

RISK ASSESSMENT MATRIX

As your business responds to our changing reality, you are bound to find yourself weighing challenging choices. Use a risk assessment matrix to uncover clarity and guide your next steps.

A risk assessment matrix can help leaders analyze the level of a particular risk facing their business. Plotting the risk in this matrix allows decision makers to manage risk effectively and allocate resources accordingly, hopefully leading to a reduction of negative impacts.

There are three elements to a Risk Assessment Matrix:

SEVERITY - A catastrophic situation is one that would jeopardize the whole project whereas an insignificant condition would have little to no impact.

PROBABILITY – A risk may become almost certain to happen (more than 80% probability) whereas others are improbable (less than 10% probability).

RISK RANKING – Using Severity and Probability scales, identify the comprehensive risk and impact

- High risks necessitate immediate mitigation efforts
- Critical risks should also be dealt with as quickly as possible or a specific timeline created to address with the risk
- Moderate risks should have some attention paid but with less urgency and fewer resources
- Low risks are insignificant and can essentially be ignored

		SEVERITY				
		INSIGNIFICANT	MARGINAL	MODERATE	MAJOR	CATASTROPHIC
PROBABILITY	ALMOST CERTAIN	MODERATE	CRITICAL	CRITICAL	HIGH	HIGH
	PROBABLE	MODERATE	MODERATE	CRITICAL	CRITICAL	HIGH
	POSSIBLE	LOW	MODERATE	CRITICAL	CRITICAL	HIGH
	UNLIKELY	LOW	MODERATE	MODERATE	CRITICAL	CRITICAL
	IMPROBABLE	LOW	LOW	MODERATE	MODERATE	CRITICAL