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Managing External Risk

## Risk Management

- Your strategy for managing and mitigating the risks (e.g., technical, financial, and schedule) inherent in a proposal bid.



## External Risk Management

- External risk management is the bidders' strategy for managing or constraining the risks inherent in a proposed approach or offer.



## External Risk Management

- The underlying assumptions are that every offer entails risk and that risk can be contained or reduced with appropriate management.



## Proposal Risk

- Proposal risk is associated with a bidder's proposed approach to meeting the bid request requirements.
- Proposal risk includes both your technical and management approach.



# Performance Risk

- Risk associated with the probability that an offeror will successfully perform on the contract they are bidding on based on their record of past performance on similar contracts.



## Develop a Mitigation Strategy

- Use the same strategic approach to:
  - Emphasize strengths
  - Mitigate weaknesses
  - Neutralize your competitors' strengths
  - Highlight your competitors' weaknesses



## Executive Summary

- Identify the areas of greatest risk and then briefly discuss your risk management approach in the executive summary.





## Providing Support

- Evaluators look for an established proven risk management process to identify, assess, track, and manage or mitigate risk associated with your solution.



## Risk Analysis Procedure

- Risk analysis procedure goes as follows:
  1. Identify all risk areas
  2. Assess the risk (low, medium or high) on a defined scale
  3. Prioritize each risk according to its potential impact on the solution, schedule, or cost
  4. Determine and analyze the causes of risk



## Regular Review

- The risk management strategy should be kept under regular internal review as it is an inherent part of the solution offer.



**In a nutshell**

**Recognize all aspects of external risk. Develop a risk mitigation strategy to address external risk.**

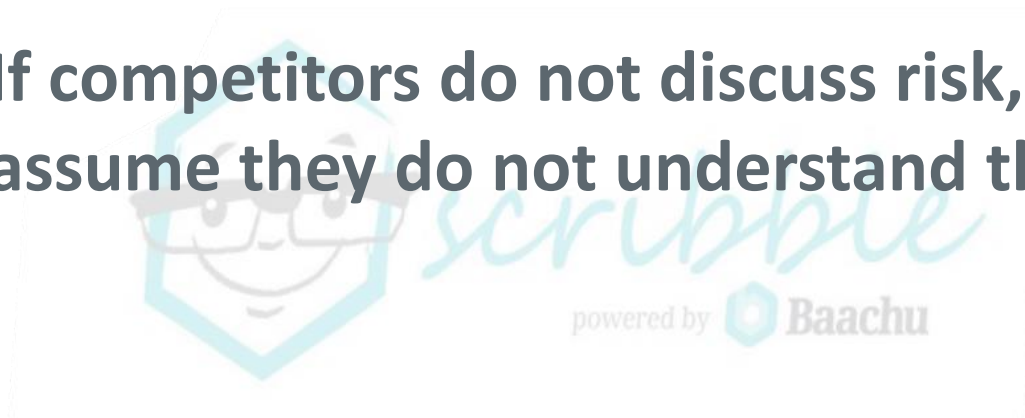


**When appropriate, address risk management in your executive summary. Address the top concerns in one or two short paragraphs.**

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**If competitors do not discuss risk, evaluators may assume they do not understand the problem.**



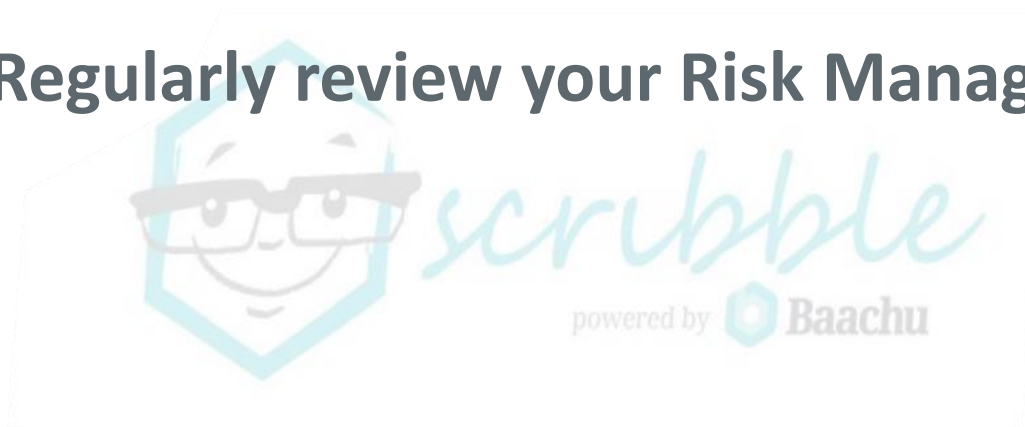
**Your discussion of risk must be credible, or it could backfire. Analyze and discuss risk and risk management similarly in each proposal section.**

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Regularly review your Risk Management Strategy.





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