Risk Matrix

When a team lists its risks, the list is often long, and not every risk deserves the same attention. A risk matrix is a simple tool that helps us decide which risks to handle first. It is a grid that compares two things: how likely a risk is to happen, and how serious its impact would be. Because its cells are coloured green, amber and red, it is also called a risk heat map.

1. Two Scales: Likelihood and Impact

The matrix uses two scales, and many teams give each of them five levels. Likelihood, also called probability, goes from one, rare, to five, almost certain. Impact, also called severity or consequence, goes from one, very small, to five, very serious. Likelihood usually runs along one side of the grid and impact along the other, which gives twenty-five cells.

Example: a family planning a picnic sees rain as likely, but its impact is small, because they can move under a roof.

At work: Nour, an event manager, is organising her company's annual conference for three hundred guests. Before rating anything, she writes one clear line for each level of both scales.

2. Scoring a Risk

To score a risk, we choose its likelihood level and its impact level, then multiply them. A risk that is likely, level four, with a moderate impact, level three, scores twelve. The lowest possible score is one and the highest is twenty-five. Some organisations add the two numbers instead, or use letters and colours; what matters is to use the same method for every risk.

Example: a leaking kitchen tap is almost certain to get worse, level five, but the damage is small, level one, so it scores five.

At work: Nour rates the risk that the main speaker cancels as possible, level three, with a major impact, level four. Its score is twelve, and she places it in the matching cell.

3. The Green, Amber and Red Zones

The cells of the matrix are grouped into colour zones, and each zone tells the team what to do. Green means low risk: we accept it and simply keep an eye on it. Amber means medium risk: we need a plan to reduce it and a named owner, within normal work. Red means high risk: it needs action now, attention from senior managers, and sometimes a decision to stop or change the plan. Each organisation sets its own limits; on a five by five grid, for example, scores up to four may be green, five to twelve amber, and fifteen or more red.

Example: at home, a squeaky door is a green risk, while a worn electric cable near the curtains is red and is replaced the same day.

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At work: Nour's speaker risk, with a score of twelve, is amber, so she books a backup speaker. A power cut at the venue scores fifteen, which is red, so she discusses it with the director and asks the venue for a generator.

4. Using the Matrix in a Meeting

The matrix works best as a team conversation, not as a form filled in alone. The facilitator first explains the scales, then the team rates each risk together, and people with different views explain their reasons. Drawing the grid on a whiteboard or a shared screen, and placing each risk on it as a dot, lets everyone see the whole picture at once. The meeting ends with clear actions for the red and amber risks, each with an owner and a date.

Example: a family planning a move to a new home sits around the table and places each worry on a simple grid drawn on paper.

At work: in a one-hour meeting, Nour's team places fifteen risks on the grid. The logistics officer rates a late catering delivery higher than Nour did, and the team agrees on a second supplier.

5. The Limits of the Matrix

The ratings are subjective: two people can rate the same risk differently, and moods or recent events can influence them. Very different risks can share the same score; a frequent small problem and a rare disaster can both score five, yet they need very different responses. Rare but extreme risks are easy to underrate, because a low likelihood pulls the score down even when the impact is catastrophic. Finally, risks change, so the ratings must be reviewed regularly, not written once and forgotten.

Example: a house fire is rare, but a family still buys insurance, because the impact would be enormous.

At work: a fire at the venue is rare but catastrophic, so its score looks modest. Nour still checks the emergency exits with the venue, and her team re-rates all risks every two weeks until the conference.

Conclusion

In summary, a risk matrix compares the likelihood and the impact of each risk on one simple grid. We define clear scales, score each risk, and let the green, amber and red zones guide our actions. However, the scores are judgements, not facts, so rare disasters deserve special attention and every rating needs regular review. Used with care, the matrix helps teams spend their time and money on the risks that matter most.

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