EXTERNAL INTEGRATED SUMMATIVE ASSESSMENT

EXEMPLAR 2A

STUDENT NAME & SURNAME	
ID NUMBER	
EISA REGISTRATION NUMBER	
ASSESSMENT CENTRE	
ASSESSMENT CENTRE ACCREDITATION NUMBER	
QUALIFICATION	**OCCUPATIONAL CERTIFICATE: RETAIL MANAGER GENERAL (RETAIL STORE MANAGER)**
SAQA ID	**91789**
CREDITS	**507**
PAPER	**1A** (there are 2 papers to be written: 1A and 1B)
DATE OF EISA	DD/MM/YYYY
DURATION	**4 HOURS**
TOTAL MARKS	**120**

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

CANDIDATE INSTRUCTIONS

- Candidates must complete all questions in this EISA.
- Candidates must ensure that they use only a black pen when completing this EISA.
- Should you require additional space to complete your answer, please request additional paper from your invigilator. Ensure that you indicate your name, surname and EISA registration number at the top of the additional paper. Also ensure that the question number is clearly marked on your additional paper.

Question 1

Managing Stakeholder Relations and Communications in Retail

(31 Marks)

Tito Power is an electronics appliance retailer with over 20 stores in Mpumalanga Province. The company sells electronic goods such as refrigerators, televisions, washing machines, radios and so on. Most of the goods sold by Tito Power are imported from China. Last week at one of the Tito Power branches in Nelspruit, members of the community forced the store to close down and threatened to raze it to the ground. The community was accusing the store of selling sub-standard goods at exorbitant prices. The community also accused the store taking time to refund or exchange any goods that would have been found not to be in good working order. If a customer returns a product on the basis that it is not working properly, the store does not refund or exchange the product on the spot. They despatch the returned product to China and the customer must wait until feedback comes back from the Chinese supplier. The company's Chinese supplier accepts all the returned stock but the whole process takes about three months to be completed and this raises the ire of Tito Power's customers. As the branch manager at the closed store, you are required to do the following:

1.1 Create a communication strategy to convince Tito Power's customers that the company cares for its customers and that it is willing to address all their concerns. Your strategy must also detail the medium to be used when communicating with the company's customers.

(8 marks)

1.2 Draw up an action plan to be communicated to the store operational staff informing them about the current situation and how the company will deal with it.

(4 marks)

1.3 Using an appropriate medium, communicate the action plan to the store operational staff.

(4 marks)

1.4 Write a one-page report to senior management advising them of the actions that you are going to take in order to ensure that your store creates a good relationship with its customers.

(6 marks)

1.5 Using the communication strategy that you created in Question 1.1 above, describe how you would present this strategy to staff members at different levels at the company.

(9 marks)

(Total Marks for Question 1 = 31)

Question 2:

Retail Financial Management

(45 Marks)

Please analyse McCarthy Hardware's financial reports for the months of March, April and May 2019 respectively and answer the questions that follow.

Income Statement	**March R '000**	**April R '000**	**May R '000**
Sales	R9 200	R8 800	R8 500
Cost of goods sold	R5 371	R6 120	R5 880
Gross profit	**R3 829**	**R2 680**	**R2 620**
Selling expenses	R1 750	R1 330	R1 300
Operating profit	**R2 079**	**R1 350**	**R1 320**
Discounts	R10	R12	R15
Telephone	R30	R35	R40
Stationery	R15	R18	R20
Admin expenses	R50	R60	R80
Shrinkage	R160	R180	R190
Income before tax	**R1 814**	**R1 045**	**R975**
Tax expense	R435	R75	R215
Net income	**R1 379**	**R970**	**R760**
Balance Sheet			
Assets	**March R '000**	**April R '000**	**May R '000**
Cash	R350	R150	R100
Accounts receivable	R1 600	R1 100	R920
Inventory	R1 920	R1 600	R1 330
Total current assets	**R3 870**	**R2 850**	**R2 350**
Fixed assets	R4 840	R3 400	R3 080
Total assets	**R8 710**	**R6 250**	**R5 430**
Equity and Liabilities			
Accounts payable	R900	R930	R860
Bank loan	R700	R320	R300
Total current liabilities	**R1600**	**R1 250**	**R1 160**
Bonds payable	R1 100	R1 230	R1 260
Total liabilities	**R2 700**	**R2 480**	**R2 420**
Common stock (130 000 shares)	R400	R350	R280
Retained earnings	R5 610	R3 420	R2 730
Total liabilities and equity	**R8 710**	**R6 250**	**R5 430**

- *All figures must be rounded off to two decimal numbers where applicable.*

Additional information:

The stock shrinkage in units for the three months was as follows:

Month	Shrinkage Stock in Units
March 2019	3200
April 2019	3600
May 2019	3800

Use the financial information above to answer the questions below. Please note that as you calculate the ratios, you need to reflect the following:

(a) The definition/purpose of the ratio.

(b) The application formulae.

(c) Round off all answers to the second decimal.

2.1 Determine the profitability situation of McCarthy Hardware by calculating the gross profit and net profit margins for the company for each of the three months. As part of your answer identify and prioritise areas requiring improvement.

(10 marks)

2.2 Calculate the liquidity position of the company for each of the three months using the current ratio only.

(6 marks)

2.3 Advise McCarthy Hardware's management on the company's liquidity position using the acid test ratio and recommend appropriate action.

(4 marks)

2.4 After analysing the company's profitability and liquidity position, compile a one-page report to senior manager communicating detailing the actions needed to improve the situation.

(10 marks)

2.5 Develop an action plan to communicate the company's financial situation to store's operational staff.

(7 marks)

2.6 Calculate the following ratios:

a) return on investment for March and May 2019 respectively.

(2 marks)

b) inventory turnover ratios for April and May 2019 respectively.

(2 marks)

c) Selling expenses to net sales ratios for March and May 2019 respectively.

(2 marks)

d) Inventory shrink percentages for March and April respectively.

(2 marks)

(Total Marks for Question 2 = 45)

Question 3

Employee Performance Management

(44 Marks)

Genine is employed by Pet Foods Unlimited, a dog food retailer in Pretoria. She has been with the company for the past 10 years and has been working there as a counter sales person since joining the company. As a counter sales person she is expected to efficiently and effectively service both internal and external customers. However, during the past few months, complaints have been coming in from Joshua, Nathan and Timothy, the sales representatives responsible for external sales and deliveries. They accuse Genine of not servicing them on time. The role of the sales representatives is to make cold calls to potential clients and if they obtain an order from a client, they forward it to Genine for processing. Once the order is ready, they collect the goods and deliver them to customers in and around Pretoria.

According to the company's service charter, an order is supposed to be fulfilled within three hours after being placed and all orders must be placed by midday to ensure same day delivery. When she was asked by Thabo, the shop manager why orders were being delivered late, Genine pointed out that she cannot serve the company sales representatives whilst there are other customers waiting inside the store and this causes the delays. She prioritises customers who come to the store to buy than those who are found by the sales representatives. Julius, one of the sales representatives has been accused of either delivering orders at wrong addresses or delivering wrong orders at the right address and this has led to increased customer complaints, further infuriating Genine because these customers either call the shop or come in person to complain.

On the other hand, Julius accuses Sheila, the order packer of always packing the wrong things in his delivery box although it remains his responsibility to ensure that the right products are packed before delivery. Thabo employed Sheila a few months ago during the pick season. Sheila was supposed to go for three months training at head office in Johannesburg in order to learn about the company's products and services but this was not done because Thabo preferred her to undergo training on-the-job in contravention of the company's recruitment and induction policy. Sheila therefore relies heavily on Genine with regards to product knowledge.

Nathan, the other sales representative is a very hard working young man. The company expects each and every sales representative to make at least 50 telephone calls per day and Nathan averages twice that amount per day. His hard work therefore means more orders are placed with Genine leading to further delays in order fulfilment. Thabo is well aware of all these issues at the store but he seems to prefer to leave everything to fate.

According to the company's organogram, there are supposed to be three counter sales people in the store but Thabo has refused to employ the required staff because he wants to cut down on the salary bill in order to increase the shop's net profit. Thabo has set down with Genine several times and

contemplated dismissing her for not serving the sales representatives on time. Genine has remained resolute that the problem is not with her but with Thabo.

3.1 Analyse the expected performance of any three staff members mentioned in the case study

(9 marks)

3.2 Evaluate actual performance of any four staff members mentioned in the case study

(9 marks)

3.3 Differentiate between compliance and performance issues in the case study. In your answer identify and explain at least two of each.

(4 marks)

3.4 Propose and explain any two strategies that the company can implement in order to improve the performance of any two employees whose actual performance does not meet requirements.

(6 marks)

3.5 Suggest two strategies that the company can implement to improve compliance where compliance standards are not being met.

(6 marks)

3.6 Not every employee at the store is performing below standard. What two strategies should the company implement to enhance the performance of those staff members who are already meeting or exceeding the set performance standards?

(4 marks)

3.7 Communicate in writing to all staff members the strategies that you identified in 3.6 above.

(6 marks)

(Total Marks for Question 3 = 44)

(TOTAL MARKS FOR THE EXAM: 120)

MARK ALLOCATION GRID (For use by the Assessor only)

QUESTION	MARK	MARKS AWARDED
1.1	8	
1.2	4	
1.3	4	
1.4	6	
1.5	9	
TOTAL Q1	31	
2.1	10	
2.2	6	
2.3	4	
2.4	10	
2.5	7	
2.6	8	
TOTAL Q2	45	
3.1	9	
3.2	9	
3.3	4	
3.4	6	
3.5	6	
3.6	4	
3.7	6	
TOTAL Q3	44	
GRAND TOTAL	120	

ASSESSOR DETAILS

ASSESSOR NAME & SURNAME	
REGISTRATION NUMBER	
SIGNATURE	
DATE	

INTERNAL MODERATOR DETAILS

MODERATOR NAME & SURNAME	
REGISTRATION NUMBER	
SIGNATURE	
DATE	