8. HANDLING RISK

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8.3 Risk analysis

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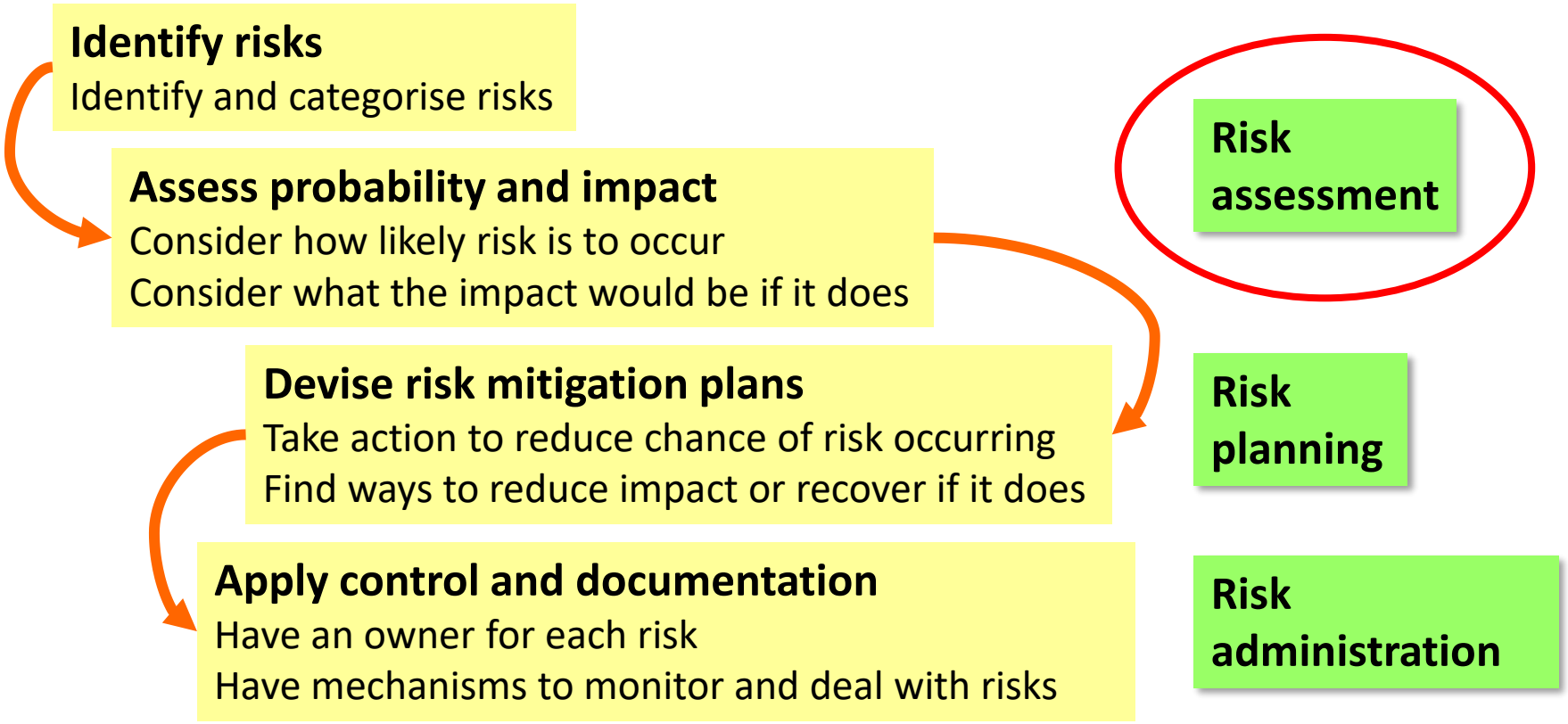
Risk management



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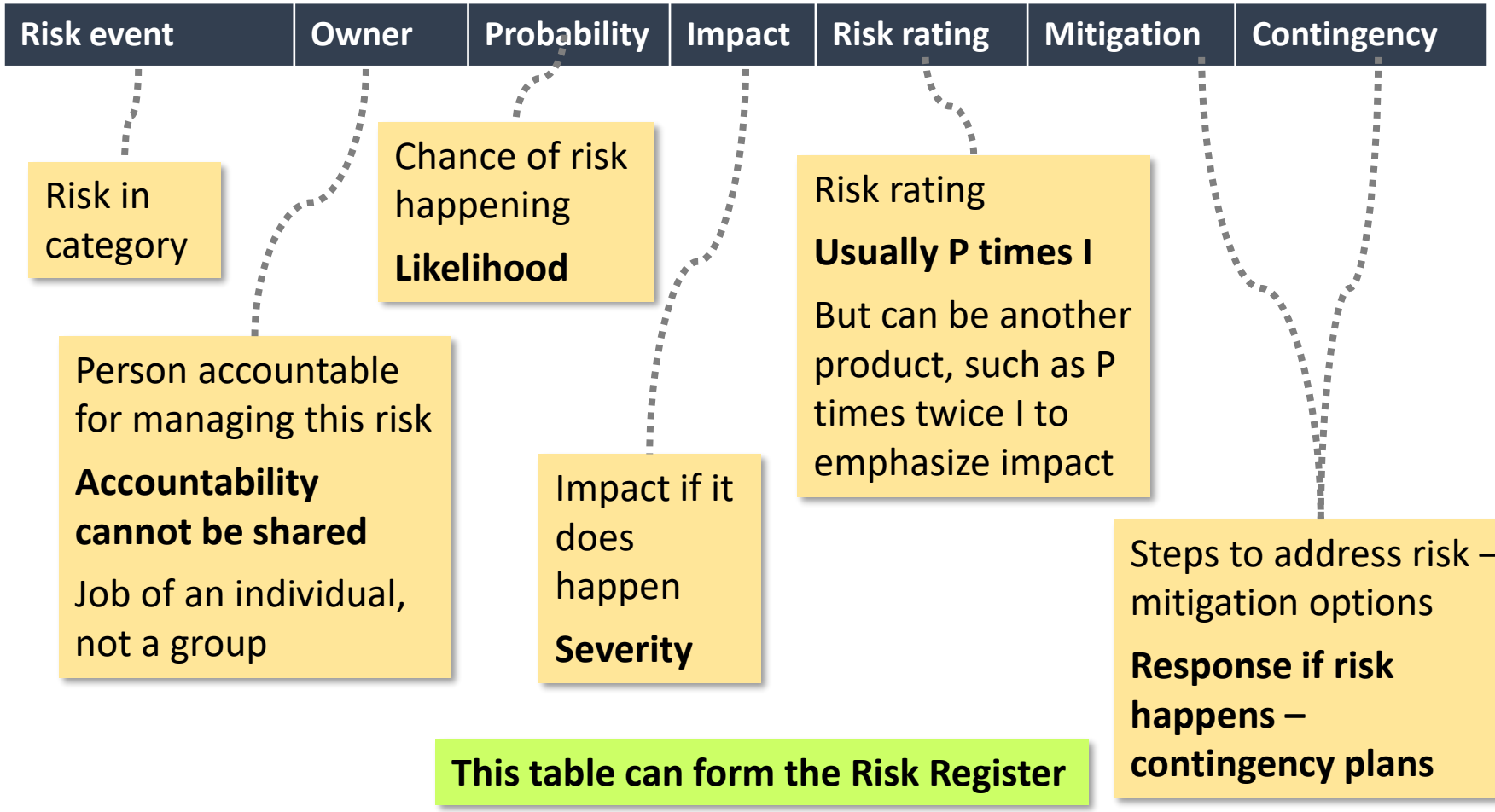
The probability:impact table



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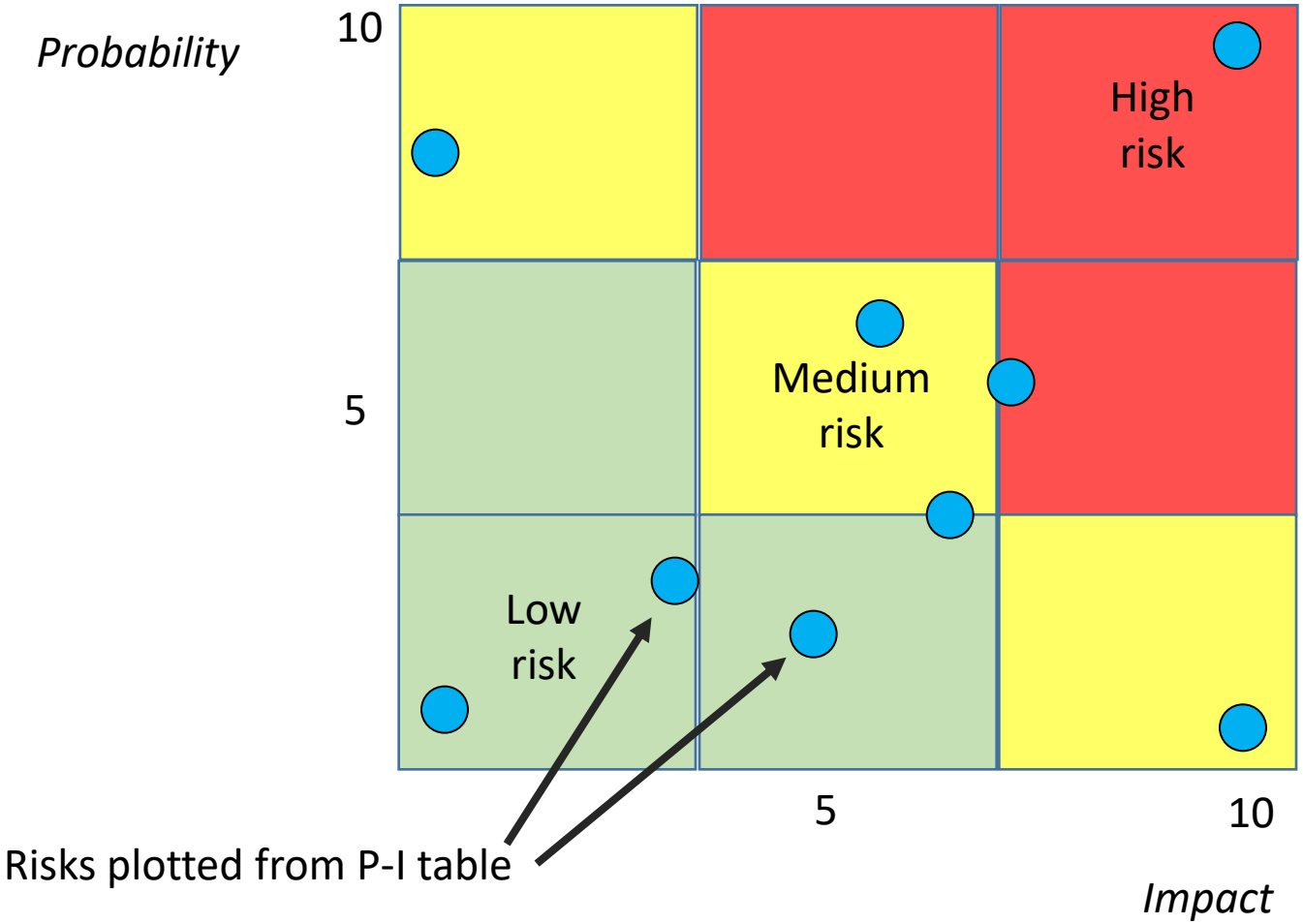
Traditional matrix view of risk ratings



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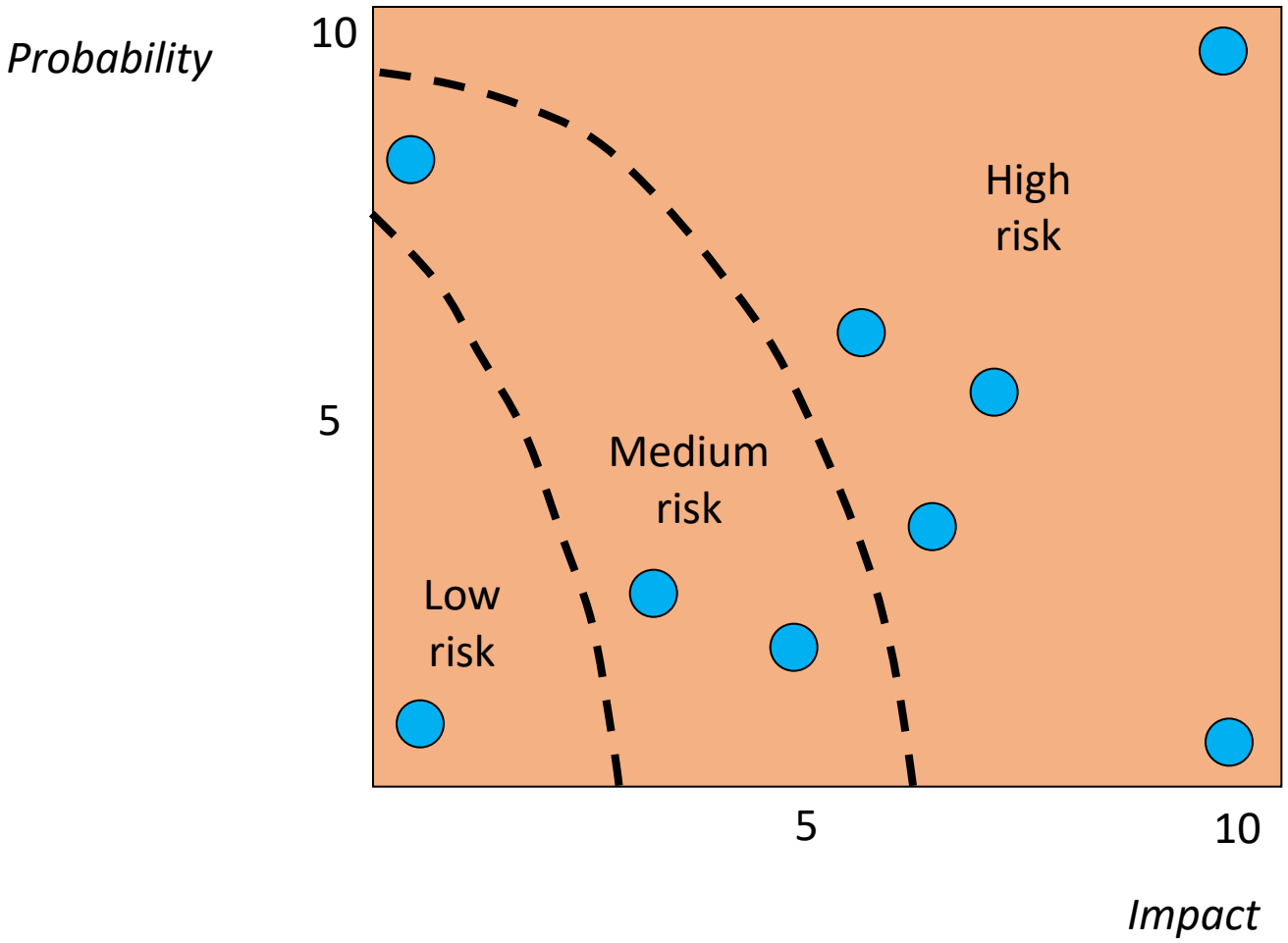
A better way map risk ratings?



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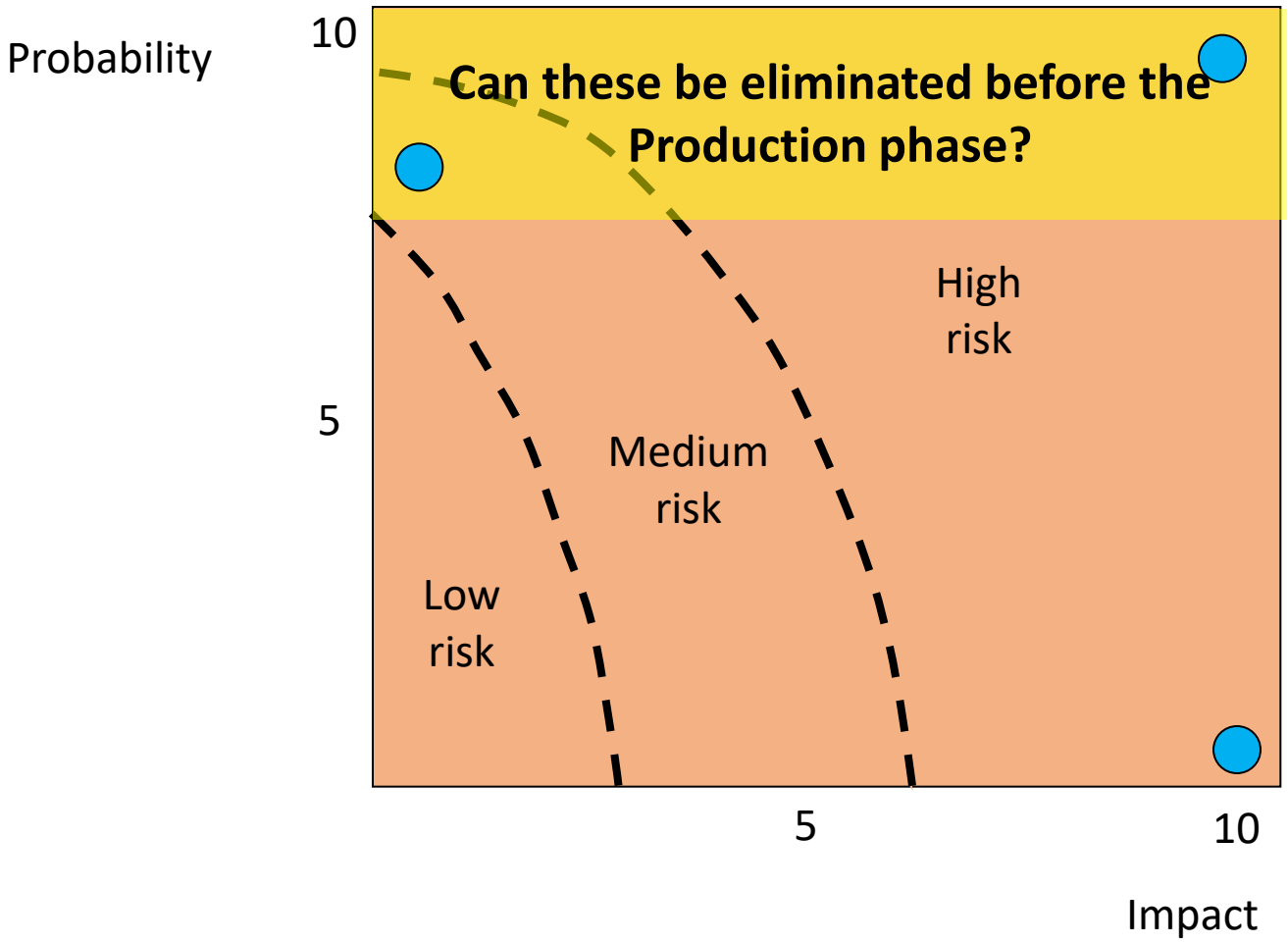
Why have high probability risks?



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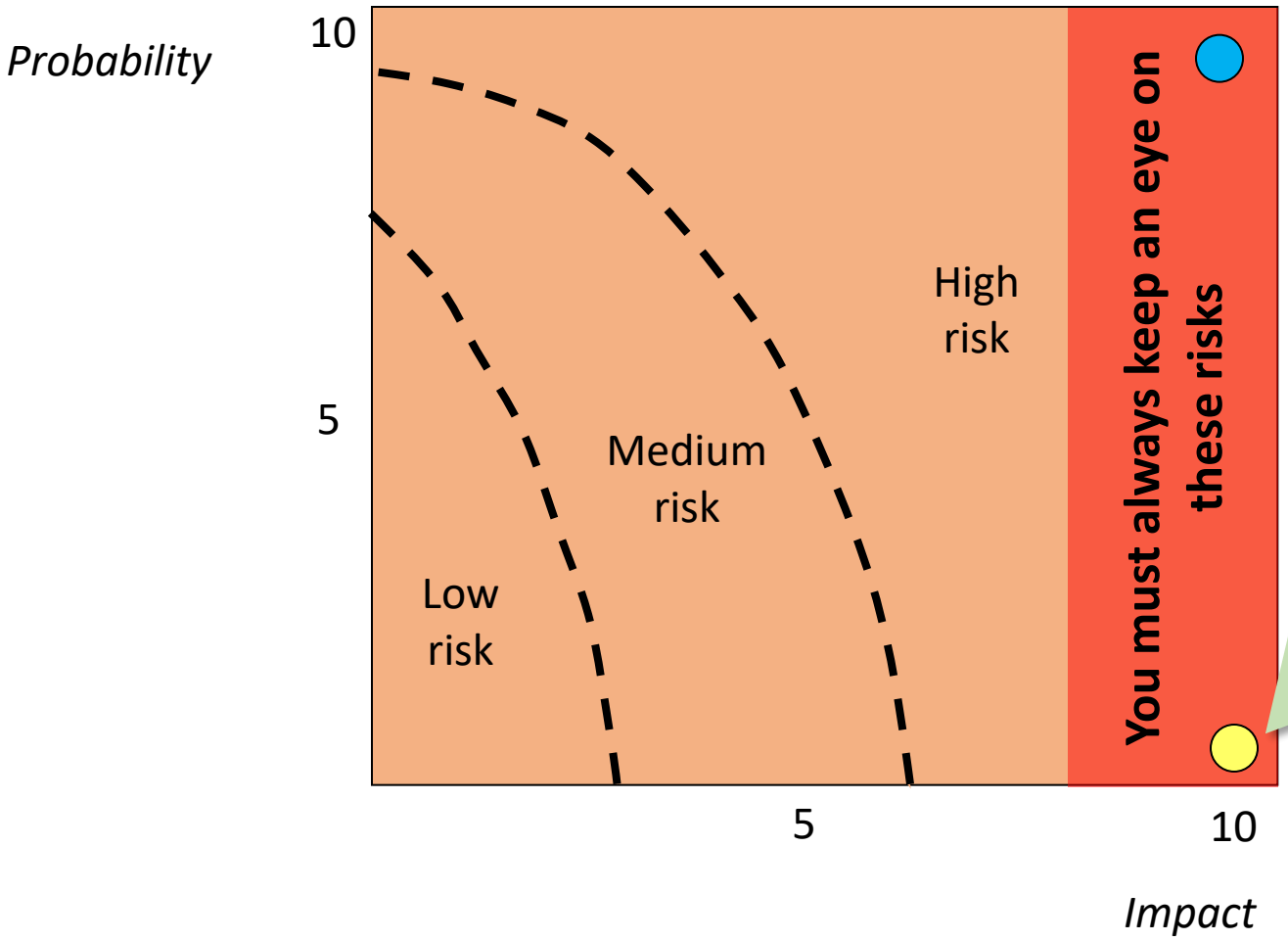
Nightmare risks



A **black swan** is a very low probability event with an extreme impact that might have been predictable had the risk been taken seriously and proper analysis and mitigation been carried out.

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Microscopic chance, awful impact

Event	Organisation	Year	Cause	Consequences
RMS Titanic sinking	White Star Line	1912	Failure to spot iceberg or alter course. Insufficient life-boats	Over 1,500 died. Decline of White Star until taken over in 1934 by Cunard
KAL flight 007 shot down over Soviet air space	Korean Air Lines	1988	Aircraft flew wrong heading due to pilot error or aircraft malfunction	269 fatalities. Chance of war between USA and USSR. Severe loss of traffic for KAL
Deepwater Horizon oil rig explosion in Gulf of Mexico	BP	2010	Inadequate maintenance and management of well safety systems	11 workers killed. Massive pollution of Gulf coastline. Ultimate cost to BP over $50 billion
Viadotto Polcevera road bridge collapse, Genoa	Autostrade per l'Italia	2018	Decay of reinforced concrete structure and inadequate maintenance	43 people killed. Arterial route shut with severe economic consequences. New bridge opened 2020

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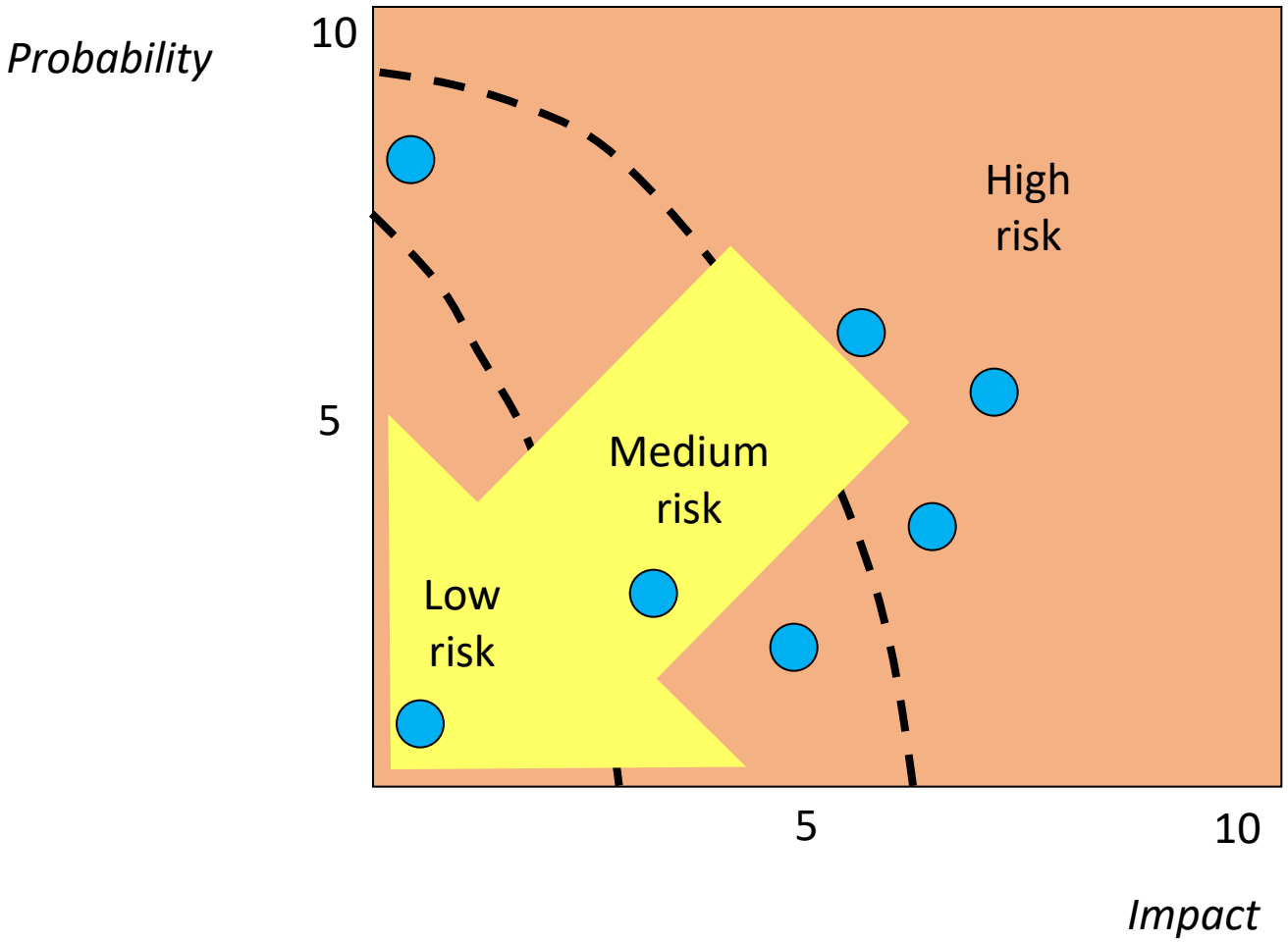
Aim to drive risks down and out



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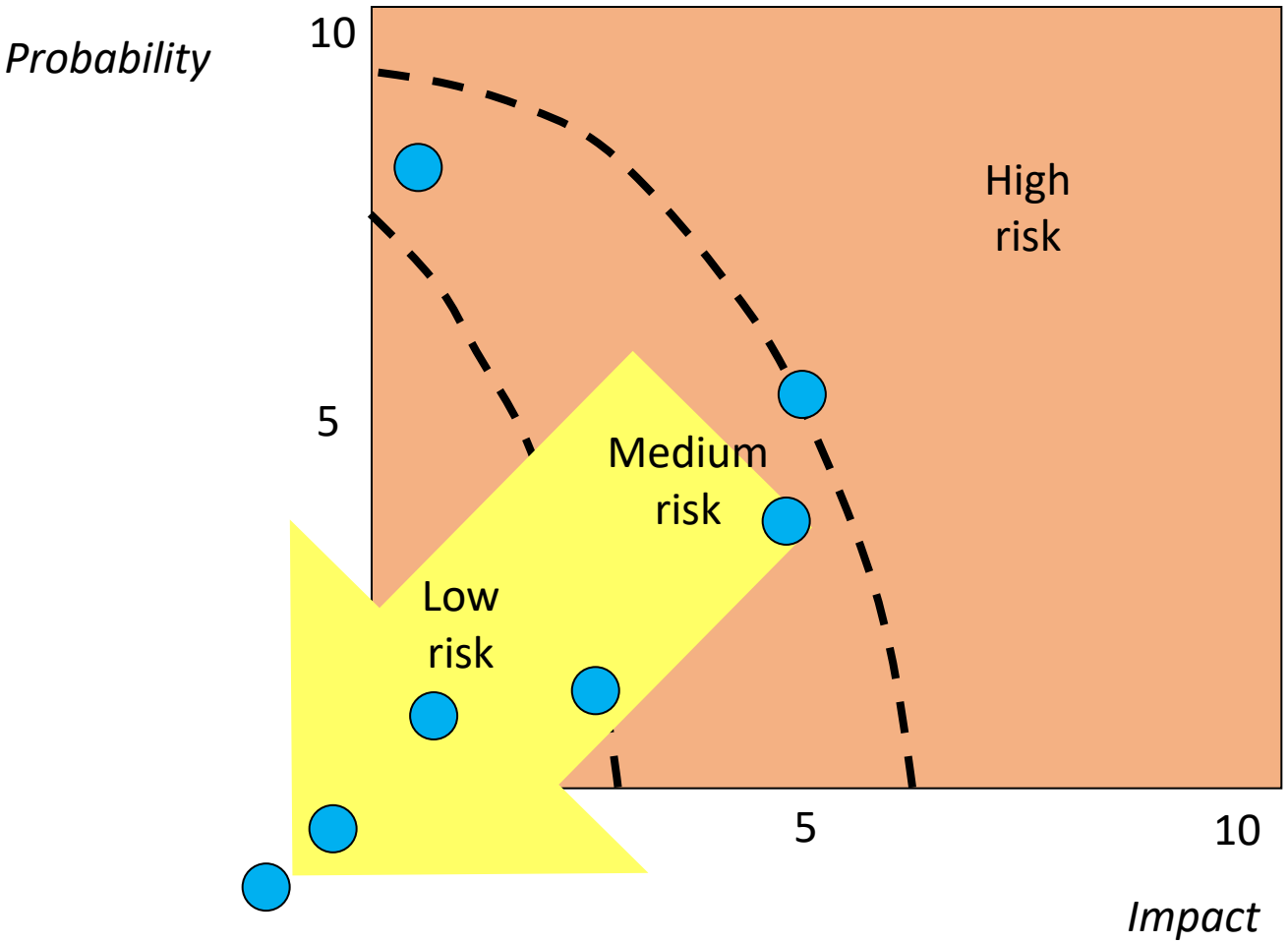
Aim to drive risks down and out



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