 

**RETAIL BUYER**

**Aligned with Qualification 103145 OC Retail Buyer**

**PRACTICAL SKILLS TRAINING LOG**



**Retail buyer**

**Practical experience**

**Practical skills modules**

332301000-PM-01 Manage supplier and stock performance

332301000-PM-02 Manage stock through the supply chain

332301000-PM-03 Source products and identify preferred suppliers

332301000-PM-04 Negotiate with suppliers

332301000-PM-05, Buy products

332301000-PM-06 Plan and allocate stock to stores

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| **Company** |  |
| **Learner name & surname** |  |
| **Learner ID number** |  |
| **Learner signature** |  |
| **Line manager name & surname** |  |

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| 1 About this programme |

## 1.1 Occupational purpose

The purpose of this qualification is to prepare a learner to operate as a Retail Buyer by managing and buying stock in the retail environment.

A retail buyer sources, buys and allocates stock for wholesale and retail outlets.

A qualified learner will be able to:

* Manage supplier relationships and the performance of stock.
* Source products through the identification and selection of suppliers.
* Buy merchandise

## 1.2 Occupational task details

1. Manage supplier relationships and the performance of stock. (NQF Level 5)

*Unique Product or Service:* Manages supplier relationships and stock performance.

*Occupational Responsibilities:*

* Manage supplier and stock performance.
* Manage stock through the supply chain.

*Occupational Contexts:*

* Processes and procedures for the management of supplier and stock performance.

2. Source products through the identification and selection of suppliers. (NQF Level 5)

*Unique Product or Service:* Products and suppliers that meet set requirements.

*Occupational Responsibilities:*

* Source products and identify preferred suppliers.

*Occupational Contexts:*

* Processes and procedures for sourcing products and setting ranges.
* Processes and procedures for identifying preferred suppliers.

3. Buy products (NQF Level 5)

*Unique Product or Service*: Products purchased to meet organisation's target market

*Occupational Responsibilities:*

* Negotiate with suppliers.
* Buy products.

*Occupational Contexts:*

* Processes and procedures for negotiating, buying and recording products purchased.

4. Allocate stock to stores (NQF Level 5)

*Unique Product or Service:* Stock allocated to stores.

*Occupational Responsibilities:*

* Plan and allocate stock to stores.

*Occupational Contexts:*

* Processes and procedures for allocating stock to stores.

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| 2 List of practical skill module specifications |

* 332301000-PM-01, Manage supplier and stock performance (10 credits)
* 332301000-PM-02, Manage stock through the supply chain (4 credits)
* 332301000-PM-03, Source products and identify preferred suppliers (9 credits)
* 332301000-PM-04, Negotiate with suppliers (4 credits)
* 332301000-PM-05, Buy products (7 credits)
* 332301000-PM-06, Plan and allocate stock to stores (6 credits)

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| 3 Physical requirements for practical skill modules |

**332301000-PM-01 Manage supplier and stock performance**

* Learning material covering the managing of supplier and merchandise performance
* Calculators, Case studies, role play scenarios or DVDs

**332301000-PM-02 Manage stock through the supply chain**

* Learning material covering the managing of stock through the supply chain, case studies

**332301000-PM-03 Source products and identify preferred suppliers**

* Learning material covering the sourcing of products and identifying preferred suppliers
* Computer with access to the internet
* Applicable trade journals, scenarios

**332301000-PM-04 Negotiate with suppliers**

* Learning material covering the negotiating with suppliers, case studies and or DVDs

**332301000-PM-05 Buy products**

* Learning material covering the buying of merchandise
* Calculators, buying scenarios

**332301000-PM-06 Plan and allocate stock to stores**

* Learning material covering allocating stock to stores
* Calculators. Scenarios of stock allocation

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| 4 Criteria for practical skills training approval |

## 4.1 Physical requirements

Should a workplace not have all the necessary physical requirements they are allowed to enter into formal agreements with other workplaces that do have the required list of physical requirements in order to achieve accreditation.

## 4.2 Requirements for practical training evidence

All evidence produced relating to the following practical training must be submitted for external assessment.

**332301000-PM-01 Manage supplier and stock performance**

* Evaluate and improve supplier performance
* Evaluate and improve merchandise performance
* Work constructively in teams by applying good teamwork

**332301000-PM-02 Manage stock through the supply chain**

* Identify critical check points in the flow of stock through the supply chain
* Manage stock through the supply chain

**332301000-PM-03 Source products and identify preferred suppliers**

* Source products from South African suppliers
* Source products from international suppliers
* Identify preferred supplier

**332301000-PM-04 Negotiate with suppliers**

* Prepare for a negotiation
* Negotiate ethically

**332301000-PM-05 Buy products**

* Calculate quantities to buy
* Calculate selling prices
* Analyse competitor strategies

**332301000-PM-06 Plan and allocate stock to stores**

* Allocate new merchandise and quantities to stores
* Replenish sales

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| 5 Practical training |

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| **NOTE:** The practical assignments in this practical training guide and log are written for buyers and planners employed at a retail chain store company. If the instruction requires the learner to perform a task relating to “the retail chain you represent” and the learner is not currently employed, such learner should complete the activity at or relating to the store with which the learner has an agreement for workplace training and experience.  If the practical training is conducted by the training institution (and not the workplace), learners need to be informed in advance what information they need to bring for the contact sessions in order to complete the practical assignments. |

## 5.1 332301000-PM-01: Manage supplier and stock performance, NQF Level 5 (10 credits)

### Purpose of the practical skill modules

The focus of the learning in this module is on providing the learner an opportunity to practice managing the performance of suppliers and merchandise.

Learning contact time - the total amount of time during which the learner needs to have access to the provider to enable him or her sufficient time to obtain the required knowledge and complete activities, assignments and research (if any) as well as required to prepare for and complete assessments is 12.5 days.

The learner will be required to:

* PM-01-PS01: Evaluate and improve supplier performance
* PM-01-PS02: Evaluate and improve merchandise performance
* PM-01-PS03: Work constructively in teams by applying good teamwork

**Learning materials**

***NOTE: Learners should revise the above materials at commencement of the practical training.***

For this practical, the learning material is found in the Learner guide for Module ***KM-01 Managing supplier relationships and performance of merchandise***:

* Chapter 1.10 Criteria and behaviours conducive to working in a team
* Chapter 4 Evaluating supplier performance
* Chapter 5 Managing the performance of merchandise

### 5.1.1 PM-01-PS01: Evaluate and improve supplier performance

#### 5.1.1.1 Scope of practical skill

Given a case study detailing the performance required of a supplier along with details of the supplier’s actual performance the learner must be able to:

* Determine shortfalls in the suppliers’ performance
* Propose actions to improve the suppliers’ performance

#### Applied knowledge

* AK0101 Techniques for evaluating case studies
* AK0102 Techniques for determining shortfalls in performance
* AK0103 Possible actions to correct shortfalls in supplier performance

#### Internal assessment criteria

* IAC0101 Shortfalls in the supplier’s performance are determined according to the given scenario
* IAC0102 The actions proposed are practical and would have the desired effect of improving the supplier’s performance

#### 5.1.1.2 Practical training instructions

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Information for completing the practical assignment PM-01-PS01:  Evaluate and improve supplier performance:**  ABC Apparel retail chain has a supplier agreement with Zen Clothing, a local manufacturer of menswear and women’s wear.  ABC Apparel buys two from two product ranges supplied by Zen Clothing   * Men’s T-shirts * Ladies blouses   They have agreed on the following scorecard for measuring performance of Zen Clothing:   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Key performance area** | **Performance standards** | **Target** | **Rating**  **1 Below target**  **3 Meets target**  **5 Exceeds target** | **Comments** | | Quality | Average response time on quality defect reports (SCAR) | 2 days |  |  | | Average resolution time for SCAR | 4 days |  |  | | Delivery | % On time delivery | 95% |  |  | | % Late deliveries | 5% |  |  | | % items shipped on time | 95% |  |  | | Agreed delivery time | 1st week of every month |  |  | | Responsiveness | Emergency orders shipping time | 5 days |  |  | | Communications | 2 days |  |  | | Risk | Conformance to specifications | 98% |  |  | | Product availability | 97% |  |  | | Political events | 0 |  |  |   The men’s T-shirts bought as part of the retail chain’s staple range for men’s casual wear includes the following:   1. Black round-neck in sizes S, M, L, XL, XXL 2. Black V-neck in sizes S, M, L, XL, XXL 3. White round-neck in sizes S, M, L, XL, XXL 4. White V-neck in sizes S, M, L, XL, XXL 5. Navy round-neck in sizes S, M, L, XL, XXL 6. Navy V-neck in sizes S, M, L, XL, XXL   Because of relatively stable consumer demand, replenishment has been automated and the agreement is for Zen Clothing to replenish the following quantities, delivering during the first week of every month for the first three months of the summer season.  It was, however, also agreed that the retail chain could place what is called an emergency order, should the company observe a sudden spike in sales.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **SKU** | **Sept** | | | | | **Oct** | | | | | **Nov** | | | | | | S | M | L | XL | XXL | S | M | L | XL | XXL | S | M | L | XL | XXL | | Black round-neck | 250 | 300 | 500 | 500 | 350 | 250 | 300 | 500 | 500 | 350 | 200 | 250 | 250 | 250 | 250 | | Black V-neck | 250 | 300 | 500 | 500 | 350 | 250 | 300 | 500 | 500 | 350 | 250 | 250 | 250 | 250 | 250 | | White round neck | 150 | 200 | 300 | 300 | 250 | 150 | 200 | 300 | 300 | 250 | 500 | 550 | 600 | 600 | 600 | | White V-neck | 200 | 250 | 300 | 300 | 250 | 200 | 250 | 300 | 300 | 250 | 500 | 550 | 600 | 600 | 600 | | Navy round neck | 300 | 400 | 500 | 500 | 450 | 300 | 400 | 500 | 500 | 450 | 200 | 250 | 250 | 250 | 250 | | Navy V-neck | 300 | 400 | 500 | 500 | 450 | 300 | 400 | 500 | 500 | 450 | 200 | 250 | 250 | 250 | 250 |   From the stock management system, the delivery dates and quantities for the T-shirt range were derived in a report:   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **SKU** | **Date Received** | **Sept** | | | | | | S | M | L | XL | XXL | | Black round-neck | 2 Sept | 250 | 300 | 500 | 500 | 350 | | Black V-neck | 2 Sept | 250 | 300 | 500 | 500 | 350 | | White round neck | 2 Sept | 150 | 200 | 300 | 300 | 250 | | White V-neck | 2 Sept | 200 | 250 | 300 | 300 | 250 | | Navy round neck | 2 Sept | 300 | 400 | 500 | 500 | 450 | | Navy V-neck | 2 Sept | 300 | 400 | 500 | 500 | 450 |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **SKU** | **Date Received** | **Oct** | | | | | | S | M | L | XL | XXL | | Black round-neck | 5 October | 250 | 300 | 500 | 500 | 300 | | Black V-neck | 5 October | 250 | 350 | 500 | 500 | 350 | | White round neck | 9 October | 100 | 200 | 300 | 280 | 250 | | White V-neck | 9 October | 150 | 200 | 300 | 250 | 200 | | Navy round neck | 5 October | 300 | 300 | 500 | 400 | 420 | | Navy V-neck | 5 October | 300 | 380 | 450 | 450 | 400 |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **SKU** | **Date Received** | **Nov** | | | | | | S | M | L | XL | XXL | | Black round-neck | 10 November | 200 | 250 | 200 | 200 | 200 | | Black V-neck | 10 November | 250 | 250 | 250 | 200 | 250 | | White round neck | 10 November | 500 | 550 | 550 | 600 | 600 | | White V-neck | 10 November | 500 | 500 | 600 | 600 | 600 | | Navy round neck | 15 November | 200 | 200 | 250 | 250 | 250 | | Navy V-neck | 15 November | 200 | 200 | 250 | 250 | 250 |   The buyer sent an e-mail to the supplier on 6 October to listing the short deliveries and to enquire about the reason. A response was received on 10 October, stating that the supplier of fabric had done a short delivery, impacting on production times.  From the stock management system, the buyer obtained confirmation that an emergency order was placed on 11 October for the following to compensate for short deliveries.   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **SKU** | **Date Ordered** | **Nov** | | | | | | S | M | L | XL | XXL | | Black round-neck | 11 October |  |  |  |  |  | | Black V-neck | 11 October |  | 50 |  |  |  | | White round neck | 11 October | 50 |  |  | 50 |  | | White V-neck | 11 October | 50 | 50 |  | 50 | 50 | | Navy round neck | 11 October |  | 50 |  | 100 |  | | Navy V-neck | 11 October |  | 50 |  |  |  |   Records show that shipping did not take place because there was no stock available apart from the quantities that were being prepared for the next delivery  From the stock management system, the report for customer returns due to quality defects list the following:   |  |  |  |  | | --- | --- | --- | --- | | **SKU** | **Returned**  **Sept** | **Returned**  **Oct** | **Returned**  **Nov** | | Black round-neck | 10 |  | 2 | | Black V-neck | 13 | 4 |  | | White round neck |  | 6 |  | | White V-neck | 11 |  | 4 | | Navy round neck |  |  |  | | Navy V-neck |  | 2 | 3 |   For the current summer season, the buyer was required to complete an Xcel order form for blouses:    ORDER FORM completed on Microsoft Xcel   |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | SKU |  |  | L | | | XL | | | XXL | | | | 1 | Cotton lycra |  | Month 1 | Month 2 | Month3 | Month 1 | Month 2 | Month3 | Month 1 | Month 2 | Month3 | | Blue | 1000 | 1000 | 800 | 1400 | 1400 | 1000 | 1200 | 1200 | 800 | | Black | 900 | 900 | 700 | 1200 | 1200 | 800 | 1200 | 1200 | 800 | | Yellow | 500 | 500 | 400 | 600 | 600 | 500 | 600 | 600 | 400 | | 2 | Cotton | Green | 1000 | 1000 | 900 | 800 | 800 | 600 | 800 | 800 | 600 | | Grey | 1400 | 1400 | 1000 | 1600 | 1600 | 1000 | 800 | 800 | 1000 | | Black | 600 | 600 | 400 | 800 | 800 | 600 | 800 | 800 | 600 | | 3 | Cotton | Taupe | 1000 | 1000 | 900 | 900 | 900 | 700 | 800 | 800 | 600 | | 4 | Cotton stretch | White | 1000 | 1000 | 900 | 800 | 800 | 600 | 800 | 800 | 600 | | Off-white | 1000 | 1000 | 900 | 800 | 800 | 600 | 800 | 800 | 600 | | 5 | Cotton | Yellow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | Purple | 500 | 500 | 300 | 500 | 500 | 300 | 400 | 400 | 200 | | 6 | Cotton silk | Pink | 600 | 600 | 400 | 600 | 600 | 400 | 500 | 500 | 300 | | White | 1000 | 1000 | 800 | 1000 | 1000 | 800 | 1000 | 1000 | 800 | | 7 | Cotton stretch | Pink/white stripe | 1300 | 1300 | 1000 | 1000 | 1000 | 700 | 900 | 900 | 700 | | Navy/white stripe | 1500 | 1500 | 1000 | 1100 | 1100 | 700 | 900 | 900 | 700 | | 8 | Island cotton | Red/navy floral | 800 | 800 | 400 | 700 | 700 | 400 | 700 | 700 | 400 | | 9 | Polyester viscose | Pink/red floral | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 10 | Polyester cotton | Teal | 1600 | 1600 | 1200 | 1500 | 1500 | 1200 | 1700 | 1700 | 1500 | | Orange | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | Purple | 500 | 500 | 300 | 500 | 500 | 300 | 400 | 400 | 200 | | 11 | Indian cotton | Yellow | 700 | 700 | 500 | 600 | 600 | 500 | 1000 | 1000 | 500 | | 12 | Polyester | White | 2000 | 2000 | 2000 | 2200 | 2200 | 2200 | 2000 | 2000 | 2000 | | Blue | 800 | 800 | 700 | 800 | 800 | 700 | 700 | 700 | 500 | | Yellow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |   **STOCK RECEIVED**  The following stock was received, all during the first week of every month, as per the agreement.   |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | SKU |  |  | L | | | XL | | | XXL | | | | 1 | Cotton lycra |  | Month 1 | Month 2 | Month3 | Month 1 | Month 2 | Month3 | Month 1 | Month 2 | Month3 | | Blue | 1000 | 1000 | 600 | 1400 | 1400 | 800 | 1200 | 1200 | 600 | | Black | 700 | 900 | 700 | 1200 | 1000 | 700 | 1200 | 1100 | 700 | | Yellow | 500 | 500 | 400 | 600 | 600 | 500 | 600 | 600 | 400 | | 2 | Cotton | Green | 1000 | 900 | 800 | 800 | 800 | 600 | 800 | 800 | 700 | | Grey | 1400 | 1400 | 800 | 1600 | 1600 | 800 | 800 | 800 | 500 | | Black | 600 | 500 | 400 | 800 | 700 | 600 | 800 | 700 | 600 | | 3 | Cotton | Taupe | 1000 | 1000 | 200 | 900 | 900 | 200 | 800 | 800 | 200 | | 4 | Cotton stretch | White | 1000 | 1000 | 900 | 800 | 800 | 600 | 800 | 800 | 600 | | Off-white | 1000 | 1000 | 900 | 800 | 800 | 600 | 800 | 800 | 600 | | 5 | Cotton | Yellow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | Purple | 500 | 500 | 300 | 500 | 500 | 300 | 400 | 400 | 200 | | 6 | Cotton silk | Pink | 600 | 600 | 300 | 600 | 600 | 300 | 500 | 500 | 300 | | White | 1000 | 1000 | 800 | 1000 | 1000 | 800 | 1000 | 1000 | 800 | | 7 | Cotton stretch | Pink/white stripe | 1300 | 1000 | 1000 | 1000 | 1000 | 700 | 900 | 800 | 700 | | Navy/white stripe | 1000 | 1500 | 1000 | 1000 | 1100 | 700 | 900 | 900 | 500 | | 8 | Island cotton | Red/navy floral | 800 | 800 | 400 | 700 | 700 | 400 | 700 | 700 | 400 | | 9 | Polyester viscose | Pink/red floral | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 10 | Polyester cotton | Teal | 1600 | 1600 | 1200 | 1500 | 1500 | 1200 | 1700 | 1700 | 1500 | | Orange | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | Purple | 500 | 500 | 300 | 500 | 500 | 300 | 400 | 400 | 200 | | 11 | Indian cotton | Yellow | 700 | 700 | 500 | 600 | 600 | 500 | 1000 | 1000 | 500 | | 12 | Polyester | White | 1800 | 1800 | 2000 | 1800 | 1800 | 2200 | 2000 | 2000 | 2000 | | Blue | 800 | 800 | 700 | 800 | 800 | 700 | 700 | 700 | 500 | | Yellow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |   **RETURNED FOR QUALITY ISSUES**  The following quantities of blouses were returned for quality issues. When customers return such garments, ABC Apparel does not record the size of the item returned, because the cost prices of all sizes for the same SKU are the same.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | SKU |  |  |  | | | | 1 | Cotton lycra |  | Month 1 | Month 2 | Month3 | | Blue | 2 |  | 2 | | Black | 6 | 8 | 4 | | Yellow |  |  |  | | 2 | Cotton | Green |  |  |  | | Grey |  |  |  | | Black | 10 | 12 | 8 | | 3 | Cotton | Taupe |  |  |  | | 4 | Cotton stretch | White |  | 3 | 6 | | Off-white | 2 |  |  | | 5 | Cotton | Yellow |  |  |  | | Purple |  |  |  | | 6 | Cotton silk | Pink |  |  |  | | White | 6 |  | 2 | | 7 | Cotton stretch | Pink/white stripe |  |  |  | | Navy/white stripe |  |  |  | | 8 | Island cotton | Red/navy floral |  | 6 |  | | 9 | Polyester viscose | Pink/red floral |  |  |  | | 10 | Polyester cotton | Teal |  |  |  | | Orange |  |  |  | | Purple |  |  |  | | 11 | Indian cotton | Yellow | 2 |  |  | | 12 | Polyester | White |  |  |  | | Blue | 6 | 6 | 5 | | Yellow |  |  |  |   **Practical assignment instructions:**   1. Complete the scorecard to evaluate the performance of the performance of the supplier, based on the information above. 2. List the performance shortfalls for each of the evaluation periods (September, October and November). 3. Propose actions to improve the supplier’s performance. The proposals must be practical and should have a strong likelihood to have the desired effect on the supplier’s performance. 4. Ask your practical training facilitator or your employer to provide you with an active evaluation form/scorecard for evaluating supplier performance as well as reports on orders and deliveries, complaints to the supplier and conformance to specifications (or returns due to quality issues) to enable you to practice evaluating supplier performance.  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | SUPPLIER RATING | | Performance evaluation for: | | September | | | | | Key performance area | Performance standards | | Target | | Actual performance | Rating September  1 Below target  3 Meets target  5 Exceeds target | Comments | | Quality | Average response time on quality defect reports (SCAR) | | 2 days | |  |  |  | | Average resolution time for SCAR | | 4 days | |  |  |  | | Delivery | % On time delivery | | 95% | |  |  |  | | % Late deliveries | | 5% | |  |  |  | | % items shipped on time | | 95% | |  |  |  | | Agreed delivery time | | 1st week of every month | |  |  |  | | Responsiveness | Emergency orders shipping time | | 5 days | |  |  |  | | Communications | | 2 days | |  |  |  | | Risk | Conformance to specifications | | 98% | |  |  |  | | Product availability | | 97% | |  |  |  | | Political events | | 0 | |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | SUPPLIER RATING | | Performance evaluation for: | | October | | | | | Key performance area | Performance standards | | Target | | Actual performance | Rating September  1 Below target  3 Meets target  5 Exceeds target | Comments | | Quality | Average response time on quality defect reports (SCAR) | | 2 days | |  |  |  | | Average resolution time for SCAR | | 4 days | |  |  |  | | Delivery | % On time delivery | | 95% | |  |  |  | | % Late deliveries | | 5% | |  |  |  | | % items shipped on time | | 95% | |  |  |  | | Agreed delivery time | | 1st week of every month | |  |  |  | | Responsiveness | Emergency orders shipping time | | 5 days | |  |  |  | | Communications | | 2 days | |  |  |  | | Risk | Conformance to specifications | | 98% | |  |  |  | | Product availability | | 97% | |  |  |  | | Political events | | 0 | |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | SUPPLIER RATING | | Performance evaluation for: | | November | | | | | Key performance area | Performance standards | | Target | | Actual performance | Rating September  1 Below target  3 Meets target  5 Exceeds target | Comments | | Quality | Average response time on quality defect reports (SCAR) | | 2 days | |  |  |  | | Average resolution time for SCAR | | 4 days | |  |  |  | | Delivery | % On time delivery | | 95% | |  |  |  | | % Late deliveries | | 5% | |  |  |  | | % items shipped on time | | 95% | |  |  |  | | Agreed delivery time | | 1st week of every month | |  |  |  | | Responsiveness | Emergency orders shipping time | | 5 days | |  |  |  | | Communications | | 2 days | |  |  |  | | Risk | Conformance to specifications | | 98% | |  |  |  | | Product availability | | 97% | |  |  |  | | Political events | | 0 | |  |  |  | |

#### 5.1.1.3 Supporting evidence to be provided

**Insert the following after this page:**

* Completed scorecards
* List of performance shortfalls, based on the completed scorecards
* Proposals to improve the supplier’s performance.

### 5.1.2 PM-01-PS02: Evaluate and improve merchandise performance

#### 5.1.2.1 Scope of practical skill

Given sets of information comprising, the actual sales and financial return generated by a minimum of 6 products along with the minimum performance standards required by the organisation the learner must be able to:

* Rank the 6 products in order of performance
* Determine whether each are performing to, above or below required standards
* Propose ideas to improve performance or clear dead merchandise as applicable

*Applied Knowledge*

* AK0201 Methods for calculating merchandise performance
* AK0202 Methods to improve performance of merchandise
* AK0203 Techniques for clearing dead stock

*Internal Assessment Criteria*

* IAC0201 The products are ranked in order of performance
* IAC0202 All products are identified as to whether they are performing to, above or below required standards
* IAC0203 Proposals for improving merchandise performance are practical and will result in improved performance.
* IAC0204 Proposals for clearing dead stock are within policies of the organisation and would result in stock being cleared

#### 5.1.2.2 Practical training instructions

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Information for the assignment**   * The company’s product range for napery includes a variety of paper, cotton and linen serviettes. * The company has arranged with a speciality napery supplier to have exclusive rights for two designs of cotton and pure linen serviettes. * The target mark-up for general products in the napery department, where there is considerable competition from other general homeware stores is 50% with a GP of 33%. * The target for speciality and exclusive products, that form part of the company’s up-market homeware store is a markup of 100% with a GP of 49.5%.   **SALES REPORT – JULY TO SEPTEMBER**   |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Description** | **Cost excluding VAT** | **Selling price excluding VAT** | **Qty received** | **Target sales quantity** | **Actual Qty sold** | **Profit** | **GP%** | **Mark-up %** | **Beginning of month qty** | **Beginning of quarter stock at cost price** | **End of quarter stock at cost price** | |  | | Paper serviettes dinner contemporary design | 20 | 29 | 6,000 | 6,000 | 5,800 | 40,500 | 32.4 | 47.8 | 150 | 3,000 | 7,000 |  | | Cotton serviettes set of 4 hand-embroidered (exclusive to the company) | 119.06 | 270 | 600 | 600 | 400 | 7,547 | 55.9 | 126.8 | 120 | 14,287.2 | 38,099.2 |  | | Pure linen serviettes plain set of 6 (exclusive to company) | 97.92 | 210 | 800 | 700 | 755 | 89,664 | 53.5 | 114.9 | 150 | 14,688 | 19,094.4 |  | | Cotton serviettes set of 4 white | 71.6 | 88 | 1,000 | 1,000 | 980 | 16,400 | 18.6 | 22.9 | 200 | 14,320 | 15,752 |  | | Cotton serviettes assorted colours single | 17.9 | 22 | 5,000 | 4,800 | 2,100 | 12,300 | 18.6 | 22.9 | 230 | 4,117 | 56,027 |  | | Paper serviettes vintage floral design | 22.5 | 35 | 4,000 | 3,600 | 3,760 | 35,000 | 35.7 | 55.6 | 300 | 6,750 | 12,150 |  |   **Practical assignment instructions:**   1. Calculate the sell-through for each of the 6 products. Do this by using a table similar to the following:  |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Particulars** | | **Actual to plan** | | | | **Stock No** | **Description** | **Target** | **Actual** | **Variation %** | |  |  |  |  |  |  1. Rank the products in order of performance in terms of sell-through, by listing them from best sell-through to lowest sell-through. 2. Calculate the gross GMROI for each product using the formula   And   1. Rank the products from best to lowest performance, based on GMROI. 2. For each of the products, indicate whether they perform on, below or above the company’s GP targets for the relevant types of products (general products or exclusive products). 3. For products that have performed under the target, make proposals for improving performance. 4. Identify dead stock and make proposals for clearing such dead stock. |

#### 5.1.2.3 Supporting evidence to be provided

**Insert the following after this page:**

* Calculation of sell-through
* Ranking of the products in order of performance in terms of sell-through, by listing them from best sell-through to lowest sell-through.
* Calculation of the gross GMROI for each product
* Ranking of the products from best to lowest performance, based on GMROI.
* For each of the products, indication of whether they perform on, below or above the company’s GP targets for the relevant types of products (general products or exclusive products).

### 5.1.3 PM-01-PS03: Work constructively in teams by applying good teamwork

#### 5.1.3.1 Scope of practical skill

Given a set of role play scenarios or DVD showing the interaction of buyers with other role players in the buying team the learner must be able to:

* Identify interaction that promotes good teamwork
* Identify interaction that is disruptive to the team
* Propose how interaction should have taken place so as not to be disruptive to the team

*Applied Knowledge*

* AK0301 Techniques for analysing case studies
* AK0302 Good and disruptive team interaction

*Internal Assessment Criteria*

* IAC0301 Interactions promoting good teamwork is identified in terms of the given scenario
* IAC0302 The disruptive behaviour is identified in terms of the given scenario
* IAC0303 Interaction proposed would promote good teamwork.

#### 5.1.3.2 Practical training instructions

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Video**  Watch the video, *How to make your next business meeting more productive and interesting* (as part of the practical training pack, or available from the link  *https://www.youtube.com/watch?v=\_g\_sE4AQ8DQ)*  **Scenario:**  Tom Brown has arranged a meeting with the buying team to discuss how the team will change their sourcing criteria for suppliers, so that the buying strategy will be aligned with the company’s strategic plan to offer more “green” products to the retail chain’s target group of customers who have shown an increased interest in all efforts towards environmental protection.  The following people are invited to the meeting:   * Marketing Manager, Mikaila Blackburn. She arranged a recent promotional poll among customers who participate in the company’s loyalty programme and a charity programme whereby a percentage of company profits from customers who have subscribed to and use the company’s charity card. The purpose of the poll was to collect information on customers’ environmental protection priorities when considering purchases. * John Ntuli, Planner. John is responsible for allocating products to stores in the chain, based on knowledge available about the differences in target market groups in different locations. * Khethwa Jiyana. She is the Public Relations manager responsible for publicity about the company’s community and social projects. * Morris Maluleka, Visual Merchandising Manager.   Tom prepared an agenda and sent it out to all invited participants two weeks before the date of the meeting:   |  | | --- | | **AGENDA**  Date: 15 August 20xx  Time: 10:00-11:00  Venue: Pelican Room  **Purpose:** To decide on a checklist for criteria when evaluating new suppliers or renewing agreements with current suppliers, aligned with company strategic plans relating to environmental protection  **Participants:**  Tom Brown (Meeting leader)  Mikaila Blackburn (Marketing Manager)  John Ntuli (Planner)  Khethwa Jiyana (Public Relations Manager)  Morris Maluleka (Visual Merchandising Manager)  **Agenda**   1. Welcome and purpose 2. Impact of Executive Management’s environmental protection decision on buying function 3. Criteria for supplier evaluation 4. Closing   Attachment: Executive Management circular stating policy |   Tom opened the meeting at 10:00 by welcoming the participants and thanking them for their time and for being on time. He stated that Morris, the Visual Merchandising manager, did confirm attendance so he would probably still join the group. He expressed his belief that it will be a productive meeting that will guide the buying team’s direction in evaluating suppliers and their products.  Next, Tom explained what type of information every participant has and how that may contribute to preparing a list of criteria. He expressed his resentment that Morris is not available, as Tom knows that the merchandising team had been working on acquiring display equipment and accessories that are more environmentally friendly, such as bamboo shelves and baskets. He could have been able to provide valuable information on trends in this field.  Tom checked that all participants had received and read the attachment. He then proposed that they first brainstorm ideas for criteria to be added to the list, then discuss why every suggestion should be added. A decision will be made on the criteria to be included and prioritised.  Morris joined the meeting at 10:15, apologising for being late and saying that he might need to be excused for taking calls during the meeting as his team is in the midst of major rearrangement of display units in one of the company’s flagship stores.  Tom thanked Morris for joining and emphasised that suppliers may experience several challenges relating to implementing more environment friendly manufacturing and packaging processes and that such challenges include costly equipment and changed procedures.  Tom asked for suggestions and listed ideas given by the team on a white board, divided under the headings of (1) manufacturing processes and carbon footprint and (2) packaging of products.  Mikaila said that the results of the poll she had conducted showed that the majority of customers indicated that environmental packaging, reducing plastics, was their major concern.  Tom thanked her for the valuable input as that would give the team guidance on priorities when evaluating suppliers and negotiating with them. He asked if anybody had some specific ideas about packaging.  Morris was a bit apprehensive, stating that changed packaging would not make a major difference in how customers perceived the retailer, because customers don’t tend to see the smaller changes; they look at the bigger picture therefore merchandising would need to get a higher priority. He said, “Sorry, guys, but I need to get back to the office. Good luck with your task.” And left the meeting.  When Tom proceeded with discussions, Mikaila offered to do a quick follow-up poll, offering a prize to participating customers – she had some money in the budget - to ask what great ideas have they seen in terms of environmentally friendly packaging.  The team agreed that they don’t have technical knowledge about what packaging methods and materials. They decided that Tom and John would have some exploratory meetings with two local suppliers to enquire about what technology is currently available to them and what they could offer or consider, seeing that the retail chain is one of their major buyers. They will provide feedback to this group during the next meeting in two weeks’ time.  Kwetha agreed to investigate competitors’ strategies.  The following action plans were noted as part of the minutes of the meeting:   |  |  |  | | --- | --- | --- | | **Action** | **Responsible person** | **Feedback** | | Meetings with current suppliers | Tom & John | Next meeting | | Competitor strategies | Kwetha | To Tom by next Friday, to prepare for next meeting | | Poll on ideas for environmentally friendly packaging | Mikaila | Next meeting |   **Practical assignment instructions:**   1. After watching the video recommended above, list behaviours that are conducive to teamwork and productive outcomes for a meeting. 2. Identify and list the Tom’s actions that are conducive to teamwork. 3. Identify and list any behaviours that were disruptive to teamwork and the meeting. 4. Observe a meeting between a buying team and other role players. List: 5. Behaviours that were conducive to teamwork 6. Behaviours that were disruptive 7. For the disruptive behaviours you observed in the case study (Tom’s meeting) and the meeting you attended, suggest how interactions should have taken so as not to be disruptive to the team. |

#### 5.1.3.3 Supporting evidence to be provided

**Insert the following after this page:**

* List of Tom’s actions/behaviours that were observed in the case study that are conducive to teamwork
* List of disruptive behaviours observed in the case study of Tom’s meeting.
* List of behaviours conducive to teamwork observed during a meeting that you attended.
* Evidence (such as minutes listing you as an attendee) that you attended the meeting.
* List of disruptive behaviours (if any) observed during the meeting you attended.
* Proposals of how interactions should have taken place so as not to be disruptive to the team.

### 5.1.4 Practical skills log

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| --- | --- | --- | --- |
|  | **PRACTICAL TRAINING ACTIVITIES** | **Dates and number of hours practical training** | **NOTES** |
| PM01  PS01 | Determine shortfalls in the suppliers’ performance |  |  |
| Propose actions to improve the suppliers’ performance |  |  |
| PM01  PS02 | Rank the 6 products in order of performance |  |  |
| Determine whether each are performing to, above or below required standards |  |  |
| Propose ideas to improve performance or clear dead merchandise as applicable |  |  |
| PM01  PS03 | Identify interaction that promotes good teamwork |  |  |
| Identify interaction that is disruptive to the team |  |  |
| Propose how interaction should have taken place so as not to be disruptive to the team |  |  |
|  | Manager/Facilitator signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Learner signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

## 5.2 332301000-PM-02: Manage stock through the supply chain, NQF Level 5 (4 credits)

### Purpose of the practical skill modules

The focus of the learning in this module is on providing the learner an opportunity to practice managing the flow of merchandise through the supply chain.

Learning contact time - the total amount of time during which the learner needs to have access to the provider to enable him or her sufficient time to obtain the required knowledge and complete activities, assignments and research (if any) as well as required to prepare for and complete assessments is 5 days.

The learner will be required to:

* PM-02-PS01: Identify critical check points in the flow of stock through the supply chain
* PM-02-PS02: Manage stock through the supply chain

**Learning materials**

For this practical, the learning material is found in the Learner guide for ***KM01 Managing supplier relationships and the performance of merchandise***

* Chapter 3 Managing the supply chain

***NOTE: Learners should revise the above learning materials at the commencement of the practical training.***

### 5.2.1 PM-02-PS01: Identify critical check points in the flow of stock through the supply chain

#### 5.2.1.1 Scope of practical skill

Given a case study detailing the supply chain of a retail organisation the learner must be able to:

* Analyse the supply chain and determine the critical points where disruption could occur
* Propose ways a buyer/planner could manage these critical points

*Applied Knowledge*

* AK0101 The critical control points in the supply chain
* AK0102 Methods for managing the critical control points

*Internal Assessment Criteria*

* IAC0101 All critical points are determined that could disrupt the supply chain
* IAC0102 The proposed methods for managing these critical control points are practical

#### 5.2.1.2 Practical training instructions

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| **Information for practical assignment**  The Posh Food Market retail chain is reputed for quality food products.  The company goes to great lengths to ensure that only the best fresh, processed ready-to-cook and ready-to-eat foods reaches its customer base, which includes mainly busy, young and mature working families who have a need for easy-to-prepare meals and a taste for local as well as Mediterranean items on their daily menus.  One of the products that the company is well-known for, is its spaghetti rolled through a copper pasta machine which ensures the spaghetti will absorb as much olive oil and tasty sauces as possible.  The key points in the supply chain for the company’s pasta can be illustrated as follows: |



|  |
| --- |
| **Practical assignment instructions:**   1. Based on the illustration of the key points in the supply chain of Posh Food Market, and any other information or experience that you have, analyse the supply chain and determine the critical points where disruption could occur. 2. Propose ways a buyer/planner could manage the critical control points. Ensure that your proposals are practical. |

#### 5.2.1.3 Supporting evidence to be provided

**Insert the following after this page:**

* List of critical control points in the supply chain, with a description of the possible disruptions that could take place at each of the critical control points.
* Proposals on ways for managing the critical control points. Ensure that your proposals are practical.

### 5.2.2 PM-02-PS02: Manage stock through the supply chain

#### 5.2.2.1 Scope of practical skill

Given a case study detailing the disrupted flow of stock through a supply chain the learner must be able to:

* Determine where the disruption occurred
* Propose ways to manage these disruptions

*Applied Knowledge*

* AK0201 Methods for managing disruption in the flow of stock through the supply chain
* AK0202 Techniques for identifying disruption in the flow of stock through the supply chain

*Internal Assessment Criteria*

* IAC0201 All points of disruption in the supply chain are identified according to the given scenario.
* IAC0202 Proposals to manage the flow of stock are practical and will ensure a disruption free flow.

#### 5.2.2.2 Practical training instructions

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| --- |
| Every supply chain has many critical points at which there is a risk for disruption. The longer the supply chain, the more critical points there will be where a disruption can occur.  Sometimes these disruptions are small and localised, and may affect only a few regions or stores. At other times, the effects are felt globally. The recent global COVID-19 pandemic is an example of how supply chains worldwide were disrupted and even came to a total standstill for months.  Possible disruptions include:   * **Natural disasters**. For example, in March 2011, an earthquake struck off the Pacific coast of Japan causing a tsunami which in turn led to a nuclear disaster at the Fukushima Daiichi Nuclear Power Plant. The catastrophe affected many businesses and the global economy, temporarily shuttering those that reportedly produced 22% of the world’s supply of 300-millimeter silicon wafers, a component in semiconductors. Natural disasters like this one —or hurricanes, tornados, wildfires, or floods — often draw attention to supply chain dependencies in the affected areas. Even a localised disaster can have far reaching implications in the supply chain depending on where it is.   ***Mitigation action***: Global diversity. Access a broader, more diverse networks of potential suppliers.   * **Transportation delays and failures.** Globalisation and increased international trade have made it more common for supply chains to include international suppliers. This trend has increased business opportunities, but also increased strain on international and domestic transport networks which, in turn, has led to congestion and delays. Such delays can be further aggravated by additional situations such as natural disasters and pandemics.   ***Mitigation action:*** Cargo carrier assessments. Carry out comprehensive to ensure cargo is being delivered safely, on time, and at a fair cost. Before contracting with a transportation partner, it should be thoroughly analysed.   * **Manufacturing and product quality problems.** Supply chain management incudes quality management. Issues with products at any stage in the chain can lead to issues and delays in the final product. * **Export and import documentation.** Any inaccuracies or gaps in information on export and import documentation can cause serious delays while either the exporter or importer is required to provide complete or accurate documentation to comply with relevant legislation and/or Customs duties. * **Industrial action and strikes.** Industrial action and strikes organised by trade unions may cause disruption in manufacture or transport of raw materials and completed goods. * **Inaccurate planning and forecasting.** The ability to accurately plan for and forecast future demand based on past supply is one of the core drivers in avoiding disruption. Intelligent software solutions lay a big part in accurate planning and forecasting. * **Shifts in governmental regulations**. Governmental regulations and restrictions are quickly becoming a common hurdle companies have to overcome in their supply chain management strategy. Taxations, trade restrictions, Customs inspections and delays, border controls, and labour laws are important elements that buyers and planners must address in establishing supply chain strategies.   The following advice is given for managing risk to disruption of the supply chain:  “To manage everyday risks and black swan events, you need a supply chain that is designed to be *resilient* in the face of disruptions. But what are the characteristics of a resilient supply chain?  **1. End-to-end visibility**  The foundation of a resilient supply chain is end-to-end visibility. End-to-end visibility helps planners detect problems that could happen at second- and third-tier supplier levels. When you know the impact of disruptions across the supply chain, you can make the right remedial decisions. With full visibility, you can avoid taking decisions that cause bigger issues elsewhere in the supply chain.  **2. Agility**  Agility is the flexibility and speed at which your supply chain can adapt to changes. It’s crucial to make fast and accurate decisions throughout the supply chain so that you can immediately respond to customer demands. However, your supply chain planning needs to be flexible enough to implement the changes. Good decisions are crucial but to stay ahead of the game, agility is key.  **3. Optimised plans**  Are you making the most of your supply chain? Optimization is about utilizing your resources effectively without compromising rules and KPIs.  For example, is your safety stock at the right level or is it leading to unnecessary costs? An optimized plan can only work if it takes into consideration constraints, business rules and KPIs so that you can measure the outcome of your decisions and improve upon them.  **4. Contingency plans and supply chain risk management**  Do you have backup suppliers if one of your main suppliers goes bankrupt? Do you have enough safety stock if a manufacturer stops operations? That’s why contingency plans are prepared, for when something unexpectedly goes wrong.  While it’s not easy to perform risk identifications, assessments, probability calculations and remediation planning (avoidance, reduction, recovery), it is vital and the rewards are worth it.”  Tactics to achieve this include:   * Monitor inventory, including components and sources, with **digital supply-chain mapping** * Differentiate how you hold inventory by using a **multi-echelon optimization approach** to prevent shortages * Assess changing operating conditions in real time and proactively assess various disruption scenarios by utilizing **digital twin and scenario-based modelling** * Identify alternative scenarios, understand the potential impacts of black swan events and assess the flexibility of the supply chain for your most important supply and distribution channels  Source: Lucie Drescherova , DELMIA Offer Marketing Specialist, Offer Marketing on https://www.supplychainbrief.com/ Read the case study scenario, then answer the questions.  The Quill is a retail chain focusing on stationery and papercraft supplies. The product range includes printed papers for scrapbooking and cardmaking, rubber stamps, ink pads for stamping, metal dies for papercrafting, inks, acrylic and oil paints and brushes and craft magazines.  The company imports quite a large portion of its merchandise and is at the forefront of introducing new products to the South African market. One of its suppliers in the USA is a leading brand for which interest and demand in South Africa is growing exponentially.  The company places an order with the supplier during the last week of every month, when the company alerts retailers about the new release of papers, rubber craft stamps, metal dies and related products to be released to crafters during the second week of the next month.  The shipments are handled by one of the larger international courier companies with a track record for reliability and on-time delivery.  A recent order included:   * Several designs of rubber stamps * Several designs of metal dies * Several designs of printed paper packs * A new product, cardstock that is die-cut into shapes to allow card makers an easy way of making round-shaped cards. This is a novel product and the buyer is sure it will sell like sweetcakes among local crafters.   The supplier distributes its products world-wide and issues a Commercial Invoice (CI) to the courier service for Customs Clearance. A copy is sent to the buying company when shipment takes place. The buyer also receives a tracking number to facilitate tracking of the parcel’s route.  The Commercial Invoice contains, among lots of other information, the following international HS tariff codes used for Customs clearance:    The courier company usually performs pre-clearance of Customs duties and taxes while the shipment is still in transit, to keep to its promised delivery to the distribution centre within a week from shipment from the USA. After receiving a Customs and VAT invoice from SARS, the company is invoiced, and delivery is made to the distribution centre.  With the last order, the buyer could track the parcel’s route but did not receive a Customs invoice from the courier company.  From the tracking number, it was found that the order was stuck at the airport in Dubai for 5 days.  On enquiry, 6 days after the expected delivery, the buyer was informed by the courier that cargo flights at the Dubai airport had been grounded because of the Covid-19 pandemic. The buyer had not checked transportation routes and possible delays during the pandemic.  The buyer got anxious to have the delivery made to the distribution centre, because the marketing team had already announced the launch date of the exciting new products in local social media.  After another week, it was clear from the tracking information that the order had arrived at the OR Tambo airport 5 days earlier but that the Customs Department at SARS offices at the airport had not cleared the delivery. The Department indicated that a special permit was required for some of the items. It was not clear to either the courier or the buyer for which items a special import permit had been required, as in their minds these were all products that had been purchased many times before without any difficulty – paper, cardstock for papercrafting, rubber stamps and metal dies. The flower-shaping moulds were also similar to products imported previously without any problems.  The buyer could eventually speak to a staff member of the Customs Department and was informed that a special permit was required for importing recovered (waste and scrap) paper. This item was the new product, ready-to use paper to make round cards.  The buyer was advised to obtain a sworn declaration from the exporting officer at the supplier to confirm that these products were not used, waste or scrap paper but new products. It took a week to obtain such a declaration and another 3 days before Customs would clear the delivery and provide an invoice for the Customs duties and VAT payable by the importer.  **Questions:**   1. Identify the disruptions in the supply chain for this order. 2. Explain what the byer could have done to prevent the disruptions in the supply chain (not knowing about the classification of the new product). 3. Propose ways in which the disruptions can be prevented in future. Ensure your proposals are practical and will ensure a disruption-free flow in future. 4. Ask your facilitator or mentor providing the practical training to give you a real example of disruption in a supply chain, without explaining how to solve the issue. Analyse the case and propose ways to manage these disruptions. Ensure your proposals are practical and will ensure a disruption-free flow in future. |

#### 5.2.2.3 Supporting evidence to be provided

**Insert the following after this page:**

* List of disruptions in the supply chain for this order.
* An explanation of what the buyer could have done to prevent the disruptions (not knowing about the HS classification of the new product)
* Proposal setting out ways in which similar disruptions can be prevented in future.
* Proposal setting out how to manage disruptions in a supply chain, based on information about a real case obtained from the facilitator/mentor.

### 5.2.3 Practical skills log

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| --- | --- | --- | --- |
|  | **PRACTICAL TRAINING ACTIVITIES** | **Dates and number of hours practical training** | **NOTES** |
| PM02  PS01 | Analyse the supply chain and determine the critical points where disruption could occur |  |  |
| Propose ways a buyer/planner could manage these critical points |  |  |
| PM02  PS02 | Determine where the disruption occurred |  |  |
| Propose ways to manage these disruptions |  |  |
|  | Manager/Facilitator signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Learner signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

## 5.3 332301000-PM-03: Source products and identify preferred suppliers, NQF Level 5 (9 credits)

### Purpose of the practical skill modules

The focus of the learning in this module is on providing the learner an opportunity to practice identifying sources of supply of merchandise and identifying suppliers that meet the requirements of the organisation.

Learning contact time - the total amount of time during which the learner needs to have access to the provider to enable him or her sufficient time to obtain the required knowledge and complete activities, assignments and research (if any) as well as required to prepare for and complete assessments is 11 days.

The learner will be required to:

* PM-03-PS01: Source products from South African suppliers
* PM-03-PS02: Source products from international suppliers
* PM-03-PS03: Identify preferred supplier

**Learning materials**

For this practical, the learning material is found in the Learner guide for Module ***KM02 Concepts and principles for identifying and sourcing products and selecting suppliers***

* Chapter 2.1.4 Techniques for conducting research to find potential suppliers
* Chapter 2.2 Requirements when choosing suppliers
* Chapter 2.3 Evaluating potential suppliers
* Chapter 3 Strategies for identifying products
* Chapter 4 Conducting research for analysing product and supplier availability

### 5.3.1 PM-03-PS01: Source products from South African suppliers

#### 5.3.1.1 Scope of practical skill

Given a computer with access to the internet, applicable trade journals and details of a minimum of 2 products the learner must be able to:

* Source 5 suppliers in SA able to provide the merchandise
* Propose 2 suppliers that are best able to supply the product and justify why those two were chosen

*Applied Knowledge*

* AK0101 Techniques for sourcing suppliers on the internet or through trade journals
* AK0102 Techniques for evaluating the suppliers ability to supply the required merchandise

*Internal Assessment Criteria*

* IAC0101 The 5 suppliers chosen are able to supply the required product
* IAC0102 The two suppliers chosen, and the explanation given identifies the best two suppliers to supply the merchandise according to the requirements of the organisation

#### 5.3.1.2 Practical training instructions

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| --- |
| **Information and assignment instruction**  You are a buyer for an upmarket homeware retail chain. The dinnerware range includes both staple (white) porcelain crockery and contemporary designs.  The target market of the company includes young professionals and mature families who like entertaining friends for dinner and laying a stylish dinner table both for formal and less formal dinners.  The company’s strategic plan includes growing the market through offering a unique product range that meets the lifestyle needs of the target market.  You need to introduce new ranges of crockery and are looking at ranges that include dinner plates, side plates, dessert bowls, serving bowls and dishes both in staple white and contemporary designs. It would be ideal if you can negotiate exclusivity with the supplier(s), meaning that at least certain designs will be provided exclusively to the company you represent.  Because of the nature of the company, these products are a critical commodity with a high annual spend in this product category. Therefore, you need to find a strategic preferred supplier.  Access to the Internet and obtain trade journals to source suppliers.   1. Draw up a list of criteria for evaluating suppliers. Include factors such as alignment to company strategy; location and logistics; suitability of products; product availability; environmentally friendly manufacturing or supply processes; and any other factors that you consider important for the retailer you represent. 2. Source 5 suppliers or manufacturers of porcelain dinnerware in ***South Africa***. 3. After your research, evaluate the possible suppliers against the criteria you have drawn up. 4. Propose two preferred suppliers best able to supply the products and explain why they were chosen. |

#### 5.3.1.3 Supporting evidence to be provided

**Insert the following after this page:**

* Documentary evidence that the 5 suppliers sourced are able to supply the product. Such evidence may include pictures from web pages along with web page addresses, trade journals, etc.
* Documentary evidence that the two suppliers chosen, and the explanation given identifies the best two suppliers to supply the merchandise according to the requirements of the organisation

### 5.3.2 PM-03-PS02: Source products from international suppliers

#### 5.3.2.1 Scope of practical skill

Given computer with access to the internet, applicable trade journals and the same products the learner must be able to:

* Source 5 suppliers internationally able to provide the merchandise
* Determine the duties, tariffs and legislation applicable to the import of that merchandise
* Propose two suppliers that are most able to supply the product

*Applied Knowledge*

* AK0201 Techniques for identifying international suppliers on the internet or through trade journals
* AK0202 Techniques for identifying duties, tariffs and import legislation
* AK0203 Techniques for evaluating the suppliers’ ability to supply the required merchandise

*Internal Assessment Criteria*

* IAC0201 The 5 suppliers chosen are able to supply the required product
* IAC0202 All applicable duties, tariffs and legislation are determined according to the products given.
* IAC0203 The two suppliers chosen, and the explanation given identifies the best two suppliers to supply the merchandise according to the requirements of the organisation

***5.3.2.2 Practical training instructions***

|  |
| --- |
| **Information and assignment instruction**  You are a buyer for an upmarket homeware retail chain. The dinnerware range includes both staple (white) porcelain crockery and contemporary designs.  The target market of the company includes young professionals and mature families who like entertaining friends for dinner and laying a stylish dinner table both for formal and less formal dinners.  The company’s strategic plan includes growing the market through offering a unique product range that meets the lifestyle needs of the target market.  You need to introduce new ranges of crockery and are looking at ranges that include dinner plates, side plates, dessert bowls, serving bowls and dishes both in staple white and contemporary designs. It would be ideal if you can negotiate exclusivity with the supplier(s), meaning that at least certain designs will be provided exclusively to the company you represent.  Because of the nature of the company, these products are a critical commodity with a high annual spend in this product category. Therefore, you need to find a strategic preferred supplier.  Access to the Internet and obtain trade journals to source suppliers.   1. Draw up a list of criteria for evaluating suppliers. Include factors such as alignment to company strategy; location and logistics; suitability of products; product availability; environmentally friendly manufacturing or supply processes; and any other factors that you consider important for the retailer you represent. 2. Source 5 ***overseas*** suppliers or manufacturers of porcelain dinnerware. 3. After your research, evaluate the possible suppliers against the criteria you have drawn up. 4. Determine the duties, tariffs and legislation applicable to the import of that merchandise. 5. Propose two preferred suppliers best able to supply the products and explain why they were chosen. |

#### 5.3.2.3 Supporting evidence to be provided

**Insert the following after this page:**

* Documentary evidence that the 5 suppliers chosen are able to supply the required product
* Documentary evidence that the two suppliers chosen, and the explanation given identifies the best two suppliers to supply the merchandise according to the requirements of the organisation
* Documentary evidence of your research on duties, tariffs and legislation applicable to the import of that merchandise.

### 5.3.3 PM-03-PS03: Identify preferred supplier

#### 5.3.3.1 Scope of practical skill

Given details of the requirements of the organisation in terms of choosing suppliers, such as BBBEE, green and supply chain the learner must be able to:

* Choose the supplier that best meets the needs of the organisation
* Identify the reasons for choosing that supplier

*Applied Knowledge*

* AK0301 Techniques for matching supplier capabilities and background to the organisation’s requirements
* AK0302 Techniques for identifying suppliers capabilities and background

*Internal Assessment Criteria*

* IAC0301 The supplier chosen is the best in terms of meeting the needs of the organisation
* IAC0302 The reasons for choosing the supplier are correct in terms of the capabilities and background of the supplier

#### 5.3.3.2 Practical training instructions

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| --- |
| Using the information you collected about South African and overseas suppliers:   * Choose the supplier that best meets the needs of the organisation. This will require you to list the requirements of the organisation and evaluate the suppliers against those. * Identify and explain the reasons for that supplier. |

#### 5.3.3.3 Supporting evidence to be provided

**Insert the following after this page:**

* Documentary evidence that the supplier chosen is the best in terms of meeting the needs of the organisation
* Documentary evidence that the reasons for choosing the supplier are correct in terms of the capabilities and background of the supplier

### 5.3.4 Practical skills log

|  |  |  |  |
| --- | --- | --- | --- |
|  | **PRACTICAL TRAINING ACTIVITIES** | **Dates and number of hours practical training** | **NOTES** |
| PM03  PS01 | Source 5 suppliers in SA able to provide the merchandise |  |  |
| Propose 2 suppliers that are best able to supply the product and justify why those two were chosen |  |  |
| PM03  PS02 | Source 5 suppliers internationally able to provide the merchandise |  |  |
| Determine the duties, tariffs and legislation applicable to the import of that merchandise |  |  |
| Propose two suppliers that are most able to supply the product |  |  |
| PM03  PS03 | Choose the supplier that best meets the needs of the organisation |  |  |
| Identify the reasons for choosing that supplier |  |  |
|  | Manager/Facilitator signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Learner signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

## 5.4 332301000-PM-04: Negotiate with suppliers, NQF Level 5 (4 credits)

### Purpose of the practical skill modules

The focus of the learning in this module is on providing the learner an opportunity to practice negotiating in an ethical manner.

Learning contact time - the total amount of time during which the learner needs to have access to the provider to enable him or her sufficient time to obtain the required knowledge and complete activities, assignments and research (if any) as well as required to prepare for and complete assessments is 5 days.

The learner will be required to:

* PM-04-PS01: Prepare for a negotiation
* PM-04-PS02: Negotiate ethically

**Learning materials**

The learning materials for this practical can be found in the Learner guide for ***KM03 Concepts and principles of buying merchandise.***

* Chapter 1 The negotiation process

### 5.4.1 PM-04-PS01: Prepare for a negotiation

#### 5.4.1.1 Scope of practical skill

Given a case study detailing the requirements of an organisation the learner must be able to:

* Prepare an agenda for the negotiation
* Prepare ideal position as well as and fall-back positions

*Applied Knowledge*

* AK0101 Techniques for preparing agendas for a buying negotiation
* AK0102 Techniques for identifying ideal and fall back positions

*Internal Assessment Criteria*

* IAC0101 The agenda prepared covers all points to be negotiated as per the given case study
* IAC0102 Ideal and fall back positions determined are practical and meet the needs of the organisation.

#### 5.4.1.2 Practical training instructions

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Information**  You are preparing for a meeting with a supplier of the dinnerware products that you sourced.  You want to establish a long-term relationship with the supplier. Company priorities are high quality products and prompt delivery and response to orders, especially in the initial stages when the new products will be launching and while you will be evaluating sales against targets.  To ensure that you will get the quality you want, you and the supplier will need to agree on product specifications and critical elements of the specification.  You should further discuss delivery frequency and quantities and further agree on transportation method(s) and the responsibilities of the parties.  Other matters for discussion and agreement include financial issues (including price, minimum order quantities for exclusivity for at least some of the products) and insurance.  Before you enter into an agreement with the supplier, you want to learn whether the supplier has the strengths required for effective and efficient delivery, including the supplier’s capacity, quality certifications and quality assurance measures. But strengths are not the only factors – you also need to learn about the supplier’s weaknesses so that you and the supplier can identify risks and agree on measures to be taken to ensure that weakness on the side of the supplier will not disrupt supply.  Before you enter into negotiations, you will need to decide on the most favoured (ideal) position as well as your BATNA (best alternative to a negotiated agreement or fall-back position).  **Practical assignments:**   1. Prepare an agenda for your first meeting with the supplier 2. Decide on your most favoured position. 3. Decide on your BATNA (fall-back position)   ***NOTE:*** Your most favoured and BATNA positions may relate to aspects such as the following, but you will need to prioritise to decide where you can compromise:   * Price * Value for money * Delivery * Payment terms * After-sales service and maintenance arrangements * Quality   ***NOTE: You may find the following format for the negotiation strategy part of the agenda useful for deciding on your ideal position and fall-back position on each matter to be negotiated***:   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Negotiation strategy** | | | | | | | Supplier name | | Their team | | Our team | | | Target number | Description of negotiable element | Must have?  (Y/N) | Like to have?  (Y/N) | Ideal position | Least acceptable solution (BATNA) | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  | |

#### 5.4.1.3 Supporting evidence to be provided

**Insert the following after this page:**

* Documentary evidence that the agenda prepared covers all points to be negotiated as per the given case study
* Documentary evidence that the ideal and fall-back positions determined are practical and meet the needs of the organisation

### 5.4.2 PM-04-PS02: Negotiate ethically

#### 5.4.2.1 Scope of practical skill

Given a DVD or case study portraying a negotiation between a supplier and a buyer where the buyer demonstrates strengths and weakness and unethical dealings the learner must be able to:

* Determine strengths and weaknesses of the buyer in the negotiation process
* Identify any unethical behaviour in the negotiation
* Analyse the impact of the unethical behaviour on the organisation

*Applied Knowledge*

* AK0201 Ethical and unethical behaviour in the negotiation process
* AK0202 Techniques for critiquing case studies
* AK0203 Effective and ineffective negotiation techniques

*Internal Assessment Criteria*

* IAC0201 The strengths and weaknesses of the buyer in the negotiation process are determined in terms of effective and ineffective negotiation
* IAC0202 Unethical behaviour is identified in terms of the given scenario
* IAC0203 The impact of the unethical behaviour is analysed in terms of its effect on stock levels and the cash flow of the organisation

#### 5.4.2.2 Practical training instructions

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| **Scenario information**  Thembani Ntuli and the rest of buying team for Enchanted Home, a homeware retail chain focusing on younger middle-class families, are in negotiations with a local supplier, Forest Fabrics, for the buying of napery including tablecloths, place mats and serviettes. Forest Fabrics manufactures these items from colourful cotton textiles, woven from locally harvested cotton.  Thembani and her team started sourcing suppliers of contemporary napery 9 months ago, with a view to enter into an agreement with a local supplier when Enchanted Home’s contract with another supplier would be terminated because of a sharp decline in the exchange rate value of the Rand, making the imported products too expensive for the current market. Such a change of supplier would also be in alignment of Enchanted Homes’ strategic plan to reduce the company’s carbon footprint by reducing transportation distances and use of fuel.  Before the first meeting, the buying team did thorough research to find out as much as they could about the supplier so that they could plan their negotiation strategy.  Information the team collected:   * The supplier’s price is 10% above the market price and they are making a 45% margin. * The normal market margin for this type of product is 30%. * The printed designs on the fabric are changed twice a year, keeping up with international trends. * Forest Fabrics lost a major overseas customer the previous year because of industrial labour strikes at the factory and a sharp increase in labour costs, which priced the supplier out of the major customer’s comfort zone in terms of pricing. This information came from the supplier’s latest 6-month financial results in which a sharp decline in revenue was explained. The financial statements reported a decrease in profitability and an increase in debt load.   Before preparing the agenda for the meeting, Thembani’s team asked the supplier to provide them with the names and contact information of everyone who would represent the supplier in negotiations. From this, they learned that the supplier’s lawyer would be attending the meeting, which indicated that the team should ensure that Enchanted Home’s lawyer was available for the negotiation meeting. They also asked for a list of issues that the supplier wanted to discuss. This helped the buying team gain insight into the supplier’s agenda.  To obtain company financial performance information first-hand, Thembani had purchased 10 Forest Fabrics shares. This ensured that she received quarterly financial statements to gain insight into the financial stability of the supplier.  To gain insight into the backgrounds and professional interests of the suppliers’ team, they had a look at the people’s professional profiles on LinkedIn.  Thembani’s team discovered that the buying team of another category management department in Enchanted Homes is buying from the supplier. A discussion revealed that the supplier scored an average of 95% on the performance scorecard for delivery and quality. The team then reviewed the supplier’s web page and noticed that the supplier claimed 98 to 99% performance.  During their final meeting before the negotiations, the team agreed on the negotiation strategy, which included the following:   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Target number | Description of negotiable element | Must have?  (Y/N) | Like to have?  (Y/N) | Ideal position | Least acceptable solution (BATNA) | | 1 | Quality | Yes |  | 98% performance | 95% | | 2 | Trendiness of designs | Yes |  | On par or ahead of international home trends |  | | 3 | Price | Yes |  | 10% lower than quote | 5% lower than quote | | 4 | Delivery every two weeks |  | Yes | Every two weeks | Once a month | | 5 | Insurance costs |  | Yes | Shared by the parties | Fully paid for by Enchanted Homes |   Thembani was confident that her team was well prepared for the negotiation and that she would be able to drive hard for lower prices. She believed that her company had a great deal of power based on the annual spend on napery.  When the two teams got together for the negotiation, Thembani’s team could quickly establish rapport with the supplier’s team as they could make personal conversations linking to the professional interests of the supplier’s team members.  Thembani opened the meeting and did not waste time before stating her team’s objectives and immediately stating that her team would expect a considerable drop in prices initially quoted. She did not say on what that expectation had been based.  The supplier’s team leader for the negotiation process, Jay Naidoo, was a bit surprised about such a direct, strong statement right at the beginning of the meeting. He countered by stating their company’s pride in performance evaluations by other customers of 98 to 99%. He said that the company was proud of its performance achievements and believed that was why their product prices came at a slightly higher premium than those of competitors. They were not inclined to negotiate significantly lower prices. Their quality assurance process benefited customers and he believed that justified “slightly higher” prices.  Thembani challenged Jay regarding performance by quoting the performance evaluations of the supplier by the other department in her company. She offered to pay a lower price based on her company’s experience with the supplier. The prices could be reviewed if the supplier achieved an evaluation score of 98%. She said she had to remind the supplier that the company she represents is a major player in the retail field and that Jay and his team should remember that purchases may be around R10 million in the first year (while she know it would be close to R6 million) and that many other suppliers would love to get the business.  The offer did not meet Jay’s teams objectives as it would eat into potential profits and his company had to “catch up” after losing the previous large customer (a fact that he did not mention during the meeting).  Thembani changed the focus of the discussion to quantities that would be ordered, to put pressure on Jay’s team to reduce the prices. If Forest Fabrics gained Enchanted Homes as a major customer, she emphasised, Forest Fabrics would achieve significant increase in sales. The large order quantities certainly qualified for bulk discount, she said. The annual spend could be around R6 million. Forest Fabrics would also benefit in terms of reputation if they were able to claim that Enchanted Homes was a major client. The company would have a lighter administrative burden because they would be supplying locally, therefore there are no additional administrative tasks related to export documentation. She stated that if the two teams could agree on her offer, they could move on to negotiating other aspects of an agreement, including delivery frequency, payment terms, insurance, etc.  The two teams decided to take a break for tea. During the break, Jay consulted with his team.  When the meeting resumed, Thembani’s team was surprised with a lovely parcel, wrapped in cellophane and a large bow on each team member’s chair. The marketing manager on Jay’s team proudly stated that these gifts were from the latest fabric and style designs and their company had pleasure in using the gifts to demonstrate the quality of their fabrics and the beauty of their designs. The recipients were dumbstruck by the beauty of the products.  After Thembani had thanked Jay and his team for the lovely gifts, saying how that would make an impact on her guests for dinner, they continued the negotiations.  Jay was firm on his price offer. He said that they would love to do business with Enchanted Homes.  Thembani confirmed that she was indeed impressed with the quality and trendiness of latest designs. Such outstanding products would set their company’s products apart from those offered to consumers by the competition. She agreed on Jay’s price offer and that teams continued to negotiate contract terms. They did not refer to lead times for special, emergency orders or minimum performance requirements and how non-performance would be resolved.  Because Thembani eventually did not include the company’s lawyer in her team, the supplier’s lawyer offered to prepare the agreement. Thembani admitted that he would be in a better position to do so than the buyer’s lawyer who had not been included in the negotiations.  While discussing deliveries, Jay indicated that Forest Fabrics does not yet have the capacity to deliver the required companies from the beginning but promised to use a portion of the first payment to expand to the required capacity. Thembani just needed to be patient during the first couple of months if they cannot deliver the right quantities at the right time. Thembani undertook to be patient and said she would be able to “smooth over” late deliveries.  The terms in the agreement would include:   * Price * Delivery frequency * Transportation * Shared liability for insurance * Payment terms.   **Assignment instructions:**   1. Based on the information given, determine the strengths and weaknesses of the buying team during preparation and during the actual negotiation. 2. Based on the information given, identify any unethical behaviour on the organisation. 3. Analyse the impact of the unethical behaviour on the company in terms of stock levels and cash flow of the Enchanted Homes if the annual spend for the first year of the supply agreement was R6 million as anticipated. |

#### 5.4.2.3 Supporting evidence to be provided

**Insert the following after this page:**

* Documentary evidence that the strengths and weaknesses of the buyer in the negotiation process are determined in terms of effective and ineffective negotiation
* Documentary evidence that unethical behaviour is identified in terms of the given scenario
* Documentary evidence that the impact of the unethical behaviour is analysed in terms of its effect on stock levels and the cash flow of the organisation

### 5.4.3 Practical skills log

|  |  |  |  |
| --- | --- | --- | --- |
|  | **PRACTICAL TRAINING ACTIVITIES** | **Dates and number of hours practical training** | **NOTES** |
| PM04  PS01 | Prepare an agenda for the negotiation |  |  |
| Prepare ideal position as well as and fall back positions |  |  |
| PM04  PS02 | Determine strengths and weaknesses of the buyer in the negotiation process |  |  |
| Identify any unethical behaviour in the negotiation |  |  |
| Analyse the impact of the unethical behaviour on the organisation |  |  |
|  | Manager/Facilitator signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Learner signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

## 5.5 332301000-PM-05: Buy products, NQF Level 5 (7 credits)

### Purpose of the practical skill modules

The focus of the learning in this module is on providing the learner an opportunity to practice buying merchandise and calculating quantities and selling prices.

Learning contact time - the total amount of time during which the learner needs to have access to the provider to enable him or her sufficient time to obtain the required knowledge and complete activities, assignments and research (if any) as well as required to prepare for and complete assessments is 9 days.

The learner will be required to:

* PM-05-PS01: Calculate quantities to buy
* PM-05-PS02: Calculate selling prices
* PM-05-PS03: Analyse competitor strategies

**Learning materials**

The learning materials for this practical can be found in the Learner guide for ***KM03 Concepts and principles of buying merchandise***

* Chapter 2 Setting a selling price
* Chapter 3 Calculating order quantities

***KM02 Concepts and principles for identifying and sourcing products and selecting suppliers***

* Chapter 4.5 Analysing competitor product ranges

### 5.5.1 PM-05-PS01: Calculate quantities to buy

#### 5.5.1.1 Scope of practical skill

Given details of a minimum of 3 products including previous sales, expected sales and safety stock over a period of 3 months the learner must be able to:

* Calculate total quantity to purchase
* Identify the quantities to be delivered each month to cover expected sales over the three months

*Applied Knowledge*

* AK0101 Techniques for calculating quantities to purchase
* AK0102 Techniques for scheduling delivery quantities according to expected sales

*Internal Assessment Criteria*

* IAC0101 The total quantity ordered covers expected sales without overstocking the organisation
* IAC0102 The calculation of the three split deliveries cover expected sales for each period

#### 5.5.1.2 Practical training instructions

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| Calculate order quantities for the products listed below, based on previous sales. You need to calculate lead time and safety stock and add that to the order quantity needed for sales for 3 months.  Orders for flour and related products are to be placed on the second last Friday of the month to ensure sufficient stock for the next month will be delivered on the first Friday of the next month.  Reports from the POS system indicate the sales for the last three months.   |  |  |  |  | | --- | --- | --- | --- | |  | Number of units Month 1 | Number of units Month 2 | Number of units Month 3 | | Flour Brand P 1 kg | 32,250 | 33,370 | 36,900 | | Flour Brand P 5 kg | 29,850 | 30,100 | 30,210 | | Flour Brand P 12,5 kg | 16,730 | 16,980 | 17,050 | | Vanilla cake mix | 23,430 | 23,850 | 23,720 | | Chocolate muffin mix | 24,200 | 24,650 | 24,375 | | Savoury muffin mix | 18,290 | 18,430 | 18,150 | | Self-raising flour Brand P 1kg | 25,225 | 25,765 | 24,300 |   A general increase of 2% in sales for all flour and related products is expected for month 4, because the colder season is approaching and sales from previous years indicate a trend of around 2% increase in month 4. Thereafter, sales remain stable for months 5 and 6.  **Instructions:**   1. Calculate total order quantities to be ordered for each of the products for a 3-month period. 2. Calculate delivery quantities for each of the 3 months to cover expected sales. |

#### 5.5.1.3 Supporting evidence to be provided

**Insert the following after this page:**

* Documentary evidence that the total quantity ordered covers expected sales without overstocking the organisation
* Documentary evidence that the calculation of the three split deliveries cover expected sales for each period

### 5.5.2 PM-05-PS02: Calculate selling prices

#### 5.5.2.1 Scope of practical skill

Given cost prices and the requirements of the organisation in terms of margins and mark ups along with the selling price of the opposition that does not allow the making of the required profit the learner must be able to:

* Set a selling price giving the required margin
* Set a selling price giving the correct mark-up percentage
* Propose a selling price in line with the opposition and calculate the margin and mark up that the organisation will now make

*Applied Knowledge*

* AK0201 Techniques for calculating selling price given a required margin
* AK0202 Techniques for calculating selling price given a required mark up
* AK0203 Techniques for calculating margins and mark up percentages

*Internal Assessment Criteria*

* IAC0201 The calculation of the selling price is correct based on the required margin
* IAC0202 The calculation of the selling price is correct based on the required mark up
* IAC0203 The calculation of margin and mark up is correct based on the proposed selling price

#### 5.5.2.2 Practical training instructions

|  |
| --- |
| The retail chain’s customer base includes a large number of individuals that buy food ingredients in bulk because the customers make and sell meals for profit. This segment of the target market is very competitive, because every bit of savings on ingredients helps increase profits for the customer.  You need to set the selling prices for food ingredients, including 12,5 maize meal, a product to which VAT does not apply. The cost price of the product is R72.  The company’s requirement on bulk packages for food and baking ingredients include a gross margin of 13% and a markup of 15%.  Before you set the prices, you reviewed the competitor’s prices of the products.  You found that the competitor sells 12.5kg maize meal for R80.00  **Instructions:**   1. Calculate the selling price for the 12.5kg maize meal at the required **margin** set by your company. 2. Calculate the selling price for the 12.5 kg maize meal at the required **markup percentage** set by your company. 3. Propose a selling price in line with the price of the competitor. Calculate: 4. The margin at the proposed selling price 5. The markup at the proposed selling price |

#### 5.5.2.3 Supporting evidence to be provided

**Insert the following after this page:**

* Documentary evidence that the calculation of the selling price is correct based on the required margin
* Documentary evidence that the calculation of the selling price is correct based on the required mark-up
* Documentary evidence that the calculation of margin and mark up is correct based on the proposed selling price

### 5.5.3 PM-05-PS03: Analyse competitor strategies

#### 5.5.3.1 Scope of practical skill

Given a popular product, cost price and the requirements of the organisation in terms of margins and mark ups the learner must visit competitor stores and the learner must be able to:

* Analyse the marketing and promotional strategies of competitors
* Decide whether the organisation should purchase the product

*Applied Knowledge*

* AK0301 Techniques for analysing marketing and promotional strategies
* AK0302 Decision making techniques
* AK0303 Techniques for calculating selling prices

*Internal Assessment Criteria*

* IAC0301 The report detailing the competitor marketing and promotional strategies are based on the strategies at the time of the analyses
* IAC0302 The decision on whether to stock the product or not is based on the ability of the organisation to be competitive while still making an acceptable return

#### 5.5.3.2 Practical training instructions

|  |
| --- |
| Several products are currently trending and experiencing high growth in sales.  Examples:   * **Portable blender** (such as Nutribullet). A portable blender is great for fitness enthusiasts and the trend to stay fit is rising in 2020. Many people have made it their resolution to stay fit and what is the best way to do that? Through a healthy diet. The juice lets them do that it is available from multiple companies. * **Wireless phone chargers**. Wireless phone chargers are the next big thing in smartphone accessories. Why? People are fed up with regular charging devices. They all come with a wire. * **Home ice cream makers**. What sounds like a perfect summer treat at home? An ice cream maker. * **Phone camera lenses**. Phone lenses have gained a reputation in mobile phone market. They are known to double the magnification of captured snaps and allow photographers to take mesmerising photos with just the click of a button. * **Manicure milling drill bit**. The manicure drill helps women improve the look of their nails. It comes with multiple tool sets and offers a complete package for cutting, trimming, polishing, and enhancing the nails. * **Non**-**contact thermometers.** Children don’t like thermometers. Don’t worry though, as we have got you covered. Try out these non-contact thermometers. One of the most trending and selling products, the infrared thermometers, are non-contact devices. * **Minimalist wallets**. Minimalist wallets are in trend right now. Whether you want to keep hard cash or cards, a minimalist wallet will come in handy. It can also hold coins, cards, and even small paper receipts. * **Matcha tea**. This finely ground powder of green leaves is a healthier alternative to regular green tea. Demand for matcha tea has increased substantially over the past few months, but it still isn’t as easily available as you might think, which makes it a fantastic product to sell.   **Instructions:**   1. Select one of the above products that could fit in with one of the current product ranges for the retail chain you represent. Find suppliers on the Internet. Find out what the cost price is. 2. Assume that your company’s requirement for markup is 30% and for margin it is 23%. Calculate the selling price for the product at the company’s requirements for (i) markup and (ii) margin. 3. Visit two stores that sell the product. Observe the marketing and promotional strategies (space allocated, position in store and promotion) as well as the pricing strategies of the store(s). 4. Write a report on the competitor’s marketing and promotional strategies. provide evidence (e.g. in the format of photos, printed marketing material, screenshot from web page, etc.) 5. Decide whether the retailer you represent should sell the product. Explain the reasons for your decision. Some of the questions you could consider in making that decision include:  * What are the corporate objectives of the retailer you represent and doe the product align with the goals? * Is it a key item that should be added to product range, or what role will the product play? * How does the product fit into the current product range? * Is their merchandise capacity in the stores of the retailer you represent? * Is there a need for complementary merchandise among the customers of the company you represent? * How does the pricing strategy of the company you represent compare to that of the competitor? * Will the product be profitable? |

#### 5.5.3.3 Supporting evidence to be provided

**Insert the following after this page:**

* Documentary evidence that the report detailing the competitor marketing and promotional strategies are based on the strategies at the time of the analyses
* Documentary evidence that the decision on whether to stock the product or not is based on the ability of the organisation to be competitive while still making an acceptable return

### 5.5.4 Practical skills log

|  |  |  |  |
| --- | --- | --- | --- |
|  | **PRACTICAL TRAINING ACTIVITIES** | **Dates and number of hours practical training** | **NOTES** |
| PM05  PS01 | Calculate total quantity to purchase |  |  |
| Identify the quantities to be delivered each month to cover expected sales over the three months |  |  |
| PM05  PS02 | Set a selling price giving the required margin |  |  |
| Set a selling price giving the correct mark-up percentage |  |  |
| Propose a selling price in line with the opposition and calculate the margin and mark up that the organisation will now make |  |  |
| PM05  PS03 | Analyse the marketing and promotional strategies of competitors |  |  |
| Decide whether the organisation should purchase the product |  |  |
|  | Manager/Facilitator signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Learner signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

## 5.6 332301000-PM-06: Plan and allocate stock to stores, NQF Level 5 (6 credits)

### Purpose of the practical skill modules

The focus of the learning in this module is on providing the learner an opportunity to allocate new stock to stores and calculate replenishment quantities.

Learning contact time - the total amount of time during which the learner needs to have access to the provider to enable him or her sufficient time to obtain the required knowledge and complete activities, assignments and research (if any) as well as required to prepare for and complete assessments is 7.5 days.

The learner will be required to:

* PM-06-PS01: Allocate new merchandise and quantities to stores
* PM-06-PS02: Replenish sales

**Learning materials**

The learning materials for this practical can be found in the Learner guide for ***KM04 Concepts and principles for allocating stock to stores***.

### 5.6.1 PM-06-PS01: Allocate new merchandise and quantities to stores

#### 5.6.1.1 Scope of practical skill

Given details of the target market of a minimum of three stores with different target markets along with historical sales of similar products and expected growth in sales, safety stock the learner must be able to:

* Allocate merchandise to stores
* Analyse requirements and calculate quantities to allocate

*Applied Knowledge*

* AK0101 Techniques for matching different merchandise to different target markets
* AK0102 Techniques for calculating quantities to allocate

*Internal Assessment Criteria*

* IAC0101 The allocation of the merchandise is according to the target market of the different stores
* IAC0102 The quantities of stock allocated cover expected sales without overstocking the business

#### 5.6.1.2 Practical training instructions

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| The retail chain you represent is a leading South African fashion store specialising in elegant, fashionable womenswear, menswear and accessories. The product range includes a range of fashion-forward brands.  The company claims that its timeless designs and elegant fashion must-haves are created with a keen eye for detail using only the finest fabrics and craftsmanship.  Features of the key womenswear brands offered to the target market:   * **Brand A**: A casual range that transforms fashion trends into wearable, modern, feminine fashion looks * **Brand B**: A formal look that is international and exciting, speaks of quality and has a promise of exclusivity. * **Brand C**: A feminine range that commands centre stage.  This collection is all about transforming the latest key fashion trends into impactful fashion looks. * **Brand D**: A range that strikes the perfect balance between comfort, modernity and luxury, offering today’s discerning dresser a striking range of wearable, sensual and seasonally appropriate womenswear.   The company’s three flagship stores are situated in upmarket shopping centres: Brooklyn Mall (Pretoria), Xlands Boulevard (Pretoria) and The V&A Waterfront (Cape Town).  Although the company targets discerning dressers and the same brands are stocked at all three of the flagship stores, the target markets are slightly different, mainly due to the areas in which the stores are located:   * **Brooklyn Mall**: The shopping centre is situated in the heart of Pretoria's cosmopolitan Embassy suburbs, and the property owner claims that the mall creates a vibrant hub of activity for the capital city’s most prestigious neighbourhood. The centre offers customers the convenience of one-stop-shopping catering to the requirements of the most discerning shopper. It hosts a full complement of national retailers along with approximately 220 specialist retail stores. Therefore, it provides the very best luxuries and shopping of choice. * **Xlands Boulevard**: The shopping centre claims to offer good choice of quality and has a number of luxury homeware, luggage and jewellery shops. It also offers a number of fast-fashion and low-income fashion brands. The mall is situated in the centre of a number of suburbs that have large clusters of upmarket retirement villages and is bordered by an informal settlement. In younger families in this area, the trend is mostly that both husband and wife are working, but in other areas of the city. The profile of shoppers – and therefore tenants – have changed considerably since the opening of the mall 12 years ago. While the target market was initially aimed at shoppers looking for exclusivity, reality of the demographics in the area has changed due to vast high-density residential developments right around the mall. Shoppers from the informal settlement frequent the grocery chain and low-cost fashion retail chains. * **The Victoria & Alfred Waterfront**. V&A Waterfront is a busy retail, dining and entertainment district with gift and design stores, diverse museums, and a restaurant scene which covers burger joints to posh bistros. It offers a wide variety of family-friendly attractions and plays host for large numbers of holidaymakers.   Average store size throughout the retail chain is 800 square metres. These three stores are all 1,000 square metres. The average number of units per SKU sold in an average store is 100.  For the winter season, the buyer needs to allocate the new fashion ranges.  Sell-through figures for the three centres for the various brands in the three shops are as follows. The new merchandise needs to be allocated to the stores in line with selling trends for the different brands at the different stores.   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  | Brooklyn Mall | | | Xlands | | | V&A Waterfront | | | |  | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 | | Brand A SKU 1 | 83.5 | 85.7 | 87.6 | 92.3 | 89.7 | 73.5 | 92.3 | 93.5 | 93.4 | | Brand B SKU 2 | 92.7 | 93.2 | 95.6 | 92.1 | 87.5 | 75.2 | 89.7 | 87.9 | 86.4 | | Brand C SKU 3 | 91.5 | 91.7 | 91.5 | 78.2 | 76.8 | 70.2 | 88.9 | 88.5 | 88.2 | | Brand D SKU 4 | 85.3 | 85.4 | 84.7 | 81.1 | 79.2 | 69.2 | 83.1 | 81.2 | 85.8 |   The quantities purchased of every SKU listed in the table above is 1,000.  **Instructions:**   1. Describe how the target markets for the different brands would be different for the three stores (that is, what type of style – casual, luxury attire, formal office wear, etc.). Use the description of the shopping centres and the brands to help you with this. 2. Use the weighted allocation method to calculate how many items of each SKU will be allocated to average-sized stores (based on the latest figures, that is, for 2020). 3. Use the weighted allocation method to calculate how many items of each of the SKUs should be allocated to each of the 3 stores, based on the 2020 figures. |

#### 5.6.1.3 Supporting evidence to be provided

**Insert the following after this page:**

* Description of how the target markets for the different brands would be different for the three stores (that is, what type of style – casual, luxury attire, formal office wear, etc.
* Documentary evidence that the allocation of the merchandise is according to the target market of the different stores.
* Documentary evidence that the quantities of stock allocated cover expected sales without overstocking the business

### 5.6.2 PM-06-PS02: Replenish sales

#### 5.6.2.1 Scope of practical skill

Given details of stock on hand, past sales, expected sales for a period of 3 months and safety stock the learner must be able to:

* Determine items to be replenished
* Analyse requirements and calculate quantities to replenish

*Applied Knowledge*

* AK0201 Techniques for analysing which products need to be replenished
* AK0202 Techniques for calculating quantities of stock to cover expected sales

*Internal Assessment Criteria*

* IAC0201 All products needing to be replenished are identified in terms stock on hand and sales
* IAC0202 The quantity calculated covers expected sales and the required safety stock of the organisation

#### 5.6.2.2 Practical training instructions

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| **Information**  The buyer needs to replenish stock of UHT products from the supplier.  Delivery takes place once a month, 7 days after receipt of the order.  A sales report from the POS system provides the following information for the last 3 months.  Because schools are re-opening after the school holidays, it is expected that sales for UHT milk 500 ml will increase by 10% for April.   |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  | Jan | Feb | Mar | Stock on hand | Maximum sales monthly | Average sales monthly | Safety stock | Order quantity | | UHT milk 500 ml - 6-pack | 22 100 | 23 200 | 24 100 | 8 900 |  |  |  |  | | UHT milk 1 litres - 6 pack | 42 100 | 43 200 | 42 700 | 10 250 |  |  |  |  | | UHT cream 250 ml - 10-pack | 16 500 | 16 350 | 16 400 | 17 250 |  |  |  |  | | UHT cream 500 ml - 6 pack | 20 150 | 21 350 | 21 800 | 5 760 |  |  |  |  | | Tetra pack juice orange 1 litre - 6 pack | 18 200 | 18 400 | 18 250 | 6 310 |  |  |  |  | | Tetra pack juice fruit cocktail 1 litre - 6 pack | 17 270 | 17 600 | 17 430 | 4 730 |  |  |  |  | | Tetra pack juice apricot 1 litre - 6 pack | 15 150 | 15 300 | 15 700 | 5 230 |  |  |  |  |   **Instructions**:   1. Using the following formulae, calculate the order quantity for March. No significant increase or decrease in sales is expected.   **Order quantity** = Maximum monthly usage + Safety stock – Quantity on hand  **Safety stock** = (Maximum monthly use x lead time) - (Average monthly use x lead time)  **Average sales** = (Sales month 1 + Sales month 2 + Sales month 3) ÷ 3  **Lead time =** Number of days ÷ 30.5 (Because some months have 31 days and some 30, it is common practice to divide by 30.5) |

#### 5.6.2.3 Supporting evidence to be provided

**Insert the following after this page:**

* Documentary evidence that all products needing to be replenished are identified in terms stock on hand and sales (your calculations for all of the products in the table)
* Documentary evidence that the quantity calculated covers expected sales and the required safety stock of the organisation (your calculations based on the information in the table)

### 5.6.3 Practical skills log

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|  | **PRACTICAL TRAINING ACTIVITIES** | **Dates and number of hours practical training** | **NOTES** |
| PM06  PS01 | Allocate merchandise to stores |  |  |
| Analyse requirements and calculate quantities to allocate |  |  |
| PM06  PS02 | Determine items to be replenished |  |  |
| Analyse requirements and calculate quantities to replenish |  |  |
|  | Manager/Facilitator signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Date  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Learner signature  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |