Activity

Writing a Risk Assessment

A risk assessment should be carried out in order to identify potential hazards and visualize how much of a risk they might be to your expansion project.

What is Risk?

A risk is not just something that is dangerous. Evaluating risk also requires evaluating likelihood. Something that is the **most** risky is not necessarily the thing that is the most dangerous. For example, a tornado wrecking construction is a potential danger to your project, but it is extremely unlikely to occur. An increase in the price of lumber, however, isn't intrinsically dangerous, but might be likely if your project lasts several years. If you don't address the risk of increased costs of key materials, it could mean the end of your project.

Risk Assessment Matrix

The tool (called a Risk Assessment Matrix) that is used to assess risk works to find the balance between the severity and likelihood of any event that presents a barrier to your project.

In a Risk Assessment Matrix there are two axes: severity and likelihood. Where each level of severity and likelihood meet is a different level of risk; represented by a colour ranging from red to green. Each potential problem is plotted on the matrix to form a picture of potential threats to your project.

How to Use the Matrix

1. Identify events (or problems, issues, people) that might present a barrier to your project and put them in a spreadsheet (see the Risk Assessment List).
2. Look at the first event on the list and think about the effect it would have on your project. Decide on the level of severity of this event - insignificant, minor, moderate, major, or severe.
3. Think about the likelihood of this event happening. Is there a good chance that it will actually happen? The same way you did with the severity level, pick a level that represents the likelihood on your matrix: remote, unlikely, possible, likely, or almost certain
4. Where these two levels meet, write down the event. This is the level of risk for that event.
5. Once you have plotted all of the potential events on your matrix, you can then decide which are the most important threats to plan for in your project. This gives you a way to visualize what's called the "threat landscape".

Mitigating Risk

On the spreadsheet with the list of potential dangers, write down several ways you could mitigate the potential damages of all of the more risky events (yellow, orange or red). First try to find ways to eliminate the risk and if that's not possible, ways to lower the risk to your project.

Regular Assessments

As the project changes, so does the likelihood and potential severity of any particular element.

If you are very early in your project, commit to meeting on a regular basis until you can work risk assessments into your project plan. If you are past the preliminary stages of the project, you can plan when to schedule risk assessment reviews based on when certain stages of your project are completed.

Involve your whole team

Be aware that each person may have a different idea of how severe damage will be, or, how likely it is that any particular event will occur. Remember risk assessment is **subjective**. Because of this, it is important to be open with your Risk Assessments.

You should be conducting these assessments with multiple people with different roles in your project: the architect, the board of directors, the contractors, parents, and others. Each person will com

At the end of this exercise, you should have:
1. A Risk Matrix, developed with the advice of people throughout your project, that helps you to identify and prioritize risks.
2. A list of events with an evaluation of the level of risk they present and several ideas of how to mitigate those risks.
3. A schedule to regularly review your risk assessments.

These three documents will ensure that as the project develops, you'll be ready to tackle any obstacles that come your way.