RISK MANAGEMENT ANALYTICS  
  
  
ALY6130, SPRING 2021  
MODULE 4 PROJECT ASSIGNMENT

WEEK 4: QUANTITATIVE RISK ANALYSIS

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**Introduction**

The assignment aims at assessing the risks plotted during week assignment 3. We have quantitatively and qualitatively assessed the assignment in order to prioritize the risks and their corresponding risk indicators and warnings. These indicators and warnings will help to track the task in a way which will help us to avoid any future risks.

**Analysis**

Considering the R-01 Competitors risk, as formulated in Assignment 3, it is important for the upcoming clothing brands to keep up with the recent advancements in the market. As the customers’ demands keep changing with time, it is important to understand the upcoming trends in the market. This can be done by researching on the recent trends, attending conferences, and other clothing events, which will help in getting to know better about the advancements so that the industry stays updated compared to its competitors.

Qualitative Risk Analysis:

The qualitative risk analysis is a method of identifying the risks based on the chances of that risk occurring again and its potential impact. In case of the clothing industry, MIA, the qualitative risk would be chances less sales due to poor quality of products as compared to its competitors. This risk can have major impact on the store’s revenue over a period of time. Therefore, it is crucial for the store to maintain high quality of products. Moreover, the store should sell products based on the demographics of the store location.

Quantitative Risk Analysis:

The quantitative risk analysis is a method in which risk metrics are assigned to the task in order to determine the probability of risk occurring. In case of the clothing store, MIA, it is important to analyze the amount of products being sold over a period of time, and the amount of revenue earned by the store in a given time. This will benefit the store in analyzing the quantitative aspect and monetary value that the store might expect in the upcoming years, so that they could plan their budget accordingly. It is very crucial to plan out the revenue of products for the store’s profit in future. The store should maintain a risk map and risk register for tracking quantitative risks.

Indicators and Warnings:

The indicators and warnings will help in analyzing the risks consistently and regularly over a period of time, which will help to caution the company’s management on any future potential risks. In case of the clothing store, MIA, the store should plan out their risk register and risk map on a weekly cadence which will help them to analyze the risks and warn them in case of any potential future risk. Moreover, the risk indicators and warnings will help the store in analyzing the dependence on certain parameters in case they face any revenue loses in future, and help them in understanding ways to curb any potential risks.

**Conclusion**

The assignment has helped in analyzing ways in which clothing industry can be impacted due to quantitative risks and qualitative risks. Moreover, it can be concluded that, it is important to maintain cadence for risks which will help to indicate in case of any potential risks.

**References**

*Early Warning Indicators*. CFA, FRM, and Actuarial Exams Study Notes. (2020, November 4). https://analystprep.com/study-notes/frm/part-2/early-warning-indicators/.

*A List of the Top 35 Key Risk Indicators for Banks*. OpsDog. (2020, May 22). https://opsdog.com/resources/list-top-35-key-risk-indicators-banks/.