NASA’s Risk Management System

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Tuesday, 22 March 2011

The views/content expressed in this presentation are solely the Author and do not necessarily represent NASA’s positions, strategies or opinions.
Agenda

NASA’s Current Environment

Space Exploration Systems

Short Video

NASA’s Risk Management Paradigm

Risk Management Lesson Learnt

Summary

Q&A
Exploration Strategy Themes

Pursue scientific activities to address fundamental questions about the solar system, the universe, and our place in them

Extend sustained human presence to beyond Earth

Use near Earth destinations to prepare for future human and robotic missions to Mars and other destinations

Expand Earth’s economic sphere with direct benefits to life on Earth

Strengthen existing and create new global partnerships

Engage, inspire, and educate the public
NASA’s Current Uncertain Environment

President Bush’s Proposal in 2004
Design, develop and fly the Shuttle replacement vehicle (Orion: Crew Exploration Vehicle) by 2015
Return to the Moon around 2020
Extend human presence across the solar system and beyond (starting with Mars)

President Obama’s Proposal in 2010:
Collaboration with commercial sector to develop and operate “taxi services” to low-earth orbit (Shuttle replacement) – SpaceX (Falcon 9), Orbital (Taurus II),
Developing technologies vs. developing systems (NACA)
• Fund technology aimed at enabling future deep-space exploration systems including new types of rocket engines /propulsion, heavy-lift launch vehicles, fueling spacecraft in orbit (on-orbit fuelling stations), etc
• Enhance robotic exploration of space (including precursors to human missions)
• Research and development of remote autonomous space factories for in-situ utilization
Develop a simplified MPCV vehicle to provide multipurpose utility for space explorations. Also, use MPCV as part of the technological foundation for advanced spacecraft for future deep space missions.
Human exploration to asteroids (2025) and eventually Mars (2030s)
Foster more International collaboration on future missions/projects (e.g. ISS)
Initiate development of a heavy-lift launch vehicle in 2012
Launch Vehicle Comparisons

**Space Shuttle**
- Height: 184.2 ft
- Gross Liftoff Mass: 4.5M lb
- 55k lbm to LEO

**Ares I**
- Height: 321 ft
- Gross Liftoff Mass: 2.0M lb
- 48k lbm to LEO

**Saturn V**
- Height: 364 ft
- Gross Liftoff Mass: 6.5M lb
- 99k lbm to TLI
- 262k lbm to LEO

**Falcon 9**
- Height: 180 ft
- Gross Liftoff Mass: 0.7M lb
- 23k lbm to LEO
- 10k lbm to GTO

**Dragon**
- Volume: 245 ft³ (pressurized)
- Payload Up Mass: 13K lbm
- Up to 7 crewmembers
Multi-Purpose Crew Vehicle (CEV)

Requirements similar to Apollo
Simpler design, higher reliability/safety, broader missions, faster and cheaper development

Separate Crew Module and Service Module

Variable Crew size

Deliver a quality design that ensures simplicity and addresses all aspects of human spacecraft development, certification, operations and safety

Meet objectives within an established cost, schedule, and technical baseline. Maximize the use of existing technology in the design and production of the CEV. Base the vehicle design on an Open Systems Architecture for varied flexibility.
Video Clip
Sources of Risk

Equipment Failure
- Independent Failures
- Common Cause Failures

External Events
- Hurricanes
- Earthquakes
- Floods
- Fire

Human Errors
- Inattention
- Operator Error
- Misdiagnosis
- Sabotage

Institutional Failure
- Poor Communications
- Training
- Morale
- Unclear Roles
- Responsibilities
- Management Attitude
RM Tools & Techniques

QUANTITATIVE
- Stochastic and Deterministic Modeling
- Cause & Effects Analysis
- Systems Engineering Analysis and Risk Assessments

QUALITATIVE
- Root Cause Analysis
- Hazard Analysis
- Brainstorming
- Process Mapping and Analysis (Human Factors)
- Taxonomy-Based Questionnaires
- Pareto Method
- Affinity Grouping
Enterprise Risk Management

Primary purpose of ERM is to improve the quality of decision-making throughout the organization
Help prioritize strategic and operational decisions
Ensure planned objectives & missions are fully achieved
Synthesize projects and allocate risk and agency resources optimally
Improve mission & project performance to meet agency goals

Treating risks in a holistic manner
Managing all risks and their interactions effectively (not just within silos). Done at the agency level not just at the traditional project or program level
Risk management becomes part of overall project management with comprehensive, structured and integrated processes
Integrated and synthesize Risks & Opportunities, Contingency Planning, Crisis Management, Continuity of Operations, Disaster Recovery, etc.
Facilitate structured communications throughout the organization and with all stakeholders (internal & external) – avoid filtering of information
Risk Management Implementation Strategy

Covers all phases of the life cycle

Provide a risk management communication infrastructure to store, analyze and deal with problems proactively – overlay on existing management infrastructure

Deploy the risk process, tools and systems within the whole enterprise and integrate with other management systems

Require risk identification and management to occur in a tiered, integrated, structured manner

Remove roadblocks preventing entry into risk management system (ensure risk management accessible to all levels of the organization)

Analyze and individually quantify the risk consequence categories (e.g., Safety, Performance, Schedule, & Cost) for comprehensive understanding of risk impacts – to aid in risk prioritization

Analyze how individual risks aggregate or are interrelated. Look for systemic problems and overall trends.

Manage risks by developing appropriate risk handling/mitigation strategies (assign resources based on prioritization) & then monitor/control

Accountability - assign risk ownership to the individual best suited to effectuate effective closure (usually the technical expert). Risk owner is responsible for shepherding the risk through closure and coordinating with all players.

Dissenting opinions are encouraged – they are documented and evaluated within the standard risk processes
Risk Management Implementation Strategy

Prioritize and escalate risks appropriately, only escalate issues that need resolution from above

Prioritization includes Cost/Benefit Analysis

Information is flowed up, resources and prioritizations are flowed down, while coordination is made with all responsible stakeholders

Manage risks at the lowest level possible where the subject matter experts are and where it is the easiest to implement risk mitigation strategies and monitor its effectiveness

Ensure that risks receive the appropriate level of management review and resources to effectively mitigate significant threats as early as possible (as cheaply as possible)

Criteria for Risk escalation (to the next level): Risks should be elevated to the next level control board for discussion if:

A decision is needed by the next level management or higher

Additional resources are required to effectively mitigate the risk

Coordination/Integration is needed with other organizations/stakeholders outside the current level

Awareness or visibility by the next level management or higher is generally needed

Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk
Risk Coordination and Integration

- Program Manager
- Project Managers
- Element Managers
- System Managers
- Team Members
- Contractors/suppliers/vendors

Risk Escalation and Reporting

Resources and Direction

Coordination and Integration
## ORION (CEV) RISK SCORECARD

### Likelihood Rating

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
<th>Likelihood Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Qualitative: Likely to occur.</td>
<td>10^{-1} ≤ P ≤ 1</td>
</tr>
<tr>
<td>4</td>
<td>Qualitative: Probably will occur.</td>
<td>10^{-2} ≤ P ≤ 10^{-1}</td>
</tr>
<tr>
<td>3</td>
<td>Qualitative: May occur.</td>
<td>10^{-3} ≤ P ≤ 10^{-2}</td>
</tr>
<tr>
<td>2</td>
<td>Qualitative: Unlikely to occur.</td>
<td>10^{-4} ≤ P ≤ 10^{-3}</td>
</tr>
<tr>
<td>1</td>
<td>Qualitative: Occurrence improbable.</td>
<td>P ≤ 10^{-6}</td>
</tr>
</tbody>
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### Risk Matrix

<table>
<thead>
<tr>
<th>Consequence Rating</th>
<th>1 Very Low</th>
<th>2 Low</th>
<th>3 Moderate</th>
<th>4 High</th>
<th>5 Very High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>A condition that could cause the need for minor first aid treatment though would not adversely affect personal safety or health (Class IV)</td>
<td>A condition that may cause minor injury or occupational illness. (Class III)</td>
<td>A condition that may cause severe injury or occupational illness (Class III)</td>
<td>A condition that may cause permanently disabling injury (Class I-B)</td>
<td>A condition that may cause death or loss of crew (Class I-A)</td>
</tr>
<tr>
<td>Facilities, Equipment, or Other Assets</td>
<td>A condition that subjects facilities, equipment, or flight hardware to more than normal wear and tear (Class IV)</td>
<td>A condition that may cause minor property damage to facilities, systems, equipment, or flight hardware (Class III)</td>
<td>A condition that may cause major property damage to facilities, systems, equipment, or flight hardware (Class II)</td>
<td>A condition that may cause destruction of non-critical facilities or assets (Class I-B)</td>
<td>A condition that may cause destruction of critical facilities on the ground, major systems, or vehicle during the mission (Class I-A)</td>
</tr>
<tr>
<td>Environment</td>
<td>Negligible OSHA/EPA violation - non reportable</td>
<td>Minor reportable OSHA/EPA violation</td>
<td>Moderate OSHA/EPA violation which requires immediate remediation</td>
<td>Major OSHA/EPA violation causing temporary stoppage</td>
<td>Serious or repeat OSHA/EPA violations resulting in action terminating project</td>
</tr>
<tr>
<td>Performance (Mission Success) Including Impacts to Operations and Supportability</td>
<td>Negligible impact to requirements, mission objectives or technical goals</td>
<td>Minor Impact to requirements, mission objectives or technical goals</td>
<td>Moderate impact to requirements, mission objectives or technical goals</td>
<td>Major impact to requirements, mission objectives or technical goals</td>
<td>Technical goals not achievable with existing engineering capabilities/technologies</td>
</tr>
<tr>
<td>Cost</td>
<td>&lt; $100K (Negligible impact to budget)</td>
<td>&gt; $100K but ≤ $1M (Minor impact to budget)</td>
<td>&gt; $1M but ≤ $10M (Moderate impact to budget)</td>
<td>&gt; $10M but ≤ $50M (Major impact to budget)</td>
<td>&gt; $50M (Possible project cancellation)</td>
</tr>
<tr>
<td>Schedule</td>
<td>Negligible schedule impact</td>
<td>Minor overall schedule impact (Accommodate with reserve, no impact to critical path)</td>
<td>≤ 1 month impact to critical path/milestone</td>
<td>&gt; 1 and ≤ 5 month impact to critical path/milestone</td>
<td>&gt; 5 month impact to critical path/milestone or possible project cancellation</td>
</tr>
</tbody>
</table>

### Timeframe

- **Near**: 0 to 3 months
- **Mid**: 3 to 9 months
- **Far**: > 9 months

**Time to Initiate Handling Strategy**
Risk Management Lessons Learnt

Risk management supported by leadership, team members and stakeholders and active involvement by all
Uses it and promotes it

**A well defined, structured and understood risk management processes and tools**
- A formally documented risk management process
- Comprehensive and structured risks identification processes and tools
- Proper incentives and disincentives to foster good practices
- All team-members are expected to participate in risk management
- Not overly complex, must be understood and used (minimize overhead & foster adherence)
- A proactive risk training program

**Continuous and iterative assessment of risks**
Provide elements of independence of the risk analysis function from the program/project

**Integrated with program/project decision-making processes (RIDM)**
- Continuous, event-driven technical reviews (incl project milestones) to help define a program that satisfies the customer's needs within acceptable risk
- Continuous prioritization, assessments and mitigation planning and appropriate funding

**Risk management integral to the acquisition process**

**A continuous process improvement strategy that monitors and improves risk management processes and tools**

Weaving Risk Management into the cultural fabric of the organization is critical, but difficult
Summary

You must lead the risk profession – leadership is key to success

Phased-approach for implementation of risk management is necessary

Risk management system will be simple, accessible and promote communication of information to all relevant stakeholders for optimal resource allocation and risk mitigation

Risk management should be used by all team members to manage risks – risk office personnel

Each group is assigned Risk Integrators who are facilitators for effective risk management

Risks will be managed at the lowest-level feasible, elevate only those risks that require coordination or management from above

Risk reporting and communication is an essential element of risk management and will combine both qualitative and quantitative elements

Risk informed decision making should be introduced to all levels of management

Provide necessary checks and balances to insure that risks are caught/identified and dealt with in a timely manner

Many supporting tools, processes & training must be deployed for effective risk management implementation

Process improvement must be included in the risk processes
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