Continuity Hub • Honest 5x5 Quick Card

Build & Read Without Lying to Yourself — Page 1: Scales & Plotting Standards

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THE GOVERNING AXIOM: CONVERSATION INSTRUMENT, NOT MEASUREMENT TOOL

OPERATIONAL MANDATE

The risk matrix survives because it lets a room full of people see the same worry at the same time and argue about the right one. It fails when it is asked to be a measurement instrument instead of a conversation instrument. A matrix is exactly as honest as its axis definitions.

1. BUILD THE SCALES BEFORE YOU PLOT ANYTHING

Rule of Location: Write the anchors on the matrix itself. A grid whose scales live in a separate document will be reinterpreted by every reader in the room.

Likelihood Axis: Frequency Anchors (Not Adjectives)

Score likelihood on the planning horizon you actually manage to — usually **3 to 5 years**. Eliminate adjectives ("likely", "unlikely") entirely.

Band	Article Standard	Operational Meaning
5	Expected ≥ once a year	High-frequency recurring operational exposure.
4	Intermediate frequent	Expected once in 2 to 3 years within the horizon.
3	Once in five years	Expected once across the 3–5 year planning window.
2	Intermediate rare	Expected once in 10 years; low horizon probability.
1	Not in twenty years	Rare tail event; negligible 3–5 year expectation.

Impact Axis: Real Consequence Units (Worst Credible Case)

Score impact on the **worst credible case** in units the organization feels. Reserve the top band for the genuinely existential.

Band	Consequence Anchor Units (Organizationally Grounded)
5 (Top)	**Genuinely Existential:** Insolvency, total organizational collapse, unrecoverable loss. Reserved strictly so everything does not migrate to red.
4	**Severe Threat:** Downtime significantly exceeding Recovery Time Objectives (RTOs), major financial band breach, critical regulatory sanction.
3	**Moderate Disruption:** Downtime challenging RTOs, medium financial impact, reportable regulatory non-compliance, treatable harm.
2	**Minor Impact:** Downtime within secondary recovery buffers, minor financial variance, localized operational friction.
1	**Negligible:** Absorbed within normal business-as-usual operating tolerance; zero RTO breach.

2. PLOTTING: INHERENT, RESIDUAL & THE ARGUMENT

The Plotting Mandate: Plot each risk twice or admit you are plotting a feeling. A dot without an underlying risk assessment file is decoration.

Position	Definition & Operational Function
Inherent Dot BEFORE CONTROLS	Shows the exposure the organization carries simply by existing. Scored assuming zero functioning mitigations.
Residual Dot AFTER CONTROLS	Shows what leadership has accepted after the controls you actually operate in production.

The Vector Gap: Claimed Value of Control Environment

The distance between the inherent dot and residual dot is the value your control environment claims to produce. It is the most informative metric on the page.

THE GAP DIAGNOSTIC FINDINGS:

- **Risk that Barely Moves:** A risk whose residual dot is right next to its inherent dot is either *under-controlled* (controls do nothing) or *over-feared* (inherent score was artificially inflated). Both are auditable findings.
- **Massive Unverified Leap:** A risk claiming a 5→1 collapse without audited evidence is an unverified control claim.
- **Evidentiary File Link:** Every plotted dot must cite its source in the active risk assessment. If there is no assessment file behind the dot, erase it from the matrix.

5x5 GRID SIZING STANDARD

Why Five-by-Five? 5x5 is the working discipline standard: fine enough to separate the crowd in the middle, coarse enough to stay honest about precision.

- *Smaller grids (3x3, 4x4):* Force artificial ties and mask critical separations.
- *Larger grids (6x6+):* Pretend to measurement accuracy the underlying judgments do not have.

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Build & Read Without Lying to Yourself — Page 2: Pathologies & Triage Hierarchy

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THE THREE NAMED PATHOLOGIES: HOW MATRICES DECEIVE

AUDIT WARNING

When matrices fail, they do so through predictable mathematical and behavioral failure modes. Identify these three pathologies before presenting to executive leadership.

THE PATHOLOGIES, NAMED & COUNTERED

1. Range Compression

The Pathology: In any real register, most risks crowd into the middle cells (e.g. 3x3, 3x2, 2x3). Assessors naturally avoid scoring extremes. The matrix displays a reassuring yellow-green sea while the two risks that genuinely matter hide inside it.

The Countermeasure: Forced Ranking. The matrix starts the argument; the forced ranked list ends it. Never leave risks clustered in an unranked cell.

2. Ordinal Math

The Pathology: Multiplying likelihood 3 by impact 4 to produce "12" treats arbitrary labels as cardinal quantities. Two risks scoring 12 (e.g., L3×I4 vs L4×I3) can differ by an order of magnitude in expected loss. Ties broken by arithmetic are decisions made by accident.

The Countermeasure: Sorting Only. Use coordinates for triage sorting, never for multiplication or sums. Break ties by risk file evidence, not arithmetic products.

3. The Corner-Equivalence Mirage

The Pathology: Color schemes paint high-likelihood/low-impact (Top-Left) and low-likelihood/high-impact (Bottom-Right) as equivalent heat (amber/orange). They demand completely opposite responses.

The Countermeasure: Bifurcated Handling.

- *High-L / Low-I (5,1 or 4,1):* An **efficiency problem** (daily operational friction).
- *Low-L / High-I (1,5 or 1,4):* The **catastrophe** you bought continuity planning for. Read corners differently.

WHAT REPLACES IT: THE TRI-TOOL ARCHITECTURE

The matrix is a triage picture. It decides what gets discussed, funded, and escalated. It cannot do the working detail, and it cannot handle capital decisions.

Tool	Role	Governance Scope
Risk Matrix	FOR THE ROOM	**Triage Picture:** Prioritizes executive discussion and directs leadership attention to what matters right now.
Risk Register	FOR THE WORK	**Working Detail:** Operational home where each risk's named owner, treatment plan, and review cadence sit.
Scenario Analysis	FOR THE MONEY	**Capital Allocation:** Named events with estimated loss ranges for capital budgeting, insurance limits, and board limits.

THE GOVERNING FORMULA

"Matrix for the room, register for the work, scenarios for the money. Each tool at its own job is a system; any one at all three is a liability."

HONEST 5x5 OPERATIONAL CHECKLIST

- ☑ **Anchors Written on Matrix:** Likelihood & impact scales visible on the grid face.
- ☑ **Frequency Anchors:** Likelihood defined as 1/yr, 1/5yr, 1/20yr on 3–5 yr horizon.
- ☑ **Existential Ceiling:** Band 5 impact strictly reserved for existential threats.
- ☑ **Double-Dot Plotted:** Inherent & residual dots with vector distance measured.
- ☑ **Evidence Basis:** Every dot carries an active risk assessment file reference.
- ☑ **No Multiplied Math:** Ordinal scores never multiplied into fake sums.
- ☑ **Forced Ranking:** Middle-cell compression broken by ranked list.
- ☑ **Scenario Escalation:** High-consequence risks graduated to threat analysis.