

RISK MATRIX IN PROJECT MANAGEMENT

A risk matrix in project management is a tool used to assess and prioritize risks by visualizing the probability of a risk occurring and its potential impact on the project

		SEVERITY		
		Catastrophic	Manageable	Negligible
LIKELIHOOD	All but guaranteed	High	High	Medium
	Likely	High	Medium	Low
	Not likely	Medium	Low	Low



A risk matrix is a simple but powerful tool that helps you assess and prioritize risks in a project (or business) by looking at two things:

- How likely the risk is to happen (Probability)
- How bad it would be if it did happen (Impact)

It's usually shown as a grid or table, where you map risks based on these two factors.



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Here How it Works

	Low Impact	Medium Impact	High Impact
Low Probability	Low Risk	Medium Risk	Medium Risk
Medium Probability	Medium Risk	Medium Risk	High Risk
High Probability	Medium Risk	High Risk	Critical Risk



Risks that are high probability + high impact are the top priority — you deal with them first.

Risks that are low probability + low impact might just be monitored or even ignored.

In short:

A risk matrix helps you focus your energy on the most serious threats without wasting time on minor ones. 🚨



Example Project: Building a Shopping Complex

	Low Impact	Medium Impact	High Impact
Low Probability	Small design changes needed (Low Risk)	Minor supplier delays (Medium Risk)	Random local protests (Medium Risk)
Medium Probability	Small budget overruns (Medium Risk)	Unexpected weather delays (Medium Risk)	Delay in permits (High Risk)
High Probability	Minor labor shortages (Medium Risk)	Price increase of materials (High Risk)	Major contractor failure (Critical Risk)



✓ Critical Risk: Major contractor failure — ^{1/6} needs a strong backup plan right away.

✓ High Risks: Permit delays and material cost increases — need careful monitoring and early action.

✓ Medium/Low Risks: Can be managed or simply monitored.

A visual version of this matrix would be colorful, like:

Green = Low Risk

Yellow = Medium Risk

Orange = High Risk

Red = Critical Risk



Project Name:	Project Manager	Date

Risk Matrix		Severity				
		Insignificant	Minor	Moderate	Major	Severe
Likelihood	Almost Certain	Medium	High	Very High	Very High	Very High
	Likely	Medium	High	High	Very High	Very High
	Possible	Low	Medium	High	High	Very High
	Unlikely	Low	Low	Medium	Medium	High
	Rare	Low	Low	Low	Low	Medium

*Thank
You*