

EXTERNAL INTEGRATED SUMMATIVE ASSESSMENT

EXEMPLAR 2B - MEMORANDUM

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	1B (there are 2 papers to be written: 1A and 1B)
DATE OF EISA	DD/MM/YYYY
DURATION	3 HOURS
TOTAL MARKS	80

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 the Retail Supply Chain

(44 Marks)

De Wet Grocers is a family supermarket based in Nelspruit. The retailer sells groceries to the local community. The store is located in a small overcrowded mall and therefore availability of space is a major challenge. The store cannot afford to have large quantities of stock on hand because it has a small stock/storage area. The store thus has the option of having goods delivered directly to either the store or the company's distribution centre.

Below is De Wet Grocers' stock report for the period September – December 2018. When presenting the report, the store manager also noted that:

- There is no frozen fruit in stock because the supplier is also out of stock
- Toothpaste is out of stock because the company's buyer placed the order very late and as such no deliveries have been received in the past two weeks.
- The records show that there are 38 packets of flour in stock but the physical stock count revealed that the item is out of stock. This anomaly is as a result of stock theft.
- The buyer incorrectly ordered 130 packets of salt instead of 100.
- The toys are imported from an overseas supplier.
- Fresh produce is sourced from a local supplier who has his own delivery vehicles. However, his delivery service has been erratic.
- Frozen products are also sourced from a local supplier who has his own delivery vehicles. However, this supplier is reliable.
- Bathing soap is ordered from a supplier based in a town that is 2000km away so lead times are high.
- High value items e.g. perfumes are sourced from a supplier who does not have delivery vehicles.
- Fast selling items such as tissues and flour are big and bulky and they therefore require more storage space. These products are mainly stored at the company's distribution centre.

De Wet Hardware Store: Stock and Sales Report for the period September - December 2019

Name of Item	Beginning Inventory	+ Purchases	- Ending Inventory (actual)	= Total Number of Units Sold	X Selling Price/Unit	= Total Sales	Theoretical stock on hand
Frozen fruit	200	50	0	220	R13	R2 860	30
Baked beans	600	150	120	530	R2	R1 060	120
Flour	145	30	0	137	R25	R3 425	38
Bathing soap	96	200	40	256	R15	R3 840	40
Kids' toys	500	450	0	900	R5	R4 500	50
Fresh fruits	1000	600	0	1500	R8	R12 000	100
Perfumes	20	0	15	5	R400	R2 000	15
Toothpaste	50	35	0	85	R20	R1 700	0
Tissues	300	130	5	405	R10	R4 050	25
Salt	200	130	10	290	R15	R4 350	40
Juice	130	19	0	120	R25	R3 000	29

- The mark up on all the products is 50%.
- All figures must be rounded off to two decimal numbers where applicable.

- 1.1 Calculate the inventory turnover ratios for toys, frozen fish, rice and soft drinks. The company uses the periodic inventory management system.

(8 marks)

Allocate one mark for the correct calculation of each turnover ratio and another mark for the correct answer for each turnover ratio.

The inventory turnover ratio is calculated by dividing the cost of goods sold for a period by the average inventory for that period. Average inventory is used instead of ending inventory because many companies' merchandise fluctuates greatly throughout the year.

Inventory turnover ratio for baked beans:

$$\frac{530 * 2}{(600 + 150 - 50) * 1} = \frac{1\ 060}{630} = 1.68$$

Inventory turnover ratio for juice:

$$\frac{120 * 25}{(130 + 19 - 0) * 12.5} = \frac{3\ 000}{1\ 862.5} = 1.61$$

Inventory turnover ratio for flour:

$$\frac{137 * 25}{(145 + 30 - 0) * 12.5} = \frac{3\ 425}{2\ 187.5} = 1.57$$

Inventory turnover ratio for perfumes:

$$\frac{5 * 400}{(20 + 0 - 15) * 200} = \frac{2\ 000}{1\ 000} = 2$$

1.2 Identify and describe any four (4) stock related issues other than shrinkage that the retailer is facing.

(8 marks)

Allocate two marks for the identification and description of any four of the following issues:

- There is no frozen fruit in stock because the supplier is also out of stock. The store should not rely on one supplier. They need to have alternative suppliers.
- Toothpaste is out of stock because the company's buyer placed the order very late and as such no deliveries have been received in the past two weeks. This is evidence of poor performance in stock ordering process and lack of an effective inventory management system.
- The buyer incorrectly ordered 130 packets of salt instead of 100. This is evidence of poor performance in stock ordering and points out to a lack of checks and balances in the inventory management system
- The kids' toys are imported from an overseas supplier. This may affect lead times and also the cost of importing the products will ultimately affect the price that the store will charge.
- Fresh fruits are sourced from a local supplier who has his own delivery vehicles. However, his delivery service has been erratic. The store should not rely on one supplier. They need to have alternative suppliers. The store must also have alternative forms of transportation.
- Bathing soap is ordered from a supplier based in a town that is 2000km away so lead times are high. The store needs to find an alternative supplier who is located closer to the store. If this is not possible, the store needs to order in large quantities so that they avoid running out of stock. They need to have enough buffer stock.
- High value items e.g. perfumes are sourced from a supplier who does not have delivery vehicles. The store must organise its own transport to collect the items from the supplier. This not only increases the cost of the perfumes but also the security risk of transporting such items.
- Fast selling items such as tissues and flour are big and bulky and they therefore require more storage space. These products are mainly stored at the company's distribution centre. This increases the cost of selling these products as they have to be transported from the DC to the store.

1.3 Identify any four (4) products that have a high shrinkage rate at the store.

(4 marks)

Allocate one mark for the identification of four of the following products:

- Frozen fruit
- Flour
- Kids' toys
- Fresh fruit
- Tissues
- Salt
- Juice

1.4 Evaluate the performance of any three products listed in the report and make appropriate recommendations to relevant stakeholders and external suppliers on how to improve stock performance.

(9 marks)

Allocate three marks for the explanation of the performance of any of the following three products.

During the four months' period

- Kids' toys – This is a fast-moving product and 900 units were sold during the period. However, there is a very high rate of shrinkage for this product. There is no inventory in stock whilst the records show that the store has 50 units in stock.
- Frozen fruit - This is a fast moving product and all units were sold and the store is currently out of stock. However, shrinkage is high as the records show that the store has 30 units whilst the store is out of stock.
- Baked beans – this product performed fairly well as the store managed to sell more than 70% of the stock.
- Flour - This is a fast moving product and all units were sold and the store is currently out of stock. However, shrinkage is high as the records show that they there are 38 units in stock whilst the store is out of stock.
- Bathing soap - This is a fast moving product and more than 80% of the units were sold.
- Fresh fruit - This is a fast moving product and all units were sold and the store is currently out of stock. However, shrinkage is high as the records show that they there are 100 units in stock whilst the store is out of stock.
- Perfumes – This is a slow moving products and only five units were sold.

- Juice - This is a fast moving product and all units were sold and the store is currently out of stock. However, shrinkage is high as the records show that they there are 29 units in stock whilst the store is out of stock.
- Tooth paste This is a fast moving product and all units were sold and the store is currently out of stock.
- Tissues - This is a fast moving product and only 5 units are still in stock. More than 90% of the units procured were sold. However, shrinkage is high as the records show that they are 25 units in stock whilst the actual inventory is 5.
- Salt - This is a fast moving product and more than 90% of the units were sold. However, shrinkage is high as the records show that there are 40 units in stock whilst the actual inventory is 10.

1.5 According to the case study, the retailer is facing supply chain challenges with products such as frozen fruit, kids' toys, tooth paste, bathing soap, fresh produce and perfumes. Propose appropriate supply chain options for these products.

(15 marks)

Allocate three marks for a comprehensive explanation of the proposed supply chain option for each of the five products

- Toys - These are imported from an overseas supplier. The toys are fast moving products and thus the store should consider finding a local supplier for these products. If they want to continue procuring from the overseas supplier, they should consider buying in bulk in order to avoid stock-outs.
- Tooth paste – deliveries for this product takes time and therefore the store needs to take care of the long lead times by ordering the product in bulk and stocking it at the DC.
- Fresh fruits – Fresh produce is sourced from a local supplier who has his own delivery vehicles. However, his delivery service has been erratic. The store should consider having a number of suppliers instead of relying on one supplier. Furthermore, the store can also have its own delivery vehicles to use to go and collect the products from the supplier.
- Perfumes – are sourced from a supplier who does not have delivery vehicles. The store needs to either look for alternative suppliers who can deliver or have its own vehicles to collect the perfumes.
- Frozen fruit – There is no frozen fruit in stock because the supplier is also out of stock. The company should consider a just-in-time arrangement with its suppliers to ensure that the products are delivered just-in-time when they are needed before the store goes out of stock. The company also needs to have alternative suppliers to provide them with the product in case the usual supplier is out of stock.

(Total Marks for Question 1 = 44)

Question 2

Retail Operations Management

(36 Marks)

Kathlego is the Store Manager at True Life Supermarket which is based in Soweto. The store has been operating for the past seven years and has become a destination of choice for the community of Soweto for their shopping needs. Besides Kathlego, the management team also includes the following section supervisors:

Anelisa – Butchery

Olivia – Deli

Gift – Receiving section

Maria – Merchandising and supervision of the shop floor area

Samantha – Check-out/till points supervisor

Melody – Cash office section supervisor

The supermarket has been facing serious challenges, chief among them the increasing stock loss as a result of shrinkage; increasing cases of under-banking; long queues especially during peak hours and stock out of many of the fast-moving items due to poor ordering systems coupled with erratic suppliers.

As Kathlego is planning for forthcoming festive season trading, he sees this as an opportunity for the store to redeem itself and start operating optimally. He has therefore asked his staff to start preparing for the implementation of a massive promotional campaign targeting Christmas shoppers.

As the store manager for this Mellow Mart's flagship store, you are required to do the following:

- 2.1 Create checklists to evaluate the operations of the store room and the shop floor areas of the store.

(10 marks)

Answer: Allocate five marks for each of the following checklists:

The checklist for the store room section should include the following information:

- Are all administrative up-to-date and available for review?
- Are current after hours phone numbers posted?
- Is shop access limited to trained and authorized personnel?
- Are appropriate fire department permits current and posted if required?
- Is someone trained in First Aid and CPR available?
- Have all shop users received all necessary training for their work in the shop?

- Are safety training records complete and available upon request?
- Is all required PPE (respiratory protection, hearing protection, eye and face protection) available and in good condition for shop users and visitors?
- Are all shop users wearing long pants, sleeved shirts and appropriate footwear and are loose clothing, hair and jewellery restricted while working in the store room?
- Are emergency supplies (first aid kit, spill kit) available?
- Have fire extinguishers been inspected in the past year and are they secured and easily accessible?
- Are fire doors not obstructed or wedged open?
- Are aisles, exits, fire doors and adjoining hallways free of obstructions?
- Are extension cords in good condition, appropriately rated and used properly?
- Is the store room neat and orderly? A place for everything and everything in its place? Clean with no slip, trip or fall hazards?
- Is there adequate, permanent lighting to complete all tasks in the shop safely?
- Are heavy items stored low enough to prevent falling on people and for lifting safely?
- Are all chemical and chemical waste containers clearly labelled with their contents and primary hazard(s)?
- Are hazardous materials properly stored and are storage cabinets properly labelled and secured?
- Are top heavy machines, file cabinets and shelving secured?
- Are all store room tools and equipment (powered and unpowered) maintained in a good state of repair (sharp, clean, functional)?

The shop floor checklist should include the following information:

Opening Checklist

- Security
 - Check the store for signs of forced entry
 - Check all lighting, surveillance cameras, and alarm systems
- Inventory
 - Ensure shelves are stocked
 - Count inventory and order as needed
 - Verify incoming deliveries
- Products
 - Ensure all products on display are clean, damage free, and up to date
- Store equipment
 - Ensure POS system, cash registers, printers, phones, are functioning properly
- Communication
 - Check work e-mail/websites for the customer and corporate updates
- Cash management

- Verify previous night's deposits and set up registers
- Marketing
 - Set up displays or boards with the daily sale or upsell items
- Employee management
 - Ensure all employees wear appropriate uniform
 - Plan daily breaks, set up sales or commendation boards
- Facilities
 - Inspect the cleanliness and stock quality/appearance
 - Set room temperature
 - Ensure "open" sign was posted

2.2 Identify five examples of risk in the case study and then analyse and evaluate these risks.

(6 marks)

Allocate half a mark for identifying the type of risk and another half a mark for the explanation of the risk in the case study. Use discretion to allocate the one mark for a good answer.

- Strategic risk – the risk that the company may fail to achieve its goals, for example as a result of increasing competition.
- Financial risk – the risk of losing money, for example as a result of poor financial controls, under-banking, theft etc
- Reputational risk – having a negative reputation as a result of for example, poor customer service, high employee turnover, employee absenteeism etc
- Physical risk – risk of physical harm, for example, customers falling inside the store, fire outbreak etc.
- Compliance risk – the risk of failing to comply with the rules, regulations, procedures, laws etc

2.3 Recommend strategies to mitigate any four of the risks that you identified in question 2.2 above.

(8 marks)

There are four basic ways to handle a risk.

- Avoid: The best thing you can do with a risk is avoid it. If you can prevent it from happening, it definitely won't hurt your project. The easiest way to avoid this risk is to walk away from the cliff, but that may not be an option on this project.
- Mitigate: If you cannot avoid the risk, you can mitigate it. This means taking some sort of action that will cause it to do as little damage to your project as possible.

- Transfer: One effective way to deal with a risk is to pay someone else to accept it for you. The most common way to do this is to buy insurance.
- Accept: When you cannot avoid, mitigate, or transfer a risk, then you have to accept it. But even when you accept a risk, at least you have looked at the alternatives and you know what will happen if it occurs. If you cannot avoid the risk, and there is nothing you can do to reduce its impact, then *accepting it is your only choice*.

Allocate two marks for the correct explanation of each of the four risk mitigation strategies:

- Strategic risk – the risk that the company may fail to achieve its goals, for example as a result of increasing competition. Ensure that the company has adequate resources to compete on the market. The company also has to have an in-depth understanding of its customers and be able to satisfy them better than its competitors.
- Financial risk – the risk of losing money, for example as a result of poor financial controls, under-banking, theft etc: Put in place adequate control systems, conduct periodic checks and ensure that employees are properly trained.
- Reputational risk – having a negative reputation as a result of for example, poor customer service, high employee turnover, employee absenteeism etc: Ensure that employees are trained to deliver excellent customer service, motivate and remunerate staff so that you reduce employee turnover and ensure a pleasant working environment.
- Physical risk – risk of physical harm, for example, customers falling inside the store, fire outbreak etc: Ensure that all OHS procedures are followed and that all hazards are properly identified and managed.
- Compliance risk – the risk of failing to comply with the rules, regulations, procedures, laws etc. Provide employees with the relevant training to ensure that they understand all the required procedures, regulations and the laws that they need to adhere to. Provide training and re-training where there is evidence of non-compliance. Also ensure that all policies and procedures are adequately written down and explained to all the employees.

2.4 Analyse the True Life Supermarket case study above and establish any two objectives that the store manager can set out to achieve during the forthcoming promotional season.

(4 marks)

Allocate two marks for each SMART objective identified and explained

- To increase the store's monthly revenue by 30% during the promotional season.
- To sell all excess stock during the promotional season.
- To ensure that the store has adequate stocks of all products according to the company's operational procedures.

- To increase the store's market share from 20 to 30% for during the three months' promotional season
- By 31 January 2020, increase the store's sales by 15%, by creating innovative in-store offers and promotions

2.5 Using at least two marketing mix elements, develop and recommend two appropriate marketing strategies that the store can implement in order to achieve the two objectives that you established in question 2.4 above.

(8 marks)

Allocate one mark for each of the two marketing mix elements identified then allocate three marks for a comprehensive explanation of the proposed strategy for the campaign.

- Product - The store need to ensure that they have the right products for the promotional season
- Price - The store needs to have an in-depth understanding of its market so that they charge the appropriate prices.
- Place - The store needs to ensure that its supply chain processes are efficient and effective so the right products are available at the right time.
- Promotion - The store needs to ensure that customers are aware of the products and services available for their customers. Promotional activities may include in-store promotions, sales promotions, advertisements, discounts etc
- People - The store needs to ensure that its employees are adequately trained to be able to serve customers and satisfy their needs. The store manager must ensure that the store has adequate personnel to service customers and that the employees have adequate product knowledge.
- Process - The store needs to ensure that the service delivery process is efficient and that customers do not spend a long time in queues or looking for products.
- Physical evidence - The store managers must ensure that they store has an attractive physical environment and atmosphere to afford its customers an unforgettable shopping experience.

The marketing strategies to be proposed may include the following:

- Market penetration
- Market development
- Product development
- Cost leadership
- Differentiation

(Total Marks for Question 2 = 36)

(TOTAL MARKS FOR THE EXAM: 80)

MARK ALLOCATION GRID (For use by the Assessor only)

QUESTION	MARK	MARKS AWARDED
1.1	8	
1.2	8	
1.3	4	
1.4	9	
1.5	15	
TOTAL Q1	44	
2.1	10	
2.2	6	
2.3	8	
2.4	4	
2.5	8	
TOTAL Q2	36	
GRAND TOTAL	80	

ASSESSOR DETAILS

ASSESSOR NAME & SURNAME	
REGISTRATION NUMBER	
SIGNATURE	
DATE	

INTERNAL MODERATOR DETAILS

MODERATOR NAME & SURNAME	
REGISTRATION NUMBER	
SIGNATURE	
DATE	