Risk Assessment

"The possibility of an event which would reduce the value of the business were it to occur. Such an event is called an 'adverse event' ". (Blakely et al, 2002)

For a business, it is crucial to have a risk assessment which can help categorize risks, potential loss for all risks and how to mitigate/reduce loss caused by risks. There are two main methods for risk assessment, Quantitative and Qualitative.

Qualitative assessment is used when there is not enough data available (history/Previous data), a trained person or a team sits and assess the risk.

Quantitative assessment is used when there is enough data( past data/history ) available, it is consist of mathematical calculations/ probabilities.

Most organizations use both methodologies for risk assessment. Open FAIR is the example of Quantitative assessment and OCTAVE Framework is the example of qualitative assessment.