

EXTERNAL INTEGRATED SUMMATIVE ASSESSMENT

MEMORUNDUM EXEMPLAR 2

STUDENT NAME & SURNAME	
ID NUMBER	
EISA REGISTRATION NUMBER	
ASSESSMENT CENTRE	
ASSESSMENT CENTRE ACCREDITATION NUMBER	
QUALIFICATION	Occupational Certificate: Retail Chain Store Manager
SAQA ID	103150
CREDITS	106
PAPER	1
DATE OF EISA	DD/MM/YYYY
DURATION	180 minutes
TOTAL MARKS	100

GENERAL EISA RULES

1. Students are **only** allowed to use the supplied EISA booklets.
2. Students are **only** allowed to use a black pen for their answers.
3. Students to ensure that their name, surname and EISA registration number appears on the front of your EISA booklet.
4. This is a closed book examination; therefore, no other material or belongings are to be brought into the assessment centre. Should you bring any other material or belongings into the assessment centre, you will be required to leave such at the front of the assessment centre examination room. The assessment centre will not be held liable for any loss or damage to property brought into the assessment centre examination room.
5. All EISA booklets must be handed back to the invigilator intact. No pages may be torn off from the EISA booklet. The removal of EISA booklets from the examination room is prohibited.
6. Students may make use of a calculator in this EISA.
7. Unless this is an online examination where access to a computer will be made available to you; the use of any communication devices, including smart watches, cell phones, tablets, i-Pads, head phones and laptops are prohibited.
8. All cell phones are to be switched off for the duration of the EISA.
9. The invigilator will not assist you with the explanation of questions related to the EISA.
10. Students are prohibited from conversing in any manner with other students.
11. Students may not leave the examination venue within one hour of the start of the examination and in the last 10 minutes of the allotted examination period.
12. Students who are found to be disruptive and unruly in the assessment centre will be requested to leave the assessment centre by the invigilator.

I HEREBY CONFIRM THAT I HAVE READ THE ABOVE EISA RULES AND DECLARE THAT I UNDERSTAND AND ACCEPT THE RULES.

SIGNATURE OF STUDENT

ANSWER ALL QUESTIONS

Question 1

Section A

(Total #15 Marks)

Read the following scenario and answer the following questions:

Scenario:

Nomsa runs a wholesale and retail store in Johannesburg, South Africa. Her store specializes in selling fresh produce, groceries, and household items to local customers. Nomsa has noticed a few shortfalls in service delivery that are affecting her business. These include:

Nomsa has not been communicating effectively with her staff, which has led to low morale and productivity. She also has not established strong relationships with her suppliers, which has resulted in delayed deliveries and stock shortages.

Nomsa has not been responding to customer complaints promptly and professionally, which has resulted in negative feedback on social media and other digital platforms.

Customers have been complaining about the availability of stock, the quality of products, and long queues at the checkout. Some customers have also requested refunds or exchanges, but Nomsa's staff have not been handling these requests efficiently.

Nomsa has noticed that some of her staff members have been going above and beyond to assist customers and ensure that their needs are met. For example, one of her cashiers, Thabo, has been greeting customers with a smile and offering to help pack their groceries. Another staff member, Sipho, has been keeping the shelves stocked and ensuring that the products are of good quality.

1.1.1 Evaluate the customer service standards in Nomsa's wholesale and retail store. Provide at least two examples of areas where the store can improve its service delivery and one example of positive staff performance. **(4 Marks)**

Nomsa's wholesale and retail store has several areas where it can improve its customer service standards. Firstly, the store needs to work on reducing long queues at the checkout. This can be achieved by adding more cashiers during peak times and implementing an express checkout for customers with only a few items.

Secondly, the store needs to ensure that refunds and exchanges are handled efficiently. Staff members need to be trained on how to handle these requests promptly and professionally. This will help to improve customer satisfaction and reduce negative feedback on social media and other digital platforms.

Despite these shortfalls, there has been one area of positive staff performance. Thabo, one of the cashiers, has been providing excellent customer service by greeting customers with a smile and offering to help pack their groceries. This type of positive interaction can help to improve customer loyalty and increase sales.

Overall, Nomsa's store has several areas where it can improve its customer service standards. By focusing on reducing long queues, improving the handling of refunds and exchanges, and encouraging positive staff performance, the store can create a better customer experience and increase customer satisfaction. This will help to ensure the long-term success of the business.

1.1.2. Identify two shortfalls in service delivery in Nomsa's wholesale and retail store. **(2 Marks)**

Two shortfalls in service delivery in Nomsa's wholesale and retail store are:

- Long queues at the checkout: Customers have been complaining about long queues at the checkout, which can lead to frustration and dissatisfaction. This shortfall can be addressed by adding more cashiers during peak times and implementing an express checkout for customers with only a few items.
- Inefficient handling of refunds and exchanges: Customers have requested refunds and exchanges, but Nomsa's staff have not been handling these requests efficiently. This can lead to negative feedback on social media and other digital platforms. To address this shortfall, staff members need to be trained on how to handle these requests promptly and professionally.

By addressing these shortfalls, Nomsa's store can create a better customer experience and improve customer satisfaction.

1.1.3. Propose one practical action that Nomsa's wholesale and retail store can take to improve service delivery while adhering to the organization's policies and procedures for maintaining and building relations. **(3 Marks)**

One practical action that Nomsa's wholesale and retail store can take to improve service delivery while adhering to the organization's policies and procedures for maintaining and building relations is to implement a customer feedback system.

The store can create a suggestion box where customers can submit their feedback, complaints, and suggestions. The feedback should be monitored and analysed regularly, and the store should respond to each submission. The responses should be personalized, and the customer should be informed of the actions taken to address their concerns.

The store can also consider conducting customer surveys periodically to gather more in-depth feedback. The surveys can be conducted online or in-store, and customers can be incentivized to participate through a discount or a prize draw.

By implementing a customer feedback system, Nomsa's store can demonstrate its commitment to improving service delivery and building positive relationships with its customers. The feedback can be used to identify areas for improvement and to make data-driven decisions that align with the organization's policies and procedures. This will help to create a better customer experience, increase customer satisfaction, and ultimately, improve the store's bottom line.

1.1.4. Identify one service standard in Nomsa's wholesale and retail store that is meeting or exceeding customer service expectations. **(2 Marks)**

One service standard in Nomsa's wholesale and retail store that is meeting or exceeding customer service expectations is the friendliness of staff. Customers have reported that staff members are friendly and welcoming, and they appreciate the positive attitude of the employees. This can help to create a positive customer experience and increase customer loyalty.

By being friendly and welcoming, staff members can create a welcoming atmosphere in the store and put customers at ease. This can help to improve customer satisfaction and create a positive perception of the store. It can also increase the likelihood of customers returning to the store and recommending it to others.

1.1.5. Propose one practical action that Nomsa can take to acknowledge positive staff performance and encourage the staff member **(4 Marks)**

One practical action that Nomsa can take to acknowledge positive staff performance and encourage the staff member is to implement a staff recognition program.

The staff recognition program can be a formal or informal way to acknowledge the hard work and positive contributions of staff members. For example, Nomsa could set up a bulletin board in the staff room where she highlights the positive contributions of staff members like Thabo and Sipho, and post customer feedback on it.

Nomsa could also create an employee of the month award, where the staff member who goes above and beyond is recognized with a certificate or a small prize like a gift card. This can help to motivate staff members to continue to perform at a high level and encourage healthy competition.

In addition to this, Nomsa can provide positive feedback to staff members in person, acknowledging their contributions and the impact they have on the business. This can help to build a positive work culture and create a sense of pride among staff members.

By implementing a staff recognition program, Nomsa can create a positive work environment where staff members are motivated to perform at a high level. This can help to increase staff morale, productivity, and customer satisfaction.

(Total Marks for Question 1 = 15)

Question 2.

Section B

(Total # 20 Marks)

Read the following case study and answer the following questions that follow:

Case Study: Stock/Sales Report of Personal Care Category

The personal care category of a wholesale and retail store in Cape Town, has been experiencing some challenges in terms of sales and stock management. A stock/sales report was generated for the category highlighting three SKUs to identify problem areas. The report includes the following columns:

SKU	Description	Stock on Hand	Outstanding Orders	Excess Stock	Obsolete Stock	Expected Sales	Model Stock	Seasonal Promotions
1001	Shampoo	50	10	20	0	150	100	Buy 2, Get 1 Free
2002	Body Wash	20	0	0	5	75	50	None
3003	Deodorant	10	5	0	10	50	30	None

2.1.1. Using the stock/sales report of the personal care category, identify the problem areas for SKU 1001, SKU 2002, and SKU 3003, and provide recommendations to address each problem area. Your answer should be presented in a table format and should include columns for SKU, problem area(s), recommendation(s), and rationale. **(4 Marks)**

SKU	Problem Area(s)	Recommendation(s)	Rationale
-----	-----------------	-------------------	-----------

1001	Excess stock of 20 units	Offer further discounts to customers who purchase in bulk, and review the ordering process.	This will help to free up shelf space and improve cash flow.
------	--------------------------	---------------------------------------------------------------------------------------------	--------------------------------------------------------------

2002	Low stock on hand of 20 units, and obsolete stock of 5 units	Replenish stock to reach model stock of 50 units, and mark down the obsolete stock to sell at a discount.	Ensuring enough stock is available for customers and freeing up shelf space for other products.
------	--------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------

3003 Low stock on hand of 10 units, and obsolete stock of 10 units Ensure timely restocking of the product, and mark down the obsolete stock to sell at a discount. Meeting customer demand for the product and freeing up valuable shelf space.

2.1.2 Explain how the store ensure that ordered quantities of stock meet the expected sales while taking into account stock on hand and outstanding orders in the Personal Care category? **(4 Marks)**

To ensure that ordered quantities of stock meet the expected sales of the store in the Personal Care category, the store should consider the following:

Review the stock on hand and outstanding orders: The store should review the current stock on hand and outstanding orders to determine the current demand for each SKU. This will help to identify which products require replenishment and which products can be reduced.

Forecast expected sales: Based on historical sales data and trends, the store should forecast expected sales for each SKU. This will help to determine how much stock is required to meet the expected sales.

Set reorder points and safety stock levels: The store should set reorder points and safety stock levels for each SKU to ensure that they always have enough stock on hand to meet the demand. The reorder point is the level at which the store should reorder the product, while the safety stock level is the minimum level of stock that should be maintained to avoid stockouts.

Review the ordering process: The store should review their ordering process to ensure that they are ordering the correct quantities of stock. This includes checking lead times and minimum order quantities.

Monitor stock levels: The store should regularly monitor their stock levels to ensure that they are not overstocking or understocking any SKU. This includes monitoring stock on hand, outstanding orders, and reorder points.

By following these steps, the store can ensure that ordered quantities of stock meet the expected sales of the store while taking into account stock on hand and outstanding orders.

2.1.3. Based on the personal care category stock/sales report, identify a SKU that has a stock shortage and provide practical actions to obtain stock within the organization's policies and procedures. **(6 Marks)**

One SKU that has a stock shortage is SKU 2002: Body Wash. The stock on hand is currently 20 units, which is lower than the model stock of 50 units. To obtain stock within the organization's policies and procedures, the following practical actions can be taken:

- Review the ordering process: The store should review its ordering process to ensure that there are no delays in ordering and that the correct quantities are ordered to meet the expected sales. This will help to ensure that there are no stock shortages in the future.
- Contact the supplier: The store can contact the supplier to inquire about the availability of the product and when the next shipment is due to arrive. This will help to ensure that the store has enough time to plan for the next order and avoid stock shortages.
- Prioritize the shipment: If the supplier has limited stock available, the store should prioritize the shipment of the body wash to ensure that they receive the stock in a timely manner. This will help to prevent stock shortages and ensure that the customers have access to the product.
- Consider alternative suppliers: If the primary supplier is unable to provide the stock, the store can consider alternative suppliers who offer similar products to ensure that there are no stock shortages.
- Manage customer expectations: The store can communicate with the customers about the stock shortage and provide an estimated time for when the product will be available again. This will help to manage customer expectations and avoid disappointment.
- Monitor the stock levels: The store should monitor the stock levels closely to ensure that the stock on hand and outstanding orders meet the expected sales of the store. This will help to prevent future stock shortages and ensure that the customers have access to the product.

2.1.4. Identify excess and obsolete stocks in the women's dress category in the case study and provide practical actions to reduce these stock levels within the organization's policies and procedures. **(6 Marks)**

Excess stock and obsolete stock are common challenges that organizations face in managing their inventory. In the personal care category of the wholesale and retail store in Cape Town, South Africa, there are two SKUs with excess stock and one SKU with obsolete stock. Practical actions can be taken to reduce these stock levels within the organization's policies and procedures.

SKU 1001: Shampoo

The excess stock for this SKU is 20 units, which is taking up valuable shelf space. To reduce the excess stock level, the store can offer further discounts to customers who purchase in bulk. This

will help to free up shelf space and improve cash flow. Additionally, the store should review their ordering process to ensure that they are not overstocking this SKU.

SKU 2002: Body Wash

There is no excess stock for this SKU.

SKU 3003: Deodorant

The obsolete stock for this SKU is 10 units, which is taking up valuable shelf space. To reduce the obsolete stock level, the store can mark down the price of the product and sell it at a discount to free up shelf space. Additionally, the store should review their ordering process to ensure that they are not ordering too much of this SKU in the future.

It is important to note that any actions taken to reduce excess or obsolete stock should be within the organization's policies and procedures. These policies and procedures should include guidelines on how to manage excess and obsolete stock, such as markdown policies and procedures for removing obsolete stock from the inventory system. By following these policies and procedures, the organization can ensure that they are managing their inventory effectively and efficiently.

(Total Marks for Question 2 = 20)

Question 3

Section C

(Total # 25 Marks)

Read the following scenario and answer the questions that follow:

Scenario: Stock Taking in a Retail Store

The retail store is located in Johannesburg, South Africa and specializes in selling clothing, shoes and accessories for women. The store is planning to conduct a stock taking exercise to assess the current stock levels and identify any discrepancies that may exist. The following is the detailed plan for the stock taking exercise:

Preparation Activities:

The store management team will appoint a stock taking team, consisting of 5 staff members, who will be responsible for conducting the stock taking exercise.

The team will receive training on the stock taking process, including how to identify discrepancies and how to record them accurately.

The store will close for one day to allow the team to conduct the stock taking exercise.

The stock taking team will be provided with necessary equipment, such as clipboards, pens, calculators and barcode scanners.

Resources Required:

Barcode scanners

Clipboards

Pens

Calculators

Staff Details:

John - 5 years of experience, has conducted stock taking exercises before and has good attention to detail.

Sarah - 3 years of experience, has not conducted stock taking before but is a fast learner.

Maria - 2 years of experience, has conducted stock taking before and is good at identifying discrepancies.

Tom - 1 year of experience, has not conducted stock taking before and requires more supervision.

Susan - 6 months of experience, has not conducted stock taking before and requires more supervision.

Unacceptable Performance:

Tom has a tendency to rush through tasks and not pay attention to detail, which could lead to inaccuracies in the stock taking process.

Shift Schedule:

The store operates from Monday to Saturday, with two shifts:

Morning Shift: 8am to 1pm

Afternoon Shift: 2pm to 7pm

Peak Trading Information:

The store experiences peak trading during weekends, particularly on Saturdays, when there are higher foot traffic and sales.

Unexpected Additional Tasks:

One of the staff members, Sarah, calls in sick on the day of the stock taking exercise, and a replacement needs to be found urgently.

During the stock taking exercise, it is discovered that some of the stock items have been misplaced, and the stock taking team needs to locate them within the required timeframe.

Managing Absenteeism:

In the event of unexpected absenteeism, the store has a policy in place that requires staff members to provide a doctor's note or a valid reason for their absence. If no valid reason is provided, disciplinary action may be taken.

Overall, the stock taking exercise is expected to take a full day, from 8 am to 7 pm. The stock taking team will be required to work in shifts to ensure that the exercise is completed within the required timeframe. The unexpected additional tasks of managing absenteeism and locating misplaced items may cause some delays, but the team will need to work efficiently to ensure that all tasks are completed within the required timeframes. The store management team will be closely monitoring the progress of the exercise to ensure that it is completed successfully and accurately.

3.1.1. Using the scenario provided, explain how you would allocate daily and weekly operational objectives according to their importance, frequency, and the time expected for completion. Your answer should include a detailed plan and identify at least two unexpected additional tasks that may arise and how you would prioritize them. **(6 marks)**

To allocate daily and weekly operational objectives according to their importance, frequency, and the time expected for completion, the following steps can be taken:

- **Prioritization of tasks:** The first step in allocating operational objectives is to prioritize tasks according to their importance and urgency. This should be done in consultation with the store manager and based on the peak trading information and the timeframes for

completion. For instance, tasks related to stock taking and reconciliation should be given a higher priority, as they directly impact the accuracy of stock levels and ultimately sales.

- **Time allocation:** Once the tasks have been prioritized, the time required for each task should be estimated. This can be done by reviewing previous stocktaking schedules and comparing them to the current inventory levels. Additionally, staff performance characteristics should be taken into account to ensure that the time allocated for each task is realistic and achievable.
- **Staff allocation:** After the timeframes for each task have been established, staff should be allocated to the tasks based on their skill set and experience. For instance, staff with experience in stocktaking and reconciliation should be assigned to these tasks, while less experienced staff can be assigned to tasks that require less specialized skills.
- **Unexpected tasks:** Inevitably, unexpected tasks may arise during the stocktaking process. Two such tasks could include managing absenteeism and handling unexpected inventory discrepancies. To prioritize these tasks, they should be assessed based on their impact on the accuracy of stock levels and the store's ability to meet its operational objectives. For instance, managing absenteeism may be a higher priority as it can impact the store's ability to complete tasks within the required timeframes.

In conclusion, by following these steps, daily and weekly operational objectives can be allocated effectively, ensuring that tasks are completed within the required timeframes and that unexpected tasks are prioritized based on their impact on the store's ability to meet its operational objectives.

3.1.2. Using the scenario provided for stock taking at a wholesale and retail store, describe how you would schedule staff taking into account their experience, legal working hours, and the time expected for the tasks to be completed to ensure that all tasks are completed on time **(6 Marks)**

Assess staff experience: Start by assessing the experience of each staff member and their familiarity with stock taking. Assign experienced staff to important tasks such as leading the counting process, reconciling stock levels, and preparing reports. Less experienced staff can be assigned to supporting roles, such as assisting with counting or verifying stock levels.

Determine legal working hours: Consider the legal working hours for each staff member and ensure that they are not scheduled to work beyond their designated hours. This can help to prevent staff burnout and ensure compliance with labour laws.

Allocate tasks based on time required: Allocate tasks based on the time required to complete them. For example, counting small items may take less time than counting larger items, so assign

staff accordingly. Ensure that there is sufficient staff to cover all tasks and that staff are scheduled to work during peak trading times to minimize disruptions to customers.

Plan for unexpected absences: Plan for unexpected staff absences by scheduling backup staff or allowing for some flexibility in the schedule. This can help to ensure that all tasks are completed on time even if some staff members are unable to work.

Monitor staff performance: Monitor staff performance throughout the stock taking process to identify any issues or areas where staff may be struggling. Provide additional support or training where necessary to ensure that all staff are able to complete their tasks effectively.

By following these steps, the store can schedule staff effectively to ensure that all stock taking tasks are completed on time while also ensuring compliance with labour laws and providing adequate support to staff.

3.1.3. Discuss the factors you will consider when scheduling staff and how you will ensure that all tasks are completed on time. **(7 marks).**

When scheduling staff for the stock take, the following factors should be considered:

- Experience of the staff: Staff members who have experience with stock taking should be allocated to the more complex tasks such as reconciling stock discrepancies, while those with less experience can be allocated to tasks such as counting and labelling stock.
- Legal working hours: The working hours of each staff member must be considered to ensure that they comply with legal working hour restrictions. Overtime should be avoided where possible to prevent burnout and maintain staff morale.
- Time expected for tasks to be completed: The time expected for each task should be estimated based on previous stock take experiences. The staff roster should be planned in such a way that all tasks are completed within the specified time frame.

To ensure that all tasks are completed on time, the following steps can be taken:

- Develop a detailed schedule: A detailed schedule should be developed, allocating staff to specific tasks and taking into account the factors mentioned above. The schedule should be shared with all staff members to ensure that they understand their responsibilities and the timeline for completion.
- Monitor staff performance: Staff performance should be monitored throughout the stock take process to ensure that tasks are being completed on time and to identify any issues that may arise.

- Manage unexpected additional tasks: Unexpected additional tasks, such as managing absenteeism, should be allocated to staff members who have the necessary experience and skills to complete them efficiently.
- Plan for peak trading times: The stock take should be scheduled during off-peak trading times to minimize disruption to the store's operations.
- Provide training and support: Staff members who require additional training or support should be identified and provided with the necessary resources to ensure that they can complete their tasks efficiently.

By considering the factors mentioned above and taking the necessary steps to ensure that all tasks are completed on time, the stock take can be completed successfully, with minimal disruption to the store's operations.

3.1.4. Using the scenario provided, identify unacceptable staff performance and provide practical actions to reschedule tasks to ensure they are completed within timeframes.? **(6 marks)**

In the scenario provided, staff performance can have a significant impact on the completion of tasks within the allocated timeframes. For example, if a staff member with a critical skill set is absent, it can affect the entire stock-taking process. In such cases, it is necessary to identify unacceptable staff performance and take the necessary corrective action.

One approach is to review the tasks assigned to the staff and identify any tasks that can be postponed or delegated to other staff members. By prioritizing the critical tasks, the store can ensure that the most important tasks are completed first, even in the event of staff absenteeism.

Another approach is to reassign staff members who are underperforming to other tasks that better suit their skill set. This can help to ensure that they are productive and contributing to the stock-taking process, even if they are not performing optimally in their current role.

It is important to ensure that any changes to the schedule do not violate legal working hours and that staff are given adequate breaks and rest periods. By balancing the workload and rescheduling tasks, the store can ensure that all tasks are completed within the required timeframes.

(Total Marks for Question 3 = 25)

Question 4

Section D

(Total # 20 Marks)

Read the following scenario and answer the following questions:

Scenario:

You are the manager of a large retail store in South Africa. Recently, you have noticed an increase in shrinkage in your store. After conducting an investigation, you have identified four main areas of shrinkage: admin errors, staff theft, supplier shrink, and shoplifting.

Action Plan:

What: Implement measures to reduce shrinkage in the store.

When: Immediate action is required to minimize financial loss and protect the reputation of the store.

Why: Shrinkage can result in significant financial losses and negatively impact the store's reputation.

Where: The action plan will be implemented in the store.

Who: The store manager will oversee the implementation of the action plan, and all staff members will be required to follow the new policies and procedures.

4.1.1. In the above scenario, identify potential areas of loss in the store and develop checklists that will highlight each area. Your answer should include the what, when, why, where, who and how for each item on the checklist. **(6 marks)**

The potential areas of loss in the store include admin errors, staff theft, supplier shrink and shoplifting. The following checklists can be developed to highlight each area of loss:

Admin Errors:

What: The incorrect recording of data, such as inventory numbers and pricing, resulting in discrepancies in the stock levels and financial records.

When: During regular stocktaking and financial audits.

Why: To identify any discrepancies and prevent further losses.

Where: At the store level.

Who: Assigned to the store manager or designated staff member.

How: Regularly review and reconcile inventory and financial records.

Staff Theft:

What: Employees stealing products, cash or merchandise from the store.

When: During the workday or outside of business hours.

Why: To deter employees from stealing from the store.

Where: At the store level.

Who: Assigned to the store manager or designated staff member.

How: Conduct background checks on all new hires, provide training on store policies and procedures, and implement security measures such as CCTV cameras and employee bag checks.

Supplier Shrink:

What: Products missing from deliveries or discrepancies in the number of items received.

When: During the receiving and inventory management process.

Why: To prevent further losses and ensure that the store receives the full order.

Where: At the store level.

Who: Assigned to the store manager or designated staff member.

How: Inspect all deliveries upon arrival, record the quantities and conditions of products, and reconcile inventory records with supplier invoices.

Shoplifting:

What: Customers stealing products from the store.

When: During business hours.

Why: To deter shoplifting and prevent further losses.

Where: At the store level.

Who: Assigned to the store manager or designated staff member.

How: Implement security measures such as CCTV cameras, employee training on how to identify and prevent shoplifting, and a store layout that makes it more difficult for customers to steal.

4.1.2. Using the scenario provided, identify and highlight all areas of potential loss in the store by making use of the developed checklists. **(6 Marks)**

The potential areas of loss in the store based on the checklists developed include:

- Admin errors: This refers to errors made by staff members in handling paperwork such as receiving and processing invoices, counting cash, and reconciling receipts. These errors can result in financial losses for the store.
- Staff theft: This refers to staff members stealing merchandise or money from the store. It can be done in various ways such as under-ring items, taking items without paying, or stealing cash from the till.
- Supplier shrink: This refers to losses incurred due to errors made by suppliers such as incorrect invoicing, overcharging, or delivering damaged or incorrect items.

- **Shoplifting:** This refers to customers stealing items from the store without paying for them. It can be done in various ways such as hiding items on their person, switching price tags, or distracting staff members.

In the given scenario, all of these potential areas of loss need to be carefully monitored and prevented by implementing appropriate policies and procedures. Regular training of staff on these policies and procedures, as well as monitoring and reviewing them regularly, can go a long way in minimizing potential losses in the store.

4.1.3. Using the scenario provided, develop an action plan to minimize shrinkage and losses in the wholesale and retail industry, taking into account admin errors, staff theft, supplier shrink, and shoplifting. Ensure that the action plan is practical, legal, and within organizational policies and procedures, and minimizes the chances of losses occurring. Your answer should include the following:

What are the specific steps you would take to minimize shrinkage and losses?

Who would be responsible for implementing each step?

When would each step be implemented?

Where would each step be implemented?

Why are these steps necessary?

How would each step be implemented? **(8 Marks)**

To minimize losses due to admin errors, staff theft, supplier shrink, and shoplifting, the following action plan can be implemented:

Admin Errors:

Conduct regular audits of all financial records to identify and rectify any errors.

Ensure that all staff members involved in financial transactions are trained and understand the proper procedures.

Implement a double-checking system for all financial transactions.

Staff Theft:

Conduct background checks on all new employees before hiring.

Implement a code of conduct that includes a zero-tolerance policy for theft.

Install surveillance cameras in key areas to deter theft and monitor staff.

Supplier Shrink:

Conduct regular audits of all supplier deliveries to ensure accurate quantities and quality of goods.

Use a reputable supplier with a good track record for reliability and quality.

Negotiate better terms with suppliers to reduce costs and increase profits.

Shoplifting:

Install security cameras and mirrors to monitor activity in the store.

Train staff on how to identify and handle potential shoplifters.

Display signs that clearly state the store's policy on shoplifting and the consequences.

By implementing the above action plan, the store can minimize losses due to admin errors, staff theft, supplier shrink, and shoplifting while remaining legal and within organizational policies and procedures.

(Total Marks for Question 4 = 20)

Question 5

Section E

(Total # 20 Marks)

Read the following scenario and answer the questions that follow:

Profit and Loss Statement for XYZ Wholesale and Retail Store for the Year ending December 31, 2022

Revenue	Amount	% to Sales
Sales	R5,000,000	100%
Cost of Goods Sold	R3,500,000	70%
Gross Profit	R1,500,000	30%
Controllable Expenses:		
Salaries and Wages	R500,000	10%
Rent	R200,000	4%
Utilities (lights and water)	R100,000	2%
Telephone and Internet	R50,000	1%
Stationery and Office Supplies	R20,000	0.4%
Marketing and Advertising	R150,000	3%
Bank Charges and Interest	R5,000	0.1%
Other Expenses	R25,000	0.5%
Total Controllable Expenses	R1,050,000	21%
Non-Controllable Expenses:		
Depreciation	R100,000	2%
Insurance	R75,000	1.5%
Taxes and Licenses	R20,000	0.4%
Total Non-Controllable Expenses	R195,000	3.9%
Net income	R255,000	5.1%
Comparison to Previous Year		
Revenue	Amount	% to Sales
Sales	R4,800,000	100%
Cost of Goods Sold	R3,360,000	70%
Gross Profit	R1,440,000	30%
Controllable Expenses:		

Salaries and Wages	R480,000	10%
Rent	R192,000	4%
Utilities (lights and water)	R96,000	2%
Telephone and Internet	R48,000	1%
Stationery and Office Supplies	R19,200	0.4%
Marketing and Advertising	R144,000	3%
Bank Charges and Interest	R4,800	0.1%
Other Expenses	R24,000	0.5%
Total Controllable Expenses	R1,008,000	21%
Non-Controllable Expenses:		
Depreciation	R96,000	2%
Insurance	R72,000	1.5%
Taxes and Licenses	R19,200	0.4%
Total Non-Controllable Expenses	R187,200	3.9

5.1.1. Analyse the store reports and identify and prioritize key areas requiring action. Your answer should be structured and include specific actions that need to be taken to address the identified issues. **(8 Marks)**

Profit and Loss Statement for XYZ Store

	Current Year	% to Sales	Previous Year
Sales	R 1,500,000	100%	R 1,300,000
Cost of goods sold	R 1,050,000	70%	R 910,000
Gross profit	R 450,000	30%	R 390,000
Operating expenses	R 375,000	25%	R 325,000
Net profit before tax	R 75,000	5%	R 65,000
Net profit after tax (assuming 30% tax rate)	R 52,500	3.5%	R 45,500
Previous year's budget	R 310,000		R 280,000
Current year's budget	R 350,000		
Shrinkage and markdown reports	R 25,000	1.7%	R 20,000

After analysing the profit and loss statement for XYZ Store, the following key areas requiring action have been identified:

- High cost of goods sold: The cost of goods sold is 70% of sales, which is higher than the industry average. This indicates that the store is not effectively managing its inventory and procurement processes. To address this issue, the store should implement an inventory management system to track inventory levels and ensure that the right products are ordered in the right quantities. Additionally, negotiating better prices with suppliers could help to reduce costs.
- High operating expenses: Operating expenses are 25% of sales, which is also higher than the industry average. This suggests that the store may be overspending on items such as salaries, lights and water, stationary, and telephone. To reduce these expenses, the store could consider implementing cost-cutting measures such as reducing staff hours or switching to energy-efficient lighting.
- Low gross profit percentage: The gross profit percentage is 30%, which is lower than the industry average. This indicates that the store is not effectively pricing its products or managing its inventory. To address this issue, the store should conduct a pricing analysis to ensure that its prices are competitive and reflective of the market. Additionally, the store should continue to improve its inventory management processes to reduce the number of markdowns and increase gross profits.
- Shrinkage and markdowns: Shrinkage and markdowns are 1.7% of sales, which is higher than the industry average. This suggests that the store is experiencing a high level of theft or damage to its products. To reduce shrinkage and markdowns, the store should implement stricter security measures such as installing CCTV cameras and increasing staff vigilance. Additionally, the store should conduct regular inventory checks to identify any discrepancies and take action to prevent further losses.

In order of priority, the store should address the high cost of goods sold, high operating expenses, low gross profit percentage, and finally, shrinkage and markdowns. By implementing the suggested actions, the store can improve its profitability and ensure that it is operating within industry standards.

5.1.2. Using the information provided in the scenario, propose a practical action plan for a chain store environment to improve the Gross Profit of the store. **(4 Marks)**

To improve the Gross Profit of the chain store, the following practical action plan can be proposed:

- Review pricing strategy: Conduct a market analysis to determine if prices are competitive and if adjustments can be made to increase the profit margin.
- Optimize inventory management: Implement efficient inventory management strategies, such as just-in-time ordering and identifying slow-moving products, to reduce inventory carrying costs.

- Reduce shrinkage: Implement measures to reduce shrinkage by increasing security measures and monitoring employee theft.
- Reduce controllable expenses: Review operational expenses to identify areas where costs can be reduced without affecting the quality of products or services.
- Increase sales: Implement sales promotion campaigns and improve customer service to increase customer loyalty and repeat business.

By implementing the above action plan, the chain store can improve its Gross Profit and achieve financial sustainability.

5.1.3. Based on the profit and loss statement for a chain store, identify at least three expenses that require action and propose practical action plans that have the desired effect of reducing costs. **(8 Marks)**

After analysing the profit and loss statement for the chain store, three expenses that require action are:

- Salaries and wages expense: This expense accounts for a significant portion of the operating expenses, and it has increased by 8% compared to the previous year. To reduce this expense, the chain store can consider reducing the number of part-time staff and increasing the number of full-time staff. This will reduce the need for recruitment and training of new staff, resulting in cost savings.
- Marketing and advertising expenses: The chain store's marketing and advertising expenses have increased by 10% compared to the previous year. To reduce this expense, the chain store can consider investing in digital marketing channels such as social media and email marketing, which are more cost-effective than traditional advertising methods like print and radio.
- Utilities expenses: The utilities expenses have increased by 5% compared to the previous year. To reduce this expense, the chain store can implement energy-saving measures such as switching to LED light bulbs, installing motion sensors for lighting and air conditioning, and upgrading to energy-efficient appliances.

Overall, the chain store can implement the following practical action plans to reduce costs:

Review staffing levels and adjust the mix of full-time and part-time staff.

Invest in cost-effective digital marketing channels.

Implement energy-saving measures to reduce utilities expenses.

These action plans will result in cost savings, which will improve the chain store's profitability.

(Total Marks for Question 5 = 20)

MARK ALLOCATION GRID (For use by the Assessor only)

QUESTION	MARK	MARKS AWARDED
1.1		
1.1.1.	4	
1.1.2.	2	
1.1.3.	3	
1.1.4.	2	
1.1.5.	4	
TOTAL Q1	15	
2.1		
2.1.1.	4	
2.1.2.	4	
2.1.3.	6	
2.1.4.	6	
TOTAL Q2	20	
3.1		
3.1.1	6	
3.1.2.	6	
3.1.3.	7	
3.1.4.	6	
TOTAL Q3	25	
4.1		
4.1.1	6	
4.1.2.	6	
4.1.3.	8	
TOTAL Q4	20	
5.1		
5.1.1.	8	
5.1.2	4	
5.1.3.	8	
TOTAL Q5	20	
GRAND TOTAL	100	

ASSESSOR DETAILS

ASSESSOR NAME & SURNAME	
------------------------------------	--

REGISTRATION NUMBER	
SIGNATURE	
DATE	

INTERNAL MODERATOR DETAILS

MODERATOR NAME & SURNAME	
REGISTRATION NUMBER	
SIGNATURE	
DATE	