

Risk Matrix

WORKSHEET

Places each risk on a grid of likelihood against impact so that limited attention and budget flow to the risks that are both probable and damaging, with a distinct response posture, from acceptance through to avoidance, attached to each quadrant.

PREPARED BY _____ DATE _____

TRANSFER OR PLAN

High impact, low likelihood: the rare events that could sink the enterprise. Because likelihood is low, continuous mitigation spend is hard to justify; because impact is severe, doing nothing is negligent. The classic responses are transferring the risk to a party better placed to carry it, through insurance or contract, and preparing contingency plans so the organisation is not improvising on the day.

MITIGATE OR AVOID

High impact, high likelihood: the intolerable corner. These risks demand immediate treatment to push likelihood down, cap the impact, or both; where treatment cannot bring the risk within appetite, the activity itself should be redesigned or abandoned. This quadrant sets the priority order for risk spend.

ACCEPT

Low impact, low likelihood: risks not worth the cost of treating. The disciplined move is explicit acceptance, recorded in the register with an owner, rather than silent neglect. Acceptance is a decision that can be revisited; forgetting is not.

MONITOR AND CONTROL

Low impact, high likelihood: the frequent nuisances. Individually tolerable, they are managed through routine procedures and cheap controls, and watched, because frequency is where aggregation and drift live. Many small losses can sum to a large one, and a rising frequency is often the early signal of a bigger failure.

Risk Matrix, 1969 · Originator: United States Department of Defense system safety practice.

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