Risk Management

$$\text{Risk severity} = \text{Impact} * \text{Probability}$$

Probability usually as a percentage. Keep even zero possibility risks in list.

Identification of exact nature of risk and what it exactly impacts. e.g. delivery date or logistics. After identification of affected area, impact is assessed in measurable terms like monetary damage.

SAFETY RISK		Severity				
Probability		Catastrophic	Hazardous	Major	Minor	Negligible
		A	B	C	D	E
Frequent	5	5A	5B	5C	5D	5E
Occasional	4	4A	4B	4C	4D	4E
Remote	3	3A	3B	3C	3D	3E
Improbable	2	2A	2B	2C	2D	2E
Extremely improbable	1	1A	1B	1C	1D	1E

Figure 1: Risk Matrix

Thus, a threshold should be set above and below which risks are tried to avert or neglected.

Risk responses

- Avoid
  - alter plannings to eliminate risk's presence.
  - "hosting an event inside instead of outside"
- Mitigate
  - reduce probability and/or impact and increase opportunity in probability and/or impact.
  - "moving the event to summer season; a helmet reduces the impact, but not the probability"
- Transfer
  - transfer the risk to someone else.

  - insurance
- Accept
  - Have contingency plans and reserves or ignore the risk.