RISK MANAGEMENT ANALYTICS  
  
  
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MODULE 2 PROJECT ASSIGNMENT

WEEK 2: Risk Treatment and Response Plan

SUBMITTED BY: SHIVANI ADSAR

NUID: 001399374

SUBMITTED TO: PROF. MICHAEL CAVALLO

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**Introduction**

The assignment aims at performing risk analysis and formulating the risk treatment and response plan to potential risks that the clothing company, MIA could encounter in future. We have focused on formulating the risks, the factors that contribute to the risk, and corresponding control measures for those risks followed by their action plans. This will enable the clothing company to mitigate potential risks in future.

**Analysis**

***Risk Analysis 1***

R-01 Competitors

*Risk*: As we know, The trends in clothing industry keep changing very frequently and therefore the clothing store, MIA, has the risk of being outdated in the current apparel market if the industry does not keep itself updated with the recent trends and its competitors in the industry. It is important for all clothing and apparel industries to keep up with the recent advancements in fashion, otherwise, there are risks of being outdated soon as there are many competitors in the industry.

*Factors that contribute to the risk:*

* The clothing industry is highly competitive as there is high demand for recent trends in the market. There are great competitors in the clothing industry that have a likelihood of taking over in the upcoming years. Therefore, it is important to keep up with the recent fashion trends to survive in the industry.
* The store demographics also plays a major role in contributing for the risk. It is important to study the customer buying patterns within a given area to understand the customer demands in that area. This will also help in improvising the sales for the organization.
* Moreover, we know that, every state has allocated amount of investment for the clothing industry. Therefore, it is important to understand the state expenditure for clothing which will help in understanding about opening new stores within a given area, and invest accordingly.

*Risk Control Ways:*

* Performing market analysis and market segmentation will help in performing a comparative analysis on the potential risks. This will also enable the store in understanding the customer buying patterns in a given area.
* The market segmentation analysis for a given area will provide support to the clothing industry in estimating the overall budget based on the expenditure on recent trends in market.

*Treatment Strategy:*

* Market Research Analysis on the industry trends should be carried out to understand the industry growth and customer demands.
* Strategic analysis to study the competitors in market which will help in keeping up with the recent trends, and the techniques used by the various industries. This should be followed by market research.
* Perform research on the current government guidelines about the percentage of tax allocation for the clothing industry.
* Moreover, managing the supply chain for the industry in a way where the company is investing on a batch of goods to understand the profit made and the invest accordingly on more batches of similar clothes.

***Risk Analysis 2***

R-02 Economic

*Risk*: The cost of infrastructure poses economic risks for the clothing industry. The cost also includes property taxes, insurance, labor cost, security and overall maintenance costs. These operational costs should be considered while managing the overall finances for the company.

*Factors that contribute to the risk:*

* A natural calamity or sudden change in the government policies for that state can pose a major risk for the store in future.
* Moreover, clothing industry needs machinery and sophisticated machinery can impose major cost overhead for the store.
* In addition, the labour and goods production cost can pose heavy risk for the store if not managed effectively.

*Risk Control Ways:*

* Understanding the policies laid by the state government and implementing those policies within the store to avoid any future breaches.
* It is important to analyze the different ways to maintain machinery with low cost and effective production equipment. The company can also research on ways to reduce the machinery by outsourcing the projects.
* Consulting the accountant to optimize expenses for the store.

*Treatment Strategy:*

* Analyzing and performing comparative analysis on the costs associated with in house production and outsourcing the projects
* Switching to new marketing techniques and eliminate usage of traditional marketing strategies.
* Consulting an Insurance broker to minimize and optimize overall insurance costs for the company.

***Risk Analysis 3***

R-03 Compliance

*Risk*: The clothing industry can face compliance issues if they do not adhere with the government regulations. It is important for organizations to follow the regular government and data security policies to avoid security risks.

*Factors that contribute to the risk:*

* The industry can pose a risk if the regulatory laws are not followed as per the government policies.
* Moreover, it is important to protect the natural laws and policies for the state by avoiding risks associated with polluting the environment with the industrial waste products.
* The inappropriate usage of technological tools can pose a major security risk for the industry. Therefore, it is important to consider the data security while dealing with any third party organizations.

*Risk Control Ways:*

* Keeping a track on the priorities on the industry and check consistently if all the processes are being followed as per the policies.
* Analyzing the ways to save the waste and by-product for operational purposes within the industry and follow the regulations. This will protect the industry from any risks and enable re-cycled usage of products within the clothing industry.
* It is important to follow rules for data privacy and security to avoid any data problems for the industry.

*Treatment Strategy:*

* Constant Monitoring of data based on the compliance and security policies to avoid security breaches and data risks for the company. Moreover, the company should keep itself updated by researching on the current policies and rules.
* Keeping the business framework flexible to any future changes in the compliance policies. It is important to keep the business platform very open and adaptable to any sudden future government policies.
* Risk Assessment cadence on period basis will help the company to discuss on potential compliance issues and improve accordingly.

**Conclusion**

The assignment has enabled us to gain experience on formulating a risk plan and risk register, which is required to maintain and manage risks within industries. The formulation of risks for the clothing industry has helped in understanding potential risks that an industry can encounter in future and their corresponding mitigation strategies. This analysis will be helpful for the industry management in avoiding future risks.

**References**

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