LAYER 2

Engagement Risk Scoring

Per engagement / presales

Who: Solutions team, project managers, senior developers, account managers.
When: During presales or discovery for each engagement.
What: Combine systematic and engagement-specific risk for heuristic pricing governance.
Output: Engagement risk index (pure) or blended β (hybrid), feeding the CAPM minimum margin and a comparison against the proposed deal margin.

ENGAGEMENT RISK SCORING

FACTOR	1	2	3	4	5
Client Track Record Relationship history and reliability	1 Long-term	2 Repeat	3 New, vetted	4 Unvetted	5 Red flags
Scope Clarity How well-defined are requirements	1 Detailed	2 Outlined	3 Partial	4 Vague	5 Undefined
Technical Complexity Stack familiarity and unknowns	1 Standard	2 Minor	3 Some new	4 R&D	5 Experimental
Internal Capacity Team bandwidth and availability	1 Dedicated	2 Comfortable	3 Tight	4 Stretched	5 Over
Contract Type Risk allocation in contract structure	1 T&M	2 Capped	3 Hybrid	4 Fixed+pad	5 Fixed tight
Political Complexity Stakeholder alignment and authority	1 Single	2 Small	3 Committee	4 Multi-org	5 Adversarial
Timeline Pressure Deadline flexibility and driver	1 Flexible	2 Reasonable	3 Firm	4 Aggressive	5 Immovable

CAPM DECISION CALCULATOR

BASE MARGIN / AGENCY R_f (?) — 10 %

PORTFOLIO MARGIN / R_m (?) — 22 %

L1 ADJ. FACTOR (?) — –

DEAL PRICE — 0 $

ESTIMATED DELIVERY COST

0 $

Hybrid: $E(R) = R_f + (\text{Engagement } \beta \times \text{L1 Factor}) \times (R_m - R_f)$ — then compare the proposed deal margin against $E(R)$

ENGAGEMENT SCORE	ENGAGEMENT β	BLENDED β	REQUIRED MARGIN $E(R)$	PROPOSED MARGIN
—	—	—	—	—
of 35	score / 21	× L1 factor	required return	enter price and cost

MARGIN GAP	MIN. DEAL PRICE
—	—
proposed - required	needed to clear $E(R)$

Pure approach: *Use the engagement score (— of 35) as a risk index to size per-project contingency. The implied portfolio-wide minimum margin is —: $E(R) = R_f + L1\ Factor \times (R_m - R_f)$, and the proposed deal margin should still be checked against that hurdle.*

Hybrid approach: *Blended β = (Engagement Score / 21) × L1 Factor. This feeds directly into the CAPM formula for a per-engagement minimum margin.*

Governance note: *This hybrid calculator is a heuristic decision tool, not a statistically correct pricing engine. Its main value is internal alignment, presales discipline, and postmortem calibration.*