

Risk Impact and Probability Assessment

A risk assessment matrix is a tool used for prioritizing and tracking project risks. It's a visual aid that provides a complete overview of the risks involved and the likelihood that each one will occur. Here's how it works:

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Identify Risks: List all the potential risks that could affect your project.

Assess Probability: For each risk, assess the likelihood of it occurring.

Assess Impact: Determine the potential impact of each risk if it were to occur.

Plot Risks on the Matrix: Plot each risk on the matrix based on its probability and impact.

Prioritize Risks: The risks in the upper right corner of the matrix (high probability and high impact) are the highest priority.

The matrix is often divided into three zones:

High Risk (Red): Unacceptable risks that require immediate attention.

Moderate Risk (Yellow): Risks that may or may not be acceptable depending on the specific circumstances

Low Risk (Green): Risks that are generally considered acceptable.

The risk assessment matrix is a dynamic tool and should be revisited and updated throughout the project lifecycle. It helps improve communication, facilitates decision making, and improves understanding of the risks.

The degree to detail in your risk assessment matrix will depend on the number of risks for your business and the level of assessment you wish to apply.

Examples of the structure for risk assessments include:

3x3 Risk Matrix Template: This approach is ideal for teams and organizations that prefer simplicity. It provides three levels to code both the severity and likelihood of each risk: low, medium, and high.

3x4 Risk Matrix Template: This approach uses non-numeric scales for likelihood and severity. After selecting the options for each parameter, use the values in the matrix to determine the level of severity for each risk.

5x5 Risk Matrix Template: This approach provides additional scaling options and is ideal for organizations that need more granular insight into each risk

Risk Management Matrix Template: Use this matrix to identify risks and determine when they require mitigation. This approach allows you to rate risk impact and likelihood both before and after mitigation, and note the actions that will be taken to manage the impact of risks

Risk Control Matrix: This type of risk matrix is helpful for organizations or projects that regularly encounter a high degree of risk. It reflects risks and their impact, as well as the automated and manual controls available to help limit the resulting losses.

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Here is an example of a 5x4 approach



Severity	Disaster	High	Medium	Minimal
Probability				
Regularly	Critical	Critical	High	Medium
Probable	Critical	High	Medium	Medium
Occasional	Critical	High	Medium	Low
Rarely	High	Medium	Medium	Low
Probable	Medium	Medium	Low	Low

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