



Risk ASSESSMENT

The goal of completing a risk assessment is to identify any hazards that pose a threat to achieving your project deliverables. There are five key steps:

1	2	3	4	5	
POTENTIAL HAZARDS	LIKELIHOOD	IMPACT	RISK RATING	ACTION	RESPONSIBILITY

1. Identify the potential hazards

Brianstrom these with the project team. The list should be comprehensive and include any hazards that relate to the scope of your project. The risk assessment is a living document and should be updated as risks are identified throughout the project.

2. Calculate likelihood

For each hazard, determine the likelihood that it will occur then assign a likelihood rating:

- Rare** – less than 3% chance it will happen
- Unlikely** – 3 to 10% chance it will happen
- Moderate** – 10 to 50% chance it will happen
- Likely** – 50 to 90% chance it will happen
- Certain** – more than 90% chance it will happen

3. Calculate the impact of the hazard

For each hazard, calculate the potential impact of the risk and assign an impact rating:

- Insignificant** – risk is easily mitigated by normal day-to-day processes
- Minor** – could delay the schedule by 10% and add 10% to budgeted costs
- Moderate** – could delay the schedule by 30% and add 30% to budgeted costs
- Major** – could delay the schedule by 50% and add 50% to budgeted costs
- Catastrophic** – we would need to abandon the project

4. Calculate the risk rating

Assign a risk rating to each hazard based on the likelihood and impact you've already calculated.

- Low** – low risks can be ignored or overlooked as they usually are not a significant threat
- Moderate** – medium risks require reasonable steps for prevention but they're not a priority
- High** – high risks call for immediate action
- Extreme** – extreme risks are the highest priority

5. Assign actions and responsibility

Outline the actions required to address a hazard, reduce its likelihood and impact, and how to respond if it occurs.



A risk assessment matrix simplifies the information from the risk assessment form, making it easier to pinpoint major threats in a single glance. To use a risk matrix, extract the data from the risk assessment form and enter it into the matrix.

	Rare (1)	Unlikely (2)	Moderate (3)	Likely (4)	Certain (5)
Insignificant (1)	Low	Low	Low	High	Extreme
Minor (2)	Low	Low	Moderate	High	Extreme
Moderate (3)	Low	Moderate	Moderate	High	Extreme
Major (4)	Moderate	Moderate	High	Extreme	Extreme
Catastrophic (5)	Moderate	High	Extreme	Extreme	Extreme

LIKELIHOOD (rows) and CONSEQUENCES (columns)