RISK MANAGEMENT ANALYTICS  
  
  
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MODULE 3 PROJECT ASSIGNMENT

WEEK 3: USING QUALITATIVE ANALYTICS

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**Introduction**

The assignment aims at prioritizing the risks identified in the Assignment #2 based on the qualitative and quantitative aspects. Moreover, this assignment will highlight the risks that require quantitative measures. As we know, the qualitative risks will include all identified risks, whereas quantitative risks will include risks that require further analysis.

**Analysis**

*Qualitative Risk Analysis*

R-01 Competitors

We know that, the fashion industry needs to keep itself updated with the recent fashion trends. This is very competitive for the clothing brands as there are many competitors in the market, and it is important to keep updated in order to satisfy customer demands. The qualitative risk concerned is maintaining the quality of products while keeping itself updated with the recent trends. This would really help the store, MIA in maintaining the quality of products along with keeping up with the latest trends in the industry. Also, it is important to consider the employment rates and minimum average income of people within the given area. Moreover, the second qualitative parameter would be selling the products in batches which will maintain the quality as less clothes will be manufactured at a time, this will help the store in testing the products.

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| --- | --- | --- | --- |
| Probability of occurrence | 0.05 | 0.40 | 0.95 |
| Maintaining Quality of Products | LOW | MEDIUM | HIGH |
| Selling the products in batches to maintain quality aspects | HIGH | MEDIUM | LOW |

As seen above, it can be observed that, probability of maintaining quality of products is 0.95 with a HIGH impact, whereas the probability of selling the products in batches is 0.95 with a LOW impact.

Quantitative Risk:

The quantitative risk will involve the impact on the cost and numerical variable. In this case, the quantitative risk is dependent on the qualitative risk. Considering the clothes were manufactured with a higher quality, they will be sold in large amounts and at higher prices, this will lead to an overall increase in cost for the company.

R-02 Economic

The cost of infrastructure may pose a major risk for the clothing industry. This cost involves, property taxes, insurance, labor cost etc.

Some of the qualitative risks involved are:

* Quality of Labor: The business should look towards hiring labors who are highly skilled as this will help in improving the overall business revenue.
* Improving the marketing strategies : The business will be highly impacted if the marketing strategies are improved by accessing the quality of current marketing techniques vs. latest techniques.

|  |  |  |  |
| --- | --- | --- | --- |
| Probability of occurrence | 0.05 | 0.40 | 0.95 |
| Quality of labor | LOW | MEDIUM | HIGH |
| Improving quality of marketing techniques | HIGH | MEDIUM | LOW |

As seen above, the probability of improving quality of labor is 0.95 with a HIGH impact, which means that it is important for the company to improve its quality of labor. Moreover, the probability of improving quality of marketing techniques is 0.95 with a LOW probability score, which means even if the marketing strategies are not improved, this will not impact the organization.

R-03 Compliance

We are aware that, the clothing industry has the store related data, therefore it is important for the store to maintain security and privacy in their database, in order to maintain the government regulations.

The qualitative risks associated with compliance are:

* Tracking the data based on compliance: The business can improve its quality and performance by monitoring their data and compliance measures. The data can pose a major risk if the company does not adhere to the data compliance policies.
* Ensuring flexible business framework: The business framework can help in improving the business operational working and thereby enhance quality for the organization.

|  |  |  |  |
| --- | --- | --- | --- |
| Probability of occurrence | 0.05 | 0.40 | 0.95 |
| Tracking the compliance data | LOW | MEDIUM | HIGH |
| Flexible business framework | LOW | MEDIUM | HIGH |

The above risk map shows the probability and impact for the risks. It can be observed that, the probability of tracking the compliance data is 0.95 with HIGH as the impact, and the probability of flexible business framework is 0.95, with impact of HIGH. These risks seem to be important for the organization.

**Conclusion**

The assignment has helped in developing a comparative analysis using the concept of qualitative and quantitative risks, and plotting the probability and impacts of the risks to prioritize the urgency for the risks. This will help the clothing company in gaining great profits in future by improving and working on their risks consistently.

**References**

Gonzalez, E. (2020, May 8). A Beginner's Guide to Qualitative Risk Analysis. The Blueprint. https://www.fool.com/the-blueprint/qualitative-risk-analysis/.

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