Managing Risk to Maximize Enterprise Product Development Portfolio Value

Few product development (PD) enterprises consistently create new products on time and on schedule. This research explores how risk management at the portfolio level may help enterprises to manage their entire PD value stream more effectively.

Can Risk be used to create an advantage across a product development portfolio?

Key Questions:
• How should risk be aggregated to the portfolio level?
• How does a portfolio manager make use of aggregate risk information?

Initial Observations:
1. Using risk information at the portfolio level is not well understood
2. Portfolio management and risk are tied together
3. Risk aggregation methods that bridge the gap between individual programs and a portfolio are lacking

Assertion: A product development portfolio objective is to maximize value in the presence of uncertainty, not to necessarily minimize risk

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