute your line*



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