Identify Your Risks

Identifying your risks will help you evaluate the extent of your vulnerability to disruptions.

How potential threats impact each business varies considerably because no two businesses are exactly alike. Differences in location, industry, culture, business structure, management style, work functions and business objectives affect how you choose to protect your business from threats and how you respond to and recover from a business disruption.

The two biggest mistakes many small businesses make are failing to identify a potential threat, and underestimating the severity of a known potential threat. After completing the risk assessment, you will be able to determine the greatest threats to your business, the likelihood or probability for each of those threats, how severe each event could be, and the potential impact on each business function or process.

Identify your threats.

Use the Vulnerability and Risk Assessment to determine the threats that are likely to affect your business. Add any additional threats you are exposed to that are not already listed.

Rank the probability of threats.

How likely is it to happen? Assign a rank of 0 to 5 in the Probability row.

Rank the severity of threats.

You will need to assess the potential impact of each threat, which means the amount of damage the event is capable of causing. To measure the potential damage, think about the duration, magnitude, and the extent of the potential threat's reach (e.g., just one floor of your building, the entire structure, a neighborhood, the entire region, etc). After assessing all these factors, assign a rank of 0 to 5 in the Severity row.

Multiply the probability and severity scores for each threat.

Once you have ranked the probability and severity levels for each threat, multiply values and record the total in the Total column.

The highest ranking threats (17-25) are those you will need to plan for as soon as possible. You should assume those hazards will strike your business, and determine what controls you have in place or could implement to minimize your risk.

RECOMMENDATIONS:

For a list of natural hazards that may affect your location, use the Insurance Institute for Business & Home Safety's (IBHS) ZIP Code tool to identify hazards in your area, and generate a customized list of projects that can reduce your risk.

You also should consider damage to infrastructure (e.g., roads, bridges, electric power, etc.) that could affect your ability to resume operations, and develop possible workarounds to expedite recovery.

About the Form

You should review and update your Vulnerability and Risk Assessment every six months. You will find that new ideas or considerations will surface each time, helping you refine your thinking and modify your plan. It is important to establish a maintenance program to keep your plan's contents current and relevant.

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Use this form to review and rank potential threats. Fill in one field for probability and one field for severity.

Finally, multiply the probability and severity levels and enter the total in the total value column.

THREATS	Probability (0-5)	Severity (0-5)	Total
Earthquake			
Tornado/Wind/Hurricane			
Flood			
Severe Winter Weather			
Interior Fire			
Wildfire			
Loss/Illness of Key Staff			
Workplace Violence			
Software/Hardware Failure			
Power Outage			
Loss of Utilites (water, gas, electricity, etc.)			
Pandemic/Epidemic/Flu			
Loss of Premises			
Loss of Key Employees			
Cyber Attack			
Construction / Road Closures			
Other			
Other			
Other			