SIMPLE RISK ASSESSMENT MATRIX

The following Tool is designed to help CAFOD staff and partners understand the key risks faced by the business.

To help understand and assess risks effectively perhaps work through the following 7 steps with partners and complete a simple 'Risk Matrix':

1. List key events that have the potential to negatively affect the enterprise. These maybe internal to the business (e.g. new competitors enter the market, key staff leave, key suppliers unable to deliver) or external (e.g. inflation, weather events, government policy –Enabling Environment);

2. Assess severity of the event on the success of the enterprise (1 to 5);

3. Assess likelihood of the event occurring (1 to 5);

4. Prioritise (Multiply Severity Score by Likelihood Score and order);

5. Identify strategies to reduce severity/likelihood (PREVENTION);

6. Identify strategies to reduce impact of the event should it occur (MITIGATION);

7. Consider the need to revisit Business Plan if necessary.

Severity
1 Trivial
2 Frustrating
3 Disruptive
4 Significant
5 Critical to enterprise
Likelihood
1 Highly Unlikely
2 Unlikely
3 Possible
4 Probable
5 Certain

Event	**Severity (S)**		**Likelihood (L)**		**Prioritize Risk**	**Strategies to Reduce Risk**	**Strategies to Manage Risk if Event Occurs**
	Describe	Score (1 to 5)	Describe	Score (1 to 5)	(S x L)		
Extreme weather	Crop damage could affect supply of key input.	3	Extreme weather increasingly likely	3	9	Explore more resilient crop and alternative suppliers, build up stock.	Alternative suppliers
Etc.					0		
Manager Leaves	We have no one who understands business.	4	Fully committed to org and area.	1	4	Succession Planning, review remuneration package.	
Etc.					0		