

The five stages to effective risk management

Identify

Assess

Plan

Act

Review

1. Identify

Risks should be identified in the context of the outcome that is to be delivered. Once you know what it is you need to achieve or deliver (e.g. assemble, run and break down an exhibition stand safely) then you can think about the associated risks, i.e. the things that could happen that would have a bearing on the achievement of the required outcome.

2. Assess

Once a set of risks has been identified, the next step is to determine how significant they are and therefore how concerned about them you should be. To help with this, first identify the cause(s) of the risk, i.e. if it materialises what may have caused it to happen? Then, determine what the consequences may or will be if the risk does come to pass.

You are now in a position to determine the likelihood and impact levels of the risk, using the following guidelines:

Likelihood			Impact		
Level	Descriptor	Guidance	Level	Descriptor	Guidance
1	Remote	Less than 10% chance	1	Minor	Minor, short-term injury or impact on health.
2	Possible	10-50% chance	2	Moderate	Injury or medical issue requiring local support and possibly further medical attention.
3	Likely	Greater than 50% chance	3	Serious	Serious injury requiring hospitalisation; serious threat to safety.
4	Almost certain	Greater than 90% chance	4	Catastrophic	Life-threatening injury or loss of life.

The **overall risk score** is simply the likelihood level multiplied by the impact level. Hence, a risk with a likelihood of 2 and an impact of 3 has a score of 6. This is referred to as the **initial score**, i.e. before any control measures have been put in place.

3. Plan

Once each risk identified has been scored then an **appropriate response** needs to be planned. This will normally take the form of a series of mitigations or **control measures**, which should have the effect of reducing its likelihood and/or impact, or at least of preventing these from increasing. This should result in an action plan, with owners and timescales assigned.

Having identified the actions that are to be taken to mitigate the risk, it should then be possible to forecast the risk score upon completion of the actions. This is the **residual or target risk score**.

4. Act

All actions or control measures must be implemented by the assigned action owners and within the agreed timescales.

5. Review

Each of the risks should be reviewed to gauge the effectiveness of the mitigating actions and to ensure that the target score has been achieved. If it hasn't then further action should be taken, where possible, or a conscious decision taken to accept the risk. This should be recorded.