

**RETAIL BUYER**

**Aligned with Qualification 103145 OC Retail Buyer**

**Part Qualification 2: Retail Planner**

**WORKBOOK**

**WORKBOOK**

**KM-01 Managing supplier relationships**

**Retail buyer**

**Part Qualification 2: Retail planner**

Aligned with

Qualification 103145 OC Retail Buyer

332301000-KM-01, Concepts and principles for managing supplier relationships and the performance of merchandise, NQF Level 6, Credits 10

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| A close up of a sign  Description automatically generated | **Activity 1 (KM01 IAC0102)**  Part of the assortment planner’s responsibility is to select types of merchandise, type of brand and level of exclusivity.  How does the planner’s responsibility for assortment planning impact on the brand of the business? |

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| A close up of a sign  Description automatically generated | **Activity 2 (KM01 IAC0102)**  Please complete the activity in your workbook.  How does the planner’s responsibility for merchandise control impact on the company’s profits/bottom line? |

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| A close up of a sign  Description automatically generated | **Activity 3 (KM01 IAC0102)**  Work in groups.  Please complete the activity in your workbook.  Explain how the buyer impacts the buying cycle through the following activities:  3.1 Deciding on the product range  3.2 Negotiating prices  3.3 Determining when the products should be available. |

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| A close up of a sign  Description automatically generated | **Activity 4 (KM01 IAC0102)**  Work in groups.  Please complete the activity in your workbook.  Explain how the buyer impacts the buying cycle through the following activities:  4.1 Sales forecast  4.2 Studying market conditions and consumer buying behaviour  4.3 Effective ordering in terms of quantities of specific products (including factors such as colours, and sizes for clothing)  4.4 Efficient and effective inventory planning  4.5 Overseeing delivery and distribution of merchandise. |

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| A close up of a sign  Description automatically generated | **Activity 5 (KM01 IAC0101)**  Please complete the activity in your workbook.  Work in groups.  Discuss the impact of your function on each of the following. ***Give practical examples for each.***   1. Finance 2. The company’s brand 3. Turnover 4. Shrinkage 5. Profitability. |

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| A close up of a sign  Description automatically generated | **Activity 6 (KM01 IAC0103)**  Please complete the activity in your workbook.  Draw a diagram that shows the inter-relationship between you as buyer and/or planner and other departments in the company. The diagram must show and explain the impact of each party on the other. |

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| A close up of a sign  Description automatically generated | **Activity 7 (KM01 IAC0105)**  Work in groups.  Please complete the activity in your workbook.  Referring to Figure 4 in the learner guide, prepare a checklist that the buyer/planner can use when evaluating the ethics of suppliers. |

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| A close up of a sign  Description automatically generated | **Activity 8 (KM01 IAC0104)**  Please complete the activity in your workbook.  8.1 Discuss the implications of the principles of ethics in buying and planning on your job.  8.2 Explain how you would handle the following situations.  8.2.1 You are responsible for the procurement of cleaning products for your company. A potential supplier sends you its catalogue together with a gift of a very expensive fountain pen with the supplier’s logo on it.  8.2.2 You have agreed to a two-year supply contract with a small, foreign supplier, but a drop in demand for your company’s products is seriously depressing its profitability. Another supplier guarantees lower supply prices that would re-establish the margins your company needs to meet its objectives. This would mean breaking the contract with the first supplier without just cause. Legal action by that supplier would be unlikely, because of its small size. |

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| A picture containing plate, window  Description automatically generated | **Activity 9 (KM01 IAC0105; PM01-PA0301; IAC0303)**  Please complete the activity in your workbook.  Read the scenarios then answer the questions.  **Scenario 1:**  During a meeting to discuss the promotion of new products: "But that's ridiculous, Bob! We can't possibly have the new range available in time for the Autumn Fashion show! You scheduled the date way too early. What do the rest of you think? Is anyone else stupid enough to think we'll be ready?"  ***Question***: How can the chairman handle the disruptive behaviour and prevent further conflict?  **Scenario 2**:  "Well, I can see your arguments for co-opting Alison for the sales forecasting. But I just think James would be better, and you're not going to convince me otherwise."  ***Question***: How can the chairman handle the disruptive behaviour and prevent further conflict? |

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| A close up of a sign  Description automatically generated | **Activity 10 (KM01 IAC0201)**  10.1 Explain the difference between the cold supply chain and the general supply chain.  10.2 Which type(s) of supply chain is/are relevant to your own job as buyer and/or planner?  10.3 Draw a diagram that explains the type of supply chain that is relevant to your own job as buyer and/or planner. Describe the function of each element in the supply chain. |

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| A close up of a sign  Description automatically generated | **Activity 11 (KM01 IAC0201)**  Please complete the activity in your workbook.  Hernan David Preez argues in Supply Chain Quarterly that “Organizations tend to want their supply chains to have simultaneous capabilities: efficient, fast, agile, custom-configured, and flexible, among others. Yet each of these capabilities requires different skills, and in the majority of cases, these skill sets are incompatible within the same supply chain. However, it is possible to develop several *parallel* supply chains within a single organization, each focused on a defined market segment with a responsiveness level and a cost structure that are appropriate to the segment it serves.”xxix  *You may refer to the additional reading for further information*.  11.1 Create a table with 5 columns (landscape orientation would be best)   1. In the first column, list the categories of products offered by the retail chain you represent.   (ii) In the second column, for each category, indicate the supply chain model(s) currently being used.  (iii) In the third column, describe how the model is being applied.  (iv) In the fourth column, indicate whether you are of the opinion that it is the most appropriate model for the category (Yes/No).  (v) In the last column, explain why you say “Yes” or “No”.  11.2 Did you identify any areas where a different model could be investigated? If so, explain why. |

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| A close up of a sign  Description automatically generated | **Activity 12 (KM01 IAC0203)**  Please complete the activity in your workbook.  12.1 List all the methods of distribution used in your role. For each, give a short description.  12.2 For each distribution method you identified, draw a spider diagram (see below). Use the “legs” of the diagram to describe the **impact** of the method in your role as buyer and/or planner. Give examples of positive and negative impacts**.** |

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| A close up of a sign  Description automatically generated | **Activity 13 (KM01 IAC0204)**  Please complete the activity in your workbook.  13.1 Draw a diagram that shows all the role players in the flow of merchandise, relevant to the retail chain you represent.  13.2 Explain all the interrelationships between the role players. |

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| A picture containing plate, window  Description automatically generated | **Activity 14 Case study (KM01 IAC0203; PA0101; PA0102)**  Work in groups.  Please complete the activity in your workbook.  During May 2020, in the middle of the global COVID-19 pandemic, McKinsey issued a report, ***Fashion’s digital transformation: Now or never***). For better insight into the report and recommendations, you may find and read the report online.  (Available at: *https://www.mckinsey.com/industries/retail/our-insights/fashions-digital-transformation-now-or-never)*  The report opened with the statement that “Some apparel, fashion, and luxury companies won’t survive the current crisis; others will emerge better positioned for the future. Much will depend on their digital and analytics capabilities.”  The report contained recommendations for adaptations to me made in the fashion industry, including the following, which can safely be assumed to apply to all categories of retail chain stores:    **Questions:**  14.1 Which of the recommendations would or could apply to the supply chain or distribution models for retail chain stores? Motivate your selection.  14.2 What changes would need to be made to the supply chain and distribution models for different retail categories (for example, groceries, apparel, and beauty). Motivate your recommendations.  14.3 How would adaptations to the supply chain and distribution models impact on (i) buying and (ii) planning?  14.4 Draw a map of an adapted supply chain for one of the retail categories. Map the critical management points in the adapted supply chain. Discuss any new critical management points.  14.5 What areas for improvement in the supply chain for retail chain stores can you identify, based on the recommendations in the report?  Present your case study answers to the large group. |

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| A close up of a sign  Description automatically generated | **Activity 15 (KM03 IAC0301)**  Please complete the activity in your workbook.  Use the Kraljik matrix and identify the four types of buyer-supplier relationship for the company where you are a buyer, by giving examples for each block. |

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| A picture containing plate, window  Description automatically generated | **Activity 16 (KM02 ICC0301)**  Work in groups.  Please complete the activity in your workbook.  Discuss the responsibilities of the planner in managing the supply chain.  16.1 How do you monitor spending against buying plans?  16.2 How do you monitor prices and agreements?  16.3 How do you stay informed of and study market conditions so you can make informed buying and assortment planning decisions?  16.4 How do you ensure effective and efficient inventory management?  16.5 How do you oversee merchandise allocation, delivery and distribution?  16.6 Are there other responsibilities of the buyer in managing the supply chain? |

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| A picture containing plate, window  Description automatically generated | **Activity 17 (KM02 ICC0302)**  Work in groups.  Please complete the activity in your workbook.  17.1 For each stage in the supply chain management process, identify the ***critical steps*** that should be managed to mitigate risks in the supply chain. Explain what the potential risk is and the consequences if the step is not managed effectively.  Present to the large group.   |  |  |  |  | | --- | --- | --- | --- | | **Stage** | **Step** | **Potential risk** | **Consequences** | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  | |  |  |  |  |   17.2 Prepare a checklist of critical check points in the flow of stock where disruptions could occur in the supply chain. |

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| A close up of a sign  Description automatically generated | **Activity 18 (KM01 IAC0303)**  Please complete the activity in your workbook.  18.1 List shortfalls that you have experienced in the supply chain. Explain the actions you took or considered taking to remedy the shortfalls.  18.2 Research (on the Internet or in books) remedies for the specific shortfalls that you have observed in the supply chain. Discuss how you could use this information to prevent similar shortfalls in the future.  18.3 Work with a partner and exchange ideas on remedies for shortfalls in the supply chain. |

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| A close up of a sign  Description automatically generated | **Activity 19 (KM01 IAC0101; KM01 IAC0102; KM01 IAC0203; KM01 IAC0302; KM01 IAC0304; PA0101; PA0102)**  Please complete the activity in your workbook.  The recent COVID-19 pandemic created the first-ever situation in history where total lockdown in several countries on all continents brought most categories in the retail industry to either a total standstill or had a severe impact on business because of prohibition on trade for several weeks.  Such a pandemic is but one example of how unexpected situations can create a dire need for buyers and planners to immediately re-assess current buying and merchandise planning plans and processes. It is suggested by reputed global consultancies that other situations such as natural disasters may require the same type of swift and severe action in amending plans and meeting customer needs and demands.  **Instructions:**  Read the McKinsey report on how the pandemic had an immediate impact on the beauty industry. The research on which the report was based, also referred to changes in consumer buying behaviour and expected consumer spend, at least in the immediate future. The research quotes consumer’s expected spend on (A) Groceries, (B) Personal care products, (C) Skincare/make-up and (D) Apparel.  Consider how your job as buyer and/or planner would be impacted if that report was published now. Answer the questions:   1. How would the expected spend on a category for which you are a buyer/planner impact on your job, that is, what should you do and how should you manage the supply chain (KM01 IAC0101; KM01 IAC0301), for example:  * Ensuring availability of products that meet consumer demand? * Assortment planning for stores in different regions? * Amending purchase orders? * Developing sales forecasts? * Analysing changes in economic conditions? * Analysing changes in the marketing strategies in the retail chain you represent and its competitors? * Amending the merchandise budget?  1. What changes would you need to make to your 6-month purchasing plan? (KM01 IAC0101). Use your actual merchandise plan/budget as basis for your answer. 2. How will the changes you make to your 6-month purchasing plan impact on (i) finances; (ii) the brand; (iii) turnover; (iv) shrinkage and (v) profitability? (KM01 IAC0102) 3. Describe the supply chain(s) that your company is currently using. (KM01 IAC0201) 4. Describe the methods of distribution (right to the consumer) you are currently using. (KM01 IAC0202) 5. Describe how the current distribution methods impact on your buying and planning. (KM01 IAC0203) 6. Has your company made any changes to buying, planning and distribution processes since the pandemic? If so, describe the changes and explain why they were made. 7. Draw a diagram that illustrates your current supply chain management process. Indicate and discuss the critical check points in the flow of stock that you need to monitor and manage because of possible disruptions in the supply chain. (KM01 IAC0302; PA0101) 8. Describe what changes you would need to make in (i) sales forecasting; (ii) assortment planning; (iii) merchandise allocation; (iv) merchandise control; (v) merchandise distribution; and (vi) pricing strategies. 9. Describe typical contingency plans that you can use to manage the supply chain in the changed situation (KM01 IAC0304; PA0102) |

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| A close up of a sign  Description automatically generated | **Activity 20 (KM01 IAC0402)**  Read the information given in the article “Procurement key performance indicators and metrics” available at  *https://www.datapine.com/kpi-examples-and-templates/procurement*  Identify operational standards that can be used to measure performance of suppliers relevant to your position, in terms of service delivery, merchandise quality, order fulfilment and lead times.  Prepare a scorecard based on the measures that you have identified. |

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| A close up of a sign  Description automatically generated | **Activity 21 (KM01 IAC0403)**  Please complete the activity in your workbook.  21.1 Describe one target market for the retail chain you represent.  21.2 Describe their interests that may affect the operating standards required of the retail chain and its suppliers.  21.3 Describe how the interests impact on operating standards for the retail chain and its suppliers. |

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| A picture containing plate, window  Description automatically generated | **Activity 22 (KM01 IAC0404)**  Work in groups.  Please complete the activity in your workbook.  Discuss corrective measures that can be implemented where suppliers do not meet the key standards of on-time-delivery, quality, price or continuous improvement. Give examples of poor performance and then suggest appropriate corrective measures. For each corrective measure your group suggests, list the advantages and disadvantages for the buying company. |

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| A picture containing plate, window  Description automatically generated | **Activity 23 (KM01 PA0101; PA0102)**  Work in groups.  Please complete the activity in your workbook.  Read the scenario then:  23.1 Describe the shortfall in the supplier’s performance.  23.2 Brainstorm and identify possible causes of the problem  23.3 Propose corrective measures to improve the supplier’s performance  **Scenario:**  DH Supply, a building materials wholesaler, touted its new 20-thousand-square-metre high-tech warehouse in Gauteng. With the opening of this massive warehouse, a new approach to receiving and dispatching processes was required. Management realised the importance for a new stock management system to cope with the expected increase in operations.  Buying from this supplier would assist with regionalisation of suppliers for at least some of the product in the merchandise assortment for Hard-Build, a hardware and building materials retail chain. The buyer, Joe Ntuli, evaluated DH Supply based on past performance figures for on-time delivery, competitive pricing and quality of the product range that the wholesaler quoted during an exploratory meeting Jackson had with the executive of HD Supply.  A supplier agreement was signed, and Jackson was positive that changing over to this regional supplier would alleviate delivery lead times. This has been an Achilles heel for the last two years with one of Hard-Build’s suppliers from North-West.  In the first two months, Jackson could already see an improvement and was quite satisfied. However, in the third month, things started going wrong. At the heart of the crisis were delays in order fulfilment. Performance measurements recorded for the last month were as follows:   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Area** | **Scorecard criteria** | **Agreed standard** | **May** | **June** | **July** | | Quality | Compliance with specifications | 95% | 95% | 97% | 96% | | Support | Responds to requests in a timely and effective manner | 95% | 98% | 96% | 75% | | Able to access expert resources to recommend solutions for specific consumer needs | 80% | 85% | 88% | 87% | | Delivery | On-time delivery | 95% | 100% | 95% | 72% | | Correct delivery | 95% | 98.5% | 85% | 80% | | Cost | Price changes and terms are transparent and timeous | 95% | 99% | 92% | 90% |   HD Supply’s management gave very few details about the nature of its struggles to meet agreed performance measures.  23.1 Describe the shortfall in the supplier’s performance.  23.2 Brainstorm and identify possible causes of the problem  23.3 Propose corrective measures to improve the supplier’s performance |

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| A close up of a sign  Description automatically generated | **Activity 24 (PA0201 IAC0201; PA0202 IAC0202; PA0203 IAC0203)**  Please complete the activity in your workbook.  Consider the information gathered from a sales report for the ladies’ accessories department.   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | CATEGORY | Planned Q1 | Sales Q1 | Planned Q2 | Sales Q2 | Planned Q3 | Sales Q3 | Planned Q4 | Sales Q4 | TOTAL SALES | | Sunglasses female classic | 400 | 370 | 300 | 280 | 180 | 200 | 500 | 520 | 1 370 | | Sunglasses female trendy | 500 | 294 | 220 | 250 | 320 | 323 | 600 | 634 | 1 501 | | Handbags floral fabric | 200 | 200 | 200 | 170 | 200 | 220 | 260 | 250 | 840 | | Handbags leather - black | 350 | 400 | 350 | 340 | 380 | 440 | 450 | 500 | 1 680 | | Handbags leather - grey | 280 | 294 | 260 | 250 | 330 | 323 | 350 | 368 | 1 235 | | Handbags leather - brown | 200 | 235 | 220 | 200 | 300 | 320 | 300 | 294 | 1 049 | | Handbags leather - red | 80 | 100 | 100 | 85 | 120 | 110 | 100 | 125 | 420 | | Scarves long | 200 | 300 | 260 | 255 | 300 | 330 | 300 | 375 | 1 260 | | Scarves square | 280 | 250 | 230 | 213 | 300 | 275 | 300 | 313 | 1 050 | | Bracelets with charms | 450 | 400 | 300 | 340 | 300 | 440 | 600 | 500 | 1 680 | | Bracelets chain | 220 | 200 | 200 | 170 | 200 | 220 | 200 | 250 | 840 | | Sandals | 900 | 895 | 300 | 311 | 400 | 445 | 800 | 756 | 2 407 | | Shoes pump | 200 | 244 | 400 | 462 | 500 | 598 | 200 | 280 | 1 585 |   24.1 Calculate sell through for each of the categories for Quarter 4.  24.2 Calculate sell through for all four quarters combined.  24.3 Rank the categories in order of performance for the year (top selling to lowest performance), using sell through method.  24 .4 For each category, determine whether it performed on, above or below standards (plans).  24.5 Propose ideas to improve performance or clear dead merchandise, as applicable. |

**WORKBOOK**

**KM-04 Allocating stock to stores**

**Retail buyer**

**Part Qualification 2: Retail planner**

Aligned with

Qualification 103145 OC Retail Buyer

332301000-KM-04, Concepts and principles for allocating stock to stores,   
NQF Level 5, Credits 3

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| A close up of a sign  Description automatically generated | **Activity 25 (KM04KT01 IAC0101)**  25.1 Complete the diagram. In the section where the two shapes intersect, list the factors that impact on both product range and quantity allocation for different stores at the company you represent. If some factors only impact on product range allocation, list them in the shape on the left. If any factors only impact on quantities allocated to different stores, list them in the shape on the right.    25.2 Describe the factors under the headings where you listed them (e.g. factors impacting on both, factors impacting on product rage allocation, actors impacting on quantities allocated.  25.3 Explain the information sources you use to help you make decisions on allocating product ranges and quantities to various stores in the retail chain you represent. |

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| A close up of a sign  Description automatically generated | **Activity 26**  Please complete the activity in your workbook.  Sales of packets of bolts during the past 4 weeks were as follows:  Week 1: 2 105  Week 2: 2 400  Week 3: 2 380  Week 4: 2 600  Current stock on hand: 5 260  Calculate Weeks of Supply. |

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| A close up of a sign  Description automatically generated | **Activity 27 (KM04KT01 IAC03)**  Please complete the activity in your workbook.  27.1 Discuss the method(s) used for allocating product range to different stores at the company you represent.  27.2 Discuss the method(s) used for allocating quantities to different stores at the company you represent. |

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| A picture containing plate, window  Description automatically generated | **Activity 28 (KT0104 IAC0204)**  Work in groups.  Please complete the activity in your workbooks.  Read the following case study.  28.1 From the information, draw up a table that compares the advantages and disadvantages of Head Office (central) replenishment.  28.2 Draw up a table that compares the advantages and disadvantages of replenishment handled by stores themselves.  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  **“The Advantages of a corporate replenishment department**  by [Jon Schreibfeder](https://effectiveinventory.com/author/jschreibfeder/)  About this time last year I worked with two large distributors that allow their individual branches to completely control the replenishment of the products they stock. Each location’s management, buyers, and/or salespeople could replenish stock whenever they felt it was necessary with either a vendor purchase order or a transfer from another company location. Management at both firms was convinced that this policy allowed for the quickest possible response to customers’ needs and served as the cornerstone of outstanding service.  However, neither of these companies was providing great customer service or was meeting profitability goals. They suffered from several, apparently conflicting, inventory problems:   * Frequent stockouts of critical products. * Large quantities (and value) of excess inventory and dead stock. * Inaccurate product availability information in the computer system.   Executives at both firms were surprised to learn that the underlying cause of these problems was the strategy they hoped would enhance their ability to effectively serve customers. Let’s look at some of the reasons why their branch replenishment policies were doing more harm than good:  ***Any available stock could be transferred out of any other branch at any time if it was needed to fulfil an immediate customer need.*** On the surface this policy may make sense. Why keep four units of a product on the shelf in one location if it can be sold by another branch? Isn’t that what inventory turnover and customer service are all about? But the logic of this policy breaks down when we look at a specific example:  Branch A normally sells 10 pieces of product #A100 per day. The item has a seven-day lead time and the branch manager always issues a replenishment order when there are 90 to 100 pieces in stock (i.e., a nine- to ten-day supply). This provides some safety stock in case of unusual demand or a delay in receiving the replenishment shipment. Branch B isn’t as well organized. They often don’t reorder part #A100 until they experience a stockout. Then they transfer quantities of the item in from other locations (including branch A) to satisfy their customers’ needs. Suppose that one day branch A is awaiting a replenishment order and has only 30 pieces of the product left in inventory. If branch B takes all or part of this stock to fill an existing customer order, branch A may also experience a stockout before the replenishment shipment arrives. The branch that didn’t manage its inventory well looks like a hero to its customers while branch A suffers lost sales and disappoints its clientele. In the future branch A will probably begin to stock defensively – that is, they will plan to stock both the quantity necessary to meet their customer forecast and what they think other branches might pull from their inventory. It is easy to see how this situation can easily get out of hand if any salesperson in any branch can sell any available inventory.  But wouldn’t the practice of defensive stocking actually improve customer service because every branch would be overstocked with critical parts? Not necessarily. We have found that salespeople, when faced with the prospect of other branches taking inventory that might be needed by one of their preferred customers, will go to great lengths to protect this material. One common method is to enter false sales orders to commit material they do not want to be taken by other locations. As a result the available quantity (On Hand – Committed) in the computer system does not accurately reflect the quantity actually available for sale. The falsely committed material cannot be used to fill the needs of other customers in the branch that owns the material. I have even seen situations where the customer for whom specific material was “hidden” fails to receive the secreted product. This happens when the only salesperson who knows about the false orders is out to lunch or on vacation and the salesperson who actually takes the order doesn’t know anything about the material hidden for this particular customer.  ***Salespeople buy because they know what customers really need*.** Successful salespeople like to interact with customers, and their compensation is often based on earned commissions. Any replenishment work they must do is often relegated to off hours or times of crisis. The most common cause of one of these crises: a stockout of a popular or critical item.  Effective buyers know that when you buy products is the critical element to achieving a high level of customer service. Replenishment orders must be issued as soon as the net stock quantity or replenishment position of an item [On-Hand – Committed + Currently on Replenishment Order] falls below the reorder point quantity. This reorder point quantity is equal to the anticipated usage during the lead time plus a safety stock quantity to protect against unanticipated demand during the lead time or delays in receiving the replenishment shipment.  Though the salesperson may issue an emergency as soon as the crisis occurs, the results are still often negative:   * An emergency shipment often doesn’t meet a vendor’s requirement for a “good” or “target” order and the material has to be purchased at a higher unit cost (often with the addition of airfreight), reducing the company’s profits. * Customers may not be satisfied with an emergency shipment from the vendor if they expected the material to be in stock and available for immediate delivery.   ***Branches may overbuy in order to place vendor “target” purchase orders on a regular basis.*** A target order meets a vendor’s requirements that enable a company to receive the discounts or terms that allow them to competitively sell the vendor’s products. If each branch has to meet the vendor’s target requirement when placing a replenishment order, they may have to purchase more of a popular item than they would if they could split shipments with other branches. They also might have to buy full package quantities of slow-moving products as opposed to “sharing” a package with other company locations.  At these two companies, these problems and others were solved by putting specific buyers in charge of replenishing inventory of specific product lines in all customer locations. These individuals had both customer service and inventory turnover goals they were expected to meet or exceed. In order to do this, they:   * Ensured that replenishment orders were issued as soon as the replenishment position of a product fell below its order point (lead time usage + safety stock or reserve inventory). This avoided customer backorders and crisis replenishment orders. * Split replenishment orders between branches and centrally-warehoused slower-moving items. Because the central warehouse serves as the branches’ normal source of supply of these products, they buy enough from the vendor to meet the needs of both their own and the branches’ customers. The result: vendor purchase orders are issued more frequently and several branches can “share” one vendor package of a slow-moving product. * Possible unusual usage is identified and analysed. Salespeople and/or customers are interviewed to determine if an unexpected increase or decrease in usage is the result of sales activity that will probably not reoccur or a new evolving sales trend. Future forecasts are adjusted to reflect the obtained information. * Buyers approve all inter-branch transfers. After all, they are responsible for maximising both customer service (i.e., minimising stockouts) and inventory turnover. For example, it may be advantageous to move the surplus stock of a popular product from a branch that is a considerable distance from the location that needs the material than a smaller quantity from a closer branch if it will maximise overall corporate profitability.   Both of these companies established central purchasing authorities. All buyers were not necessarily physically located in the same office, but each was responsible for specific product lines throughout their company. As a result, we achieved the results that every company desires: a maximisation of both customer service and corporate profitability through effective inventory management.” |

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| A picture containing plate, window  Description automatically generated | **Activity 29 (KM04KT02 IAC0201)**  Work in groups. Complete the activity in your workbooks.  Discuss the above factors – and any others that you are aware of – that impact on merchandise allocation to stores outside South Africa. Explain the factors and give practical examples. |

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| A picture containing plate, window  Description automatically generated | **Activity 30 (KM0402 IAC0203)**  Work in groups.  Please complete the activity in your workbooks.  Discuss and explain the methods you use for allocating promotional stock to different stores within the retail chains. List the advantages and disadvantages that you experience with the methods that are being used. |

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| A picture containing plate, window  Description automatically generated | **Activity 31 (KM0402 IAC0204)**  Work in groups.  Please complete the activity in your workbooks.  31.1 Discuss and explain the methods you use for allocating new stock to different stores within the retail chains.  31.2 List the advantages and disadvantages that you experience with the methods that are being used.  31.3 Discuss factors that you take into consideration when you use the history method. |

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| A close up of a sign  Description automatically generated | **Activity 32 (KM04KT03 IAC0301)**  Please complete the activity in your workbook.  32.1 If allocation software is used in the company that you represent, explain how allocations are recorded on the system.  Explain the advantages of the system and any challenges that you experience with this.  32.2 If allocation software is not used in the company that you represent, research the Internet to find software that can be used for allocating products and quantities.  Explain what the vendors claim how the software can be used. List the advantages that the vendor claims the software offers. |

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| A close up of a sign  Description automatically generated | **Activity 33 (KM04KT03 IAC0302)**  Explain how a spreadsheet or paper-based form can be used to record allocations in a non-computerised environment.  Give an example by designing either a form in table format or a spreadsheet and indicate the formulae that will be used.  NOTE: You may research the Internet to guide you. |