

EXTERNAL INTEGRATED SUMMATIVE ASSESSMENT

EXEMPLAR 3A - 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	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)

Cape Foods is an established grocery retail store in the city centre of Cape Town and the business is located near the student hostel of Ikapa College. The frequent customers of the supermarket are the college students. The customers usually purchase convenient items such as bread, milk, canned foods, cold meat etc. On one Monday morning, the City Health Inspector made a public announcement that one brand supplying Cape Foods was unsafe for human consumption. The store had to remove all products of this particular brand from its stock including all the other products that were displayed next to the concerned brand. This caused chaos and panic from customers. Many customers were returning the products, some claiming to have been ill after consuming the condemned brand.

- 1.1 Create a communication strategy to convince the relevant stakeholders that the products at Cape Foods are still safe to consume and that the company respects the health and safety laws of the country. Your strategy must also detail the medium to be used when communicating with the identified stakeholders.

(8 marks)

Allocate six marks for a detailed description of the communication strategy and two marks for the identification of the media to be used.

The communication media may include:

- Radio
- Television
- Newspapers
- Meetings
- Posters
- Internet

The communication strategy must reassure the stakeholders that the store is committed to selling products that are safe for human consumption. The communication must also re-affirm the store's commitment to the laws and regulations that govern its operations.

In this case, the company needs to hold a meeting with all key staff members to discuss the crisis and come up with a strategy to communicate its commitment to safe and ethical business practices.

Cape Foods must also urgently organise a meeting with the City Health Inspector to assure him/her that the store complies with public safety laws and regulations.

The store can start the response strategy by issuing a press statement in the media accepting responsibility and promising to conduct a thorough investigation on the product that has been condemned.

Since the bulk of its customers are students from the nearby college, the store can also put up posters at the college informing the students that the condemned product has removed from the store's shelves and that all the other products are safe for human consumption.

Social media campaign on Twitter and Facebook to inform the store's customers on the steps that it has taken to manage the crisis

- 1.2 The operational staff at Cape Foods have also heard about the negative news in the media. 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)

Allocate one mark for the inclusion of any of the following up to a total of four marks.

Use discretion to allocate marks for any other relevant points that may be given by the students.

- Explanation of the problem at hand in detail
- Operational staff need to have adequate information about the company and its products/services.
- Operational staff may need to go for some PR training so as to equip them with the necessary skills set to communicate with the public on matters regarding the store's position.

The action plan can be as follows

- Arrange and conduct a meeting with all staff
- Arrange and conduct a meeting with the City Health Department
- Issue press statement
- Publish posters around the store's catchment area re-assuring its customers that its products are safe and that the condemned product has been removed from the shelves.
- Call upon customers who bought the condemned product to come and claim a refund.
- Provide medical support to affected customers
- Engage with the product's supplier so that a thorough investigation can be conducted to establish the sources of the problem.

The action plan must also detail the following:

- Detailed description of the current situation and why action needs to be taken
- What specific actions need to be taken and these must be listed in order of priority
- When will these actions be taken and by who?
- What resources will be required?

- What is the envisaged outcome?

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

(4 marks)

Allocate one mark for the identification of the appropriate medium and three marks for the content of the communication.

The action plan can be communicated to staff using any of the following medium:

- Staff meetings
- Memorandum to all staff
- Posters

Below is an example of a memorandum to all staff:

Memorandum to staff

To: All Staff

Date: xxxx

From: Shop Manager

Subject: Order from City Health Department and Condemnation of Product X

As you are all aware that the City Health Inspector has ordered our store to remove Product X from our store, management hereby makes a firm commitment to abide by all of the country's health and safety laws and regulations.

As management of Cape Foods, together with your support, we are all committed to ensure that we operate in a way that satisfy the needs and expectations of our customers and that we preserve and protect the health and safety of both our employees and customers.

Management with immediate effect, will adopt the following action plan in order to manage and resolve this crisis:

1. Remove product X and any other contaminated products from our shelves.
2. Set up and conduct a meeting with all branch operational staff and management.
3. Send all store operational staff members for medical check up
4. Set up and conduct a meeting with the City Health Department
5. Identify the key stakeholders including community leaders and conduct meetings to hear their concerns.
6. Issue press statements to reaffirm the company's commitment to resolve the crisis and to continue operating the store.
7. Engage with the Suppliers of Product X to establish the source of the problem.

Once more, I would like to re-assure you that we are committed to resolving this crisis and that we will do our outmost best to address this issue.

Signed.....

- 1.4 Compile a one-page report to your senior manager detailing the strategies that you are going to implement in order to overcome the challenges that Cape Foods is currently facing.

(6 marks)

Allocate up to 6 marks for a report that has the following:

- Report title.
- Properly structured with an introduction, body and conclusion
- Detailed explanation of the strategies to be implemented. These include:
 - Ensuring that all staff are informed of the current situation through constant internal communications.
 - Sending out positive messages in the media such as radio, television, newspapers, fliers and on social media.

The strategies may be as follows:

- Arrange and conduct meetings with all staff.
- Arrange and conduct a meeting with the City Health Department
- Issue press statements
- Publish posters around the store's catchment area re-assuring its customers that its products are safe and that the condemned product has been removed from the shelves.
- Call upon customers who bought the condemned product to come and claim a refund.
- Provide medical support to affected customers
- Engage with the product's supplier so that a thorough investigation can be conducted to establish the sources of the problem.
- Post message son social media highlighting the store's commitment to safe and health business practices.

- 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)

Allocate three marks for the identification of the different levels and then allocate six marks for a detailed description of how the strategy will be presented to the different levels.

- The different levels at the store include the store operational staff level, the supervisors level and the management level.

- The strategy can be presented to the staff as follows:
 - Operational staff – through general staff meetings and information posted on notice board.
 - Supervisors – through emails, operational reports, staff meetings and information posted on notice board.
 - Store management – through management meetings, emails, management reports, company website etc.

(Total Marks for Question 1 = 31)

Question 2:

Retail Financial Management

(45 Marks)

Please analyse Gateway Supermarket's financial reports for the months of May, June and July 2019 respectively and answer the questions that follow.

Income Statement	May	June	July
Sales	R 2 500 000	R2 400 000	R2 300 000
Cost of goods sold	R1 260 000	R1 210 000	R1 140 000
Gross profit	R1 240 000	R1 190 000	R1 160 000
Selling expenses	R700 000	R660 000	R640 000
Operating profit	R540 000	R530 000	R520 000
Rent	R10 000	R12 000	R15 000
Shrinkage	R54 000	R62 000	R71 000
Discounts	R8 000	R9 000	R11 000
Telephone	R4 000	R5 000	R6 000
Interest	R69 000	R76 000	R84 000
Wages	R15 000	R17 000	R18 000
Income before tax	R380 000	R349 000	R315 000
Tax expense	R152 000	R139 000	R115 000
Net income	R228 000	R210 000	R200 000
Balance Sheet			
Assets	May	June	July
Cash	R60 000	R50 000	R45 000
Accounts receivable	RR500 000	R450 000	R410 000
Inventory	R300 000	R270 000	R250 000
Total current assets	R860 000	R770 000	R705 000
Fixed assets	R2 180 000	R2 000 000	R1 980 000
Total assets	R3 040 000	R2 770 000	R2 685 000
Equity and Liabilities			
Accounts payable	R200 000	R170 000	R180 000
Bank loan	R460 000	R440 000	R420 000
Total current liabilities	R660 000	R610 000	R600 000
Bonds payable	R860 000	R860 000	R860 000
Total liabilities	R1 520 000	R1 470 000	R1 460 000
Common stock (30 000 shares)	R120 000	R120 000	R120 000
Retained earnings	R1 400 000	R1 180 000	R1 105 000
Total liabilities and equity	R3 040 000	R2 770 000	R2 685 000

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

Additional information:

1. The shrinkage stock in units was as follows:

- May 2019 – 2000
- June 2019 – 1800
- July 2019 - 1670

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 Gateway Supermarket 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)

Allocate 1 mark for the correct calculation of the gross profit margin and the net profit margin of each of the three months. Allocate four marks for an explanation of the areas requiring improvement.

		May	June	July
Gross profit margin	$\frac{\text{Gross profit}}{\text{Sales}}$	$\frac{1240}{2500} = 0.50 = 50\%$	$\frac{1190}{2400} = 0.50 = 50\%$	$\frac{1160}{2300} = 0.50 = 50\%$
Net profit margin	$\frac{\text{Net profit}}{\text{Sales}}$	$\frac{228}{2500} = 0.09 = 9\%$	$\frac{210}{2400} = 0.09 = 9\%$	$\frac{200}{2300} = 0.09 = 9\%$

Areas requiring improvements:
Reduce expenses for profitability to improve

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

(6 marks)

Allocate two marks for the correct answer for each of the three months.

		May	June	July
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{860}{660} = 1.3$	$\frac{770}{610} = 1.26$	$\frac{705}{600} = 1.2$

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

(4 marks)

Allocate three marks for the comprehensive analysis of the company's current position for each of the three months and allocate one mark for the recommendation of the appropriate action that need to be taken.

		May	June	July
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{860}{660} = 1.3$	$\frac{770}{610} = 1.26$	$\frac{705}{600} = 1.2$

The current ratio far below the standard threshold of 2, management is recommended to reduce the value of current liabilities and simultaneously increase the value of current assets.

2.4 After analysing the company's profitability and liquidity position, compile a report to senior management detailing actions needed to improve the situation.

(10 marks)

Allocate up to ten marks for a report that has the following:

- Report title.
- Properly structured with an introduction, body and conclusion
- Detailed explanation of the current profitability and liquidity position of the company.
- A detailed explanation of what action needs to be taken

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

(7 marks)

Allocate nine marks for a detailed communication action plan that includes the following information:

- Identification of the purpose of your communication
- Identification of the audience
- Planning and design of the message
- Consideration of the available resources
- Plan for obstacles and emergencies

- Strategy of how to connect with the audience and others who can help in spreading the message
- Create an action plan
- Communication evaluation plan

Communication can take many forms, including:

- Word of mouth
- Memorandum
- Article in both print and broadcast media
- Press releases and press conferences
- Posters, brochures, and fliers
- Meetings, workshops etc
- Special events and open houses that your organization holds

The action plan must also detail the following:

- Detailed description of the current situation and why action needs to be taken
- What specific actions need to be taken and these must be listed in order of priority
- When will these actions be taken and by who?
- What resources will be required?
- What is the envisaged outcome?

2.6 Calculate the following ratios:

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

(2 marks)

Allocate one mark for correct calculation of the return on investment for May and July 2019 respectively.

Ratio	Formula	May 2019	July 2019
Return on investment	$\frac{\text{Net profit} \times 100}{\text{Total assets}}$	$\frac{228}{3040} = 0.08 = 8\%$	$\frac{200}{2685} = 0.07 = 7\%$

b) inventory turnover ratios for June and July 2019 respectively.

(2 marks)

Allocate one mark for correct calculation of the inventory turnover ratio for June and July 2019 respectively

Ratio	Formula	June 2019	July 2019
Inventory turnover ratio	$\frac{\text{Cost of sales}}{\text{Inventory}}$	$\frac{1210}{270} = 4.48$	$\frac{1140}{250} = 4.56$

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

(2 marks)

Allocate one mark for the correct calculation of the selling expenses to net sales ratio for May and July 2019 respectively.

Ratio	Formula	May 2019	July 2019
Selling expenses to net sales ratio	$\frac{\text{Selling expenses}}{\text{Sales}} \times 100$	$\frac{700}{2500} = 0.28 = 28\%$	$\frac{640}{2300} = 0.29 = 29\%$

d) Inventory shrink percentages for May and June 2019 respectively.

(2 marks)

Allocate one mark for the correct calculation of the inventory shrink percentage for May and June 2019 respectively.

Ratio	Formula	May 2019	June 2019
Inventory shrink percentage	$\frac{\text{Shrinkage}}{\text{Inventory}} \times 100$	$\frac{54}{300} = 0.18 = 18\%$	$\frac{62}{270} = 0.23 = 23\%$

(Total Marks for Question 2 = 45)

Question 3

Employee Performance Management

(44 Marks)

ABC trading is a well-established retail group based in KwaZulu-Natal. The group has a total of 15 branches across the province with a total of 260 employees. The Human Resource department of the business is located at the head office in Umhlanga Rocks. Twice a year, business carries out employee performance evaluations in line with the company's bonus structure (mid-year and end of year bonuses).

The performance of the staff members is measured based on the following areas:

- sales targets (and general key performance areas (KPA's))
- customer complaints
- absenteeism and
- personal development.

There have been some challenges at the KwaMashu branch with regards to the store not meeting its sales targets. Employees blame this on the frequent service delivery protests in the community and these protests also contribute to the high level of absenteeism at the branch which is far much higher than the absenteeism experienced at other branches. On the other hand, the store manager claims that staff members at the branch take advantage of the two-day sick leave policy (in which they are not required to produce a medical certificate) to stay off work. The manager further states that this is more so on peak periods (month end, before/after public holidays and some Mondays).

Recently, Joshua one of the most experienced staff members at the store appeared before a disciplinary committee facing charges of flouting company regulations by not reporting for work for more than two days without any authorised leave. Disciplinary hearings are also lined up for two other employees, Thandiwe and Michael who also have also been absent for at least four days in a month. What worries the shop manager is that these employees are normally absent either on Mondays or on days immediately after pay day. Last month the shop manager had to ask Michael to go back home after he reported for work drunk. Michael is the most senior staff member in the butchery and he is in charge of all the equipment in the butchery. The management and operations of the equipment in the butchery requires staff to be always be meticulous in the performance of their duties as failure to observe some operational procedures in the use of the equipment could result in occupational injuries or even death.

Melissa works at the store's customer service and help desk counter. She has been with the branch for the past three years and she is one of the staff members that the shop manager relies on. She has received several compliments from customers for the way she handles any issues that they bring to her. Melissa fully understand the company's complaints handling procedures and she has been able to share her knowledge with her colleagues. The cash office is led by Thabo who is the supervisor for that section. Company policies and procedures dictate that all cash must be banked at most a day after it has been received and that all over and under bankings must be reported. As a qualified bookkeeper, Thabo manages his section well and the shop manager has not faced any problems of non-compliance or poor performance from the cash office.

3.1 Analyse the expected performance of any three staff members mentioned in the case study
(9 marks)

Allocate three marks for the detailed explanation of the expected performance of each of the three staff members.

- Michael – required to account for all equipment and performance of staff in the butchery section.
- Thabo – expected to run the cash office in line with company policies.
- Melissa – required to manage the help desk counter.
- Joshua – Has broken the company's policy by failing to report for work as required or alternatively produce a doctor's note if he is absent for more than two days.

- Thandiwe – Has also broken the company’s policy by failing to report for work as required or alternatively producing a doctor’s note if she is absent for more than two days. Thandiwe has been absent from work for at least four days in a month.

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

(9 marks)

Allocate two marks for the detailed explanation of the actual performance of each of the four staff members. Use discretion to award the additional mark for a good answer.

Actual performance of four staff members:

- Joshua – absent without official notice
- Michael – reported for work whilst drunk
- Thandiwe – absent without official notice
- Thabo – hardworking employee and complies with all the required policies and
- procedures

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)

Allocate two marks for the explanation of the difference between compliance and performance and then allocate two marks for an explanation of the two concepts.

Compliance is meeting company regulations and performance targets; performance is actually exceeding set targets. Compliance is a minimum standard of work; performance is a measure of excellence.

Examples of non-compliance in the case study include the following:

- Thandiwe, Michael and Joshua – being absent from work without authorised leave and failing to submit medical reports to confirm if they were ill.
- Michael – reporting for work under the influence of alcohol.

Examples of compliance includes:

- Melisa – she has an in-depth understanding of the company’s complaints handling procedures.
- Thabo – ability to follow company procedures with regards to the reconciliation and banking of all cash receipts.
- However, performance without compliance does not add value; compliance without performance does not add value. An employee must perform and also comply with policies. Managers must motivate staff to exceed targets while at the same time

complying with policies. A sale is only a sale if it meets or exceeds customer requirements and also generates a profit for the company.

Examples of performance issues the following:

- Monica's complaints handling, customer service skills and ability to share information with her subordinates.
- Thabo - As a qualified bookkeeper, Thabo manages his section well and the shop manager has not faced any problems of non-compliance or poor performance from the cash office.

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

(6 marks)

Allocate three marks for a comprehensive description of any two of the following strategies:

- Re-training the employees
- Motivating the employees
- Clarifying exact problem, listening to employee's side of the story and Setting clear goals;
- Accompanying staff to customers to observe performance; and
- Rewarding improvement.

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

(6 marks)

Allocate three marks for each strategy suggested and explained.

- Continuous education and dissemination of information about the rules, regulations and procedures that employees must always comply to.
- Making compliance procedures a key requirement for employee performance
- Re-training;
- Counselling;
- Active listening to understand and act on information given by employees; and
- Punishing repeated lack of compliance

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)

Allocate four marks for any two strategies suggested and explained.

- Reinforce good performance by acknowledging and rewarding it.
- Promote good performers.
- Allocate more challenging responsibilities
- Job enrichment and job enlargement

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

(6 marks)

Allocate six marks for detailed communication of the strategies using appropriate language.

Communication in writing can take many forms, including:

- Memorandum
- Reports
- Posters, brochures, and fliers

Memorandum to staff

To: All Staff

Date: xxxx

From: Store Manager

Subject: Performance Issues

Recently I noticed an increased absenteeism and missed sales targets. I strongly remind you of the need to comply with company policies and procedures, absenteeism without official notice is an offence which affects overall performance, hence the falling sales.

I must commend Melissa and Thabo for their outstanding performance. Keep it up. While this company will reward good performance, it must be noted that poor performance will not be tolerated. Please be advised accordingly.

Signed.....

(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	