

# 2020 RETAIL VISIONARIES

Bridging the skills gap to support  
the 2020 retail landscape



GORDON INSTITUTE  
OF BUSINESS SCIENCE  
University of Pretoria

## Table of Contents

<b>1</b>	<b>Executive Summary .....</b>	<b>5</b>
<b>2</b>	<b>Introduction and Background .....</b>	<b>6</b>
<b>3</b>	<b>Business Problem .....</b>	<b>8</b>
3.1	Problem/Opportunity Statement.....	8
<b>4</b>	<b>Objectives and Scope .....</b>	<b>8</b>
4.1	Project Scope .....	9
<b>5</b>	<b>Research Methodology .....</b>	<b>9</b>
5.1	Research Objectives.....	9
5.2	Key Stake Holders .....	9
5.3	Research Approach .....	10
5.4	Interviews and Discussions.....	10
5.5	Questionnaires.....	11
5.6	Summary of Literature Review .....	11
<b>6</b>	<b>Research Findings .....</b>	<b>12</b>
6.1	Key Insights from International Immersion .....	12
6.2	Canada Key Observations .....	13
6.3	New York City Observations .....	14
6.4	Penn State Observations .....	15
6.5	South Africa Research Findings.....	15
<b>7</b>	<b>Interpretations of Findings .....</b>	<b>16</b>
7.1	What does the 2020 landscape in South Africa look like? .....	16
7.2	In what area does the Retail Skills Gap in South Africa exist? .....	17
7.3	Why does the Skills Gap exist?.....	17
7.4	Economic and environment challenges that could negatively impact the 2020 landscape.....	18
7.5	How do you bridge the skills gap?.....	19
<b>8</b>	<b>Alternate Solutions and Research Opportunities .....</b>	<b>20</b>
8.1	Retail Visibility Solution.....	22
8.2	Retail Forum Solution .....	23
8.3	Retail Academy Solution.....	24
8.4	Risk of doing nothing .....	25
8.5	Future Research Opportunities .....	25
<b>9</b>	<b>Research Recommendations and Proposed Solutions.....</b>	<b>26</b>

9.1	Retail eLearning Solution .....	26
9.2	Objectives of the Proposed Solution .....	27
9.3	Benefits of Implementation.....	28
9.4	Stakeholders.....	28
9.5	Cost Analysis Comparing eLearning and Instructor Lead Training .....	29
9.6	High-level Costs of Implementation:.....	30
9.7	Resources .....	31
9.8	Return on Investment.....	31
9.9	High Level implementation Plan.....	31
9.10	Performance and Success Measurement .....	32
9.11	Summary .....	32
<b>10</b>	<b>Conclusion .....</b>	<b>32</b>
<b>11</b>	<b>References.....</b>	<b>34</b>
<b>12</b>	<b>Terminology and Concepts .....</b>	<b>36</b>
12.1	Terminology.....	36
12.2	Key Concepts & Definitions .....	36
12.3	Retail Formats and Industries .....	37
<b>13</b>	<b>Appendices.....</b>	<b>38</b>
	Appendix A: Detailed Literature Review.....	38
	Appendix B International Observations.....	45
	Appendix C: Retailers Interview Questionnaire.....	52
	Appendix D: Academics Interview Questionnaire .....	55
	Appendix E: Research Memo .....	56
	Appendix F: Recruiters Interview Questionnaire .....	57
	Appendix G: History of education and impact on skills.....	59
	Appendix H: KMPG Brief - N York .....	62
	Appendix I: Panel discussion with KPMG – Toronto .....	63
	Appendix J: Introductory session - City Hall in Toronto.....	64
	Appendix K: Trip to Hudson Bay Company.....	66
	Appendix L: Wegmans Supply Chain Overview - Dave DeMascole.....	68
	Appendix M: Trip to LobLaw .....	69
	Appendix N: Canadian Tire Canadian Tire Retail - CTR.....	71
	Appendix O: Brooklyn. College.....	71
	Appendix P: Detailed Cost Analysis Comparing eLearning and Instructor Lead Training....	72
	Appendix Q: South African Research Findings on the Skills Gap .....	75
	Appendix R: Risks of Implementation .....	86

Table 1 Skills Grouping.....	20
Table 2 High-level Costs of Implementation.....	30
Table 3 Critical Success Factors .....	32

# 1 EXECUTIVE SUMMARY

Retail is constantly evolving, the contracting global economy, advances in technology, a proliferation in the number of shopping channels, and an increasingly well-informed and mobile consumer base are altering the means, modes and manner in which consumers shop.

As consumers change so must the industry, the retail sector that emerges over the next five to ten years will be far different than that at the beginning of the century, marked by greater innovation, integration and responsiveness.

At the heart of this change for the retail industry, retailers have to ask the questions of what scarce skills are needed, what skills gaps exist and how to combat this lack of skills to successfully compete in this new world of consumers that will bring about growth.

This paper looks to explore and understand how retailers can effectively bridge skills gaps through an effective, easily accessible, cost efficient and highly integrated eLearning training platform that can provide instantaneous training to employees and third parties willing to make a career in the retail sector.

The study conducted discovers perspectives from academia, market and industry experts as well as government opinions and supporting statistics, with key learnings from both international and local immersions a clear view has been attained of what the possible changes are in the South African retail industry and its consumers in line with year 2020.

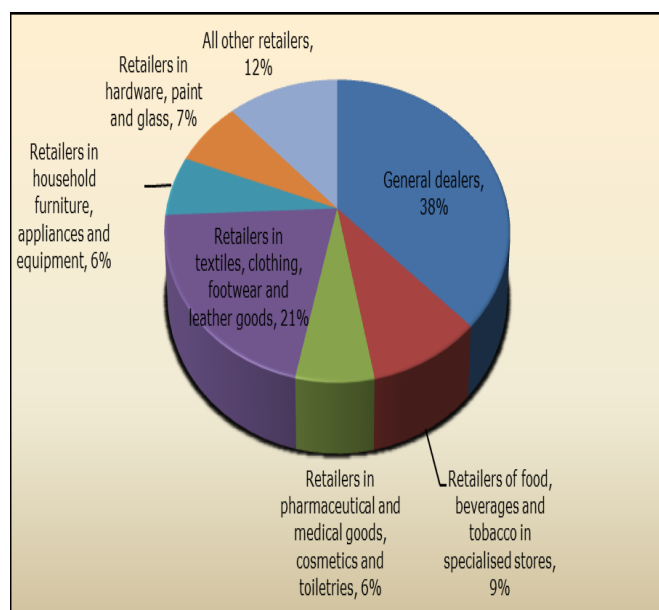
A solution aimed at the retailers has been presented that will enable retailers to develop a new business training model focusing on training that will allow their human capital to be more equipped and more effective, in their delivery to the new evolved consumer.

## 2 INTRODUCTION AND BACKGROUND

South Africa has proven to be a sophisticated, diverse and promising emerging market competing on the global scale. Strategically located at the tip of the African continent, South Africa is a key investment location, both for the market opportunities that lie within its borders and for the opportunity to use the country as a gateway into Africa, a market of nearly 1-billion people. The country has enormous potential as an investment destination, offering a unique combination of highly developed first-world economic infrastructure, with a vibrant emerging market economy. It is also one of the most advanced, broad-based industrial and productive economies in Africa (SA Info Reporter, 2013).

### Retail in SA

South Africa's retail industry has evolved over the years. The retail industry has benefited through efficient distribution of goods to urban centres, townships and rural areas. Shopping Centre development has shifted from being concentrated in inner-cities to suburbs and townships. Rapid construction of high-density housing in the surrounds of major urban areas has led to the demand for and increased developments of retail centres in these residential areas, which in turn increases retail sales. (Gauteng Provincial Treasury, 2012)



*Figure 1 provides insight into the split between each retail segment for 2013 (Stats S.A, 2013). The industry is dominated by general dealers, which contribute approximately 38 percent to total retail trade sales. This can be explained by the dominance of non-specialised stores with food, beverages and tobacco such as the mass gross retailers (e.g. Woolworths, Spar, Pick n Pay, Shoprite, Checkers, Wal-Mart).*

**Figure 1: Composition of the retail trade sales (adapted from Stats SA, 2013)**

The country's retail outlets offer a full variety of formats these range from cafés, general dealers, specialty stores, exclusive boutiques, chain stores, department stores, cash and carry wholesale-retail outlets and the co-operative stores, which serve most rural areas.

Wholesale & Retail in South Africa is regarded as a growth sector of the economy and a major employer. Statistically, it is a sector, which is more volatile with respect to cyclical changes and global economic conditions than many other sectors. It is the fourth largest contributor to Gross Domestic Product (GDP). (Stats S.A, 2013). The increase of retail developments can be largely



explained by urban sprawl. The demand for retail is driven by customer related aspects, which are population size, population growth and existing quality of retail space, household income, household expenditure patterns, consumer preferences and seasonal aspects. (Gauteng Provincial Treasury, 2012.)

South African retail has thus far been dominated by large home-grown holding companies, due to apartheid and the subsequent allied international sanctions. Given the present competitive landscape, an invitation to join the BRIC (Brazil, Russia, India, China) group, and the opportunities presented by the nation's emerging economy status, the retail industry has been put on the international radar screen. The sub-Saharan market is considered to be lucrative, given the aggressive expansion by domestic retail giants such as Shoprite, Spar and Pick n Pay in the food retail segment and Truworths and Foschini in the clothing segment. The rise of the black diamonds, which appears crucial to the economy's recovery, has also added cheer to this sector's performance. Wal-Mart has been the first international retailer that has managed to gain ground in the South African market, through its bid to acquire a 51% stake in Massmart, the third largest retailer of consumer goods. In addition, Chicago-based collective buying website Groupon acquired Twangoo, a South African e-commerce provider, to gain from Twangoo's reach across various South African cities- (ThomasWhite, 2011).

Foreign investments are flowing into retail equities as foreign portfolio managers have taken a shine to this sector i.e. Zara and Hennes & Mauritz (H&M). Equity investments are likely to continue to be the area of primary interest in the coming years (HGR, 2013).

### **Challenges faced in the retail sector in South Africa**

The South African wholesale and retail sector is affected by two underlying factors, lack of critical skills in the sector in view of the 2020 landscape and possible changes that will impact the sector going into the near future. These changes are mainly due to globalization, and the sectors ability to adapt to advance market economies like USA, EU, and Canada.

The impact of skills shortage in South Africa is enormous and its impact has also affected unemployment levels as well as economic development in the country. Refer to **Appendix G** for a detailed view on the **History of Education and the Impact on Skills**. The unemployment rate in South Africa stands at 26% (Mail & Guardian, 2013). To grow the sector and drive stability the level of skill needs to be critically investigated to assess if a skills problem does exist, and as well as understanding the depth and breadth of the problem, so that appropriate remedial steps can be taken to address the situation of concern.

## **3 BUSINESS PROBLEM**

### **3.1 Problem/Opportunity Statement**

According to W&R Seta CEO J. Dikgole, the wholesale and retail sector lost 60000 jobs by the 2nd quarter of 2009. This trend has continued into 2013 and has had a direct impact on the level of skills across the sector. Retail is the 3rd highest contributor to the South Africa Economy (Statistics SA, 2013) and hence critical to the on-going growth of economic and social stability of our country.

To grow the sector and drive stability the level of skill needs to be critically investigated to assess if a skills problem does exist, and as well as understanding the depth and breadth of the problem, so that appropriate remedial steps can be taken to address the situation of concern. These corrective actions need to be relevant to the cultural and societal needs of South Africa. Hence solutions and insights must be investigated both locally and globally with an understanding of how these learning's could be applied into our South African context.

The team unpacked and condensed the following key critical challenges that need urgent attention and solutions.

Key challenges that the sector and retailers face are as below:

- Retail not seen as a career of choice.
- Retention of personnel in retail is an ongoing challenge with a high rate of churn of staff. In retail we seem to have accepted that there "is a high staff turnover". It has become a norm and we build our resourcing around this rather than trying to correct this flux.
- Job skill demands and curriculum mis-alignment. Individuals who get tertiary training are not necessarily equipped with the correct set of skills and knowledge to meet the basic job requirements. Retailers therefore accept this compromise and live with the mediocrity.
- Training and upskilling is predominantly in-house and there is a lack of effective consistent training that is easily accessible to everyone in the organization especially in stores and at the trading face. This is especially true for individuals who wish to learn before joining a retail organization. Entry level Retail training is only available once you have joined the workforce. So job applicants do not necessarily get a feel for the job until they have been employed
- The future of retail is ever-changing requiring a more skilled workforce that can assist in retail competitiveness and improved customer satisfaction attracting customers to remain shopping in the brick and mortar environment.

## **4 OBJECTIVES AND SCOPE**

The primary objective of this research initiative is to identify the scarce and critical skills that are required to support retail 2020.

In addressing the primary objective the team will:



- Understand what retail 2020 will look like,
- Investigate and identify areas within the wholesale and retail sector where there is a lack of skill to support retail 2020
- Leverage international practices and lessons learnt with reference to the development of retail skills, by reviewing and evaluating them, to understand if they can be adapted, adopted and implemented within the SA context.
- Provide a practical, sustainable, cost effective and implementable solution for retailers to implement,

#### **4.1 Project Scope**

The scope of this project initially started with a broad-based investigation looking at opportunities across as many areas of retail value chain. This holds especially true as we undertook the international study block, keeping an open mind and gathering information from all areas.

However following the international immersion, the team have reviewed the scope and have agreed that the most significant area for investigation is the customer engagement part of the retail business. This includes in store skills in the traditional brick and mortar stores. In an omni-channel retail business this would include any resources that directly engage with the end consumer.

## **5 RESEARCH METHODOLOGY**

### **5.1 Research Objectives**

The primary objective of this research initiative is to identify the scarce and critical skills that will support the vision to a 2020 retail landscape. To achieve this it is necessary to first investigate and identify an area within the W&R sector where there is a lack of skill and provide a practical and sustainable solution. This area must have a significant impact on the SA economy so that any invested effort would positively influence the local industry.

This study aims to provide a well-researched, document with findings and recommendations that can be implemented by the retailer to uplift skills and bridge the skills gap.

### **5.2 Key Stake Holders**

A number of stakeholders have been identified as participants in this research study. The extent of the involvement varies between stakeholder groups and the timing of the involvement depends on the phase of the project. Below is a discussion of the key stakeholders in this study.

**W&R SETA:** As the sponsors of this program they are the primary stakeholders. All learning's and recommendations will be toward solution that can be adopted and implemented by the SETA to grow the retail skills in the country.

**Retail subject matter experts:** This group of individuals are the individuals in various organisations both retail or non-retail who is champions in their respective areas and can speak with authority and insight of the multiple retail business processes and challenges. Examples of these types of stake holders include, but are not limited to, Supply Chain executives, Human Resource managers, Merchandise Buyers and Planners.

**Recruitment agents:** Considering the topic of skills supply and demand, job recruiters are at the cold face bridging the demands from retail business and the availability of skills in the market place.

**Consumers:** “The customer is king” has been trumped by most retailers at some point or another. The value proposition of every retailer is to entice and retain customer spend and hence the customer is deemed a critical stakeholder in this study.

**Entrepreneurs & SMME's:** Stats indicate that despite growth of large companies, the impact on job creation is not proportionate

**Academia:** As the teachers of our youth and development of our management and executives Academia play a significant role in both contribution and drawing from the findings. Collaboration with academia is necessary for a sustainable roadmap of skills development in general

### **5.3 Research Approach**

This research is an exploratory study as the team seeks to provide an explanation of the skills issues impacting the retail sector. To support such an investigation rich qualitative data will be gathered as the primary source of information. This qualitative data will be obtained by means of semi-structured interviews discussions and observations.

All data gathered will be managed with the strictest of confidentiality so as not to compromise any of the participants or their respective organisations.

### **5.4 Interviews and Discussions**

Semi structures interviews and discussions were scheduled with various stakeholders to gather opinions and perspectives on this topic as seen from the different world views of the participants impacting and impacted by retail. Observations were also documented to enrich the discussion notes.

The interviews were semi-structured to enable a free-flow of information from the participant(s). The discussion delved into areas that require further clarity and discussion. All discussions and interviews were recorded with the consent of the participants and then transcribed and documented. This was then analysed and interpreted. **Appendix C, Appendix D, Appendix E and Appendix F**

provides an outline of the questions posed to the Retailers, Academics and Recruiters respectively which was used to guide the discussions.

## 5.5 Questionnaires

To complete the empirical data gathered through discussions, questionnaires were forwarded to key stakeholders soliciting qualitative data. This data was then added to the discussion material and evaluated similarly.

## 5.6 Summary of Literature Review

The inquiry into the literature was an iterative process whereby the concepts detailed above were investigated and clarified as the investigation evolved. The following reference and resource tools were used to compile a review of the literature relevant to this investigation.

- Academic papers
- Journals and published articles
- On - line research
- Market discussions and white papers
- National Skills Development Plan and other related government papers

The research team revised and refined the literature as the investigation progressed.

To clarify the underpinning concepts of the research topic it was necessary to explore each concept from documented and peer-reviewed literature.

There are 3 core concepts discussed in the literature review below. ***The Detailed Literature Review*** is documented in ***Appendix A***.

The first is a review of skills development in South Africa at large. Although this research topic focuses primarily on issues impacting the Retail Sector, it is critical to contextualise sector issues within a macro landscape by understanding the systemic issue at a national level. Education is a key concern in South Africa and hence the first concept which is unpacked delves into education and skills development at a national level.

The second area discussed in the literature review is the best practices adopted internationally. To assess and benchmark the local sector against retail giants it was necessary to understand some of the approaches and methodologies being practiced abroad and finally the literature review explores the 2020 retail landscape. The 2020 retail landscape provides a framework of what retail of the future would epitomise. As this area of investigation seeks to make recommendations to up-skill the sector for the future it was necessary to clarify what that future is. Common interpretations of this landscape is reviewed and discussed.

In summary the success or future of retail lies in customer experience with retailers aligning their value proposition to convenience, digital engagement and on-going communication and collaboration. This could only be possible through the strength of technology. The speed for change is a given and retailers need to make a conscious decision to embrace this or acknowledge the possibility of falling out off the mainstream retail market.

## 6 RESEARCH FINDINGS

### 6.1 Key Insights from International Immersion

Learning's from international markets in terms of retail has opened up a number of new options that can be critically analysed. It is important that the wholesale and retail sector gear itself in terms of international practices and where possible leap frog in areas where there is an opportunity to be competitive on a global scale. The discussion below highlights some of the key concepts noted from the visits to retailers on the international immersion, detailed notes on teams observations and meetings with businesses can be found under **Appendix B, Appendix H, Appendix I, Appendix J, Appendix K, Appendix L, Appendix M, Appendix N, Appendix O**

- **Technology:** key technology is used to streamline business process e.g. RFID's, Near Field Communication (NFC), contactless payments. The end result is efficiency and improved customer engagement and overall customer experience.
- **Omni channel retailing:** this pertains to using multiple channels for engaging with customer from traditional brick and mortar stores to online ecommerce to retailing via mobile technology. Whilst most traditional retailers have an online presence, more online retailers and also opening physical stores highlighting the need for both retail formats (**Refer Section 12 Retail Formats**) and Industries . It is no longer and “either-or” approach.
- **Green Retailing:** refers to eco-friendly approach to retailing taking into account environmental impact and sustainability. Consumers are becoming more environmentally astute and are demanding responsible sourcing. Hence a number of retailers visited have this as a key strategic objective with initiatives in place to improve their impact on the environment.
- **Healthy Living:** consumers have a growing interest in personal health and well-being, and a desire to look and feel good. They are focused towards maintaining and improving their health and well-being and that of their families. Retailers and manufactures are challenged to cater for this growing interest.
- **High customer centricity:** Focusing back on what the consumer needs and making it easy and convenient is another focal objective for retailers. There is a conscious effort towards building long term relationships which focus on ensuring that the customer comes back for repurchases thereby creating loyalty.
- **Improved Supply Chain:** It was evident that all retailers place great emphasis on the end to end supply chain with refined processes to ensure fresh, new product is produced and delivered to the consumer with little delay and lean processes within the supply chain.

- **Collaboration:** To support relationships within the sector retailers were willing to engage with and share information with other retailers, and subject matter experts thereby embracing competitiveness whilst still working towards advancing the industry standards.

All notes on the team's observations and learning's are documented in **Appendix B International Observations**. However this is discussed further in the sections that follow.

## 6.2 Canada Key Observations

The high level of their national education system showed in the level of skill and knowledge of those with whom we engaged. From senior management through to sales assistants and valet drivers shared the vision and values of the respective organisations. It was described by HBC as "being part of their corporate DNA". There is a strong sense of culture and passion within the Canadian community; this is clear by the presence of highly motivated, engaged, friendly and helpful staff. This can be attributed to a strong corporate investment in human capital. The company values are embedded in the organizational DNA, which permeates from CEO to the lowest level. This proved surprising considering the diversity of cultures, ethnic groups and religions that co-exist within a competitive space. There is obviously an underlying value system and aspiration that pulls them towards a single set of principles.

Business engages with the public sector and academia to create partnerships for skills development and job creation. Inter-Retail collaboration is also fostered, even between competitors, to improve the sector holistically. Dr Chandler-Cutchler provided insight into how such collaborations aided the financial sector and has proven to be successful in improving competition and developing human capital to resolve talent gaps between skills available and market demands. Their highly motivated, skilled workforce has resulted in self-sufficient teams.

Individuals join the retail sector with a clear understanding of their career path as a result there is long service within the organisation. Investment in the retention of people, they do not expect a high turnaround of staff but rather invest in the retention of staff through training and rewards programs. Canadian retailers are also focused on innovation, technology and customizations in order to drive growth within the Canadian stores. The use of technology in the form handheld devices, self-checkouts and the locking of trolleys outside of the store range were some of the examples of how retailers are using technology to their advantage and yet improving their overall customer experience.

Retailers have a strong command of the full supply chain which reduces leverage/partnerships with suppliers and lack of third party involvement. The efficient supply chain that they manage requires them to have less stock in backup, which means less capital being tied up in inventory. In-store replenishment is part of the supply chain which includes multiple deliveries in the day and same day deliveries.

There seems to be a drive in private labels reducing the dependency on suppliers, using this as a channel to promote their brands positioning. Retailers do not have interest free credit facilities like South African retailers. All credit offerings are under written by banking institutions in the form of co-branded cards. The down side to that is that the customer has multiple credit cards in their wallets per retailer.

There is a drive to improve and maintain high levels of customer centricity by:

- Knowledge of the customers' needs
- Understanding of the market
- Product knowledge
- Sales strategy of offering alternatives

#### **Observations to leverage for ALP project**

- Multi stakeholder collaborative approach
- Alignment between skills gap and academic curriculum
- Staff retention
- Changing the mind-set towards retail as a career

### **6.3 New York City Observations**

What was commonly experienced was a harsh approach to customer service. People were not friendly and often impatient if you as a customer were indecisive or trying to understand the product offering. There was an expectation that one should already know what you want and now “waste time” in completing the transaction. At the same time there were outlets that employed individuals to greet you at the door creating the perception that you were welcomed into the shop and valued as a customer. This contrast caused confusion as it led to questions of the authenticity and sincerity of the gesture. The staff on the platforms or service kiosks was abrupt but informed and able to quickly provide the information yet seemed rude at the same time. This concept of being able to provide information was a common thread throughout the USA. Service assistants knew their product, the organisation and were able to give insight, offer alternatives and guidance when shopping. This is a stark contrast to service assistants locally in SA. These individuals also showed interest in their jobs and their organisations creating a sense of pride and belonging.

A key attribute in stores is the extensive use of technology and ICT solutions to improve efficiency and process. An example of this is the self-service check out both in retail and convenience stores. There was also an emphasis on technology to provide security and control to the consumer. In the self-payment options, for example, the customer has full control of the payments approval from start to finish without having to hand over the credit card and the digital capture of signature. Many store assistants were also equipped with hands free radios to communicate with their colleagues for assistance or information

Larger retailers invested in sufficient till points which were placed strategically across the shop floor to ensure the customer checkout experience was well serviced. There were mixed feels on service - Customer service within the top-end retail firms were more visible whilst small business operated by foreigners who were not necessarily as focused on customer service and the overall customer experience. The staff was very engaging and we could pick up that service was mostly provided by staff perceptions of whether the customer would make a purchase or not. It was clear that larger organisations had staff development and retention strategies. Companies had internal training programs and initiatives to keep staff engaged and challenged and build cohesive teams.

### **Observations with reference to ALP project**

Staff is equipped with tools and skills to provide information as required by the customer. Sales staff knows their products and advice on alternatives if necessary. Retailers are evidently investing in skills development and training. Staff is cross skilled and can assume one of many positions in store. Detailed notes can be found in ***Appendix B, Appendix H, Appendix I, Appendix J, Appendix K, Appendix L, Appendix M, Appendix N, and Appendix O.***

## **6.4 Penn State Observations**

There is lot of convenience shopping centres located strategically around the city and within close proximity to the campus. The staff is knowledgeable and willing to assist once you find them. Not highly sophisticated technology.

## **6.5 South Africa Research Findings**

The South African leg of the investigation was conducted through discussions and workshops with representatives and subject matter experts from Retail, Academia, Recruitment, Human Resources and Consultants.

Each interview was transcribed and summarised. From this qualitative data a narrative has been compiled, aligned to the key research questions posed at the outset viz.

- What does the 2020 landscape look like?
- In what area does the Retail Skills Gap in South Africa exist?
- Why does the Skills Gap exist?
- Some of the economic and environment challenges which could negatively impact the 2020 landscape.
- How do you bridge the skills gap?



## 7 INTERPRETATIONS OF FINDINGS

### 7.1 What does the 2020 landscape in South Africa look like?

The 2020 retail landscape is seen to shift towards that of advanced economies, with major shifts in cost reduction in business, by using better technology platforms and improved supply chain management to result in a better and quicker response to customer needs. However this change might not be sudden due to the current and near future economy that seems to take time in presenting a growth trajectory. An overview of the consolidated research survey indicates the feelings of what the 2020 landscape will look like as per below. Detailed findings can be found in

#### ***Appendix Q: South African Research Findings on the Skills Gap***

- **Omni Channel:** A shift into more on-line consumer shopping, more value for money deals (in line with international standards) and higher levels of service to compete for share of wallet) is expected. International competition will increase via online conduit, and accessibility to the African market (response to reignited hype). Increase in illegal imports and foreign (most likely Chinese) warehouse shopping centers.
- **Store formats:** will change due to smaller spaces; big stores will become less relevant. Stores will be perceived as showrooms and purchases made at the cheapest place possible i.e. in store or via the internet. We will have some big retailers and some small retailers, the middle size retailers will be under pressure to differentiate its merchandise from the big boys.
- **Customers:** Social media will become a means to share service experiences (good and bad), details of product purchases, product information and best deals. Retailers will be servicing multiple markets (customers across multiple generations) and not just hi tech savvy customers.
- **Technology:** there will be a greater shift towards the use of technology in all aspects of retailing, from buying to ordering to distribution to online shopping. The internet will become the most popular way for people to gather information, compare products, and compare prices, gain product knowledge and research companies' product offerings before making a purchase. Supply chain innovations will reduce costs and better efficiencies. Functionality will focus on more self-service for customers with less reliance on people hence it is anticipated that fewer retail staff will be required.
- **Shopping Experience:** will be entertaining and more personalised for each client. There will be a strong move towards more customer engagement (current and prospective customers) to note what they enjoy when shopping in stores and to understand trends, buying patterns etc. (Big Data). This data will be used to customize shopping experiences. Retail will become relationship-centric, implementation of targeted marketing as more customer data becomes available.
- **Supply Chain:** There will be a strong drive to consolidate retail space with the implementation of centralised distribution centres, etc. Supply chain costs will become more expensive i.e. transportation.

- **Expansion:** There will be fewer barriers to entry for new retailers; more international brands will be coming into South Africa as South Africa Retailers will continue expanding into Africa. There will be an emergence of more value-chain entrepreneurs as facilitators. Country by country stability of the political landscape will influence retail behaviour.
- **Skills:** The move towards technology will demand more specialist expertise in product. Store staff will be required to only close the deal. This demands a new people strategy - fewer sales associates with a shift towards specialists in products.

## 7.2 In what area does the Retail Skills Gap in South Africa exist?

One key to thriving in retail of the future is a properly skilled workforce, which has the required skills to successfully embrace the opportunities of the 2020 retail landscape. Retailers will need to position the right people with the right skills, in the right jobs. Key areas of concern were identified regarding the skills gaps associated with retail employees from the point of view of academics, retailers, consultants, recruiters and human resources.

Scarce skills	
1. Management skills at Manager/Supervisor levels (store, marketing, financial)	2. Supply chain (buying, merchandise planner, warehouse management, logistics, inventory)
3. Retail information technology use and information technology	4. Training and development professionals
5. Customer relationship management	6. Assessment practitioners
7. Retail technical skills	8. Strategists
Critical Skills	
1. Project Management	2. Merchandising, especially visual
3. Financial (accounting, internal audit, credit controller, credit clerks, etc.)	4. Creativity and innovation skills to keep customers coming back
5. Product development	6. Knowledge of contracts
7. Basic understanding of business	8. Production and product knowledge
9. Pharmacy	10. Customer Service
11. IT (PC trained people, Big data Analysts, Business Analyst Skills (BI,SAS))	12. Retail Executives (visionaries who have compassion for people)
13. Selling skills	14. Capacity to learn
15. Product knowledge	

## 7.3 Why does the Skills Gap exist?

The level and standard of the education system in the country does not produce quality learners that have excellent maths and science outcomes. Students who pass grade 12 are not being ready to progress and succeed in higher institutions; these students get recruited by retail organisations.

Retail organisations then provide on the job training and subsequently promote these individuals to lead and develop others. Given the ever changing retail landscape, these individuals do not cope to fully train and develop others.

- **Recruitment/Profession:** Retail is not preserved as a profession hence it does not attract professionally skilled resources. Degree'd or ambitious people want to work for a company that will provide a career path and not just a job. In some instances placement of degree'd individuals instead of looking at the work experience (e.g. 5 years' work experience is equivalent to a Degree); often these individuals have the theory but not the skills required to perform the job, too much emphasis is placed on degrees.
- **Skills:** The majority of the workforce is computer illiterate. There is an aging workforce within retail who is not inspired to learn new technologies. Most of the current available workforce does not have basic education. Poor communication skills as English is not read, written and spoken by all communities. We must not compromise on core skills which is the ability to sell and engage with the customer. Technical skills are in great demand with a corresponding shortage. Rapid growth of new industries has resulted in a skills gap i.e. new technology (software/hardware).
- **Training Investments:** Affordability in an EDLC environment, less than perfect historical skills up-liftment practices. Middle and Senior Management lack the skills required to motivate, encourage and grow their team. People are employed at a junior level and promoted to middle and senior management without the required training or experience.
- **Education System:** is not aligned to the needs of the economic environment. Current educational malpractices and the lack of focus on science, mathematics, logic and rational reasoning is an inhibitor.

#### **7.4 Economic and environment challenges that could negatively impact the 2020 landscape.**

The South African economy showed uneasy growth in 2013, slipping to just 0.7% in the third quarter on an annualized basis. But the signs are pointing to a modest recovery in 2014 in the domestic economies. Increase in energy price and fuel and the upcoming elections; bring anxiety in what the future holds. Businesses could shift focus to new geographies, strategic alliances/ mergers and cost reduction in order to remain competitive. This could potentially mean that retailers could focus on downsizing their workforce or implementing flexible hours to curb costs. Job losses will result in the unemployment figure going up.

- **Crime:** on the increase due to the increase in e-commerce sales, online requires to your door delivery, and theft could become issue.
- **Rand:** decline in the Rand will hike consumer prices and local production will continue to be difficult due to a skills shortage. Fuel and transport costs could negatively impact international imports. Disposable income will come under pressure. Political instability has the consequence of reducing FDI.

- **Employment:** An increase in unemployment levels and the lack of jobs.
- **Competition:** An increase in international competition.
- **Consumer Spending:** Consumers maintaining their recession spending habits and not changing, it with the strengthening of the economy. Movement of price sensitive customers towards illegal or Chinese outlets.
- **Unrest:** potential for labour unrest in the next 5 years together with an increase in the number of strikes.
- **Policy:** lack of clear policy guidelines for businesses and retailers in particular.
- **Availability of Resources:** shortage of oil, air and water, food and the reduction in resources i.e.: Carbon fuels
- **Environment:** pollution caused by combustion. Climate and environment changes will force different behaviour

## 7.5 How do you bridge the skills gap?

To address the issues plaguing the skills gap it is necessary to understand how the industry collectively perceives potential solutions to the problem. As such the respondents were requested to provide insight into how they feel the issue could be addressed.

- **Remuneration:** Revise and re-structure remuneration packages, implementation of share options and incentive schemes to attract professional skills resources and retail employees.
- **Training:** Train and invest in people. Focus training brand awareness, customer awareness and how to upsell products. Utilising opportunities through Learnerships, an agile approach to training, gap analysis and promoting a performance management culture to enhance overall capacities. Middle and Senior Management placements should only happen after the attainment of an agreed tertiary qualification or equivalent. Implementation of a Retail Foundation School, to provide the minimum requirements for entry into retail, more links with FETs. Training must be customised according to the job profile and skills required. Develop an effective workforce planning framework that support business growth and needs with proactive recruitment. Put plans in place to up skill the existing workforce, through a skill benchmarking exercise. Implement individual training plans in underperforming areas. The implementation of yearly skills audits to ensure compliance.
- **Career marketing:** It should be promoted and marketed as a field of study at primary, secondary and tertiary levels. Provide career guidance, and counselling to school leavers to assist them in pursuing retail as a career.

It is evident that the underlying premise to solving the skills gap is one of collaboration, engagement and innovative ways of training the workforce (future and current). The objectives of the ALP to understand what Retail 2020 will look like and to investigate and identify areas within the wholesale and retail sector where there is a lack of skill to support retail 2020 has been successfully addressed in this section.

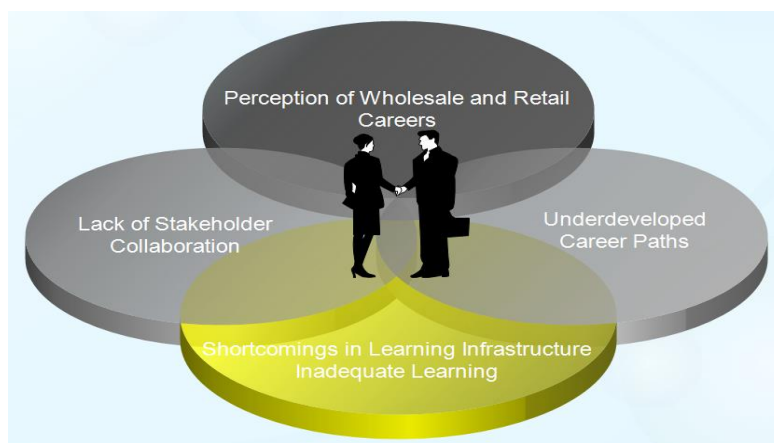
## 8 ALTERNATE SOLUTIONS AND RESEARCH OPPORTUNITIES

The average teenager spends six hours a day online, they are known as 'digital natives' a generation that has grown up online and connected. Students born in the year the iPhone was first launched is already in grade one and they are communicating 140 characters at a time, establishing completely new ways of consuming news and information. Asking these digital natives to 'turn off' their devices, give up their connection to the world and to 'power down' to learn the skills required in retail is a huge turn off, we have to find ways to create a learning experience using technology to engage today's learners to become interested in retail and to educate our existing workforce to be able to communicate with the consumer of the future i.e. our current 'digital natives'.

Using the data gathered above in section 7, the following key skills shortages areas exist in retail within South Africa: These skills can be grouped into technical skills and soft skills categories as shown in Table 1 Skills Groupings below, some of these will span over both the technical and soft skills categories:

Technical Skills	Soft Skills
<ul style="list-style-type: none"><li>• IT Analytical Skills</li><li>• Basic Computer Skills</li><li>• Supply Chain Skills</li><li>• Buying and Planning Skills</li></ul>	<ul style="list-style-type: none"><li>• Product Knowledge Skills</li><li>• Selling Skills (including Customer Service)</li><li>• Supply Chain Skills</li><li>• Buying and Planning Skills</li></ul>

Table 1 Skills Grouping



*Figure 2: From the research data four main skills issues face the whole and retail sector and they are all interrelated.*

Figure 2: Main skills issues identified during South Africa Research

The random entry word tool (below) was used to identify possible solutions to address the four main skills issues (illustrated above).

### Random Word

Cappuccino

Association	Idea	Concept	Idea
Shop	Classroom	Fulltime training	Implementation Retail Academy
Water	Transparent	Visibility	Create visibility of retail as a field of study and career path
Cup	Tools	Portability	Making learning accessible on an eLearning platform via portable devices i.e. Iphone's, iPad and android devices
Flavours	Different organisations/Retailer	Diversity	Alignments of school curriculum and retail education
Beans	Access to resources	Resources	Make training bursaries available.
Hot	Pressure Test	Assessment	Review and revise minimum Retail Skills Requirements
Nescafe	Brand	Reputation	Retailing retaining must be accredited
Spoon	Work together	Collaboration	Skills governing body.

Key	
	Ideas already in progress by the W&R SETA
	Potential Solution

The options highlighted in yellow were initially investigated as the overall solution but later into our investigation it came to light that the W&R SETA had already setup initiatives to establish a Retail Academy and Retail Forum for cross discipline collaboration.

The decision matrix (below) was then used to identify the one recommended solution from the list of potential solutions for the retailer:

Criteria/objectives/metrics	Improved the Skills GAP	Aligned to 2020 Retail	Improved productivity%	Total
<b>Weighting</b>	<b>3</b>	<b>2</b>	<b>1</b>	
	<b>Rate between 1- 5</b>			
<b>Idea 1:</b> Making learning accessible on an eLearning platform via portable devices i.e. Iphone's, iPad and android devices	5 <b>3X5=15</b>	4 <b>2X4=8</b>	4 <b>1X4=4</b>	<b>27</b>
<b>Idea 2:</b> Alignments of school curriculum and retail education	2	1	3	

	<b>3X2=6</b>	<b>2X1=2</b>	<b>1X3=3</b>	<b>11</b>
<b>Idea 3:</b> Review and revise minimum Retail Skills Requirements	3 <b>3X3=9</b>	3 <b>2X3=6</b>	3 <b>1X3=3</b>	<b>18</b>
<b>Idea 4:</b> Retailing retaining must be accredited	3 <b>3X3=9</b>	3 <b>2X3=6</b>	5 <b>1X5=5</b>	<b>20</b>

The implementation of e-learning was identified as the proposed solution and will be discussed in detail under section 9.

The alternate solutions discussed below are not only alternatives to the solution proposed in section 9, but can rather be viewed as complimentary solutions.

### 8.1 Retail Visibility Solution

This must be done by promoting and marketing retail as a field of study and opportunity at primary, secondary and tertiary levels, by providing career guidance, and counseling to school leavers to assist them in pursuing Retail as a career. Retailers need to drive visibility in these sectors selling and marketing possible career aspirations of youth in this country to join the retail sector through more bursary/learner ship initiatives.

Retailers can setup career days with schools and universities targeting potential students and advising them of the careers that they can choose and follow in the retail sector. They can do campus recruitments, recruitments through bursaries and implement learner-ship programs or vacation work to get chosen individuals accustomed to the retail environment.

Whilst this is happening in pockets, it can be standardized as a requirement for all retailers to partake in these types of events for the benefit of the sector. These events can be coordinated by having a regular retail expo in urban and rural areas where students from high schools, universities and unemployed people can attend and view their options and processes that they can pursue to be employed in the retail sector.

#### Benefits of the solution:

- Increased and ongoing retail visibility
- Attract people that want to be in the sector
- Improved stickiness into the sector
- Career guidance in retail
- Assist in linking people and establishing a bridge into retail careers
- Exposure and hands on experiential training



- Invest back into attracting talent for retail by retailers
- Create a competitive pool of potential employees

## 8.2 Retail Forum Solution

The W&R SETA together with representation from the large retailers, education department and academics are required to form part of a Retail Skills Governing Body that will be responsible for effective and well measured implementation of solutions that will assist the sector. International trends have shown that with effective and strategic collaboration the Retail Sector can improve skills and reap the benefits of increase productivity and Return on Investment.

Collaboration in the retail sector should be on two fronts:

- **Retailers Collaboration:** Retailers need to come together and form a Federation which should be guided by the W&R SETA with its affiliates subscribing to a code of Ethics as well as understanding of the Skills Challenges facing the retail sector and formulate a Skills Charter for the sector. The Skills Charter should indicate the basic minimum skills requirements for all levels of retail staff. Retailers need to stop competing amongst themselves on skills level but should work together to ensure standardization of programs.
- **Education Collaboration:** Retailers should formalize their programs by joining hands with education institutions such as colleges and FET schools to standardize the programs. All companies in South Africa have training programs but almost all of them have different outcomes. A standardized NQF based system will help the huge skills shortages especially at a technical level.

### Benefits of the solution:

- Standardized retail qualifications as agreed between retailers, academics and education sector which promote the curricula as per business needs.
- Creates a pool of better qualified people and standards that brings credibility and promotes interest in retail being a career choice.
- Businesses to save training costs that they currently deploy and utilise that for more specialized positions to create a competitive advantage.
- Standardizing qualification sets will foster growth and competitions which will impact on higher salaries within the sector and therefore drawing more people into the sector for employment.
- Assists in closing the employment gap.
- New projects can be implemented to assist people that graduate to be employed in other sectors where there are similarities.

### **8.3 Retail Academy Solution**

Implementation of a Retail Foundation School will provide the basic critical skill requirements for entry into the retail sector. The training provided will cover basic job specific retail skills training as well as specialist courses that are beneficial to respond to the change that retailers face in the industry.

Training will be customized according to the job profile and critical skills required. All jobs requiring critical skills should have a compulsory minimum training accreditation enforced by the W&RSETA. It is the responsibility of the Retail Skills Governing Body to ensure that only employees with the minimum training accreditation are to be appointed into critical positions. Yearly skills audits must be implemented to ensure that retailers comply and non-complying retailers must be penalized.

Graduates from the Retail Foundation School will be eligible for employment into positions that they are qualified for. The retail foundation school can provide technological and financial skills underpinned by exchange programs with other countries to share expertise.

The education system of this school is to focus more on career preparation for workforce than only qualification and this can be realized through apprentice programs. Once they enter into the workplace it then becomes the responsibility of the retailer to provide the required specialist skills which drives the competitive edge amongst businesses.

The retailer would also be required to outline the capabilities and competencies required to execute their business strategy. The high-level details of this workforce planning framework must be shared with the governing body to ensure that the right number of people, with the right skill set is graduating from the Retail Foundation School at the right time.

A skills assessment must be conducted to identify areas in which the employee is lacking; individual training plans must be put in place for underperforming areas. Skills evaluation of all employees' must be conducted annually, and performance rehabilitation programs enforced as required.

This school can provide a pool of skilled graduates ready for employment. The school can also work as a recruitment agency assisting in the placements of graduates to retailers at a cost. Government can incentivize business to ensure that they keep drawing from this pool.

#### **Benefits of the solution:**

- Standardized retail qualifications as agreed between retailers, academics and education sector which promote the curricula as per business needs
- Creates a pool of better qualified people and standards that brings credibility and promotes interest in retail being a career choice

- Businesses to save training costs that they currently deploy and utilise that for more specialized positions to create a competitive advantage
- Standardizing qualification sets will foster growth and competitions which will impact on higher salaries within the sector and therefore drawing more people into the sector for employment
- Assists in closing the employment gap
- New projects can be implemented to assist people that graduate to be employed in other sectors where there are similarities

#### 8.4 Risk of doing nothing

- Skill imbalances will lead to more long-term and permanent joblessness and a polarization of incomes between the high and low skilled workers.
- Slowdown in the economy
- Low skilled workers will be trapped in poverty
- Decrease in staff productivity
- Prevent businesses from innovating
- Retailers will experience slower growth, high on the job training costs and lost productivity.
- Create an inability for the retailer to compete and expand, and it will compromise the industry's ability to build a pipeline of skills workers.

#### 8.5 Future Research Opportunities

Whilst this study provides a number of key recommendations, other areas of concern have been exposed through the research process. Further exploration of some of the key findings would provide opportunities for further improvement and upliftment in the W&R sector.

- **Format for accredited training:** review and define the most appropriate and effective way to up skill and transfer knowledge per role
- **Skills Assessment and Reporting:** review of the existing framework and seek learning's and best practices from other industries and internationally to enhance and improve on current model
- **Alignment of school curriculum to include retail education:** considering Retail is one of the largest employers and contributors to the economy (both locally and internationally) the school curriculum needs to factor in modules to increase retail knowledge at a secondary education level. Concepts like entrepreneurship should become second nature to our youth thereby empowering them to make meaningful contributions to their sustainability and the overall economy.

## **9 RESEARCH RECOMMENDATIONS AND PROPOSED SOLUTIONS**

To bridge the gap with the existing workforce, retailers need to step in and take responsibility for skills development and education focusing on specialized fields within the business as opposed to investing in basic entry-level training. To improve the quality of the retail service offering this demands a change in the current training model that retailer's use. A solution which can positively make a change for retailers is the introduction of the eLearning platform as a basis in driving and training existing staff. The benefits extend into covering third parties as well like school leavers and the unemployed job seekers.

### **9.1 Retail eLearning Solution**

A key criticism from the industry is the current split between computer based training, action learning, pure theoretical training and hands-on experience. The recommendation is to move away from the traditional classroom training to more eLearning, which is currently not recognized nor accredited by the SETA. A new training platform to complement or in some instances replace the conventional classroom method used by retailers allowing more accessible, cost effective and immediate training which allows for basic retail training and training components to be self-learned by the existing workforce and unemployed work seekers in preparing them for the retail world.

#### **The Concept**

The digitally competent, mobile and easily distracted generation Y requires training that is going to keep them interested, motivated and engaged. This can be achieved through the implementation of an eLearning Training Platform with is highly interactive and easy to use so all levels of employees can interact with it.

This cloud-based solution will include Retail ELearning Sessions, with the ability to join live classes, meetings or webinars via the electronic device. This training is assessed using online evaluations and assessments. Online tracking and monitoring of individual training progress as aligned to career paths. Retailers or individuals can subscribe to the lessons of their choice or as prescribed by their career path.

The solution will be web and mobile based and accessible in the remotest areas provided there is cellular network coverage or landbased internet connectivity. This will further drive access to training and promote the general level of skills across the most elementary and demanding levels in retail. The eLearning Training platform will include online training, and classroom simulations using electronic devices i.e. Smartphones, Tablets, Desktops, Androids, etc., with the potential to integrate with third party vendors.

A skills assessment must be conducted to identify areas in which the employee is lacking; individual training plans must be put in place for underperforming areas. Skills evaluation of all employees' must be conducted annually, and performance rehabilitation programs enforced as required.

Assessments criteria, standards and compliance must be managed and moderated by an academic forum or institution to ensure the correct level of skill is measured and produced. Content management must be the responsibility of the retailer. All training data can be integrated into a central CGCSA database, which can be easily utilised for individual career tracking. All training that has been completed will be electronically managed and submitted to the W&R SETA as part of the skills development claims process, thereby bringing people together in a highly interactive, easily accessible, cost effective virtual learning environment.

### **Custodian**

It is recommended that the W&R SETA is the primary custodian of the platform, and associated governance and standards maintaining responsibility of the medium, software application(s), databases and hosting. To ensure standards and consistency is met, the appropriate controls and governance must be implemented and maintained by the SETA.

### **Model**

The solution can be cloud based and hosted by the SETA in partnership with an appropriate IT organization. Modules could be purchased by retailers for onsite installations.

### **Content Management**

This needs to be the responsibility of the Retailers, through collaboration with academics and subject matter experts. This allows international experts and opinions to be included in the content and easily disseminated. Retailers can either collectively agree on basic training details or individually on specialized bespoke requirements for their respective organisation. This will ensure the content remains relevant and current. The SETA can be responsible for curriculum alignment and education standards.

## **9.2 Objectives of the Proposed Solution**

- Make training accessible to all employees
- To provide an online training platform which can be used to create, manage and store training data and training documentation
- To make available the ability to view study (reading) content on an online platform, which can be accessed using any form of electronic device
- Provide a facility to track learner progress throughout the entire programme and provide intervention where required
- Must be integratable with a central learning's database hosted by the CGSA

- To automate the submission of skills development claims to the W&R SETA
- The solution must be utilised by all retailers with re-usable content that can be customised for a special need (points of differentiation)

### 9.3 Benefits of Implementation

Elearning will deliver the following benefits:

- **Financial:** Lower cost of training delivery when compared to classroom type training i.e. teaching remuneration, travel expenses, cost of materials. Optimize the use of training budget. It is re-usable and cost effective after initial investment.
- **Operational:** Standardised training curriculum. Faster delivery cycle times than traditional classroom-based instruction without sacrificing quality. Improved operational efficiency. Enhanced quality of service. Improved productivity. Long term retention of training information. Consolidated record of training history, retained at an individual level. Ability to reach geographically diverse employees.
- **Market:** Additional competitive advantage. Increased market awareness.
- **Customer:** Improved customer satisfaction. Increased customer retention. Greater customer loyalty.
- **Staff:** Used to bridge the gap between school leavers and potential retail workers. Transparency on alignment of career mapping to training programs. Increased staff satisfaction and retention. Increase in the individual study time. eLearning can accommodate different learning styles and facilitate learning through a variety of activities.
- **Environment:** Effective way for organizations to reduce their carbon footprint. Save trees by saving paper.

### 9.4 Stakeholders

As illustrated in Figure 3: Key Stakeholders in eLearning below, we envision high levels of collaboration and interaction into the eLearning platform from the primary stakeholders, to create buy-in, implement and support the proposed solution thereby addressing the skills gap.



**Figure 3: Primary stakeholders in the implementation, administration and maintenance of the platform are:**

- Retailers W&R SETA, Training Institutes, Third Part Vendors

*The Secondary stakeholders who will utilise the platform are:*

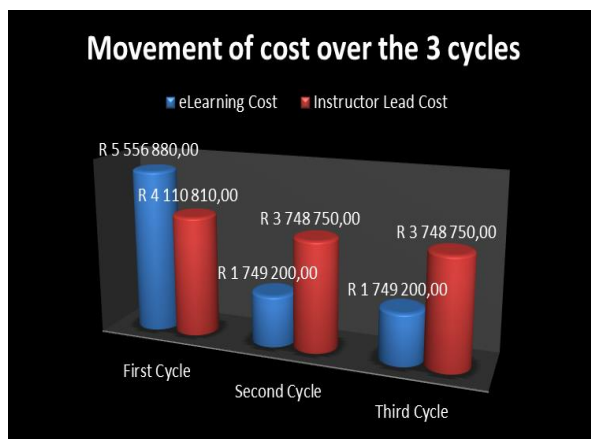
- Current Employees, Unemployed, Students, Recruiters

**Figure 3: Key Stakeholders in eLearning**

## 9.5 Cost Analysis Comparing eLearning and Instructor Lead Training

Using the following information a Cost Analysis was completed to compare eLearning and Instructor Lead Training (**Detailed Cost Analysis** can be found in **Appendix P**)

Number of training cycles	3	Trainee's Average Hourly Wage	141
Number of trainees	500	Number of training days per cycle	5



**Figure 4** shows that in the first training cycle the cost of eLearning was higher than Instructor Lead Training, the reason for this due to the:

- Procurement of hardware and software
- Development and Implementation costs

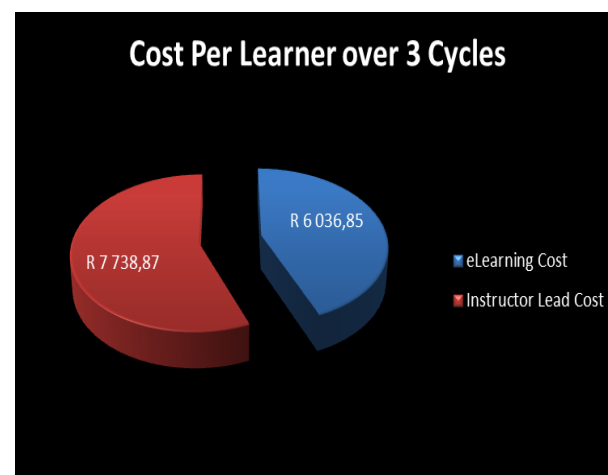
*It is clear from the second and third cycle that once the eLearning frame work was in place, it became a more cost effective training platform when compared to Instructor Lead Training.*

**Figure 4: Movement of cost over the 3 Cycles**

After the completion of the 3 training cycles the e-Learning Costs is less than the Instructor by Lead training by 19,83% or R2 440 530,00. This is a saving for companies who currently only focus on Instructor Lead Training.



*Figure 5 shows how the training cost per learner per 5 day training cycle. The eLearning learner cost is cheaper than the Instructor Lead training by R1 493.69 or 19, 83%.*



**Figure 5: Cost per Learner over 3 Cycles**

Analyzing the above data it is clear that after the initial implementation cost eLearning does become the most cost effective method of conducting training.

The savings realised by businesses after the implementation of eLearning can be used to:

- Conduct CSI initiatives within the communities they operate in
- Invest in the training of additional learners
- Offer training bursaries to eligible students or scholar

## 9.6 High-level Costs of Implementation:

The project costs are detailed as per Table 2 High-level Costs of Implementation below. These are once of costs incurred during the initial deployment of the application.

<b>Development Costs</b>	
IS Support and Architecture (12k per month)	R144,000.00
License Cost (Needs Assessment included - unlimited)	R 106,480.00
Instructional Design R127 267.00 per month	R 1,527,200.00
Hardware (Servers)	R 30,000.00
Application Software Procurement and Implementation	R 2,000,000.00
<b>Development Costs Total: (per cycle)</b>	<b>R 3,807,680.00</b>
<b>Deployment Costs</b>	
Instructor Salary/Wage (Content Manager/Administrator)	R 30,000.00
IS Support, Hosting, 14 modules customizations, 3355 hours of support and Architecture (R143 267.00/month)	R 1,719,200.00
<b>Deployment Costs Total: (per cycle)</b>	<b>R 1,749,200.00</b>
<b>Total Implementation</b>	<b>R5 556 880.00</b>

**Table 2 High-level Costs of Implementation**

## 9.7 Resources

Company capex investments will pay for the implementation with a payback period of 5 years. Revenue can be generated by the charging of training fees for foundation/generic retail modules to those not employed in retail.

## 9.8 Return on Investment

Apart from the training savings identified above the company can also expect a return on investment from the following benefits, these can be measured by conducting time and motion studies before and after the implementation of the software.

- Enhanced quality of service
- Improved productivity

Some success stories include:

**KFC (UK)** – They transformed from a paper based manual training approach to rich e-learning content to reduce time to productivity: - 30% decrease in time taken for learners to complete the introductory e-learning training programs- 65% decrease in time taken for restaurant managers to deliver the new training. They launched the Learning Zone to 1200 managers and business leaders

**Proctor and Gamble (US)** – Rolled out the application more than 70 countries. They reduced costs associated with multiple learning management systems. Accelerated their pace of global learning, enabled faster time-to-market for new products and achieved projected \$14 million savings over five years.

## 9.9 High Level implementation Plan

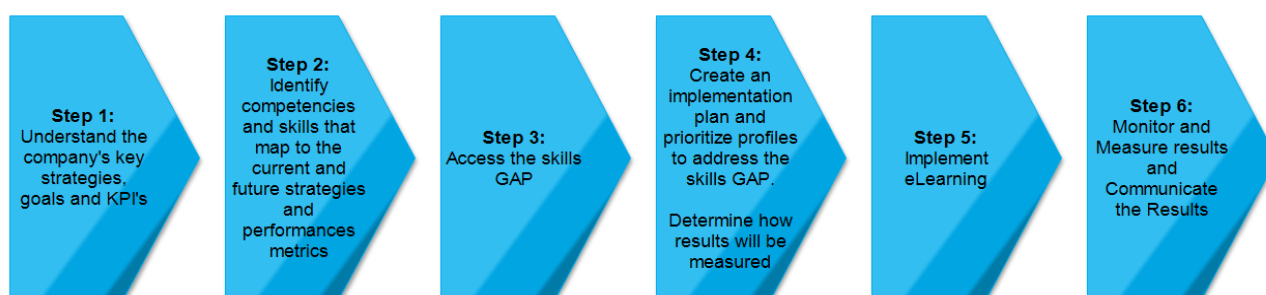


Figure 6: High Level Implementation Plan

The high level implementation for eLearning will take place as per Figure 6 High Level Implementation Plan, a more detailed Implementation Plan showing the desired outcomes and metrics can be found in **Appendix S: Detailed Implementation Plan**.

The risks of implementation are detailed in **Appendix R: Risks of Implementation** and the success of the implementation will be dependent on the commitment, buy-in and support from the Executive

Management Team with each retailer (Operations, Human Resources, IT and Store Management) and the appointment of a business owner for content management and administration.

Below is a list of Online Assessment and Content Management Systems that are currently available in the market:

- SABA LMS
- CourseWebs.com LMS
- AOSIS Moodle LMS

## 9.10 Performance and Success Measurement

Currently feedback reports are provided through a standalone (excel) electronic form is submitted via email. This is subject to inaccuracy due to the manual capturing. This table outlines the measurements of success that retailers can use to measure the success of the implementation of the Virtual e-learning Platform.

**Table 3 Critical Success Factors**

Success Factor	Measure of Success
Performance Improvement	<ul style="list-style-type: none"><li>• Measure the improvement in competency, ability, capacity, skills which have been acquired during the training activities. Measurement tools:<ul style="list-style-type: none"><li>○ Pre-assessments to measure current performance level</li><li>○ Post-assessments to measure performance level after the training</li><li>○ Peer review assessments</li><li>○ 360 assessments</li></ul></li></ul>
Staff Reaction	Measure the reaction of staff to the e-learning platform through the use of a questionnaire to gauge the level of satisfaction with the application. organisation, logistics and social aspects of the e-learning platform

## 9.11 Summary

Whilst in the brainstorming and analysis phase it was clear that there is no one over ruling solution that is going to resolve the identified areas of concern. Because of the intertwined interlink between all different stakeholders in the sector, there are multiple solutions that when combined can drive substantial change. Collaboration in effect has really proven to be the overarching fundamental in most instances, the benefits off addressing this and skills gap which is the next most important detriment can bring forth success within the sector.

## 10 CONCLUSION

By addressing the skills gap, current and future, the retail and wholesale sectors will be in a position to respond quickly to the change in the retail environment. A cohesive effort to developing skills

within the sector can have a significant potential impact on productivity and competitiveness, both within the sector and the wider economy.

Now that times are tougher, competition in the industry is much less forgiving for poor performance and performance is, to a considerable extent, built on skills. On the retail floor tough economic times have a major effect. Strong selling, merchandising, customer relationships and product knowledge have become more important and specialisation of skills in this area is going to be the key differentiator. Retailers have to retain and gain customers, and convert customer traffic into sales. This depends critically on employee skills. The overarching emphases in up-skilling the sector will be through cross-enterprise collaboration and enterprise learning programs. One vital ingredient of getting multiple enterprises working in sync is a common base of knowledge and skills about the functional and process areas at the heart of the sector.

The skills that eLearning can impart to today's 'digital natives' – self-reliance, perseverance and resourcefulness among them – have a distinctly retro feel. In an increasingly distracted, text and tweet-addled, short attention span world, these skills will be indispensable for the students of today and retailers of tomorrow.

Addressing the skills through the implementation of eLearning and collaboration will make a difference, however if we intend to revolutionise the sector we need to address the following issues:

- Perception of retail careers: there is a perception of retail careers held by potential recruits, the public and even some employees as a major barrier to recruiting the best people; this is due to the existence of low paid, low skilled jobs.
- Underdeveloped career paths: Career in the industry is often unstructured and training programs are not tightly aligned to the career progression.
- Restructure remuneration packages: Employees in the retail industry are often the lowest paid. In order to attract professionals the remuneration packages of skill resources will need to be restructured.

We are of the firm belief that we have concluded a well-researched, detailed analysis of the current complexities within the retail sector. This has lead us to potential, implementable solutions, that will bring about change in bridging the skills gap as well as ensuring that the sector is fully equipped to show sustainable growth, which will in return positively add to GDP growth and the economy.

## 11 REFERENCES

1. OECD Economic Surveys: South Africa 2013.
2. *Skills Development Act (no.97 of 1998)*. (1998). Retrieved. From *Skills Development Levy Act (no.9 of 1999)*. (1999). Retrieved. From *W&RSETA Annual Report*. (2012). Gauteng: W&R Seta.
3. Blochlinger, L. (2012). Version. *Retail Relate Sunday World*.
4. Brown, S. The wheel of retailing: still rollin' after all these years. 179-199.
5. Brustein, J. (2013) Retail's Altered Landscape. Business Day. Retrieved Oct 2013 from <http://www.businessweek.com/articles/2013-10-03/fifth-and-pacific-ceo-william-mccomb-on-retails-altered-landscape>
6. Curtis, R. (2013). The future of the high street lies in "connected retail" [Electronic Version]. *Technology in retail hub*. Retrieved Aug 2013.
7. Forrester (2012). European Online retail Forecast: 2011 to 2016 [Electronic Version] Retrieved July 2013 from [www.forrester.com](http://www.forrester.com)
8. Gauteng Provincial Treasury (2012). *The retail industry on the rise in South Africa*. Retrieved July 2013. Retrieved from [www.treasury.gpg.gov.za/.../QB1%20The%20Retail%20Industry%20on%20the%20Rise.pdf](http://www.treasury.gpg.gov.za/.../QB1%20The%20Retail%20Industry%20on%20the%20Rise.pdf).
9. Gildenberg, B. M., S; Marcotte, D.; Dugan, L.F. Retailing 2020: Winning in a polarized world [Electronic Version].
10. InfoReporter, S. (2013). South Africa: open for business [Electronic Version]. *Brand South Africa Portal*. Retrieved Sep 2013 from <http://www.southafrica.info/business/investing/open.htm>.
11. Kleinberg, H. and Hendren, C. (2012). *Retail 2020: Reinventing retailing - once again*. New York: IBM and New York University Stern School of Business.
12. LaSalle, J. L. (2013). Retail 2020 – Change is coming. Are you ready? [Electronic Version]. Retrieved Sep 2013 from <http://www.joneslanglasalle.co.za/Germany/EN-GB/Pages/researchdetails.aspx?ItemID=7063>
13. Mantashe, G. (n.d.). *Skills and economic growth in South Africa*. Retrieved. from <http://www.nedlac.org.za/media/7076/speech%20by%20mr%20gwede%20mentashe.pdf>
14. McIntyre, G. (2013). Skills Development: The key to South Africa's economic future [Electronic Version]. *Skills Portal*. Retrieved August 2013 from [http://www.skillsportal.co.za/page/skills-development/1559636-Skills-](http://www.skillsportal.co.za/page/skills-development/1559636-Skills-development)
15. Development-The-key-to-South-Africas-economic-future.
16. Moorad, Z. (2012). Skills Shortage 'Stunting' Retail Sector Growth [Electronic Version]. *Career Seekers news*. Retrieved August 2013 from <http://dispatch.careerjunction.co.za>.
17. PWC. (2012). Retailing 2020. Winning in a polarized world [Electronic Version]. Retrieved July 2013 from [http://kantarc.com/media/106221/retailing\\_2020\\_kantar\\_retail.pdf](http://kantarc.com/media/106221/retailing_2020_kantar_retail.pdf)

18. Rebollo, J.M. (2008) Changes you'll see in 2020. [Electronic Version]. Retrieved July 2013 from <http://www.accenture.com/us-en/Pages/insight-retail-2020-summary.aspx>
19. Shevel, A. (2013). Global fashion retailer H&M to open up shop in South Africa [Electronic Version]. *Business Day Live*. Retrieved August 2013 from <http://www.bdlive.co.za/business/retail/2013/07/21/global-fashion-retailer-hm-to-open-up-shop-in-south-africa>.
20. Stats SA (2013). Retail trade sales. Retrieved August 2013 from <http://www.statssa.gov.za/publications/P62421/P62421March2013.pdf>
21. Styles, J. (2013) Top 10 transferable retail skills [Electronic Version]. Retrieved August 2013 from <http://www.more-insight.co.uk/2013/04/25/top-10-transferable-retail-skills/>
22. Thomas White (2011). *Emerging Market Spotlight.Report*. Cape Town: Thomas White International.
23. Wrigley, N. and Lowe, M. (2010). Globalization of Trade in Retail Services. *Report commissioned by the OECD Trade Policy Linkages and Services Division*. Paris. November 2010
24. Yoh, E., & Gaskill, L. R. (1999). US retail executives' perspectives on the future of retailing. *Journal of Fashion Marketing and Management*, 3(4), 324-336.

## 12 TERMINOLOGY AND CONCEPTS

### 12.1 Terminology

ALP	Action Learning Program
BI	Business Analysis
BRIC	Brazil, Russia, India, China
EU	European Union
GDP	Gross Domestic Product
HBC	Hudson Bay Company
ICT	Information and Communication Technology
NFC	Near Field Communication
NQF	National Qualification Framework
RFID	Radio Frequency Identifier
SADEC	Southern African Development Community
SMME	Small Medium and Micro Enterprise
W&R SETA	Wholesale and Retail Sector Education and Training Authority

### 12.2 Key Concepts & Definitions

To correctly unpack the research topic it is necessary to clearly articulate the main concepts of this study. Where necessary, definitions are provided to clarify the meaning and context of certain terms used so as to avoid ambiguity of meaning.

The first key concept is the 2020 retail landscape. The literature indicates that the 2020 landscape can be seen as a group of practices for sustainable retailing in the future. The drivers of this sustainability include:

- **Technology** – use of technology to streamline business process e.g. RFID's, Near Field Communication (NFC), contactless payments
- **Omni channel** retailing – this pertains to using multiple channels to engage customer from traditional brick and mortar stores to online ecommerce to retailing via mobile technology
- **Green retailing** – refers to eco-friendly approach to retailing taking into account environmental impact and sustainability
- **High customer centricity**

The concept of **Critical Skills** and **Scarce Skills** refers to the skills, which are in high demand but critical shortage in the retail sector and impeding the retailer from growing and meeting business demand. These skills may vary between retail sectors or business profiles and will be identified as the investigation progresses



**International retail** refers to the retail organisations across the globe. This is not limited to organisations which have only a multi-national footprint and could include companies who only trade in a single country. The significance of reviewing international retailers is to seek practices which may have contributed to the retailer's success in skills development and which could be applied locally for similar reward.

### 12.3 Retail Formats and Industries

<b>Types of Retail Organisation</b>	<b>Retail Industries</b>
General Dealers	PetroChemical
Supermarkets	Energy
Warehouse stores	FMCG
Department stores	Electronics
Discount stores	Pharmaceuticals
e-Tailers	Fashion
Convenience store	Homeware
Automated retailers	
Mom's & Pop's	

# 13 APPENDICES

## Appendix A: Detailed Literature Review

### 1. Skills Development in South Africa

“The history of the current framework for education in South Africa traces its origins in the 1970s and 1980s” (McIntyre, 2013).

The impact of skills shortage in South Africa is enormous and that the impact has also affected unemployment levels as well as economic development in the country. The unemployment rate in South Africa stands at 26% according to the Mail & Guardian (2013). The Retail sector employ almost 22% of the labour force in South Africa and approximately 2.8 million people are employed in this sector. The retail sector contributes 44% of GDP of South Africa and the government has identified this sector as one of the Growth path of the economy. In order to achieve this skills development has been identified as one major area that impedes the state reaching its economic growth targets of 6%.

To address the lack of skills in the country there are two acts that regulate skills development namely the Skills Development Act (1998) and the Skills Development Levy Act (1999). The National Skills Development Strategy (NSDS) published by the department of Education every five years sets clear guidelines for the SETAs on how to address the skills shortages in the Country. The W&RSETA is responsible in guiding the Wholesale and Retail sector. The W&RSETA has designed several programs to bridge the skills gap i.e. learnerships, MDP, ILDP and Artisan Training to mention a few.

The Department of Higher Education is the main Driver of skills development in the country in collaboration with the Department of Labour as well as other government departments. In its annual report of 2011/2012 Dikgole (2012) stated that one of the goals of the third National Skills Development Strategy (NSDS111) which was launched by the Minister of Higher Education in January, 2010 is to ensure that sufficient resources are directed towards career support and vocational guidance (W&RSETA, 2012).

### 2. The skills Shortage Problem in South Africa

According to Blochlinger (2012) the skills shortage in the South African Retail sector stems from a lack of tertiary education and that the majority of the workforce in this sector (87.5%) has education levels of matric or below. Blochlinger (2012) also cites the need for skills development in areas such as the National Credit Act, the consumer Protection Act, Labour compliance and relations as well as training for shop stewards and union officials. There is

also a lack of sufficient on the job training. Although the W&R SETA has learnership programs in place most often it is perceived as a waste of money and time due to the dropout rate. Between 2005 and 2010 there were 18,784 registered learnerships and 3864 were stagnant and 4610 were terminated an estimated 40% failure rate (W&RSETA, 2012).

It is estimated that the Retail Sector requires 42000 Managers to satisfy growth demands in the country. Blochlinger (2012), adds that a company which provides skills training for rural youth. President Zuma speaking at the Commonwealth conference on Education and training of Youth Workers at UNISA in Pretoria on 19 March 2013 (South African Government Information, 2013) mentioned that the world can only prosper if efforts are put towards investment in the Youth. He challenged the BRICS Summit held in March 2013 to promote youth employment and empowerment. President Zuma quoted research by the Organization for Economic Co-operation and Development (OECD) and the African Development Bank that more than 40% of those who are economically active are under the age of 30 and unemployed and this is a worrying situation. Youth unemployment is critical issue in the world more especially in Africa with more and more youth desperate for better living conditions.

### **3. What skills are Retail employers looking for?**

According to Styles (2013) in order to improve skills shortages in the retail sector the following areas of training need to be prioritize;

- Leadership and People Management
- Profit and Loss Management
- Business and Project Management
- Strategy and tactical Management
- Sales and Business Development
- Relationship Management
- Customer Focus
- Operation Management
- Coaching
- Change Management

In addition to the above, there are various competencies (Styles, 2013) that critical are for retailers and these include:

- good standard of IT and numeracy
- effective influencing and negotiation skills
- strong customer focus
- ability to work under pressure and to tight deadlines

- analyzing and problem-solving skills
- commercial awareness
- flexibility
- strong time-management skills
- attention to detail
- demonstrable leadership and management qualities

The Wholesale & Retail SETA provides various Learnership programs. Most organizations have taken advantage of the interventions by the Government through the W&RSETA to up skill their work force or the unemployed. One of the organizations that have put a lot of effort in up skilling the labour force is Woolworths. In 2010 Woolworths opened up a Growth Academy where the unemployed and underemployed graduates attend training for 12-18 months. This is a Public and Private Sector initiatives as it is co-sponsored by the W&RSETA. Speaking at the launch of the academy the CEO of W&RSETA J. Dikgole (2013) emphasized the need to address the problem of skills shortage in the South African retail sector and hailed Woolworths for starting such an initiative.

A lot of efforts are being made to address youth unemployment. Retail Relate currently train over 500 rural youth in various Supermarkets across the country and the graduates qualify for an NQF5 Management Certificate. The company also embarked on a program call unemployed Youth Assistant Project , a 12 month programme which provided Learnership for 214 Interns from Gauteng to gain practical experience.

#### **4. A look at international best practices**

Successful retailers of 2020 will be those most likely to properly position themselves to master the highly dynamic market, in which they operate, a market place that will likely be increasingly polarized. This polarization is expected in a variety of ways (PWC, 2012):

- Channel fragmentations – possible reduction in the number of brick and mortar formats; it's all about different modes to cater for pleasing their target market.
- Omni channel retail underpins many of the drivers, trends and strategies that will evolve by 2020.
- Smaller footprints – The online world will capture an increasing share of planned shopping trips, leaving brick and mortar retailers to capitalize on immediate or impulse needs.
- Growth of recession – trained and fixed income shoppers- Consumers expectations will be to have premium tailor made products that cater to their specific needs.
- Income fragmentation adaptations – catering to a wider income range, satisfying both ends of the economic spectrum.

Globalization and technology seem to be the key drivers of change in the retail landscape. More focus on customer centricity and building of brands seen to be key in being successful in the near future. The power of technology as a driver of change is not just limited to the shopper and retail environment. A value chain without walls will also come into play as shoppers gain more transparency into all aspects of the retail supply chain (Wrigley & Lowe, 2010).

Big data, large and complex sets of data that come from multiple sources will be mined and enable retailers to also know a great amount about their shoppers, with insights that go well beyond their transactional behaviour. Value will also become more personalized, where a retailer's pricing dialogue with its best shoppers will be centred on private conversations personally tailored specific customer preferences (Rebollo, 2008).

Globalization is another major category of key drivers expected to impact retailer operating models (Wrigley & Lowe, 2010). The global nature of the materials market makes nearly every business a global enterprise, which, when combined with the continued growth in the developing world, will put inflationary pressure on raw materials for retailers and shoppers. To meet this challenge, retailers will need a supply chain that is networked globally, but that might ironically become more intense locally.

Globalization will pressure firms to expand to new geographies in search for growth. Retail brands will need to be well integrated across physical, digital, and media touch points in order to realize the full range of opportunity. Retailers will have to leverage of customer centric opportunities as some customers will pay for ingredients like faster service and quality products whilst some will down trade to lower costs and less features (Rebollo, 2008; LaSalle, 2013; PWC, 2013).

By 2020 the leading retailers will be those who best blend effectiveness into efficiency-yielding a concept "the new efficiency". This can be viewed as, the ability to realize and quantify opportunity as opposed to simply seeing the hard costs associated with change. The need to understand lowest potential costs and understanding how these costs might be lower if the work were required to be different because the landscape has changed. A holistic understanding of total value chain productivity and the ability to stop doing unproductive work and reimagine new ways to execute.

Non-retail, driven by online today, and likely mobile and tablet commerce in 2020, is projected to be the fastest growing retail channel in the future. Retailers are constantly seeking new paths to growth. As revenues plateau in developed markets, expansion into developing markets is a popular means for reaching new growth targets and boosting

returns in overall portfolios. But choosing a developing market is more complex than looking through the traditional bricks-and-mortar lens to determine where to locate—it also requires looking through the online lens (IBM, 2012). As online sales skyrocket in developing markets, an online presence is a low-risk way to test new markets and complement existing store footprints.

As e-commerce sales skyrocket across the developing world, building an online presence is a low-risk way to test new markets or complement existing store footprints. Gaining maximum advantage from such strategies requires knowing a country's true e-commerce potential and its online market challenges. Success in online retail requires patience, persistence, and an ability to adapt to local markets. There are four main success factors for entering new markets either online or as part of a multichannel strategy.

***Develop a customized value proposition.*** As in bricks-and-mortar retail, e-commerce requires adaptation to local markets. A one-size-fits-all approach will not work because online consumers in different countries exhibit unique behaviours and make Internet purchases for different reasons. Success requires adjusting websites, payment methods, shipping options, and business models according to the needs of each market.

***Manage the customer experience.*** The convenience of ordering products at the click of a button and having them delivered to your home is a main benefit of online shopping. Thus, managing the customer experience from online browsing and product purchase to delivery and return is critical. In markets where logistics are a challenge, constant communications with customers about shipping timelines can help manage expectations and build trust. It is important to not underestimate local players.

***eCommerce.*** Domestic companies dominate online retail in developing markets because they understand local consumer preferences and the e-commerce challenges and have well-honed online retail skills developed in their home countries. Even as foreign retailers enter, these local firms will continue to be formidable competitors. Have a long-term focus. Launching e-commerce operations in developing markets demands patience, it takes time to navigate a market, learn about online consumers, and build a reputable online brand. Now those consumers decide how, when and where to interact, the only location for retail is where the customers are.

Today's customers gravitate toward simple solutions and more effective shopping. In that respect most retailers still have unrealized opportunity to delight their customers apart from digital channels, improved customer service, easier merchandise returns and a reduction in out of stocks, which still reach up to ten per cent in stores on average, could have far

more relevance. Thanks to countless digital advancement, today's consumers can connect with many brands through many channels. And many of these channels often fall outside a marketer's area of influence. Today's consumers spend significantly more time in the research phase, considering an ever expanding array of brands before making a choice.

**Social Media.** Thanks to social media and consumer evaluations, today's consumers remain engaged with products for an extended period of time after purchase — evaluating and, in some cases, either advocating or criticizing a brand. Such changes to consumers' decision processes means that traditional strategies used by retail marketers will no longer work. Today's retail marketers must be as quick as they are agile. In this digital era, it is imperative that they constantly study consumers' evolving pathway to purchase.

## **5. Unpacking the 2020 retail vision landscape**

Yoh & Gaskill (1999) note that change is inevitable and the historically people look to the past in terms of investigations or historical events to try and predict the future. One of the key concepts which captured change in retail is McNair's Wheel of Retailing (McNair, 1958 as cited by Brown, 1988). He elaborated view change across Economic, Political cultural and environmental dimensions. Brown (1988) later added a fifth dimension of Technology. However this is insufficient and there is no consideration for the consumer and the impact consumers have on change in retail.

Wiese et al highlight the impact of the consumer on the retail supply chain and being a driver of change as opposed to the traditional causal relationship of retailer driving consumer behaviour. Curtis (2013) refers to a Retail Renaissance which is digital and driven by emergent consumer behaviour. By 2016 Forrester (2012) predict that 44% of global retail will be digital which includes online and mobi.

LaSalle (2013) says that change is not just occurring but also accelerating and the onus is on the retailer to respond the pace of the consumer. He further states that trying to resist this change and maintain the status quo will be the downfall of the retailer. Smart consumers and taking control of what they want and are driving trends. The customer is no longer at the mercy of what retailers are willing to stock. They are now seeking out what best suits their need and pocket despite the retailer.

A key enabler in this empowered consumer is fast internet. Mobile retailing is deemed the next game changer (PWC, 2012; LaSalle, 2013). PWC (2012) refers to a world without walls which requires a value chain that transcends the traditional barriers.

When considering the future of retail it is important to note that basic needs don't change i.e. safety, mobility and convenience. However Rebollo (2013) defines a number of key concepts which will drive the future of retail as detailed below.

**Green retailing:** This refers to environmental conscious of retailing. This is no longer a "nice to have" but rather a must have. Tesco's have invested in emission free vans as part of the over-arching retail strategy.

**Individual customer service:** retailers are recognising that customers are individuals and need to address their needs individualistically. This is supported by PWC (2012) who refer to personal marketing which is aligned to the consumer's personal lifestyle.

The reality of globalisation demands retail operations to be nimble and not surprisingly a global networked supply chain to fulfil global customer demand. A key recommendation is to ensure the source is closer to the final distribution point

It is envisaged that retailers will rise above the limited transactional relationship with the customer and move towards a more personal service oriented model. They will become (LaSalle) a combination of:

- Entertainers – to solicit and retain customers as the primary source of engagement
- Butlers – for the personal marketing and service which will include planning the shopping for the customer
- Collaborators - as the share information



## Appendix B International Observations

### New York City

#### Noteworthy retailers & sites visited in Manhattan, Newark & Jersey Gardens Mall:

Macy's	Urban Outfitters	Anthropolgie
Strawberry	Aeropostale	Walgreens
Century 21	Street Vendors	CVS
JC Penny	Curio Stores	East River Saturday Market
Footlocker	Whole Foods	Brooklyn College
Disney Store	Lego Store	Fairway Market
American Outfitters	Toys R Us	SA Embassy

#### 1. Country and culture

- The city has a population of approx. 1.8million
- There are 500 thousand Chinese populations living and doing business in New York
- People are not friendly and they do not care about the next person
- Regarded at the city that does not sleep, there are lots of activities happening at night (Night life style)
- High number of tourist visiting New York
- This country has 600 miles of shore
- There are a number of high rise buildings, the majority of which are very old.
- Poor road infrastructure which is evident in tarred road having lot of cracks and potholes. This shows a lack of investment in the maintenance of their existing infrastructure
- Reliable and efficient public transport(taxis, rail and busses 24hours)
- Diverse Culture
- Culture is dependent on the boroughs- There are five main boroughs in New York and each borough had a different group of people that stayed together. It seems like people of the same ethnic background tends to live together e.g. an area for Indians, Mexicans, Jew, Hispanics and so forth.
- There is a strong sense of focus on health and safety with many warning signs and messages being displayed almost everywhere
- Heavy food (size of portions, all meals include bread etc.)
- High presence of gangs which leads to extortion in your lower socio economic groups
- Lack of patience and not very welcoming to Foreigners
- Traffic congestion
- Lots of trucks
- Clear sense of poverty. There is a huge disparity between the lower and upper class

- Gentrification- Rich people investing in poorer communities in view that price will rise in years to come

## **2. Retail Experience**

- Highly use of technology – The retailer uses a method of self-transacting when you are paying with your credit card
- Use of two way radios- Most of the retailers they use two way radios for communication amongst associate i.e. floor coverage or missing price tag from the tills
- Pay points – All the retailers have sufficient number of tills and they are placed strategically across the shop floor which enables ease of check out.
- Trading space – open and uncluttered floor space
- Most of the retail stores have a greeter at the entrance of the store to welcome customers
- Huge drive of shop within a shop concept and brands
- Effective replenishment processes –All the stores were well replenished throughout the day no empty rails visible on the floor
- Qualified beauticians manning their cosmetics counter.
- Effective scheduling processes- most of the retailers trade long hours almost up to mid night.
- Pricing – high visibility of prices and savings clearly marked on the ticket items
- Competitiveness – High number of street hawkers at the front of the retail stores.
- Pricing Strategy strongly relayed at POS, same concept of markdowns picked up as a trend i.e. buy one and get 50% of the second item.
- Highly branded stores i.e. Levis, Coach, etc. Retail space was divided to accommodate all brands and giving the customer an opportunity to showroom shopping.
- Availability of self-checkout and self-payment terminals- We picked up that there was a lot of processes and innovation put in place by retailers which provided security and control to the consumer. Self-payment options for example were a process where customer has full control of the payments approval from start to finish.
- Mixed feels on service- Customer service within the top end retail firms were more visible whilst the small business operated by foreigners did not have much customer service. The staff members were very engaging and we could pick up that service was mostly provided by staff perceptions of whether the customer would make a purchase or not.
- Within New York the cost of items were a lot more in comparison to the outlying areas. Taxes within states played a huge role as these were different by state. The price you see is not always the price you would pay.
- Fewer sales people on the Sales Floor, a lot more support from the back of the store through the usage of ear pieces etc. i.e. Footlocker

- Minimum use of frontline packers- there was optimized scheduling utilized. Scheduling was based on trends of when the store normally picks up with customers.
- Presence of prepared food ordering systems (WaWa) - Convenience stores had systems in place to make life simpler for the customer.
- Loyalty programs were used and special discounts offered for customers who had cards. This is also a way in which they study consumer shopping patterns and they adapt their businesses accordingly.
- Effect of media exposure: Cake Boss small store with huge customer base.
- Automation of checkout process

### 3. Key Learning's in view of ALP

- People: very diverse, not too patient, not too welcoming and friendly.
- Investment: USA was also mostly inwardly focused.
- Retention Strategy: This was also very visible in USA where most companies had developed people within the company. Internal training programs and lots of activities in the working environment to keep staff engaged and build teams. REI as an example had the following, rock, and paper scissors competition. Cake baking competition. Cycling teams. Company bus tour to New York.
- Culture:
- Product Knowledge
- Investment in training
- Cross Skilling
- Service:
- Customer centricity
- Constant Innovation
- Convenience living
- Strong presence and relevance of the Omni channel
- Extreme segmentation of the market
- High levels of customization

## Penn State Observations

### Noteworthy retailers & sites visited in State College:

Macy's	Footlocker	Walmart
Century 21	Wegmans	Local stores & restaurants
JC Penny	REI	

### 1. Culture

- The Penn State University Park is the largest university administration and research hub enrolling more than 44000 students.
- It has more than 3000 faculty members
- Great roads and building infrastructure
- The people are very patriotic to the university
- A strong culture around sport viz American football as the primary sport but also including hockey and baseball
- Friendly, social and welcoming
- Night life with regard to entertainment is extensive with a typical campus/student lifestyle
- High focus on environmental friendliness

## 2. Retail Experience

- There is lot of convenience shopping centres located strategically around the city.
- Big brand stores like Wal-Mart, Macys, and JC Penny etc.
- There are only few staff members on the shop floor.
- Staff is knowledgeable and willing to assist once you find them.
- Not highly sophisticated technology.

## Canada Key Observations

### Noteworthy retailers & Sites visited in Toronto

Hudson Bay Company (HBC)	City Hall – Launch with Consul General, KPMG, and City Councillors	Ice Wine Farm
Loblaws	Canadian Tire	Curio shops
No Frills	Niagra	CostCo

## 3. Country and Cultural

- A sound educational system coupled with a rich Canadian heritage footing.
- Highly patriotic this is clearly visible by the high presence of Canadian Flags within the country and the commercialization of the Canadian brand.
- Diverse cultures, religions and communities that co-exists within a competitive space.
- The presence of an aging workforce.
- Efficient public transport system in the form of subways, rented bicycles, trains, buses and taxis.
- Safe and secure environment within the City. No visible security in stores.
- Strong sense of environmental consciousness this was experienced through extremely clean cities.
- High dependency on the US as a trade partner:

- Insular and closed
- Strong financial sector support and collaboration. Strong public and private partnerships that support collaboration between the retail sector, academia and government e.g. there was collaboration between the financial sector and government department and academic institutions to ensure that the qualifications met the skills requirement. It was a different engagement model with government whereby they identified the problem, defined the solution and then went to government with the solution and context to the problem. They also created networking forums where they brought together employers, job seekers and sector experts. Another learning from this engagement is that they (retailers) to collectively design solutions to common problems within the sector.
- Strong private and public partnership
- Clear growth strategy
- Embrace competitiveness
- Mismatch between market demand and skills availability
- Fear of the unknown

#### **4. Retail Experience**

- The retail market in Canada retail has seen huge investment from similar US based retailer in order to solicit growth and global presence by this specific retailer e.g. Home Depot, target and Wal-Mart
- The resurgence of retail brands and fellow competitors has made Canadian retailers to reinvest/refers hint their stores in order to market the rivalry from US based retailers
- Canadian retail market is truly focused on retail innovation, technology and customizations in order to drive growth within the Canadian stores
- Canadian has a good social system and relatively low/stable economic indicators e.g. unemployment and that has really spurred the growth within the retail markets and does act as a catalyst for growth in consumers markets
- The Canadian demands for consumers products and brands seems to have increased and the Canadian appetite for growth seems still post economic meltdown and thus has seen a huge capital investment projects and infrastructure within the Toronto city
- There is a strong sense of culture and passion within the Canadian community; this is clear by the presence of highly motivated, engaged, friendly and helpful staff. This can attribute to a strong corporate investment in human capital. The company values are embedded in the organizational DNA, which permeates from CEO to the lowest level.
- High customer centricity by:
  - Use of technology in the form handheld devices, self-checkouts and the locking of trolleys outside of the store range
  - Knowledge of the customers' needs

- Understanding of the market
- Product knowledge
- Sales strategy of offering alternatives
- Highly motivated, skilled workforce that has resulted in self-sufficient teams.
- Retail as a career of choice:
  - Individuals join the retail sector with a clear understanding of their career path as a result there is in long service within the organisation
  - Investment in the retention of people, they do not expect a high turnaround of staff but rather invest in the retention of staff through training and rewards programs
- Labour Split:
  - 70% temp
  - 30% permanent
- Huge drive in private labels reducing the dependency on suppliers, using this as a channel to promote their brands positioning.
- Retailers do not have interest free credit facilities like South African retailers. All credit offerings are under written by banking institutions in the form of co-branded cards. The down side to that is that the customer has multiple credit cards in their wallets per retailer.
- Retailers have a strong command of the full supply chain which reduces leverage/partnerships with suppliers and lack of third party involvement.
- The market within Canada is dominated by loyalty programs that offer value and savings towards the consumer market as a whole
- Clear, visible pricing strategies
- Clean, uncluttered stores:
  - Night replenishment was a common trend which does not impact your customers at your high end stores. This was picked up at many retailers.
  - More efficient tools and replenishment processes were in place for minimal obstruction to trade.
  - In-store replenishment is part of the supply chain which includes multiple deliveries in the day and same day deliveries.
- The presentation of merchandise within the service areas were well presented, attractive and informative drawing customer attention.
- The efficient supply chain that they manage requires them to have less stock in backup, which means less capital being tied up in inventory.

## 5. Key Learning's in view of ALP

- Multi stakeholder collaborative approach- This is an approach used by Canada to ensure sustainability and growth within the different sectors. The financial sector would collaborate with the retail sector and funding would be provided as necessary in order to assist businesses.
- Alignment between skills gap and academic curriculum- The financial sector would determine from the retail sector as to what are the critical skills shortages or needed skills and advise the education sector in revising and constructing such curriculums in order to support the skills required. An example used was that of the meat cutting industry- where special training and advertising were conducted to recruit people to this industry.
- Staff retention- When discussing with the several staff members in store, we could realize that there were several activities that stores utilized to retain staff. Most staff members had long service as they were mostly paid well and had several growth opportunities where they could move up the ranks.
- Changing the mind-set towards retail as a career- An example of this is the retail specific schools in place that they had in Canada.
- Embrace competitiveness which will deliver more significant growth- It was evident that the corporates would embrace competitiveness and speak to each other in order to determine what was required for the total industry to grow.

## Appendix C: Retailers Interview Questionnaire



Company Name	
Company Representative Name	
Company Representative Job Title	
Core Business	
Size of Company	
Number of employees (Part time and Full Time)	
Meeting Lead:	



Focus Area	Questions	Response
2020 Retail Landscape	What is your view of what the 2020 retail landscape will look like?	
	What is your company doing to align their strategy and vision to position themselves for Retail 2020?	
	What are some of the economic and environment challenges which could negatively impact the 2020 landscape?	
Company Skills Assessment	What role do employee skills play in your company's ability to respond to Retail 2020?	
	Do you have the right skills required to achieve Retail 2020?	
	If not what are some of the shortages?	
	What are some of the reasons for the skills gap?	
	What are you doing to bridge the gap in areas of skills shortage?	
	What are some of the risks that you foresee in up skilling the workforce?	
Employing the Right Skills	Do you find that there are too few or no qualified candidates available for available positions within your company?	
	Do you have sufficient funds available to pay for the skills your company requires?	
	Are there sufficient and effective training programs in place, within your company to up skill the current workforce?	
	Does Senior Management prescribe	

Internal Staff Development	to learning and development?	
	Is your training budget adequate to address all or key training needs?	
	What percentage of your workforce is from the 'older generation'?	
	What is their ability to learn and develop as the business changes?	
	Can your workforce cope with change?	
Staff Retention	Is retention a problem in your company?	
	If so why?	
	What is your organization doing to keep staff motivated and retained?	
Solutions	What do you think the solutions are?	
	What are the various alternatives?	
	How should these solutions be approached?	

## Appendix D: Academics Interview Questionnaire



Focus Area	Questions	Response
Name and Surname		
Company name		
Job Title		
Area of expertise		
2020 Retail Landscape	What is your view of what the 2020 retail landscape will look like in South Africa?	
	What should S.A retail companies do to align their strategy and vision to position themselves for Retail 2020?	
	What in your view are some of the economic and environment challenges which could negatively impact the 2020 landscape?	
2020 Retail Landscape	Are there any international lessons that you feel can be implemented in South Africa to up skill the retail sector?	
	What are the anticipated scarce and critical skills required in view of the 2020 retail Landscape?	

## **Appendix E: Research Memo**

29 November 2013

### **Re: Action Learning Project assistance.**

Dear Faculty member,

We are part of the GIBS ILDP programme that started earlier in June 2013, our team consists of seven individuals within various businesses in the retail sector. As part of the course we are continuously working on our action learning project. This requires us to do thorough research from credible sources and we would really value your input and expertise within your field, by answering a few questions on our survey.

#### ***Our topic is as follows:***

1. Is there a lack of skill in the SA retail sector?
2. What are the international lessons in upskilling the sector?
3. What are the anticipated scarce and critical skills required with reference to the 2020 landscape?

#### ***What we aim to achieve is as follows:***

Through addressing the lack of skill issues, with practical solutions, we hope to positively impact the levels of productivity and efficiencies. This in-turn will stimulate economic growth and levels of employment within the Sector. This will also result in social upliftment and reduction in poverty levels.

We would like to extend our sincere gratitude in sparing some of your valuable time and knowledge which will greatly assist us on the path to learning more and being able to make a change where we can.

Yours Sincerely

Mathew Cherian.

## Appendix F: Recruiters Interview Questionnaire



Company Name	
Company Representative Name	
Company Representative Job Title	
Core Business	Recruitment

Focus Area	Questions	Response
2020 Retail Landscape	What is your view of what the 2020 retail landscape will look like?	
Retail Skills Assessment	What role do employee skills play in a company's ability to respond to changing environment?	
	How can Retail become a chosen career path as opposed to job people end up in	
	Is there a shortage of retail skills in the workforce?	
	If so in what areas are the gaps	
	What are some of the reasons for the skills gap?	
	What is currently being done to bridge the gap in areas of skills shortage?	
	What are some of the challenges you face in recruiting for the retail and wholesale sector	
	What are some of the risks that you foresee in up skilling the workforce?	
Employing the Right Skills	Do you find that there are too few or no qualified candidates available for available positions within your company?	
	What is your opinion of the skill levels of the retail candidates?	
Staff Retention	What are organizations doing to keep staff motivated and retained?	

## **Appendix G: History of education and impact on skills.**

“The history of the current framework for education in South Africa traces its origins in the 1970 and 1980”, (<http://www.skillsportal.co.za/page/skills-development/1559636-Skills-Development-The-key-to-South-Africas-economic-future>).

The impact of skills shortage in South Africa is enormous and that the impact has also affected unemployment levels as well as economic development in the country. The unemployment rate in South Africa stands at 26% according to the Mail & Guardian 29/12/2013. The Retail sector employs almost 22% of the labour force in South Africa and approximately 2.8 million people are employed in this sector. The Retail sector contributes 13.5% of GDP of South Africa and the government has identified this sector as one of the Growth path of the economy. In order to achieve this skills development has been identified as one major area that impedes the state reaching its economic growth targets of 6%.

To grow the sector and drive stability the level of skill needs to be critically investigated to assess if a skills problem does exist, and as well as understanding the depth and breadth of the problem, so that appropriate remedial steps can be taken to address the situation of concern. These corrective actions need to be relevant to the cultural and societal needs of South Africa. Hence solutions and insights must be investigated both locally and globally with an understanding of how these learning's could be applied into our South African context.

To address the lack of skills in the country there are two acts that regulate skills development namely the Skills Development Act (no.97 of 1998) and the Skills Development Levy Act (no.9 of 1999). The National Skills Development Strategy (NSDS) published by the department of Education every five years sets clear guidelines for the SETAs on how to address the skills shortages in the Country.

The W&RSETA is responsible in guiding the Wholesale and Retail sector. The W&RSETA has designed several programs to bridge the skills gap i.e. Learnerships, MDP, ILDP and Artisan Training to mention a few. The Department of Higher Education is the main Driver of skills development in the country in collaboration with the Department of Labour as well as other government departments.

Skills shortage in the retail sector in South Africa,

According to Leigh Blochlinger of Retail Relate, the skills shortage in South African Retail sector stem from lack of tertiary level education and that the majority of the workforce in this sector (87.5%) has education levels from matric and below.

Blochlinger also cites the need for skills development in areas such as the National Credit Act, the consumer Protection Act, Labour compliance and relations as well as training for shop stewards and union officials. There is also a lack of sufficient on the job training.

Although the W&RSETA has Learnership Programs in place most often it is a waste of money and time. Between 2005 and 2010 there were 18,784 registered learnerships and 3864 were stagnant and 4610 were terminated an estimated 40% failure rate.

It is estimated that the Retail Sector requires 42000 Managers to satisfy growth demands in the country. According to Leigh Blochlinger, head of Retail Relate a company that provides skills training for rural youth.

President Jacob Zuma speaking at the Commonwealth conference on Education and training of Youth Workers at UNISA in Pretoria on 20 March 2013 mentioned that the world can only prosper if efforts are put towards investment in the Youth. He challenged the BRICS Summit held on 26 & 27 March 2013 to promote youth employment and empowerment.

President Zuma quoted research by the Organization for Economic co-operation and Development (OECD) and the African Development Bank that more than 40% of those who are economically active are under the age of 30 and unemployed and this is a worrying situation.

Youth unemployment is critical issue in the world more especially in Africa with more and more youth desperate for better living conditions. Youth unemployment in South Africa has reached critical stage that it is estimated.

According to international expert Jez styles of Admarc Recruitment in order to improve skills shortages in Retail the following areas of training need to be prioritized;

- Leadership and People Management
- Profit and Loss Management
- Business and Project Management
- Strategy and tactical Management
- Sales and Business Development
- Relationship Management
- Customer Focus



- Operation Management
- Coaching
- Change Management

In addition to the above their various competencies that are critical for Retailers and these include;

- Good standard of IT and numeracy
- Effective influencing and negotiation skills
- Strong customer focus
- Ability to work under pressure and to tight deadlines
- Analysing and problem-solving skills
- Commercial awareness
- Flexibility
- Strong time-management skills
- Attention to detail
- Demonstrable leadership and management qualities

The Wholesale & Retail SETA provides various Learnership programs. Most organizations have taken advantage of the interventions by the Government through the W&RSETA to up skill their work force or the unemployed.

## **Appendix H: KMPG Brief - N York**

- Identifying trends is one thing, understanding the implications are a challenge.
- Consumer spending = 2/3 of US economy
- Retail supports 25% of employment
- Limited growth in US
- Food manufacturer's main worry is trend towards healthy lifestyles
  - obesity rate
  - organic foods
  - Healthy children
- Key times are holidays and back to school
- This year's avg spending down 8% due to.
  - Gas prices
  - Political issues
  - Real estate market unstable
  - Unemployment
- Starting holiday shopping earlier
- Biggest challenge is Omni challenge for the traditional retailers
- Aging population will soon double
- Baby boomers going electronic research
- Skills issue:
  - Aging staff - retiring - loss of skill and experience
  - Young millennial - new approach to recruitment, motivators and training needs. They are very different from baby boomers. Talent needs new challenges for young executives. Struggle between old and young
  - Talent management remains a top 10 issue. High churn. Innovation in rewards and recognition and retention. More focus. How do we teach customer engagement for ethnic markets, e commerce and big data?
  - Biggest challenge is in store and customer facing

### **Retail of the future:**

- Invest in the technology to support:
  - for big data,
  - Analytics,
  - cloud based solutions,
  - customer engagement
  - 3d printing
  - Interactive fitting rooms
  - Payment solutions
  - More demanding customer

- More integration of supply chain with connectivity from sale to supplier - PLM
- Increased supplier collaboration
- Identify new consumer markets based on new consumer needs like home healthcare and frail care
- The current retail trend is more consolidation between North American apparel retailers e.g. HBC and SAKS
- Credit is more accessible from banks
- Grocery business is quite a stable business.
- Increased cash on balance sheets due to cautious approach of the last few years - leading to more merges and acquisitions

## **Appendix I: Panel discussion with KPMG – Toronto**

- Booming practice in Nigeria
- Up skilling sector is seen as aligned to and necessary for innovation

### **Customer service**

- Customer centricity comes down the execution. Today's consumer is more demanding than pre 2008.
- Service, quality, price - traditionally only offer any 2
- But today's consumer wants all 3
- Services become hygiene factors - how do we manage hygiene factors and embed into your cost and culture.
- What are the hygiene factors in culture - price, quality and service - e.g. product knowledge
- What is the new base-line?
- How do you drive customer loyalty on an emotional level to drive brand equity?
- Target operating model is the new hype.
- Integrated loyalty, credit and charge card
- Avoid delaying rewarding the customer
- The customer needs to be real to all areas in the organisation
- A case on CostCo

### **Big data**

- Retailers not using the data available to them
- Most important element in retail in the consumer space. Focus by KPMG on an international level
- Will allow you to give you direction and answers
- RFID - cost prohibitive until costs come down

- Thru big data shows true consumer behavior
- Book: money ball - brad Pitt

### **Ups killing the sector**

- Focus by academia to up skill

### **What are the biggest skills issue impacting your retail sector?**

- Retail not viewed as a profession!
- Drive to position retail as a profession
- Schools now have understanding of retail
- Retailers are doing a better job of retaining employees including training, opportunities. Clear focus.
- Retail council of Canada has made it a focus, sponsorships. With retailers sponsor
- Attract the best of the best
- Understand the contribution of the cluster or sector on the economy
- Make it an aspiration with clear career paths
- Employees need to see the company as a leader in something
- Set up professional schooling for retailing
- Need to instill a culture of relationship management

## **Appendix J: Introductory session - City Hall in Toronto**

### **Counselor Thompson**

- Treat every customer as the only customer.
- Easier to keep the customer than trying to win back a disgruntled customer.
- Focus on building loyalty and relationship.

### **Dr Chandler- Cutchler Catherine - centre of excellence**

- Key differentiator is PEOPLE
- Need to build the sector to be more competitive e without bringing down your competition
- What are the workforce and talent gaps that needs to be changed
- To look at addressing the people needs speak to employers.
- What types of skills, knowledge and competences need to be built for example to build customer service?
- Started collaboration with academic institutions with industry
- How many people get hired before they complete the qualification?
- We're are the jobs
- Are the students ready for work requirements now?

- Speak to the students about what qualifications are needed
- Industry + educators+ students ... Full collaboration
- Key lesson - engage government differently. No long ask govt for funding. Instead take solutions to government with details of the context of the problem. This has resulted in continued financial support from local government.
- The centre of excellence is a private and public org objective is to strengthen
- Hold focused networking events between employers and job seekers.
- Very good in private and public sector partnerships and cross sector collaboration.

### **Randy McLean - Strategic**

- Toronto - 2.8 million people, more than 50% born outside the country from over 200 diff countries
- 5 daily Chinese papers
- 4<sup>th</sup> largest in North America.
- Great centre for diverse demographics and innovation to tap into this.
- Collaboration does not happen between likeminded people. It is not about simply agreeing with each other.
- Need a balance between management and leadership and need to know when you apply which
- Currently every sector in Canada is suffering a shortage of labor. Have more jobs than qualifies people to assume the roles due to aging population. Reach out to high schools
- Identify what the SA issues?
- Need agreement not just on what the solution is but also how to affect the solution
- Everyone is in retail. Who are you trying to sell to?
- Identify the win-win for private and government
- Need the different elements of rut system to understand each of the wins
- Retail space approx. 500k people in the sectors
- Provides jobs across skills
- The work is full of smart people. But the smartest people are those who know what they don't know

### **What is your strategic view of retail in Toronto 10 -15 years and how are you aligning to this vision**

- More internationally based - 85% of trade with US.
- Too many eggs in one basket as in 2008.
- Need to be ahead of that curve.
- Outreach programs looks to expand internationally with its own people.
- Don't just keep doing what you are currently doing.

- How do we achieve being the economic engine of region and country.
- International not just in product but also in service.
- E-commerce on the increase in multiple languages.

### **Electronic payments are huge**

- Canadian approach is very different to US.
- Not in your face.
- More willing buyer - willing seller.
- More about customer experience. Invite people over

### **What are the port unities to grow Toronto as a major retail hub?**

- Dr Chandler - data mining is huge focusing on different retail segments. Worked with academia and IT to use big data to drive innovation. To ask the “what if” type questions. Collected information from various verticals and sliced across new areas.
- Also how do we change education in IT.? E.g. in the ICT retail sector looking at smart cities demands new knowledge to integrate communities as a catalyst. Don't know answers but using big data to ask the right questions. If we are to create an innovative future need to train and educate now for creativity and innovation.

### **In SA there is a large focus on franchise. How is the financial service helping small organisations grow?**

- Need to improve the access to financial services not just funding.
- Larger footprint of offices. Many partnerships setup for small companies.
- Different way to engage with small and medium size organisation.
- More evidence based on how your company is making a difference.
- Corporate lenders need to be aware of how to provide support like legal and accounting as an enabler. But must be results driven.
- Move from transactional to relationship based.

### **Lots of infrastructure development - what is driving this?**

- First is financial services sector driving development?
- Only 2 projects came to a hauls in 2008 because it was financed by US companies.
- Excellent construction sector plus education is feeding the need and expertise.

### **Appendix K: Trip to Hudson Bay Company**

- The room -personal viewing room
- The ribbon room - let in natural light

- Music changes per department
- Personal shopping, valet service
- Launched restaurant
- Made the stripes a fashion and collection statement
- Partnered with canoe maker
- Mittens have become iconic - annual
- Customer centricity in the DNA of the organization from CEO to outsourced valet
- Store staff increased significantly
- Have the right people in store
- Intensive store staff training and drive to retain the store staff
- Integrated rewards, visa and charge card
- Sku level data is available a day later

## **HBC - is the company that became the nation**

### **Store operations**

- Limited price overrides
- Confirm the price at acknowledgement stage
- Scan the scanned price matches signage
- Store managers do price audits
- Bedded down processes for price changes and markdowns
- Checking the energy consumption per store
- 100% RFID coverage
- Shoe system for customer engagement. Assistants have handheld device
- Using this they now ensure they have product on the floor and not hiding in stock room
- Shoes - every island is scanned every day
- Going to be extended for on floor replenishment for sizes

### **Omni Channel**

- Fulfillment from any store within 5 days if not available in current store - launch 16 Sep
- Sale goes to fulfillment store
- Commission goes to sales assistant
- Launch of auto-locate to ensure the customer gets the product they want shipped to them if not in store.
- Extensive staff training

### **Environmental Strategy**

- See the website
- Zero waste approach - drivers don't idle, no half empty trucks,

## **Rewards**

- See customers individually but rolled up as a household
- 9% of customer = 43% of sales
- RFM = Recency, Frequency + Monetary
- Target discounts to shoppers who only buy markdowns
- Have "one day" sales. Exit customers tend to re-engage
- Able to trace at least 70% customers
- 3 tiers - VIP, Plus, Normal + associates for staff

## **Organizational development**

- Minimum employee in store - 18+ with customer/people skills. Must have customer service.
- Only online applications. They get assessed on people skills
- Buyer & Planner and Store managers training - each 5 year development plan

## **Appendix L: Wegmans Supply Chain Overview - Dave DeMascole**

- Key priority is to take care of employees who in turn will take care of customer.
- Strive for the success of each individual
- Store managers are given autonomy
- Testament is the long service
- Employees recommend family and results in family type business
- Often get store staff to help in DC for short periods
- Ranked as \$5 on Fortune 100 best companies to work for
- Benefits are not compromised. Not the bare minimum
- Create opportunity to grow and get exposure horizontally and not just vertically which gives people insight to numerous facets of the business = new challenges
- Truck drivers (shortage across US) offered as opportunity to store & DC staff. Paid for training – improves loyalty. Approx. 50-60 developed as truck drivers in last 10 years. Driver's home every night
- BEFORE they expand in an area raise awareness of the brand
  - setup an HR office for recruitment
  - connect with local NGO's
  - sponsor events
  - make donations to the food bank in form of food
  - understand the competition business patterns by visiting the stores
- 7000 people waiting outside at store opening on a Sunday at Maryland



- Use Vocalect - voice picking

11 banana cold rooms

- Receiving key attributes are captured and sent to both supplier and buyer at the dock. This makes rejections and returns easier e.g. strawberries get tested for color, firmness, sweetness etc.
- Perishables are in and out in the same day.
- Some stores don't have back store rooms and get 2 deliveries a day
- Initiative to grown business and reduce disruptions
  - key is data synchronisation
  - this impacts realising strategy
  - need accurate data and
  - ensure the data is share
  - and interpreted in the same way
  - most people not concerned with a few disruptions as long as there was confidence and reliability in the data
  - needed to synchronize data with suppliers
  - agree on common goals and objectives and measure between departments, and to supplier
  - need standards for common definitions e.g. on time meant different things to different areas
  - move from butterfly for sales and buying to diamond collaboration where areas interact between the common areas between business and suppliers
- Extensive use of supplier score cards
- Routinely send store staff to key supplier farms to experience handling of product, picking, harvesting and gain knowledge and appreciation of the process and product. Extensive travel required but worth the investment. Wegmans is #1 specialty sales and this is supported by key supplier

## **Appendix M: Trip to LobLaw**

### **Market profile:**

- Type of market
- Scope of product categories
- Range of product

### **LOBLAW:**

- Hi LSM
- Senior citizens use canteen

- Experience store
- Caters for hi end to convenience
- Destination store in
- Monthly shopping
- One stop shop
- Free wifi
- Product is health
- Well packed
- Attention to detail
- Similarities to SA - diverse communities are catered for. Focus on healthy life style
- Differences - here the stores are fully integrated pharmacies and bottle stores. SA consumers want their food on the ground floor
- Key Lessons- attention to detail and merchandise, on floor promotions, pre packs and prepared foods

### **No Frills - Lorenzo's**

- Too big for the turnover he is doing
- Similar to ShopRite
- Sock on floor
- Didn't run a night shift
- Franchise store - hands on
- No deli and butchery
- Excellent margins of 18%
- Reduced direct deliveries
- Similarities- like ShopRite
- Differences - long trading hours. Use technology to prevent trolley loss. Only 7 permanent staff
- Lessons - supplier engagement for on shelf space. Suppliers bid for the space - more aggressive.

### **Super Store**

- Leave stock outside un-secured. Low shrinkage
- No security
- Self-service checkout
- Similar to game
- Assortment like Makro. Like checkers hyper
- Similarities - Like checkers hyper in assortment and layout
- Differences - basic foods are expensive

- Lesson - reduced trading density. Self-service checkout

## **Appendix N: Canadian Tire Canadian Tire Retail - CTR**

- Serve 3 mil people every week
- 90% of Canadians live within 15 mins
- Petroleum
- Parts
- Marks- men and women apparel and industrial
- CTFS - financial services and private label credit cards
- FGL sports

## **Appendix O: Brooklyn. College**

- Maslow's alma mater
- Luxury fashion discussion
- NY contributes to more than 50% of US retail TO
- Now less than 5% of product is made in US
- Mayor Bloomberg - fashion NYC 2020
- Luxury stores moving towards tourist destinations and creating spaces for socializing and recreation
- Average retail salaries = \$25000
- Average NY salaries = \$40000
- Orthodox Jewish community - large extended families
- Sales man at Coach was head hunted by Louis Vuitton. Big brands head hunt - can't apply
- He spends time reading financials and in museums to relate to customers as part of his own development

## Appendix P: Detailed Cost Analysis Comparing eLearning and Instructor Lead Training

--	--

Number of Training Cycles	3
---------------------------	---

Trainee's Average Hourly Wage	141
-------------------------------	-----

<http://www.salaryexplorer.com/hourly-wage.php?&locty pe=1&loc=201>

### e-Learning

#### Logistical Costs

Number of trainees	500
Number of training days	5
Training Venue Cost per Day	R -
Travel Costs per Trainee	R -
Material Cost per Trainee	R -

<b>Logistical Costs Total: (per cycle)</b>	<b>R -</b>
--	------------

#### Development Costs

IS Support and Architecture (12k per month)	R144,000.00
License Cost (Needs Assessment included - unlimited)	R 106,480.00

### Instructor Lead Training

#### Logistical Costs

Number of trainees	500
Number of training days	5
Training Venue Cost per Day (accommodates 20)	R 1,500.00
Travel Costs per Trainee	R 100.00
Material Cost per Trainee	R 50.00

<b>Logistical Costs Total: (per cycle)</b>	<b>R 312,500.00</b>
--	---------------------

#### Development Costs

IS Support and Architecture	R -
Needs Assessment (R60 per trainee)	R 30,000.00

Instructional Design R127 267.00 per month	R 1,527,200.00
Hardware (Servers)	R 30,000.00
Application Software Procurement and Implementation	R 2,000,000.00

<b>Development Costs Total: (per cycle)</b>	<b>R 3,807,680.00</b>
---	-----------------------

#### Deployment Costs

Classroom Space	0
Materials	0
Trainee's Travel	0
Trainee's Wages	0
Instructor Salary/Wage (Content Manager/Administrator)	R 30,000.00
Instructor Travel	0
IS Support, Hosting, 14 modules customizations, 3355 hours of support and Architecture (R143 267.00/month)	R 1,719,200.00
Other	0

<b>Deployment Costs Total: (per cycle)</b>	<b>R 1,749,200.00</b>
--	-----------------------

#### Cost Analysis

---

Instructional Design ( Salary per month R6520.00)	R 19,560.00
Hardware (Servers)	R -

<b>Development Costs Total: (per cycle)</b>	<b>R 49,560.00</b>
---	--------------------

#### Deployment Costs

Classroom Space	R 37,500.00
Materials	R 25,000.00
Trainee's Travel	R 250,000.00
Trainee's Wages	R 2,820,000.00
Instructor Salary/Wage (25 Sessions Required)	R 500,000.00
Instructor Travel (Airfares (R2500/trip), Accommodation (R800/night) plus car hire (R350/day) - 5 weeks of travel)	R 41,250.00
IS Support and Architecture	0
Other (Refreshments)	R 75,000.00

<b>Deployment Costs Total: (per cycle)</b>	<b>R 3,748,750.00</b>
--	-----------------------

#### Cost Analysis

---

First Cycle Cost	R 5,556,880.00
Second Cycle Cost	R 1,749,200.00
Third Cycle Cost	R 1,749,200.00

<b>Total Cost</b>	<b>R 9,055,280.00</b>
-------------------	-----------------------

<b>Cost Per Learner</b>	<b>R 6,036.85</b>
-------------------------	-------------------

First Cycle Cost	R 3,798,310.00
Second Cycle Cost	R 3,748,750.00
Third Cycle Cost	R 3,748,750.00

<b>Total Cost</b>	<b>R11 608 310,00</b>
-------------------	-----------------------

<b>Cost Per Learner</b>	<b>R 7,7738.87</b>
-------------------------	--------------------

## **Appendix Q: South African Research Findings on the Skills Gap**

From a South African perspective the 2020 retail landscape is seen to shift towards that of advanced economies, with major shifts in cost reduction in business, by using better technology platforms and improved supply chain management to result in a better and quicker response to customer needs. However this change might not be sudden due to the current and near future economy that seems to take time in presenting a growth trajectory. An overview of the consolidated research survey indicates the feelings of what the 2020 landscape will look like as per below.

**Academics:** Since it is only 6 years away there is no expectation for any drastic movement. A shift towards additional on-line shopping, more value for money deals (in line with international standards) and higher levels of service to compete for a share of the customer's wallet).

International competition will increase via online conduit, and accessibility to the African market (response to reignited hype). Increase in illegal imports and foreign (most likely Chinese) warehouse shopping centers.

Store formats will change due to smaller spaces; big stores will become less relevant than they are today. Stores will be perceived as showrooms and purchases made at the cheapest place possible i.e. in store or via the internet. We will have some big retailers and some small retailers, the middle size retailers will be under pressure to differentiate its merchandise from the big boys. More international brands will be coming into South Africa as South Africa Retailers will continue expanding into Africa. There will be an emergence of more value-chain entrepreneurs as facilitators.

Focus on big data (consumer buying behaviors), innovation in stores, in store service levels, recruitment and development of the best people. The ability to differentiate on service in the physical environment will be harder to achieve (except for older markets). Retail will become relationship-centric, implementation of targeted marketing as more customer data becomes available. Service will win!

Customers will be become more socially connected. Social media will become a means to share service experiences (good and bad), details of product purchases, product information and best deals.

It is obvious there is a greater shift towards the use of technology in all aspects of retailing, from buying to ordering to distribution to online shopping. It is anticipated that due to a more mechanisation fewer retail staff will be required.

**Consultants:** It will be more of a digital interactive environment. The shopping experience will be entertaining and more personalised for each client. Companies will start aligning themselves with global trends. There will be a strong move towards more customer engagement (current and prospective customers) to note what they enjoy when shopping in stores and to understand trends, buying patterns etc. This data will be used to customize shopping experiences.

South African mass market might not fully be ready for the advancement in technology and might find the shopping experience overwhelming and complicated.

**Human Resources:** It will be challenging in a recessionary environment. There will be fewer barriers to entry for new retailers. An increased SA focus on growth into Africa growth.

**Recruitment:** There is a change expected in how business operates, how people purchase, access to products, use of the internet, purchasing and on-line shopping. There would be a shift away from the brick and mortar stores to e-commerce. The internet will become the most popular way for people to gather information, compare products, and compare prices, gain product knowledge and research companies' product offerings before making a purchase. Retailers will establish an online presence focusing on extending their sales reach; this will allow companies to serve a potential global market. It reduces their dependence on their traditional customer base.

Technology will play a greater role in optimising business processes and bringing greater efficiencies. Due to the increase in technology implementations there will be a reduction in the need for human resources. Supply chain innovations will reduce costs and better efficiencies.

**Retailers:** The South African market will become more competitive, with aggressive expansion into Africa. Customers will have more choice. South African Retailers are going to find it difficult to enter into new foreign markets.

There will be a strong drive to consolidate retail space with the implementation of centralised distribution centres, etc. Supply chain costs will become more expensive. Retailers will own the food supply chains, to secure the source of food. Retailers will own or have partnerships in farms. They will become more demanding of food requirements i.e. fat %, sugar content etc.



Country by country stability of the political landscape will influence retail behaviour. Competitions will become fierce over the next few years as competition increases. The view is that the future is certainly more technology driven, the introduction of global technology systems will play a significant role in the development of retail. Increase in the move towards e-commerce. Functionality will focus on more self-service for customers with less reliance on people. The impact on skills is that this will demand more specialist expertise in product. Attendants will be required to only close the deal. This demands a new people strategy - fewer sales associates with a shift towards specialists in products. Don't lose sight of our generation as on-going customers. Hence retailers will be servicing multiple markets and not just hi tech savvy customers.

There will be opportunities for entrepreneurship. Policies will favour economic growth and development. Environmental issues and the business responsiveness will become more important.

The Retail landscape in South Africa will definitely face two major concerns over the next six years; the first one which is notable is that retailers will have to adopt technological practices from their counterparts in the advanced world, to deliver cost efficiency within the environment. At the same time the second major concern would be how they stay competitive in a turbulent economic environment where more local players will venture into the S.A retail markets. Businesses that will be successful are those that can predict best and proactively manage the correct changes in the correct proportion whilst delivering profitability.

### ***In what area does the Retail Skills Gap in South Africa exist?***

One key to thriving in retail of the future is a properly skilled workforce, which has the required skills to successfully embrace the opportunities of the 2020 retail landscape. Retailers will need to position the right people with the right skills, in the right jobs; therefore it is necessary to understand in which areas critical skills are lacking. Key areas of concern were identified regarding the skills gaps associated with retail employees from the point of view of academics, retailers, consultants, recruiters and human resources.

**Academics:** Upstream, the scarce resource will be buyers. Downstream, there are not enough selling and product knowledge skills on the shop floor.

But, any position that requires confidence in execution, decision making and analytical / technical business skills will become scarce i.e.:

- Finance

- IT (Big data Analysts)
- Special Projects (especially capital project management, like store building)
- Logistics
- Systemic understanding of the retail processes
- Creativity and innovation skills to keep customers coming back
- Customer relationship management
- Technological skills and savvy
- Understanding how business works, understanding how the business makes money
- People management skills
- General management skills

Sales is possibly one of the only functions that cannot be mechanised, service online is not enhanced by the newsletter or send too many, but by the personal phone call, email etc. Understanding the consumer, how to target, angulate and engage effectively with them is a key to success.

### ***Consultants***

#### **Scarce skills:**

1. Financial (accounting, internal audit, credit controller, credit clerks, etc.)
2. Management skills (store, marketing, financial)
3. Supply chain (merchandise planner, warehouse management, logistics, inventory)
4. Retail information technology use and information technology
5. Professional skills
6. Retail technical skills
7. Strategists

#### **Critical Skills:**

8. Financial skills
9. Product development
10. Basic understanding of business
11. Pharmacy
12. IT literacy (PC trained people)
13. Selling skills
14. Product knowledge
15. Merchandising, especially visual
16. Production and product knowledge
17. Knowledge of contracts

**Human Resources:** Engineering type skill sets, commercial trading skills, behavioral leadership skills.

**Recruitment:** A skills gap does exist mostly at the semi-skilled and un-skilled level. Addressing the skills gap at the semi-skilled level will equip South Africa for Retail 2020. At the middle management and senior management level, they lack the analytical skills required to research and continually evaluate what their opposition is doing. There is a general lack of foresight in terms of global trends and how those can be leveraged in the South Africa environment.

**Retailers:** There is a need for an appetite for risk to try newness. Currently retail outlets are not run as own businesses. The need for people who can produce good technical pieces of work is lacking and we lack the rational deductive skill to adequately analyse the problems at hand.

The following skills required of semi-skilled resources are lacking:

- a. Basic Computer Skills
- b. Retail Executives (visionaries who have compassion for people)
- c. IT Business Analyst Skills (BI,SAS)
- d. IT Leadership
- e. Financial Skills
- f. Buying and Planning (entrepreneurial mindset)
- g. Management Skills
- h. Customer Service
- i. Product Knowledge
- j. Sales Skills
- k. Capacity to learn
- l. Lack of Technical Skills
- m. Analysts of big data

A lack of skilled workers will hinder growth, from the South African research it can be concluded that the biggest gaps in the retail skillset are: IT Analytical Skills, Basic Computer Skills, Product Knowledge Skills, Selling Skills (including Customer Service), Buying and Planning Skills and Supply Chain Skills. If the skills gap is addressed in these areas, retail in South Africa will see an increase in sales, in-store efficiencies, productivity and profits. Above all it will be positioned to embrace the 2020 landscape.

***Why does the Skills Gap exist?***

The level and standard of the education system in the country is of a concern, it does not produce quality learners that have excellent maths and science outcomes. The lack of experienced teachers also play a major role on these outcomes, which eventually leads to students who pass grade 12 not being ready to progress and succeed in higher institutions. The same students get recruited by retail organisations and are employed to fill a vacancy that exists. These retail organisations then provide on the job training and subsequently promote these individuals to lead and develop others. Given the ever changing retail landscape, these individuals do not cope to fully train and develop others. They ultimately produce people who can only manage day to day operations.

Retail is not preserved as a profession. This can be associated with lack of collaboration between retailers and educational institutions i.e. introducing school of retail.

**Human Resources:** Affordability in an EDLC environment, less than perfect historical skills up-liftment practices.

**Recruitment:** Education system is a major concern; maths and science pass rates are a concern. Lack of qualified teachers and infrastructure in schools is a concern as this directly impacts the quality of the scholars graduating yearly. Often employees are recruited with basic high school education; these employees are quickly promoted within the organisation either to fulfill a vacancy or a need. Basic on the job training is provided via hand me down transfer of knowledge, which is extremely ineffective. The company then ends up with unskilled team members being promoted into positions, which require a high skill set.

Degree'd or ambitious people want to work for a company that will provide a career path and not just a job. Not enough is done by the W&R SETA and the Retailers to market retail as a career of choice. Retail training should be merged into Business and Economic studies at tertiary level. Middle and Senior Management lack the skills required to motivate, encourage and grow their team. Placement of degree'd individuals instead of looking at the work experience (e.g. 5 years' work experience is equivalent to a Degree); too much emphasis is placed on degrees. Often these individual have the theory but not the skills required to perform the job. Global trends indicate that experience precedes degrees as a basis for employment.

The majority of the workforce who look to retail for employment is computer illiterate or they are people who have no form of work experience. There is an aging workforce within retail who is not inspired to learn new technologies.

The current education system is not aligned to the needs of the economic environment. Most of the current available workforce does not have basic education. Poor communication skills as English is not read, written and spoken by all communities, yet it is the current business language of South Africa.

**Retailers:** Individuals must want to work in retail. Current recruitment policies don't do justice to retail. Retail must be aspirational like other large industries e.g. Financial. Currently if you can't find better you end up in retail. Retail is not seen as sexy or branded well. Job seekers don't know what retail is about.

At a senior level there is a shortage of skilled thinkers in Executive Management - level of thinking regardless of sector. We need a new breed of entrepreneurs who don't just continue doing the same old business practices but are willing to adapt and listen to the market. A lot is left to experience.

We must not compromise on core skills which is the ability to sell and engage with the customer. Any individual who does not have this should not be in retail. People are employed at a junior level and promoted to middle and senior management without the required training or experience. The skills gap is determined by available skill and the war for talent within the framework of promoting growth of black African employees. Technical skills are in great demand with a corresponding shortage. Current educational malpractices and the lack of focus on science, mathematics, logic and rational reasoning is an inhibitor.

Rapid growth of new industries has resulted in a skills gap i.e. new technology (software/hardware).

Current issues for the larger staff compliment pertain to basic education, which should be addressed through Adult education programs. Issues with language, soft skills, and mathematical skills are an on-going challenge. How do you track your profitability if you cannot compute basic arithmetic?

***Some of the economic and environment challenges that could negatively impact the 2020 landscape.***

The South African economy showed uneasy growth in 2013, slipping to just 0.7% in the third quarter on an annualized basis. But the signs are pointing to a modest recovery in 2014 in the domestic economies. Increase in energy price and fuel and the upcoming elections; bring anxiety in what the future holds. Businesses could shift focus to new geographies, strategic alliances/ mergers and cost reduction in order to remain competitive. This could potentially mean that retailers could focus on downsizing their workforce or implementing flexible hours to curb costs. Job losses will result in the unemployment figure going up.

**Academics:** Increase in crime due to the increase in e-commerce sales, online requires to your door delivery, and theft could become issue.

The continuing decline in the Rand will hike consumer prices and local production will continue to be difficult due to a skills shortage. Fuel and transport costs could negatively impact international imports. An increase in unemployment levels and the lack of jobs. An increase in international competition; pressure on taxpayers to fund the social programs of government. Disposable income will come under pressure.

Consumers maintaining their recession spending habits and not changing it with the strengthening of the economy (US customer base predictions). Movement of price sensitive customers towards illegal or Chinese outlets, who sell at wholesale prices to the public. South Africa is not the most attractive country for infrastructure development due to deteriorating conditions. South African labour is perceived to be very expensive and may be perceived as uncompetitive on a global stage.

Political instability has the consequence of reducing FDI. Expect some civil unrest and increased strike action. Lack of clear policy guidelines for businesses and retailers. Insufficient constructive communication between retail businesses and government.

**Human Resources:** A weakening Rand and higher commodity prices, wheat, oil, sugar etc. A continuing threat to market share from new international entrants.

**Retailers:** There is potential for labour unrest in the next 5 years together with an increase in the number of strikes. There will be curbing in government spending and the political landscape will fragment.

Increase in cost of fuel, electricity and water and the high cost of living will place added pressure on the lower and middle class, this will result in a decrease in disposable income.

The shortage of oil, air and water, food and the reduction in resources i.e.: Carbon fuels, traditional forms of economic growth, petroleum components. There will be a tuna shortage due to more consumption. It is going to become challenging to find new sources and new ways in growing and manufacturing.

Pollution caused by combustion. Climate and environment changes will force different behaviour. Lack of space in the country for expansion.

It was quite evident from the feedback that there are a number of negative impacts that could result in how the retail sector will position itself for 2020. The outlook on how costs are rising and currency weakening is all the more an indication that retailers really need to be geared and cannot just tumble on. To drive a new era of growth, companies will increasingly be required to collaborate with enterprises outside their corporate boundaries. Doing so successfully requires coordinated attention to a range of human capital strategy issues covering talent, leadership, skills set, culture and organization. Cross-enterprise collaboration makes sense for a number of business reasons and has arisen in response to different kinds of market drivers.

### ***How do you bridge the skills gap?***

To address the issues plaguing the skills gap it is necessary to understand how the industry collectively perceives potential solutions to the problem. As such the respondents were requested to provide insight into how they feel the issue could be addressed. For any solutions to be effective it would require buy in from all stakeholders and thus this question provides a high level view of the alignment of potential solutions to industry sentiment.

**Academics:** Over 340 000 skilled South Africans came 'back' to SA after the crash in 2008. 27% of those people are professionals; there is an opportunity to tap into that pool, in order to achieve this remuneration packages need to be revised.

1. Service – service – service and some in store experiences and enthusiasm would be great. Consider Pine & Gilmour's Experience Economy work, and turn retail into a shopping experience.
2. Train people – invest in people – the retailer that gets that right in BOTH the leadership AND the store will be the winner at the end of the day.
3. Understanding that the status quo is ineffective and inefficient going forward. Be unique, different and captivating.
4. Be adaptive and proactive with regard to change.
5. SA is behind advanced economies in terms of use of technology. There is significant opportunity for retailers who can ride the technology wave.

**Consultants:** Continuous consumer engagement through short surveys at tills and continued use of loyalty cards. Training retail staff on the company brand, customer awareness and how to upsell products.

### ***Human Resources:***

Utilising opportunities through Learnerships, an agile approach to training, gap analysis and promoting a performance management culture to enhance overall capacities.

**Recruitment:**

People are seeking to gain retail experience by going overseas to Dubai, Africa, etc. Middle and Senior Management placements should only happen after the attainment of an agreed tertiary qualification or equivalent.

Vacation work, Graduate Development Programmes (Internships), can be used to bridge the gaps.

Implementation of a Retail Foundation School, to provide the minimum requirements for entry into retail, more links with FETs. Training must be customised according to the job profile and skills required. Develop an effective workforce planning framework that support business growth and needs with proactive recruitment.

It should be promoted and marketed as a field of study at primary, secondary and tertiary levels. Provide career guidance, and counselling to school leavers to assist them in pursuing retail as a career.

Increase funding for training and learnerships. Government to make retail training bursaries available to matriculates. Revise and re-structure remuneration packages, implementation of share options and incentive schemes.

The implementation of yearly skills audits to ensure compliance.

**Retailers:** Put plans in place to up skill the existing workforce, through a skill benchmarking exercise. Implement individual training plans in underperforming areas. Skills evaluation is conducted annually.

Educational courses must be tied to the work and personal gaps agreed. Physically getting involved in the different business areas, to gain practical experience. Each retailer does their own academy.

Getting training courses accredited by the SETA is a tedious process and so each company fights this battle independently. This should be addressed collectively as an industry together with the SETA.

Ensure that there are developed plans in place on how to find, recruit, develop, and retain the required skills.



Highlight career opportunities as early as high school, be accountable for diversity, and provide flexibility in company culture and roles. Utilize the older retiring workforce to train, mentor and coach the younger workforce.

Significant collaboration with and support from government and the SETA on training. As necessary as skills development is for the industry and the economy the current process is deemed onerous with large corporates having to employ dedicated head count to manage the administrative process required by the SETA. W&R Seta encourage skills development but the feedback from HR practioners indicate that detailed paperwork and reporting make this very reduced to red tape. The process to achieve accreditation is also perceived as labour intensive and becomes prohibitive to train as extensively as large retailers would prefer. There is also a perception that smaller companies either don't declare their training because of the administrative process or simply shy away from training due as the governance and compliance processes imposed by the SETA are prohibitive. Smaller organizations do not have the staff required to dedicate to managing the process and following up on paperwork. Hence they also don't get the credits entitled to them. This is certainly something the SETA could review and perhaps engage with retailers on a more workable solution.

Staff is not aware of the long term strategy of the business. They don't have an understanding of the long term goals of the larger enterprise and how they contribute towards achieving this nor the on-going progress.

So in summary it is evident that the underlying premise to solving the skills gap is one of collaboration and engagement across and within the sector. Initiatives to address the skills gap needs to be reviewed by all parties to ensure complete commitment and therefor successful implementations. This must be supported through effective communication within organizations to engage staff as well as between government and the private sector to ensure alignment.

## Appendix R: Risks of Implementation

This table outlines the potential risks to the business resulting from the implementation of the project

Category	Risk	Probability	Impact	Mitigation
People	Inability to recruit skilled resource: <ul style="list-style-type: none"> <li>IT</li> <li>Application Administrator</li> </ul>	Low	Very High	Outsource project to a company with proven industry experience and appropriately skilled staff
	Effective change management: <ul style="list-style-type: none"> <li>Learners with low motivation or bad study habits may fall behind</li> <li>Without the routine structures of a traditional class, students may get lost or confused about course activities and deadlines</li> <li>Students may feel isolated from the instructor and classmates</li> <li>Cultural change</li> </ul>	High	High	<p>Implementation of a Change Management Plan that has the full support of the Retailers Execucom.</p> <p>Implementation of a support structure.</p> <p>Potential use of the buddy study option.</p>
	Availability of key support resources: <ul style="list-style-type: none"> <li>Instructor may not always be available when students are studying or need help</li> </ul>	Medium	Medium	Implementation of peer to peer relationships.
IT	Effectiveness of IT Security: <ul style="list-style-type: none"> <li>Prevent against hacking (manipulation of assessments and training scores)</li> </ul>	High	High	Third party security testing and assessments of the application to measure and address vulnerability.
	Computer Literacy:	High	High	Pre-assessments will be

	<ul style="list-style-type: none"> <li>Managing computer files and online learning software can sometimes seem complex for students with beginner-level computer skills</li> </ul>			<p>required to measure the current computer competency levels of the team.</p> <p>Bridging computer literacy classes must be implemented to close the gap.</p>
	<p>Availability of IT Infrastructure:</p> <ul style="list-style-type: none"> <li>Availability of telecoms</li> <li>IT Hardware i.e. computers, laptops etc.</li> <li>Slow Internet connections or older computers</li> <li>Hands-on work is difficult to simulate in a Retail ELearning</li> <li>Operational down-time</li> </ul>	Medium	High	Understand and implement the infrastructure requirements required for the technology solution.
	Technology solution is unable to deliver required results	Medium	High	Complete a pilot project to prove the technology solution will deliver the required results
Finance	<ul style="list-style-type: none"> <li>Project funding:</li> <li>Availability of implementation capital</li> <li>Data retention costs</li> <li>Ongoing license and maintenance costs</li> <li>Administration costs</li> </ul>	High	High	The source of funding needs to be agreed and the budget need to be approved prior to commencement of the project
	Additional capital expenditure may be required in addition to that approved	Medium	Medium	Maintain strict cost management processes during the project

## Appendix S: Detailed Implementation Plan

Task	Desired Outcome	Metrics
Obtain Request for Quotation for: <ul style="list-style-type: none"> <li>• Software</li> <li>• Hardware</li> <li>• Development</li> <li>• Hosting</li> <li>• Implementation</li> <li>• Support</li> </ul>	Obtain costs required to approval of budget	Complete budget request
Budget Approval	Obtain the funds required for the project	Document a project schedule with confirmed delivery dates
Realign internal resources to build the project team.	Successfully meet the needs of the project by having the right resources allocated	Document a project schedule with confirmed delivery dates
Implementation of the required hardware	Successful implementation of hardware	Software can load and run on hardware
Implementation of the required software	Successful implementation of software	Software can load and run on hardware
Understand the company's key strategies, goals and performance metrics	Have a clear understanding of the following: <ul style="list-style-type: none"> <li>• Company's key strategies, goals and performance metrics</li> <li>• What capabilities must employees at all level have to be able to meet the performance metrics</li> <li>• Understand what future competencies are required to achieve future strategies and goals</li> </ul>	A complete mapping and documenting of capabilities and performance metrics to company goal and strategies for both current and future company state.
Access the skills GAP	Conduct a capability audit to determine where gaps exist in employees knowledge, skill or	Define the scope of how the company with address the skills gap i.e. consider a pilot department

	behavior	
Set goals and prioritize the path to filling the skills gap	<p>Set goals for closing gaps between existing skill sets and those needed to support current and future goals</p> <p>Determine which paths to take to fill the particular gaps i.e. training and development, coaching and mentoring etc.</p>	Create training plans for each employee who have skills gaps
<p>Development of additional functionality to:</p> <ul style="list-style-type: none"> <li>• Cater for portability view apps</li> <li>• Integration with W&amp;RSETA</li> <li>• Integration with Third Party Vendors</li> </ul>	Availability of functionality	Accessibility of functionality
<p>Creation of training material:</p> <ul style="list-style-type: none"> <li>• Policies</li> <li>• Procedures</li> <li>• Virtual classroom</li> <li>• Set up of chat rooms</li> <li>• Set up of assessments</li> </ul>	All current course material must be made available	Training material ready for upload
<p>Loading of training course material:</p> <ul style="list-style-type: none"> <li>• Policies</li> <li>• Procedures</li> <li>• Virtual classroom</li> <li>• Set up of chat rooms</li> <li>• Set up of assessments</li> </ul>	All training course material must be uploaded to the cloud	Training course material must be assessable from portable devices
Preparation and upload of individual development plans	All individual development plans must be uploaded to the cloud	Individual development plans must be assessable from portable devices
Linking of individual development plans to	Personalized training plans must be made available	Users are able to access their personal training programs

training course material	from the cloud	
Registering of users	Access to the personalized training plan and associated training program	Successfully load the software on the portable device
Go Live (preferably pilot one job profile first)	Be able to sign onto the eLearning platform	Be able to successful start training on the eLearning platform
Monitor and evaluate software		Survey to determine user satisfaction
Automatic submission of the skills development recon to W&RSETA	Successful transmission of file	Receive rebates due to the retailer/third party vendor for training completed