

BELL HELICOPTER: The Importance of Determining Risk

PROJECT HIGHLIGHTS

- Bell Helicopter, an industry-leading producer of commercial and military aircraft, decided to establish and adhere to stricter project management and risk management standards, exceeding government standards.
- After an exhaustive search to find the tools that would meet their requirements, Bell is now using Primavera Pertmaster to accurately predict the success of a project based on schedule and cost.

The U.S. government published the Data Item Description (DID) document that defines the contractual requirements for all major defense contractors. The document spells out the need for probabilistic analysis of key contract completion dates. (See Appendix) The government's DID was the catalyst for Bell Helicopter to begin working on internal processes that would yield a stricter adherence to project management and risk management standards that exceeded government standards.

Stuart Retter, Manager on the Earned Value Management Core Team at Bell Helicopter, said that regulatory compliance isn't the only reason the company established an internal Project Charter that implements probabilistic risk analysis with Pertmaster's solutions throughout the company. "There are benefits other than compliance, such as stabilizing estimates and projections," said Stuart. "We see risk management as a hybrid task. It's a management process, but it has implications to earned value activities which means the type of risk may affect the estimated cost of a project or impact the time the project takes."

EASY TO USE

Before implementing Pertmaster, Stuart had done his homework. After evaluating for a year all of the risk management products on the market and by attending industry conferences, Stuart was ready to view a Pertmaster demo. Shortly afterwards, Bell Helicopter chose to implement Pertmaster. When Bell Helicopter submitted a proposal for a military helicopter project of substantial value, Pertmaster helped Bell assess uncertainty for the project schedule and establish a process for developing probabilistic analysis.

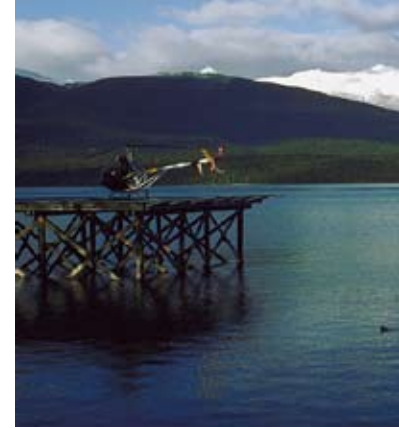
Coupled with the ability to utilize Pertmaster for upcoming project proposals, Bell Helicopter will be spending 6-8 months establishing corporate processes for integrating risk management into all project plans, training personnel on how to use Pertmaster, and documenting best practices for the entire company regarding project planning.

"We expect to be able to more accurately predict the success of a project based on schedule and cost, Stuart said. "Compliance with all contractual requirements is a given, but we know Pertmaster will provide better metrics, improve our estimates and accuracies and give us an early look at identifiable risks that will help us improve our target dates and more efficiently evaluate our business opportunities."



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Stuart Retter, Bell Helicopter



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Stuart Retter, Bell Helicopter

ADDED VALUE

"We like the reporting outputs that Pertmaster offers. They're easy to read and have a clearly defined purpose. It's also compatible with other Primavera solutions and that was very important to us. The flexibility of being able to work with Primavera and Microsoft Project scheduling tools is great. Pertmaster works as advertised and helps us control the ultimate cost and completion dates of projects which adds significant value."

ABOUT BELL HELICOPTER

Bell Helicopter is an industry-leading producer of commercial and military, manned and unmanned vertical lift aircraft and the pioneer of the revolutionary tilt rotor aircraft. Globally recognized for world-class customer service, innovation and superior quality, Bell's global workforce serves customers flying Bell aircraft in more than 120 countries. Bell Helicopter is a Textron Inc. (NYSE: TXT) company. Textron is a \$13.2 billion multi-industry company operating in 34 countries with approximately 44,000 employees. The company leverages its global network of aircraft, industrial and finance businesses to provide customers with innovative solutions and services. Textron is known around the world for its powerful brands such as Bell Helicopter, Cessna Aircraft, Kautex, Lycoming, E-Z-GO and Greenlee, among others.

Appendix A

U.S. Government Data Item Description

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2.4.1.23 Schedule Risk Assessment: A schedule risk assessment predicts the probability of project completion by contractual dates. Three-point estimates shall be developed for remaining durations of remaining tasks/activities that meet any of the following criteria:

- (1) critical path tasks/activities,
- (2) near-critical path tasks/activities (as specified in the CDRL),
- (3) high risk tasks/activities in the program's risk management plan.

These estimates include the most likely, best case, and worst case durations. They are used by the contractor to perform a probability analysis of key contract completion dates. The criteria for estimated best and worst case durations shall be applied consistently across the entire schedule and documented in the contractor's schedule notes and management plan. The guidelines for estimates are as follows:

2.4.1.23.1 Most Likely Estimate. Schedule durations based on the most likely estimates.

2.4.1.23.2 Best/Worst Case Estimates. Best and worst case assumptions shall be disclosed. The contractor schedule risk assessment shall explain changes to the critical path, margin erosion, and mitigation plans. It shall be incorporated into the contractor's program risk management process. The schedule risk assessment shall be submitted as specified in the CDRL and prior to the Integrated Baseline Review. The risk analysis may be performed within the IMS or within a separate risk tool as appropriate based on the capability of the automated scheduling tool.



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