

## Risk vs Reward Matrix

The Risk vs Reward Matrix helps evaluate options by weighing potential benefits against possible risks. It supports more balanced decision-making by providing a visual and structured way to assess whether an idea, project, or investment is worth pursuing.

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### 1. Purpose of This Tool

- ☐ Evaluate opportunities objectively before committing resources.
- ☐ Balance enthusiasm for reward with awareness of potential risk.
- ☐ Support data-driven decisions in strategic and operational contexts.
- ☐ Prioritise actions that offer the highest value with acceptable exposure.
- ☐ Encourage transparent discussion of both pros and cons.

**Tip:** Every decision carries risk. The goal is not to eliminate it but to understand and manage it wisely.

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### 2. How to Use This Template

1. Define the decision, project, or opportunity being assessed.
2. Identify and quantify the potential rewards (financial, strategic, reputational).
3. Identify and rate the associated risks (financial, operational, legal, reputational).
4. Plot each option on the matrix or in the table provided.
5. Use insights to decide whether to proceed, modify, or reject the idea.

**Tip:** Involve key stakeholders in the discussion to avoid bias and build buy-in.

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### Notes

### 3. Risk vs Reward Rating Table

Option Description	Risk Level (Low / Medium / High)	Reward Level (Low / Medium / High)	Overall Assessment
A			
B			
C			

- ☐ Use a consistent definition of “Low,” “Medium,” and “High” for both risk and reward.
- ☐ Add qualitative or quantitative notes as needed.

**Tip:** Compare options visually on a matrix to see where trade-offs lie.

### 4. Visual Risk vs Reward Matrix

You can reproduce this in Word using a simple 3x3 table or SmartArt graphic.

	High Reward	Medium Reward	Low Reward
High Risk	Proceed with caution. Large upside, but major exposure.	Moderate caution. Ensure mitigation in place.	Typically not worth pursuing.
Medium Risk	Acceptable risk for strong reward. Proceed with monitoring.	Balanced. Manage actively.	Low priority unless strategic value exists.
Low Risk	Ideal zone — strong reward with minimal risk.	Safe and sustainable.	Little impact, may not justify effort.

- ☐ Place each initiative in the appropriate cell.
- ☐ Use colour coding (green = attractive, amber = conditional, red = avoid) for clarity.

**Tip:** Visualising trade-offs makes decisions more objective and transparent.

## 5. Reward Evaluation Table

Reward Category	Description	Estimated Value	Confidence Level (L/M/H)
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Financial

Strategic Advantage

Market Opportunity

Reputation / Brand

Innovation / Learning

☐ Capture both tangible and intangible rewards.

☐ Rate confidence in estimates honestly to prevent over-optimism.

**Tip:** The best opportunities balance high reward with manageable uncertainty.

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## 6. Risk Evaluation Table

Risk Category	Description	Likelihood (L/M/H)	Impact (L/M/H)	Mitigation Strategy	Owner
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Financial

Operational

Legal /  
Compliance

Reputational

Strategic

☐ Assign ownership for monitoring and mitigation.

☐ Rate likelihood and impact separately for transparency.

**Tip:** Mitigated risk can be revisited and adjusted over time as new data emerges.

## 7. Overall Summary Table

**Option Total Reward Score Total Risk Score Net Value Decision (Go / Hold / Stop)**

- ☐ Quantify risk and reward on a 1–5 scale if useful for comparison.
- ☐ Discuss borderline cases carefully with relevant stakeholders.

**Tip:** Use data to guide decisions, but apply judgement for context.

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## 8. Reflection Questions

- ☐ Which option delivers the best balance of reward and acceptable risk?
- ☐ Have we identified all major risks, including non-financial ones?
- ☐ Are there mitigation actions that could improve the reward-to-risk ratio?
- ☐ What is the cost of inaction compared to the risk of moving forward?
- ☐ How does this decision align with our strategic objectives?

**Tip:** Use reflection questions during review meetings to confirm confidence before proceeding.

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## 9. Post-Decision Review

<b>Review Date</b>	<b>Outcome Achieved</b>	<b>Risk Accuracy</b>	<b>Lessons Learned</b>	<b>Future Adjustment</b>
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- ☐ Evaluate accuracy of your initial assessments after implementation.
- ☐ Use insights to improve future risk-reward analyses.

**Tip:** Learning from previous assessments strengthens long-term decision-making.

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## Notes

## 10. Practical Guidance

- ☐ Use this tool for investment choices, new initiatives, or strategic projects.
- ☐ Review quarterly or whenever major assumptions change.
- ☐ Apply it alongside your Decision-Making Framework for best results.
- ☐ Document discussions to maintain governance and transparency.

**Tip:** The most successful leaders make decisions based on structured thinking, not instinct alone.

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## How to Use This Template

Use the Risk vs Reward Matrix when considering new opportunities, investments, or strategic initiatives. It helps teams visualise potential outcomes and make balanced, evidence-based decisions. Over time, consistent use of this tool fosters risk awareness, accountability, and confident leadership.

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## Notes