



Unquantifiable Risks

Sweeting

Lesson Agenda



Why some risks can't be quantified

Risk Mapping



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Risk Mapping

Unquantifiable Risks



- ▶ Issue not necessarily severity, but likelihood
 - ▶ Use qualitative categories: very likely, moderately likely, very unlikely
 - ▶ Use broad percentage ranges
- ▶ Can also be quantifiable, but lacking data
 - ▶ Can use proxy data
 - ▶ Extreme value theory



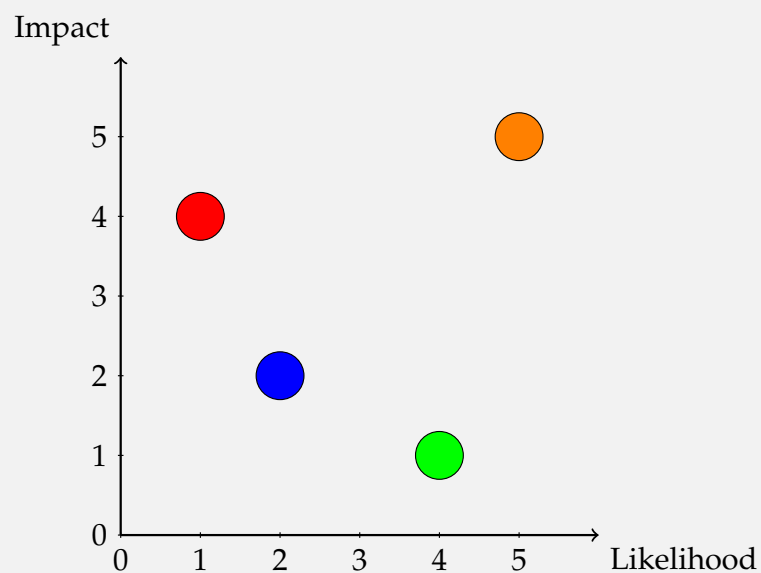
Why some risks can't be quantified

Risk Mapping

Risk Map



Figure 15.6 - A Sample Risk Map



Risk Map



- ▶ Method for dealing with hard-to-quantify risks
- ▶ Vertical axis: Impact; Horizontal axis: likelihood
- ▶ Can do residual risk map as well, incorporating adjusted exposure due to risk mitigation efforts

Pop Quiz



(1 point) Explain why certain risks can't be quantified.