Continuity Hub • The Honest 5x5 Working Pack

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SCALE ANCHORING MANDATE: WRITE THE DEFINITIONS ON THE GRID ITSELF PRACTICE STANDARD

A grid whose scales live in a separate document will be reinterpreted by every reader in the room. Write your calibrated frequency and consequence definitions directly in the designated anchor boxes below before plotting any dots.

LIKELIHOOD (FREQUENCY OVER 3–5 YR HORIZON)

Level 5 Anchor Box (≥ 1/yr): Expected ≥ once a year:	**(5, 1)** EFFICIENCY PROBLEM Frequent / Low Impact	**(5, 2)** Operational Friction	**(5, 3)** HIGH ESCALATION	**(5, 4)** CRITICAL BREACH	**(5, 5)** EXISTENTIAL CRISIS
Level 4 Anchor Box (1 in 2-3 yrs): Intermediate frequency:	**(4, 1)** Recurring Nuisance	**(4, 2)** Moderate Friction	**(4, 3)** Middle Compression	**(4, 4)** MAJOR ESCALATION	**(4, 5)** EXISTENTIAL THREAT
Level 3 Anchor Box (1 in 5 yrs): Once across planning window:	**(3, 1)** Standard Tolerance	**(3, 2)** Middle Zone	**(3, 3)** MIDDLE CROWD CELL Assessors Hide Here	**(3, 4)** RTO Challenge	**(3, 5)** EXISTENTIAL THREAT
Level 2 Anchor Box (1 in 10 yrs): Intermediate low frequency:	**(2, 1)** Negligible Noise	**(2, 2)** Controlled Buffer	**(2, 3)** Middle Zone	**(2, 4)** Severe Outage Risk	**(2, 5)** EXISTENTIAL THREAT
Level 1 Anchor Box (Not in 20 yrs): Rare tail event:	**(1, 1)** Accepted Noise	**(1, 2)** Minor Tolerance	**(1, 3)** Rare Moderate	**(1, 4)** Severe Tail Risk	**(1, 5)** THE CATASTROPHE Bought Continuity For
IMPACT ANCHORS → (Worst Credible Case)	**Level 1 (Negligible):** BAU tolerance / No RTO breach	**Level 2 (Minor):** Within recovery buffer	**Level 3 (Moderate):** RTO challenge / Reportable	**Level 4 (Severe):** Downtime > RTO / High fine	**Level 5 (Existential):** Total ruin / License loss

Double-Dot Legend: ○ Inherent (Before Controls) • ● Residual (After Operating Controls) • → Vector Gap (Claimed Control Value) **Rule:** Never multiply coordinates. Use for room triage only.

FREQUENCY ANCHORS VS. ADJECTIVES: ELIMINATING INTERPRETATION BIAS

AXIOM 1

Adjectives like "likely," "possible," or "rare" allow every participant to project their personal risk tolerance onto the scale. Likelihood must be anchored to empirical event frequency over a defined planning horizon (standard: 3 to 5 years).

1. ORGANIZATIONAL PLANNING HORIZON SETUP

Standard Managing Horizon:
The article establishes: score likelihood on the planning horizon you actually manage to, usually **three to five years**.

Designated Enterprise Horizon: [ ] 3 Years [ ] 4 Years [ ] 5 Years

Horizon Boundary Rule:
Events outside this horizon do not get promoted to High Likelihood even if they are inevitable over 50 years. They are handled via catastrophe reserves or scenario analysis.

2. FIVE-TIER FREQUENCY ANCHOR SPECIFICATION

Band	Published Benchmark	Enterprise Operational Definition	Historical / Empirical Trigger Examples
5	**Expected ≥ once a year** Annual recurring exposure		
4	**Intermediate frequent** Once in 2 to 3 years		
3	**Once in five years** Once per planning cycle		
2	**Intermediate rare** Once in 10 years		
1	**Not in twenty years** Severe tail frequency		

3. CALIBRATION & AUDIT CHECK QUESTIONS (REJECTING ADJECTIVES)

Question 1: Does the assessor cite incident records?
If a risk is placed in Band 5 ("Expected ≥ once a year"), demand the last 3 occurrences in internal logs. If zero occurrences exist in 5 years, challenge the score immediately.

Question 2: Does the score assume controls exist?
Likelihood must be assessed twice: before controls (inherent frequency) and after functioning controls (residual frequency). Do not blend them into an adjective.

Question 3: Are rare external threats being over-estimated?
Assessors often score high-salience media events as Band 4 or 5. Force the frequency anchor: did it happen in the last 2–3 years? If not, it is Level 2 or 1.

Question 4: Are chronic frictions being under-reported?
Daily operational snags occur 10x/year. They belong in Band 5, Level 1 Impact (Efficiency Problem), not ignored.

CONSEQUENCE ANCHORS IN UNITS THE ORGANIZATION FEELS

AXIOM 2

Impact needs consequence anchors in the units the organization feels — downtime measured against recovery objectives, financial bands, harm to people, regulatory exposure — with the highest band reserved for the genuinely existential, or everything migrates to red and the picture says nothing. Score impact on the worst credible case.

THE FOUR CONSEQUENCE VECTORS (CALIBRATION MATRIX)

Band	Vector 1: Downtime vs RTOs	Vector 2: Financial Bands	Vector 3: Harm to People	Vector 4: Regulatory Exposure
5 EXISTENTIAL	**Catastrophic Unrecoverable:** Outage permanently breaches Maximum Tolerable Downtime (MTD); core operations unrecoverable.	**Solvency Threat:** Balance sheet wipeout, insolvency event, or loss > 50% of annual operating capital.	**Mass Casualties:** Fatalities or permanent severe disabilities among workforce or public.	**License Revocation:** Permanent loss of operating license, criminal indictment of entity, permanent shutdown.
4 Severe	**Severe RTO Breach:** Outage exceeds RTO by > 100%; critical customer delivery halted > 72 hours.	**Major Capital Loss:** Loss exceeds insurance sub-limits; material impact on annual earnings ($).	**Severe Harm:** Severe hospitalizations, life-altering injuries requiring systemic intervention.	**Major Sanctions:** Formal regulatory enforcement decree, cease-and-desist, major statutory fine.
3 Moderate	**RTO Strained:** Outage approaches RTO boundary; secondary manual workarounds required.	**Budget Absorption:** Loss contained within operating contingency reserves ($).	**Treatable Harm:** Injuries requiring professional medical treatment; no permanent impairment.	**Reportable Notice:** Mandatory regulatory breach notification; audit remediation finding.
2 Minor	**Buffer Absorption:** Outage resolved well within RTO buffer; minimal customer disruption.	**Minor Variance:** Local department budget variance absorbed in normal run-rate ($).	**First Aid:** Minor first-aid incidents; zero work-loss days.	**Internal Finding:** Minor non-compliance noted internally; no formal regulatory escalation.
1 Negligible	**Zero Disruption:** Negligible operational pause; zero impact on recovery objectives.	**Immaterial:** Loss < $; absorbed within petty operational funds.	**No Harm:** Zero physical harm or adverse ergonomic impact.	**Fully Compliant:** Zero compliance exposure or inquiry.

WORST CREDIBLE CASE CALIBRATION PROTOCOL

The Worst Credible Case Standard: The article instructs: "*Score impact on the worst credible case.*"

- **Not the Optimistic Case:** Do not assume alarms ring instantly, backups restore without error, and key staff answer the phone on the first ring.
- **Not the Sci-Fi Tail:** Do not invent simultaneous asteroid strikes, worldwide power grid failure, and foreign invasions unless that is your explicit mission charter.
- **The Test of Credibility:** An impact is credible if an analogous organization in your industry has suffered it in the past decade, or if your engineering failover logs show a single point of failure that permits the cascade.

RESERVATION OF THE EXISTENTIAL CEILING (LEVEL 5 PROTECTION)

Why Band 5 Must Be Protected: If Level 5 is assigned to ordinary painful events ($500k loss, 12-hour outage), real existential threats have nowhere to go. Every serious risk migrates to red, the board tunes out the alarm, and the picture says nothing.

The Existential Gatekeeper Rule: To score a 5 on Impact, the risk lead must answer YES to: "*Could this specific event cause the permanent dissolution of the legal entity or loss of sovereign operating license?*" If NO, cap score at 4.

THE PLOTTING CONTRACT: PLOT EACH RISK TWICE OR ADMIT YOU ARE PLOTTING A FEELING

AXIOM 3

Inherent position shows the exposure the organization carries by existing. Residual position shows what leadership has accepted after controls you actually operate. The distance between the two dots is the value your control environment claims to produce.

DOUBLE-DOT REGISTER & CONTROL CLAIM AUDIT SHEET

ID	Risk Title & Description	Assessment File Ref	Inherent (L, I)	Operating Controls Actually Run	Residual (L, I)	Vector Gap & Finding
R-01	.....	.....	(,)	.....	(,)	[ ] Wide [ ] Barely Moves
R-02	.....	.....	(,)	.....	(,)	[ ] Wide [ ] Barely Moves
R-03	.....	.....	(,)	.....	(,)	[ ] Wide [ ] Barely Moves
R-04	.....	.....	(,)	.....	(,)	[ ] Wide [ ] Barely Moves
R-05	.....	.....	(,)	.....	(,)	[ ] Wide [ ] Barely Moves
R-06	.....	.....	(,)	.....	(,)	[ ] Wide [ ] Barely Moves

THE GAP INTERPRETER: DIAGNOSTIC PROTOCOL

DIAGNOSTIC A: THE RISK BARELY MOVES (Δ ≤ 1 cell)

The article names this directly: "*A risk that barely moves between inherent and residual is either under-controlled or over-feared, and both are findings.*"

- **Branch 1 (Under-Controlled):** The organization spends money or writes policy for controls that do not actually alter frequency or consequence. Action: Re-engineer control design.
- **Branch 2 (Over-Feared):** The inherent threat was inflated by emotional anxiety, but real exposure is bounded. Action: Recalibrate inherent baseline to empirical evidence.

DIAGNOSTIC B: THE MASSIVE GAP (Δ ≥ 3 cells)

A risk plotted at Inherent (5, 4) claiming Residual (1, 1) is asserting that the control environment achieves near-perfect risk elimination.

- **Control Verification Burden:** Any risk claiming a >2 band reduction must produce an audited control testing log (e.g. tabletop exercise record, failover runbook test).
- **Paper Controls Warning:** If the claimed control is merely a written policy, downgrade residual score back toward inherent.

EVIDENTIARY GATE: THE RISK ASSESSMENT FILE STANDARD

"A dot without a file behind it is decoration."

No risk enters the matrix from conversational consensus or executive impression. Every plotted point must cite its underlying assessment file in the third column above. If no assessment file exists, the risk is placed on the intake queue, not the executive matrix.

PATHOLOGY SPOTTER: ELIMINATING MATRIX DISTORTIONS

DEFENSE DRILL

Review your finished matrix against the three known pathologies named in the article. If detected, execute the mandatory countermeasure before circulating to leadership.

SPOTTER 1: RANGE COMPRESSION

Symptom: > 60% of risks crowd into the middle cells (3,3; 3,2; 2,3; 3,4). Assessors avoid scoring 1 or 5.

Audit Count: Middle cells = [ ] / Total = [ ]

Mandatory Action: Force ranking. The matrix started the argument; the table below ends it.

SPOTTER 2: ORDINAL MATH TIES

Symptom: Assessors multiplied L × I to produce numbers like "12" (3×4 vs 4×3) and declare them equal.

False Tie Alert: L3×I4 differs from L4×I3 by an order of magnitude in loss.

Mandatory Action: Ban multiplication. Sort by consequence first, frequency second.

SPOTTER 3: CORNER MIRAGE

Symptom: Top-Left (5,1) and Bottom-Right (1,5) both painted amber and given identical review priority.

Mirage Alert: (5,1) is operational friction; (1,5) is catastrophic ruin.

Mandatory Action: Route (5,1) to Lean/Ops; route (1,5) to Continuity Plan.

THE FORCED RANKING WORKTABLE (ENDING THE ARGUMENT)

"The matrix starts the argument, the ranked list ends it."

Rank	Risk Title	Residual (L, I)	Tie-Break Evidence Basis	Assigned Owner	Escalation Destination
1		(,)			[ ] Register [ ] Scenario Analysis
2		(,)			[ ] Register [ ] Scenario Analysis
3		(,)			[ ] Register [ ] Scenario Analysis
4		(,)			[ ] Register [ ] Scenario Analysis
5		(,)			[ ] Register [ ] Scenario Analysis
6		(,)			[ ] Register [ ] Scenario Analysis
7		(,)			[ ] Register [ ] Scenario Analysis

THE ESCALATION DECISION RULE

• **Destination: Risk Register** — For risks requiring active operational ownership, treatment implementation, and recurring review cadence.

• **Destination: Scenario Analysis** — For top-ranked risks that involve real money: capital allocation, insurance coverage limits, or board inquiry. Graduate these risks to named events with estimated loss ranges (per Continuity Hub threat analysis standard).