Risk level classification example of a process through impact and likelihood of occurrence ratings

(will be adapted to each concrete application)

Prerequisites for any process:

* ask questions like:
  + what could prevent the implementation of the process?
  + what could go wrong?
  + what would be the impacts if it went wrong?
  + how likely is it to happen?
* identify risks
* classify risks by priority
* which process input or output can threaten:
  + the conformity of the finished product?
  + the achievement of the objectives?
* determine the urgency of the risk:
  + solved in the past
  + immediate
  + future
* establish the duration of risk:
  + short-term (<1 week)
  + average duration (<1 month)
  + long-term (> 1 month)

Table of risk impact ratings:

|  |  |  |
| --- | --- | --- |
| Ratings of risk impact (I) | | Impact |
| 5 | **critical** | All production can be declared nonconforming |
| 4 | **high** | Production can be sorted and part of it declared nonconforming |
| 3 | **moderate** | Production can be sorted and part of it corrected |
| 2 | **low** | Part of the production can be corrected |
| 1 | **insignificant** | No detectable effect |

Table of ratings of risk likelihood of occurrence:

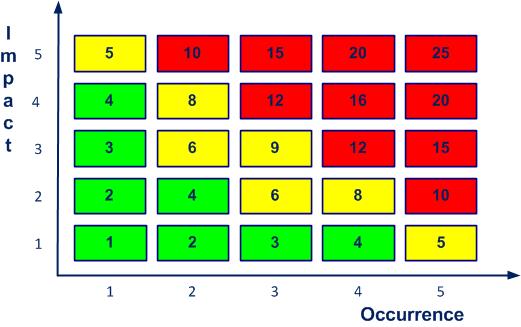
|  |  |  |  |
| --- | --- | --- | --- |
| Ratings of risk likelihood of occurrence (O) | | In time | Presence |
| 5 | **very frequent** | Once a week | systematic |
| 4 | **frequent** | Once a month | repeated |
| 3 | **occasional** | A few times a year | aleatory |
| 2 | **rare** | Once a year | uncertain |
| 1 | **unlikely** | Less than once a year | hypothetical |

**The multiplication of impact (I) and likelihood of occurrence (O) gives the risk level (RL):**

**RL = I x O**

* **acceptable (1 ÷ 4)**
* **non-acceptable minor (5 ÷ 9)**
* **non-acceptable major (10 ÷ 25)**

Table of risk level:



For risk levels from 1 to 4 we deal with it or an action can be considered in a more or less near future.

For risk levels between 5 and 9 a corrective action is planned with a fairly short deadline.

For risk levels between 10 and 25 the process should be stopped immediately and perhaps the company evacuated until the risk level is reduced below 10.