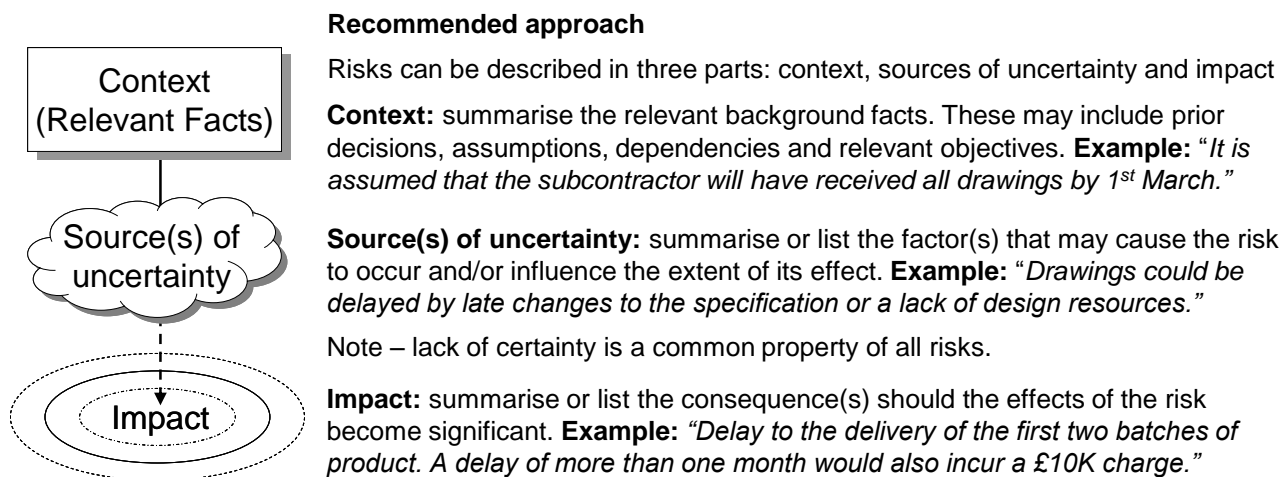


Purpose Articulate risks in a way that can be understood with clarity

Importance Being able to describe and understand risks is of fundamental importance to:

- Assigning risk ownership
- Making risk estimates
- Developing effective risk responses
- Structuring risk information e.g. breaking down composite risks or identifying parent-child relationships
- Reporting and explaining the implications of risks

Technique There are a number of risk description techniques. The approach recommended on this sheet has been proven in practice and supports both qualitative and quantitative risk analysis techniques. The given example is simple. However the approach is sufficiently flexible to describe more complex situations.



Risk Register tools Many risk register tools have three fields to record risk descriptions, although they often use different field titles. You may find that the titles they use are equivalent e.g. using the word **consequence** or **effects** instead of **impact**. If not, it may help if the field titles can be changed.

Implications for risk modelling Risk models are based on the same combination of three parts as the recommended risk description approach. One has to structure a risk model on the basis of what can be assumed as **facts** for modelling purposes and then add features such as risk estimates or probabilistic events to simulate the implications of **sources of uncertainty**. The model itself simulates the **impact** of this combination of inputs. The risk description structure can thus be used to describe risk models as well as individual risks. Similarly, the risk responses figure below is applicable to both risk models and risk registers.

Risk responses Using a sound risk description approach aids the identification of risk responses. The figure below shows how different risk response strategies target different aspects of the way in which risk is understood.

