# **Risk Assessment Pampered Pets**

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#### Introduction

The Pampered Pets business, a traditional enterprise, is currently facing various operational risks and is considering a digital transformation to enhance its operations. This paper will carry out a comprehensive risk assessment of the business as it stands, followed by an evaluation of the potential risks associated with digitalisation. The assessment will utilise the ISO 31000 framework, which provides a structured approach to identifying, assessing, and mitigating risks. This analysis will help Pampered Pets navigate the challenges of both their current operations and their digitalisation process.

#### Selection of Risk Assessment Methodology

The ISO 31000 framework risk assessment method is suitable for Pampered Pets due to its comprehensive and adaptable approach to risk management. ISO 31000 emphasises a systematic, proactive process, providing a structured methodology that helps organisations identify, assess, and mitigate risks effectively. This ensures that all potential threats—whether operational, financial, or strategic—are addressed (Aven, 2016). The framework’s emphasis on integrating risk management into decision-making processes ensures that risk considerations are embedded throughout the organisation, fostering a risk-aware culture.

Moreover, ISO 31000’s flexibility allows it to be tailored to the specific needs and scale of small to medium-sized enterprises (SMEs) like Pampered Pets, ensuring that risks are managed proportionally and effectively (Hopkin, 2018). However, while ISO 31000 is highly effective, it requires a commitment to ongoing training and resources to maintain its relevance and effectiveness over time. Additionally, the success of this framework hinges on leadership’s commitment to embedding risk management into the company’s culture and decision-making processes (Frigo & Anderson, 2011).

By adopting ISO 31000, Pampered Pets can enhance its resilience, safeguard its reputation, and ensure long-term sustainability in a competitive market.

#### Risk and Threat Modeling of Current Operations

Pampered Pets currently faces several operational risks, which need to be assessed and mitigated to ensure smooth business operations. The key risks identified include issues related to inventory management, supply chain management, strategic risks as well as cyber security risks.

These risks, if not addressed, could have substantial negative effects on the business. By employing the ISO 31000 framework, these risks can be systematically managed to minimise their impact. To categorise each risk, the following risk matrix has been applied.

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Table 1: Risk matrix

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Table 2: Risk assessment and treatment for current business

To enhance Pampered Pets' business, a robust online presence is crucial, with potential sales growth of up to 50%. A mobile-responsive website and effective digital marketing are essential, given that e-commerce sales are projected to surpass $8 trillion by 2027 (Chevalier, 2024).

Transitioning to an international supply chain could reduce costs by up to 24% due to lower production costs and optimised logistics, though this carries risks like geopolitical instability and potential quality issues (Simchi-Levi and Simchi-Levi, 2020).

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Table 3: Risk assessment and treatment for e-commerce strategy

A hybrid supply chain strategy, balancing international and local sourcing, may mitigate these risks. Without online features, Pampered Pets risks losing up to 33% of customers, as consumer preferences shift towards digital convenience. With up to 61% of consumers likely to switch brands after a poor online experience, developing an omnichannel strategy that integrates online and in-store experiences is critical, the simplest takeaway here is making products and services as accessible as possible. Identifying the desires and behaviours of customers and create tools and systems that empower them (HubSpot, 2024).

Improving online user experience and implementing personalised customer retention strategies are also key to maintaining competitiveness. Adopting these changes will position Pampered Pets for growth, cost efficiency, and customer retention in an increasingly digital marketplace.

#### Conclusion

The integration of the ISO 31000 risk management framework provides Pampered Pets with a structured approach to managing both existing operational risks and those associated with digitalisation. By systematically identifying, assessing, and mitigating risks, the business can ensure that it is well-prepared for its digital transformation. The implementation of automated systems, enhanced security protocols, and robust digital strategies will not only protect the business from potential threats but also position it for future growth in an increasingly digital marketplace.

This comprehensive risk assessment highlights the importance of proactive risk management in both traditional and modern business contexts. By addressing both current and future risks, Pampered Pets can secure its operations and achieve its strategic objectives in the digital age.

**Word Count:** 709 words

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