

# Risk Management Plan

## Introduction

Risk is inherent in any organisation. One factor in whether an organisation survives and thrives, despite risk, is that they recognise and actively manage risk.

## Risk Areas

Areas of risk to consider include: Commercial, Legal, Customer, Competitor, Environmental

## Assessment

Risks can be assessed to determine (a) Likelihood – probability of it happening and (b) Impact – how serious is the impact on us if it did happen

These can be ranked according to:

### Likelihood:

1= low, unlikely to occur

2= medium, a reasonable chance it will arise

3= high, very probable

### Impact:

1= minimal, no serious implications

2= moderate, impact could be serious

3= critical, would have major implications, an extremely serious threat

(or use H, M and L rather than 3, 2, 1)

## Approach to Managing Risk

Having identified all risks and ranked them, the priority then becomes to establish actions to manage the risk and minimise any negative impact of its occurrence.

The following table indicates what to do about risks according to their rankings. It is a guideline only and managers need to decide the need for action according to their circumstances.

Likelihood	Impact	What to do...
High	High	Identify actions necessary to mitigate the risk and to manage it if it should arise. Initiate mitigation actions. If risk is not avoided then initiate management/ contingency actions when it arises.
Medium	High	Same as above.
Low	High	Identify actions to manage risk if it should arise, use these as a contingency plan.
High	Medium	Same as high - high
Medium	Medium	Identify actions to manage risk should it arise.
Low	Medium	Identify actions to manage risk if it should arise, use these as a contingency plan.
Low	Low	Not necessary to identify actions.
Medium	Low	Not necessary to identify actions
High	Low	May be useful to identify some actions to manage or avoid this. Particularly if it could cause a flow on effect to some other area of risk.

## Risks Register and Management Plan

Risk	Likelihood	Impact	Actions

*NOTE:* it can also be useful to do a separate assessment of what the risk would be (ie what level of risk remains) after the actions have been completed.