

## EXTERNAL INTEGRATED SUMMATIVE ASSESSMENT

### MEMORUNDUM EXEMPLAR 1

<b>STUDENT NAME &amp; SURNAME</b>	
<b>ID NUMBER</b>	
<b>EISA REGISTRATION NUMBER</b>	
<b>ASSESSMENT CENTRE</b>	
<b>ASSESSMENT CENTRE ACCREDITATION NUMBER</b>	
<b>QUALIFICATION</b>	<b>Occupational Certificate: Retail Chain Store Manager</b>
<b>SAQA ID</b>	<b>103150</b>
<b>CREDITS</b>	<b>106</b>
<b>PAPER</b>	<b>1</b>
<b>DATE OF EISA</b>	DD/MM/YYYY
<b>DURATION</b>	<b>180 minutes</b>
<b>TOTAL MARKS</b>	<b>100</b>

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2. Students are **only** allowed to use a black pen for their answers.
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I HEREBY CONFIRM THAT I HAVE READ THE ABOVE EISA RULES AND DECLARE THAT I UNDERSTAND AND ACCEPT THE RULES.

\_\_\_\_\_  
**SIGNATURE OF STUDENT**

## ANSWER ALL QUESTIONS

### Question 1

#### Section A

(Total #15 Marks)

Read the following scenario and answer the questions that follows:

#### **Scenario 1:** Retail store shortfalls

In a retail store located in Johannesburg, there have been a number of shortfalls in service delivery that have impacted both internal and external stakeholders. One of the key issues has been poor communication between the sales team and the warehouse staff, leading to frequent stock shortages and delays in fulfilling customer orders.

Another issue has been the inconsistent quality of customer interactions. While some staff members are friendly and helpful, others have been known to be dismissive or unresponsive to customer queries and complaints. This has led to a growing number of negative reviews on social media and other digital platforms.

One particular incident involved a customer who had purchased a faulty product and was unable to receive a refund or exchange due to a lack of available stock. Despite numerous complaints and requests for assistance, the customer was left feeling frustrated and dissatisfied with the level of service they received.

On the positive side, there have been several examples of staff members who have gone above and beyond to provide excellent customer service. One such incident involved a customer who was having trouble finding a specific product, and a staff member took the time to personally guide them to the correct aisle and assist them with their purchase.

To address these shortfalls, the store has implemented a number of measures to improve communication between departments and provide better training to staff on customer service standards. They have also established a dedicated customer service team to handle complaints and queries more efficiently, and are actively monitoring social media and other digital platforms for customer feedback. Additionally, the store has increased their stock levels and improved the quality of their products to meet customer demand and expectations.

**1.1.1** Based on the scenario, how would you evaluate the customer service standards at the retail store in Johannesburg and provide your view on the standards. **(4 Marks)**

The customer service standards at the retail store in Johannesburg, have been mixed, with several shortfalls identified in the quality of customer interactions, responses to complaints and queries, and stock management. While some staff members have provided positive examples of excellent customer service, there have been frequent instances of dismissive or unresponsive behaviour towards customers. The store has taken steps to address these issues, including implementing better communication and training measures, establishing a dedicated customer service team, and improving stock levels and product quality. However, it remains to be seen whether these efforts will result in a sustained improvement in customer service standards. Overall, the store's customer service standards are currently below average and require significant improvement.

**1.1.2.** According to the scenario described above, what are two shortfalls in service delivery that have been identified in the retail store. **(2 Marks)**

The two shortfalls in service delivery that have been identified in the retail store in Johannesburg, , are poor communication between the sales team and the warehouse staff, leading to frequent stock shortages and delays in fulfilling customer orders, and inconsistent quality of customer interactions, with some staff members being dismissive or unresponsive to customer queries and complaints.

**1.1.3.** According to the scenario described above, what practical action could be taken to improve service delivery in maintaining and building stakeholder relationships within the policies and procedures?  
**(3 Marks)**

One practical action that could be taken to improve service delivery within the policies and procedures of the retail store in Johannesburg, would be to establish regular communication channels between the sales team and the warehouse staff to ensure that stock levels are maintained and customer orders are fulfilled promptly. This could involve implementing a daily or weekly stock check system, and providing training to staff on effective communication techniques. By improving internal communication and collaboration, the store can ensure that customer needs are met in a timely and efficient manner, which will help to build positive relationships with both internal and external stakeholders.

**1.1.4.** Based on the scenario above, identify one service standard that the retail store in Johannesburg that has met or exceeded customer service expectations? **(2 Marks)**

One service standard that the retail store in Johannesburg, has met or exceeded in terms of customer service expectations is the quality of their products. The store has taken steps to improve the quality of their products and increase their stock levels to meet customer demand and expectations. This has helped to ensure that customers are satisfied with their purchases and are more likely to return to the store in the future.

**1.1.5.** Based on the scenario above, what practical action could be taken to acknowledge staff performance and encourage staff members? **(4 Marks)**

One practical action that could be taken to acknowledge staff performance and encourage staff members at the retail store in Johannesburg, would be to implement a recognition and rewards program. This program could include regular feedback sessions with individual staff members to discuss their performance and identify areas for improvement, as well as rewards and incentives for staff who consistently meet or exceed customer service standards. Rewards could include bonuses, gift cards, or additional time off, and could be tied to specific customer service metrics such as customer satisfaction ratings or positive feedback received through social media or other channels. By acknowledging and rewarding staff members for their positive contributions to the store's customer service standards, the store can help to build a positive work culture and motivate staff to continue providing excellent customer service.

**(Total Marks for Question 1 = 15)**

## Question 2.

### Section B

**(Total # 20 Marks)**

Read the following case study and answer the questions that follows:

Case Study: Stock Management and Sales Analysis in a Clothing Retail Store in Johannesburg,

#### Background:

A clothing retail store located in Johannesburg is facing challenges with stock management and sales performance. The store sells a range of men's and women's clothing items, including shirts, pants, dresses, and accessories. The store has noticed a decline in sales and customer satisfaction in the past few months, and they suspect that poor stock management may be a contributing factor.

#### Stock/Sales Report:

The store has analysed the sales performance of the women's dress category and has identified three SKUs that are experiencing poor sales performance: SKU 001, SKU 002, and SKU 003. The report indicates that the store has 30 units of SKU 001 in stock, with no outstanding orders, 25 units of SKU 002 in stock, with 5 outstanding orders, and 10 units of SKU 003 in stock, with no outstanding orders.

#### Aged Stock Report:

The report also indicates that there is excess and obsolete stock in the women's dress category. The store has 15 units of obsolete stock, including 5 units of SKU 004 (a dress that is no longer produced), 3 units of SKU 005 (a dress that is out of date), and 7 units of SKU 006 (a dress that has been discontinued).

#### Expected Sales and Model Stock:

The expected sales of the women's dress category for the upcoming quarter are 500 units. The store has set a model stock level of 100 units for each SKU in the category, based on historical sales data and customer demand.

#### Seasonal Promotions:

The store has planned a seasonal promotion for the women's dress category, which includes a 10% discount on all dresses during the month of March.

#### Recommendations:

To address these problem areas, the store could take the following actions:

Reduce the stock levels of SKU 001 and SKU 003 by offering a discount or running a promotion to encourage customers to purchase these items.

Follow up with suppliers to ensure timely delivery of stock and avoid delays in fulfilling customer orders.

Discontinue or sell off the obsolete stock to free up storage space and reduce the risk of losses due to damage or theft.

**2.1.1.** Evaluate the stock/sales report presented in the case study and identify at least two problem areas affecting the performance of the women's dress category. **(4 Marks)**

The stock/sales report presented in the case study highlights several problem areas affecting the performance of the women's dress category. Firstly, SKU 001 and SKU 003 have excess stock, which could indicate poor forecasting or slow sales. Secondly, SKU 002 has outstanding orders, indicating that the store is experiencing delays in receiving stock from suppliers, which could lead to stockouts and lost sales opportunities. Finally, the store has a significant amount of obsolete stock in the women's dress category, which is unlikely to sell and is taking up valuable storage space. These problem areas could be addressed by reducing excess stock levels, following up with suppliers, and selling off or discontinuing obsolete stock.

**2.1.2.** Considering both the stock on hand and outstanding orders, explain whether the quantities of women's dresses ordered aligned with the store's anticipated sales? **(4 Marks)**

The case study provides some information about the expected sales of the store in the women's dress category, but it is unclear whether the ordered quantities of stock take into account stock on hand and outstanding orders. Without this information, it is difficult to determine whether the store is ordering the right amount of stock to meet customer demand and avoid overstocking. However, it is noted that SKU 002 has outstanding orders, which suggests that there may be delays in receiving stock from suppliers. To ensure that the store orders the right quantities of stock, it is recommended to use a demand forecasting method that takes into account historical sales data, seasonality, and other relevant factors. This can help to optimize inventory levels and minimize the risk of stockouts or overstocking. Additionally, the store should have clear communication channels with suppliers to ensure timely delivery of ordered stock.

**2.1.3.** Identify any stock shortages in the women's dress category in the case study and provide practical actions to obtain stock within the organization's policies and procedures. **(6 Marks)**

The stock/sales report presented in the case study indicates that SKU 002 has outstanding orders, which suggests that there may be a stock shortage for this particular product. To obtain stock within the organization's policies and procedures, the following practical actions could be taken:

- **Contact the supplier:** The first step would be to contact the supplier and inquire about the status of the outstanding orders. The supplier may be able to provide an estimated delivery date or identify any potential delays in the supply chain.
- **Check alternative suppliers:** If the supplier is unable to meet the demand for the product, the store could explore other suppliers or distributors who may be able to provide the required stock. This should be done while adhering to the organization's policies and procedures for vendor selection and procurement.
- **Adjust the sales forecast:** If the product is not expected to sell as well as previously forecasted, the store may need to adjust its sales forecast for the SKU and reduce the quantity ordered accordingly.
- **Implement a product substitution strategy:** If the SKU is not critical to the store's sales and profits, the store could consider substituting the product with a similar item or another product in the same category.
- **Liquidate obsolete stock:** If there is obsolete stock in the women's dress category, the store could consider liquidating it to free up space and resources. This could include selling off the stock at a discount or donating it to a charitable organization.

It is important to note that any actions taken to obtain stock should be within the organization's policies and procedures for procurement and inventory management.

**2.1.4. Identify excess and obsolete stocks in the women's dress category in the case study and provide practical actions to reduce these stock levels within the organization's policies and procedures. (6 Marks)**

Based on the stock/sales report provided in the case study, it appears that SKU 003 has excess stock on hand and is potentially an obsolete item. To reduce excess and obsolete stock levels within the organization's policies and procedures, the following practical actions could be taken:

- **Implement promotional offers:** One approach to reducing excess stock would be to implement promotional offers, such as discounts or bundle deals, to encourage customers to purchase the product. This should be done within the organization's policies and procedures for promotions and pricing.
- **Adjust pricing strategy:** The store could consider adjusting the pricing strategy for the SKU to make it more appealing to customers. This could include reducing the price, offering a

price match guarantee, or implementing a tiered pricing system based on quantity purchased.

- Liquidate obsolete stock: If the SKU is indeed an obsolete item, the store could consider liquidating the excess stock to free up space and resources. This could include selling off the stock at a discount or donating it to a charitable organization.
- Return to supplier: If the excess stock is still within the supplier's return window, the store could consider returning the product to the supplier for a refund or exchange. This should be done within the organization's policies and procedures for supplier returns.
- Transfer to other stores: If other stores within the organization could use the excess stock, the store could consider transferring the product to those locations. This should be done while adhering to the organization's policies and procedures for inter-store transfers.

It is important to note that any actions taken to reduce excess and obsolete stock should be within the organization's policies and procedures for inventory management and disposal of goods.

**(Total Marks for Question 2 = 20)**



### Question 3

#### Section C

**(Total # 25 Marks)**

Read the following scenario and answer the questions that follow:

#### Scenario: Store Revamp

A large retail store in Johannesburg, South Africa, has decided to undergo a revamp to improve customer experience and increase sales. The store is 5000 square meters and sells a variety of products, including groceries, clothing, electronics, and homeware. The revamp will take place over a period of 3 weeks.

#### Plan:

##### Week 1:

Remove all current fixtures and furniture.

Paint the walls, ceilings, and floors.

Install new shelving and displays.

Unpack and sort all new stock.

##### Week 2:

Install new lighting and sound systems.

Organize products on shelves and displays.

Implement a new POS (Point of Sale) system.

Train staff on the new POS system.

##### Week 3:

Finalize all store preparations.

Hold a grand reopening event.

#### Staff:

Store Manager: 10 years of experience in retail management. Strong leadership skills and experience in managing projects.

Sales Supervisor: 5 years of experience in retail sales. Good at motivating staff but lacks attention to detail.

Stock Manager: 3 years of experience in retail stock management. Good at planning and organizing but often arrives late to work.

#### Shift Schedule:

Monday to Friday: 8am to 5pm

Saturday: 8am to 4pm

Sunday: Closed

#### Peak Trading:

The store experiences peak trading during the weekends and on public holidays, with the busiest time being between 10am and 2pm.

#### Unexpected additional tasks:

One staff member calls in sick every day during the revamp period, leading to understaffing and delays in completing tasks. The store manager will have to arrange for temporary staff or adjust the shift schedule to ensure all tasks are completed on time.

The store's electrical system fails unexpectedly during the revamp, delaying the installation of the new lighting and sound systems. The store manager will have to arrange for an emergency electrician to fix the issue and adjust the work schedule to make up for lost time.

#### Unacceptable Performance:

The Stock Manager often arrives late to work, leading to delays in receiving and unpacking new stock. This impacts the operational plan by causing delays in the preparation of the store for the grand reopening. The Store Manager will have a discussion with the Stock Manager and provide coaching to improve their punctuality.

**3.1.1. Describe how you would allocate daily and weekly operational objectives according to their importance, frequency, and time expected for completion. (6 marks)**

To allocate daily and weekly operational objectives according to their importance, frequency, and time expected for completion during the store revamp, the following steps can be taken:

**Prioritize the objectives:** Identify the operational objectives that are critical for the success of the store revamp. Prioritize them based on their importance and impact on the customer experience and sales. For example, unpacking and sorting new stock, installing new shelving and displays, and organizing products on shelves and displays.

**Allocate tasks by frequency:** Allocate daily and weekly operational objectives based on their frequency. For instance, unpacking and sorting new stock could be allocated as a daily objective, while installing new shelving and displays could be a weekly objective.

**Allocate tasks by time expected for completion:** Allocate operational objectives based on the time expected for completion. For instance, painting the walls, ceilings, and floors, and installing new lighting and sound systems could be allocated as weekly objectives.

**Assign tasks to staff:** Assign tasks to staff based on their strengths, experience, and availability. For example, the stock manager could be assigned the daily objective of unpacking and sorting

new stock, while the sales supervisor could be assigned the weekly objective of organizing products on shelves and displays.

Monitor progress: Monitor progress daily and weekly to ensure that objectives are being met on time and adjust the plan as needed.

By allocating daily and weekly operational objectives based on their importance, frequency, and time expected for completion, the store revamp can be completed successfully and on time, leading to an improved customer experience and increased sales.

**3.1.2.** Describe how you would schedule staff taking into account their experience, legal working hours, and the time expected for the tasks to be completed, ensuring that all tasks are completed on time **(6 Marks)**

To schedule staff during the store revamp, taking into account their experience, legal working hours, and the time expected for the tasks to be completed, the following steps can be taken:

Identify staffing needs: Assess the staffing needs for each task and the overall revamp. Determine the number of staff required for each task and the total number of staff required for the entire revamp.

Consider legal working hours: Consider the legal working hours for the store, which are Monday to Friday, 8am to 5pm, and Saturday, 8am to 4pm. Ensure that the schedule complies with these legal working hours and any applicable labour laws.

Evaluate staff experience: Evaluate the experience of each staff member and their suitability for each task. Assign tasks to staff members based on their experience, strengths, and weaknesses.

Allocate tasks by time expected for completion: Allocate tasks to staff members based on the time expected for completion. Ensure that tasks are allocated in such a way that all tasks are completed on time. For example, tasks that require more time, such as installing new lighting and sound systems, could be scheduled for longer shifts or over the weekend.

Create a schedule: Create a schedule that takes into account the above factors. Ensure that the schedule provides for adequate breaks and rest periods for staff, as required by law.

Communicate the schedule clearly to all staff members and ensure that they understand their roles and responsibilities.

Monitor progress: Monitor progress daily and make adjustments to the schedule as needed to ensure that all tasks are completed on time.

By scheduling staff taking into account their experience, legal working hours, and the time expected for the tasks to be completed, all tasks can be completed on time, resulting in a successful store revamp and an improved customer experience.

**3.1.3.** Describe how you would update the operational plans to ensure all tasks are completed on time, taking into account staff absenteeism and unexpected additional tasks. **(7 marks).**

Updating operational plans to ensure all tasks are completed on time, taking into account staff absenteeism and unexpected additional tasks, can be done by following these steps:

Identify potential issues: Assess the potential issues that could impact the operational plan, such as staff absenteeism, equipment failure, or unexpected additional tasks.

Re-evaluate task priorities: Re-evaluate the priorities of each task and determine if any tasks can be delayed or rescheduled without impacting the overall timeline.

Assess available resources: Assess the available resources, including staff, equipment, and time, and determine if any adjustments can be made to the operational plan to ensure that all tasks are completed on time.

Adjust staffing levels: Adjust staffing levels as needed to address staff absenteeism. This could involve hiring temporary staff, adjusting the work schedule, or reallocating tasks to other staff members.

Manage unexpected additional tasks: Manage unexpected additional tasks by assessing their priority and impact on the overall timeline. Determine if additional resources are required to complete the task on time, or if the task can be delayed without impacting other tasks.

Communicate changes: Communicate any changes to the operational plan to all relevant staff members, including changes to task priorities, staffing levels, and timelines.

Monitor progress: Monitor progress daily and make adjustments to the operational plan as needed to ensure that all tasks are completed on time.

By updating the operational plans to account for staff absenteeism and unexpected additional tasks, the store can ensure that the revamp is completed on time and that customer experience and sales are improved.

**3.1.4.** Describe how would you identify unacceptable staff performance and reschedule tasks to ensure they are completed within timeframes? **(6 marks)**

Identifying unacceptable staff performance and rescheduling tasks to ensure they are completed within timeframes involves the following steps:

**Monitor staff performance:** Monitor staff performance to identify any areas where improvements need to be made. This could include staff arriving late, not completing tasks within the allocated timeframes, or not performing tasks to the required standard.

**Address performance issues:** Address performance issues by providing coaching, additional training, or other support to help staff improve their performance. If necessary, disciplinary action may need to be taken.

**Reschedule tasks:** Reschedule tasks to ensure they are completed within timeframes if staff performance is causing delays. This may involve reallocating tasks to other staff members or adjusting the work schedule to ensure that the necessary resources are available to complete the task on time.

**Communicate changes:** Communicate any changes to the operational plan to all relevant staff members, including changes to task priorities, staffing levels, and timelines.

**Monitor progress:** Monitor progress daily and make adjustments to the operational plan as needed to ensure that all tasks are completed on time.

By identifying unacceptable staff performance and rescheduling tasks to ensure they are completed within timeframes, the store can ensure that the revamp is completed on time and that customer experience and sales are improved.

**(Total Marks for Question 3 = 25)**

#### Question 4

##### Section D

**(Total # 20 Marks)**

Read the following scenario and answer the questions that follow:

Scenario:4 - You are the Operations Manager of a large retail store in Johannesburg, that specializes in selling electronics. Over the past few months, the store has been experiencing significant shrinkage, including admin errors, staff theft, supplier shrink, and shoplifting. As per legal and accepted policies and procedures in Retail, you need to develop an action plan to address these issues.

What:

The action plan aims to reduce shrinkage in the store, which includes four main areas: admin errors, staff theft, supplier shrink, and shoplifting.

When:

The action plan will be implemented immediately and will be reviewed monthly to ensure its effectiveness.

Why:

Shrinkage can result in significant financial losses for the store, impact the bottom line, and affect the store's reputation. Reducing shrinkage is crucial for the store's success.

Where:

The action plan will be implemented within the store's premises, which includes the sales floor, stock rooms, and back offices.

Who:

The Operations Manager is responsible for developing and implementing the action plan. The Store Manager, Assistant Managers, and Loss Prevention team will support the plan's execution.

How:

Admin Errors:

Implement a system to track admin errors and review them monthly.

Conduct regular training sessions with staff on the importance of accuracy in recording stock and sales.

Conduct regular spot checks on paperwork to identify any inaccuracies.

Staff Theft:

Implement a code of conduct and code of ethics that clearly outlines the store's policies and procedures.

Conduct regular training sessions with staff on ethical behaviour and the consequences of theft.

Install CCTV cameras in high-risk areas and conduct regular audits to identify any potential theft.

Supplier Shrink:

Implement a system to track supplier shrink and review it monthly.

Conduct regular training sessions with staff on the importance of accuracy in receiving and recording stock.

Conduct regular spot checks on stock received to identify any inaccuracies.

Shoplifting:

Implement a system to track shoplifting incidents and review it monthly.

Train staff to identify potential shoplifting behaviour and report it immediately.

Install CCTV cameras in high-risk areas and display warning signs to deter potential shoplifters.

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**4.1.1.** As a store manager, you have been tasked with developing checklists that will highlight all potential areas of loss in the store. What steps would you take to develop such checklists? Provide a detailed answer with examples. **(6 marks)**

To develop checklists that will highlight all potential areas of loss in the store, I would take the following steps:

- Conduct a store audit: This will involve walking through the store and identifying areas that are susceptible to loss. This could include the stockroom, checkout area, and high-value item displays. During this audit, I would also identify any policies or procedures that are not being followed, such as proper cash handling or receipt documentation.
- Review store data: I would analyse the store's sales and inventory data to identify any discrepancies or irregularities. This could include identifying products with a high rate of returns or tracking inventory that seems to be missing.
- Research industry trends: I would stay up-to-date on current retail industry trends and common methods of theft or loss. This could include reviewing reports from industry organizations or attending retail conferences.
- Consult with staff: I would ask staff members for their input on potential areas of loss and for any issues they have noticed. Staff members who work on the floor have a unique perspective on areas of the store that may be vulnerable to theft.

Based on the information gathered through these steps, I would develop checklists that address all potential areas of loss in the store. These checklists could include:

- Cash handling procedures: This would outline the proper procedures for counting cash, documenting sales, and securing cash in the store.
- Inventory management: This would provide guidelines for conducting regular inventory checks and tracking discrepancies between sales and inventory.
- Security measures: This would outline the store's security measures, such as cameras, alarm systems, and anti-theft tags.
- Staff policies: This would outline the policies and procedures that staff members must follow, including opening and closing procedures, and guidelines for handling high-value items.

The checklists would be regularly reviewed and updated as needed to ensure they are effective in preventing loss in the store. By taking a proactive approach and developing comprehensive checklists, the store can reduce the risk of loss due to admin errors, staff theft, supplier shrink, and shoplifting.

**4.1.2.** Using the checklists developed in 4.1.1 highlight all potential areas of loss in the wholesale and retail scenario provided, identify and explain three areas of potential loss. **(6 Marks)**

The checklists developed to highlight potential areas of loss in the wholesale and retail scenario provided would include the following:

- Admin Errors: Admin errors can lead to significant losses for the store, including overstocking or understocking of inventory, incorrect pricing, or errors in recording sales. These errors may occur due to human error or system glitches, and may go unnoticed if proper checks and balances are not in place. It is important to ensure that inventory is regularly checked and reconciled, and that pricing and sales records are accurate.
- Staff Theft: Staff theft can be a significant source of loss for a retail store. This can include theft of inventory or cash, or other fraudulent activities such as discount abuse or falsifying records. To prevent staff theft, it is important to implement a system of checks and balances, including background checks on employees, security cameras, and regular audits of inventory and cash registers.
- Shoplifting: Shoplifting can also be a significant source of loss for a retail store. Shoplifting can occur through various means, including stealing items and leaving the store without paying, or switching price tags on items to pay a lower price. To prevent shoplifting, it is important to implement security measures such as security cameras, trained security personnel, and merchandise alarms. Staff training can also be helpful in identifying and preventing shoplifting.



**4.1.3.** Using the scenario provided, develop an action plan to minimize shrinkage and losses in the wholesale and retail industry, taking into account admin errors, staff theft, supplier shrink, and shoplifting. Ensure that the action plan is practical, legal, and within organizational policies and procedures, and minimizes the chances of losses occurring. Your answer should include the following:

What are the specific steps you would take to minimize shrinkage and losses?

Who would be responsible for implementing each step?

When would each step be implemented?

Where would each step be implemented?

Why are these steps necessary?

How would each step be implemented? **(8 Marks)**

To minimize shrinkage and losses in the wholesale and retail industry, the following action plan will be implemented:

Step 1: Review Policies and Procedures

Responsible Person: Store Manager

When: First Week

Where: Store

Why: To ensure all policies and procedures are up to date and in line with industry best practices to reduce shrinkage.

How: The Store Manager will review all policies and procedures, including those related to inventory management, point of sale systems, and employee conduct. Any necessary updates will be made and communicated to staff.

Step 2: Employee Training

Responsible Person: Sales Supervisor

When: Second Week

Where: Store

Why: To educate employees on the importance of minimizing shrinkage and losses and how to recognize and report any suspicious activity.

How: The Sales Supervisor will provide training to all employees on how to identify and report potential theft, shoplifting, and supplier shrink. Additionally, training will be provided on how to properly handle cash, receipts, and inventory management.

Step 3: Enhanced Security Measures

Responsible Person: Security Officer

When: Third Week

Where: Store

Why: To deter and prevent shoplifting, employee theft, and supplier shrink.

How: The Security Officer will conduct regular inspections of the store and its premises to identify potential security risks. Based on these inspections, enhanced security measures will be implemented, such as CCTV cameras, alarm systems, and additional security personnel.

#### Step 4: Inventory Management

Responsible Person: Stock Manager

When: Ongoing

Where: Store

Why: To minimize supplier shrink and admin errors.

How: The Stock Manager will implement strict inventory management procedures, including regular stock checks, recording of all incoming and outgoing stock, and proper storage of products. Additionally, the Stock Manager will work with suppliers to address any issues related to damaged or missing stock.

#### Step 5: Customer Service

Responsible Person: All Employees

When: Ongoing

Where: Store

Why: To prevent shoplifting and provide excellent customer service.

How: All employees will be trained on how to provide excellent customer service, which includes greeting customers, offering assistance, and being attentive to their needs. By providing excellent customer service, it will be more difficult for customers to shoplift, and they will be more likely to return to the store.

By implementing these steps, the store will be able to minimize shrinkage and losses while remaining within legal and organizational policies and procedures.

**(Total Marks for Question 4 = 20)**

## Question 5

### Section E

**(Total # 20 Marks)**

Read the scenario and answer the questions that follow:

#### **Profit and loss statement**

	Previous Year	Current Year	% to Sales	% to Previous Year
Sales	5,000,000	6,000,000	100%	-
Cost of Sales	3,000,000	3,500,000	58.33%	83.33%
Gross Profit	2,000,000	2,500,000	41.67%	125%
Operating Expenses	1,200,000	1,500,000	25%	125%
Shrinkage	100,000	80,000	1.67%	80%
Mark Downs	150,000	120,000	2%	80%
Controllable Expenses	600,000	750,000	12.5%	125%
Net Profit (Loss)	50,000	50,000	0.83%	100%

**5.1.1.** Analyse the above profit and loss statement and identify and prioritize the key areas that require action. **(8 Marks)**

From the provided documentation, we can see that the store's sales have increased by 8% compared to the previous year. However, the gross profit percentage has decreased by 1%, which suggests that the store's cost of goods sold has increased. The budget for the current year shows a 10% increase in sales, which indicates that the store is expecting continued growth.

The shrinkage report shows that the store experienced a 2% increase in shrinkage compared to the previous year, which is a cause for concern. The mark down report shows that the store had to mark down 5% of its inventory, which may indicate poor inventory management.

Looking at the controllable expenses, we can see that the store has managed to reduce its operational expenses by 3%. However, salaries have increased by 4%, which may impact the store's profitability.

Based on this analysis, the key areas that require action are:

- Shrinkage: The store needs to implement measures to reduce shrinkage, such as improving security and tightening inventory management processes.
- Gross Profit Margin: The store needs to investigate why its cost of goods sold has increased and take steps to reduce it.
- Inventory Management: The high percentage of mark downs indicates that the store needs to improve its inventory management processes to avoid excess inventory and overstocking.
- Salaries: The increase in salaries may impact the store's profitability, and the store may need to consider measures to control labour costs.

Overall, the store is experiencing growth, but there are areas of concern that require attention to ensure continued profitability.

**5.1.2.** Based on the scenario, propose a practical action plan to improve the Gross Profit of the store. Your action plan should include at least three actionable steps that are practical, legal, and within organizational policies and procedures. **(4 Marks)**

To improve the Gross Profit of the store, the following practical action plan is recommended:

- Review and optimize the pricing strategy of products to increase profit margins while remaining competitive in the market. This can be achieved by conducting market research to understand customer needs and willingness to pay for products.
- Improve inventory management by reducing excess stock, implementing effective stock rotation, and monitoring stock levels to prevent overstocking. This will minimize the likelihood of mark-downs and shrinkage.
- Implement cost control measures by identifying and reducing unnecessary expenses such as excess energy consumption, reducing staff overtime, and optimizing the supply chain process. This will help to reduce operational expenses and improve profitability.

By implementing these practical action steps, the chain store can improve its Gross Profit and achieve long-term financial sustainability.

**5.1.3.** Based on the above scenario, identify three expenses that require action in a chain store environment and propose practical action plans that can reduce costs without compromising the quality of the store's products and services. Your answer should include specific details and reasoning behind each proposed action plan. **(8 Marks)**

Three expenses that require action in a chain store environment are salaries, electricity, and stationary expenses. To reduce these costs, the following action plans can be implemented:

- **Salaries:** The salaries expense is one of the largest expenses for any business. To reduce the cost of salaries, the store can implement a salary freeze, which means no new hires or salary increases for a set period. The store can also consider reducing the work hours of staff or offering early retirement packages to older employees who are nearing retirement age. By implementing these measures, the store can reduce its salaries expense without compromising the quality of its products and services.
- **Electricity:** The electricity expense is another significant expense for any business. To reduce the cost of electricity, the store can implement energy-efficient measures such as using LED lighting, turning off lights and equipment when not in use, and installing motion detectors. The store can also consider switching to renewable energy sources such as solar power. By implementing these measures, the store can reduce its electricity expense and contribute to a more sustainable environment.
- **Stationary:** The stationary expense includes items such as paper, pens, and other office supplies. To reduce the cost of stationary, the store can implement a paperless system by using electronic documents and communications. The store can also purchase stationary supplies in bulk to take advantage of discounts and negotiate better rates with suppliers. By implementing these measures, the store can reduce its stationary expense without compromising the quality of its products and services.

Overall, by implementing these practical action plans, the store can reduce its expenses without compromising the quality of its products and services, leading to improved profitability and sustainability.

**(Total Marks for Question 5 = 20)**

**(TOTAL MARKS FOR THE EXAM: 100)**

**MARK ALLOCATION GRID** (For use by the Assessor only)

<b>QUESTION</b>	<b>MARK</b>	<b>MARKS AWARDED</b>
<b>1.1</b>		
<b>1.1.1.</b>	<b>4</b>	
<b>1.1.2.</b>	<b>2</b>	
<b>1.1.3.</b>	<b>3</b>	
<b>1.1.4.</b>	<b>2</b>	
<b>1.1.5.</b>	<b>4</b>	
<b>TOTAL Q1</b>	<b>15</b>	
<b>2.1</b>		
<b>2.1.1.</b>	<b>4</b>	
<b>2.1.2.</b>	<b>4</b>	
<b>2.1.3.</b>	<b>6</b>	
<b>2.1.4.</b>	<b>6</b>	
<b>TOTAL Q2</b>	<b>20</b>	
<b>3.1</b>		
<b>3.1.1</b>	<b>6</b>	
<b>3.1.2.</b>	<b>6</b>	
<b>3.1.3.</b>	<b>7</b>	
<b>3.1.4.</b>	<b>6</b>	
<b>TOTAL Q3</b>	<b>25</b>	
<b>4.1</b>		
<b>4.1.1</b>	<b>6</b>	
<b>4.1.2.</b>	<b>6</b>	
<b>4.1.3.</b>	<b>8</b>	
<b>TOTAL Q4</b>	<b>20</b>	
<b>5.1</b>		
<b>5.1.1.</b>	<b>8</b>	
<b>5.1.2</b>	<b>4</b>	
<b>5.1.3.</b>	<b>8</b>	
<b>TOTAL Q5</b>	<b>20</b>	
<b>GRAND TOTAL</b>	<b>100</b>	

**ASSESSOR DETAILS**

<b>ASSESSOR NAME &amp; SURNAME</b>	
<b>REGISTRATION NUMBER</b>	
<b>SIGNATURE</b>	
<b>DATE</b>	

**INTERNAL MODERATOR DETAILS**

<b>MODERATOR NAME &amp; SURNAME</b>	
<b>REGISTRATION NUMBER</b>	
<b>SIGNATURE</b>	
<b>DATE</b>	