

## Ranking Risks for Your Business

Ranking identified risks for a business involves several steps, some of which you will have done in prior steps:

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You will previously have identified the various risks to your business, assessed them and assigned a risk ranking.

**Prioritize the Risks:** Once you've identified your list of risks, you need to prioritize them. As noted in prior steps, use a risk matrix to rate the likelihood and impact of each risk. Typically, you'll prioritize risks based on their impact and likelihood of occurring. Prioritize the most significant and most likely risks first.

For example, you could have ratings of 1 to 4 for likelihood (1 for highly unlikely and 4 for highly likely) and 1 to 4 for consequence (1 for low and 4 for severe)<sup>2</sup>. Alternatively, you can use a scale of 1 to 5 based on their severity of impact to finances, health & safety, security, regulatory, operations, reputation, and human resources.

**Design a Risk Response:** Once you have ranked the risks, you can determine the most appropriate way to manage or mitigate the risks. Develop a plan to address the risk based on your prioritization analysis. Assign responsibility to team members to ensure accountability in the process.

This will also help you assess what controls will be required to ensure you meet your desired risk mitigation or management objectives.

**Ongoing Monitoring and Review:** Enterprise risk is ongoing, and new risks continually emerge. Therefore, continuous monitoring and review are essential.

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