



RASCI
Retailers Association's
Skill Council of India

Participant Handbook

Sector
Retail

Sub-Sector
Retail Operations

Occupation
Store Operations

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NSQF level 7



Retail Store Manager

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Shri Narendra Modi
Prime Minister of India

“ Skilling is building a better India.
If we have to move India towards
development then Skill Development
should be our mission. ”



Certificate

COMPLIANCE TO QUALIFICATION PACK – NATIONAL OCCUPATIONAL STANDARDS

is hereby issued by the

RETAILERS ASSOCIATION'S SKILL COUNCIL OF INDIA

for

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The preparation of this handbook would not have been possible without the retail industry's support. Industry feedback has been extremely beneficial since inception to conclusion, and it is with the industry's guidance that we have tried to bridge the existing skill gaps in the industry. This participant handbook is dedicated to the aspiring youth, who desire to achieve special skills that will be a lifelong asset for their future endeavours.

About this book

This participant handbook has been designed to enable training for the specific Qualification Pack (QP). Each National Occupational Standard (NOS) has been covered across units. The key learning objectives for the specific NOS mark the beginning of the units for that NOS. The symbols used in this book have been described below.

A Retail Store Manager is responsible for optimizing inventory to ensure maximum availability of stocks and minimizing losses; adhering to standard operating procedures, processes, and policies at the store while providing timely and accurate reporting; managing sales and service delivery to increase store profitability; executing visual merchandising displays as per standards and guidelines; ensuring overall safety, security and hygiene of the store; implementing promotions and special events at the store; leading and managing the team for developing store capability, and conducting price benchmarking and market study of competition. The individual should be meticulous, motivated to learn new things, logical, and result-oriented. He or she must have manual dexterity, right eye for visual quality, and excellent attention to detail. Among others, the individual must have decent communication skills and be able to prioritise tasks. The trainee will enhance his/her knowledge under the trainer's guidance in the following skills:

- **Knowledge and Understanding:** Adequate operational knowledge and understanding to perform the required task
- **Performance Criteria:** Achieve the required skills via hands-on training and complete the necessary operations within the specified standards
- **Professional Skills:** Ability to make operational decisions related to the area of work

The handbook incorporates the well-defined responsibilities of a Retail Store Manager.

Symbols Used



Key Learning Outcomes



Unit Objectives



Exercise



Tips



Notes



Activity



Summary



Practical

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1. Overview of the Retail Industry



Unit 1.1 - The Retail Industry in India

Unit 1.2 - Role of Retail Store Manager



Key Learning Outcomes



At the end of this module, you will be able to:

1. Sketch an overview of the retail industry
2. Discuss how the retail industry developed in India
3. Summarise basic concepts of the retail industry
4. Describe the role and responsibilities of a retail store manager

UNIT 1.1: The Retail Industry in India

Unit Objectives

At the end of this unit, you will be able to:

1. Summarise the current scenario of the retail industry in India
2. Define retail
3. Describe how the Indian retail industry grew over time
4. Classify retail marketing
5. Discuss the importance of retail

1.1.1 Current Economic Scenario – Retail

In this fast-growing world, the retail industry has proved to be one of the most critical sectors in the world, as well as the Indian economy. India is one of the largest global destinations in the retail space.

India is expected to become the world's fastest-growing e-commerce market, driven by sound investments in the sector and a rapid increase in the number of internet users. With the exponentially intensifying need for consumer goods in different industries, including home appliances and consumer electronics, many companies have invested in the Indian retail market in the past few months. Various agencies have high expectations about the growth of Indian e-commerce markets.

The retail industry is one of the pillars of the Indian economy and accounts for 10% of its Gross Domestic Product (GDP). The retail market in India is most likely to be around USD 600 billion. The retail trading of India has received Foreign Direct Investment (FDI) equity inflows worth US\$ 1.66 billion between April 2000–March 2019, according to the Department of Industrial Policies and Promotion (DIPP).

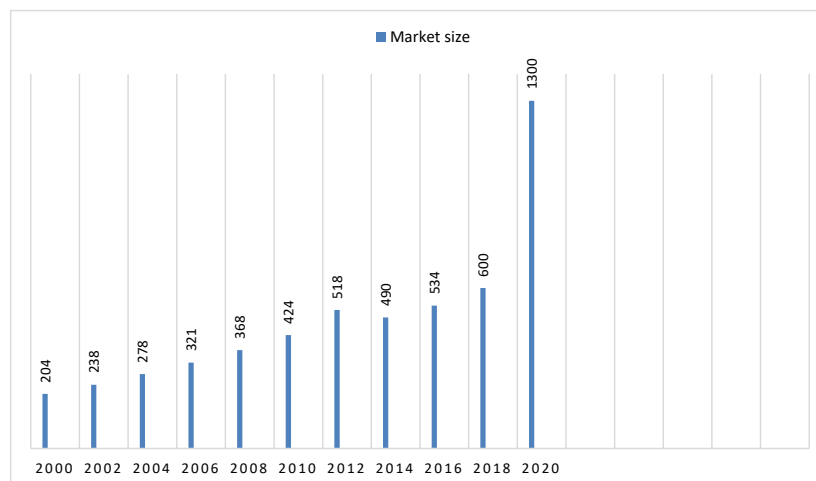


Fig. 1.1.1: Indian Retail Industry Growth - Market Size over the Past Few Years in USD billion
(Source - India Brand Equity Foundation)

The Indian government may change the Foreign Direct Investment (FDI) rules in food processing, in an upcoming bid to permit e-commerce companies and foreign retailers to sell “Made in India” consumer products. The Government of India has allowed 100 percent Foreign Direct Investment (FDI) in the online retail business of goods and services through the automatic route (less restricted), thereby providing transparency in the existing activities of e-commerce companies functioning in India.

The retail industry of India is one of the fastest-growing sectors – domestically as well as abroad. Due to an increase in incomes and affordability for consumers, the industry is facing incremental growth at an exponential rate. With the further easing of regulations governing FDI in India, investments by multinationals are on a continuous rise. Organised retailing is workforce-intensive and is the second-largest employer in India. The current situation indicates that there will be a very high demand for human resources to match the scope of work of various retailers shortly.

1.1.2 The Meaning of Retail

The word 'retail' means 'the sale of goods to the public in relatively small quantities for use or consumption rather than for resale.'

- Retail marketing is the sale of goods and services from productions to customers
- Retail marketing is the procedure by which retail stores spur the consumers' interest in their goods and services and generate sales
- Retail marketing, thus, is the process of bringing a product directly to customers in a retail store
- Retail marketing involves the planning, promotion, and presentation of a product



Fig. 1.1.2: How the Indian Retail Industry changed with time

The concept of retail has changed over the years.

- In the middle ages, the exchange of goods took place in the form of a barter system
- Then it evolved to weekly markets, which took place on a particular day of the week, and also village fairs
- Later, convenience stores came into existence. This further developed into supermarkets, malls and other brand outlets where everything is available under a single roof

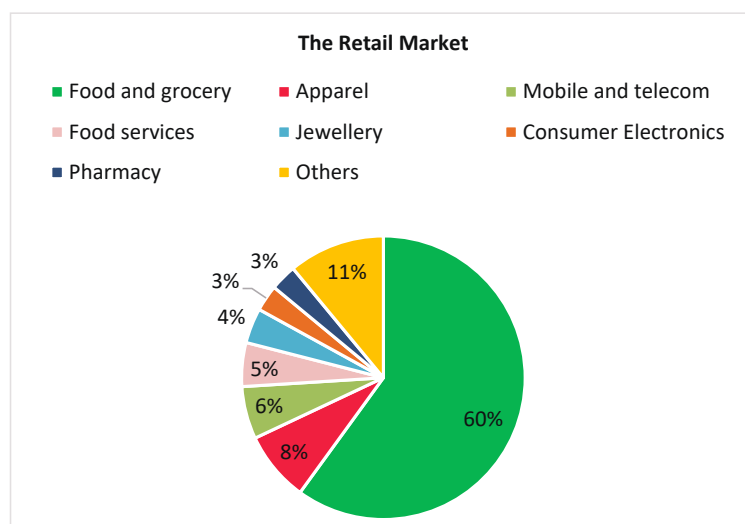


Fig. 1.1.3: Distribution of various retail markets

Research suggests that about 60% of the Indian economy is benefitted from the food and grocery sector, while electronics and pharmacy strive to contribute the least being nearly 3%.

1.1.3 Types of Retail Marketing

The various types of retail stores are:

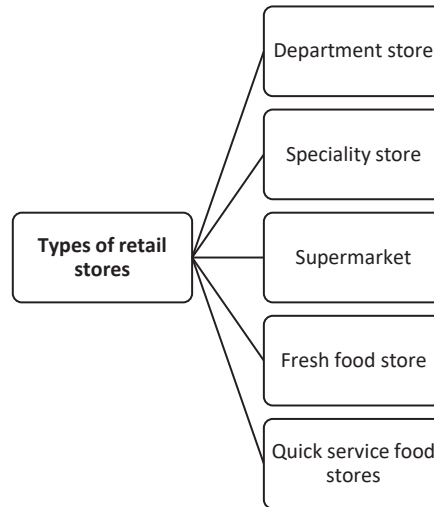


Fig. 1.1.4: Types of retail stores

The four Ps of retail marketing are product, price, place, and promotion.

Ps of Marketing	Explanation
Product	Making products ready for sale
Price	Setting the price at a level comparable to a store’s competitors
Promotion	Using advertisements, brochures, pamphlets, flyers, free trials, etc. for spurring the customers’ interest
Place	Determining how and where products should be distributed for sale

Table 1.1.1: Four Ps of retail marketing

The concept of retail marketing falls under “Place”. A retail store is an important distribution channel (mode by which goods and services are delivered to customers) and also a crucial component of the supply chain (the network involving an organisation and its stakeholders, like vendors, to produce and distribute a specific product to the final buyer). This has been discussed in section 1.1.4.

1.1.4 Importance of Retail Marketing

The retail sector has a tremendous impact on the economy. It generates high sales volume annually and offers many job opportunities. The retail industry provides a wide range of career opportunities, including store management, merchandising, and owning a retail business.

The consumers’ benefit from retailing is that retailers perform marketing functions that make it possible for customers to access a wide variation of products and services under the same roof. A retailer’s service also helps in enhancing the image of the product.

Retailers participate in the categorization process by collecting a variety of goods and services from a wide range of suppliers and offer them for sale. The method of assortment depends upon the individual retailer’s strategy.

Role of retail:

- Retailers state information to consumers via advertising, signs, displays, and sales personnel.
- They store products, mark prices on it, place them on the selling floor, and handle products. Usually, they pay suppliers for details before selling them to end consumers.
- They complete transactions by using appropriate locations and timings, credit policies, and other services, e.g., delivery.

Retailing is the final stage in marketing channels for consumer products. Retailers provide a vital link between producers and end-users.

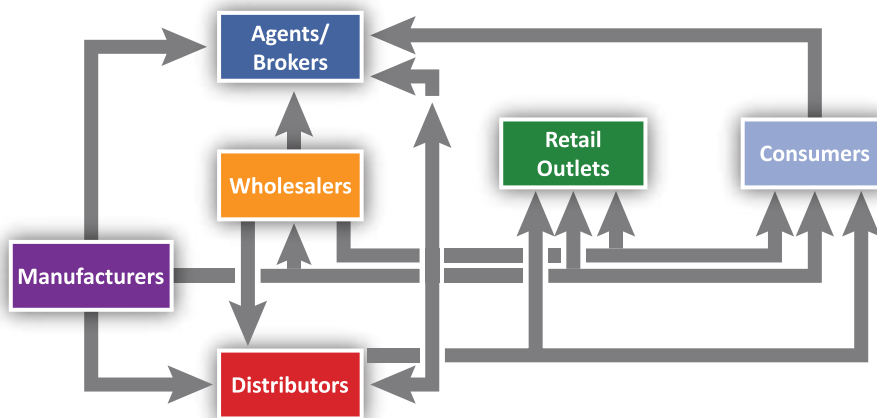


Fig. 1.1.5: The retail supply chain

Role of Retailers in a store:

- Providing an assortment of products and services
- Managing inventory

Practical 

1. You would require a few specific skills to become a successful Retail Store Manager. In this note, fill up the below table and show your trainer in the next class.

Skills you have	Skills you need to acquire	Plan of Action

2. Which was the last retail store that you visited? What did you like about it? Had you been in charge of the store, what changes would you have made to the store, and why?

Exercise

A. Answer the following questions by choosing the correct option:

- 1. The 4Ps of retail marketing are:
 - a) Product, Price, Place, Promotion
 - b) Pay, Price, Position, Product
 - c) Product, Point, Promote, Play
 - d) Place, Priority, Purchase, Performance

- 2. Role of retail industry does not include
 - a) Providing information to consumers
 - b) Storing merchandise
 - c) Complete transactions
 - d) Shunning away customers

- 3. Which of the following is not a retail store?
 - a) Department Store
 - b) Supermarket
 - c) Local Grocery Store
 - d) Fresh Food Store

B. Analyse and answer:

Consider a scenario where you have been offered a few courses by an academic counsellor of a training institute. All classes are related to diverse job roles from various sectors. Which of the following would you choose?

- a. Customer care executive
- 2. Accounts executive
- 3. Retail store manager
- 4. Front office executive

Justify your answer.

(Hint: The retail sector has been forecasted to grow substantially in the next few years, thus offering excellent job opportunities and even self-employment opportunities.)

UNIT 1.2: Role of Retail Store Manager

Unit Objectives

At the end of this unit, you will be able to:

1. Summarise the role of a retail store manager
2. Discuss the employment potential for retail store managers
3. List various responsibilities of and the skills required by a retail store manager

1.2.1 Role of a Retail Store Manager

A retail store manager's purpose is to manage the overall operations of the store and ensure its profitability. Thus, this individual is responsible for controlling operational expenses and ensuring the financial growth targeted by the organisation. Retail managers are responsible for the day-to-day supervision of retail outlets, including sales, staff, stock, and resource management.

Role of a retail store manager

A retail store manager's job is to run a store successfully and is in constant contact with the store staff and customers. The role of a retail store manager can be broadly classified into a few categories, namely:

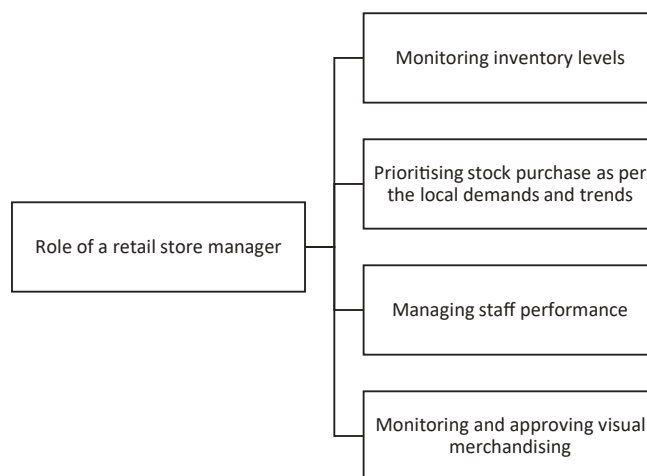


Fig. 1.2.1: The role of a retail store manager

He/she is responsible for:

- monitoring inventory levels at the store
- ensuring that the team renders excellent customer service
- monitoring and improving the financial performance of the store
- supervising and directing the store staff
- making staffing decisions
- ensuring product availability and security at the store
- maintaining visual merchandising standards
- ensuring customer satisfaction
- optimizing the store's financial performance

Sitting at the top of the chain, a retail store manager has to take care of the below hierarchy. However, the below hierarchy is only indicative and may vary according to the store.

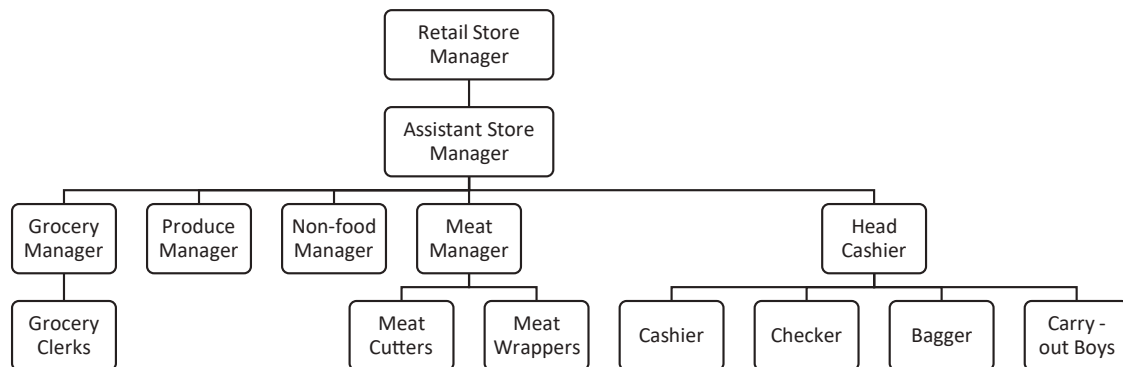


Fig. 1.2.2: A sample hierarchy managed by retail store managers

Responsibilities of a Retail Store Manager

- Recruiting, training, supervising and appraising staff
- Managing budgets
- Maintaining statistical and financial records
- Dealing with customer queries and complaints
- Overseeing pricing and stock control
- Maximizing profitability and setting/meeting sales targets, including the task of motivating staff to do so
- Ensuring compliance with health and safety legislation
- Preparing promotional materials and displays
- Liaising with head office
- Ensuring adherence with store operating procedures

Scope of work for a retail store manager

- Store opening and closing
- Key management
- Store security and disaster management
- Monitoring and controlling staff purchases
- Control of barcodes
- Compliance with tagging standards
- Access control
- Unclaimed baggage
- Emergency telephone numbers
- Lost and found
- Night shift operations
- Preventative maintenance of store tools and equipment

Employment potential

Employers of Retail Store Managers are generally:

- Department stores
- DIY (do-it-yourself) shops
- Chain stores
- Supermarkets

Skillset of Retail Store Manager

Essential skills desired in a Retail Store Manager are:

- Numerical skills
- Verbal communication skills
- Team building skills
- Organisational skills
- Resourcefulness
- Confidence
- Commercial awareness

Since a Retail Store Manager is responsible for managing every aspect of store operations, including sales, inventory, finance, workforce, and other resources. He/she needs to possess these skills and basic knowledge of leadership, people management, sales, and marketing.

Personal Attributes of Retail Store Manager

- Every retail store that you see on the road need store managers. This individual needs to be:
- physically fit to be able to fulfil tasks efficiently
- mentally balanced to be able to motivate the team to handle unexpected situations, if any
- able to effectively plan and organise work (of self and team) and handle the pressure
- a person with sharp business acumen
- able to demonstrate strong interpersonal skills, people management skills, and service-related expertise

Practical

1. Prepare a list of all the stores in your locality that require Retail Store Managers and match the job requirements with the skills that you possess.
2. With the help of a flowchart, describe a typical working day for a Retail Store Manager.

Exercise

A. Answer the following questions by choosing the correct option:

1. What the skills required for being a retail store manager?
 - a) Team working skills
 - b) Organizational skills
 - c) Commercial awareness
 - d) All of these

2. The retail store manager acts as the _____ between the chain outlet and the head office.
 - a) Bridge
 - b) Wall
 - c) None of these
 - d) All of these

3. Retail store managers are responsible for ensuring that the staff members give great _____ service as well as monitoring the financial performance of the store.
 - a) Consumer
 - b) Customer
 - c) Producer
 - d) Director

B. Study the table carefully. Tick the boxes adjoining the unique job responsibilities of a Retail Store Manager.

Responsibilities	Tick, if applicable to a Retail Store Manager
1. Recruiting, training, supervising and appraising staff	
2. Preparing budgets	
3. Calculating salaries	
4. Troubleshooting POS machines	
5. Processing financial transactions at the POS	
6. Maintaining statistical and financial records	
7. Dealing with customer queries and complaints	
8. Overseeing pricing and stock control	
9. Setting/meeting sales targets and motivating the staff to do the same	
10. Ensuring compliance with health and safety legislation	
11. Planning visual merchandising	

Summary

- Indian economy ranks 5th in the global market.
- The retail industry in India is one of the pillars of its economy and accounts for 10% of India's GDP.
- Retail trading of India has received Foreign Direct Investment (FDI) equity inflows worth US\$ 1.66 billion from April 2000–March 2019.
- The word 'retail' means 'the sale of goods to the public in relatively small quantities for use or consumption rather than for resale.'
- About 60% of the Indian economy is benefitted from the food and grocery sector.
- Retail marketing involves the planning, promotion, and presentation of a product.
- The retail industry offers a broad prospect of career opportunities.
- Retailers participate in the categorization process by gathering an assortment of goods and services from a wide range of suppliers and offering them for sale.
- Retailers provide a vital link between producers and ultimate consumers.
- Retail managers are responsible for the day-to-day supervision of retail outlets, including sales, staff, stock, and resource management.
- A Retail Store Manager is responsible for guaranteeing that the staffs give excellent customer services as well as monitoring the economic performance of the store.

Practical

1. Prepare a list of reasons why you wish to pursue the course of a Retail Store Manager and what are your expectations from the course.
2. Visit stores in your locality as a customer and study the various ways in which the stores are set up or managed. Take note of all the ideas that inspire you. If you feel that you can improve any of the processes, what might it be, and why?

Notes 

Lined area for taking notes, consisting of approximately 30 horizontal lines.

Exercise

Choose the correct alternative

1. Which of the following cannot be an employer of a retail store manager?
 - a) Department stores
 - b) Hospitals
 - c) Chain stores
 - d) Supermarkets

2. Which of the following type of marketing is not aimed at achieving the four Ps of marketing?
 - a) Internet marketing
 - b) Direct marketing
 - c) Fake rumour marketing
 - d) Public relations marketing

3. Key responsibilities of a retail store manager do not include
 - a) Causing fraudulent in budgets
 - b) Recruiting, training, supervising and appraising staff
 - c) Overseeing pricing and stock control
 - d) Ensuring compliance with health and safety legislation

4. FDI stands for
 - a) Faculty Distribution Inquiry
 - b) Focus Direct Investment
 - c) Federal Duty Investigation
 - d) Foreign Direct Investment

- B. Match the skills/attributes, with the activities, by writing the suitable numbers in the cells at the side. Each number represents a specific skill. Note that an activity may involve more than one skill.**

Activities	Skills/attributes involved (1 - Numerical skills 2 - Verbal communication skills 3 - Team working skills 4 - Organisational skills 5 - Resourcefulness 6 - Confidence 7 - Commercial awareness)
Calculating the monthly budget for promotional activities	
Conveying the team targets for the month	
Handling an angry customer	
Deploying sales interns, on a contractual basis, when a few sales associates are on leave during the festive season	
Estimating what discount rates would help the store retain customers as well as earn good profits	

2. Optimize Inventory to Ensure Maximum Availability of Stocks and Minimized Losses



Unit 2.1 - The Management of Stock Levels

Unit 2.2 - Receipt and Dispatch of Goods

Unit 2.3 - Stock Records

Unit 2.4 - Stock-Take/Cyclical Count



Key Learning Outcomes



At the end of this module, you will be able to:

1. Categorise inventory appropriately
2. Summarise the importance of inventory management for retail store managers
3. Analyse the effects of inventory management on the store profitability
4. Demonstrate the processes of controlling the receipt and dispatch of goods
5. Check if all stock records are accurate
6. Practise methods of avoiding shrinkage or pilferage of products

UNIT 2.1: The Management of Stock Levels

Unit Objectives

At the end of this unit, you will be able to:

1. Define stock levels
2. Categorise stock levels and inventory appropriately
3. Calculate various stock levels
4. Analyse the effects of inventory management on the store profitability
5. Demonstrate purchase procedures

2.1.1 Introduction

Any business cannot run successfully without the knowledge of the position of its stock because one cannot sell what one cannot see. That is why retailers use a system called the inventory management system to keep a tab on what is in stock, how much is in stock, what needs to be refilled, and also what needs to be thrown out.

Goal of Effective Inventory Management

The most crucial goal of effective inventory management is to balance order fulfilment needs while minimizing the inventory carrying costs. An inventory management plan has to balance several conflicting goals – like overstocking/under-stocking, shorter lead times, rapid order fulfilments, smooth product flow, fluid workflow, improved visibility, good selectivity, more productivity, and maximum capacity.

This module deals with sub-tasks that lead to effective inventory management to maximise the availability of stocks and minimize inventory-related losses.

2.1.2 Maintaining and Implementing Stock Levels

Defining Inventory or Stock

Inventory or stock means the goods or materials that a store holds for sale. Inventory management is a discipline primarily concerned with the purchase and maintenance of stocked products meant for sale. Inventory management requires a retail store manager to maintain a proper assortment of merchandise while ordering and shipping.



Fig. 2.1.1: Inventory at a retail grocery



Fig. 2.1.2: Inventory at a retail apparel store



Fig. 2.1.3: Inventory at a jewellery retail



Fig. 2.1.4: Inventory at an electronics retail

How Inventory Management System Affects Store Profitability

A retail store manager must manage inventory at the store very efficiently because both over and under-procurement of inventory may lead to financial loss and loss of customer base. The nature and size of business determine the amount of inventory or stock to maintain at the store. For example, if a retail store lacks space, the retail store manager may allow for bulk purchase of inventory and get the vendor to store the same appropriately, against a fee. The deal can be cancelled, if required. The more stock a store holds, the greater the amount of funds that remains blocked. This affects the store profitability significantly.

The below example establishes how inventory management affects store profitability.

Example:

It is the festive season and the manager of a retail store, which specialises in food items, prepares a plan for stocking up the store. He identifies that the following categories of inventory must be added for sale at the store:

- Perishable items like meat, fish, milk, fruits, and vegetables
- Canned and processed food items

However, the retail store manager makes the following blunders:

- He overloads the retail store with canned food products when the neighbourhood mainly comprises health-conscious consumers who prefer organic food items to canned and processed food products
- He places requisition for and procures huge quantities of non-vegetarian and perishable food items like meat, fish, eggs, etc. when the neighbourhood mainly comprises vegetarian consumers
- He places a late requisition for all categories of inventory; consequently, the vendor delivers late and the store suffers stock-out

Action of the retail store manager	Impact on inventory	Impact on customer base	Impact on store profitability
He overloads the retail store with canned food products when the neighbourhood mainly comprises health-conscious consumers who prefer organic food items to canned and processed food products	The store is overloaded with slow-moving items (canned food products)	The store is unable to attract health-conscious customers	The store is unable to hit the target revenue since a huge chunk of the neighbourhood remain untapped

Action of the retail store manager	Impact on inventory	Impact on customer base	Impact on store profitability
He places requisition for and procures huge quantities of non-vegetarian and perishable food items like meat, fish, eggs, etc. when the neighbourhood mainly comprises vegetarian consumers	The store is overloaded with low-demand, low-shelf life, and slow-moving items (non-vegetarian food products)	The store is unable to attract vegetarian customers	The stores makes huge loss since a huge amount of food items rots and gets disposed of
He places a late requisition for all categories of inventory; consequently, the vendor delivers late and the store suffers stock-out	Stock-out	Customer footfall decreases since customers are unable to find the desired items and leave the store dissatisfied	The store is unable to hit the target revenue since it is unable to cater to the needs of a large number of customers

Table 2.1.1: How inventory management affects a store's profitability

The below scenarios explain what would happen if:

- a retail store manager allows less stock at the store
- a retail store manager allows excess stock at the store

Impact of keeping less or no stock at the store

This scenario is suitable for a store:

- with a fast-paced environment
- where products develop fast
- the inventory is expensive for purchase and storage
- the inventory is perishable and can be replenished easily

Pros	Cons
The system becomes flexible and efficient since the store can procure stock as and when it is required	Frequent inventory requisitions can complicate the store operations, which can increase costs
Less storage costs involved	The store suffers from frequent stock-outs, which, in turn, disappoint customers
The retail store manager can keep track of the inventory and encourage the development of new products without wasting inventory	The store grows dependent on the promptness and efficiency of vendors

Table 2.1.2: The pros and cons of keeping less or no stock at the store

Impact of keeping too much stock at the store

Pros	Cons
Involves low costs	Involves high storage costs
No stock-outs	Unsuitable for perishable inventory with low shelf life (expiry)
Bulk purchase is often cost-effective for the store	The inventory runs a chance of getting obsolete before it is used
	The store's funds are blocked unless and until the entire inventory gets sold

Table 2.1.3: The pros and cons of keeping excess stock at the store

This scenario is suitable for a retail store, if it is difficult for the retail store manager to forecast the sales for a specific period. Consequently, it is difficult for the retail store to estimate the amount of inventory to be procured. The scenario is also suitable when:

- the store has adequate space to store inventory cheaply
- the inventory has long shelf-life and takes a long time to get replenished

Example:

A renowned retail salon was facing losses for quite some time. The losses were mainly due to the below practices:

- discarding half-used colour tubes
- washing excess products down the drain
- not being able to conduct customers' favourite treatments due to frequent stock-outs of popular products, thus, resulting in customer disappointment and attrition

The salon manager devised a few measures to control cost and arrest loss at the store. They are:

- A customer card is allotted for each client, where the treatment details are written
- Each customer card is marked with the amount of product used and the customers are billed accordingly for the amounts used for their treatments
- At the end of each day, customer cards are checked against the products used, as labelled, to ensure that both sets of records match
- The products checked out of the inventory, for professional use, are clearly labelled
- All containers, once empty, are disposed of in designated bins, counted, and recorded
- An overall stock-count is taken, on weekly basis, by printing off the stock-count report and verifying the actual against the desired amounts
- Two staff members have been dedicated for the stock-taking activity - this is done by the same persons every week (one person verifies retail while the other person checks professional inventory, like salon equipment and tools) to ensure process consistency
- After the stock-taking process, the system is adjusted for variations and low-stock items are re-ordered promptly

The salon, under the guidance of the salon manager, has been implementing the above measures for more than a quarter. Profits at the salon have been looking up ever since.

Types of Stock/Inventory

Stock levels depend on the type of stock in the store. Broadly, there are four categories of stock.

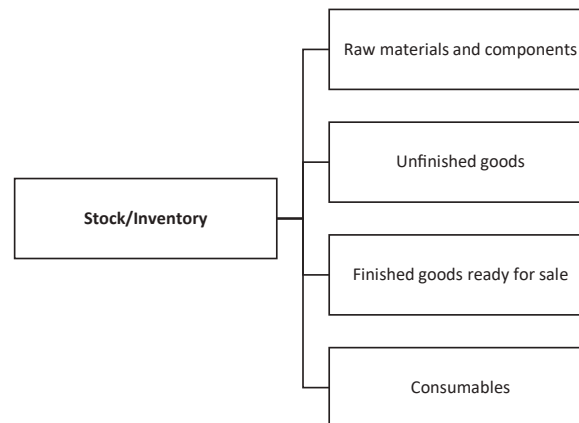


Fig. 2.1.5: Types of stock/inventory

1. **Raw materials and Components** – The type of stock that can be used for making other products. E.g. – cloth pieces, threads, etc. that can be used for making a final dress.
2. **Unfinished goods** – The type of stock that is half-done and will be completed when used/consumed by the end user. E.g. – Semi-stitched dress materials that are fitted according to the shape and size of the customer.
3. **Finished goods ready for sale** – The type of stock that is kept in their ready-to-use state. E.g. – All types of dresses in an apparel store, all products of an FMCG store, etc.
4. **Consumables** – These types of stocks are those that can be consumed, i.e., eatables. E.g. – Food and beverages

Types of Stock Levels

If a retail store has proper inventory management system, the following questions can be answered without compromising with the store's profitability:

- What is the current stock level?
- When and what does the store need to reorder?
- Is the inventory order too much or too less?
- What are the worst and the bestselling items in the store?
- Should any item be stopped being sold completely?
- Is the inventory storage sufficient?

The optimal stock level indicates the order amount that will result in the total sum of ordering and carrying costs being lessened.

Maintenance of various stock levels is very important. The various levels fixed for effective stock control may be broadly classified into the following broad categories.

- 1. Maximum Stock Level:** The maximum stock level is the level above which items cannot be stored in a store. It is the maximum storage capacity that varies from store to store.

While fixing the maximum level, the following factors should be taken into consideration.

- The rate of consumption of the material
- The time necessary for obtaining supplies from the supplier
- Warehouse space availability
- Possibilities of loss in stores by deterioration, evaporation, moisture, pest infestation, etc. There are certain products that deteriorate in quality if they are stored over a long period.
- Cost of maintaining stores
- Fluctuation in prices - for instance, if there are possibilities of a substantial increase in prices of a certain product, a larger maximum stock level will be fixed. On the other hand, if there are possibilities of a decrease in prices of that product, the stock will be kept at a reduced level
- The seasonal nature of the supply of material - certain materials are available only during a specific period of the year; so these must be stocked heavily during these periods
- Restrictions imposed by the government or local authorities regarding materials pose an inherent risk, e.g. fire and explosion
- Possibilities of change in fashion and habits that will demand change in the requirement of materials

Keeping these factors in mind, any store can set their maximum stock level according to their requirements.

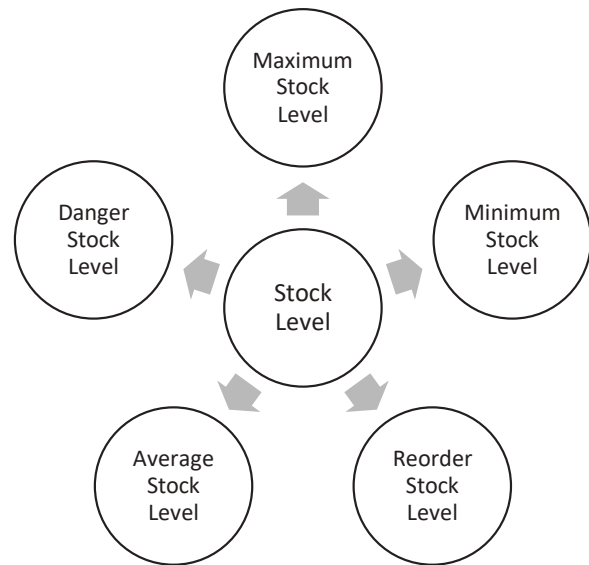


Fig. 2.1.6: Types of stock levels in a retail store

- 2. Minimum Stock Level:** The minimum stock level is the level beyond which the quantity/availability of stock should never drop. Sales at the retail store will stop if the stock goes down this level. It is sometimes called the “buffer stock level”.

The following aspects are considered while calculating the minimum stock level:

- The average rate of product consumption
- Reorder level
- Nature of the item – the minimum stock level is low for perishable goods like fruits, vegetables, fish, meat, dairy products, etc.
- Stock-out cost – the financial impact of stock-out on the retail store in terms of loss of sales

The formula for the minimum stock level is given as below:

$$\text{Minimum Level} = \text{Re-order Level} - (\text{Average Usage} \times \text{Average Lead-time})$$

Generally, stores keep their stock of indigenous goods for seven days and three to six months for imported goods. It may vary from store to store and also on the type of product.

- 3. Reorder Stock Level:** It is the quantity level at which a refill order should be issued to ensure that fresh supplies will arrive in time to keep the item from running out of stock.

This logically consists of:

- the average volume of use during the normal time
- an additional quantity to cover any unanticipated increase in the rate of usage

The factors that should be taken into account while fixing the re-order level, are -

- Maximum usage of materials
- Maximum lead time
- Maximum stock level
- Minimum stock level

The formula for re-order level is given as: $\text{Reorder Level} = \text{Maximum Usage} \times \text{Maximum Lead-time}$

- 4. Danger Level:** Danger level of stock is fixed below the minimum stock level and if stock reaches below this level, urgent action for replenishment of stock should be taken to prevent stock-out position. As the normal lead-time is not available, regular purchase procedure cannot be adopted, thus resulting into higher purchase cost. Hence, this level is useful for taking corrective action only.

- 5. Average Stock Level:** This average stock level is average of maximum stock level and minimum stock level.

$$\text{Average Stock Level} = (\text{Minimum Stock Level} + \text{Maximum Stock Level})/2$$

Example:

Let understand the concept of stock levels with a common example.

A retail store XYZ keeps two varieties of coffee. On an average, about 20 packets of coffee are sold daily. The store keeps a buffer stock for 7 days. If the stock level falls below 500, the store has to re-order.

So, based on the above information,

$$\begin{aligned} \text{Minimum Stock Level} &= \text{Re-Order Level} - (\text{Average Usage} \times \text{Average Lead-Time}) \\ &= 500 - (20 \times 7) \\ &= 500 - 140 \\ &= 360 \text{ units} \end{aligned}$$

Danger stock level, in this case, can be fixed at, say, 300 units.

Maximum stock that the store holds depends on the store size and space allotted for that particular product. The maximum stock level for this coffee is, say, 1000 units.

Then,

$$\begin{aligned} \text{Average Stock Level} &= (\text{Minimum Stock Level} + \text{Maximum Stock Level}) / 2 \\ &= (360 + 10000) / 2 \\ &= 1360 / 2 \\ &= 680 \text{ units} \end{aligned}$$

The task of a retail store manager lies in setting these levels and supervising over the fact that the stocks are maintained based on these levels.

Example:

There are 5 varieties of toothpastes available in a retail store. How can the store manager keep a track of the stock available in the store?

Here is a sample of the inventory to be maintained by a retail store manager.

Sl. No.	Name of the product	Brand	Variety	Size	Maximum stock level	Minimum stock level	Re-order level	Danger stock level	Initial stock in current month	Stock sold in current month	Available stock in current month	Re-order initiated (Y/N)
1.	Toothpaste	XYZ	Original strong teeth	10 mg	100	200	500	100	800	525	275	Y
2.	Toothpaste	XYZ	Original strong teeth	50 mg	750	150	375	75	600	403	197	Y
3.	Toothpaste	XYZ	Original strong teeth	100 mg	500	100	250	50	400	250	150	Y
4.	Toothpaste	XYZ	Original strong teeth	500 mg	250	50	125	25	200	107	93	Y
5.	Toothpaste	XYZ	Visible white	10 mg	100	200	500	100	700	475	225	Y
6.	Toothpaste	XYZ	Visible white	50 mg	750	150	375	75	500	318	182	Y
7.	Toothpaste	XYZ	Visible white	100 mg	500	100	250	50	350	70	280	N
8.	Toothpaste	XYZ	Visible white	500 mg	250	50	125	25	150	51	99	Y
9.	Toothpaste	XYZ	Active salt	10 mg	100	200	500	100	750	465	285	Y
10.	Toothpaste	XYZ	Active salt	50 mg	750	150	375	75	650	580	70	Y
11.	Toothpaste	XYZ	Active salt	100 mg	500	100	250	50	400	50	350	N
12.	Toothpaste	XYZ	Active salt	500 mg	250	50	125	25	185	101	84	Y
13.	Toothpaste	XYZ	Max-fresh gel	10 mg	100	200	500	100	900	215	685	N
14.	Toothpaste	XYZ	Max-fresh gel	50 mg	750	150	375	75	700	250	450	N
15.	Toothpaste	XYZ	Max-fresh gel	100 mg	500	100	250	50	450	170	280	N
16.	Toothpaste	XYZ	Max-fresh gel	500 mg	250	50	125	25	250	188	62	Y
17.	Toothpaste	XYZ	Charcoal clean	10 mg	100	200	500	100	600	150	450	Y
18.	Toothpaste	XYZ	Charcoal clean	50 mg	750	150	375	75	500	434	66	Y
19.	Toothpaste	XYZ	Charcoal clean	100 mg	500	100	250	50	300	27	273	N
20.	Toothpaste	XYZ	Charcoal clean	500 mg	250	50	125	25	200	135	65	Y

Table. 2.1.4: Sample Inventory List of Brand XYZ Toothpaste

By using this sample inventory tracking system, the store manager can check:

- How much stock has been ordered for a certain SKU (Stock Keeping Unit, which is a unique code assigned to a given product in a retail store)
- How much stock has been sold in the current month
- How much stock is available on the shelves and the warehouse
- How much buffer stock is available before/after re-order

2.1.3 Importance of Organisational Policies on Stock Management

There are different policies followed by different organisations for better stock management. It is very crucial to have a plan of action because inventory is the backbone of retail.

- Organisational policies provide a blueprint of what needs to be done
- Organisational policies provide a given store with an edge over its competitors
- Organisational policies mandate that the inventory must be replenished on time for customer goodwill and loyalty
- Organisational policies streamline store operations, especially inventory management

Organizational Policies on Stock Management

The purchase of merchandise or inventory is based upon the following factors:

Right items: Procurement of merchandise that has demand

Right time: Procure merchandise at the right time or when the trend for the commodity is high

Right price: Procure best quality product at the lowest possible price

Right quantity: Order the right quantity so that the retailer neither has excess nor less

Right quality: Procure the best quality products to ensure a constant demand



Fig. 2.1.7: Factors that determine the purchase of merchandise

Example: The recent Coronavirus attacks in India has spurred a high demand of hand sanitisers and face masks. This high demand is due to the decrease in the supply of sanitisers. Under such circumstances, if a retail store manager spots a big business opportunity, allows for enough stock of hand sanitisers, and the product is marked at a reasonable price, the store is bound to gain profit.

This shows how a retail store manager should direct the store staff:

- to procure the right item
- of the right quality
- at the right time
- in the right quantity, and
- sell at the right price

Rules and regulations related to inventory management

For managing an inventory, a certain set of guidelines is very necessary for its execution. Some of the steps are:

Step 1: Conduct continuous or periodic review system

Step 2: Prepare a proper checklist against which employees will check the goods and materials

Step 3: Keep the stock levels low to decrease the cost of operation

Step 4: Optimise the stock as per market demand

Purchase procedure

The term “purchasing” in the retail industry is the process of buying goods and services from vendors or suppliers in a formal bargain. Every store has its unique purchasing procedure. However, there are a few common steps in this purchasing process.

The adjacent flowchart can be considered a guideline for conducting this purchase process.

Every retail store has a particular department that is responsible for the purchasing unit. However, this team is headed by the retail store manager and the purchasing team cannot operate without his consent/approval .

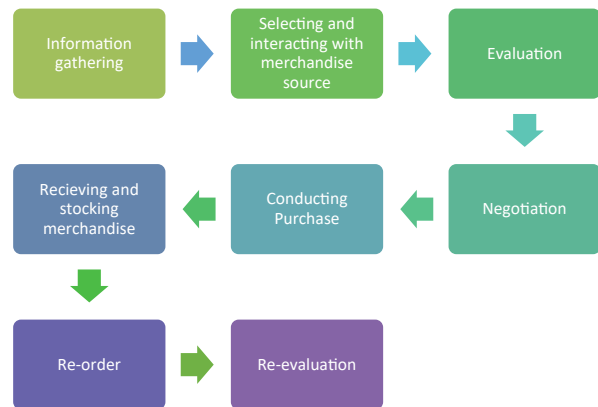


Fig. 2.1.8: The receiving procedure

For example:

A new category of perfume has been launched in the market. The purchasing department has gathered information about this new product. The purchasing team has conveyed the new product information to the store manager and why its purchase is profitable to the store. The store manager has given his/her consent based on this information.

Based on the above example, the purchasing procedure should be:

Steps of Purchasing	Explanation
Information gathering	Launch of new perfume in the market
Selecting and interacting with merchandise source	Discussing with brand vendors
Evaluation	Conduct sample test of the perfume
Negotiation	Negotiating a deal with the perfume manufacturing brand/vendor
Conducting purchase	Purchasing a sample batch of the perfume for trial sale
Receiving and stocking merchandise	Receiving the sample of perfume in the warehouse/ store and stocking the product on the shelves for display
Re-order	Setting a re-order level in the inventory management system based on the sale of the perfume
Re-evaluation	Placing a new order based on the demand of the new perfume

Table: 2.1.5: Explaining the steps of purchasing

Practical

1. Consider a scenario where a new lot of stock has arrived at the store. List the steps you would take to organise the inventory.
2. With the help of a real-life example, prepare a flowchart depicting the various phases of a purchase procedure.

Exercise

A. Answer the following questions by choosing the correct option:

1. The purchase of merchandise is not based on which of the following factor?
 - a) Right Price
 - b) Right Time
 - c) Right Place
 - d) Right Quantity
2. Re-order level depends on
 - a) Company's work-order lead time
 - b) Present market demand of the company
 - c) Safety stock of the company
 - d) All of these
3. Which of the following is not a statutory rule in inventory management?
 - a) Conduct continuous or periodic review system
 - b) Make a checklist but do not stick to it
 - c) Keep stock levels low to lower cost of operation
 - d) Optimize the stock as per the market demand

UNIT 2.2: Receipt and Dispatch of Goods

Unit Objectives

At the end of this unit, you will be able to:

1. Discuss a few organisational policies regarding stock movements
2. Compare inventory based on age
3. Calculate the average inventory age of products
4. Discuss the guidelines on negotiating with vendors with staff
5. Calculate the credit period offered by vendors

2.2.1 Organisational Policies on the Movement of Goods

Defining movement of goods

Movement of goods in a retail store involves ordering, receiving, and dispatching goods at and from the store. Movement of goods keeps a retail store running and helps the store fetch revenues. The retail store manager needs to maintain constant and complete control of every instance of movement of goods at the store.

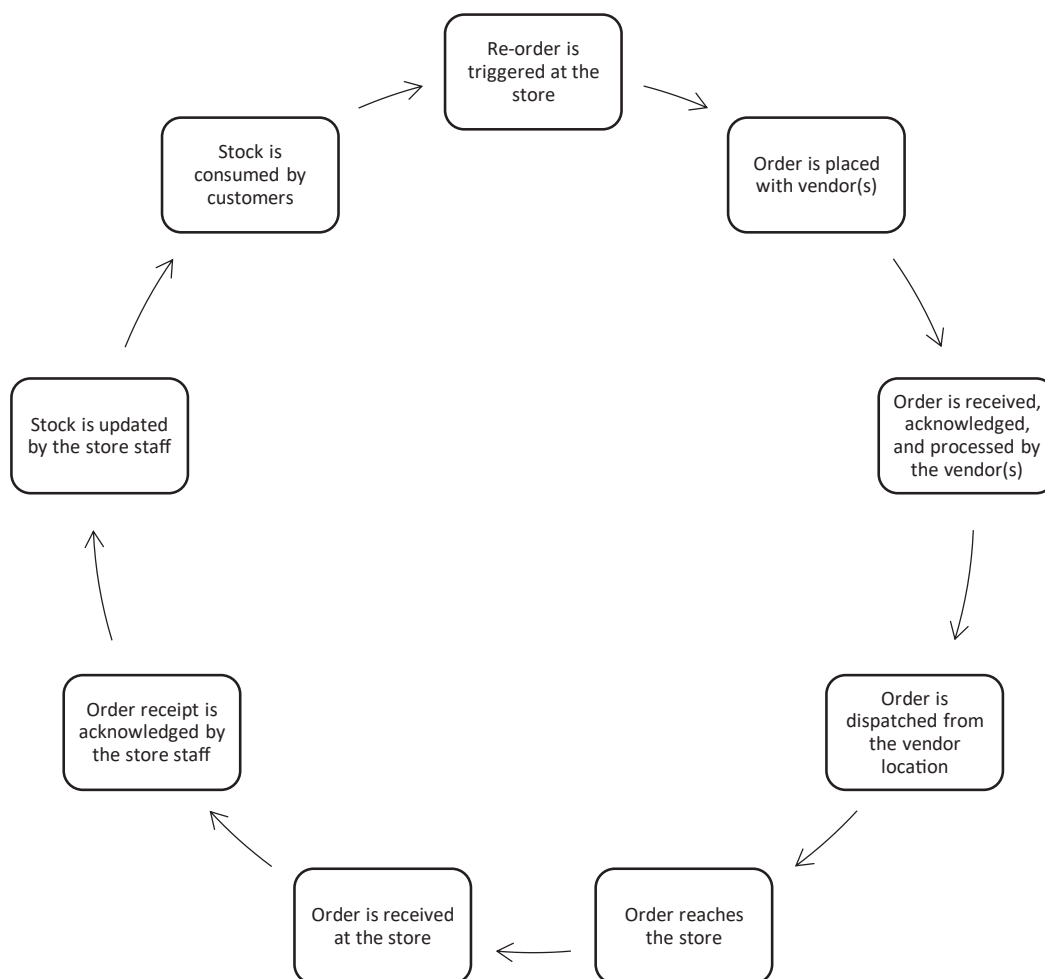


Fig. 2.2.1: Movement of goods at a retail store – monitored by the retail store manager

Importance of organisational policies on the movement of goods

However, to exercise complete control on the movement of goods, retail store managers must ensure that the store staff is aware of and complies with all store policies related to the movement of goods. There may be severe consequences of not following organisational or store policies related to the movement of goods. The below example explains this.

For example

A retail store manager leaves everything in the hands of the purchase department at his store. Order placement, receipt, acknowledgement, stock-updating, etc. are handled and managed by the store staff without the store manager's intervention. Because of which, things start going astray with time.

One day, there is a surprise audit at the store and the auditors detect huge discrepancies in the stock records. The quantity of stock ordered for and the quantity received, do not match for a few consecutive quarters. Further investigation into the matter reveals that, over a few quarters, a major chunk of the incoming stock got sold, on its way to the store, by a few staff members. The crime does not end here. The staff, who received the stock, manipulated the stock receiving documents and forged the retail store manager's signature on all approval documents to hush up the wrongdoings. This case is an ideal example of a situation that may occur, if a retail store manager fails to keep track of the movement of goods at the store.

Complying with policies related to the movement of goods

Some of the organisational policies guiding the order, receipt and dispatch of goods are as follows:

- Ensure that the logistics unit handles the receipt and dispatch of goods
- Check the goods to ensure the quality and that they conform to the required specifications as per the organisational SOP
- Document the receipt of goods in goods receiving note
- Note down any shortages, damages, and losses, on the supplier's end, on the product's receiving note
- Coordinate with the programme and logistics unit to arrange for the transport of goods to the required destination
- Use stock and inventory management system to manage the receipt and dispatch of goods

For example:

- A famous fast food joint has an organisational policy that if the food is delivered to the customer after 30 minutes of placing the order, the order is considered free
- On conducting the inventory check, during stocking of goods, a batch of goods is found damaged and tampered; a negotiation must be struck with the vendor for the return of this batch since such policies already exist in the store

2.2.2 Ageing of Products

An inventory ageing report is a list of items on hand, grouped based on the length of time in inventory. This metric is used to identify slow-moving inventory as well as the additional costs to store and maintain these products until they are sold. An inventory ageing report provides information related to the following:

- Identifying slow-moving products
- Highlighting non-moving items
- Gaining an understanding of the length of time your product sits in the inventory
- Calculating the cost of maintaining inventory for long periods

Importance of the Ageing Factor

Ageing of products is related to poor inventory management. A retail store manager may be unaware of the huge amount of stock / excess stock that is sitting idle at the store, whose details are not included in the inventory system. What can be the possible consequences of this?

Both the cases will reflect huge losses in the store's accounts. The vendor, according to the pre-agreed terms and conditions, might/might not take back the expired stock and might/might not refund a certain portion of the money depending on the margin.

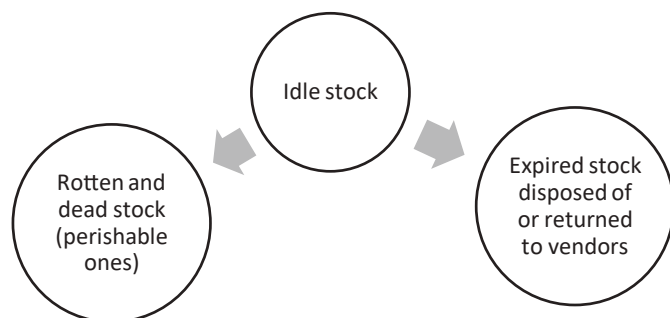


Fig. 2.2.2: Consequences of idle stock at the store

2.2.2.1 Steps of Calculating the Average Inventory Age

The average age of stock can be estimated with the help of the average inventory turnover ratio, which reflects the number of times the average inventory of a retail store has been converted to profits. It is calculated as follows:

1. The average cost of inventory can be calculated using the below formula:
(Beginning inventory + Ending Inventory)/2= Average Cost of Inventory
2. The cost of goods sold is calculated with the help of the below formula:
Beginning inventory + Purchases - Ending inventory = Cost of goods sold
3. The inventory turnover ratio is calculated by dividing the average cost of inventory by cost of goods sold
4. The average inventory age can be calculated by dividing 365 days with the average inventory turnover ratio

For example:

The vertical balance sheet of Indian Bazaar reflects the below data as on 31st March 2018:

Transaction on:	Parameter	Amount (Rs.)
01.04.2017	Opening stock	12,00,000
15.07.2017	Goods purchased	6,45,000
31.03.2018	Closing stock	3,87,000

Table 2.2.1: The balance sheet of Indian bazaar as on 31st March 2018

The retail store manager arrives at the average inventory age by the below steps:

Step	Calculation
1. The average cost of inventory can be calculated using the below formula: (Beginning inventory + Ending Inventory)/ 2= Average Cost of Inventory	Average Cost of Inventory = Rs. (12,00,000 + 3,87,000)/2 = Rs. 7,93,500
2. The cost of goods sold is calculated with the help of the below method: Beginning inventory + Purchases - Ending inventory = Cost of goods sold	Cost of Goods Sold = Rs. (12,00,000 + 6,45,000 – 3,87,000) = Rs. 2,58,000
3. The inventory turnover ratio is calculated by dividing the average cost of inventory by cost of goods sold	Inventory turnover ratio = Rs. 7,93,500/ Rs. 2,58,000 = 3.076 (rounded to 3 decimal places)
4. The average inventory age can be calculated by dividing 365 days with the average inventory turnover ratio	Average inventory age = 365 days/3.076 = 118.67 days

Table 2.2.2: Calculating the average inventory age

2.2.3 Techniques of Negotiating with Vendors

Negotiation with vendors usually occurs at the head office. Let us consider that a certain brand wants to sell its products to the chains of a retail store. The retail store manager must ensure that vendor/manufacturer contacts the company head office and comes to know about the negotiation terms and conditions. However, specific fresh consumables like milk, bread, eggs, etc. are acquired from local vendors to maintain the freshness of the products.

Common vendor norms about stock return and damages

- Goods/materials should be returned unused and in their original condition
- The return and replacement fee will be borne by the seller, provided the poor performance and displacement is due to damaged or stained item

- In case a higher priced item is demanded instead of replacement, the remaining amount has to be paid by the customer
- The seller reserves the full right of rejecting any returned goods provided it does not meet the stipulated stock return policy

Credit period offered by vendors

A credit period is a time between the purchase of a product and the payment. In simple words, credit is the amount a customer must pay, but has not paid yet, for a product. It can be explained with the help of a simple example given below:

Problem: Raj's machine shop regularly purchases tin and other raw materials from vendors. As part of the agreement, he can pay cash for purchases made from vendors within 10 days and receive a 20% discount. Otherwise, all payments are due within 20 days.

Solution: In this case, the first ten-day period is considered the early pay discount period. Raj can pay for the entire order in a ten-day window if he wants to, but he isn't required to. Raj is, however, required to pay for the full order within 20 days. This means the vendor allows him a credit period of 20 days to pay for the purchase.

Reverse Logistics Policies of the Organisation Viz-A-Viz Vendors' Policies

Reverse logistics refers to the activities undertaken by a retail store to collect used, damaged, unwanted, or out-dated products, in addition to the packaging and shipping materials from the reseller or end-user. The following conditions are taken into consideration for reverse logistics:

- If the products can be returned to the supplier in return of a full refund, the store may choose this option first
- In case the product has not been used, it may be sold through an outlet store or resold to a different customer
- In case a store chooses to increase the selling price of a product by refurbishing, reconditioning, or remanufacturing the goods, the store may perform these activities before selling the product
- After completing the events, the product may be sold as a reconditioned or remanufactured product but not as new
- In case the product cannot be reconditioned due to poor condition, legal allegations or environmental restrictions, the store will try to dispose of the product at the minimum cost
- All recyclable materials should be removed before the remainder is finally sent to the landfill

In all the above-mentioned cases, the role of a retail store manager stands justified where the person has to supervise all these operations and sign any necessary document for the facilitation of operations.

Practical

1. Consider a scenario where a vendor is not sticking to the contract terms and conditions as signed during placing order. What steps would you take to turn the situation in your favour?

Exercise

A. Answer the following questions by choosing the correct option:

1. To ensure the quality of the goods, which of the following specifications should you check?
a) Type b) Brand c) Model d) All of these
2. An inventory ageing report does not provide information on
a) Slow-moving products b) Moving items
c) Length of time your product sits in the inventory
d) Cost of maintaining inventory for long periods of time
3. In case a firm can increase the selling price of a product by _____, _____, or _____ the product, the firm may perform these activities before selling the product
a) Refurbishing, Reconditioning, Remanufacturing
b) Reducing, Reusing, Recycling
c) Refurbishing, Reusing, Remodelling
d) None of these

B. Solve the problem:

1. Given:
Minimum stock level = 500 units
Average Stock Level= 1250 units
Calculate the Re-order quantity.
(Hint: Average Stock Level= Minimum stock level + 1/2 of Reorder quantity)

UNIT 2.3: Stock Records

Unit Objectives

At the end of this unit, you will be able to:

1. Check if all stock records are accurate
2. Record costs during stock movements
3. Examine if the store staff is following correct stock-taking methods
4. Determine if the store staff is following appropriate procedures of preventing the inventory shrinkage/pilferage

2.3.1 Maintaining Accurate Records of Stocks Bought and Sold

Introduction

Keeping the records or complete list of stocks is a crucial part of inventory management. A retail store manager must always be aware of the details of recorded information for better and smooth operations. Record management aids in planning, staying within budget, identifying a company's information holdings, and other administrative functions.

Receiving Stock

Based on the stock level, a re-order requisition is placed with the vendor for the replenishment of stock. But before the stock is recorded into the inventory system, the first and foremost task is to receive the stock methodically.

Processes of receiving stock:

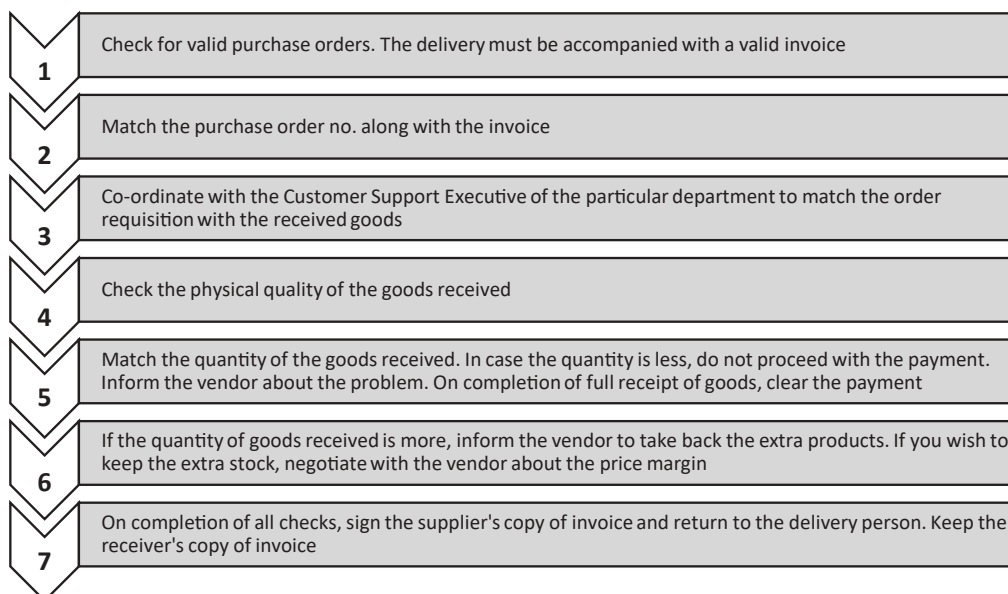


Fig. 2.3.1: The processes of stock receipt

Stock-taking

Stock-taking involves making a list of inventories or stock and recording its value and location. It is often an annual exercise, or a kind of an audit to arrive at the value of the stock. Barcodes can make the whole process easier but it can still be quite excruciating. Checking stock more frequently, i.e., a rolling inventory, avoids a massive annual exercise, but also demands constant attention throughout the year. RFID (Radio Frequency Identification) tagging using handheld readers can offer a simple and efficient way to maintain a continuous check on inventory.

Any stock-take control system must enable you to:

- Trade stock levels
- Place orders
- Issue stock

Methods of stock-taking:

A few ways of stock-taking have been discussed below:

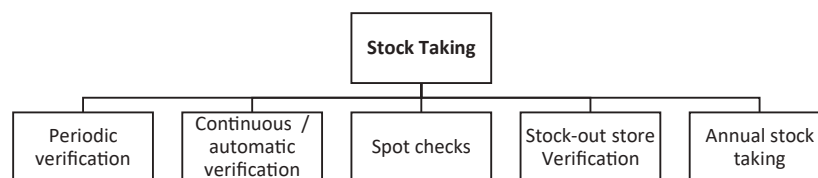


Fig. 2.3.2: Various stock-taking methods

Periodic stock verification: Periodic stock verification is the quarterly or half-yearly checking of the entire stock in one or two days. This is implemented in stores where the stock comprises few but expensive items. The physical stock of various elements is recorded on inventory sheets or inventory cards and then compared with the bin card balance.

Continuous, Perpetual, or Automatic Stock Verification: The verification is conducted throughout the year as per the pre-determined plan of action. A perpetual inventory record is maintained for each item showing all transactions.

Spot Checks: The storekeeper performs spot checks at the time of receiving first stock or while issuing store items. It is carried out by the store's staff to check the accuracy of materials. It is, however, not a natural method of inspection.

Stock-out Stores Verification: The storehouse staff does this type of verification. This method of verification is done when a particular item of stock is out of stock. When the stock touches the danger level, where replenishment may become urgent, this type of verification is performed.

Annual Stock-Taking: Annual stock taking is performed in the last month of the financial year. A month or two weeks may be taken for the checking, depending on the number of items, which are to be checked.

2.3.2 Team's Understanding of Stock Management Systems

A few stock management systems, followed by stores daily, have been discussed below:

Barcode scanning: Inventory management software is integrated with barcode scanners for instant product identification and labelling.

Inventory Optimization: Here, the right amount of inventory is maintained for each product, without over or under-stocking any item. It is done while dealing with products, which experience seasonal rise and fall in demand.

Stock Notifications: In this case, alerts and notifications are received when there are over and under-stocking. It helps in placing orders or offer promotional discounts for clearing out extra stock.

Report Generation: The sales history is maintained in the form of a list of the most popular products. The feature enables the retail store manager to manage items in the inventory that have not reached the desired sales levels as expected.

Multi-location Management: Multiple locations can be integrated into a single inventory management system. Multiple warehouses and points-of-sale can be managed through this.

Stock Returns Handling: Here, the returns can be managed more effectively by reducing time-to-return through automated processes.

Material Grouping: The inventory is grouped into predefined categories to manage the stocks well.

Purchase Order Records: A single view of purchase order records is created. The seller can quickly identify which products are in demand, both perpetually and seasonally.

The retail store manager is not responsible for carrying out the procedures of stock management. He /she will conduct the training of these processes with the staff members according to the store's standard operating procedures.

2.3.3 Shrinkage/Pilferage of Products

Shrinkage/Pilferage is the loss of inventory that can be accredited to the factors such as employee theft, shoplifting, vendor fraud, administrative error, damage in transit or store, and cashier errors that benefit the customer. Inventory Shrinkage is related to the loss of merchandise and currency from the store.

The following example will help us understand the concept better.

For example:

On conducting a sudden inventory check, a certain gap in inventory records and sale counts are noticed in the make-up section of the store. On checking the security footage, evidences of shoplifting and internal employee theft are found.

These are the major reasons of shrinkage of stock in the stores.

A few forms of shrinkage are:



Fig. 2.3.3: A few forms of shrinkage

Processes to prevent shrinkage of products:

- Ensure proper bookkeeping is done by employing strict security at receiving and shipping platforms
- Ensure that the cargo documents and purchase orders match
- Track cashier's performance and carry out spot checks of the cashier funds during the day
- A particular area should be maintained for handling and storage of cash
- There should be well constructed burglar resistant, convenient alarms and hold up buttons
- Procedures must be established to monitor pay-outs against related documents and merchandise
- Stricter policies should be set for dealing with employees caught for theft

Practical

1. Recently, you have been noticing that some of the stock items at your store are missing at regular intervals. What measures would you take to identify the cause of this?

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not a method of stock taking?
 - a) Periodic stock variation
 - b) Spot checks
 - c) Annual stock taking
 - d) Time check

2. Which of the following is not a stock management system?
 - a) Barcode scanning
 - b) Losing stock
 - c) Report generation
 - d) Stock returns handling

3. Which of the following steps can be taken to prevent shrinkage of products?
 - a) Ensure that the cargo documents and purchase orders match
 - b) Track cashier's performance and carry out of the cashier funds during the day
 - c) A special area should be maintained for handling and storage of cash
 - d) All of these

UNIT 2.4: Stock-Take/Cyclical Count

Unit Objectives

At the end of this unit, you will be able to:

1. Prepare a plan for an effective stock-taking process
2. Check if data are recorded and transmitted accurately at the store
3. Compare the calculated number of stocks with the physically available quantity at the store
4. Analyse stock-take data as required by the organisation
5. Demonstrate appropriate safety measures during stock-taking

2.4.1 The Stock-Taking Process

Stock-taking is a fundamental part of any business that deals in goods. It is an effective way to keep track of inventory for checking if the ordering process is efficient and over-stocking is reduced.

Importance of Stocktaking

- With the help of stock-taking, retail store manager is able to keep an accurate track of physical stocks
- It helps retail store managers find discrepancies in products, if any
- It gives a bigger picture of the inventory by calculation of wastage and allowances
- It aids in highlighting problems like theft and shrinkage issues

Some of the ways to do effective stock-taking:

- Choose the right time to conduct a stock check
- Use printable stock sheets built into an existing stock-taking system
- Categorise the existing stock
- Appoint separate staff for managing each category of stock
- Once the stock count is taken, validate the stock-take

2.4.2 Recording and Re-Checking Variances

The purpose of recording and re-checking variances is to count the number of stocks and compare them with the physically available quantity. Then the deviation, if any, can also be calculated.

Apart from that, it can be used to add stock into the system.

For example:

The following is an example of how to record and re-check the variances in the computer data-base.

Administration>System Security>System Roles>

Select the role of the user (A) who is going to appoint another user (B) to do the count > Stock Takes > Initiate, Analyse and Cancel

Data Input: The user can query details of purchase orders giving –

- Stock-take number
- Store
- All locations
- Status
- Date

And press <**Find Transaction**> Button.

(*) To raise stock Count Transaction press <**New Transaction**> button, and it enables the user to proceed forward to Stock Take Details dialog box.

Stock Take No: Once stock take transaction is initiated, stock take no is generated in a sequence.

Store: Select the store for which the stock is to be counted.

Rack: Select the shelf for which the stock is to be counted.

Bin: Select the bin for which the stock is to be counted.

Supplier: If the user selects the supplier, the stock count is done for the selected item in the stocks of this supplier only. If the supplier is not selected, the user counts the quantity of the item in stores from all the suppliers.

Note: The user can enter an appropriate sign or remark on the stock count.

Expand to view the data entry team; press the plus mark to enter/appoint a user to do the stock count.

<**Add New Member**>: Press the button to add a new member for counting.

Team Member: Select a user to do the count.

Status: Select the state of the user as active/inactive to do the count.

<**Save**>: Press the button to entered data of counting members/members.

- As discussed in the top, once a user (B) is appointed or nominated to do the count, the data are saved.

To enter the data of counting records of the stocks, the appointed user (B) requires logging in.

E.g., User A appoints user B for counting.

Therefore, user B requires logging in, selecting the product/item, and entering the count figures, and finally saving. See below for field description;

Stock Count: User B above selects the item/product that he is appointed to count.

Lot No: Select the lot no. of the count.

Bin No: Select the bin no of the count.

Product Name: The selected product is appearing in the product name here.

UOM: The Unit of measure appears here.

Quantity: The User enters the physical amount as per count.

<Save>: Press the button to save the entered count details.

- Once saved, then the user can generate the Variance Report in PDF or Excel Format.
- Now the count is at the entry-level. Another user (C) with an approval level can approve the count.

And finally, a user (D) with authorization level can authorize to finalize the count.

- Please note that there shall be four users to execute the stock count transaction.
 - A user (A) to appoint/nominate another user (B) to count the stock
 - A user to calculate the stock
 - A user to approve the count
 - A user to authorize the count

2.4.3 Accurate Recording and Transmission of Data

While taking records of the inventory, the retail store manager comes across a situation where the vendor has supplied thrice the quantity of one product and none of another product. This will result in excess stock for the first product and stock-out situation for the other product.

Processes of analysing stock-take data are as follows:

- Select and train the counting teams regarding how to conduct counts and fill out the associated paperwork
- Establish a cut-off line after which no further inventory is allowed in the store
- Assign counting responsibility areas in the warehouse to each count team
- Distribute a pre-numbered sequence of count tags to each team
- In each count team, ensure that one person identifies and counts inventory while the other person fills out the count tag. The original label is taped to the list, and the staff retains a backup copy
- The count tag administrator checks to see if names are missing, which may require an additional search to find the tags
- The count tag clerk summarizes the count tags into a spreadsheet, which is used to create summary totals for each inventory item
- The cost accountant compares the resulting information with the unit balances maintained in the company's perpetual inventory system
- In case there are significant variances from the existing database, a count team goes back to the storage area to verify the original counts

For example:

The barcode of product A was wrongly placed on product B. The stock of product A was 100 units and the re-order level is 50. The stock of product B was less than 3 and its re-order level was 35. On appearing at a danger stock level, the inventory system was checked and it was found out that the stock of product B was 100 whereas on the shelves it was less than 3. On further assessment, the interchange of barcode was caught.

Such a type of situation is very common while recording the data or tagging the inventory. This has to be done very meticulously since any major mistake can lead to heavy losses on the store finance. The store manager has to supervise the process of tagging and rechecking of products to minimise discrepancies.

2.4.4 Safety and Well-Being of Team Involved in Stock-Take

Safety should be ensured during all processes and not only stock-take. However, physical injuries are possible during stock-take. A retail store manager must ensure compliance with safety norms at all levels because the responsibility of the overall well-being of the store staff is, to a great extent, in his/her hands.

Safety measures undertaken during stock-taking

- Avoid staying inside closed warehouses, without proper ventilation, for long hours
- Train the employees on handling and managing heavy objects
- Educate the store staff on the hazardous health effects of certain chemicals
- Conduct risk assessments regularly
- Carry out adequate supervision of all store operations

Practical

1. An employee has fainted during the stock-taking process due to poor ventilation in the store. What are the apt measures to be taken so that such a situation does not recur?

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not an effective way of stock-taking?
 - a) Choose the right time to conduct a stock check
 - b) Use printable stock sheets built into existing stock taking system
 - c) Jumble up the existing stock with the new stock
 - d) Appoint separate staff for managing each category of stock

2. The purpose of recording and re-checking of variances is to count the _____ of stocks and compare with the physically available quantity.

a) Quality	b) Quantity
c) Both a and b	d) None of these

3. Safety measure during stock-take does not include -
 - a) Stay inside closed warehouses without proper ventilation for long hours
 - b) Train the employees on handling and management of heavy objects
 - c) Educate the employees regarding the hazardous health effects of certain chemicals
 - d) Risk assessments should be conducted from time to time

Summary

- An inventory management plan has to balance several conflicting goals – like overstocking/understocking, shorter lead times, rapid order fulfilments, smooth product flow, fluid workflow, improved visibility, good selectivity, more productivity, and maximum capacity.
- Inventory or stock means the goods or materials that a firm holds for sale.
- An Inventory ageing report is a list of items on hand, grouped by the length of time in inventory. It is used to identify slow-moving inventory plus the additional costs to store and maintain these products until they are sold.
- In terms of finance, the term ‘cover’ refers to any number of actions that reduce an investor’s exposure.
- Reverse Logistics refers to the activities undertaken by a company to collect used, damaged, unwanted, or out-dated products, in addition to the packaging and shipping materials from the reseller or end-user.
- Shrinkage/Pilferage is the loss of inventory that can be credited to factors such as employee theft, administrative error, shoplifting, vendor fraud, damage in transit or in-store, and cashier errors that benefit the customer.
- Stocktaking is an effective way to keep track of inventory to check if the ordering process is efficient and reduces over-stocking.
- The purpose of recording and re-checking variances is to count the number of stocks and compare them to the quantity that physically available.

Practical

1. While recording the data for stock take, a vast paper trail is missing. How do you recover the lost data?
2. A new employee has joined your team. How do you train him/her in managing stocks?
3. A category of items is missing as per the requisition order. How do you communicate with the vendors regarding this?

Notes



A large rectangular area with a thin orange border, containing approximately 30 horizontal lines for writing notes.

Exercise

A. Answer the following questions by choosing the correct option:

1. An inventory management plan has to balance several conflicting goals. Which of the following does not belong to the group?

a) Overstocking/under-stocking	b) Smooth product flow
c) Improved visibility	d) Price negotiation

2. Reverse Logistics refers to the activities undertaken by a company to collect _____, damaged, unwanted, or out-dated products, in addition to the packaging and shipping materials from the reseller or end-user.

a) Used	b) Re-used	c) Reduced	d) Recycled
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3. Inventory Management Software is integrated with barcode scanners for instant product identification and _____.

a) Naming	b) Filling	c) Labelling	d) Reporting
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4. A _____ inventory record is maintained for each item showing all transactions.

a) Periodic	b) Perpetual	c) Annual	d) Spot
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B. Read and solve the questions.

1. Freshness Ltd., a retail outlet for organic food, does not maintain any safety stock due to the less shelf life of its merchandise. On average, it sells 1000 units of organic food. The vendor delivers fresh orders to Freshness Ltd. in 5 working days. Calculate the re-order level.
(Hint: $\text{Re-order Level} = \text{average demand} \times \text{lead time} + \text{safety stock}$)



3. Standard Operating Procedures, Processes and Policies at the Store while Ensuring Timely and Accurate Reporting



Unit 3.1 - Store Policies, Vendor Guidelines and Statutory Regulations

Unit 3.2 - Managing Operational Records



Key Learning Outcomes



At the end of this module, you will be able to:

1. Discuss, with team, the importance of following standard operating procedures at the store
2. Implement store and vendor policies
3. Manage operational records by apt maintenance, prompt submission, and safekeeping

UNIT 3.1: Store Policies, Vendor Guidelines and Statutory Regulations

Unit Objectives

At the end of this unit, you will be able to:

1. Check if all processes are in alignment with standard operational procedures
2. Explain relevant store policies/guidelines to the team
3. Support store audits by communicating effectively with the concerned authorities
4. Devise solutions for non-compliance issues at the store
5. Demonstrate the process of signing off and honouring contracts

3.1.1 Introduction

Retail stores can be seen everywhere now-a-days. People enjoy shopping at these retail stores, but they may not give much thought to how stores are run. There is much work done behind the scenes. First, “retail store” means a place of business usually owned and operated by a retailer in which products are sold primarily to consumers. Similarly, “process” refers to actions or operations leading to an end outcome. In this unit, we are going to study about the various standard processes of a retail store. The retail store manager must learn to comply with many norms and industry practices as well as brief team members on the same.

Types of Processes

The four significant processes are:

- Visual merchandising
- Sales promotion
- Customer relationship management
- Direct communication

This module deals with sub-tasks that ensure compliance with all policies and procedures of the store while ensuring completion and timely submission of reports.

This unit/task covers the following:

- compliance with all store policies, vendor guidelines, and statutory regulations
- maintenance, timely submission and safekeeping of operational records

3.1.2 Implementing Processes in Alignment to Store Policy

To apply effective rules and regulations at the store, one must follow these processes below.



Fig. 3.1.1: The steps of applying rules and regulations at the store

Process 1: Consultation

While developing rules and regulations, a retail store manager must refer to all relevant stakeholders, including health and safety representatives, contractors (especially those who work with you regularly), and staff members.

Consultation should guarantee that every person in the workplace recognises the importance of company rules and regulations and why they need to be implemented effectually.

Consultation will also ensure that the policies and procedures are realistic and daily actionable. Consultation helps in enforcing more effective rules and regulations and is an excellent inspiration for employees.

Process 2: Modify the business policy

The rules and regulations that a retail store manager adopts have to be customised as per the needs of the store, and not just lifted straight from a guidebook.

If rules and regulations are used from another source, the manager must adapt them with the store and the workplace operations.

Process 3: Define obligations clearly and be specific

All policies should be short and concise. All procedural measures should be set out in clear and plain English. This will create an 'auditable standard,' meaning that a standard draft can be used to identify whether workplace health and safety requirements are being adopted or not.

The compulsions outlined in an auditable standard should define that persons at the workplace understand precisely what is expected of them. Explicitly state what actions should be taken. For example, do not say "dispose of chemicals safely," but describe how this should be done at the workplace, e.g. "chemicals must be disposed of in the designated approved dangerous goods waste drum."

3.1.3 Store Policies and Guidelines

To have a smoothly functioning society, one must comply with the laws and statutes of the land. This is not different for business entities like retail stores. Being vital to the community at large, retail stores must be in strict compliance with all legal requirements. In this unit, we are going to study about aligning legal contracts to statutory requirements and honouring all terms and conditions in employee contracts. In this context, we will discuss regulatory guidelines and government policies on which the industry operates.

Statutory Guidelines

Nowadays, retailers regularly seek and gather information from their customers. They do this to gather feedback about their products and improve them in the future. However, while finding and storing such information, retailers are bound by specific legal and regulatory requirements that they have to adhere to. To protect customer data, the retail store should have a privacy policy. As the name suggests, the privacy policy should be created to safeguard the privacy of the customer and ensure that private or personal information is not misused in any way.

The second facet of statutory guidelines relates to safety standards that retail stores have to maintain while conducting their businesses. These safety standards are communicated to all employees of the retail store. Employees must follow these safety norms for the benefit of the store as well as their well-being.

The third aspect of statutory guidelines involves return and repair policies, which are legal.

For example:

Let us consider a product is defective. The customer will have to follow the retailer's return policy, which would have already been explained to him or her before purchasing the product. If, for instance, the product has experienced wear and tear, the customer will not be eligible for a return. However, if the product is indeed defective, the retailer should honour the return policy. The retailer would be legally bound to do so.

Employee contracts and other government policies

Certain elements must be present within employee contracts. The employee should be aware of, among other things, the following:

- Number of leaves allowed
- Monthly salary
- Shift timing
- Notice period

For example:

Let us assume that an employee wants to resign. This employee may wish to leave the organization immediately. However, in the contract, it is stated that the employee will have to give 30 days' notice. This is to help the employer find a suitable replacement.

There are certain dos and don'ts of government policy regarding safety. They are enumerated in the table below.

Dos	Don'ts
The employer should furnish a safe work environment.	Neglect reporting accidents.
Use safety equipment, if necessary.	Fail to review safety measures periodically.
Comply with up-to-date legal guidelines.	Be casual about safety.

Table 3.1.1: The dos and don'ts of store safety policies

3.1.3 Conducting Store Audits

Retail Store Managers often want to know what products sell and what products do not. To find out this information, a store audit must be conducted. For the health of the store, inspections must be performed regularly. A “store audit” is a study of the retail store directed by brand authorities or retail store employees to collect data about the health of the brand’s products. In this unit, you are going to study about cooperating with authorities regarding store audits and resolving any issues identified. In this light, we will discuss vendor policies.

Vendor Policies, Cooperation, and Compliance

The vendor may ask for various types of information concerning their products. Data, required by vendors, include:

- Sales volume
- Stock levels (shelf and back-stock)
- Descriptions of in-store displays and promotional materials
- Competitor activity
- Pricing
- Product damage

For the sake of the vendor, the retail store needs to cooperate with the vendor’s requirements. It is vital for the vendor for two primary reasons:

1. Store audits serve as a tool for suppliers to ensure that retailers are complying with pre-established agreements on product placement, pricing, and promotion.
2. Store audits allow brands to measure their success in the retail environment accurately.

Compliance with store audits is mutually beneficial. Benefits to the vendor have already been enumerated. However, the store also stands to gain. The following are the benefits to the retail store:

1. Identifying and resolving inconsistencies regarding in-store staging, brand compliance, and visual merchandising
2. Searching for store-level problems, such as maintenance and operational issues
3. Creating and executing new in-store processes and procedures
4. Identifying training needs

For example:

Suppose a brand representative comes to a retail store and wants to find out about two categories of products - the brand’s baby products and adult products. A Retail Store Manager will have to help the brand representative collect the desired information. The brand representative may want to know the sales volume of each product, how competitors’ sales are faring in comparison to a similar product of the concerned brand, etc.

3.1.4 Cooperation and Collaboration with Authorities to Conduct Store Audits

For suppliers to stay put in today’s marketplace, it is essential to design and implement a robust retail execution strategy. Using retail audits is the most appropriate way for a Retail Store Manager to capture crucial information that affects the health of their store and its products. By analysing longitudinal data, business owners and managers can prove what works and what does not to make more informed decisions and adjustments to their retail plan.

The benefits of performing retail audits are two-fold. On the one hand, they serve as an instrument for suppliers to ensure that retailers are abiding with pre-approved agreements on merchandise promotion, placement, and pricing. On the other hand, audits allow brands to measure their success in the retail environment accurately.

Equally beneficial is the priceless commodity of data that audits provide, though the store's data are only as good as the methods of collecting them. By taking the steps of aggregating quality data from various retail locations over time and comparing the results, Retail Store Managers can make actionable decisions that reduce inefficiencies and ultimately drive sales.

3.1.5 Understanding and Resolving All Non – Compliance Issues

What is the best reply while dealing with a noncompliant person? First of all, a manager must remember that he/she, as the staff member, cannot make the person do anything. His/her task is to make a person act as per the rule book and to explain and enforce the penalties of a person's choice of compliance or noncompliance.

Here are some critical verbal intervention tips while dealing with noncompliant behaviour:



Fig. 3.1.2: Tips for dealing with non-compliant behaviour

3.1.6 Signing Off Legal Contracts

A contract is a pact voluntarily entered by two or more parties to create onus for both parties. Agreements play a part in many areas of life, from multi-million-dollar business deals to the purchase of goods from the local shopping centre.

Elements of a Contract

Generally, a contract must have the following features to be valid:

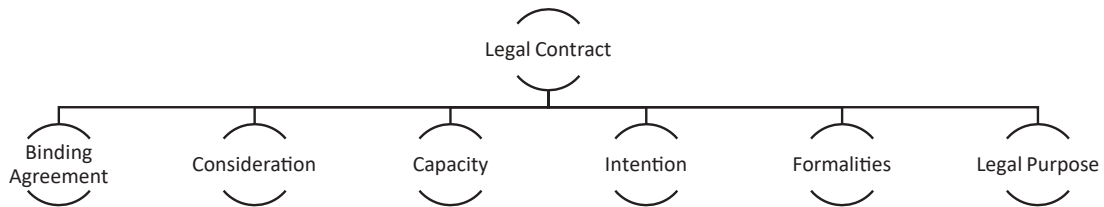


Fig. 3.1.3: The essential features of a contract

A deal that meets all these arrangements is valid. When any of the elements mentioned is irregular, violated, or lacking, the agreement may become void, voidable, or unenforceable.

3.1.7 Sign Off and Honour All Terms and Conditions in Employee Contracts

It is essential that an employment contract accurately captures the terms and conditions of employment agreed between the employer and employee in writing. The starting point of the deal is that a party will be bounded by the terms of an agreement, regardless of whether they understood or read them. There are, of course, exemptions to this. It sometimes happens that an employment agreement contains errors. Whether an employer is required to honour a term in a contract containing an error will depend on the situations that led to the failure.

The law of agreements concerning "errors" applies to employment bonds. There are two primary types of errors:

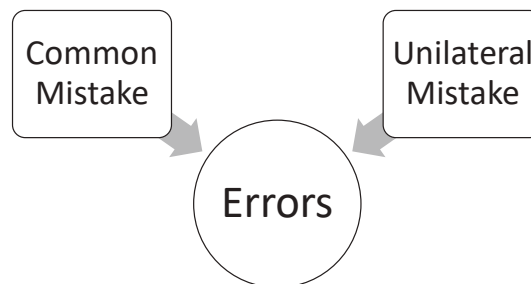


Fig. 3.1.4: Types of errors

- **"Common mistake"** – where the employee and the employer agree to the terms of the deal, but the written document does not conform correctly.
- **"Unilateral mistake"** – where one party misguidedly believes the contract has been accurately documented in the written format, while the other party knows of the mistake and acts unconscionably about it.

An example of a typographical error that is not recognised by the parties before signing is adding two extra zeroes on the salary amount would be an example of a "common mistake."

Rectification – Common Mistake

A court has the power to grant the "rectification" of a contract so that it accurately reflects the collective intentions of the parties.

An employer seeking to fix a contract will need to prove to the court that:

- The parties had agreed to the term before recording the agreement in writing
- The parties involved in preparing the employment contract did not correctly express their approval in terms of the written document
- During the period after the term was agreed to until the time, it was put in writing, and it was the continuing intention of the parties that the term was as agreed; and
- If rectified in the way required, the written contract would give effect to the common purpose of the parties
- If the employer charges that there has been an error in the written terms of the agreement, then he will bear the burden of proving the error. The employer will need to establish what the mutual intention of both parties was.

It may be able to be recognised by pre-contractual correspondence and proof of the responsible officers involved in discussing and entering into the contract.

Most importantly, the court will need to be contented that the objective common intention of the employee and employer endured for the time from the agreement of the contract, through to the time of both parties signing the written agreement. Where there is a simple mistake in recording the terms, and the error is visible, the court will likely be contented by sketching through the pre-contract communications to the erroneous term. Where there is an actual disagreement between the parties about the alleged mistake, obtaining rectification will be more difficult. It will only not be available if there was no mutual intention.

Practical

1. Imagine that you have been asked to conduct a store audit. Note down what you want to find out.
2. Design the layout of a legal contract with the help of MS PowerPoint. The arrangement should comprise all the essential elements. Show the plan to your trainer, in the next class, for verification.

Exercise

A. Answer the following questions by choosing the correct option:

1. The primary categories of mistakes in a legal contract are:
 - a) Common mistakes
 - b) Unilateral Mistakes
 - c) Both a and b
 - d) None of these

2. To implement effective policies and procedures at your workplace, which of the following steps is not implemented?
 - a) Consultation
 - b) Tailoring the policy to your business
 - c) Defining obligations clearly and being specific
 - d) None of these

3. To tackle a non-complaint behaviour, you should never
 - a) Loose your calm
 - b) Place responsibility where it belongs
 - c) Be prepared to enforce your limits
 - d) Set reasonable limits

B. Read the below question and answer the same.

Below are the steps of implementing retail store processes w.r.t store policies.

- Consultation
- Tailor the policy to your business
- Define obligations clearly and be specific

Draw examples from real life and prepare a case study to explain the above actions.

(Hint: Illustrate each step with the help of a real-life example. You may research on the internet for suitable examples and case studies.)

UNIT 3.2: Managing Operational Records

Unit Objectives

At the end of this unit, you will be able to:

1. Discuss, with the team, the importance of maintaining store records
2. Summarise the importance of collection, preservation, and transmission of data
3. Examine the quality of recorded data via regular checks and audits

3.2.1 Importance of Maintenance of Records

A detailed listing of a company's scope, complexity, and volume is known as a record, a significant management tool utilized by companies and business owners and managers to ensure effective operation. The records list includes details of the recorded facts like the dates prepared, people, and offices preserving the records and media used in recording the data. Records of inventory help in administrative functions, such as planning, staying within budget, and identifying a company's information holdings.

Types of records in retail

- **Trade Licence:** Retail is a business in the end. Any business requires a trade license from the state/central government for its functioning.
- **Food Licences:** If the retail store sells food items or is a food and beverage store, a food license from the FSSAI is necessary for the quality of the food.
- **Drug Licences:** Retail stores selling drugs and chemicals for consumption and application, must obtain a drug license from the government for the sale of drugs. Otherwise, it is considered illegal trade and cause legal issues.
- **Ownership proof:** Every retail store must contain the evidence of the purchase of the store, such as any document that shows that the land on which the store is built is the property of the store owner or rented. Failing to produce such materials can be considered as a case of fraudulence.
- **Tax certificates:** Every business has to file income tax, goods, and services tax, and many more to the government. If any company withholds from paying the charges, the extra money is considered as black money. In the case of store audits, these tax receipts are given a priority check.
- **Emergency Numbers** like the nearest police station, fire brigade, ambulance, company office numbers, etc. should be kept in handy to tackle any emergency situations.

Need for the maintenance of records

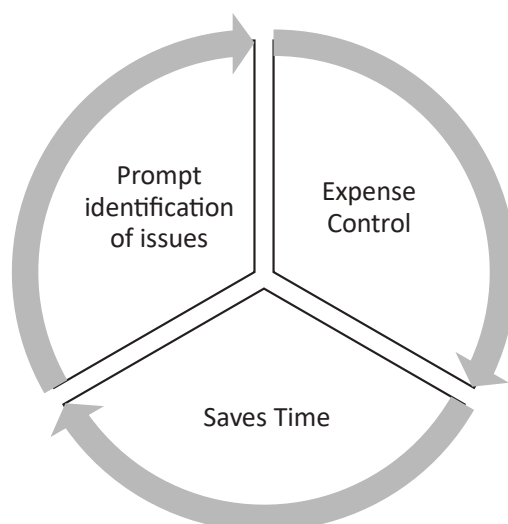


Fig. 3.2.1: Reasons for maintaining records

A well maintained organised set of records not only helps one identify the root cause of problem easily but also saves a lot of time that could have been lost due to lack of organisational skills.

For example:

The cashier of the afternoon shift had not completed his shift and had to leave due to a personal emergency. A customer has come back to the store since he was not given a free item which he was entitled to get. The employee, who is now working in this shift, could not find the copy of the bill of this particular customer since the records were not maintained by the previous cashier diligently.

Since this situation will naturally be escalated to the store manager, it is advisable to follow diplomatic policies so as not to lose the customer in any possible way.

3.2.2 Collection, Preservation and Transmission of Data

1. Data Collection

Data collection is the method of collecting and measuring information on interest, in a systematic fashion that allows one to answer stated research questions, test hypotheses, and evaluate outcomes. While methods may vary by discipline, the importance of ensuring the accurate and honest collection is the same.

The Significance of Ensuring Error-free and Appropriate Data Collection

Irrespective of the area of study or preference for defining data, accurate data collection is vital for maintaining the reliability of research. Both the choice of appropriate data collection instruments (existing, modified, or newly developed) and delineated instructions for their proper use reduce the likelihood of errors occurring.

The consequences of improperly collected data include:

- Inability to answer research questions accurately
- Failure to repeat and authenticate the study
- Inaccurate findings that result in wasting resources
- Confusing other researchers to pursue fruitless avenues of investigation
- Wrong decisions
- Harm to human participants

While the degree of effect from faulty data collection may vary by discipline and the nature of the study, there is the potential of disproportionate harm when these research results are used to support store policy recommendations.

2. Data Preservation

Data preservation is the method of conserving and maintaining both the safety and integrity of data. Maintenance is done via formal activities that are administered by regulations, policies, and strategies focussed on protecting and extending the existence and authenticity of data. Data can be described as the elements in which knowledge and information are created. The main goal of data preservation is guarding data against being lost or destroyed and contributing to the reuse and evolution of the data.

Importance of Data Preservation

The importance of preserving data is vast. When data are lost, it is as though it never existed.. Data can be lost in many ways, whether it is natural disasters, data breaches, wars, or just mere decay or negligence.

- It is essential to realise that data are the building blocks of everything
- Data can be lost via small or independent scale whether it is personal data loss, or data loss within an organizations, as well as on a more significant or national or global level
- It can negatively and potentially permanently affect things such as environmental protection, medical research, homeland security, public health and safety, economic development and culture

3.2.3 Checks and Audits to Ensure Quality of Data

What is data quality? Generally speaking, data are of high quality when they satisfy the requirements of their intended use for decision-makers, clients, processes, and downstream applications. The main criteria used to measure data quality are as follows:

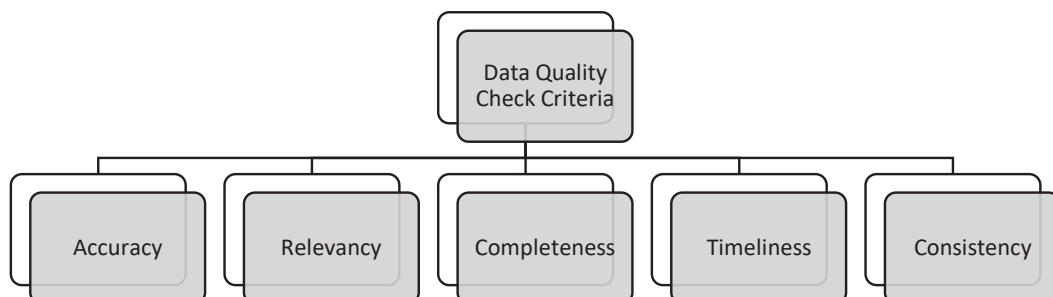


Fig. 3.2.2: The criteria considered for checking data quality

1. **Accuracy:** for all kinds of data described, it needs to be error-free
2. **Relevancy:** the collected data should meet the requirements for the planned use
3. **Completeness:** the collected data should not have misplaced values or miss data records
4. **Timeliness:** the data should be updated
5. **Consistency:** the data be in the data format as expected and must be cross reference-able with the outcomes

The standard for decent data quality can fluctuate depending on the necessity and the nature of the data. For example, the primary customer dataset of a store needs to meet very extraordinary standards, while there could be a higher acceptance of errors for a third-party data source.

For any organization to deliver data with decent quality, it needs to control and manage data storage formed in the pipeline from the beginning till the end. Many organizations focus on the end data and invest in data quality control. This is not good enough, as when an issue is found in the end, it is already too late. Either it takes a long time to figure out where the problem came from, or it becomes too expensive and time consuming to resolve the issue. However, if a company can manage the data quality of each dataset at the time when it is received or created, the data quality is naturally guaranteed.

How to do so?

- Profile and control incoming data
- Carefully design data pipeline to avoid duplicate data
- Enforce data integrity
- Employ capable data quality control team

The objective of such checks and audits is to recognise any data quality issues and have them fixed before clients and users do. This team also needs to tie-up with customer service teams and can get a direct reaction from customers and address their apprehensions quickly. With the development of modern Artificial Intelligence (AI) technologies, efficiency can be possibly improved drastically. However, as stated above, quality control at the end is essential but not sufficient to ensure good data quality.

Practical

1. Internal store auditing is about to take place in your store. What steps would you take so that it runs smoothly?
2. You, a Retail Store Manager, had placed a large order with one of your vendors. On receipt of the items, you observe that many things are either defective or damaged. The vendor, however, denies his onus and refuses to abide by the return policy. Prepare a note on what you would do in such a situation.

Exercise

A. Answer the following questions by choosing the correct option:

1. Aspects of Data Lineage Traceability includes
 - a) Meta-Data
 - b) Data itself
 - c) Both a and b
 - d) None of these

2. A good data profiling tool should be capable of examining:
 - a) Data format and data patterns
 - b) Data consistency on each record
 - c) Data value distributions and abnormalizes
 - d) All of these

3. A good maintenance of records does not help in
 - a) Customer service
 - b) Wasting time
 - c) Expense control
 - d) Identifying issues promptly

B. Write down the consequences of not conducting audits at a retail store.

Summary

- To have a smoothly functioning society, we must all comply with the laws and statutes of the land.
- For suppliers to stay put in today's marketplace, it is imperative to design and implement a robust retail execution strategy.
- You must remember that you, as the store manager, cannot make the person do anything. Unless you are going to force compliance physically, your task is not to make a person comply.
- A contract is an arrangement voluntarily entered into by two or more parties to create obligations on both parties. Bonds play a part in many areas of life, from multi-million-dollar business deals to the purchasing of goods from the local shopping centre.
- It is obligatory that an employment contract accurately captures in writing the terms and conditions of employment agreed between the employer and employee.
- A court has the power to grant the "rectification" of a contract so that it accurately reflects the common intention of the parties.
- A detailed listing of a company's scope, complexity, and volume is known as a records inventory, a significant management tool utilized by companies and business owners and managers to ensure efficient operation.
- Data collection is the process of gathering information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes.
- Data preservation is the method of conserving and maintaining both the safety and integrity of data.
- The standard for decent data quality can differ depending on the requirement and the nature of the data itself.

Practical

1. A retail store employee, by mistake, has lost a large chunk of data. What measures would you take to ensure such an event does not happen in the future?
2. An employee has been creating discord among employees and making the store atmosphere unfavourable for work. How can you bind him/her in a legal contract so that it is in favour of the store?

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not an element of a valid legal contract?
a) Consideration b) Capacity
c) Quality d) Legal Purpose
2. Consequences of improperly collected data does not include
a) Reaching to a correct conclusion
b) Inability to repeat and validate the study
c) Distorted findings resulting in wasted resources
d) Misleading other researchers to pursue fruitless avenues of investigation
3. What ensures high quality data for a store?
a) Quality assurance b) Product quality control
c) Both a and b d) None of these
4. Data quality is not measured by
a) Quantity b) Accuracy
c) Relevancy d) Consistency

4. Manage Sales and Service Delivery to Increase Store Profitability



Unit 4.1 - Operation and Maintenance of Store Equipment

Unit 4.2 - Enhancing Sales and Customer Service

Unit 4.3 - Monitoring Store Profitability against Targets



Key Learning Outcomes



At the end of this module, you will be able to:

1. Operate all store equipment to check if they are working
2. Inspect the maintenance of store upkeep
3. Identify repeat customers
4. Generate footfall by developing relationships with new and existing customers
5. Devise ways of boosting sales at the store
6. Implement best practices in customer service at the store
7. Estimate overall store profitability
8. Compare achieved and target profits

UNIT 4.1: Operation and Maintenance of Store Equipment

Unit Objectives

At the end of this unit, you will be able to:

1. Review store upkeep policies
2. Discuss, with the team, the importance of appropriate store upkeep and maintenance
3. Instruct the store staff to implement the reviewed store upkeep and maintenance policies
4. Identify the store equipment in urgent need of repair
5. Organise the regular inspection of all store equipment for faults and defects

4.1.1 Introduction

The entire pressure of running a store falls on the shoulders of a Retail Store Manager. As a Retail Store Manager, one is responsible for the smooth running of the store, along with creating a positive environment within the store. In this unit, you will be able to learn how a retail manager runs store equipment smoothly in order to facilitate the maintenance of the store. He/she will also be able to implement methods to enhance the sales of the store and increase customer services. In addition to this, a manager will also be able to monitor the targets and profits of the store.

This module deals in tasks that lead to an increase in store profitability by improving service operations.

This module covers the following:

- monitoring and ensuring the smooth operation of equipment and appropriate maintenance of the store
- improving customer service
- achieving individual and team targets

4.1.2 Implementation of Policies Related to Store Maintenance

As a Retail Store Manager, the upkeep and maintenance of the store is your primary goal. For any store to function properly, it is obligatory to adhere to the store policies.

What is a policy?

A course or principle of action adopted or proposed by an organization or individual. In any retail store, there are a bunch of common policies that help the retail store manager run the store smoothly.

For example:

Following are the examples of some of the store policies that you can implement –

- **Payment** – Payment handling procedures and policies are essential to any retail operation, especially if the target is to provide the kind of smooth, hassle-free, pleasant services that makes customers keep coming back.

For determining what payment policies will be applicable in your store, ask your supervisor the following questions:

- Does the store accept all forms of currency? Otherwise, which forms of currency will be accepted by the store?
- Does the store accept online transactions? Which portals are accepted in that store?
- Which cards are accepted?



Fig. 4.1.1: Different modes of payment

Decide on how would you like your retail store and your staff to handle these common scenarios and note each policy in a procedures manual.

- **Operational hours** – In order to determine what policies on hours of operation will be applicable in your store, ask your supervisor the following questions:
 - What are the regular hours of operation?
 - What hours will the store be open during the holiday season?
 - What holidays will the store be closed?

Setting up these expectations and maintaining them will help avoiding disappointment on behalf of the manager, the employees and the customers.

- **Customer Service** – Employees are the face of your business. It is essential to create considerate customer care policies and put them on display so everyone understands how is the store expected to be represented.

For determining what customer care policies will be applicable in your store, ask your supervisor the following questions:

- What is the customer care vision?
- How will returns and exchanges be handled?
- What special services will be offered to the customers?
- What are the criteria of a customer loyalty program?
- What will be the response to the customer complaints and other interactions?

- **Housekeeping** – Whatever type of store you may have, cleanliness is one major thing that keeps your business up and running. Every customer who walks out of the store dissatisfied, can be majorly because of improper house keeping, dirty lavatories, foul smells, open trash, etc.

For determining what housekeeping policies will be applicable in your store, ask your supervisor the following questions:

- Who will be responsible for the housekeeping of the store?
- Will the in-store staff clean or will you hire an outside cleaning service?
- How often is the cleaning required?

- **Safety and security:** Security of the store is a major issue. A store has large amount of cash, stock and various other things which need to be protected. As a store manager, it is your prime duty to cooperate with the local police authorities for security purposes.

Also, it is advisable not to keep large amount of cash in the store cash registers to avoid huge losses in case of a robbery.


For determining what housekeeping policies will be applicable in your store, ask your supervisor the following questions:

- How will you handle loss of product due to damage or theft?
- What are the shoplifting or internal store theft policy and procedures?
- What steps should be taken in case of a loadshedding?
- How do you plan to reduce external network threats?
- What security monitoring tools do you plan to use?
- What contingency plans do you have in place in case of emergencies?
- Review the current policies and procedures periodically and make amends to them catering to the needs of the store.

4.1.3 Checking Equipment Periodically

Every store needs maintenance of their props and equipment from time to time. Without proper maintenance, the conditions of the store will deteriorate and eventually lose customers.

As a Retail Store Manager, it is his/her duty to supervise inspections and checks and help out in case of maintenance.

Equipment	What to check	Example
Shelves	Check whether all the shelves attached to the walls or stand-alone shelves have all the screws tightly attached	

Lights	Check whether all the lights are in working condition and not fused	
Utilities	If you have a restroom in your store, never forget to check the plumbing of the pipelines, clogging of drains and commodes	
Mirror	Replace the cracked mirrors in trial rooms, store interiors, restrooms	
Trial rooms	Check for damages in the door locks, hooks, etc.	
Surveillance	Check the smooth running of the security system of the store. This includes – CCTV cameras, door metal detectors, hand held metal scanners	
Cash registers	Check all the equipment used for cash handling like – cash registers, bar code scanners, POS machines	


<p>Smoke detectors</p>	<p>In case of a fire in the store, a smoke detector is what causes the fire alarm.</p>	
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Table 4.1.1: Areas in a store to check for maintenance

NOTE: A retail store manager does not perform maintenance tasks hands-on. The task of a retail store manager is to supervise all the actions being performed by the designated staff.

Practical

1. Consider a situation where a customer has been caught shoplifting at your store. You have evidence of the theft in the CCTV footage. How would you proceed in such a situation?

Exercise

A. Answer the following questions by choosing the correct option:

1. As a retail store manager, how should you conduct your duties?
 - a) Boss on everyone
 - b) Neglect other's performance and do it alone
 - c) Supervise over the tasks of your colleagues
 - d) All of these
2. Which of the following is not a store policy?
 - a) Payment
 - b) Customer Service
 - c) Security
 - d) All of the above
3. Which of the following is not a security device?
 - a) Cash register
 - b) CCTV camera
 - c) Metal detector
 - d) Hand metal scanner

UNIT 4.2: Enhancing Sales and Customer Service

Unit Objectives

At the end of this unit, you will be able to:

1. Perform training sessions to help the team identify key repeat customers
2. Develop customer retention strategies to build brand loyalty
3. Implement strategies to generate additional footfalls
4. Instruct the store staff to collect customer feedback through various channels
5. Change sales and customer service strategies based on customer feedback
6. Demonstrate the steps of handling and resolving customer complaints

4.2.1 Identification of Key Repeat Customers

Being able to engage with customers in a retail environment is considered a talent. Engaging with customers in retail stores is all about building loyalty.

A retail store manager wants to personalize the shopping experience for customers as much as he/she can and make them feel welcome, but he/she should also give customers a chance to get to know him/her and the store employees. Similarly, a retail store manager should understand customers, their behaviour, and thoughts, etc. before selling a product.

Who is a customer?

A customer is an individual that buys the goods and services from a business. Attracting customers is the primary goal of the retail industry. Businesses often compete through advertisements or lower prices to attract customer base.

As a Retail Store Manager, you need to identify your customers. Each customer has different buying behaviour. You need to understand such behaviour and present the merchandise, thus satisfying the buying needs. Only after identifying their needs will you be able to satisfy your customers.

Who is a repeat customer?

When any particular customer returns, to purchase a good or service from a specific retail store, that customer is called a repeat customer.

Factors that help a store retain customers are:

- Earning customer satisfaction via quality services and flawless support
- Earning good feedback
- Facilitating promotional activities

Methods of Customer Retention:

1. Let customers know what is being done for them
2. Write old customers personal and handwritten notes frequently
3. Keep it personal
4. Remember special occasions like birthdays and anniversaries
5. Treat follow-up calls as business development calls
6. For maintaining a healthy relation with your existing customers, you need to innovate new ideas to make them feel special.

4.2.2 Development of Customer Retention Strategies

One cannot underestimate the power of a loyal customer base. According to sources, 12 – 15% of consumers are loyal to a single retailer, but they represent 55 – 70% of sales. Retaining customers is a key aspect of your business.

For example

Considering the fact that loyal customers will always come back for the products and services, they are a company's best business asset. If the retail store manager is unable to retain customers, the store will be losing a lot of money.

Some of the strategies that one can apply to retain customers are:

- **Customer Engagement Initiatives**

Suppose customer went to a store to buy something, and there you are chosen as the winner of an contest, resulting in a price reduction. The mere thought of it puts a smile on customer's face. This is the way where customers are engaged in various activities inside a store to get rid of the boredom.

For example:

Popular fast food joints have now started a concept of "Kitchen tour" which allows customers to take a tour of the kitchen and see how the food is being made and also participate in the cooking process.

Processes of engaging customers:

- Develop emotional connections
- Build a community or forum
- Hold a contest
- Use technology to your advantage
- Share exclusive content or offers
- Create a product tour
- Host an event

- **Mechanism For Collecting Feedback From Customers**

When one thinks about collecting customer feedback, it is easy to get overwhelmed by the sheer volume of possibilities. With so many customers and so many ways to connect with their feedback, it is hard to know where to begin.

Feedback is a powerful tool that can give your leadership team insights that chart a path forward for every part of a company. This is especially significant when it comes to customer satisfaction.

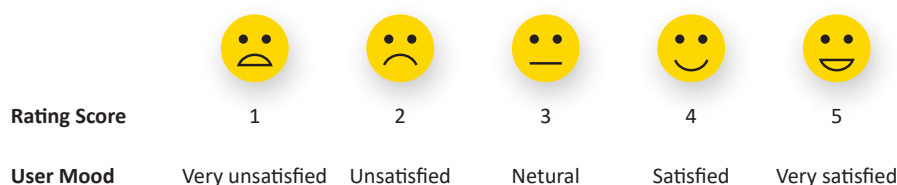


Fig. 4.2.1: A sample customer feedback form

What is customer feedback?

Customer feedback is the information, insights, and inputs shared by the customers about their experiences (good or bad) with the products or services. This feedback monitors improvements of the customer experience and can empower positive change in any business, especially when it is negative.

Importance of Customer Feedback

Customer feedback is essential because it serves as a guiding resource for the growth of the company.

Methods of collecting feedback from customers:

Before beginning to collect feedback from customers, one needs to pinpoint why do he/she needs their input. Identifying anticipated outcomes and outlining the method for getting there, sets the groundwork for a worthwhile investment of time and saves the customers' time as well. Without a clear goal, the feedback may not help anyone.

Ask yourself and the staff, the following questions before getting started.

- Which part of the customer experience would you like to improve?
- What is your plan for the data you collect?
- Which customer feedback method works best for your goals?

Processes of collecting and implementing customer feedback:

- **Process 1: Ask**
 - Install feedback portal and feedback widget on your store's website
 - Use surveys and live chat
- **Process 2: Collect**
 - Collect all sorts of feedback
 - Organise the collected feedback in a common repository with the help of specialised software
- **Process 3: Analyse and plan**
 - Build product roadmaps based on your customers' most valuable inputs
- **Process 4: Implement**
 - Work on the feedback collected

- **Process 5: Notify**
 - Inform your customers face-to-face, or over phone and email, that their feedback have been worked upon

Customer Feedback Channel:

- Customer feedback surveys
 - Only ask questions that might help you meet your goals
 - Write thoughtful and open-ended questions
 - Create consistent rating scales
 - Avoid leading or loaded questions
- Social media
- On-site activity (via analytics)
- Instant feedback from your website
- Online polls

CUSTOMER FEEDBACK FORM

Name: _____
Contact No.: _____
Email Id: _____
Birthday: _____ Anniversary: _____

How satisfied are you with the following features of our company?

Please rate the following:

1 – Very bad 2 – Bad 3 – Okay 4 – Good 5 – Very good

Quality and quantity of products range _____
Staff support and knowledge _____
Customer happiness and satisfaction _____
Products Pricing and offers _____
Efficiency and effectiveness of customer service _____

Suggestions:

Would you like to be notified of our store offers and discount via SMS? (Y/N) _____

Signature of Customer: _____ Date: _____

Fig. 4.2.2: A sample customer feedback form

- **Post-Sales Services To Build Brand Loyalty And Customer Satisfaction**

What is post-sales service?

A company's post-sales service is the help and information that it provides customers with after they have bought a particular product. Generally post-sales service is carried out for electronic products and similar categories.

Importance of Post-sales Service

After-sales service plays an important role in customer satisfaction and customer retention. It generates loyal customers and increases brand value. Customers start trusting the brand and get connected with the organization for a longer duration.

For example

If a customer buys an air conditioner from a store the retail manager ensures that the customer gets proper support while installing and using the product.

Building Brand Loyalty

Developing your company brand is the key to driving customers to your business. The more a consumer resonates with your brand, the more likely they are to buy from you again. Creating this loyal following of customers can ensure continued success and help drive sales of your company's products and services forward.

Following are some of the methods that one can use:

- Don't let the customers down
- Be authentic and consistent
- Live and breathe customer service
- Keep the eye on quality
- Be responsive
- Follow up with customers regularly
- Personalize marketing
- Align with like-minded businesses
- Listen to the customers

Independent variables (brand equity)		Mediating variable	Dependent variable
Parameter	How it contributes to building brand equity		
Quality	High-quality products and services help a store create an edge over its competitors	Customer satisfaction	Brand loyalty and arrested customer attrition
Staff behaviour	Formal yet polite and cordial behaviour always wins over the customers at a store		

Independent variables (brand equity)		Mediating variable	Dependent variable
Parameter	How it contributes to building brand equity		
Trust	Trust gradually develops between a store and its customers but once developed, helps the store earn new customers via the word-of-mouth		
Lifestyle congruence	A retail store must have something for every target sector of customers – it must sell products or services that suit the needs of various categories of customers		

Table 4.2.1: Factors leading to customer satisfaction and brand loyalty

- **System for addressing of escalations for preventing recurrence**

What does customer escalation mean?

A customer escalation is a situation where a customer is not satisfied with an employee’s interaction and wants someone at a higher level/authority within the company to resolve the grievance. Escalations should be handled seriously and effectively because an agitated customer may cost you your business to lose.

Since a Retail Store Manager is a higher-level authority, he/she will be responsible for addressing the customer’s issue in hand.

For example

Consider the following scenario. A customer is not happy with the products and services of PQR Company. The retail store manager is summoned by the customer via the sales executive to resolve the issue.

Before jumping to any conclusion, he/ she must be aware of the possible causes of this escalation.

Causes of customer escalation

- o A survey revealed that the top reasons customers escalate issues are:
- o The sales executive’s lack of knowledge
- o Customer being told no without any apparent reason or explanation
- o Sales executive lacking confidence
- o Sales executive having a negative or disagreeable attitude
- o Customer not receiving an apology
- o Sales executive not communicating clearly
- o Sales executive not adapting to the pace of the customer

Processes of handling customer complaint

- Keep quiet and let the customer vent out his/her anger
- Don't second guess
- Apologise first and then ask what they want
- Tell them what you can do
- Ask if they are satisfied
- Share the details with the crew about how you have handled the situation

There are only a handful of buyers who enjoy threatening, swearing and throwing a tantrum to get their way. Most purchasers don't want to complain or create a scene.

Practical

1. Consider a scenario where you are the Retail Store Manager of an outlet that sells electronic goods. List the types of repeat customers that your store would have. Devise a strategy to retain them.
2. Design an innovative customer feedback form for a fictitious retail store. Show the form to your trainer, in the next class, for verification and inputs.

Exercise

1. What should you do to retain the loyalty of your existing customers?
 - a) Let customers know what you are doing for them
 - b) Remember special occasions like birthdays and anniversaries
 - c) Consider follow-up calls as business development calls
 - d) All of the above

2. How should you not engage with your customers?
 - a) Develop emotional connections
 - b) Make your customers feel that they are not valued
 - c) Share exclusive content or offers
 - d) None of these

3. How will you build your brand loyalty?

a) Let your customers down	b) Be authentic and consistent
c) Keep your eye on quality	d) Follow up with your customers regularly

UNIT 4.3: Monitoring Store Profitability against Targets

Unit Objectives

At the end of this unit, you will be able to:

1. Calculate sales targets for the store
2. Discuss sales targets and strategies with the team
3. Devise strategies for achieving targets
4. Develop ways of motivating the team to achieve targets
5. Allocate resources optimally at the store to achieve sales targets

4.3.1 Introduction

It is very crucial that a retail store manager sets a sales target. Without target or proper planning, the staff will not know which way to go and it will affect the business. For a sustained growth and revenue generation, the retail store manager must understand the importance of preparing sales targets.

4.3.2 Development of Strategies for Achieving the Targets

The store heads put heads together in formulating policies and strategies just to stay in the leading position of the market. The purpose of any retail store is to bring in customers, and it can only be accomplished through marketing. Since today's retail world is competitive, getting profits is what counts.

Hard work, if carried in a SMART way, achieves success quicker.

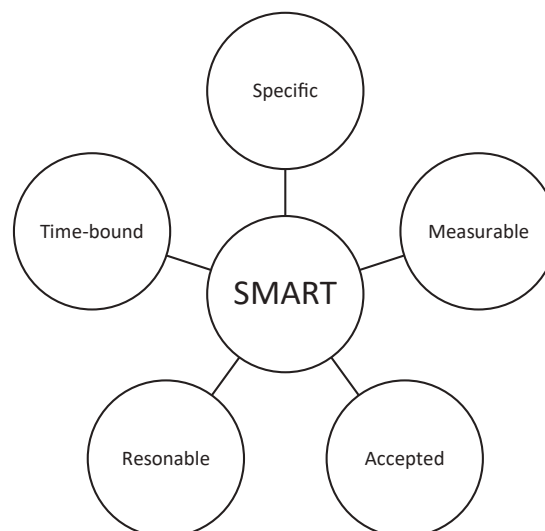


Fig. 4.3.1: Elements of SMART

For example:

Suppose the sales of the meat section in your store are going down due to the rumour of sale of stale meat in the market. What strategies should be made to prevent losses and balance the profit margin?

The following are a few processes that you can follow to improve your retail sales.

Strategies of improving retail sales

Know yourself
Plan ahead
Know the industry
Understand your customer
Maintain well balanced financial records
Use thorough management practices
Develop a distinctive image
Control the inventory
Buy and price for profit
Follow the organisational SOP

Fig. 4.3.2: How to improve retail sales

4.3.3 Determination of Resources to Achieve Targets

The primary resources that every business requires are:

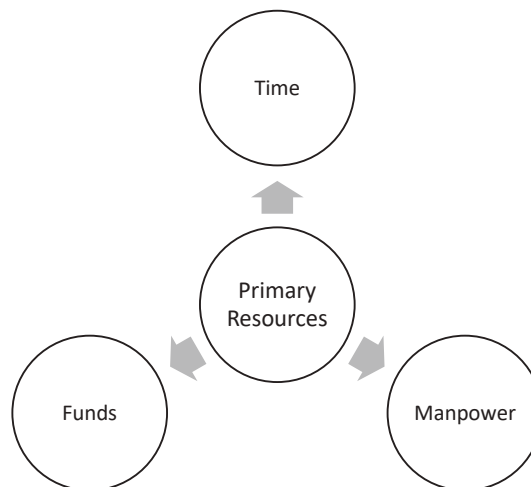


Fig. 4.3.3: Primary resources required by a business

For example:

Consider the following situation. You the Retail Store Manager of a retail store. Your store has been in business for a long time. Recently, another retail store has opened down the lane of your store with better promotional offers. 50 of your existing customers have left your services and have shifted to the other store thus leading your store in losses. Your target is to cover up your losses within 1 month. How do you handle the situation?

Processes of determining the resources:

- **Process 1:** Prepare the budget required for the execution of the plan
- **Process 2:** Prepare the time frame required for completion of the task
- **Process 3:** Calculate the manpower required for the execution of the task
- **Process 4:** Prepare the inventory of the merchandise
- **Process 5:** Prepare a GANTT chart describing the plan of execution

So now, according to the primary resources, you will need

- **Time** – An approximate time required to complete the task
- **Manpower** – No. of men required to deploy for individual tasks
- **Funds** – Calculation of budget for visual merchandising, new inventory, promotional activities, etc.

Sl. No.	Project Milestones	Week 1						
		Day1	Day2	Day3	Day4	Day5	Day6	Day7
1	Initial meeting with the company management	■						
2	Discuss possible techniques and strategies	■						
3	Estimate the budget		■					
4	Calculate the time frame		■					
5	Estimate the manpower		■					
6	Selection of team members		■					
7	Preparation of budget for visual merchandising			■				
8	Preparation of budget for new inventory				■			
9	Preparation of budget for promotional activities					■		
10	Getting budget approved by management						■	
11	Allocating targets to team members						■	
12	Briefing the team on their job roles						■	

Sl. No.	Project Milestones	Week 2						
		Day 8	Day 9	Day 10	Day 11	Day 12	Day 13	Day 14
13	Discuss promotional strategies with the team							
14	Set the weekly targets							
15	Supervise the individual tasks of the team							
16	Monitor daily call reports							
17	Review weekly sales report							
18	Personally review individual team member for grievances							

Sl. No.	Project Milestones	Week 3						
		Day 15	Day 16	Day 17	Day 18	Day 19	Day 20	Day 21
19	Discuss promotional strategies with the team							
20	Set the weekly targets							
21	Supervise the individual tasks of the team							
22	Monitor daily call reports							
23	Review weekly sales report							
24	Personally review individual team member for grievances							

Sl. No.	Project Milestones	Week 4						
		Day 22	Day 23	Day 24	Day 25	Day 26	Day 27	Day 28
25	Discuss promotional strategies with the team							
26	Set the weekly targets							
27	Supervise the individual tasks of the team							
28	Monitor daily call reports							
29	Review weekly sales report							
30	Personally review individual team member for grievances							
31	Addition of new customer information to the database							

Sl. No.	Project Milestones	Week 5					
		Day 29	Day 30				
32	Tallying progress with set targets						
33	Preparation of consolidated report						
34	Meeting with the management with a progress report						

Table 4.3.1: Plan for achieving team targets

On the basis of the plan of action, here is an example of the calculation of man-hours.

Sl. No.	Task	No. of resources fulfilling the role	No. of working hours per day	No. of days required per task	No. of man-hours per task
1.	Cold calling customers who have left	4	10	21	210
2.	Acquisition of new customers	3		21	210
3.	Setting up of merchandise	6		3	30
4.	Putting up props	3		3	30
5.	Setting up the window display	2		3	30
Total no. of man-hours					510

Table 4.3.2: Calculation of man-hours

Assumptions made:

- No. of days working in a week = 6. 1 day is a weekly holiday.
- No. of working hours per day = 10
- No. of manpower required per task is arbitrary. It may vary from store to store.
- Visual merchandising, the setting of props, window display – all are done on the 1st day of every week

Details of task completed on the basis of the GNATT chart:

Suppose the resources available in the store are 18 people. They are divided into 3 batches put on rotational shifts.

Time Slots	Cold Calling	Word-of-mouth publicity/ distribution of flyers	In-house promotional activities
11 AM – 2 PM	BATCH 1	BATCH 2	BATCH 3
2 PM – 2.30 PM	Lunch Break		
2.30 PM – 5.30 PM	BATCH 3	BATCH 1	BATCH 2
5.30 PM – 6 PM	Tea Break		
6 PM – 9 PM	BATCH 2	BATCH 3	BATCH 1

Table 4.3.3: Example of resource allocation at the store

Another strategy that can be applied to make up for the lost customers in a short span of time is “Institutional Sales”.

For example:

- Suppose you are the store manager of a gift shop. You contact a customer, from your customer database, who works in the corporate sector. Your aim is to get the contract for the supply of holiday-themed office items. You ask for an appointment so that you can visit the customer and share your store’s credentials. Then you try to convince him/her to give you the contract.
- Suppose you are the manager of a Food and Beverage retail service. You contact a customer, from your customer database, who works in the corporate sector. Your aim is to get the catering contract for the office parties or conferences. You ask for an appointment so that you can visit the customer and share your store’s credentials. Then you try to convince him/her to give you the contract.
- Suppose you are the manager of a garment retail store. You contact a customer, from your customer database, who works in the educational institutions. You ask for an appointment so that you can visit the customer and share your store’s credentials. Then you try to convince him/her to give you the contract.

Practical

1. Prepare a GNATT chart to plan for ordering, delivering, and installing new inventory products.
2. You are required to carry out promotional activities at your store with the below resources:

Budget - Rs. 50,000 only

Manpower - 3 sales executives and 1 visual merchandiser

Deadline - 1 month

Prepare a GNATT chart for the same.

Exercise

A. Answer the following questions by choosing the correct option:

1. Hard work, if carried in a _____ way, achieves success quicker.
a) Brilliant b) Clever c) Smart d) Smooth
2. What are the main reasons why most businesses fail?
a) Lack of Industry Knowledge b) Lack of Vision
c) Poor Market Strategy d) All of these
3. Which of the following is not a primary resource that every business requires?
a) Time b) Product c) Manpower d) Funds

B. It is the festive season and your store must be geared up for the same. Prepare a report on the customer engagement initiatives you would like to implement at the store.

Summary

- The primary goal of a Retail Store Manager is the upkeep and maintenance of the store by adhering to the store policies.
- Without proper maintenance, the conditions of the store will deteriorate and eventually lose customers.
- As a Retail Store Manager should understand your customers, their behaviour and thoughts before you get into selling a product.
- When a particular customer returns, again and again, to purchase a good or service from a specific retail store, that customer is called a repeat customer.
- Feedback is a powerful tool that can give your leadership team insights that chart a path forward for every part of a company.
- A company's post-sales service is all the help and information that it provides to customers after they have bought a particular product.
- Developing your company brand is the key to driving customers to your business.
- A customer escalation is a situation where a customer is not pleased with an employee's interaction and wants someone at a higher level/authority within the company to resolve the grievance.
- The primary resources that every business requires are - Time, Manpower, Funds

Practical

1. The customers of your store have complained regarding the maintenance of the restrooms of your store. What necessary steps would you take to resolve the issue?
2. Devise a new strategy that would encourage existing customers to hold back onto the store.
3. Design an anti-shoplifting policy for a fictitious retail store. Show the policy to your trainer, in the next class, for verification and inputs.

Exercise

A. Answer the following questions by choosing the correct option:

1. If you have a restroom at your store, what should be maintained regularly?
 - a) Plumbing of pipelines
 - b) Clogging of drains
 - c) Commodes
 - d) All of these
2. Who is a customer?
 - a) A customer is an individual or business that purchases the goods or services produced by a business.
 - b) A customer is an individual or business that sells the products and services consumed by a business.
 - c) Both a and b
 - d) None of these
3. Which of the following is a customer feedback channel?
 - a) Online polls
 - b) Social media
 - c) Both a and b
 - d) None of these
4. How can you improve your retail sales within a short span of time?
 - a) Educational sales
 - b) Institutional sales
 - c) Customer sales
 - d) None of these

B. Read the question carefully and answer the same.

A foreigner arrives at your store and wishes to purchase with the help of a credit card. Prepare a report on how would you oversee the transaction. Had the customer offered to pay you cash in a foreign currency, would you have accepted the same? Justify your answer.

5. Execute Visual Merchandising Displays as Per Standards and Guidelines



Unit 5.1 - Display of Merchandise

Unit 5.2 - Application of Store Policies and Procedures

Unit 5.3 - Relationship with Vendors



Key Learning Outcomes



At the end of this module, you will be able to:

1. Inspect the display of store merchandise to maximise store profits
2. Review store policies for visual merchandising
3. Communicate effectively with vendors to achieve successful negotiation

UNIT 5.1: Display of Merchandise

Unit Objectives

At the end of this unit, you will be able to:

1. List various retail processes at the store (stock rotation, product display, etc.)
2. Perform checks to ensure the holistic quality of all retail processes at the store
3. Discuss the importance of planograms with the store staff
4. Summarise the steps of creating a planogram
5. Check the store for effective implementation of the planogram
6. Arrange the display of products as per the updated planogram
7. Provide adequate information during store audits

5.1.1 Introduction

A store will only be filled with customers till the time it is visually appealing from the exteriors along with the interiors. In the retail industry, the first impression is the last impression. It is crucial to know how to display products to maximise profits. Visual merchandising is the key to attract customers. You will find further in the chapter about different store policies and processes with respect to visual merchandising and how to comply with them.

This module deals in tasks that ensure that visual merchandising standards are adhered to and implemented in a manner that enhances its visual impact and improves store profitability.

This unit/task covers the following:

- display of merchandise to maximize store profitability and optimize costs
- application of visual merchandising policies and procedures
- liaison with vendors to ensure compliance with visual merchandising norms

5.1.2 Conformance on Retail Processes

All the processes involved in the retail store have to run through the Retail Store Manager. For that, you need to confirm the quality of the products and the processes.

What is quality conformance?

Quality conformance is the ability of a process, product, or service, to meet its design specifications. Design specifications are an interpretation of what the customer needs.

There are eight critical dimensions or categories of quality that can serve as a framework for strategic analysis:



Fig. 5.1.1: Quality parameters at retail stores

Some of these are always mutually reinforcing whereas some are not.

Some of the retail industry processes that a Retail Store Manager has to check to make the store look visually appealing are:

- **Stock rotation**

Stock rotation is the method of organizing inventory to lessen the stock loss caused by expiration or uselessness. Basic stock rotation entails moving products with approaching sell-by dates to the front of the shelf and keeping products with later expiration dates at the back.

The task of stock rotation can fall on anyone from inventory managers and hired stock associates to store managers and sales associates, depending on the size of the store. Stock loss, if happens too often, it could be because of poor stock rotation or improper ordering.

Methods of stock rotation:

- **FIFO** – First in, first out (FIFO) is the preferred method of stock control for most retailers, especially in the food and beverage sector. When new inventory comes in, The older stock gets pushed forward first and the newer stock or stock with a later expiry date are kept at the back
- **FEFO** – First expired, first-out (FEFO) takes into account that what retailers receive from the warehouse may not inevitably be the freshest stock. Instead of putting the newest incoming stock in the back by default, the expiry dates are checked. The oldest product goes in front and the freshest product goes in back. This technique takes a longer time to execute but is profitable for products with short-term shelf lives. In case of accidental mixing, FEFO also helps to find it.

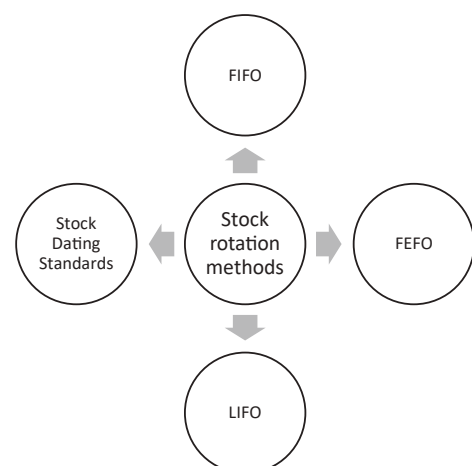


Fig. 5.1.2: Various stock-rotation methods

- **LIFO** – Last in, first-out (LIFO) is not used as commonly in stores but is still worth noting. LIFO is more often used with non-perishable, fast-moving, heavier, or homogeneous goods in warehouses when rotating items is not practical, time-efficient, or essential.

The benefits of LIFO are mostly linked with accounting because retailers end up comparing the most recent cost against their revenue. If the costs are rising, this process makes for more accurate forecasting than using older pricing, and better forecasting = better reporting = fewer taxes.

- **Stock Dating Standards** – Stock dating is an imperative factor in stock rotation. There is no extensively accepted industry standard for labelling among perishable foods, which leads to a lot of waste, mislabelling and lack of consumer education.

For example:

On reaching home, a customer finds out that the shampoo bottle that she has bought has already crossed its expiry period. On complaining at the store, the problem was escalated to the store manager. The problem was found that the old stock got mixed up with the new stock during the restocking of the shelves and was overlooked due to negligence.

- **Adjacency principles**

This is all about placing the right product at the right time with the right quality at the right price. Good category management and use of adjacencies help a customer understand where to locate merchandise, and continues the impression of taking control. So, related categories should be placed together, such as belts next to jeans, and your bestseller should be displayed in a prime location.

For example:

A good example of successful adjacencies is the small products that are placed near the cash registers of a store. You might not even need a bar a chocolate, but you pick it up anyway.

- **Product display norms**

Customers, today, are becoming more selective in their approach of choosing which store to visit. With an intense competition in every segment giving rise to an increased number of brands and consumers tending to visit stores which gives them a positive impression that their needs would be satisfied. Hence, it has become extremely significant for brands to display or present their products in the possible smartest of ways.

For example

A customer is attracted to company ZYX because of its unique style of presentation whereas another store in the locality gets fewer footfalls for being disorderly and unorganised.

Every brand sets different types of product display guidelines in order to increase footfalls, and create a difference in the customer's mind and position their products well. Here are some product display guidelines which can be followed frequently:

- Arranging the products neatly and keeping the aisles and store clutter-free
- Placing the products in a manner that they are accessible to the consumer
- Arranging all categories of products in distinctive sections

- Showcasing focused/new products upfront
- Placing price and feature specification cards with every demo product, making them serve as silent salesmen
- Alignment of back wall branding should go along with the product on display
- The motive should not be to keep all the products in the display but to display relevant products
- Window display should be simple, relevant, and done in such a way that it reflects the mix of the product range available in the store.

Brands are approaching up with their own methodology for product placement to engage customers' attention in order to influence their purchasing decision.

For example:

- In the electronics category, products are switched on and placed for consumers to use and test them in order to fast-track their buying decision.
- In home and living stores, retailers setup the whole area like a bed-room, where they place different products like, bed linen, furniture curtain, side lamp wall décor, flowers, and vase, which tempts customers to imagine their living space and purchase more objects than they had originally planned for.
- In the food and beverages service segment, restaurants position themselves through a glass pane by showcasing their components which go into their food like placing authentic ingredients like bread, flour, cheese, etc. on display. This creates a positive impression on consumers' mind and hence increases their acceptance for that particular restaurant, might induce repeat purchase as well.
- Power walls, is another example, which can be used to great effect for exhibiting accessories. It leaves the rest of the store for central products and makes the segmentation of the store easy for the customer to comprehend.
- When using gondolas, try to keep as much space as possible between each one. Consider using the top shelves of the gondola for the display of vital accessories, which work with the products below. It is an excellent opportunity for cross-selling, which works for both the customer and you as well.
- Likewise, for different retail segments, stores which are creating a distinctive image in consumers' mind by displaying their product in an attractive and efficient manner are gaining a competitive edge by attracting better footfalls.

5.1.3 Planogramming and Its Execution

What is a planogram?

A planogram "is a diagram that specifies the placement of retail products on shelves in order to maximize sales". They are used as a tool for visual merchandising. The efficiency of the planogram can be measured by the sales volume generated from the specific area being diagrammed.

Planograms are mostly used in retail businesses. A planogram defines the quantity and location of products to be positioned on display.

For example:

Given limited shelf space, a vendor may wish to provide a wide range of products, or may limit the variety but increase the facings of each product to avoid stock-outs.

Often manufacturers send planograms to stores ahead of arrival of new product consignments. This is useful in case a vendor wants to have the same look and feel retail displays in multiple store locations.



Fig. 5.1.3: Planogram design

Implementation of Planogramming

- **Visual:** Visual product placement is supported by three different models –
 - **Horizontal Product Placement:** It increases the awareness of a certain article. It is a known fact that a product's relation to customer eye levels directly correlates to its sales. This also depends on the customer's distance from the unit.
 - **Vertical Product Placement:** It puts products on more than one shelf level to achieve 15 centimetres – 30 centimetres of placement space.
 - **Block Product Placement:** Similar products are positioned in blocks.

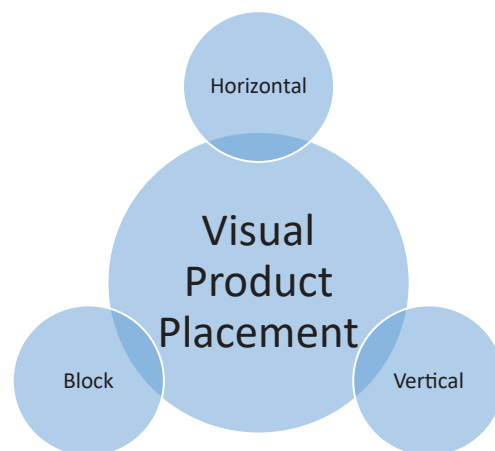


Fig. 5.1.4: Models of planogramming

- **Commercial**

Commercial placement is determined by both margin placement and market share placement. Market share research companies collect sales data for various products and calculate the market share of products across various market sectors. Margin placement is calculated by the profit margin on a specific item. A higher margin places a product closer to the front of the store, where it is most likely to attract attention.

- **Derivative objectives**

Why do we need a planogram? What is derived from it?

A planogram is used to:

- Communicate how to set the products
- Ensure that sufficient inventory levels are on the shelf or display
- Use space effectively
- Facilitate communication of the retailer's brand identity
- Assist in the process of mapping of a store

5.1.4 Necessary Audits and Checks

What is a Store Audit?

A store audit, essentially assesses the health of the retail store location using hard data. Retailers, staff, or a third-party scan through the store to collect information on what is working and what is not.

Some retailers may use profits as their primary success metric, but when you perform regular store audits, you have plenty of additional data to get a more comprehensive picture of your store's health.

While performing a store audit, you will gather insights like:

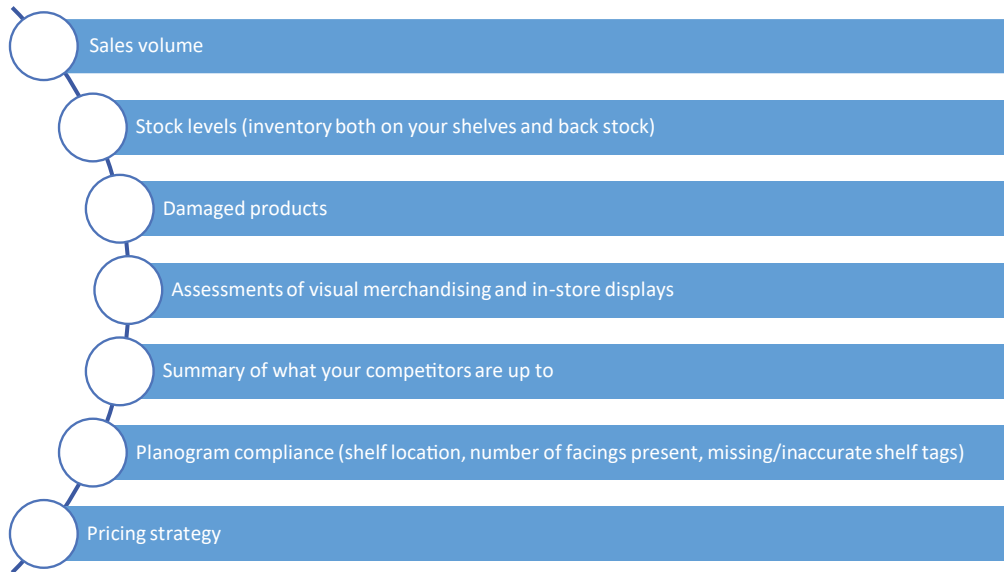


Fig. 5.1.5: Insights gathered at store audits

Some of the common types of store audits include:

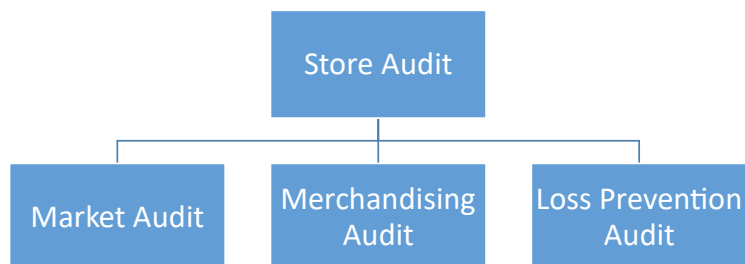


Fig. 5.1.6: Types of store audits

You may do a quick spot check once a month or a more detailed audit once a quarter.

Why are store audits important?

Store audits are an updated way to track your operations, but as your sales channels grow and become more complex, it is important to stay on top of your retail business.

Practical

1. A new batch of merchandise has arrived. What factors would you keep in mind while categorising and supervising the stocking process?
2. Design a planogram for a retail store that sells items for mothers and babies. Show the work to your trainer, in the next class, for verification and inputs.

Exercise

A. Answer the following questions by choosing the correct option:

1. There are _____ categories that can serve as a framework for strategic analysis.
 - a) Five
 - b) Six
 - c) Seven
 - d) Eight
2. Methods of stock rotation does not include
 - a) FIFO
 - b) FILO
 - c) FEFO
 - d) LIFO
3. A planogram is a diagram or model that indicates the _____ in order to maximize sales.
 - a) Placement of retail products on shelves
 - b) Position of stock in the warehouse
 - c) Price of merchandise
 - d) None of the above

B. With the help of a table, compare FIFO, LIFO, and FEFO methods.

UNIT 5.2: Application of Store Policies and Procedures

Unit Objectives

At the end of this unit, you will be able to:

1. Explain, to the team, the importance of better store layout
2. Perform training on store layout
3. Discuss guidelines for merchandise display
4. Prepare plans for promotional events in line with guidelines

5.2.1 Training on Store Layout

Opening a retail store is not an easy task and requires careful planning and thorough knowledge. It is very important that the staff members know everything related to store layout and a retail store manager must ensure that they receive proper training on it.

Importance of a better store layout

- Better layouts help in the flow of customers. When things are scattered here and there, the store becomes congested and customers bump into each other.
- If the store is disorganised, there are more shoplifting and blind spots
- An effective layout gives more opportunity to display products to customers
- It creates convenience to the customer hence more footfalls

For example

A local retail store has decided to make an easy layout for the store. It has made things look better and more customers have visited the store which in turn has resulted in better revenue generation.

Location: Ensure that your store is in a key location and is easily accessible to the customers.

Floor Plan: The retail store manager along with his team must plan out everything well, starting from the location of the shelves or racks to display the stock, the position of the figurines or the cash registers, etc.

- **Straight Floor Plan:** A straight floor plan makes optimal use of the walls, and uses the space in the most sensible method. The straight floor plan makes spaces within the retail store for the customers to shop and move freely. It is one of the regularly implemented store designs.

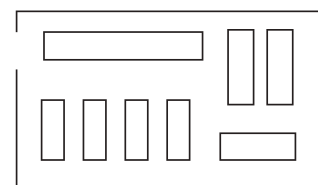


Fig. 5.2.1: Straight Floor Plan

- **Diagonal Floor Plan:** In the diagonal floor plan, the shelves or racks are kept diagonally to each other for the store manager to keep a watch on the customers. The diagonal floor plan works well in stores where customers have the liberty to walk in and pick up merchandise on their own.

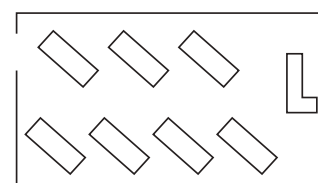


Fig.5.2.2: Diagonal Floor Plan

- **Angular Floor Plan:** In this plan, the fixtures and walls are given a curved look to add to the style of the store. An angular floor plan gives a more sophisticated look to the store. Such layouts are often seen in high-end stores.

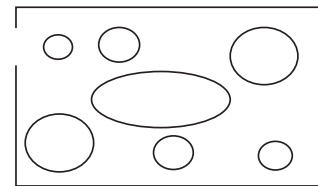


Fig. 5.2.3: Angular Floor Plan

- **Geometric Floor Plan:** The fixtures and racks are given a geometric shape in this floor plan. The geometric floor plan gives a unique and trendy look to the store.

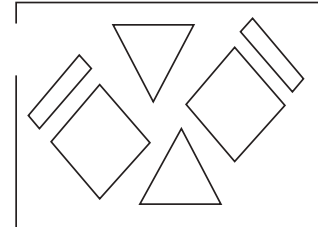


Fig. 5.2.4: Geometric Floor Plan

- **Mixed Floor Plan:** A mixed floor plan takes into consideration diagonal, angular and straight layout to give rise to the most functional store layout.

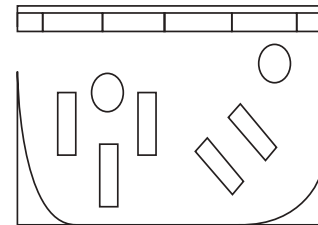


Fig. 5.2.5: Mixed Floor Plan

Guidelines for Store Design and Layout

- **Signage:** The signs displaying the name and logo of the product must be installed at a place where it is visible to all. Do not add too much information. Only add the USPs.
- **Ambience:** The store must offer a positive ambience to the customers so that they leave the store with a smile. Never play loud music at the store.
- **Mannequins and dummies:** Make sure the mannequins display the latest trends and are according to the target market. The clothes should look fit on the dummies and not too baggy. The position of the mannequins must be changed from time to time to avoid monotony.
- **Trial rooms:** The trial rooms mirrors must be kept clean. Unnecessary boxes or hangers must not be dumped in the dressing room.
- **Colour:** The retailer must choose the right colour for the walls to set the mood of the customers. Prefer light and subtle shades.
- **Furniture and fixtures:** The fixtures or furniture should not act as an object of an obstacle. Do not unnecessarily add too many types of furniture at your store.
- **Arrangement of merchandise:** The merchandise should be well-arranged and organised on the shelves assigned for them. The shelves must carry necessary labels/stickers for the customers to easily discover the products they need.
- **Lighting:** The store should be adequately lit so that the products are easily visible to the customers. Replace burned-out lights immediately.

Cleanliness and security:

- The floor tiles, carpet, ceilings, and the racks should be kept clean and stain-free
- There should be no foul odour at the store as it irritates the customers
- The entry and the exit of the store must be free and not overstocked
- Plan the store in a way that minimises theft or shoplifting
- Merchandise should never be exhibited at the exit or entrance of the store
- Expensive merchandise like jewellery, watches, mobile handsets, precious stones, etc. must be kept in locked glass cabinets
- Install cameras, CCTVs, and other surveillance equipment to keep an eye on the customers
- Instruct the sales representatives to assist customers who come for shopping
- Request the customers to deposit their bags at the baggage counter

5.2.2 Training on the Display of Merchandise (Brand and Category-wise)

Every brand and merchandise category has a few specific guidelines for the display of their products. The following examples are from the ladies' section of an apparel store and the various brands sold there.

Ethnic section for ladies

- Walls should have maximum frontal hanging garments
 - 90% of the merchandise should be hung in the section
-
- The entire core line of bottom wear should be showcased on tables or one gondola in the section with appropriate signage
-
- Stores with more space can keep the bottom wear stacked on the wall
 - Dupattas should be hung on a slat wall in the section

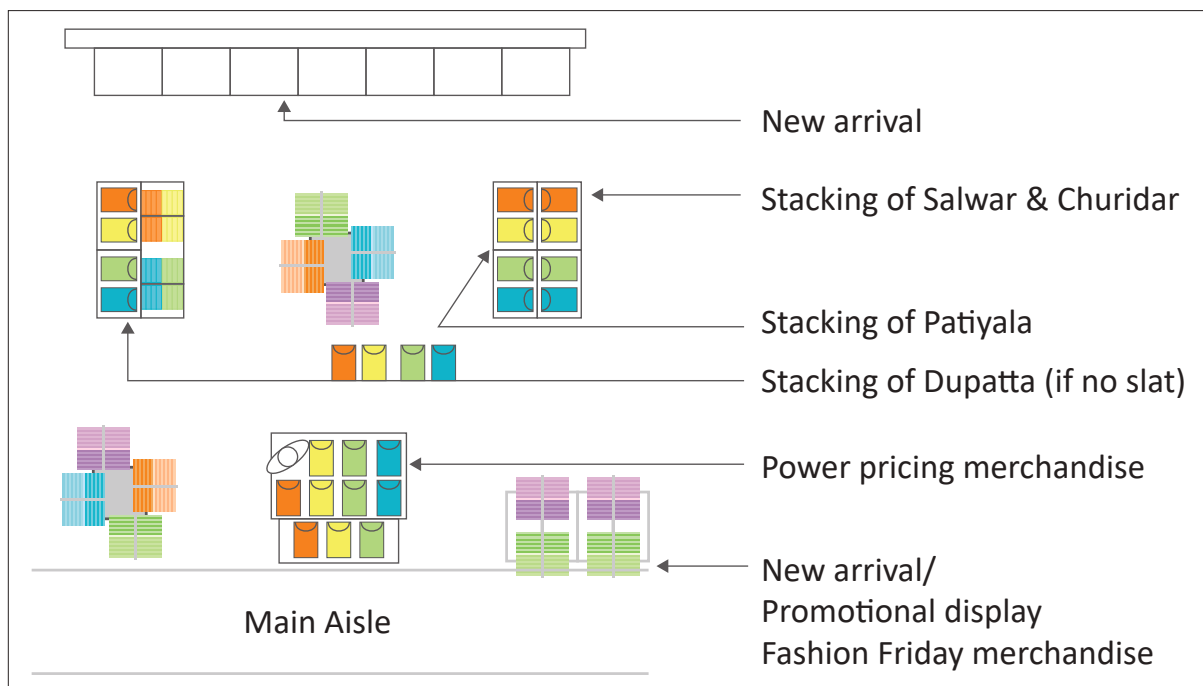


- Dupattas may be kept on a half-hanging and half-stacked gondola



Section for ladies formal wear

- Ensure maximum hanging on the wall
- Ensure that the display in each section is organised
- Core entry-level prices should be highlighted on the tables in the section
- Ensure cross-merchandising - the section should be accessorised with shoes, bags, and belts
- Ensure that communication-related to signage provides a lot of information about the merchandise



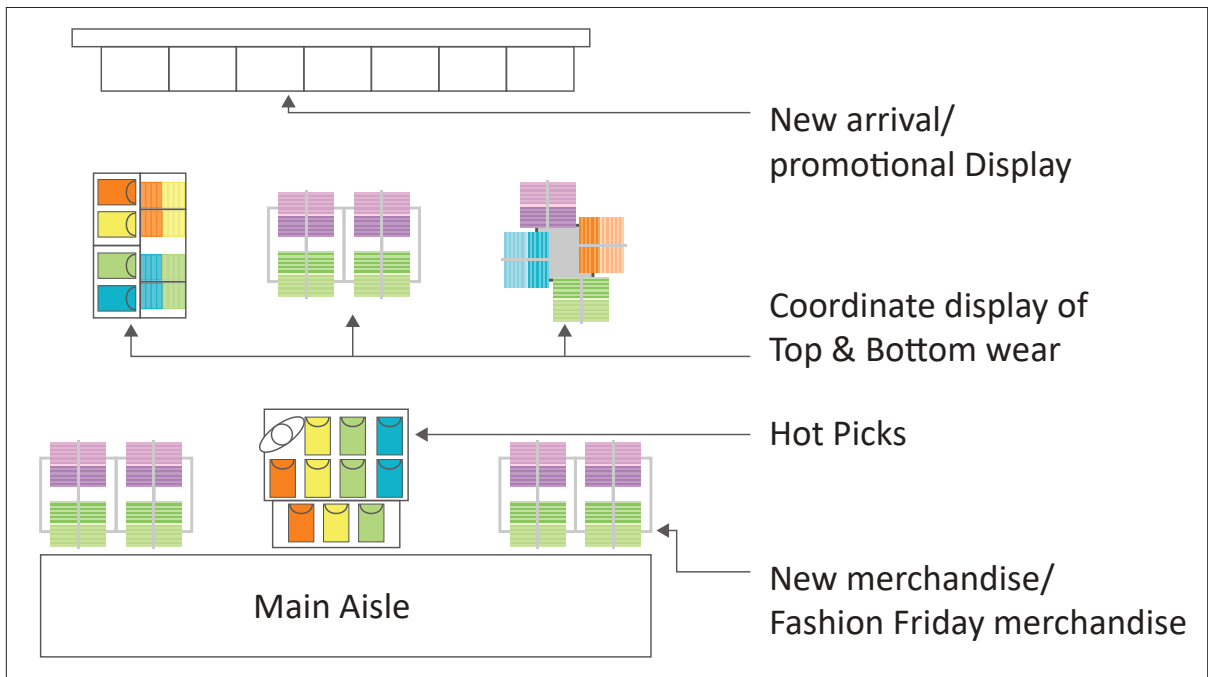


Fig. 5.2.6: Arrangement of merchandise at retail stores

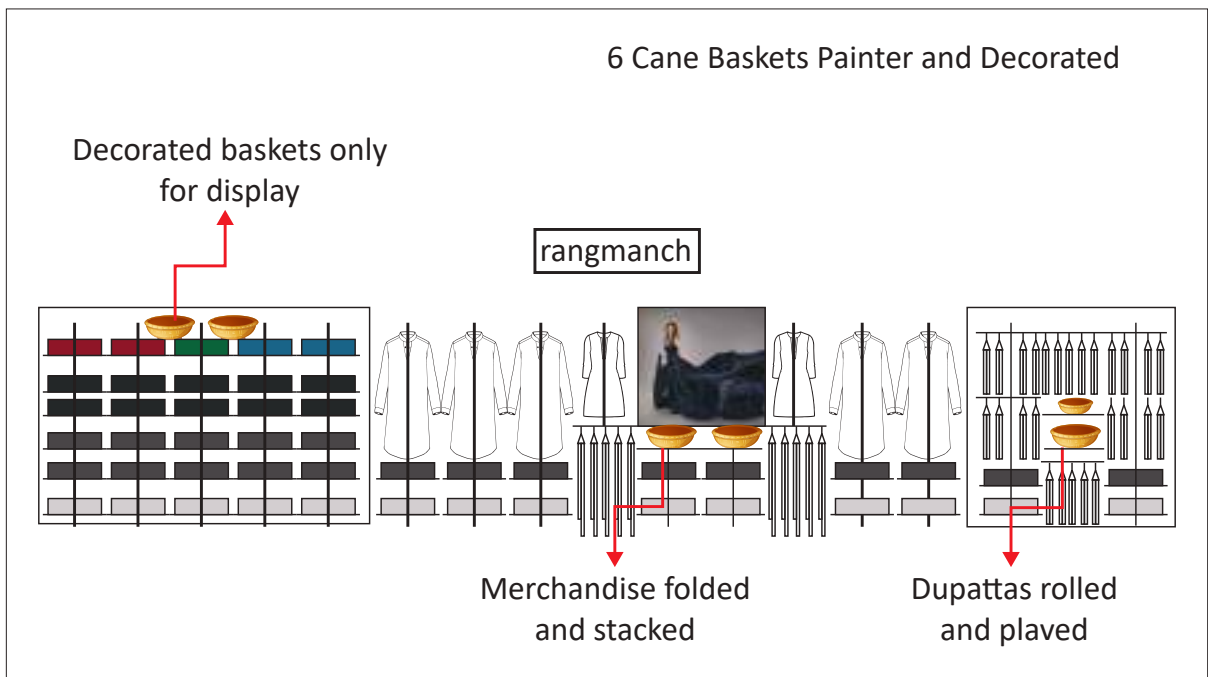




Fig. 5.2.7: Props at a retail store

For example

A retail store manager has decided to impart training on visual merchandising. Customers are now really appreciative of the better organisation of the store merchandise and visit the store more often.

5.2.3 Training on Executing Promotional Events

Promotional merchandising refers to the ways the merchandise are stocked and displayed on the racks. It plays an important role in influencing the buying behaviour of the customers.

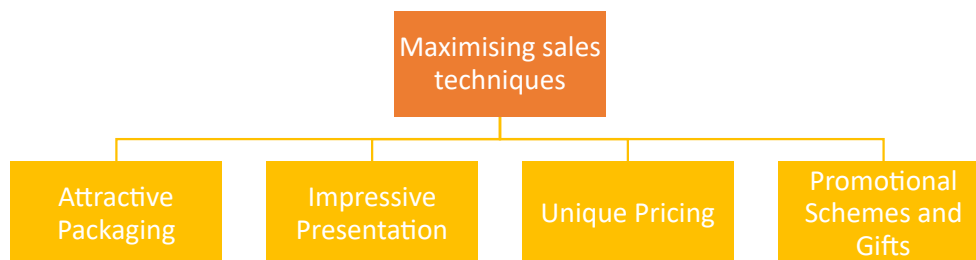


Fig. 5.2.8: Techniques for maximising sales

Merchandising Tips

- The merchandiser must sell products according to the season and latest trends
- The merchandise should be as per the sex, age, and the taste of the target base
- Youngsters prefer funky clothes (colourful t-shirts, faded denim) as compared to professionals who would go for subtle colours.

Invariant Right Principle: The merchandiser ideally works on the “invariant right” principle. Since most of us are right-handed, it is a common tendency that customers entering into the retail store would first go to the right side of the store. The merchandise to be displayed on the right side of the store, must be unique and expensive collections, to entice the customers.

- The setup of the store should be such that once a customer enters the store, he has to tread through each and every aisle.
- The shelves must be provided with the latest trends. The stock should be well organized on the racks according to their category, pattern, and size.

For example

A retail store manager has trained the staff members of CVB to stack products as per sex, age, taste, or particular event which have raised its revenue by 30%.

Practical

1. The stock from the winter is left in the store. You need to clear them out for the entry of the spring collection. What promotional activities do you plan for stock clearance?
2. Prepare the blueprint of the layout of a single-storeyed department store depicting an appropriate floor plan, as well as the positions of safety signage, entry, exit, visual displays, and trial rooms.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not a floor plan?

a) Straight floor plan	b) Round floor plan
c) Diagonal floor plan	d) Geometric floor plan
2. For promotional merchandising, a merchandiser maximizes his sales by

a) Attractive packaging	b) Impressive presentation of the product
c) Promotional schemes and gifts	d) All of the above
3. The invariant right principle is based on the assumption that most of us are

a) Right-handed	b) Left-handed
c) Ambidextrous	d) None of these

B. With the help of a table, compare the display props for ladies ethnic and formal wear.

UNIT 5.3: Relationship with Vendors

Unit Objectives

At the end of this unit, you will be able to:

1. Discuss the importance of effective vendor management with the team
2. Devise appropriate ways of negotiating with the vendors
3. Check if the concerned staff is negotiating with vendors as directed

5.3.1 Retail Vendor Management

Introduction

A vendor is a business or person that provides goods or services and makes it available to another company. A significant part of handling your suppliers revolves around maintaining the retailer-supplier relationship. It is crucial that this relationship remains healthy and strong at all times.

Importance of Vendor Management

- The organisation is benefited by better selection of vendors
- Better selection of vendors may also lead to cost efficiency
- It is helpful in learning contract management
- It is crucial for better vendor relationship

Negotiation with Vendors

Negotiating the right deal with your sellers does not necessarily mean getting what you want at the cheapest after-sales service. You may also want to negotiate other factors such as payment terms, delivery times, or the quality of the product.

However, in any retail business, this negotiation with vendors is strictly with the head office, and the store manager does not hands on participate in it the negotiation. But, it is essential to know the process of negotiation.

This section helps to negotiate a deal, including setting objectives, understanding the vendor's position and using the right tactics.

- **Setting objectives when negotiating with suppliers**

There is a range of vital considerations you need to bear in mind when setting objectives for purchase negotiations. These might include:

Before you start negotiating with your seller, draw up a list of the factors that are most important to you..

For example, if you are ordering supplies in bulk you might want to find a supplier that will offer you a heavy discount.

The key is to establish your preferred outcome. But remain realistic. If you are not prepared to compromise, the negotiations would not get far.



Fig. 5.3.1: Key factors for vendor negotiations

- **Understand suppliers**

Conduct a background research and understand the need of your supplier. Your bargaining or negotiation stays in the upper hand till the needs of the supplier are in demand.

If the supplier is likely to have the upper hand, it may be because:

- he has enough business already
- The store only has a few sources to select from

But, if the supplier has a number of competitors, or is a new entrant to a particular market – the store is in a much stronger position.

Example- Manager of a local retail store understands the suppliers and using different tactics is able to be in an advantageous position that ultimately help in better business.

- **Developing a negotiating strategy**

It is essential to plan the strategy in a written format before beginning negotiations. This helps to set clear goals and work out where one needs to draw the line and walk away.

Define what the priorities are, such as – high specification goods, low price, or a particular delivery plan.

Write down what your negotiating strengths are and how you might use them to get the discount margins you need. Think of ways to defend the weaker parts of your argument and negating the supplier's strengths.

- **Negotiating team**

Once your strategy is set, it is also important to get a negotiating team. Make sure that the team has all the necessary negotiating skills.

You will need to ensure you match the seniority of the supplier's representatives. For example, you should not send a junior manager to bargain with their director.

Ensure that each member of the team is familiar with the set negotiating strategy.

- **Conduct negotiations**

Before starting to negotiate, state the aspects of the deal that you are happy with and the points you want to discuss over. Ask your supplier to do the same. Make sure both sides are contented with what is being negotiated.

- **Negotiating on price**

Never accept the first offer. Make a lower counter-offer. The other party is likely to approach with a revised figure..

If the price includes features you do not need, try to lower it by asking to remove those features from the deal. Use your negotiating power to get a good deal. For example, if you are buying in bulk, you could ask for bulk discounts.

- **Running checks on your supplier**

Before signing a contract with any supplier, it is essential to carry out background check of your suppliers and validating the contract. You should ensure that they have the cash flow to deliver what you want when you need it.

The supplier will probably also run background checks on you to ensure you have the means to pay for the purchased goods or services.

- **Drawing up a contract for your purchase**

After all negotiations are finalised, it is best to draw up a written contract as verbal contracts are non producible in courts for legal proceedings.

Both the parties should agree on what the contract should include. Typically, it includes:

- details of payment terms, price, and delivery schedule
- a clause stating the supplier's right to proprietorship of the goods until they are fully paid off
- a clause limiting the seller's contractual liability

Practical

1. The vendor supplying the stock at your store has good-quality stock but has poor credit records in the market. Would you continue doing business with the vendor? Justify your answer.
2. With the help of real-life examples, prepare an analytical report on the right techniques of negotiating with customers and vendors, keeping in mind that your goal, as the Retail Store Manager, is to maximise the store's profitability.

Exercise

A. Answer the following questions by choosing the correct option:

1. Key considerations for setting objectives for purchase negotiations includes
 - a) Price
 - b) Delivery
 - c) Quality
 - d) All of these
2. If the supplier runs a near monopoly it is likely to have the upper hand because -
 - a) It has enough business already
 - b) You only have a few other sources to select from
 - c) Both a and b
 - d) None of these
3. Contract with your vendor does not include details of -
 - a) Price
 - b) Planogram
 - c) Payment terms
 - d) Delivery schedule

B. List a few product display guidelines that you would need to oversee as a Retail Store Manager.

Summary

- Quality conformance is the ability of a service, product, or process to meet its design specifications.
- Stock rotation is the method of organizing inventory to lessen the stock loss caused by expiration.
- Adjacency is all about the right product in the right place at the right time with the right quality at the right price.
- All brands have different types of product display guidelines in order to increase footfalls that create a difference in the customer's mind and position their brand/products well.
- Opening a retail store requires meticulous planning and detailed knowledge.
- Every brand and merchandise category has a specific guideline for the display of their products.
- Promotional merchandising refers to the ways the products are displayed and stocked on the shelves play an important role in influencing the buying behaviour of the individuals.

Practical

1. On the basis of the adjacency principle, list a category of products that can be sold with chocolates.
2. The head office representative is coming to execute an audit in your store. What are the key elements that you should take care of while the audit is being conducted?
3. The floor plan of your store is blocking the lighting. In what possible ways can you arrange the store for a better product display?
4. With the help of MS PowerPoint, prepare a presentation describing the product display norms recommended for:
 - a. Electronic items
 - b. Home and living items
 - c. Restaurants

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is cannot serve as a framework for strategic analysis?
a) Performance b) Conformance
c) Merchandise d) Durability
2. The USDA has non-binding guidelines that suggest the use of _____ language.
a) Best if Used By b) Best before
c) Use by d) None of the above
3. In _____ category, products are switched on and placed for consumers to use & test them in order to fast-pace the buying decision.
a) Home & Living b) Apparel
c) Electronics d) Food service
4. Which of the following is a theory of visual product placement?
a) Horizontal placement b) Vertical placement
c) Block placement d) All of the above

B. Prepare an analytical report on the impact of stock rotation for:

1. FMCG (Fast Moving Consumer Goods) items
2. Electronic items
3. Perishable goods with very less shelf lives
4. Garments
5. Pharmaceuticals

6. Ensure Overall Safety, Security, and Hygiene of the Store



Unit 6.1 - Health, Hygiene and Safety Compliance

Unit 6.2 - Store Security to Minimize Theft and Losses

Unit 6.3 - Security Procedures for Monetary Transactions



Key Learning Outcomes



At the end of this module, you will be able to:

1. Create awareness of health, hygiene and safety
2. Identify the health, hygiene and safety requirements at the store
3. Summarise staff training needs related to health, hygiene, and safety
4. Performs checks to ensure the implementation of store security procedures
5. Instruct the staff to handle monetary transactions safely

UNIT 6.1: Health, Hygiene and Safety Compliance

Unit Objectives

At the end of this unit, you will be able to:

1. Prepare plans for imparting health and safety training
2. Implement the plan to train staff on health and safety
3. Create awareness of health, hygiene and safety

6.1.1 Introduction

Health, Hygiene and Safety is such an issue which neither be neglected nor be avoided. If the customers find a store not clean enough, they might not purchase anything and never back. This chapter helps in understanding the need for health and safety for employees as well as for the store. It is essential in learning about various aspects of safety by conducting drills. Furthermore, this gives an opportunity for a retail store manager to secure the store in case of emergencies like theft and other financial embezzlements.

Importance of maintaining health and safety

- Health and safety are two crucial aspects of a workplace
- Prevention is better than cure and maintaining everything eventually give fruition by not having anything bad in the workplace
- If customers are worried about their health and safety, they will not visit the store
- Not maintaining health and hygiene gives a bad impression of the store

For example

There are two stores in a given locality. Store A follows all the health and safety precautions whereas, store B does not give much importance to it. When a fire breaks out in store B, it does not have proper equipment to extinguish it and suffered a lot of losses. Store A does not face any such situation.

This module deals in the implementation of safety, security and hygiene aspects in the store.

This module covers the following:

- safety hazards and team awareness of the same
- safety of people and resources in the store
- equipping team to handle emergency incidents and situations

6.1.2 Training and Awareness of Health and Safety

- **Store Policies on Health and Safety**

The Occupational Safety and Health Administration (OSHA) issues guidelines to keep workers safe on the job. Some of these guidelines are as follows:

Steps to be taken to avoid hazards:

1. Follow company policies regarding health and safety standards
2. Be aware of the building and floor evacuation plan
3. Be aware of all the fire exits
4. Put up the evacuation plans on display for each floor clearly marking the exit points for common use
5. Keep fire extinguishers and sand in handy for putting out fire and report to the concerned person in case of expired products or a refill.
6. Keep emergency oxygen mask and cylinder and first aid kit
7. Have basic first aid knowledge

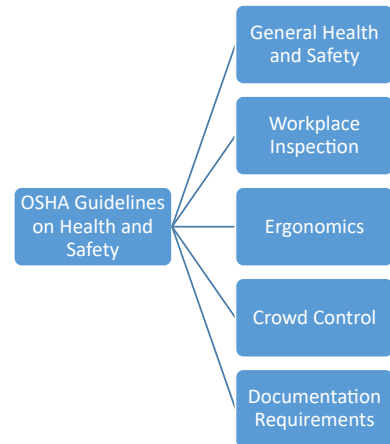


Fig. 6.1.1: OSHA guidelines

For reporting any emergency incident that occurred in your store, the following form can be used as a sample.

INCIDENT REPORT FORM	
EMPLOYEE DETAILS	
Name: _____	
Department: _____ Contact Number: _____	
DESCRIPTION OF INCIDENT	
Location: _____	
Date: _____ Time: _____ Police Notified: Yes <input type="checkbox"/> No <input type="checkbox"/>	Incident Details (How the incident happened, factors leading to the event, and what took place. Be as specific as possible)
Incident Causes:	Follow Up Recommendations:
<i>Incident reports are necessary for documenting details of the occurrence while they are most present in the minds of the witnesses and incident reporter. The information that is included in the report can be useful for decision-making on future incidents, identify behavioural patterns and identifying larger issues. To maintain a safe and healthy work environment, a thorough investigation should be undertaken following an incident in order to initiate corrective actions.</i>	REPORTED BY: Name: Position: Department:

Fig. 6.1.2: Sample of the incident reporting form

- **Identified hazards and risk control procedures**

As a Retail Store Manager, it is of utmost importance to ensure that the retail store is safe for both the customers to shop and the staff to work. There are various ways in which a workplace can become unsafe, including inattention to detail or inconsistent floor checks, which may lead to illness or injury. While the Occupational Safety and Health Administration (OSHA) has safety recommendations for workplaces, your retail store is only as safe as you keep it. There are a variety of factors to keep in mind when evaluating the safety of your store.

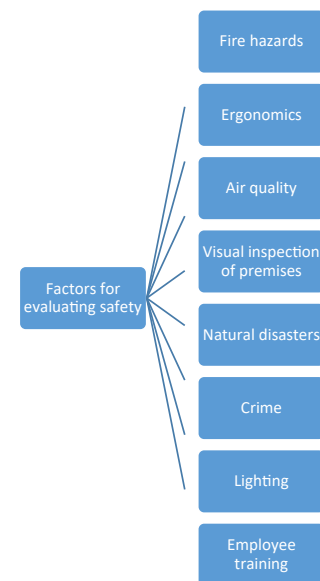


Fig. 6.1.3: Safety factors

- **Personal Grooming Standards**

The personal safety of staff should be of vital concern to the Retail Store Managers. Teaching employees about awareness and implementing a few workplace rules can protect staff. When it comes to personal safety, managers must be aware of both safe work environment policies and crime statistics recommended by the Occupational Safety and Health Administration (OSHA).

Employee Awareness – Employees do not always worry about personal safety. So it is up to store managers to train employees about their personal safety both inside and outside of the workplace.

Store Security – Simple additions to a store can prevent crime.

- Stationing a security guard at the door can warn would-be robbers
- Security cameras add extra safety to workers
- Deposit money to banks frequently to prevent large amounts of cash from piling up in the store cash registers.
- Keep the cash box locked and secure employee's valuables in a locked

Post Signs – Signs can have an impression on how safe the store atmosphere is. Stores can post signs that not much cash is kept on hand, that silent alarms and surveillance cameras are used. As far as preventing injury, advising employees to be aware of their surroundings and signs on how to lift heavy items, can be posted around the break room to remind workers of their safety training.

Preventing Injury – As a Retail Store Manager, it is one of your responsibilities to create guidelines in order to keep employees safe from potential hazards while inside the workplace. The OSHA has a list of guidelines for retailers to follow that will help prevent injury to employees.

For example,

- Staff members should not have to stretch over their heads and bring down boxes
- Always provide a safe way for the employee to reach shelves taller than he is
- Train employees to lift heavy objects with their knees and not with their backs
- Request them to ask for help if something is too heavy to lift alone

Maintain a good relationship with the local police – Encourage local police officers to stop by the retail establishment. If a would-be robber is planning to rob the store and sees the police, he is not as likely to come near the store. Offer discounts to police and fire-fighters, or hand out free coupons. Once a Retail Store Manager gets to know the police, it is apt to ask if officers will drive by or stop in to check on safety while they are patrolling.

- **Store Policies – Access to team members and resolving issues**

A team that works together stays together. A Retail Store Manager is responsible for informing and creating awareness amongst the staff members about the store policies on health and safety measures and also resolving any discrepancies arising because of them. Ensure that the below guidelines are complied with at your store:

- Vending premises/carts must be kept clean and sterile
- Fruits and vegetables must be washed with the help of potable water
- Sliced fruits and vegetables must be covered and kept under a low temperature
- Chopping board knives should be washed with the help of clean water before and after use
- Use proper cleaning agents to mitigate pest infestation
- All dustbins at the store should be covered
- All staff members should practise basic personal hygiene
- Caps and hair nets must be worn at all times in the food section

Processes of communicating with staff:

- Every employee should be given a handbook or manual containing all the store policies
- A copy of the safety guidelines should be put up at every corner where the staff members assemble.
- Periodic training should be provided to staff members on safety so that they are ready to handle any possible emergency
- In case of any discrepancy or dissatisfaction amongst the staff members, address them directly and find out the root cause of the problem
- Try to resolve all the issues within your jurisdiction
- Maintain a log of all the complaints raised and solved. This will help in resolving similar issues in the future

6.1.3 Organising Training on Health and Safety

What are the key tasks of OH&S training?

The key tasks that the store manager should carry out in ensuring the employees accept collective responsibility while implementing their health and safety legal responsibilities are:

- Reviewing and endorsing the safety statement
- Receiving regular reports on performance, progress, and implementation of safety and health plans
- Ensuring sufficient resources are available to achieve and implement these health and safety plans
- Being aware of all matters in relation to health and safety especially major incidents and changes in legislation
- Ensuring health and safety audits are undertaken to monitor all aspects of health and safety policy implementation

6.1.4 Establishing Resource Requirements for Safe Lifting

What is manual handling?

28% of injuries to workers are caused by manual handling.

Manual handling encompasses a wide range of activities including lifting, pushing and pulling, restraining, holding, carrying and throwing. It includes repetitive tasks such as typing, packing, cleaning, assembling, and sorting, using operating machinery, hand-tools, and equipment, and restraining and handling animals.

Manual Handling – Identifying Workplace Hazards

Some factors in the workspace may increase the risk of an injury happening. These risks can be identified in the following ways:

- Walk through the workplace and look for potential hazards
- Walk through the workplace and look for potential hazards
- Check through injury records to help pinpoint recurring problems
- Regularly monitor and update risk identification

Manual Handling – Assessing the Risks

The next step is to evaluate which factors are contributing to the risk of injury.

Factors increasing the risk of an injury are:

- Type of work
- Layout of workspace
- Weight of an object
- Location of an object
- Duration and frequency
- Condition of an object
- Awkward loads
- Handling a live person or animal

Reducing Manual Handling Risks

- change the task – ask ‘Does this task need to be carried out? If so, does it have to be done this way?’
- change the object – for example, repack a heavy load into smaller parcels
- change the workspace – for example, use ergonomic furniture and make sure workbenches are at optimum heights to limit bending or stretching
- change the environmental conditions – including heat, cold and vibration
- use mechanical aids – such as wheelbarrows, conveyor belts, cranes or forklifts
- change the nature of the work – for example, offer frequent breaks or the chance to do different tasks
- offer proper training – inexperienced workers are more likely to be injured

Protecting Your Back from injuries of Manual Handling

The back is particularly helpless to manual handling injuries.

- Lift and carry heavy loads correctly by keeping the load close to the body and lifting with the thigh muscles.
- Never attempt to lift or carry loads if you think they are too heavy.
- Pushing a load (using your body weight to assist) will be less stressful on your body than pulling a load.
- Use mechanical aids or get help to lift or carry a heavy load whenever possible.
- Organise the work area to reduce the amount of bending, twisting and stretching required.
- Take frequent breaks.
- Cool down after heavy work with gentle, sustained stretches.
- Improve your fitness – exercise regularly to strengthen muscles and ligaments, and reduce excess body fat.
- Warm up cold muscles with gentle stretches before engaging in any manual work.

6.1.5 Establishing Resource Requirements for Handling Store Emergencies

What are the elements of an emergency plan?

- All possible emergencies, consequences, required actions, written procedures, and the resources available
- Detailed lists of emergency response personnel including their cell phone numbers, alternate contact details, and their duties and responsibilities
- Floor plans
- Large scale maps showing evacuation routes and service conduits (such as gas and water lines)
- The plan should provide staff members with separate written instructions about their particular emergency response duties

Procedures

Any situation that may arise in causing life risk is called an emergency situation. This should be treated lightly or in a panic stricken mode. There is a proper decorum of emergency handling that is followed in every store.

The following components must be known and cleared before handling an emergency situation.

- Nature of emergency
- Degree of emergency
- Size of organization
- Capabilities of the organization in an emergency situation
- The immediacy of outside aid
- The physical layout of the premises

Common elements to be measured in all emergencies include pre-emergency preparation for handling casualties, alerting and evacuating staff, and for containing the hazards.

- Identify evacuation routes, alternate means of escape make these known to all staff; keep the routes unobstructed
- Specify safe locations for staff to gather for headcounts to ensure that everyone has left the danger zone. Assign individuals to assist employees with disabilities
- Carry out treatment of the injured and search for the missing simultaneously with efforts to contain the emergency
- Provide alternative sources of medical aid when normal facilities may be in the danger zone
- Ensure the safety of all staff (and/or the general public) first, then deal with the fire or other situation

6.1.6 Recording Details of Safety-Related Incidents

While documenting every incident that occurs in the store can be complicated and time-consuming, recording these incidents can be your most effective solution for EHS (Emergency Handling Situation) improvement.

Take a look at these three benefits of using safety software to record your safety-related incidents and hazards:

- It holds your team accountable
- You can easily identify problem areas and repeat occurrences
- It ensures you adhere to OSHA regulations and corporate policy

6.1.7 Creating Awareness on POSH (Prevention of Sexual Harassment)

A workplace must always be safe for employees, customers and vendors. As the store manager, it is your duty to prevent sexual assault and create a safe work environment.

- Define Sexual Harassment
- Know Your Role
- Write a Clear Anti-Harassment Policy
- Conduct Frequent Training Sessions
- Ensure Leadership Complies with the Zero-Tolerance Policy
- Monitor Employees
- Clarify the Reporting Procedure
- Define Consequences
- Create a Safe Work Culture

Sexual harassment comprises of any unwanted sexual advances such as offering a work benefit in exchange for sexual favours, inappropriate touching, unwelcome or intimidating behaviour, offensive jokes, and inappropriate decoration.

It is the responsibility of the Retail Store Manager to prevent sexual harassment and create a safe work environment for all employees.

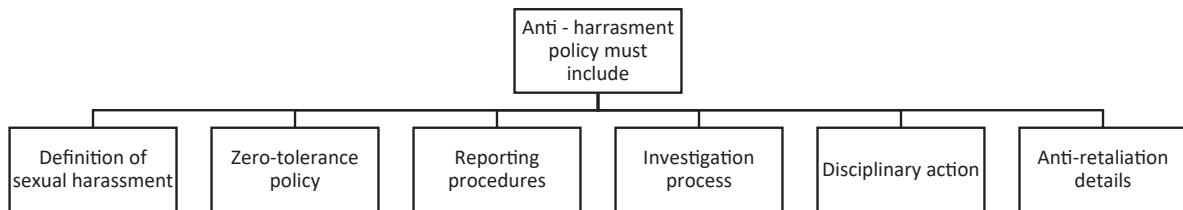


Fig. 6.1.4: Elements of anti-harassment policy

6.1.8 Organising Mock Fire Drills

Mock drills are man-made simulations of emergency situations to help people understand the gravity of the emergency and also prepare the staff of the store on the handling procedure of the same. These mock drills can be conducted by the store manager by following the store SOP guidelines or an external agency may be conducted to help train the staff members.

Importance of Fire Drills

- Remind employees or familiarise new employees with the sound of the alarm, the location of emergency routes and the assembly point, and any additional fire safety procedures.
- Identify any areas where the alarm is not clear or if emergency communication systems are insufficient
- Ensure that all emergency routes are free from obstructions and are effective in practice.
- Test arrangements for people with disabilities.
- Assess the speed and efficiency of evacuation procedures.
- Ensure compliance with the statutory requirement to carry out fire safety drills.

Fire Drill Procedure

Before starting a fire drill, ensure to:

- Co-operate and co-ordinate with any other occupants of the building.
- Check the condition of fire exit routes.
- Consider the weather
- Consider any equipment that automatically shuts down during an alarm.
- Notify the fire brigade

How to Conduct a Fire Drill

- Decide whether you will pre-announce the drill or if everyone will be notified beforehand. It is generally recommended that you do not pre-announce drills. It eliminates a sense of urgency and may result in staff exiting through normal entrances rather than escape routes. However, to prevent panic, you may want to announce to members of the public on your premises that the alarm is only a drill.
- Ask a random member of staff to set off the alarm. This tests how quickly they are able to identify the nearest alarm call points.
- Lead staff on different routes. Instruct fire wardens to take certain staff on certain routes. This ensures they are all tested and that staff is familiar with routes they may not normally use.

- Ensure fire wardens practice carrying out their duties, e.g. closing windows and fire doors, checking isolated areas, assisting people, etc.
- Carry out a roll call at the assembly point. If anyone is unaccounted for, find out why. It could be they did not hear the alarm, they stopped to collect belongings when they should not have, or they took a slower route..
- Get feedback from fire wardens and employees (and members of the public if they were present). Ask if anyone came across issues with the evacuation procedure, e.g. blocked pathways, doors not automatically releasing, areas of the building where the alarm was too quiet, etc.

Fire Evacuation Drill Checklist

- How long does it take everyone to evacuate the building? Can you improve this time? Which routes were the quickest? Can you improve the slower ones at all?
- Can you hear the alarm from every location? This includes meeting rooms, toilets, storage rooms, and any other isolated areas. Fire wardens should go to these areas during the drill to check.
- Recent alterations or changes to the route or work activities. For example, have machinery or vehicles been introduced into work processes? How swiftly can staff safely stop what they are doing and reach an escape route? Is any maintenance in the building temporarily blocking a route?
- Are routes for people with disabilities effective? Are people with reduced mobility able to exit the building as swiftly as possible? Would receiving assistance from someone aid their exit? (People with disabilities or other aspects that may affect their safety should have a Personal Emergency Evacuation Plan).

For example

For better training opportunity in store X, staff members are well-equipped to face fire and safety hazards. Whereas, store Y does not have any proper training on it, hence, suffer the consequences when fire breaks out.

Practical

1. Plan a drill for training the store staff on handling a fire emergency at the store.
2. Design the template for an incident reporting form. The template should not be copied from the unit.

Exercise

A. Answer the following questions by choosing the correct option:

1. OSHA stands for
 - a) Occupational Safety and Health Administration
 - b) Occupational Services and Health Assistance
 - c) Occupation Safety and Health Administration
 - d) None of these

2. Common ergonomic risks does not include jobs that require
 - a) Frequent or heavy lifting
 - b) Stabbing in the back
 - c) Prolonged awkward postures
 - d) Situations in which the room temperature is very cold for a long time.

3. Training sessions and written policies on employee awareness should include information like
 - a) Never giving out the personal information of other employees
 - b) Remain alert to anyone in the store, but to cooperate with robbers to avoid injury
 - c) Never walk to their car alone, especially at night or when other people aren't around
 - d) All of the above

B. With the help of online research, prepare a case report on the instances of fire outbreak and harassment at the workplace, over the last decade, in the retail sector.

UNIT 6.2: Store Security to Minimize Theft and Losses

Unit Objectives

At the end of this unit, you will be able to:

1. Summarise store security policies
2. Implement training sessions on emergency-handling
3. Apply security measures for emergencies
4. Communicate effectively with officials to carry out audits and checks
5. Devise ways of safe storage and maintenance of equipment
6. Assess risks at the store

6.2.1 Management of Store Security Policies

Managing a retail store requires the same amount of attention to detail regardless of the size of the store. If you plan to manage a store, you should write and include an operations manual as part of your plan. Maintaining the store security is a major component among them.

Some of the important operational things to care about in a retail store are:

- Inventory control
- Customer Service
- Employee Retention
- Cash Handling

6.2.2 Training Team to Handle Emergencies

Planning

An emergency in the workplace is any condition that threatens the lives of staff members, customers, or anyone in general. The emergency can disrupt or shut down business, cause environmental or physical damage, and can be either natural or artificial. Planning for all probable emergencies will help both you and your employees be prepared for unexpected situations.

The size of the store and workforce will determine the training requirements. However, everyone in the store must be trained on all of the functions and elements of the emergency action plan (EAP) and all types of emergencies that could potentially occur at work. The EAP must include information for the employees, including:

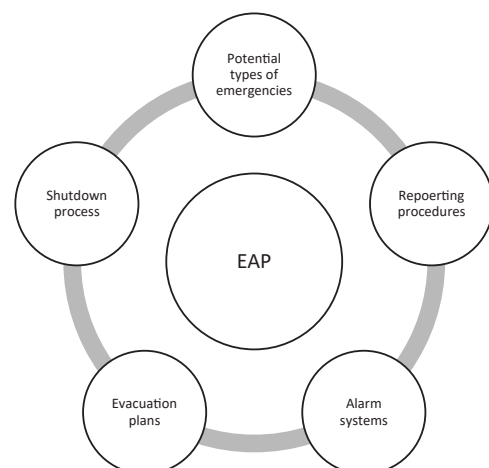


Fig. 6.2.1: Elements of the EAP

Training

General training of employees for handling emergencies must include the following:

- Individual roles and responsibilities
- Notification, warning, and communications procedures
- Threats, hazards, and protective actions
- Means for locating family members in an emergency
- Emergency response procedures
- Evacuation, shelter, and accountability procedures
- Location and use of common emergency equipment
- Emergency shutdown procedures
- Employees must know how and when to sound an alarm in the event of an emergency
- Recognize when an alarm is activated
- Notify emergency personnel
- Know what to do for each alarm when sounded
- Know how to use and handle a fire extinguisher in case of a fire emergency

Emergency exits must be well-known to employees and clearly laid out in floor plans of your building displayed especially near elevator and escalators and also throughout the facility.

Teamwork

A team of staff members must be formed to assist the emergency coordinator. This team must be specially trained for handling potential emergencies and effectively carry out specific tasks, including:

- Requirements of the OSHA bloodborne pathogens standard
- Use of various types of fire extinguishers
- First aid, including cardiopulmonary resuscitation (CPR) and self-contained breathing apparatus (SCBA)
- Chemical spill control procedures
- Shutdown procedures
- Search and emergency rescue procedures
- Hazardous materials emergency response

Employees expected to manage medical aid must be trained and given adequate supplies to handle first aid when necessary. The staff members should be trained in first-aid procedures, including:

- Protection against bloodborne pathogens
- Respiratory protection, including use of an escape-only respirator
- Methods for preventing unauthorized access to the site

When to conduct training?

Train employees on the EAP when you:

- Develop your initial plan
- Hire new employees
- Introduce new equipment, materials, or processes into the workplace that affect evacuation routes
- Change the layout or design of the facility
- Revise or update your emergency procedures

All employees must be well updated on the EAP procedures and policies.

6.2.3 Implementation of Security Measures in Case of Emergency

Managing a business means you learn to expect the unexpected. However, when events like floods, hurricanes, earthquakes, robbery, forgery, computer piracy occur, the resulting damage to your business can be catastrophic.

What steps can you take to lessen these sorts of risks to the business? Additionally, to obtaining the proper types and amounts of insurance for the business and the assets, you should consider:

1. **Implementing security measures** – The proper security measures can protect the business from burglary, theft, embezzlement and other crimes.
2. **Disaster planning** – Developing a disaster contingency plan allows you to manage the impact of natural forces such as hurricanes and earthquakes, on the business.

Using Security Measures for Protecting the Store

Crimes can knowingly add to the cost of running a store. One will never be completely free from the effects of crimes against the business, but there are decisions that you can make about your store that can lessen the likelihood and impact of crime on the business. Primarily, these decisions concern store location and building security.

- **Site selection**

Where you decide to locate the store can have a great effect on the security needs of the business. If you locate in a high-crime area, you will likely need to invest in more store security features than if you locate in a low-crime area.

Some Retail Store Managers have found they can make a good living by accepting the risks of operating in a particular neighbourhood where there's little or no competition.

- **Building security features**

The type of security features you need will depend on the kind of business you operate, and on how severe you think the crime threat is.

Common building security features include:

- Steel security doors, particularly in parts of the building that are away from public view
- Folding metal security gates that cover storefront areas

- Security alarm systems like motion sensors, breaking glass detectors, window and door alarms. All of these must be connected to security monitoring services or the local police department
- External lighting on all points of access into the building, the dock facility, and parking lots
- Limited access to a fenced parking lot and company vehicle storage areas
- Security cameras, connected to a video recording system or monitored by an on-site security guard, and trained personnel on each point of building access and on areas where theft may most likely occur, such as the sales floor and the loading docks
- One-way mirror security "blinds"
- Lockable cash offices, equipped with secure safes
- Bullet-proof security glass (needed in high-threat areas, and where large quantities of cash or extremely valuable products are kept)

- **Choosing Effective Security Measures**

Depending on the severity of security threats the store faces, you may find it advisable to enhance your workplace security features by appointing security guards. You can either employ them directly or contract with private security service companies.

Locks and key control system may seem like an understandable way to increase security, but you would be surprised to know that many store managers don't take full advantage of this type of security measure. The use of deadbolt locks, where appropriate, and the use of double cylinder deadlocks, requiring that a key be used to open the door from either side, can go a long way in discouraging burglary of tempting theft targets.

- Be sure all doors and windows have locks and that those locks are sturdy and, above all, used.
- Get into the habit of checking all the doors and windows before you lock up and leave for the night.
- Don't assume that because a door was locked yesterday, and because you didn't see anyone use the door, it is still locked. Better be safe rather than sorry.
- After proper locks are fitted, key control is also essential to making sure that the property remains protected.

To make sure that the keys do not fall into the wrong hands:

- Issue as many few keys as possible
- Establish specific rules regarding the using of keys by those to whom they are issued
- Take a periodic inventory of keys
- Get keys that say "do not duplicate"
- Control who can make duplicate keys

Remember that locks aren't meant just for doors. There are locks for window, desk, file cabinet, and even computer hard drive. Make sure you have a master key for each of them.

- **Written Security Policy**

You may write up your security rules and give them to your employees as apart of the security policy of the store.

Consider including the following topics as your security policies:

- Guards and security
- Your security program/committee

- Areas of limited access
- Restrictions on visitors
- Statements regarding the removal of company property

- **Recognising and Preventing Theft by Employees**

Embezzlement or employee theft is an equal problem for stores of all sizes. The best way to stop employee theft is to recognize the warning signs that it is taking place and executing an internal system of controls.

Embezzlement has been defined as "the fraudulent appropriation of property by a person to whom it has been entrusted." It is just a fancy way of describing that your employees are stealing from you. Embezzlement doesn't occur only to bigger money-making businesses but to every day small retail stores as well.

- **Signs Signalling Employee Theft**

The following are some warning signs that employee theft may be taking place in your retail store:

- Increase in overall sales returns might represent concealment of accounts receivable payments
- Unusual bad-debt write-offs could be covering up a fraudulent scheme
- Bounced business checks could indicate that funds are being siphoned out of the bank account
- Inventory shortages could indicate fictitious purchases, unrecorded sales, or employee pilferage
- Profit declines and increase in expenses could be a sign that cash is being siphoned off illegitimately
- Slow collections can be a device to mask embezzlement

- **Establishing Internal Controls**

If you are suspicious that there is a problem with employee theft, there are basic actions that you can take in implementing an internal system of controls, including the following:

- Screen applicants before they are hired
- Periodically examine bank accounts to see if there is anything unusual
- Take precautions in preparing payroll, i.e., have more than one person prepare it, have several different people prepare it, or oversee it yourself
- Have two people sign off on checks

- **Creating an environment that discourages dishonesty**

While there is no fool proof system of internal control or accounting that will absolutely stop employee dishonesty losses. An atmosphere can be created where employee stealing is not encouraged.

The first step is to assess every area where potential fraudulence problems could arise, including:

- Inventory control
- Data processing
- Purchasing
- Receiving
- Book keeping
- Cash disbursements

The next step would require setting the mechanisms in place to remove the lures that could make an otherwise honest employee dishonest.

In setting up an internal audit system, it is a common procedure for most stores to divide monetary responsibilities and functions so that no one staff controls all features of a transaction. To expand on the idea of demanding two signatures on a check, insurers and consultants recommend the following:

- Do not give the person, who has the authority to write off bad debts, the authority to make a credit sale or loan
 - Require checks to be countersigned by two responsible officials
 - Limit the endorsement of checks, by anyone other than the owner, to deposits for credit only
 - Delegate the responsibility for receiving checks and cash to someone other than the person who records incoming funds
 - Mail statements to outside accounts directly at least monthly
 - Examine payroll records periodically to prevent padding
 - Make sure that employees responsible for ordering goods and supplies are not the same ones responsible for receiving them or paying for them
 - If someone else does payroll, make sure you have access to payroll data on the computer and that no one changes the passwords or access requirements for that data
- **Taking inventory checks and conducting outside audits**
Dividing financial responsibilities and functions in more than one employee is not enough. Take an inventory check of your stock and have an outsider accountant audit the cash and accounts of your store annually.

6.2.4 Cooperation during Audits and Checks

What do you specifically gain by doing a store audit? If you have to cooperate while carrying out store audits, what do you benefit from it? Aside from teaching your staff more about the day-to-day of the company's business, the following are potential store audit outcomes:

- Identifying and solving discrepancies in-store presentation, and brand compliance
- Finding store-level problems, such as operational and maintenance issues
- Ensuring that previous actions and tasks have been completed
- Creating and implementing new in-store procedures
- Providing a framework to evaluate finances and team performance
- Building better relationships with your most important asset, i.e., your store associates and other staff members
- Fostering positive competition between your stores
- Identifying training needs

How do you carry out an audit in the retail store?

Once the idea is clear in your mind why store audits are important, now let us understand what the steps necessary for conducting a store audit are:

- Get the store audit scheduled
- Determine the goal of the audit

- Take notes and pictures for documentation of audit results
- Assign tasks to staff

After each audit, you will want to apply any changes or fixes as soon as possible and check the status during the next store audit. Timely store audits are also a great way to track the store's business over a period of time. So, be sure to look at the improvement after each quarter or year.

6.2.5 Safe Storage and Maintenance of Equipment

The quality of storage areas and equipment reflects a shop's level of organisation. It is easy to neglect 'out of sight, out of mind' storage spaces, but cutting corners only pushes the problem a little way down the road before the store ends up losing stock and staff waste time searching for items.

Retailers should consider these three areas to get their stores working smoothly. They are:

1. Implement maintenance procedures

Storage areas are just as important as the shop floor. They hold your most valuable assets. Effective maintenance minimises two key issues:

- Stock loss
- Injury to customers and staff

Many retailers store their stock on the shop floor, waiting to be shelved to make refill easier during the day, though it can be a risk to customers and staff particularly if poorly stored. Policies and procedures can impact maintenance procedures for both storage areas and equipment for retailers with a mix of shop layouts and goods for sale.

Stores should develop policies and schedules to manage their storage areas and equipment and maintain these standards to ensure their stock, staff, and customers are kept safe. These policies could specify:

- Access to and accountability for storage areas
- Receiving area security
- Safeguard of keys
- Documentation of storage area
- Use of storage area equipment
- Handling of storage-related waste

2. Maintain quality of stock storage areas

Little day-to-day changes accumulate over time but go easily unnoticed, particularly in areas that are not customer-facing. Relaxing standards around storage can cause expensive and painful consequences if stock is damaged or staff members are injured.

The head office often notices a slip in standards that is not immediately apparent to staff. So it is worth conducting an audit while imagining yourself to be in the position of a head office employee.

Ask yourself a few of the following questions to get an objective view:

- Are there any storage areas in view on the shop floor that could impact the shopping experience?
- Who is responsible for these areas?
- Where is the stock kept in the back of the house?
- Is the storage method suitable for the stock and adequate for the volume being stored?

- Is there stock on the floor and are the walkways and the doorways clear?
- Is the stock stored in a way that minimises the workplace health and safety risks?
- Is the signage clear and accurate to identify the specific stock locations?
- Is there a specified area for the damaged stock that is being returned to the head office/suppliers?
- Is a FIFO (First-In-First-Out) system in use?

Visit a competitor as a customer to get a feel for what to do, or what not to do in your own store. Look out for dangers and risks and pay attention to your own reaction as a customer. It is often surprising to realise the impact of operations-friendly storage methods that are not customer-friendly, and it is important to find a happy medium to avoid losing shoppers.

3. Ensure the effectiveness and safety of equipment

Shops use plenty of equipment to lift, transport, store, and protect products before they are put up for sale. While some equipment, such as shelving, is consistent across the shop floor and back-of-house, there is plenty of variety in other equipment needs.

Larger businesses might use warehousing arrangements and use forklifts, trucks and heavy-duty shelving, while others might use temperature-controlled or secure storage facilities. Stores should develop an approach that is suitable to their needs and check if their equipment is fit for purpose and safe in order to avoid damaged goods or injury to staff and customers.

It is vital to establish training, licensing and legislative requirements for the equipment used to move stock such as forklifts and reach trucks. The burden is on the retailers to ensure that the workplace health and safety obligations are met according to their specific guidelines.

Get these areas of your store in check, and you can be confident that your stock and your time would not be wasted. Not only will you create an environment that is safe for customers and staff, but also benefit from having developed a customer-friendly experience.

6.2.6 Risk Assessment Procedures

How do you identify risks?

The Health and Safety Executive (HSE) advises managers to follow five steps while carrying out a workplace risk assessment:

- Identify hazards, i.e. anything that may cause harm
- Decide who may be harmed, and how
- Assess the risks and take action
- Make a record of the findings
- Review the risk assessment

Managers also have special duties towards the health and safety of

- Young workers
- Disabled employees
- Night workers
- Shift workers,
- Pregnant or breastfeeding women

Practical

1. Identify the risks in your store and formulate plans to mitigate them.
2. Devise a plan, in the form of a report, to strengthen the security and control in retail stores.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following should be cared about in a retail store?
 - a) Inventory control
 - b) Employee retention
 - c) Cash handling
 - d) All of these
2. Which of the following fraudulent behaviour is not covered in a bond?
 - a) Larceny
 - b) Epidemic
 - c) Embezzlement
 - d) Forgery
3. Effective maintenance of stock minimises
 - a) Stock loss
 - b) Injury to customers
 - c) Both a and b
 - d) None of these

UNIT 6.3: Security Procedures for Monetary Transactions

Unit Objectives

At the end of this unit, you will be able to:

1. Report financial transactions to the concerned authorities
2. Check if financial processes are being implemented as per norms
3. Perform training on monetary transactions

6.3.1 Implementation of Management of Financial Processes

When people are busy with the day-to-day tasks of managing a business, handling cash can seem like a daunting task. The cash management process involves a number of moving parts, each of which is important to the overall success. It is critical for the retailers to protect their businesses by running tight cash management.

Importance of financial process management

- Implementing cash management practices will improve the bottom line
- It increases the security of the business.
- Consulting with a cash management solution provider will help making the best decisions to suit the individual needs of business.

Here are some procedures for handling cash:

- Organisation is the key to effective cash handling
- Keep an eye on your cash
- Keep improving
- Enforce policies and Procedures
- Keep less cash on site
- Engage your staff
- Ask for help
- Have enough staff
- Invest in technology

6.3.2 Training Staff on Monetary Transactions

The new staff members have a lot to learn in their first few days on their job. One of the most crucial tasks for them is counting cash. Even many experienced people may need to learn how to count cash. They may have learned different procedures in their previous jobs. And of course, some new employees start from scratch. Conducting the same training to all new employees will help ensure that everyone follows the same procedures of counting cash.

The following are some tips that can help you and the employees with the cash counting training.

- Explain why they need to know cash-counting

- Start at the beginning
- Make change and count back
- Balance the drawer
- Teach employees the use of cash-handling devices

Before beginning to teach the employee how to count the cash, a retail manager should explain why it is significant for them to know how to do it. With the advancement of modern technology, some employees may think they will never use this kind of training.

Counting cash is still an essential skill, even when the store has cash counters and registers to do the tallying for you. First, employees will still be able to count cash if there is a power failure. Machines can even do make mistakes. Having the knowledge how to count cash gives the employee an upper hand to double-check the machine's work. This is important for cash handling.

For example:

If a customer hands over Rs.500 to pay for purchase worth Rs.475, the cashier will count out a balance of Rs. 25 in coins and notes.

Practical

1. You are the Retail Store Manager of a gold store. A customer wants to buy large quantities of gold bars and wishes to pay in hard cash. He does not have an identification proof. How do you tackle the situation?
2. You are required to send a large amount of cash to the bank, from the store, via a cash delivery van. You observe that the security guards in the van are unarmed. Furthermore, one of them is not carrying appropriate authorisation letters. Would you allow the cash transit? Prepare an analytical report justifying your answer.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of these is not a cash handling procedure?

a) Invest in technology	b) Maintain a schedule
c) Keep loads of cash in store	d) Keep an eye on cash
2. When you have enough staff on the sales floor, cash management can be a _____ effort.

a) team	b) team	c) Both a and b	d) None of these
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3. It is important to engage the employees in proper _____ and loss prevention.

a) cash handling	b) cash management
c) cash production	d) cash policy

Summary

- The Occupational Safety and Health Administration (OSHA) issues industry-specific guidelines to keep workers safe on the job.
- As a Retail Store Manager, you know it's important to ensure that your retail space is safe for both customers to shop and employees to work.
- Teaching employees about awareness and implementing a few workplace rules can protect staff.
- A Retail Store Manager is responsible for informing and creating awareness amongst the staff members about the store policies on health and safety measures and also resolving any discrepancies arising because of them.
- If you plan to manage a store, you should write and include an operation manual as part of your plan.
- Managing a business means you learn to expect the unexpected events like floods, hurricanes, earthquakes, robbery, forgery, computer piracy, the resulting damage of which can be catastrophic to your business.
- Make sure you schedule enough time to finish the audit without disrupting the customer experience.
- The quality of storage areas and equipment reflects a shop's level of organisation.
- Managers have a duty to assess the health and safety risks faced by their employees.
- Managers with five or more staff are required to record in writing the main findings of the risk assessment.
- Implementing cash management practices will improve your bottom line and increase the security of your business.

Practical

1. Internal audit of your store is about to take place. The cashier in your store has not maintained the ledgers or cash books. How would you rectify the situation?
2. The cash moving van that carries cash from your store to the bank has broken down and cannot make the delivery. You are stuck with a huge amount of cash in your store. The location of the store is prone to robbery. What should you do in such a situation?
3. While closing the cash counter, the retail cashier working at your store detects that he/she has erroneously:
 - a. Taken Rs. 20000 less from customers
 - b. Taken Rs. 20000 more from customers
 - c. Accepted a few fake notes from customers
 - d. Accepted a few scribbled notes from customers
 Describe your plan of action to resolve each of the above situations.

Exercise

A. Answer the following questions by choosing the correct option:

1. Managers have special duties towards the health and safety of
 - a) Disabled employees
 - b) Night shift workers
 - c) Pregnant or breastfeeding women
 - d) All of these

2. Store policies for managing storage areas does not specify
 - a) Access to and accountability for storage areas
 - b) Mishandling of storage related waste
 - c) Safeguard of keys
 - d) Documentation of storage areas

3. How do you not carry out audit on your own retail store?
 - a) Get Your Store Audit Scheduled
 - b) Determine Your Goals
 - c) Lose track of task
 - d) Delegate Fixes to Staff

4. What are the steps of not recognizing and preventing employee theft?
 - a) Creating an environment that encourages dishonesty
 - b) Taking inventory and outside audits
 - c) Bonding employees
 - d) Identifying signs signalling employee theft

B. List the initiatives you would adopt in your store to ensure foolproof cash-handling policies.

7. Implement Promotions and Special Events at the Store



Unit 7.1 - Implementation of In-Store Promotion

Unit 7.2 - Reporting Promotion and Effectiveness of Data

Unit 7.3 - Staff Requirements and Manpower Availability



Key Learning Outcomes



At the end of this module, you will be able to:

1. Practise assisting the staff in carrying out promotional activities
2. Assess the effectiveness of promotional activities at the store
3. Change promotional strategies as per need
4. Estimate manpower availability at the store

UNIT 7.1: Implementation of In-Store Promotion

Unit Objectives

At the end of this unit, you will be able to:

1. Develop strategies for in-store promotions
2. Evaluate team competence for in-store promotions
3. Report promotion-related data to the concerned authorities

7.1.1 Introduction

A promotional event is a big step for gaining publicity for any form of business. It is highly effective as customers are attracted by these promotional activities and think that they are gaining something extra. It creates good vibes about the store. In this unit, you will learn about the various strategies of promotion and their effectiveness.

This module deals with tasks that ensure the smooth and effective implementation of promotions and special events as suggested by the organization.

This module covers the following:

- planning and implementing in-store promotions
- recording, assessing, and reporting the effectiveness of promotion-related data
- determining staff requirements and ensuring sufficient manpower availability

Importance of In-store Promotions

- It provides appropriate information to the customers
- In-store promotions increase brand awareness
- The store gets better customer traffic
- It provides opportunity for sales and profit

7.1.2 Developing Strategies for Promotions

In-store promotions are marketing or sales promotion techniques that are done inside the store building. In-store promotions are highly effective marketing tactics designed to bring customers to your store and build product awareness.

Different methods can be used for in-store promotions, but every distribution method will usually fall into one of the below categories:

- Print and online advertising
- Point-of-sale (POS) advertising

Print and Online Advertising

The use of print and online advertising is one of the most effective ways to drive traffic to your business location. Is your post-box stuffed with pamphlets from your local fast food service joints giving out discounted meals only for “in-store orders” for a limited time?

These are typical examples of in-store promotion materials used by both retail industries to drive customers into the store by promoting a certain product or service.

Point-of-Sale (POS) Advertising

Several methods of advertising are used to target existing customers once they are already in your store. Suppose you run a paid online advertisement for your flower shop, promoting 25% off on flower arrangements. That advertisement will only reach people who are surfing the internet, perhaps only for nearby shops.

With POS advertising, the promotions are now being advertised in the store, where customers or clients pay you for your business. In the above example, any customer who walks into your flower shop on their way home from work may see your in-store signage, or POS advertising, about the promotion and purchase a larger quantity of flowers than he/she originally intended to get. This is an active way to use POS advertising to boost impulse purchase behaviour.



Fig. 7.1.1: An example of POS advertising

Impulse Buying

Research shows that majority of the purchases made by any consumer are impulse or unplanned purchases. Almost 61% of consumers purchase one to three additional impulse items due to in-store promotions. This shows that if you try to reach a particular shopper at the perfect moment with the perfect message, for example, using in-store signage to play with their desire of pampering themselves, it can end with that item being added to their basket.

Retailers use this method as a mantra. The end sections of grocery store aisles are strategically designed to grab the customers' attention with seasonal or specialty items. Buy-one-get-one-free sales on the merchandise are especially useful at creating impulsive purchasing behaviour.

Fitness centres, yoga studios, spas, and massage studios often bundle their services into discounted packages to take advantage of impulse buyers after they have completed their first session. The good vibes customers sense after these experiences encourage them to make bulk purchases.

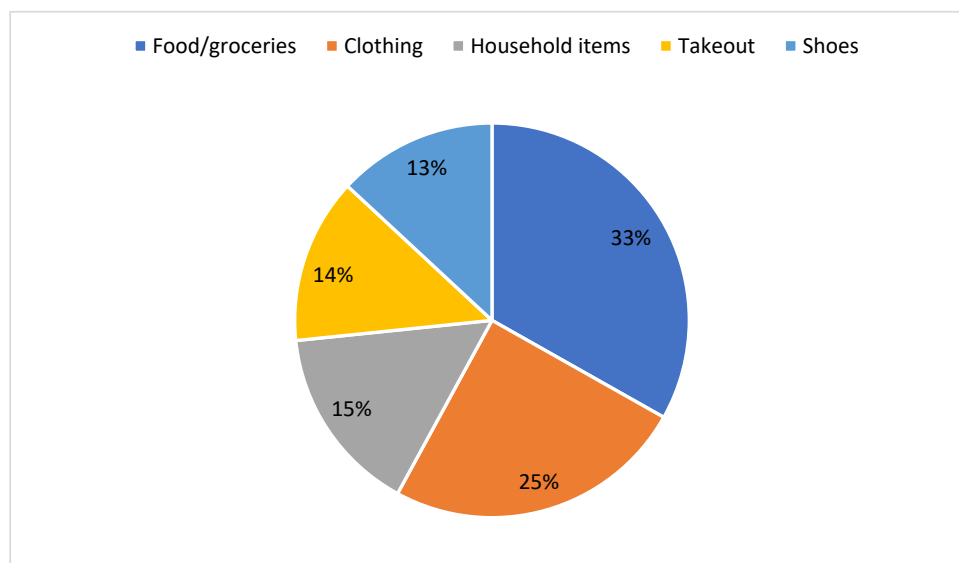


Fig. 7.1.2: The common segments chosen by customers for impulse buying

So how can you use in-store promotions to boost your service-based business?

Case Study: Massage Envy

Let us study an in-store promotion strategy that “Massage Envy”, the leading massage therapy franchise in India, uses. The promotion – “get Rs. 1000 off your monthly massage subscription only when you subscribe to a monthly service package within three days of receiving your first massage from us.” They do not offer this discount on their website but the discount is available at in-stores only.

What makes this strategy effective?

- **The right frame of mind**

After receiving an introductory massage (offered at Rs. 1000) discount from the regular price, the receptionist tells the customer about their monthly subscription programs while the customer is in a state of peaceful comfort and relaxation. They time their message perfectly to reach the customer when he/she is in a positive and accepting frame of mind, rather than overwhelming the customer with product information upon his/her arrival.

- **Creating urgency**

The offer to receive Rs. 1000 off on your monthly massage subscription is for a limited period. You are only eligible to receive this discounted monthly rate for three days following the date of your introductory massage.

- **Customer loyalty programs**

Customer retention is a significant part of building a successful service-based business. Loyalty programs and rewards cards make customers keep coming back, thus bringing in new business through the word of mouth.

Which type of advertising is Massage Envy using here? They are using informational POS advertising to target their impulse buying existing customers and converting them into key repeat customers.

Examples of In-Store Promotions

Here are some ideas that you can use for an effective in-store promotion for your business:

- Offer a temporary discount on popular services
- Give away extra or slightly imperfect stock as part of the promotion plan
- Offer a discounted rate on a monthly subscription plan
- Endorse a cheaper price on services when they are clubbed together
- Create free samples for the customer
- Email receipts to customers and offer them a chance to refer a friend
- Enable the chance to win a giveaway item if the customer completes the survey
- Partner with a nearby company whose target market is similar to yours. Exchange each other's complementary services or products at a discounted price. Both of you can advertise the in-store promotion to expand your reach even further.

7.1.3 Building Team Competence for In-Store Promotions

Retail can be a rough industry to work in, particularly during the holidays and end of season sale sessions, when the store is full of promotional offers. It is easy for employees to become demotivated and for standards to start slipping. As countless customers move around the shop, leaving ruined store displays as they walk around, it can be hard to find the enthusiasm to fix the shop for the tenth time in an hour.

Despite the chaotic store floors and the never-ending queues, it is important to keep spirits high to ensure that the shop gets the most that it can.

Here are a few tips to help you keep your retail staff motivated.

- Remember that every person is different
- Nurture a recognition-rich culture
- Give employees responsibility
- Create a positive atmosphere
- Encourage development

Having a positive environment in the store encourages staff members to work efficiently and in turn increase the sales margin.

7.1.4 Data Collection and Preservation

Often retailers feel restrained to ask for personal data from customers. The reality of today's world is that it is driven by data and utilizing it correctly in a retail setting can provide a more valuable, relevant and enjoyable experience for the customer.

This data help in making strategic marketing decisions that can become highly personalized.

Think about and asking questions like:

- What do they like and dislike? – favourite brands, colours, or categories?
- What channels do they prefer to use? – online, in-store, or social?
- What is their budget or typical spending level?
- What generation do they belong to?
- Are they married? Do they have children?
- What is their shopping style?
- How did they hear about your store?

These questions will yield data that will help you categorise your customers into relevant groups. Initially, you will build a strategy to gather relevant “first-party” data at the interaction point, starting with the name, email address, and possibly mailing address and phone number. It is critical to stick to it. Ultimately, inconsistent data waste both you and your customer's time.

- **Make it easy:** Simplify the input process as much as possible
- **Build trust:** Readily explain how will you utilise the collected data
- **Make it relevant:** Show how providing data provides a better customer experience
- **Build data at each interaction point:** Make it a natural process throughout the sale and not just limited to the cash desk
- **Do not overwhelm:** Think of it as a long term strategy

With more vigorous marketing or loyalty programs in place, you can begin to collect the next layer of data, like anniversary dates, birthday month, and favourite brand or colour for example. Additionally, with surveys, emails and other technology-driven programs, you can convince customers to voluntarily disclose more personal data, especially if you share something with them.

For example:

Certain big brand apparel stores offers up to 30% discount on the customer's birthday and anniversary month. This discount can also be clubbed with the membership points against the registered mobile number of the customer.

Practical

1. The retail store you manage is giving a 75% discount at the end of season sale. How would you plan your in-store promotions to have a better sales margin?
2. Have you ever observed impulse buying at a retail store? List the items that the impulse buyer had purchased.

Exercise

A. Answer the following questions by choosing the correct option:

1. In-store promotions can advertised via
 - a) Point of Sale Advertising
 - b) Point of Purchase Advertising
 - c) Purchase of Point Advertising
 - d) Purchase of Purchase Advertising
2. How should you not motivate your staff?
 - a) Give employees responsibility
 - b) Generalise everyone
 - c) Create a positive atmosphere
 - d) Encourage development
3. How can you collect customer data?
 - a) Simplify the input and process as much as possible
 - b) Readily explain how you will utilize any data collected
 - c) Show how providing data provides a better customer experience
 - d) All of these

B. Your store, located in a semi-urban area, has been renovated and a few new categories have been added to the merchandise. You wish to tap new target sectors of customers in the location. For this, you require holding aggressive promotional activities. List the types of promotional activities that you would hold at the store.

UNIT 7.2: Reporting Promotion and Effectiveness of Data

Unit Objectives

At the end of this unit, you will be able to:

1. Demonstrate processes related to data collection and transmission
2. Analyse data
3. Interpret the results of data analysis
4. Report the results of data analysis to the concerned authorities

7.2.1 Importance of Collection and Transmission of Data

- Data collection is important because it helps to understand the situation
- It is used to understand what customer wants and does not want
- Data analysis is very crucial to understand customer behaviour and what needs to be changed
- It is also very crucial to understand the sales marketing outcomes with revenue generation

How should data be collected?

A good research involves the use of both types of data – qualitative and quantitative. Both approaches, however distinct, can overlap and rely on each other to produce meaningful data analysis and results.

Qualitative data:

Typically, data are “qualitative” if they are in the form of words, but may also include any information that is not numerical, such as videos, photographs and sound recordings.

Qualitative methods are aimed at describing a specific context, event, people or relationship in a broad contextual way, by trying to understand the underlying reasons for behaviour, thoughts and feelings.

Some qualitative research methods include:

- Observation
- One-on-one interview
- Focus groups
- Intensive case studies

Quantitative data:

Data are “quantitative” if in the arrangement of numbers. A quantitative research approach can be used to count events or the number of people who represent a particular background.

Common quantitative tools include

- Surveys
- Questionnaires
- Statistical data

What sources of data must be used to collect information?

Qualitative and quantitative data are usually gathered from more than one source. Wherever possible, two or more of the following sources should be used together to strengthen reliability and consistency in results.

- Pre-existing or official data
- Survey data
- Focus groups
- Interviews
- Observed data

7.2.2 Conducting Data Analysis

Regardless of the fact of whether quantitative and/or qualitative methods of data collection are used, the analysis can be complex, depending on the methods used and the amount of data collected.

The retail store manager will have to determine whether the store has the internal capacity and expertise to analyse and interpret the collected data by itself, or whether it will need the help of an external consultant.

For example:

A store with around 50 staff members wants to find out if it has enough women working in management positions, and if there are barriers to advancement and equal opportunity. The store counts the number of female employees it has (say, 25), and determines how many of these employees are working in supervisory and management positions (say, 2). A few motivated female employees identify some issues of concern, like gender discrimination, glass ceiling approach, etc., and that may have broader suggestions for the store as a whole.

After deciding to conduct an internal and external assessment, and gather qualitative data using focus groups and interviews with current and past employees, senior leadership decides that barriers exist for women in the store's recruitment, promotion, hiring, and human resources policies, practices and processes. Efforts are made to work with female employees, human resources and other staff to address these barriers. The organization makes a commitment to foster a more unbiased, inclusive work environment for all employees.

Practical



1. You see a decrease in the footfalls of customers in your store. What sort of data collection method would you use to find out the reason?
2. Compare qualitative and quantitative data with the help of a table.

Exercise



A. Answer the following questions by choosing the correct option:

1. A qualitative research method does not include:
 - a) Observation
 - b) Intensive care unit
 - c) One-on-one interviews
 - d) Focus groups
2. Common quantitative tools include
 - a) Surveys
 - b) Questionnaires
 - c) Statistical data
 - d) All of these
3. What sources of data should not be used to collect information?
 - a) Pre-existing or official data
 - b) Focus groups and interviews
 - c) Assumptions
 - d) Survey data

B. Can all information be considered data? Write a brief note to justify your answer.

UNIT 7.3: Staff Requirements and Manpower Availability

Unit Objectives

At the end of this unit, you will be able to:

1. Discuss the need of sales promotion with the team
2. Categorise sales promotion into appropriate groups
3. Identify the role of the 5Ps (product, price, promotion, place, and people) of marketing in sales promotion
4. Develop a feasible plan for promotional activities at the store
5. Instruct the staff to carry out appropriate promotional activities as planned

7.3.1 Promotion and its Requirements

Sales promotions are one of the most effective methods of augmenting sales and building customer rapport satisfaction. Sales promotions have been applied for decades to achieve great success, and no matter what the industry or the size of your store is, there are sales promotion tips and techniques that can benefit everyone.

What is a Sales Promotion?

A sales promotion is an undertaking by an organization designed to increase sales or encourage the use or trial of a product or service. Sales promotions take many different forms, but they all focus on persuading a target audience to make a purchase or become a client of a business.

Sales promotions are just one type of marketing strategy but are often confused with advertising. In fact, the two are different, as each appeals to a different nature of the consumer. Advertising is emotional in nature and invites consumers to purchase products or services through visceral images, sounds, or alluring experiences. Sales promotions, in contrast, appeal to a customer's logic and rational mind. Sales promotions —“buy one, get one free,”— are immediately quantifiable in a customer's mind.

Importance of Sales Promotion

- It is used to highlight the utility of a product
- It creates a difference among competitors
- Sales promotions aid in attracting attention of customers
- It increases interest among customers for newer products
- It sets the purpose of promotion by which sales are stabilised and customers are reassured about the price and quality of products

The following are some of the examples of sales promotions:

- Big discounts
- Special prizes
- Free gifts and giveaways
- Buy one, get one free
- Reward points

- Flash sales
- Holiday promotions
- Seasonal promotions
- First order discount

Whatever type of marketing strategy one chooses to boost his sales, one should take the time to make a choice.

7.3.2 Implementation of Promotion

'Promotion' falls under one of the 5Ps of marketing – Product, Price, Promotion, Place and People. These are the key marketing elements used by the managers and owners to satisfy their customers in the target market, and help differentiate their business from their competitors.

Product	Price	Promotion	Place	People
Functionality	Selling price	Sponsorships	Distribution channels	Service provided
Appearance	Discounts	Advertising	Logistics	Attitude
Warranty	Payment arrangements	Public relations activities	Service levels	Customer service
Quality	Price matching services	Message	Location	Appearance
Packaging	Credit terms	Media	Market coverage	Employee portrayal

Fig. 7.3.1: The 5Ps of Marketing

- **Product** – The products and services offered by a store.
- **Price** – It is the pricing strategy for products and services and how it will affect customers.
- **Promotion** – These are the activities that make the store more known to consumers.
- **Place** – This is where the product/service of the store is seen, made, sold, or distributed.
- **People** – People are the staff, sales associates, and those who work for the store and by all – the target customers.

Example of the 5 Ps of Marketing:

Consider the following situation where a grocery store selling fresh food is situated in a semi-urban locality. The people or the potential customers of the store belong to the middle-class economy. As a promotional strategy, flyers are distributed in the local newspapers that the vendors of the store are the local people who grow the fresh vegetables in their farms. Therefore the cost of transportation and other costs incurred for importing the products for sale are cut down thereby decreasing the selling price of the products thus making it affordable for the local people to buy them.

From the above example,

Product: Locally grown fresh food

Price: Affordable price as per middle-class budget

Place: Semi-urban locality

People: Customers belonging to the middle-class economy

Promotion: Flyer distribution in local newspapers which involves local people as vendors

- **Identification of required resources**

The following example will help you understand the given topic in a better way.

The Government of India has decided to distribute pesticides and fertilizers to the farmers at a subsidised rate. So here the products are the pesticides and the fertilizers. The target audience comprises the farmers.

In order to promote the scheme, the Govt. of India promoted the product via TV and radio advertisements, road shows, campaigns in the presence of Gram Panchayats, Agriculture Extension services, free sampling, etc. All the TV ads shot where located in the villages thereby addressing the farmers directly.

Similarly, as a Retail Store Manager, if you have to organise a promotional event for a product, you have to

- identify the target audience
- choose a scheme of promotion within your budget

Practical

1. With the help of real-life examples, prepare a report on the 5Ps of marketing. Show the report to your trainer in the next class for feedback and verification.
2. Fill up the missing cells in the below table:

Product	Price	Promotion	Place	People
Functionality	?	Sponsorships	Distribution channels	Service provided
Appearance	Discounts	Advertising	?	Attitude
?	Payment arrangements	?	Service levels	?
Quality	?	Message	?	Appearance
Packaging	Credit terms	Media	Market coverage	Employee portrayal

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following does not fall under the 5Ps of marketing?
a) Price b) Purchase c) Product d) Promotion
2. Which of the following is not an example of Sales Promotion?
a) Buy one, get one free b) Free gifts
c) Corporate Social Responsibility d) Reward Points
3. Product decisions include
a) Function b) Packaging c) Appearance d) All of these

B. Provide three real-life examples for each of the 5Ps of marketing.

Summary

- In-store promotions can be advertised via – i. Print and online advertising, and ii. Point of sale advertising.
- Research shows that the majority of purchases made by a consumer are impulse or unplanned purchases. Retailers use this method of impulse purchase like a mantra.
- Building the confidence of the team to recognise their own potential is the key to motivate them thereby increasing sales.
- Collecting data at the point of sale and actively searching for answers to key questions helps you know your customers as individuals.
- A good research effort involves the use of both types of data – qualitative and quantitative.
- Two or more sources should be used together while the collection of data to strengthen reliability and consistency in results.
- A sales promotion is an undertaking by an organization designed to increase sales or encourage the use or trial of a product or service.
- Sales promotion is different from advertising.
- Advertising is emotional in nature and invites consumers to purchase products or services through visceral images, sounds, or alluring experiences.
- The 5Ps of marketing – Product, Price, Promotion, Place and People.

Practical

1. Prepare a GANTT chart for the promotion of a newly launched product.
2. You, the Retail Store Manager, wish to collect feedback from a few selected long-term customers of the store. Which of the following techniques of data collection would you choose and why?
 - a. Survey
 - b. Interview
 - c. Focus group discussion
 - d. A combination of focus group discussion and survey
 - e. A combination of focus group discussion and interview
 - f. Prepare a report to justify your answer.

Exercise

A. Answer the following questions by choosing the correct option:

1. In-store promotions can be advertised via -
 - a) Print and online advertising
 - b) Point of Sale advertising
 - c) Both a and b
 - d) None of these

2. Effective marketing strategy include
 - a) The Right Frame of Mind
 - b) Creating Urgency
 - c) Customer Loyalty Programs
 - d) All of these

3. How should you not motivate your staff?
 - a) Publicly criticise your staff for their mistakes
 - b) Nurture a recognition-rich culture
 - c) Encourage development
 - d) Give employees responsibility

4. What kind of questions should not be used for collecting data from your customers?
 - a) Build trust
 - b) Make customers feel uncomfortable
 - c) Make it relevant
 - d) None of the above

B. Discuss the most appropriate sales promotion technique for:

1. Launching a new car
2. Launching a new variant of low-carbohydrate biscuits
3. Launching a new book
4. Launching a new range of watches for senior citizens

8. Lead and Manage the Team for Developing Store Capability



Unit 8.1 - Staffing Needs of the Store

Unit 8.2 - Creation of Positive Work Environment

Unit 8.3 - Training and Development of Staff Performance



Key Learning Outcomes



At the end of this module, you will be able to:

1. Identify the needs of the staff at the store
2. Create a positive work environment at the store
3. Practise imparting quality training to drive staff performance

UNIT 8.1: Staffing Needs of the Store

Unit Objectives

At the end of this unit, you will be able to:

1. Compare current and projected workload at the store
2. Estimate staff recruitment needs at the store
3. Compare the estimated manpower demand with the forecasted store performance
4. Utilise the cost-effective channels of sourcing manpower
5. Interview shortlisted candidates to recruit quality manpower
6. Check if human resource policies are being implemented at the store to facilitate staff recruitment
7. Estimate future manpower requirements based on projected store plans

8.1.1 Introduction

Consider a scenario where you are the Retail Store Manager. However, it can be very difficult being a manager who is not respected, incompetent at managing staff, or even actively disliked. How do you get your staff to be the best thing that ever happened to you? Addressing the needs of the staff is the first step in managing the staff and getting the work done at a faster rate.

This module deals in tasks that ensure that all the departments in the store are manned with adequate and well-trained manpower with requisite skills.

Importance of staffing

- A store needs manpower like any other organisation
- Only a retail store manager is not able to do everything
- Retail like any other business needs team effort to be successful
- Staff members are responsible for attending customers as well providing after sales service

For example

There are two stores in the locality- S and B. As Diwali festive offer, both of them provided many deals and discounts to customers. Both the stores see a big surge in customer footfalls however store B lags behind store S because of lack of staff members. But store S gives proper service to customers.

This module covers the following:

- planning the staffing needs of the store
- creating a positive work environment for the store
- training and coaching to develop store staff and to improve team performance

8.1.2 Analysis of Type of Work to Be Done

The Retail Store Manager should always be aware of the skill sets his employees should possess. If a certain employee has the artistic sense and is keen on doing visual merchandising, but you being unaware of his talent, put him in charge of accounting, he will be terrible in his job thereby de-creasing the productivity of the store as well.

How to analyse what type of work is to be done?

Since you are the manager, it falls within your responsibility to be updated about every need of the store – what is the current scenario and what changes are needed to be made?

- Check whether the employees are not having any complaints or grievances. If yes, sort them out by resolving the issue with the concerned parties involved.
- Regularly go through the customer feedback and try to find out the key problem areas that your store is facing
- Review and tally your current sales margin with the past trends to figure out the pattern of growth or decline of your company
- Consult with the company officials and prepare budgets for all the necessary implementation of tasks
- Train your staff on necessary mock drills on safety and other skill-based training sessions at regular intervals. Hire experts when required.
- Abide by the company policies at all times

8.1.3 Staff Recruitment Needs

It is essential to shuffle the duties of the staff from time to time so that they do not feel monotonous in their work. But it is also vital to look out for employees who do not possess the zeal or the energy to do the work.

- Review the performance of the staff at regular intervals, be it weekly or monthly
- On the basis of this review, let go of the employees who do not show improvement in their performance in spite of repeated warnings
- Hire new employees, having appropriate skills, in place of the staff laid off
- Hire new employees if you feel that a certain department in the store lacks manpower

8.1.4 Manpower Sourcing

Before hiring new employees, there are a few questions that need to be addressed first, like:

- What is your current employee strength?
- What is the basic qualification required for the hiring process?
- How many departments do you have in your store?
- In which department new hiring is most required?
- Do you have cross-departmental manpower planning?

If you have answers to all these questions, then you can start planning on how to acquire a new employee in case you need any.

What is manpower sourcing?

Manpower sourcing is the method of searching for, identifying and communicating to potential applicants for roles you are either employing for or will be employing for in the future.

Hurdles faced while candidate resourcing

- Not knowing what the actual job entails
- A low number of candidates
- Low quality of candidates
- Difficulty getting in touch with candidate leads
- Serious competition from rival companies
- Not knowing which job boards or social media platforms will generate leads for the recruitment pipeline
- Managing the recruitment pipeline
- Lack of time
- Long time to hire

So how do you handle these struggles? How to reduce sourcing time? And how do you improve manpower sourcing in general?

8.1.5 Recruitment of New Staff

The selection procedure should be based on a structured and systematic approach, which is proactive, detailed and target-oriented.

Processes of recruiting a new staff:

- Develop an understanding of the needs of the company
- Create a list of positions to be filled
- Identify suitable candidates
- Evaluate the backgrounds of the candidates and shortlist the required amount
- Conduct interviews of the shortlisted candidates
- Conduct a technical round of interview where the candidates have a better understanding of the job role they have applied for
- Check the references of the successful candidates
- Offer a proper negotiation on the salary of the job role
- Follow up on the selected candidates before their joining

8.1.6 Human Resource Policies to Support Recruitment of Staff

Every organisation has HR policies that are to be followed while carrying out any procedure.

Here is a sample set of HR policies that have to be followed while recruitment of new manpower.

- The candidates will be sourced from databases developed
- The candidates will preferably come with a reference or walk-in
- For salesforce level candidates – the minimum qualification must be 12th pass
- For executive levels – candidates having minimum experience in similar work backgrounds in reputed industries or corporate or commercial establishments will be given preference
- Two rounds of an interview should be conducted – departmental and HR

8.1.7 Identification of Future Manpower Requirements

Manpower planning which is also called human resource planning consists of putting the right kind of people, right number of people at the right time, right place, doing the right things for which they are suitable for the accomplishment of goals of the store.

The procedure is as follows:

1. Analyse the current manpower inventory
2. Forecast future manpower
3. Develop employment programs
4. Design training programs

Practical

1. A large number of employees have been laid off due to dissatisfactory performance, thereby creating pressure on the remaining workforce. What, as a manager, would you do to restore the former work balance?
2. The human resources department has asked for your inputs regarding innovative ways of motivating the staff members at the store. List a few ways that you would like to suggest.

Exercise

A. Answer the following questions by choosing the correct option:

1. Human Resource Planning has to be a systematic approach and is carried out in a set procedure. Which of the following is not a part of the procedure?
 - a) Analysing the current manpower inventory
 - b) Design visual merchandising
 - c) Making future manpower forecasts
 - d) Developing employment programmes

2. Manpower forecasting techniques include:
 - a) Trend analysis
 - b) Work load analysis
 - c) Work force analysis
 - d) All of these

3. Recruiters sourcing candidates can encounter hurdles such as:
 - a) A low number of candidates
 - b) Low quality of candidates
 - c) Both a and b
 - d) None of these

B. You, the Retail Store Manager, have been entrusted, by the senior management, with the task of achieving 200% revenue target for the quarter. You are required to hire new manpower for the sales team. Describe the steps of fulfilling the staffing needs of the store.

UNIT 8.2: Creation of Positive Work Environment

Unit Objectives

At the end of this unit, you will be able to:

1. Implement effective and open communication at the store
2. Provide the store staff with guidance regarding roles and responsibilities
3. Develop performance expectations
4. Demonstrate accountability and authority
5. Practise eliminating bias and ensuring equal opportunity to all staff members
6. Support effective team collaboration
7. Solve intra-team conflict
8. Implement self-grooming and hygiene practices for self and team

8.2.1 Effective and Open Communication

A workplace, however comfortable it might be, must follow some norms which help in better communication. There are a number of communication basics which should be followed within a workplace, such as:

- Address people by their names, as people feel important once their name is brought into the conversation
- Try and maintain an open conversation channel with each and every employee that you work with
- Analyse the relationship dynamics that you are maintaining with your colleagues. In case there exists any dispute, try sorting them out in time
- Ensure that you maintain a fine line and don't open up too much in front of your colleagues
- Avoid sharing personal life details in the workplace, as it may have a negative impact
- Try and respect other people's personal space

Importance of communication

- Better communication helps the store manager to tell staff members what is expected of them
- Being good at communication helps understanding customer needs
- It helps in resolving customer issues
- It is a plus point while dealing with vendors or other clients

For example

A store BHO has lost many customers as well as employees because of communication gap. The store does not learn from its mistakes and the losses are getting high day by day.

Some of the ways to communicate effectively with colleagues at the workplace are as follows:

- **Listen actively:** Active listening is an important part of non-verbal communication. It helps in building trust between the two people in a conversation. It makes the other person feel important and accepted within their workplace. Additionally, active listening is a good way to analyse the other person in the conversation.
- **Speak with clarity:** While making important conversations, an individual should speak with clarity, as it reduces the chances of any form of misunderstanding. The openness in the conversation helps address the important points.
- **Practise constructive criticism:** Constructive feedback reinforces positive work culture as well as helps improve the efficiency of the employees. If a fellow colleague has done great work, they should be encouraged by offering praise. Similarly, if anyone has done badly, they should be offered constructive feedback, leaving aside personal rivalries. One should ensure not to become mean or bossy while pointing out mistakes.
- **Trust and respect each other:** You should trust and respect everyone within your workplace. Clear and concise communication helps in building understanding and trust between two people.
- **Maintain space while making personal conversations:** While making personal conversations ensure that you maintain a boundary, as crossing the line can make the other person uncomfortable within a conversation.
- **Make relevant conversations:** The communication made should address the requirements/concern of the other person. Don't engage in long, worthless conversations, as it kills the productive time of the organisation and gives a negative impression of the speaker.
- **Keep spoken and written communications short:** Avoid giving complicated and incomprehensible information. Keep the conversations short and direct as it facilitates better understanding.

8.2.2 Defining Roles and Responsibilities

The manager of a store is responsible for stating the roles and responsibilities of the employees within the store. In some cases, the manager forms teams or committees to do it. Some basic tools that can be considered while defining various roles and responsibilities are:

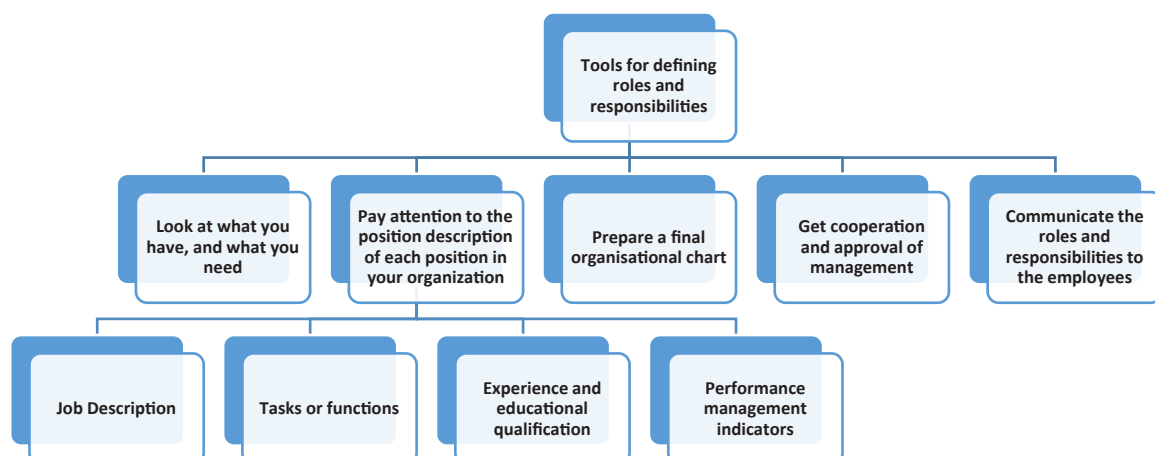


Fig. 8.2.1: Tools for defining various roles and responsibilities

8.2.3 Setting Performance Standards

In order to accomplish a task, it is essential to know what is expected to be done in the first place.

The whole process is a three-step plan that should be worked out together between managers and staff members.

Step 1: Set the overall goal

Step 2: Determine key result areas (KRAs)

Step 3: Identify performance standards

How to determine the affecting factors?

1. Standards should match job as it is now. They can be altered and changed over time
2. Set a number of standards for each KRA
3. Focus on results and not just activities
4. Set quantitative and qualitative standards

8.2.4 Delegating Accountability and Authority

Here are a few tips for effective delegation and, more importantly, effective supervision:

- Delegate early
- Select the right person
- Communicate the rationale and benefit
- Delegate the entire task to one person
- Set clear goals and expectations
- Delegate responsibility and authority
- Provide support, guidance and instructions
- Take personal interest in the progress of delegated tasks
- If you are not satisfied with the progress, do not take back the task immediately
- Evaluate and recognise performance

Effective delegation allows subordinates to learn, grow and be more accomplished. It allows managers to be more productive by focusing on what they are paid to do thus getting the work done through others.

8.2.5 Ensuring Equal Opportunity

Workplace bias is a concept that is generally prevalent all over the world. It is often seen that if a male worker and a female worker are doing the same work, the male worker generally gets paid more. Similarly, very few women have actually accomplished in securing the top most positions in companies. This is due to gender biasing.

The following are some tips for promoting equality and combating workplace discrimination.

- Identify and prevent unconscious bias
- Put equality policies in place
- Do not use offensive language

- Use objective criteria
- Be proactive
- Get advice if needed
- Watch out for indirect discrimination

Finally, workplace equality is not just about implementing procedures to stop workplace discrimination. That is the easy bit. You also have to actively promote equality and inclusion, ensuring people are free to focus on what matters most i.e., making the company the best it can be. Adhere to the organisational SOP for effective implementation of the standards of policies.

8.2.7 Fostering Effective Team Collaboration

Team collaboration is the foundation of any successfully running store. Collective workplaces see increased levels of trust, a more involved workforce, and improved performance.

Here are some strategies to give you a head-start toward managing your support team for collaboration:

- Communicate company expectations
- Set team goals
- Foster a creative atmosphere
- Build cohesion
- Know one another
- Leverage team member strengths

8.2.8 Resolving Intra-team Conflict

It is expected that there will be some amount of conflict on a team when a variety of workers are putting their heads together. Some amount of conflicts can be healthy, as long as it is discussed over and a conclusion is reached. Opposing viewpoints or clashing personalities can actually bring new thoughts and discussions on aspects of a project that had not been imagined before.

The type of struggle you have to worry about more is unspoken bitterness that can erupt in an outburst, or even more deadly, in quiet mutiny or deviation from agreed-upon roles, tasks and goals.

The goal of a Retail Store Manager should be to get the team to a common ground where they can openly discuss conflicting views without hurting anyone's feelings.

How to create harmony in the team?

- Be aware of the conflicts around
- Set the ground rules
- Learn about destructive conflicts
- Stop conflict when it happens
- Get the whole story
- Meet for conflict resolution
- Discuss both sides of a perspective
- Make compromise a goal
- Avoid falling into groupthink
- Do not try to change a team member

8.2.9 Self-grooming and Hygiene Practices

Every workspace needs to maintain hygiene for both employees and customers. This applies to all, not just workspaces involved in handling food and beverages

Why is hygiene important in a workspace?

Imagine a situation where a customer walks into the store in an emergency to relieve himself/herself. On visiting the restrooms, the customer returns back with a grumpy face, The store manager asks the customer the reason for the dissatisfaction. The customer complains of a foul stink in the restroom making it an intolerant circumstance for him/her to use the restroom. The customer promises never to return to the store again.

From the above scenario, many things are clear. If hygiene and cleanliness is not maintained, the store will eventually lose customers. Moreover, an unhygienic workspace spreads a lot of germs thereby turning the workforce sick.

How to maintain hygiene in the workplace?

- Implement a hygiene policy
- Provide a clean bathroom
- Provide clean wipes, towels, sanitisers, tissues
- Maintain regular cleaning

Basic Hygiene at the Workplace

- Personal Hygiene
- Work spcae cleanliness
- Spotless restroom facilities
- Clean kitchen

For example

Store N in a locality sees a 45% jump in sales because the retail store manager has ensured that the staff members maintain basic hygiene. This small change has made a big difference because of the impression it leaves on customers as a hygienic store.

Practical

1. The employees of your store have divided into three groups, each having different opinions on a certain issue. How would you maintain the peace and the workflow of the store?
2. With the help of a family member, relative, or friend, enact a scenario where you, the Retail Store Manager, will be discussing:
 - a. Performance review
 - b. Importance of personal hygiene and grooming

Exercise

A. Answer the following questions by choosing the correct option:

1. Ways to communicate effectively with colleagues at the workplace does not include:
 - a) Speaking with clarity
 - b) Practising Constructive Criticism
 - c) Disrespecting each other
 - d) Making relevant conversations

2. Setting performance standards includes:
 - a) Setting an overall goal
 - b) Determining KRAs
 - c) Identifying performance standards
 - d) All of these

3. Effective delegation of task should not include:
 - a) Delegating the task at the last moment
 - b) Selecting the right person
 - c) Delegating the entire task to one person
 - d) Setting clear goals and expectations

UNIT 8.3: Training and Development of Staff Performance

Unit Objectives

At the end of this unit, you will be able to:

1. Discuss, with the team, the individual roles as per organisational policies
2. Identify training needs to improve performance
3. Support team members to help them improve performance
4. Provide coaching and mentoring to staff
5. Demonstrate the steps of conducting performance appraisals
6. Discuss career paths with team members

8.3.1 Communicating the Objectives of Individual Roles

It is the job of a Retail Store Manager to communicate the role and responsibilities of every employee and train them accordingly.

Importance of Training and development

- Training is necessary to understand the job role of an employee
- It prepares the staff member to face any situation
- It provides the staff member equal opportunity to understand the process and do his/her best job
- It is important for personal as well as professional growth
- It is a ladder for future career progression

For example

A retail store QAS has been performing bad for quite a long time. At last the retail store manager decides for a all staff training on various things like communication and soft skills for better customer handling. The store sees a jump in sales for the next quarter.

The following are sample guidelines for training a new employee.

- Every employee joining the company will go through the following training and familiarization stages before actually reporting at the relevant work station – Know your company, know your job, Know your customer, Know your market
- Training – in store and on the job
- This training helps the employees in their growth and development
- Every employee will be under constant evaluation for performance and productivity
- The evaluation of these training sessions will be as per the company's existing policies

8.3.2 Supporting Team for Enhancing Performance

If your team members are not as fruitful as usual, lack initiative or motivation, are dissatisfied and at odds with each other, it is time for a performance check. Just as with individuals, teams also need regular attention and maintenance. By implementing some team-building efforts and activities, you can help the team come together to work as a organised unit toward a common goal, with shared trust, expectations, respect for the contributions of each individual and pride in their accomplishments.

To be able to enhance the performance of your team, you can adopt the following methods:

- Conduct diversity training
- Find ways to resolve conflict
- Facilitate team communication
- Set clear objectives and expectations
- Set ground rules
- Create a method for reaching consensus
- Celebrate accomplishments and contributions

However, be aware of conflict-avoidance behaviour in yourself and the team while trying to reach consensus. It is better to disagree on an issue and find a compromise than to give in to an idea the entire team does not support.

8.3.3 Mentoring Staff to Build Skill

The ability for leaders to mentor their subordinates is critical for a positive work environment. Mentoring is much more about than just telling someone what to do. It requires working with colleagues to make decisions, resolve issues and develop skills.

You can adopt the following methods:

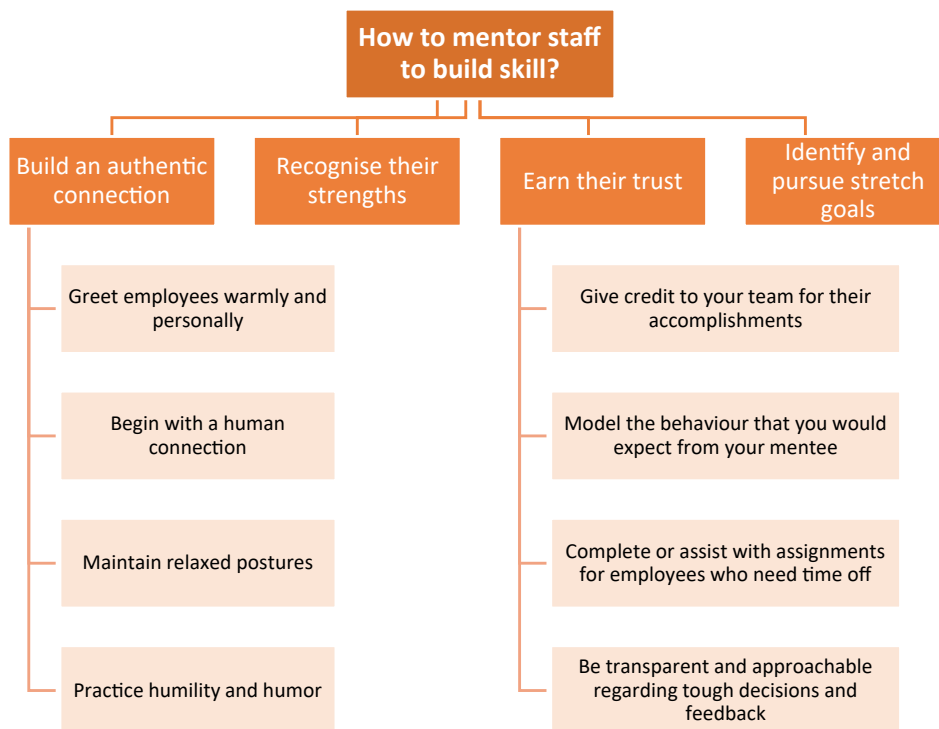


Fig. 8.3.1: Methods of mentoring staff for skill development

8.3.4 Conducting Performance Appraisals

The employee performance appraisal method is critical for every store to boost employee productivity and improve their outcomes. But although performance management is super important, it is rarely put to good use. Many companies do not put in their best effort to pick the best perfect performance appraisal method.

What are performance appraisals?

Performance appraisals are an annual procedure that involves assessing employee's performance and productivity against the pre-determined set of objectives for that year. It also helps in evaluating an employee's skills, strength and shortcomings like the quality of work, dependability, judgement, attitude, cooperation and initiative. The result of this performance appraisal process determines the employees' wage raise and promotion.

The objective of performance appraisal varies from company to company. The appraisal method varies depending on the company size.

What is the need for a performance appraisal?

With the right performance appraisal process, managers can augment employee performance within the store. A good employee performance review process can make the whole experience rewarding and effective.

What kind of appraisal method is beneficial for your set of employees is totally dependent on your organizational policy. You can determine that applying each method on a trial and error basis until you choose which suits you the best.

8.3.5 Discussing Career Goals

Every employee wishes to excel in their job with the prospect of promotion and better pay. As a manager, it is your job role to motivate your employees to work hard and achieve their targets.

The following example will help you understand the concept better.

For example:

Suppose a new trainee sales executive has joined the store. During the induction of the trainee, your job is to describe him the company matrix and also his scope of development in his career path.

As a trainee, his career path can be:

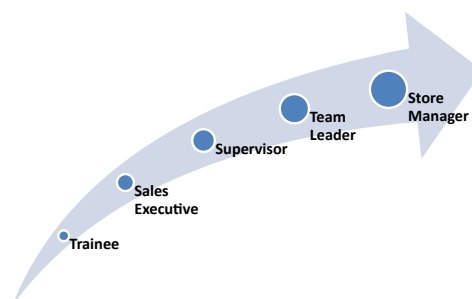


Fig. 8.3.2: The career path of a trainee sales executive

With more power comes more responsibility. With a promotion comes a handsome raise in salary. This should be the motto used to motivate the new trainee.

8.3.6 Training Needs to Improve Performance

For any person at a managerial level, it is important to know the model of Training Need Analysis to identify and the key training aspects for individual staff.

Just for the sake of training, training should not be conducted. Only if training is required, it should be conducted. Sometimes, the root source might be inadequate equipment, understaffing, hiring problems, something other than lack of training. By completing a training needs analysis, you as the manager, can recognise the performance gap and figure out if training is the accurate solution.

How to conduct Training Need Analysis?

Step 1: Determine the desired outcome

Step 2: Determine the current outcome

Step 3: Determine the cause of the performance gap and offer solutions

Once you have identified the root cause of the performance problem, you can identify a practical solution. You should only recommend a training solution when you recognise that a lack of knowledge and skills is triggering the performance gap. The aim of a training needs analysis is always to identify the underlying performance problem, and then outline how training will address the problem. If you start with the underlying problem, you will be well on your way to designing training that is targeted and effective.

Practical



1. The sales of your store are decreasing gradually. You find that the reason is due to non-cooperation amongst the team members. How do you resolve the issue?
2. A few members in your team lack a few essential skills. Chalk out a plan to conduct a training need analysis and identify their training needs.

Exercise

A. Answer the following questions by choosing the correct option:

1. How to conduct a Training Need Analysis?
 - a) Determine the Desired Outcome
 - b) Determine the Current Outcome
 - c) Determine the Cause of the Performance Gap, and Offer Solutions
 - d) All of the above

2. Modern performance appraisal method does not
 - a) Provide real-time feedback
 - b) Review past performance
 - c) Enhance employee performance
 - d) Spot training and development needs

3. To establish an authentic connection with your employees, you should never
 - a) Greet employees warmly and personally
 - b) Begin with a human connection
 - c) Maintain uptight posture
 - d) Practice humility and humour

Summary

- The Retail Store Manager should always be aware of the skill sets his employees should possess.
- It is necessary to shuffle the duties of the staff from time to time so that they do not feel monotonous in their work.
- Manpower sourcing is the process of searching for, identifying and contacting potential candidates for roles you are either recruiting for or will be recruiting for in the future.
- The selection process of new manpower should be based on a structured and systematic approach, which is proactive, detailed and target-oriented.
- Every organisation has HR policies that are to be followed while carrying out any procedure.
- Human Resource Planning has to be a systematic approach and is carried out in a set procedure.
- A workplace, however comfortable it might be, must follow some norms which help in better communication.
- The manager of a store is responsible for allocating the roles and responsibilities within the store
- To be able to do your job well everyone needs to know clearly what is expected of you.
- Getting good, honest employee feedback is a must-have for any smart organisation
- Workplace discrimination remains a major concern for businesses.
- Team collaboration is the foundation of any successful business. Collaborative workplaces see increased levels of trust, a more engaged workforce, and improved performance.
- It is unavoidable that there will be some amount of conflict on a team when a variety of workers are putting their heads together.
- All workplace environments need to be hygienic and safe for both employees and visitors.
- As a Retail Store Manager, it is your job to communicate the role and responsibilities of every employee and train them accordingly.
- If your team members are not as productive as usual, lack initiative or motivation, are dissatisfied and at odds with each other, it is time for a performance check.
- The employee performance appraisal process is vital for organizations to boost employee productivity and improve their outcomes.
- Every employee wishes to excel in their job with the prospect of promotion and better pay.
- For any person at a managerial level, it is important to know the model of Training Need Analysis to identify and the key training aspects for individual staff.

Exercise

A. Answer the following questions by choosing the correct option:

1. Manpower status is not analysed on:
 - a) Type of organization
 - b) Number of departments
 - c) Mood of employees
 - d) Employees in these work units

2. Which of the following is not a strategy for fostering effective team collaboration?
 - a) Communicating company expectations
 - b) Spreading a negative atmosphere
 - c) Setting team goals
 - d) Building cohesion

3. There are many ways you can find out how employees are performing a task, including:
 - a) Observing learners on the job
 - b) Interviewing supervisors and team leaders
 - c) Analysing performance reports
 - d) All of these

4. BARS stands for
 - a) Behaviourally Anchored Rating Scale
 - b) Behaviour Accurate Routing Scale
 - c) Build Another Right Side
 - d) None of these



9. Conduct Price Benchmarking and Market Study of Competition



Unit 9.1 - Developing Product and Pricing Policies

Unit 9.2 - Training Team Members on Market Study



Key Learning Outcomes



At the end of this module, you will be able to:

1. Develop appropriate product and pricing policies
2. Discuss, with the team, the process of market study

UNIT 9.1: Developing Product and Pricing Policies

Unit Objectives

At the end of this unit, you will be able to:

1. Provide the store with information on pricing strategies
2. Check if data collection policies are being followed by the staff

9.1.1 Introduction

Retail industry is all about pleasing the customer – deciphering the “need” and supplying the “demand”. This module deals with tasks that are associated with collecting and analysing market information for creating appropriate product and pricing policies.

Importance of product pricing

- A set pricing is needed to sell a product
- Price must be as per the quality of product provided. So pricing, in a way, helps to understand what a customer can expect in a certain price
- Pricing of the product help determining the demand which in turn helps in supply
- Lowering price in respect to cost determines whether a company goes ahead of its competitor

This module covers the following:

- Collection and analysis of market information to aid in creating appropriate product and pricing

9.1.2 Factors Influencing Product Pricing

Retail prices of a product are on the basis of both internal and external factors.

Internal Factors

Internal factors influencing retail prices include the following –

- Manufacturing cost
- Pre-determined objectives
- Image of the firm
- Product status
- Promotional activity

External Factors

External prices influencing retail prices include the following –

- Competition
- Purchasing power of customers
- Government policies
- Market conditions
- Levels of channels involved

9.1.3 Types of Pricing Strategies

Based on multiple factors, the following pricing strategies are adopted to increase revenue.

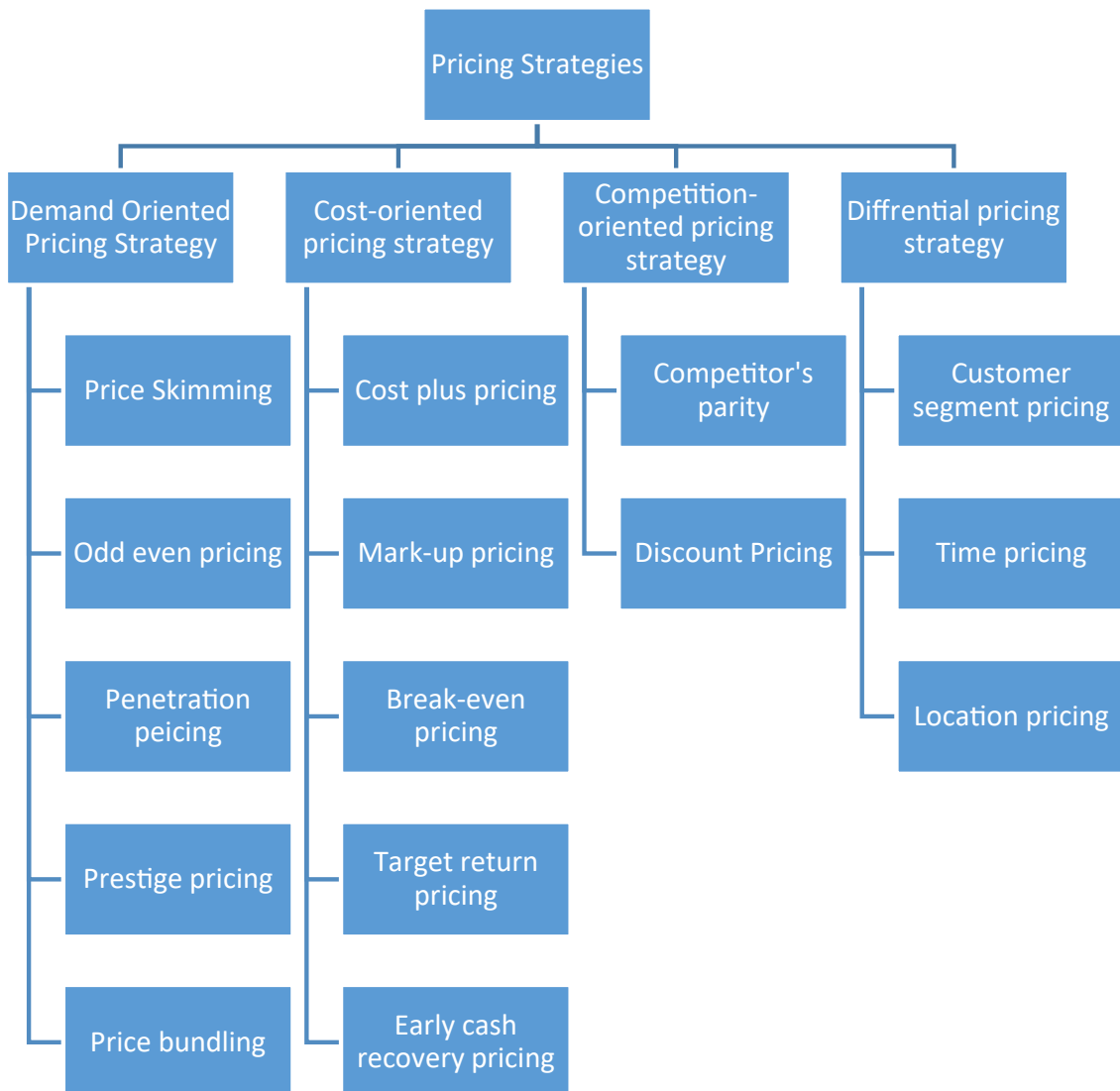


Fig. 9.1.1: Common pricing strategies

9.1.4 Collection of Market Data

Now that you know how the prices of a product are set, how will you gather information about the market? Here are a few methods that can be used to collect information on the strategies of the market.

- **Intelligent Pricing**

Intelligent pricing consists of tracking, monitoring and analysing pricing data to understand the market and make educated pricing changes at speed and scale. Because product pricing changes often, retailers need to constantly monitor their relative price position and incorporate changes within a dynamic strategy. However, this does not mean lowering the price just because a competitor does.

There are three main steps when it comes to Intelligence pricing which can help retailers set themselves up for long-term growth.

- Use automation
- Create an Effective Pricing Strategy
- Take Action

- **Competitive Pricing**

Competitive pricing is the process of picking strategic price points to best take advantage of a product or service based market relative to the competition. This pricing process is used more often by stores selling similar products since services can vary from store to store, while the characteristics of a product remain similar. This type of pricing strategy is normally used once a price for a product or service has reached a level of steadiness, which occurs when a product has been on the market for a longer period and there are many substitutes for the product.

- **Online Survey**

An online survey can disclose customers' true views, as well as allowing them to share ideas with you in a safe and comfortable atmosphere. The following steps will guide you on how to set an online survey.

- Decide your research goals
- Create a list of questions
- Invite participants
- Gather and analyse responses
- Prepare the report

- **Data Theft Prevention**

Retailers are an alluring target for cyber-attacks as they have large chunks of personal and credit card data. Online retailers are attaching big data to drive custom-made buyer experiences to increase sales. They are witnessing an explosion in the quantity of personal data they need to protect from all threat types. Retailers are also facing heightened industrial espionage targeting their trade secrets such as, merchandising plans, store layout maps, pricing information, vendor contracts, consumer analytics, etc.

To prevent a security breach, you can adopt the following measures.

- Ensure that all of your wi-fi and internet connections are secured.
- Implement a failed login attempt lockout system and use a security answer protocol on your network.
- Figure out and secure what information in your system is the most important.
- Monitor who has access to certain information.
- Never let your guard down.

For example

A new retail store FOG comes in a locality and starts capturing the market for its better pricing. Its competitor COP tries to find the reasons how they are able to provide such low price. Later, the store manager of COP finds out that they have reduced cost of their products by 15% using new technology and reducing manpower. So they learn and implement those changes and get a good growth in sales.

Practical

1. The customer database of your store has been hacked and stolen by a rival company. What legal steps should you take in such a situation?
2. With the help of the internet and real-life examples, prepare a report on the impact of apt pricing strategies on the revenue of a retail store.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not a pricing strategy?
 - a) Demand-Oriented Pricing Strategy
 - b) Cost-Oriented Pricing Strategy
 - c) Competition-Oriented Pricing Strategy
 - d) None of these

2. In case of a security, what should you not do?
 - a) Ensure that all of your Wi-Fi and internet connections are secured
 - b) Give everyone easy access to all data
 - c) Implement a failed login attempt lockout system and use security answer protocol on your net-work
 - d) Monitor who has access to certain information

3. Setting up the best online survey is easy when you use the following steps to guide you in the pro-cess.
 - a. Invite the participants
 - b. Prepare a report
 - c. Gather your responses
 - d. Decide on your research goals
 - e. Analyse the results
 - f. Create a list of questions

What is the correct order of conducting an online survey?

- | | |
|--------------------------|--------------------------|
| a) iv, vi, i, iii, v, ii | b) i, ii, iii, iv, v, vi |
| c) vi, v, iv, iii, ii, i | d) ii, v, i, vi, iv, iii |

B. Calculate the desired % ROI investment when:

Target return price = Rs. 12 per unit

Total investment = Rs. 12000

Total cost = Rs. 5000

Total expected sales = 2,000 units

(Hint: Target return price = Total costs + Desired % ROI investment/Total sales in units)

UNIT 9.2: Training Team Members on Market Study

Unit Objectives

At the end of this unit, you will be able to:

1. Select team members for the collection of market information
2. Identify critical activities related to market study
3. Perform training on the merchandising /category teams with inputs on best prices
4. Report analysed data to the head office

9.2.1 Identification of Team Members

Introduction

Market study is an important tool to determine what customers are looking for or what satisfies them. In the advent of technology and modern scientific revolutions, things are flooding and choices are vast. So market research gives a direction to sellers.

There are many benefits of market study.

Importance of Market Study

- It serves the purpose of validating products
- Market study gives insights to understand what people love/hate about a product
- It helps to determine the proper pricing of products
- Market research plays a crucial role in brand management in the face of cut-throat competition
- It provides enough data and information to maintain customer satisfaction

Picking the right specialists to build an effective team is more challenging than it looks. It is a big responsibility and risk because the people you choose are the biggest factor to determine if your task will turn out to be successful.

Here are a few tips that you can follow as a guideline while choosing the team members.

- Look for excellent communicators
- Seek members that are well-organised and self-disciplined
- Be an exceptional manager
- Hire the best fit for the role
- Look for resourceful and influential individuals
- Do your research well at all time
- Seek proactive members
- Listen to the candidate's words
- Prioritise skills and knowledge over certifications
- Find people willing to commit to the role

9.2.2 Training Team Members in Critical Activities Involving Market Study

When you train an employee on something, think of your time as an investment because in the future this investment will bear fruits.

Here are a few tips you can apply to set your new team up to function effectively with little oversight from you (after they are trained).

- Set the tone for “psychological safety”
- Set expectations about what results they are expected to deliver
- Use assessments to improve communication
- Schedule time to train them
- Have one-on-one meetings every week or two
- Decide how you will react when they mess up
- Encourage independence once they are ready

9.2.3 Providing input to the merchandising teams on best prices

In retail, merchandising is the link between marketing and sales on the front end and supply chain at the back end. Merchandising tells retailers the all-important four Ws:

1. What to sell
2. When to sell
3. Where to sell
4. Whom to sell

Although the four W’s concept is widely known and established, most retailers still struggle to implement and execute it successfully.

As a Retail Store Manager, it is one of your primary duties to be constantly aware of the market price of the merchandise and formulate pricing strategies of these products, thereby communicating the correct price to the merchandising team to put up in the display.

Today’s customers are well informed. They gather full information before the purchase of any product. If the price put up on display is incorrect or exorbitant, you may lose valuable customers just for lack of proper information.

9.2.4 Communication to the Head Office

The head office of any organisation is where all the employees report to. As a Retail Store Manager, you are the reporting head of your store. All the activities happening in your store must be reported to the head office.

In the previous units, you have learnt how to collect and analyse market data. Now this information has to be communicated to the head office so that necessary steps can be taken to formulate policies based on the collected data.

You can either email the information to your superiors, following the company matrix or communicate personally to the executives involved keeping in lieu of the company policies.

All the process that that are submitted to a Retail Store Manager by the all the departments of the store must be duly signed, kept an additional back up copy, and then transferred to the head office for verification and further analysis.

For example

A retail store LOP has been suffering huge losses for 6-7 months and the reasons were unknown. The retail store manager decides to study the market, mostly how their competitors are able to gain profit, even in the midst of adversity. Later on, he records some of the observations and implements them in their store. Gradually, they recover most of the losses and start earning profit.

Practical

1. A few employees have joined your store. How would you conduct their training and make them feel at ease?
2. Explain, with the help of real-life examples, the importance of the four Ws for any market study.

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following does not fall under training the new team members?
 - a) Setting expectations about what results they are expected to deliver
 - b) Using assessments to improve communication
 - c) Wasting everyone's time while training
 - d) Have one-on-one meetings every week or two

2. Which of the following falls under the four W's of merchandising?
 - a) What to sell
 - b) When to sell
 - c) Where to sell
 - d) All of these

3. While picking a new team member, what should you not do?
 - a) Look for Excellent Communicators
 - b) Be an irresponsible Project Manager
 - c) Hire the Best Fit for the Role
 - d) Find People That Are Willing to Commit to Their Role

Summary

- Managers should start setting prices during the initial stage as part of strategic pricing to avoid initiation of products or services that cannot sustain profitable prices in the market.
- Intelligent pricing consists of tracking, monitoring and analysing pricing data to understand the market and make educated pricing changes at speed and scale.
- An online survey can reveal customers' true feelings, as well as enabling them to share their views with you in a safe and comfortable environment.
- Online surveys require Informed Consent from human research participants age 18 and older
- Retailers are an irresistible target for cyber-attacks because they have large caches of personal data and credit card data.
- Picking the right experts to build an effective team is more challenging than it looks. It is a big responsibility and risk because the people you choose are the biggest factor to determine if your task will turn out to be successful.
- Training a new member is an investment of your time.
- The important four W's - what to sell, when to sell, where to sell, and whom to sell to.
- The Head Office of any organization is where all the employees report to.

Practical

1. List a few questions that you will like to ask while conducting an online survey.
2. The head office of your organization has not received the recent reports before the stipulated date. What would you do to handle the situation?
3. A new product has been launched in the market. What should be your pricing strategy to stay above your competitors in the market?

Exercise

A. Answer the following questions by choosing the correct option:

1. Which of the following is not a method of cost-oriented pricing strategy?
 - a) Cost plus Pricing
 - b) Break-up Pricing
 - c) Target Return Pricing
 - d) Early Cash Recovery Pricing

2. Online survey requires informed consent from human research participants who are
 - a) 18 and above
 - b) 17 and above
 - c) 16 and above
 - d) 15 and above

3. Steps for intelligent pricing involves
 - a) Using automation
 - b) Creating an effective pricing strategy
 - c) Taking action
 - d) All of these

4. Differential pricing strategy does not include
 - a) Customer segment pricing
 - b) Time pricing
 - c) Promotional pricing
 - d) Location pricing

B. List the factors that you would consider while training your team members in the critical aspects of market study.

10. Employability & Entrepreneurship Skills



Unit 10.1 - Personal Strengths & Value Systems

Unit 10.2 - Digital Literacy: A Recap

Unit 10.3 - Money Matters

Unit 10.4 - Preparing for Employment & Self Employment

Unit 10.5 - Understanding Entrepreneurship

Unit 10.6 - Preparing to be an Entrepreneur



Key Learning Outcomes

At the end of this module, you will be able to:

1. Explain the meaning of health
2. List common health issues
3. Discuss tips to prevent common health issues
4. Explain the meaning of hygiene
5. Discuss the purpose of Swacch Bharat Abhiyan
6. Explain the meaning of habit
7. Discuss ways to set up a safe work environment
8. Discuss critical safety habits to be followed by employees
9. Explain the importance of self-analysis
10. Discuss motivation with the help of Maslow's Hierarchy of Needs
11. Discuss the meaning of achievement motivation
12. List the characteristics of entrepreneurs with achievement motivation
13. List the different factors that motivate you
14. Discuss the role of attitude in self-analysis
15. Discuss how to maintain a positive attitude
16. List your strengths and weaknesses
17. Discuss the qualities of honest people
18. Describe the importance of honesty in entrepreneurs
19. Discuss the elements of a strong work ethic
20. Discuss how to foster a good work ethic
21. List the characteristics of highly creative people
22. List the characteristics of highly innovative people
23. Discuss the benefits of time management
24. List the traits of effective time managers
25. Describe effective time management technique
26. Discuss the importance of anger management
27. Describe anger management strategies
28. Discuss tips for anger management
29. Discuss the causes of stress
30. Discuss the symptoms of stress
31. Discuss tips for stress management
32. Identify the basic parts of a computer
33. Identify the basic parts of a keyboard
34. Recall basic computer terminology
35. Recall the functions of basic computer keys
36. Discuss the main applications of MS Office
37. Discuss the benefits of Microsoft Outlook
38. Discuss the different types of e-commerce
39. List the benefits of e-commerce for retailers and customers
40. Discuss how the Digital India campaign will help boost e-commerce in India
41. Describe how you will sell a product or service on an e-commerce platform

42. Discuss the importance of saving money
43. Discuss the benefits of saving money
44. Discuss the main types of bank accounts
45. Describe the process of opening a bank account
46. Differentiate between fixed and variable costs
47. Describe the main types of investment options
48. Describe the different types of insurance products
49. Describe the different types of taxes
50. Discuss the uses of online banking
51. Discuss the main types of electronic funds transfers
52. Discuss the steps to prepare for an interview
53. Discuss the steps to create an effective Resume
54. Discuss the most frequently asked interview questions
55. Discuss how to answer the most frequently asked interview questions
56. Discuss basic workplace terminology
57. Discuss the concept of entrepreneurship
58. Discuss the importance of entrepreneurship
59. Describe the characteristics of an entrepreneur
60. Describe the different types of enterprises
61. List the qualities of an effective leader
62. Discuss the benefits of effective leadership
63. List the traits of an effective team
64. Discuss the importance of listening effectively
65. Discuss how to listen effectively
66. Discuss the importance of speaking effectively
67. Discuss how to speak effectively
68. Discuss how to solve problems
69. List important problem solving traits
70. Discuss ways to assess problem solving skills
71. Discuss the importance of negotiation
72. Discuss how to negotiate
73. Discuss how to identify new business opportunities
74. Discuss how to identify business opportunities within your business
75. Explain the meaning of entrepreneur
76. Describe the different types of entrepreneurs
77. List the characteristics of entrepreneurs
78. Recall entrepreneur success stories
79. Discuss the entrepreneurial process
80. Describe the entrepreneurship ecosystem
81. Discuss the purpose of the Make in India campaign
82. Discuss key schemes to promote entrepreneurs
83. Discuss the relationship between entrepreneurship and risk appetite
84. Discuss the relationship between entrepreneurship and resilience

85. Describe the characteristics of a resilient entrepreneur
86. Discuss how to deal with failure
87. Discuss how market research is carried out
88. Describe the 4 Ps of marketing
89. Discuss the importance of idea generation
90. Recall basic business terminology
91. Discuss the need for CRM
92. Discuss the benefits of CRM
93. Discuss the need for networking
94. Discuss the benefits of networking
95. Discuss the importance of setting goals
96. Differentiate between short-term, medium-term and long-term goals
97. Discuss how to write a business plan
98. Explain the financial planning process
99. Discuss ways to manage your risk
100. Describe the procedure and formalities for applying for bank finance
101. Discuss how to manage your own enterprise
102. List important questions that every entrepreneur should ask before starting an enterprise

UNIT 10.1: Personal Strengths & Value Systems

Unit Objectives

At the end of this unit, you will be able to:

1. Explain the meaning of health
2. List common health issues
3. Discuss tips to prevent common health issues
4. Explain the meaning of hygiene
5. Understand the purpose of Swacch Bharat Abhiyan
6. Explain the meaning of habit
7. Discuss ways to set up a safe work environment
8. Discuss critical safety habits to be followed by employees
9. Explain the importance of self-analysis
10. Understand motivation with the help of Maslow's Hierarchy of Needs
11. Discuss the meaning of achievement motivation
12. List the characteristics of entrepreneurs with achievement motivation
13. List the different factors that motivate you
14. Discuss how to maintain a positive attitude
15. Discuss the role of attitude in self-analysis
16. List your strengths and weaknesses
17. Discuss the qualities of honest people
18. Describe the importance of honesty in entrepreneurs
19. Discuss the elements of a strong work ethic
20. Discuss how to foster a good work ethic
21. List the characteristics of highly creative people
22. List the characteristics of highly innovative people
23. Discuss the benefits of time management
24. List the traits of effective time managers
25. Describe effective time management technique
26. Discuss the importance of anger management
27. Describe anger management strategies
28. Discuss tips for anger management
29. Discuss the causes of stress
30. Discuss the symptoms of stress
31. Discuss tips for stress management

10.1.1 Health, Habits, Hygiene: What is Health

As per the World Health Organization (WHO), health is a “State of complete physical, mental, and social well-being, and not merely the absence of disease or infirmity.” This means being healthy does not simply mean not being unhealthy – it also means you need to be at peace emotionally, and feel fit physically. For example, you cannot say you are healthy simply because you do not have any physical ailments like a cold or cough. You also need to think about whether you are feeling calm, relaxed and happy.

Common Health Issues

Some common health issues are:

- Allergies
- Asthma
- Skin Disorders
- Depression and Anxiety
- Diabetes
- Cough, Cold, Sore Throat
- Difficulty Sleeping
- Obesity

10.1.1.1 Tips to Prevent Health Issues

Taking measures to prevent ill health is always better than curing a disease or sickness. You can stay healthy by:

- Eating healthy foods like fruits, vegetables and nuts
- Cutting back on unhealthy and sugary foods
- Drinking enough water everyday
- Not smoking or drinking alcohol
- Exercising for at least 30 minutes a day, 4-5 times a week
- Taking vaccinations when required
- Practicing yoga exercises and meditation

How many of these health standards do you follow? Tick the ones that apply to you.

1. Get minimum 7-8 hours of sleep every night.
2. Avoid checking email first thing in the morning and right before you go to bed at night.
3. Don't skip meals – eat regular meals at correct meal times.
4. Read a little bit every single day.
5. Eat more home cooked food than junk food
6. Stand more than you sit.
7. Drink a glass of water first thing in the morning and have at least 8 glasses of water through the day.
8. Go to the doctor and dentist for regular checkups.
9. Exercise for 30 minutes at least 5 days a week.
10. Avoid consuming lots of aerated beverages.

10.1.1.2 What is Hygiene?

As per the World Health Organization (WHO), “Hygiene refers to conditions and practices that help to maintain health and prevent the spread of diseases.” In other words, hygiene means ensuring that you do whatever is required to keep your surroundings clean, so that you reduce the chances of spreading germs and diseases.

For instance, think about the kitchen in your home. Good hygiene means ensuring that the kitchen is always spick and span, the food is put away, dishes are washed and dustbins are not overflowing with garbage. Doing all this will reduce the chances of attracting pests like rats or cockroaches, and prevent the growth of fungus and other bacteria, which could spread disease.

How many of these health standards do you follow? Tick the ones that apply to you.

1. Have a bath or shower every day with soap – and wash your hair with shampoo 2-3 times a week.
2. Wear a fresh pair of clean undergarments every day.
3. Brush your teeth in the morning and before going to bed.
4. Cut your fingernails and toenails regularly.
5. Wash your hands with soap after going to the toilet.
6. Use an anti-perspirant deodorant on your underarms if you sweat a lot.
7. Wash your hands with soap before cooking or eating.
8. Stay home when you are sick, so other people don't catch what you have.
9. Wash dirty clothes with laundry soap before wearing them again.
10. Cover your nose with a tissue/your hand when coughing or sneezing.

See how healthy and hygienic you are, by giving yourself 1 point for every ticked statement! Then take a look at what your score means.

Your Score

- **0-7/20:** You need to work a lot harder to stay fit and fine! Make it a point to practice good habits daily and see how much better you feel!
- **7-14/20:** Not bad, but there is scope for improvement! Try and add a few more good habits to your daily routine.
- **14-20/20:** Great job! Keep up the good work! Your body and mind thank you!

10.1.1.3 Swachh Bharat Abhiyan

We have already discussed the importance of following good hygiene and health practices for ourselves. But, it is not enough for us to be healthy and hygienic. We must also extend this standard to our homes, our immediate surroundings and to our country as a whole.

The ‘Swachh Bharat Abhiyan’ (Clean India Mission) launched by Prime Minister Shri Narendra Modi on 2nd October 2014, believes in doing exactly this. The aim of this mission is to clean the streets and roads of India and raise the overall level of cleanliness. Currently this mission covers 4,041 cities and towns across the country. Millions of our people have taken the pledge for a clean India. You should take the pledge too, and do everything possible to keep our country clean!

10.1.1.4 What are Habits?

A habit is a behaviour that is repeated frequently. All of us have good habits and bad habits. Keep in mind the phrase by John Dryden: “We first make our habits, and then our habits make us.” This is why it is so important that you make good habits a way of life, and consciously avoid practicing bad habits.

Some good habits that you should make part of your daily routine are:

- Always having a positive attitude
- Making exercise a part of your daily routine
- Reading motivational and inspirational stories
- Smiling! Make it a habit to smile as often as possible
- Making time for family and friends
- Going to bed early and waking up early

Some bad habits that you should quit immediately are:

- Skipping breakfast
- Snacking frequently even when you are not hungry
- Eating too much fattening and sugary food
- Smoking, drinking alcohol and doing drugs
- Spending more money than you can afford
- Worrying about unimportant issues
- Staying up late and waking up late

10.1.1.5 Tips

1. Following healthy and hygienic practices every day will make you feel good mentally and physically.
2. Hygiene is two-thirds of health – so good hygiene will help you stay strong and healthy!

10.1.1.4 What are Habits?

Every employer is obligated to ensure that his workplace follows the highest possible safety protocol. When setting up a business, owners must make it a point to:

- Use ergonomically designed furniture and equipment to avoid stooping and twisting
- Provide mechanical aids to avoid lifting or carrying heavy objects
- Have protective equipment on hand for hazardous jobs
- Designate emergency exits and ensure they are easily accessible
- Set down health codes and ensure they are implemented
- Follow the practice of regular safety inspections in and around the workplace
- Ensure regular building inspections are conducted
- Get expert advice on workplace safety and follow it

10.1.2.1 Negotiable Employee Safety Habits

Every employer is obligated to ensure that his workplace follows the highest possible safety protocol. When setting up a business, owners must make it a point to:

- Immediately report unsafe conditions to a supervisor
- Recognize and report safety hazards that could lead to slips, trips and falls
- Report all injuries and accidents to a supervisor
- Wear the correct protective equipment when required
- Learn how to correctly use equipment provided for safety purposes
- Be aware of and avoid actions that could endanger other people
- Take rest breaks during the day and some time off from work during the week

10.1.2.2 Tips

1. Be aware of what emergency number to call at the time of a workplace emergency
2. Practice evacuation drills regularly to avoid chaotic evacuations

10.1.3 Self Analysis – Attitude, Achievement Motivation

To truly achieve your full potential, you need to take a deep look inside yourself and find out what kind of person you really are. This attempt to understand your personality is known as self-analysis. Assessing yourself in this manner will help you grow, and will also help you to identify areas within yourself that need to be further developed, changed or eliminated. You can better understand yourself by taking a deep look at what motivates you, what your attitude is like, and what your strengths and weaknesses are.

10.1.3 Self Analysis – Attitude, Achievement Motivation

Very simply put, motivation is your reason for acting or behaving in a certain manner. It is important to understand that not everyone is motivated by the same desires – people are motivated by many, many different things. We can understand this better by looking at Maslow's Hierarchy of Needs.

10.1.3.2 Maslow's Hierarchy of Needs

Famous American psychologist Abraham Maslow wanted to understand what motivates people. He believed that people have five types of needs, ranging from very basic needs (called physiological needs) to more important needs that are required for self-growth (called self-actualization needs). Between the physiological and self-actualization needs are three other needs – safety needs, belongingness and love needs, and esteem needs. These needs are usually shown as a pyramid with five levels and are known as Maslow's Hierarchy of Needs.

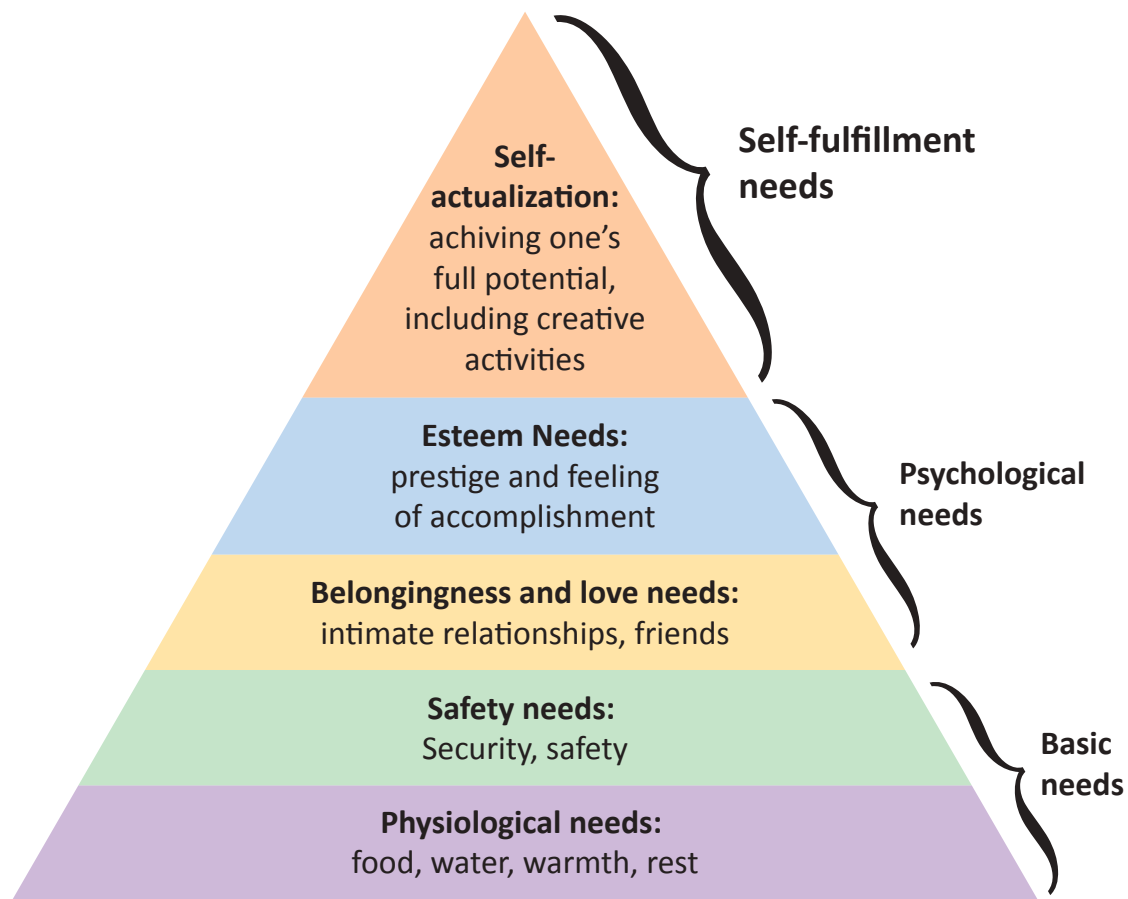


Fig. 10.1.3.2.1: Maslow's Hierarchy of Needs

As you can see from the pyramid, the lowest level depicts the most basic needs. Maslow believed that our behaviour is motivated by our basic needs, until those needs are met. Once they are fulfilled, we move to the next level and are motivated by the next level of needs. Let's understand this better with an example.

Rupa comes from a very poor family. She never has enough food, water, warmth or rest. According to Maslow, until Rupa is sure that she will get these basic needs, she will not even think about the next level of needs – her safety needs. But, once Rupa is confident that her basic needs will be met, she will move to the next level, and her behaviour will then be motivated by her need for security and safety. Once these new needs are met, Rupa will once again move to the next level, and be motivated by her need for relationships and friends. Once this need is satisfied, Rupa will then focus on the fourth level of needs – her esteem needs, after which she will move up to the fifth and last level of needs – the desire to achieve her full potential.

Characteristics of Entrepreneurs with Achievement Motivation

- Entrepreneurs with achievement motivation can be described as follows:
- Unafraid to take risks for personal accomplishment
- Love being challenged Future-oriented Flexible and adaptive
- Value negative feedback more than positive feedback
- Very persistent when it comes to achieving goals
- Extremely courageous
- Highly creative and innovative
- Restless - constantly looking to achieve more
- Feel personally responsible for solving problems

Think about it:

- How many of these traits do you have?
- Can you think of entrepreneurs who display these traits?

10.1.3.4 How to Cultivate a Positive Attitude

The good news is attitude is a choice. So it is possible to improve, control and change our attitude, if we decide we want to! The following tips help foster a positive mindset:

- Remember that you control your attitude, not the other way around
- Devote at least 15 minutes a day towards reading, watching or listening to something positive
- Avoid negative people who only complain and stop complaining yourself
- Expand your vocabulary with positive words and delete negative phrases from your mind
- Be appreciative and focus on what's good in yourself, in your life, and in others
- Stop thinking of yourself as a victim and start being proactive
- Imagine yourself succeeding and achieving your goals

10.1.3.5 What is Attitude?

Now that we understand why motivation is so important for self-analysis, let's look at the role our attitude plays in better understanding ourselves. Attitude can be described as your tendency (positive or negative), to think and feel about someone or something. Attitude is the foundation for success in every aspect of life. Our attitude can be our best friend or our worst enemy. In other words:

“The only disability in life is a bad attitude.”

When you start a business, you are sure to encounter a wide variety of emotions, from difficult times and failures to good times and successes. Your attitude is what will see you through the tough times and guide you towards success. Attitude is also infectious. It affects everyone around you, from your customers to your employees to your investors. A positive attitude helps build confidence in the workplace while a negative attitude is likely to result in the demotivation of your people.

10.1.3.6 What Are Your Strengths and Weaknesses

Another way to analyze yourself is by honestly identifying your strengths and weaknesses. This will help you use your strengths to your best advantage and reduce your weaknesses.

Note down all your strengths and weaknesses in the two columns below. Remember to be honest with yourself!

Strengths	Weaknesses

10.1.3.7 Tips

1. Achievement motivation can be learned.
2. Don't be afraid to make mistakes.
3. Train yourself to finish what you start.
4. Dream big.

10.1.4 Honesty & Work Ethics: What is Honesty?

Honesty is the quality of being fair and truthful. It means speaking and acting in a manner that inspires trust. A person who is described as honest is seen as truthful and sincere, and as someone who isn't deceitful or devious and doesn't steal or cheat. There are two dimensions of honesty – one is honesty in communication and the other is honesty in conduct.

Honesty is an extremely important trait because it results in peace of mind and builds relationships that are based on trust. Being dishonest, on the other hand, results in anxiety and leads to relationships full of distrust and conflict.

10.1.4 Honesty & Work Ethics: What is Honesty?

Honest individuals have certain distinct characteristics. Some common qualities among honest people are:

- They don't worry about what others think of them. They believe in being themselves – they don't bother about whether they are liked or disliked for their personalities.
- They stand up for their beliefs. They won't think twice about giving their honest opinion, even if they are aware that their point of view lies with the minority.
- They are thick skinned. This means they are not affected by others judging them harshly for their honest opinions.
- They forge trusting, meaningful and healthy friendships. Honest people usually surround themselves with honest friends. They have faith that their friends will be truthful and upfront with them at all times.

They are trusted by their peers. They are seen as people who can be counted on for truthful and objective feedback and advice.

- **Honesty and employees:** When entrepreneurs build honest relationships with their employees, it leads to more transparency in the workplace, which results in higher work performance and better results.
- **Honesty and investors:** For entrepreneurs, being honest with investors means not only sharing strengths but also candidly disclosing current and potential weaknesses, problem areas and solution strategies. Keep in mind that investors have a lot of experience with startups and are aware that all new companies have problems. Claiming that everything is perfectly fine and running smoothly is a red flag for most investors.
- **Honesty with oneself:** The consequences of being dishonest with oneself can lead to dire results, especially in the case of entrepreneurs. For entrepreneurs to succeed, it is critical that they remain realistic about their situation at all times, and accurately judge every aspect of their enterprise for what it truly is.

10.1.4.2 Importance of Honesty in Entrepreneurs

One of the most important characteristics of entrepreneurs is honesty. When entrepreneurs are honest with their customers, employees and investors, it shows that they respect those that they work with. It is also important that entrepreneurs remain honest with themselves. Let's look at how being honest would lead to great benefits for entrepreneurs.

- **Honesty and customers:** When entrepreneurs are honest with their customers it leads to stronger relationships, which in turn results in business growth and a stronger customer network.

10.1.4.3 What are Work Ethics?

Being ethical in the workplace means displaying values like honesty, integrity and respect in all your decisions and communications. It means not displaying negative qualities like lying, cheating and stealing.

Workplace ethics play a big role in the profitability of a company. It is as crucial to an enterprise as high morale and teamwork. This is why most companies lay down specific workplace ethic guidelines that must compulsorily be followed by their employees. These guidelines are typically outlined in a company's employee handbook.

10.1.4.4 Elements of a Strong Work Ethic

An entrepreneur must display strong work ethics, as well as hire only those individuals who believe in and display the same level of ethical behavior in the workplace. Some elements of a strong work ethic are:

- **Professionalism:** This involves everything from how you present yourself in a corporate setting to the manner in which you treat others in the workplace.
- **Respectfulness:** This means remaining poised and diplomatic regardless of how stressful or volatile a situation is.
- **Dependability:** This means always keeping your word, whether it's arriving on time for a meeting or delivering work on time.

- **Dedication:** This means refusing to quit until the designated work is done, and completing the work at the highest possible level of excellence.
- **Determination:** This means embracing obstacles as challenges rather than letting them stop you, and pushing ahead with purpose and resilience to get the desired results.
- **Accountability:** This means taking responsibility for your actions and the consequences of your actions, and not making excuses for your mistakes.
- **Humility:** This means acknowledging everyone's efforts and hard work, and sharing the credit for accomplishments.

10.1.4.5 How to Foster a Good Work Ethic

As an entrepreneur, it is important that you clearly define the kind of behaviour that you expect from each and every team member in the workplace. You should make it clear that you expect employees to display positive work ethics like:

- **Honesty:** All work assigned to a person should be done with complete honesty, without any deceit or lies.
- **Good attitude:** All team members should be optimistic, energetic, and positive.
- **Reliability:** Employees should show up where they are supposed to be, when they are supposed to be there.
- **Good work habits:** Employees should always be well groomed, never use inappropriate language, conduct themselves professionally at all times, etc.
- **Initiative:** Doing the bare minimum is not enough. Every team member needs to be proactive and show initiative.
- **Trustworthiness:** Trust is non-negotiable. If an employee cannot be trusted, it's time to let that employee go.
- **Respect:** Employees need to respect the company, the law, their work, their colleagues and themselves.
- **Integrity:** Each and every team member should be completely ethical and must display above board behaviour at all times.
- **Efficiency:** Efficient employees help a company grow while inefficient employees result in a waste of time and resources.

10.1.4.6 Tips

1. Don't get angry when someone tells you the truth and you don't like what you hear.
2. Always be willing to accept responsibility for your mistakes.

10.1.5 Creativity & Innovation

What is Creativity

Creativity means thinking outside the box. It means viewing things in new ways or from different perspectives, and then converting these ideas into reality. Creativity involves two parts: thinking and producing. Simply having an idea makes you imaginative, not creative. However, having an idea and acting on it makes you creative.

Characteristics of Highly Creative People

Some characteristics of creative people are:

- They are imaginative and playful
- They see issues from different angles
- They notice small details
- They have very little tolerance for boredom
- They detest rules and routine
- They love to daydream
- They are very curious

What is Innovation?

There are many different definitions of innovation. In simple terms, innovation means turning an idea into a solution that adds value. It can also mean adding value by implementing a new product, service or process, or significantly improving on an existing product, service or process.

Characteristics of Highly Innovative People

- Some characteristics of highly innovative people are:
- They embrace doing things differently
- They don't believe in taking shortcuts
- They are not afraid to be unconventional
- They are highly proactive and persistent
- They are organized, cautious and risk-averse

10.1.5.1 Tips

1. Take regular breaks from your creative work to recharge yourself and gain fresh perspective.
2. Build prototypes frequently, test them out, get feedback, and make the required changes.

10.1.6 Time Management

Management is the process organizing your time, and deciding how to allocate your time between different activities. Good time management is the difference between working smart (getting more done in less time) and working hard (working for more time to get more done).

Effective time management leads to an efficient work output, even when you are faced with tight deadlines and high pressure situations. On the other hand, not managing your time effectively results in inefficient output and increases stress and anxiety.

Benefits of Time Management

Time management can lead to huge benefits like:

- Greater productivity
- Higher efficiency
- Better professional reputation
- Reduced stress

- Higher chances for career advancement
- Greater opportunities to achieve goals

Not managing time effectively can result in undesirable consequences like:

- Missing deadlines
- Inefficient work output
- Substandard work quality
- Poor professional reputation
- Stalled career
- Increase in stress and anxiety

10.1.6.1 Traits of Effective Time Managers

Some traits of effective time managers are:

- They begin projects early They set daily objectives
- They modify plans if required, to achieve better results
- They are flexible and open-minded
- They inform people in advance if their help will be required
- They know how to say no
- They break tasks into steps with specific deadlines
- They continually review long term goals
- They think of alternate solutions if and when required
- They ask for help when required They create backup plans

10.1.6.2 Effective Time Management Techniques

You can manage your time better by putting into practice certain time management techniques. Some helpful tips are:

- **Plan out your day as well as plan for interruptions.** Give yourself at least 30 minutes to figure out your time plan. In your plan, schedule some time for interruptions.
- **Put up a “Do Not Disturb” sign** when you absolutely have to complete a certain amount of work.
- **Close your mind to all distractions.** Train yourself to ignore ringing phones, don’t reply to chat messages and disconnect from social media sites.
- **Delegate your work.** This will not only help your work get done faster, but will also show you the unique skills and abilities of those around you.
- **Stop procrastinating.** Remind yourself that procrastination typically arises due to the fear of failure or the belief that you cannot do things as perfectly as you wish to do them.
- **Prioritize.** List each task to be completed in order of its urgency or importance level. Then focus on completing each task, one by one.
- **Maintain a log of your work activities.** Analyze the log to help you understand how efficient you are, and how much time is wasted every day.
- **Create time management goals** to reduce time wastage.

10.1.6.3 Tips

1. Always complete the most important tasks first.
2. Get at least 7 – 8 hours of sleep every day.
3. Start your day early.
4. Don't waste too much time on small, unimportant details.
5. Set a time limit for every task that you will undertake.
6. Give yourself some time to unwind between tasks.

10.1.7 Anger Management

Anger management is the process of:

1. Learning to recognize the signs that you, or someone else, is becoming angry.
2. Taking the best course of action to calm down the situation in a positive way Anger management does not mean suppressing anger.

Importance of Anger Management

Anger is a perfectly normal human emotion. In fact, when managed the right way, anger can be considered a healthy emotion. However, if it is not kept in check, anger can make us act inappropriately and can lead to us saying or doing things that we will likely later regret.

Extreme anger can:

- **Hurt you physically:** It leads to heart disease, diabetes, a weakened immune system, insomnia, and high blood pressure.
- **Hurt you mentally:** It can cloud your thinking and lead to stress, depression and mental health issues.
- **Hurt your career:** It can result in alienating your colleagues, bosses, clients and lead to the loss of respect.
- **Hurt your relationships:** It makes it hard for your family and friends to trust you, be honest with you and feel comfortable around you.

This is why anger management, or managing anger appropriately, is so important.

10.1.7.1 Anger Management Strategies

Here are some strategies that can help you control your anger:

Strategy 1: Relaxation: Something as simple as breathing deeply and looking at relaxing images works wonders in calming down angry feelings. Try this simple breathing exercise:

- Take a deep breath from your diaphragm (don't breathe from your chest)
- Visualize your breath coming up from your stomach
- Keep repeating a calming word like 'relax' or 'take it easy' (remember to keep breathing deeply while repeating the word)
- Picture a relaxing moment (this can be from your memory or your imagination)

Follow this relaxation technique daily, especially when you realize that you're starting to feel angry.

Strategy 2: Cognitive Restructuring: Cognitive restructuring means changing the manner in which you think. Anger can make you curse, swear, exaggerate and act very dramatically. When this happens, force yourself to replace your angry thoughts with more logical ones. For instance, instead of thinking 'Everything is ruined' change your mindset and tell yourself 'It's not the end of the world and getting angry won't solve this'.

Strategy 3: Problem Solving: Getting angry about a problem that you cannot control is a perfectly natural response. Sometimes, try as you may, there may not be a solution to the difficulty you are faced with. In such cases, stop focusing on solving the problem, and instead focus on handling and facing the problem. Remind yourself that you will do your best to deal with the situation, but that you will not blame yourself if you don't get the solution you desire.

Strategy 4: Better Communication: When you're angry, it is very easy to jump to inaccurate conclusions. In this case, you need to force yourself to stop reacting, and think carefully about what you want to say, before saying it. Avoid saying the first thing that enters your head. Force yourself to listen carefully to what the other person is saying. Then think about the conversation before responding.

Strategy 5: Changing Your Environment: If you find that your environment is the cause of your anger, try and give yourself a break from your surroundings. Make an active decision to schedule some personal time for yourself, especially on days that are very hectic and stressful. Having even a brief amount of quiet or alone time is sure to help calm you down.

10.1.7.2 Tips for Anger Management

- The following tips will help you keep your anger in check:
- Take some time to collect your thoughts before you speak out in anger.
- Express the reason for your anger in an assertive, but non-confrontational manner once you have calmed down.
- Do some form of physical exercise like running or walking briskly when you feel yourself getting angry.
- Make short breaks part of your daily routine, especially during days that are stressful. Focus on how to solve a problem that's making you angry, rather than focusing on the fact that the problem is making you angry.

10.1.8 Stress Management

We say we are 'stressed' when we feel overloaded and unsure of our ability to deal with the pressures placed on us. Anything that challenges or threatens our well-being can be defined as a stress. It is important to note that stress can be good and bad. While good stress keeps us going, negative stress undermines our mental and physical health. This is why it is so important to manage negative stress effectively.

Causes of Stress

Stress can be caused by internal and external factors.

Internal causes of stress:

- Constant worry
- Rigid thinking
- Unrealistic expectations
- Pessimism
- Negative self-talk
- All in or all out attitude

External causes of stress:

- Major life changes
- Difficulties with relationships
- Having too much to do
- Difficulties at work or in school
- Financial difficulties
- Worrying about one's children and/or family

10.1.8.1 Symptoms of Stress

Stress can manifest itself in numerous ways. Take a look at the cognitive, emotional, physical and behavioral symptoms of stress.

Cognitive Symptoms	Emotional Symptoms
<ul style="list-style-type: none"> • Memory problems • Concentration issues • Lack of judgement • Pessimism • Anxiety • Constant worrying 	<ul style="list-style-type: none"> • Depression • Agitation • Irritability • Loneliness • Anxiety • Anger

Physical Symptoms	Behavioral Symptoms
<ul style="list-style-type: none"> • Aches and pain • Diarrhea or constipation • Nausea • Dizziness • Chest pain and/or rapid heartbeat • Frequent cold or flu like feelings 	<ul style="list-style-type: none"> • Increase or decrease in appetite • Over sleeping or not sleeping enough • Withdrawing socially • Ignoring responsibilities • Consumption of alcohol or cigarettes • Nervous habits like nail biting, pacing etc.

10.1.8.2 Tips for Stress Management

The following tips can help you manage your stress better:

- Note down the different ways in which you can handle the various sources of your stress.
- Remember that you cannot control everything, but you can control how you respond.
- Discuss your feelings, opinions and beliefs rather than reacting angrily, defensively or passively.
- Practice relaxation techniques like meditation, yoga or tai chi when you start feeling stressed.
- Devote a part of your day towards exercise.
- Eat healthy foods like fruits and vegetables. Avoid unhealthy foods especially those containing large amounts of sugar.
- Plan your day so that you can manage your time better, with less stress.
- Say no to people and things when required.
- Schedule time to pursue your hobbies and interests.
- Ensure you get at least 7-8 hours of sleep.
- Reduce your caffeine intake.
- Increase the time spent with family and friends.

UNIT 10.2: Digital Literacy: A Recap

Unit Objectives

At the end of this unit, you will be able to:

1. Identify the basic parts of a computer
2. Identify the basic parts of a keyboard
3. Recall basic computer terminology
4. Recall basic computer terminology
5. Recall the functions of basic computer keys
6. Discuss the main applications of MS Office
7. Discuss the benefits of Microsoft Outlook
8. Discuss the different types of e-commerce
9. List the benefits of e-commerce for retailers and customers
10. Discuss how the Digital India campaign will help boost e-commerce in India
11. Describe how you will sell a product or service on an e-commerce platform

10.1.7 Anger Management

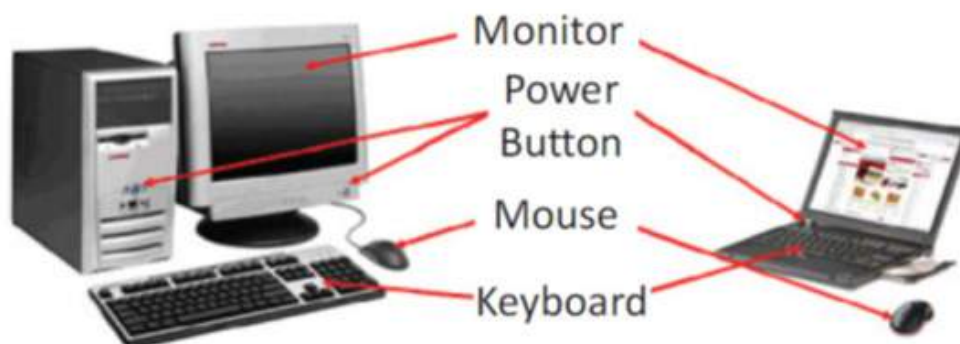


Fig. 10.2.1.1: Computer and Internet Basics

10.2.1.1 Basic Parts of a Computer

1. **Central Processing Unit (CPU):** The brain of the computer. It interprets and carries out program instructions.
2. **Hard Drive:** A device that stores large amounts of data.
3. **Monitor:** The device that contains the computer screen where the information is visually displayed.
4. **Desktop:** The first screen displayed after the operating system loads.
5. **Background:** The image that fills the background of the desktop.
6. **Mouse:** A hand-held device used to point to items on the monitor.
7. **Speakers:** Devices that enable you to hear sound from the computer.
8. **Printer:** A device that converts output from a computer into printed paper documents.
9. **Icon:** A small picture or image that visually represents something on your computer.
10. **Cursor:** An arrow which indicates where you are positioned on the screen.
11. **Program Menu:** A list of programs on your computer that can be accessed from the Start menu.
12. **Taskbar:** The horizontal bar at the bottom of the computer screen that lists applications that are currently in use.
13. **Recycle Bin:** A temporary storage for deleted files.

10.2.1.2 Basic Internet Terms

- **The Internet:** A vast, international collection of computer networks that transfers information.
- **The World Wide Web:** A system that lets you access information on the Internet.
- **Website:** A location on the World Wide Web (and Internet) that contains information about a specific topic.
- **Homepage:** Provides information about a website and directs you to other pages on that website.
- **Link/Hyperlink:** A highlighted or underlined icon, graphic, or text that takes you to another file or object.
- **Web Address/URL:** The address for a website.
- **Address Box:** A box in the browser window where you can type in a web address.

10.2.1.3 Basic Computer Keys

- **Arrow Keys:** Press these keys to move your cursor.
- **Space bar:** Adds a space.
- **Enter/Return:** Moves your cursor to a new line.
- **Shift:** Press this key if you want to type a capital letter or the upper symbol of a key.
- **Caps Lock:** Press this key if you want all the letters you type to be capital letters. Press it again to revert back to typing lowercase letters.
- **Backspace:** Deletes everything to the left of your cursor.

10.2.1.4 Tips

1. When visiting a .com address, there no need to type http:// or even www. Just type the name of the website and then press Ctrl + Enter. (Example: Type 'apple' and press Ctrl + Enter to go to www.apple.com)
2. Press the Ctrl key and press the + or - to increase and decrease the size of text.
3. Press F5 or Ctrl + R to refresh or reload a web page.

10.2.2 MS Office and Email

About MS Office

MS Office or Microsoft Office is a suite of computer programs developed by Microsoft. Although meant for all users, it offers different versions that cater specifically to students, home users and business users. All the programs are compatible with both, Windows and Macintosh.

Most Popular Office Products

Some of the most popular and universally used MS Office applications are:

1. **Microsoft Word:** Allows users to type text and add images to a document.
2. **Microsoft Excel:** Allows users to enter data into a spreadsheet and create calculations and graphs.
3. **Microsoft PowerPoint:** Allows users to add text, pictures and media and create slideshows and presentations.
4. **Microsoft Outlook:** Allows users to send and receive email.
5. **Microsoft OneNote:** Allows users to make drawings and notes with the feel of a pen on paper.
6. **Microsoft Access:** Allows users to store data over many tables.

Why Choose Microsoft Outlook

A popular email management choice especially in the workplace, Microsoft Outlook also includes an address book, notebook, web browser and calendar. Some major benefits of this program are:

- **Integrated search function:** You can use keywords to search for data across all Outlook programs.
- **Enhanced security:** Your email is safe from hackers, junk mail and phishing website email.
- **Email syncing:** Sync your mail with your calendar, contact list, notes in One Note and...your phone!
- **Offline access to email:** No Internet? No problem! Write emails offline and send them when you're connected again.

10.2.1.4 Tips

1. Press Ctrl+R as a shortcut method to reply to email.
2. Set your desktop notifications only for very important emails.
3. Flag messages quickly by selecting messages and hitting the Insert key.
4. Save frequently sent emails as a template to reuse again and again.
5. Conveniently save important emails as files.

10.2.3 E-Commerce

What is E-Commerce

E-commerce is the buying or selling of goods and services, or the transmitting of money or data, electronically on the internet. E-Commerce is the short form for “electronic commerce.”

Examples of E-Commerce:

- Online shopping Online auctions
- Online ticketing
- Electronic payments
- Internet banking

Types of E-Commerce

E-commerce can be classified based on the types of participants in the transaction. The main types of e-commerce are:

- **Business to Business (B2B):** Both the transacting parties are businesses.
- **Business to Consumer (B2C):** Businesses sell electronically to end-consumers.
- **Consumer to Consumer (C2C):** Consumers come together to buy, sell or trade items to other consumers.
- **Consumer-to-Business (C2B):** Consumers make products or services available for purchase to companies looking for exactly those services or products.
- **Business-to-Administration (B2A):** Online transactions conducted between companies and public administration.
- **Consumer-to-Administration (C2A):** Online transactions conducted between individuals and public administration.

10.2.3 E-Commerce

The e-commerce business provides some benefits for retailers and customers.

Benefits for retailers:

- Establishes an online presence
- Reduces operational costs by removing overhead costs
- Increases brand awareness through the use of good keywords
- Increases sales by removing geographical and time constraints

Benefits for customers:

- Offers a wider range of choice than any physical store
- Enables goods and services to be purchased from remote locations
- Enables consumers to perform price comparisons

10.2.3.2 Digital India Campaign

Prime Minister Narendra Modi launched the Digital India campaign in 2015, with the objective of offering every citizen of India access to digital services, knowledge and information. The campaign aims to improve the country's online infrastructure and increase internet connectivity, thus boosting the e-commerce industry.

Currently, the majority of online transactions come from tier 2 and tier 3 cities. Once the Digital India campaign is in place, the government will deliver services through mobile connectivity, which will help deliver internet to remote corners of the country. This will help the e-commerce market to enter India's tier 4 towns and rural areas.

E-Commerce Activity

Choose a product or service that you want to sell online. Write a brief note explaining how you will use existing e-commerce platforms, or create a new e-commerce platform, to sell your product or service.

10.2.3.3 Tips

1. Before launching your e-commerce platform, test everything.
2. Pay close and personal attention to your social media.

UNIT 10.3: Money Matters

Unit Objectives

At the end of this unit, you will be able to:

1. Discuss the importance of saving money
2. Discuss the benefits of saving money
3. Discuss the main types of bank accounts
4. Describe the process of opening a bank account
5. Differentiate between fixed and variable costs
6. Describe the main types of investment options
7. Describe the different types of insurance products
8. Describe the different types of taxes
9. Discuss the uses of online banking
10. Discuss the main types of electronic funds transfers

10.3.1 Personal Finance – Why to Save

Importance of Saving

We all know that the future is unpredictable. You never know what will happen tomorrow, next week or next year. That's why saving money steadily through the years is so important. Saving money will help improve your financial situation over time. But more importantly, knowing that you have money stashed away for an emergency will give you peace of mind. Saving money also opens the door to many more options and possibilities.

Benefits of Saving

Inculcating the habit of saving leads to a vast number of benefits. Saving helps you:

- **Become financially independent:** When you have enough money saved up to feel secure you can start making your choices, from taking a vacation whenever you want, to switching careers or starting your own business.
- **Invest in yourself through education:** Through saving, you can earn enough to pay up for courses that will add to your professional experience and ultimately result in higher paying jobs.
- **Get out of debt:** Once you have saved enough as a reserve fund, you can use your savings to pay off debts like loans or bills that have accumulated over time.
- **Be prepared for surprise expenses:** Having money saved enables you to pay for unforeseen expenses like sudden car or house repairs, without feeling financially stressed.
- **Pay for emergencies:** Saving helps you deal with emergencies like sudden health issues or emergency trips without feeling financially burdened.
- **Afford large purchases and achieve major goals:** Saving diligently makes it possible to place down payments towards major purchases and goals, like buying a home or a car.
- **Retire:** The money you have saved over the years will keep you comfortable when you no longer have the income you would get from your job.

10.3.1.1 Tips

1. Break your spending habit. Try not spending on one expensive item per week, and put the money that you would have spent into your savings.
2. Decide that you will not buy anything on certain days or weeks and stick to your word.

10.3.2 Types of Bank Accounts

In India, banks offer four main types of bank accounts. These are:

1. Current Accounts
2. Savings Accounts
3. Recurring Deposit Accounts
4. Fixed Deposit Accounts

Current Accounts

Current accounts offer the most liquid deposits and thus, are best suited for businessmen and companies. As these accounts are not meant for investments and savings, there is no imposed limit on the number or amount of transactions that can be made on any given day. Current account holders are not paid any interest on the amounts held in their accounts. They are charged for certain services offered on such accounts.

Savings Accounts

Savings accounts are meant to promote savings, and are therefore the number one choice for salaried individuals, pensioners and students. While there is no restriction on the number and amount of deposits made, there are usually restrictions on the number and amount of withdrawals. Savings account holders are paid interest on their savings.

Recurring Deposit Accounts

Recurring Deposit accounts, also called RD accounts, are the accounts of choice for those who want to save an amount every month, but are unable to invest a large sum at one time. Such account holders deposit a small, fixed amount every month for a pre-determined period (minimum 6 months). Defaulting on a monthly payment results in the account holder being charged a penalty amount. The total amount is repaid with interest at the end of the specified period.

Fixed Deposit Accounts

Fixed Deposit accounts, also called FD accounts, are ideal for those who wish to deposit their savings for a long term in return for a high rate of interest. The rate of interest offered depends on the amount deposited and the time period, and also differs from bank to bank. In the case of an FD, a certain amount of money is deposited by the account holder for a fixed period of time. The money can be withdrawn when the period expires. If necessary, the depositor can break the fixed deposit prematurely. However, this usually attracts a penalty amount which also differs from bank to bank.

10.3.2 Types of Bank Accounts

Opening a bank account is quite a simple process. Take a look at the steps to open an account of your own:

Step 1: Fill in the Account Opening Form

This form requires you to provide the following information:

- Personal details (name, address, phone number, date of birth, gender, occupation, address)
 - Method of receiving your account statement (hard copy/email)
 - Details of your initial deposit (cash/cheque)
 - Manner of operating your account (online/mobile banking/traditional via cheque, slip books)
- Ensure that you sign wherever required on the form.

Step 2: Affix your Photograph

Stick a recent photograph of yourself in the allotted space on the form.

Step 3: Provide your Know Your Customer (KYC) Details

KYC is a process that helps banks verify the identity and address of their customers. To open an account, every individual needs to submit certain approved documents with respect to photo identity (ID) and address proof. Some Officially Valid Documents (OVDs) are:

- Passport
- Driving License
- Voters' Identity Card
- PAN Card
- UIDAI (Aadhaar) Card

Step 4: Submit All your Documents

Submit the completed Account Opening Form and KYC documents. Then wait until the forms are processed and your account has been opened!

10.3.2.2 Tips

1. Select the right type of account.
2. Fill in complete nomination details.
3. Ask about fees.
4. Understand the rules.
5. Check for online banking – it's convenient!
6. Keep an eye on your bank balance.

10.3.3 Costs: Fixed vs Variable

What are Fixed and Variable Costs

- Fixed costs and variable costs together make up a company's total cost. These are the two types of costs that companies have to bear when producing goods and services.
- A fixed cost does not change with the volume of goods or services a company produces. It always remains the same.

- A variable cost, on the other hand, increases and decreases depending on the volume of goods and services produced. In other words, it varies with the amount produced.

Differences Between Fixed and Variable Costs

Let's take a look at some of the main differences between fixed and variable costs:

Criteria	Fixed Costs	Variable Costs
Meaning	A cost that stays the same, regardless of the output produced.	A cost that changes when the
Nature	Time related.	Incurred
Incurred	Incurred irrespective of units being produced.	Incurred only when units are produced.
Unit cost	Inversely proportional to the number of units produced.	Remains the same, per unit.
Examples	Depreciation, rent, salary, insurance, tax etc.	Material consumed, wages, commission on sales, packing expenses, etc.

10.3.2.2 Tips



1. When trying to determine whether a cost is fixed or variable, simply ask the following question: Will the particular cost change if the company stopped its production activities? If the answer is no, then it is a fixed cost. If the answer is yes, then it is probably a variable cost.

10.3.4 Investment, Insurance and Taxes

Investment

Investment means that money is spent today with the aim of reaping financial gains at a future time. The main types of investment options are as follows:

- **Bonds:** Bonds are instruments used by public and private companies to raise large sums of money – too large to be borrowed from a bank. These bonds are then issued in the public market and are bought by lenders.
- **Stocks:** Stocks or equity are shares that are issued by companies and are bought by the general public.
- **Small Savings Schemes:** Small Savings Schemes are tools meant to save money in small amounts. Some popular schemes are the Employees Provident Fund, Sukanya Samridhi Scheme and National Pension Scheme.
- **Mutual Funds:** Mutual Funds are professionally managed financial instruments that invest money in different securities on behalf of investors.
- **Fixed Deposits:** A fixed amount of money is kept aside with a financial institution for a fixed amount of time in return for interest on the money.
- **Real Estate:** Loans are taken from banks to purchase real estate, which is then leased or sold with the aim of making a profit on the appreciated property price.

- **Hedge Funds:** Hedge funds invest in both financial derivatives and/or publicly traded securities.
- **Private Equity:** Private Equity is trading in the shares of an operating company that is not publicly listed and whose shares are not available on the stock market.
- **Venture Capital:** Venture Capital involves investing substantial capital in a budding company in return for stocks in that company.

Insurance

There are two types of insurance:

1. Life Insurance
2. Non-Life or General Insurance.

Life Insurance Products

The main life insurance products are:

- **Term Insurance:** This is the simplest and cheapest form of insurance. It offers financial protection for a specified tenure, say 15 to 20 years. In the case of your death, your family is paid the sum assured. In the case of your surviving the term, the insurer pays nothing.
- **Endowment Policy:** This offers the dual benefit of insurance and investment. Part of the premium is allocated towards the sum assured, while the remaining premium gets invested in equity and debt. It pays a lump sum amount after the specified duration or on the death of the policyholder, whichever is earlier.
- **Unit-Linked Insurance Plan (ULIP):** Here part of the premium is spent on the life cover, while the remaining amount is invested in equity and debt. It helps develop a regular saving habit.
- **Money Back Life Insurance:** While the policyholder is alive, periodic payments of the partial survival benefits are made during the policy tenure. On the death of the insured, the insurance company pays the full sum assured along with survival benefits.
- **Whole Life Insurance:** It offers the dual benefit of insurance and investment. It offers insurance cover for the whole life of the person or up to 100 years whichever is earlier.

General Insurance

General Insurance deals with all insurance covering assets like animals, agricultural crops, goods, factories, cars and so on.

General Insurance Products:

- **Motor Insurance:** This can be divided into Four Wheeler Insurance and Two Wheeler Insurance.
- **Health Insurance:** The main types of health insurance are individual health insurance, family floater health insurance, comprehensive health insurance and critical illness insurance.
- **Travel Insurance:** This can be categorised into Individual Travel Policy, Family Travel Policy, Student Travel Insurance and Senior Citizen Health Insurance.
- **Home Insurance:** This protects the house and its contents from risk.
- **Marine Insurance:** This insurance covers goods, freight, cargo etc. against loss or damage during transit by rail, road, sea and/or air.

Taxes

There are two types of taxes:

1. Direct Taxes
2. Indirect Taxes.

Direct Tax

Direct taxes are levied directly on an entity or a person and are non-transferrable. Some examples of Direct Taxes are:

- **Income Tax:** This tax is levied on your earning in a financial year. It is applicable to both, individuals and companies.
- **Capital Gains Tax:** This tax is payable whenever you receive a sizable amount of money. It is usually of two types – short term capital gains from investments held for less than 36 months and long term capital gains from investments held for longer than 36 months.
- **Securities Transaction Tax:** This tax is added to the price of a share. It is levied every time you buy or sell shares.
- **Perquisite Tax:** This tax is levied on perks that have been acquired by a company or used by an employee.
- **Corporate Tax:** Corporate tax is paid by companies from the revenue they earn.

Indirect Tax

Indirect taxes are levied on goods or services. Some examples of Indirect Taxes are:

- **Sales Tax:** Sales Tax is levied on the sale of a product.
- **Service Tax:** Service Tax is added to services provided in India.
- **Value Added Tax:** Value Added Tax is levied at the discretion of the state government. The tax is levied on goods sold in the state. The tax amount is decided by the state.
- **Customs Duty & Octroi:** Customs Duty is a charge that is applied on purchases that are imported from another country. Octroi is levied on goods that cross state borders within India.
- **Excise Duty:** Excise Duty is levied on all goods manufactured or produced in India.

10.3.4.1 Tips

1. Think about how quickly you need your money back and pick an investment option accordingly.
2. Ensure that you are buying the right type of insurance policy for yourself.
3. Remember, not paying taxes can result in penalties ranging from fines to imprisonment.

10.3.5 Online Banking, NEFT, RTGS, etc.

What is Online Banking

Internet or online banking allows account holders to access their account from a laptop at any location. In this way, instructions can be issued. To access an account, account holders simply need to use their unique customer ID number and password.

Internet banking can be used to:

- Find out an account balance
- Transfer amounts from one account to another
- Arrange for the issuance of cheques
- Instruct payments to be made
- Request for a cheque book
- Request for a statement of accounts
- Make a fixed deposit

Electronic Funds Transfers

Electronic funds transfer is a convenient way of transferring money from the comfort of one's own home, using integrated banking tools like internet and mobile banking.

Transferring funds via an electronic gateway is extremely convenient. With the help of online banking, you can choose to:

- Transfer funds into your own accounts of the same bank.
- Transfer funds into different accounts of the same bank.
- Transfer funds into accounts in different banks, using NEFT.
- Transfer funds into other bank accounts using RTGS.
- Transfer funds into various accounts using IMPS.

NEFT

NEFT stands for National Electronic Funds Transfer. This money transfer system allows you to electronically transfer funds from your respective bank accounts to any other account, either in the same bank or belonging to any other bank. NEFT can be used by individuals, firms and corporate organizations to transfer funds between accounts.

In order to transfer funds via NEFT, two things are required:

- A transferring bank
- A destination bank

Before you can transfer funds through NEFT, you will need to register the beneficiary who will be receiving the funds. In order to complete this registration, you will require the following

- Recipient's name
- Recipient's account number
- Recipient's bank's name
- Recipient's bank's IFSC code

RTGS

RTGS stands for Real Time Gross Settlement. This is a real time funds transfer system which enables you to transfer funds from one bank to another, in real time or on a gross basis. The transferred amount is immediately deducted from the account of one bank, and instantly credited to the other bank's account. The RTGS payment gateway is maintained by the Reserve Bank of India. The transactions between banks are made electronically.

RTGS can be used by individuals, companies and firms to transfer large sums of money. Before remitting funds through RTGS, you will need to add the beneficiary and his bank account details via your online banking account. In order to complete this registration, you will require the following information:

- Name of the beneficiary
- Beneficiary's account number
- Beneficiary's bank address
- Bank's IFSC code

IMPS

IMPS stands for Immediate Payment Service. This is a real-time, inter-bank, electronic funds transfer system used to transfer money instantly within banks across India. IMPS enables users to make instant

electronic transfer payments using mobile phones through both, Mobile Banking and SMS. It can also be used through ATMs and online banking. IMPS is available 24 hours a day and 7 days a week. The system features a secure transfer gateway and immediately confirms orders that have been fulfilled.

To transfer money through IMPS, the you need to:

- Register for IMPS with your bank
- Receive a Mobile Money Identifier (MMID) from the bank
- Receive a MPIN from the bank

Once you have both these, you can login or make a request through SMS to transfer a particular amount to a beneficiary.

For the beneficiary to receive the transferred money, he must:

- Link his mobile number with his respective account
- Receive the MMID from the bank

In order to initiate a money transfer through IMPS, you will need to enter the following information:

- The beneficiary's mobile number
- The beneficiary's MMID
- The transfer amount
- Your MPIN

As soon as money has been deducted from your account and credited into the beneficiary's account, you will be sent a confirmation SMS with a transaction reference number, for future reference.

10.3.5.1 Differences Between NEFT, RTGS & IMPS

Criteria	NEFT	RTGS	IMPS
Settlement	Done in Batches	Real-Time	Real-Time
Full Form	national Electronic Fund Transfer	Real Time Gross Settlement	Immediate Payment Service
Timing on Monday to Friday	8.00 am - 6.30 pm	9.00 am - 4.30 pm	24x7
Timing on Saturday	8.00 am - 7.00 p.m.	9.00 am - 1.30 pm	24x7
Minimum amount of money transfer limit	₹1	₹2 lacs	₹1
Maximum amount of money transfer limit	₹10 lacs	₹10 lacs per day	₹2 lacs
Maximum charges as per RBI	Upto 10,000 - ₹2.5 above 10,000 - ₹1 lac - ₹5 above 1-2 lacs - ₹15 above 2-5 lacs - ₹25 above 5-10 lacs - ₹25	above 2-5 lacs - ₹25 above 5-10 lacs - ₹50	Upto 10,000 - ₹5 above 10,000 - ₹1 lac - ₹5 above 1-2 lacs - ₹15

10.3.4.1 Tips

1. Never click on any links in any e-mail message to access your online banking website.
2. You will never be asked for your credit or debit card details while using online banking.
3. Change your online banking password regularly.

UNIT 10.4: Preparing for Employment & Self Employment

Unit Objectives

At the end of this unit, you will be able to:

1. Discuss the steps to prepare for an interview
2. Discuss the steps to create an effective Resume
3. Discuss the most frequently asked interview questions
4. Discuss how to answer the most frequently asked interview questions
5. Discuss basic workplace terminology

10.4.1 Interview Preparation: How to Prepare for an Interview

The success of your getting the job that you want depends largely on how well your interview for that job goes. Therefore, before you go in for your interview, it is important that you prepare for it with a fair amount of research and planning. Take a look at the steps to follow in order to be well prepared for an interview:

1. Research the organization that you are having the interview with.

- Studying the company beforehand will help you be more prepared at the time of the interview. Your knowledge of the organization will help you answer questions at the time of the interview, and will leave you looking and feeling more confident. This is sure to make you stand out from other, not as well informed, candidates.
- Look for background information on the company. Try and find an overview of the company and its industry profile.
- Visit the company website to get a good idea of what the company does. A company website offers a wealth of important information. Read and understand the company's mission statement. Pay attention to the company's products/services and client list. Read through any press releases to get an idea of the company's projected growth and stability.
- Note down any questions that you have after your research has been completed.

2. Think about whether your skills and qualifications match the job requirements.

- Carefully read through and analyze the job description.
- Make a note of the knowledge, skills and abilities required to fulfill the job requirements.
- Take a look at the organization hierarchy. Figure out where the position you are applying for fits into this hierarchy.

3. Go through the most typical interview questions asked, and prepare your responses.

- Remember, in most interviews a mix of resume-based, behavioral and case study questions are asked.
- Think about the kind of answers you would like to provide to typical questions asked in these three areas.
- Practice these answers until you can express them confidently and clearly.

4. Plan your attire for the interview.

- It is always safest to opt for formal business attire, unless expressly informed to dress in business casual (in which case you should use your best judgement).

- Ensure that your clothes are clean and well-ironed. Pick neutral colours – nothing too bright or flashy.
- The shoes you wear should match your clothes, and should be clean and suitable for an interview.
- Remember, your aim is to leave everyone you meet with the impression that you are a professional and highly efficient person.

5. Ensure that you have packed everything that you may require during the interview.

- Carry a few copies of your resume. Use a good quality paper for your resume print outs.
- Always take along a notepad and a pen.
- Take along any information you may need to refer to, in order to fill out an application form.
- Carry a few samples of your work, if relevant.

6. Remember the importance of non-verbal communication.

- Practice projecting confidence. Remind yourself to smile and make eye contact. Practice giving a firm handshake.
- Keep in mind the importance of posture. Practice sitting up straight. Train yourself to stop nervous gestures like fidgeting and foot-tapping.
- Practice keeping your reactions in check. Remember, your facial expressions provide a good insight into your true feelings. Practice projecting a positive image.

7. Make a list of questions to end the interview with.

- Most interviews will end with the interviewer(s) asking if you have any questions. This is your chance to show that you have done your research and are interested in learning more about the company.
- If the interviewer does not ask you this question, you can inform him/her that you have some queries that you would like to discuss. This is the time for you to refer to the notes you made while studying the company.
- Some good questions to ask at this point are: What do you consider the most important criteria for success in this job?
 - How will my performance be evaluated?
 - What are the opportunities for advancement?
 - What are the next steps in the hiring process?
- Remember, never ask for information that is easily available on the company website.

10.4.1.1 Tips

1. Ask insightful and probing questions.
2. When communicating, use effective forms of body language like smiling, making eye contact, and actively listening and nodding. Don't slouch, play with nearby items, fidget, chew gum, or mumble.

10.4.2 Preparing an Effective Resume

A resume is a formal document that lists a candidate's work experience, education and skills. A good resume gives a potential employer enough information to believe the applicant is worth interviewing. That's why it is so important to create a résumé that is effective. Take a look at the steps to create an effective resume:

Step 1: Write the Address Section: The Address section occupies the top of your resume. It includes information like your name, address, phone number and e-mail address. Insert a bold line under the

section to separate it from rest of your resume.

Example:

Jasmine Watts
Breach Candy, mumbai - India
Contact No. +91 2223678270
Email: jasmine.watts@gmail.com

Step 2: Add the Profile Summary Section: This part of your resume should list your overall experiences, achievements, awards, certifications and strengths. You can make your summary as short as 2-3 bullet points or as long as 8-10 bullet points.

Example:

Profile Summary

- A Content Writer graduated from University of Strathclyde having 6 years of experience in writing website copy.
- Core expertise lies in content creation for e-learning courses, specifically for the k-12 segment.

Step 3: Include Your Educational Qualifications: When listing your academic records, first list your highest degree. Then add the second highest qualification under the highest one and so on. To provide a clear and accurate picture of your educational background, it is critical that include information on your position, rank, percentage or CPI for every degree or certification that you have listed.

If you have done any certifications and trainings, you can add a Trainings & Certifications section under your Educational Qualifications section.

Example:

Educational Qualification

- Masters in International Management (2007) from Columbia University with 7.8 CPI.
- Bachelor of Management Studios (2004) from Mumbai University with 87% marks.
- 10+2 with Math, Stats (2001) from Maharashtra Board with 91% marks.
- High School (1999) from Maharashtra Board with 93% marks.

Step 4: List Your Technical Skills: When listing your technical skills, start with the skills that you are most confident about. Then add the skills that you do not have as good a command over. It is perfectly acceptable to include just one skill, if you feel that particular skill adds tremendous value to your résumé. If you do not have any technical skills, you can omit this step.

Example:

Technical Skills

- Flash
- Photoshop

Step 5: Insert Your Academic Project Experience

List down all the important projects that you have worked on. Include the following information in this section:

Example:

Project title	Organization	Platform used
Contribution	Description	

Academic Projects**Project Title:** Different Communication Skills**Organization:** True Blue Solutions**Platform used:** Articulate**Contribution:** Content writing and graphic visualization**Description:** Development of storyboards for corporate induction & training programs.

Step 6: List Your Strengths: This is where you list all your major strengths. This section should be in the form of a bulleted list.

Example:

Strengths

- Excellent oral, written and presentation skills
- Action-oriented and result-focused
- Great time management skills

Step 7: List Your Extracurricular Activities: It is very important to show that you have diverse interests and that your life consists of more than academics. Including your extracurricular activities can give you an added edge over other candidates who have similar academic scores and project experiences. This section should be in the form of a bulleted list.

Example:

Extracurricular Activities

- Member of the Debate Club
- Played tennis at national level
- Won first prizes in the All India Camel Contest, 2010

Step 8: Write Your Personal Details: The last section of your résumé must include the following personal information:

- Date of birth
- Gender & marital status
- Nationality
- Languages known

Example:

Personal Details

- Date of Birth: 25th May, 1981
- Gender & marital status: Female, Single
- Nationality: Indian
- Languages known: English, Hindi, Tamil, French

10.4.1.1 Tips

1. Keep your resume file name short, simple and informational.
2. Make sure the resume is neat and free from typing errors.
3. Always create your resume on plain white paper.

10.4.3 Interview FAQs

Take a look at some of the most frequently asked interview questions, and some helpful tips on how to answer them.

1. Can you tell me a little about yourself?

Tips to answer:

- Don't provide your full employment or personal history.
- Offer 2-3 specific experiences that you feel are most valuable and relevant.
- Conclude with how those experiences have made you perfect for this specific role.

2. How did you hear about the position?

Tips to answer:

- Tell the interviewer how you heard about the job – whether it was through a friend (name the friend), event or article (name them) or a job portal (say which one).
- Explain what excites you about the position and what in particular caught your eye about this role.

3. What do you know about the company?

Tips to answer:

- Don't recite the company's About Us page.
- Show that you understand and care about the company's goals.
- Explain why you believe in the company's mission and values.

4. Why do you want this job?

Tips to answer:

- Show that you are passionate about the job.
- Identify why the role is a great fit for you.
- Explain why you love the company.

5. Why should we hire you?

Tips to answer:

- Prove through your words that you can not only do the work, but can definitely deliver excellent results.
- Explain why you would be a great fit with the team and work culture.
- Explain why you should be chosen over any other candidate.

6. What are your greatest professional strengths?

Tips to answer:

- Be honest – share some of your real strengths, rather than give answers that you think sound good.
- Offer examples of specific strengths that are relevant to the position you are applying for.
- Provide examples of how you've demonstrated these strengths.

7. What do you consider to be your weaknesses?

Tips to answer:

- The purpose of this question is to gauge your self-awareness and honesty.
- Give an example of a trait that you struggle with, but that you're working on to improve.

8. What are your salary requirements?

Tips to answer:

- Do your research beforehand and find out the typical salary range for the job you are applying for.

- Figure out where you lie on the pay scale based on your experience, education, and skills.
- Be flexible. Tell the interviewer that you know your skills are valuable, but that you want the job and are willing to negotiate.

9. What do you like to do outside of work?

Tips to answer:

- The purpose of this question is to see if you will fit in with the company culture.
- Be honest – open up and share activities and hobbies that interest and excite you.

10. If you were an animal, which one would you want to be?

Tips to answer:

- The purpose of this question is to see if you are able to think on your feet.
- There's no wrong answer – but to make a great impression try to bring out your strengths or personality traits through your answer.

11. What do you think we could do better or differently?

Tips to answer:

- The purpose of this question is to see if you have done your research on the company, and to test whether you can think critically and come up with new ideas.
- Suggest new ideas. Show how your interests and expertise would help you execute these ideas.

12. Do you have any questions for us?

Tips to answer:

- Do not ask questions to which the answers can be easily found on the company website or through a quick online search.
- Ask intelligent questions that show your ability to think critically.

10.4.1.1 Tips

1. Be honest and confident while answering.
2. Use examples of your past experiences wherever possible to make your answers more impactful.

10.4.4 Work Readiness – Terms & Terminologies

Every employee should be well versed in the following terms:

- **Annual leave:** Paid vacation leave given by employers to employees.
- **Background Check:** A method used by employers to verify the accuracy of the information provided by potential candidates.
- **Benefits:** A part of an employee's compensation package.
- **Breaks:** Short periods of rest taken by employees during working hours.
- **Compensation Package:** The combination of salary and benefits that an employer provides to his/her employees.
- **Compensatory Time (Comp Time):** Time off in lieu of pay.
- **Contract Employee:** An employee who works for one organization that sells said employee's services to another company, either on a project or time basis.
- **Contract of Employment:** When an employee is offered work in exchange for wages or salary, and accepts the offer made by the employer, a contract of employment exists.

- **Corporate Culture:** The beliefs and values shared by all the members of a company, and imparted from one generation of employees to another.
- **Counter Offer/Counter Proposal:** A negotiation technique used by potential candidates to increase the amount of salary offered by a company.
- **Cover Letter:** A letter that accompanies a candidate's resume. It emphasizes the important points in the candidate's resume and provides real examples that prove the candidate's ability to perform the expected job role.
- **Curriculum Vitae (CV)/Resume:** A summary of a candidate's achievements, educational background, work experience, skills and strengths.
- **Declining Letter:** A letter sent by an employee to an employer, turning down the job offer made by the employer to the employee.
- **Deductions:** Amounts subtracted from an employee's pay and listed on the employee's pay slip.
- **Discrimination:** The act of treating one person not as favourably as another person.
- **Employee:** A person who works for another person in exchange for payment.
- **Employee Training:** A workshop or in-house training that an employee is asked to attend by his or her superior, for the benefit of the employer.
- **Employment Gaps:** Periods of unemployed time between jobs.
- **Fixed-Term Contract:** A contract of employment which gets terminated on an agreed-upon date.
- **Follow-Up:** The act of contacting a potential employer after a candidate has submitted his or her resume.
- **Freelancer/Consultant/Independent Contractor:** A person who works for him or herself and pitches for temporary jobs and projects with different employers.
- **Holiday:** Paid time-off from work.
- **Hourly Rate:** The amount of salary or wages paid for 60 minutes of work.
- **Internship:** A job opportunity offered by an employer to a potential employee, called an intern, to work at the employer's company for a fixed, limited time period.
- **Interview:** A conversation between a potential employee and a representative of an employer, in order to determine if the potential employee should be hired.
- **Job Application:** A form which asks for a candidate's information like the candidate's name, address, contact details and work experience. The purpose of a candidate submitting a job application, is to show that candidate's interest in working for a particular company.
- **Job Offer:** An offer of employment made by an employer to a potential employee.
- **Job Search Agent:** A program that enables candidates to search for employment opportunities by selecting criteria listed in the program, for job vacancies.
- **Lay Off:** A lay off occurs when an employee is temporarily let go from his or her job, due to the employer not having any work for that employee.
- **Leave:** Formal permission given to an employee, by his or her employer, to take a leave of absence from work.
- **Letter of Acceptance:** A letter given by an employer to an employee, confirming the offer of employment made by the employer, as well as the conditions of the offer.
- **Letter of Agreement:** A letter that outlines the terms of employment.
- **Letter of Recommendation:** A letter written for the purpose of validating the work skills of a person.
- **Maternity Leave:** Leave taken from work by women who are pregnant, or who have just given birth.
- **Mentor:** A person who is employed at a higher level than you, who offers you advice and guides you in your career.
- **Minimum wage:** The minimum wage amount paid on an hourly basis.

- **Notice:** An announcement made by an employee or an employer, stating that the employment contract will end on a particular date.
- **Offer of Employment:** An offer made by an employer to a prospective employee that contains important information pertaining to the job being offered, like the starting date, salary, working conditions etc.
- **Open-Ended Contract:** A contract of employment that continues till the employer or employee terminates it.
- **Overqualified:** A person who is not suited for a particular job because he or she has too many years of work experience, or a level of education that is much higher than required for the job, or is currently or was previously too highly paid.
- **Part-Time Worker:** An employee who works for fewer hours than the standard number of hours normally worked.
- **Paternity Leave:** Leave granted to a man who has recently become a father.
- **Recruiters/Headhunters/Executive Search Firms:** Professionals who are paid by employers to search for people to fill particular positions.
- **Resigning/Resignations:** When an employee formally informs his or her employer that he or she is quitting his or her job.
- **Self-Employed:** A person who has his or her own business and does not work in the capacity of an employee.
- **Time Sheet:** A form that is submitted to an employer, by an employee, that contains the number of hours worked every day by the employee.

UNIT 10.5: Understanding Entrepreneurship

Unit Objectives

At the end of this unit, you will be able to:

1. Discuss the concept of entrepreneurship
2. Discuss the importance of entrepreneurship
3. Describe the characteristics of an entrepreneur
4. Describe the different types of enterprises
5. List the qualities of an effective leader
6. Discuss the benefits of effective leadership
7. List the traits of an effective team
8. Discuss the importance of listening effectively
9. Discuss how to listen effectively
10. Discuss the importance of speaking effectively
11. Discuss how to speak effectively
12. Discuss how to solve problems
13. List important problem solving traits
14. Discuss ways to assess problem solving skills
15. Discuss the importance of negotiation
16. Discuss how to negotiate
17. Discuss how to identify new business opportunities
18. Discuss how to identify business opportunities within your business
19. Understand the meaning of entrepreneur
20. Describe the different types of entrepreneurs
21. List the characteristics of entrepreneurs
22. Recall entrepreneur success stories
23. Discuss the entrepreneurial process
24. Describe the entrepreneurship ecosystem
25. Discuss the government's role in the entrepreneurship ecosystem
26. Discuss the current entrepreneurship ecosystem in India
27. Understand the purpose of the Make in India campaign
28. Discuss the relationship between entrepreneurship and risk appetite
29. Discuss the relationship between entrepreneurship and resilience
30. Describe the characteristics of a resilient entrepreneur
31. Discuss how to deal with failure

10.5.1 Concept Introduction

Anyone who is determined to start a business, no matter what the risk, is an entrepreneur. Entrepreneurs run their own start-up, take responsibility for the financial risks and use creativity, innovation and vast reserves of self-motivation to achieve success. They dream big and are determined to do whatever it takes to turn their idea into a viable offering. The aim of an entrepreneur is to create an enterprise. The process of creating this enterprise is known as entrepreneurship.

10.5.1 Concept Introduction

Entrepreneurship is very important for the following reasons:

1. It results in the creation of new organizations
2. It brings creativity into the marketplace
3. It leads to improved standards of living
4. It helps develop the economy of a country

10.5.1.2 Characteristics of Entrepreneurs

All successful entrepreneurs have certain characteristics in common.

They are all:

1. Extremely passionate about their work
2. Confident in themselves
3. Disciplined and dedicated
4. Motivated and driven
5. Highly creative
6. Visionaries
7. Open-minded
8. Decisive

Entrepreneurs also have a tendency to:

1. Have a high risk tolerance
2. Thoroughly plan everything
3. Manage their money wisely
4. Make their customers their priority
5. Understand their offering and their market in detail
6. Ask for advice from experts when required
7. Know when to cut their losses

10.5.1.3 Examples of Famous Entrepreneurs

Some famous entrepreneurs are:

- Bill Gates (Founder of Microsoft)
- Steve Jobs (Co-founder of Apple)
- Mark Zuckerberg (Founder of Facebook)
- Pierre Omidyar (Founder of eBay)

10.5.1.4 Types of Enterprises

As an entrepreneur in India, you can own and run any of the following types of enterprises:

Sole Proprietorship: In a sole proprietorship, a single individual owns, manages and controls the enterprise. This type of business is the easiest to form with respect to legal formalities. The business and the owner have no separate legal existence. All profit belongs to the proprietor, as do all the losses—the liability of the entrepreneur is unlimited.

Partnership: A partnership firm is formed by two or more people. The owners of the enterprise are called partners. A partnership deed must be signed by all the partners. The firm and its partners have no separate legal existence. The profits are shared by the partners. With respect to losses, the liability of the partners is unlimited. A firm has a limited life span and must be dissolved when any one of the partners dies, retires, claims bankruptcy or goes insane.

Limited Liability Partnership (LLP): In a Limited Liability Partnership or LLP, the partners of the firm enjoy perpetual existence as well as the advantage of limited liability. Each partner's liability is limited to their agreed contribution to the LLP. The partnership and its partners have a separate legal existence.

10.5.1.5 Tips



1. Learn from others' failures.
2. Be certain that this is what you want.
3. Search for a problem to solve, rather than look for a problem to attach to your idea.

10.5.2 Leadership & Teamwork: Leadership and Leaders

Leadership means setting an example for others to follow. Setting a good example means not asking someone to do something that you wouldn't willingly want to do yourself. Leadership is about figuring out what to do in order to win as a team, and as a company.

Leaders believe in doing the right things. They also believe in helping others to do the right things. An effective leader is someone who:

- Creates an inspiring vision of the future.
- Motivates and inspires his team to pursue that vision.

10.5.2 Leadership & Teamwork: Leadership and Leaders

Building a successful enterprise is only possible if the entrepreneur in charge possesses excellent leadership qualities. Some critical leadership skills that every entrepreneur must have are:

1. **Pragmatism:** This means having the ability to highlight all obstacles and challenges, in order to resolve issues and reduce risks.
2. **Humility:** This means admitting to mistakes often and early, and being quick to take responsibility for your actions. Mistakes should be viewed as challenges to overcome, not opportunities to point blame.
3. **Flexibility:** It is critical for a good leader to be very flexible and quickly adapt to change. It is equally critical to know when to adapt and when not to.
4. **Authenticity:** This means showing both, your strengths and your weaknesses. It means being human and showing others that you are human.

5. **Reinvention:** This means refreshing or changing your leadership style when necessary. To do this, it's important to learn where your leadership gaps lie and find out what resources are required to close them.
6. **Awareness:** This means taking the time to recognize how others view you. It means understanding how your presence affects those around you.

10.5.2.2 Benefits of Effective Leadership

Effective leadership results in numerous benefits. Great leadership leads to the leader successfully:

- Gaining the loyalty and commitment of the team members
- Motivating the team to work towards achieving the company's goals and objectives
- Building morale and instilling confidence in the team members
- Fostering mutual understanding and team-spirit among team members
- Convincing team members about the need to change when a situation requires adaptability

10.5.2.3 Teamwork and Teams

Teamwork occurs when the people in a workplace combine their individual skills to pursue a common goal. Effective teams are made up of individuals who work together to achieve this common goal. A great team is one who holds themselves accountable for the end result.

10.5.2.4 Importance of Teamwork in Entrepreneurial Success

For an entrepreneurial leader, building an effective team is critical to the success of a venture. An entrepreneur must ensure that the team he builds possesses certain crucial qualities, traits and characteristics. An effective team is one which has:

1. **Unity of purpose:** All the team members should clearly understand and be equally committed to the purpose, vision and goals of the team.
2. **Great communication skills:** Team members should have the ability to express their concerns, ask questions and use diagrams, and charts to convey complex information.
3. **The ability to collaborate:** Every member should feel entitled to provide regular feedback on new ideas.
4. **Initiative:** The team should consist of proactive individuals. The members should have the enthusiasm to come up with new ideas, improve existing ideas, and conduct their own research.
5. **Visionary members:** The team should have the ability to anticipate problems and act on these potential problem before they turn into real problems.
6. **Great adaptability skills:** The team must believe that change is a positive force. Change should be seen as the chance to improve and try new things.
7. **Excellent organizational skills:** The team should have the ability to develop standard work processes, balance responsibilities, properly plan projects, and set in place methods to measure progress and ROI.

10.5.1.5 Tips

1. Don't get too attached to your original idea. Allow it to evolve and change.
2. Be aware of your weaknesses and build a team that will complement your shortfalls.
3. Hiring the right people is not enough. You need to promote or incentivize your most talented people to keep them motivated.
4. Earn your team's respect

10.5.3 Communication Skills

Listening is the ability to correctly receive and understand messages during the process of communication. Listening is critical for effective communication. Without effective listening skills, messages can easily be misunderstood. This results in a communication breakdown and can lead to the sender and the receiver of the message becoming frustrated or irritated.

It's very important to note that listening is not the same as hearing. Hearing just refers to sounds that you hear. Listening is a whole lot more than that. To listen, one requires focus. It means not only paying attention to the story, but also focusing on how the story is relayed, the way language and voice is used, and even how the speaker uses their body language. The ability to listen depends on how effectively one can perceive and understand both, verbal and non-verbal cues.

10.5.3.1 How to Listen Effectively

To listen effectively you should:

- Stop talking
- Stop interrupting
- Focus completely on what is being said
- Nod and use encouraging words and gestures
- Be open-minded
- Think about the speaker's perspective
- Be very, very patient
- Pay attention to the tone that is being used
- Pay attention to the speaker's gestures, facial expressions and eye movements
- Not try and rush the person
- Not let the speaker's mannerisms or habits irritate or distract you
- Be very, very patient
- Pay attention to the tone that is being used
- Pay attention to the speaker's gestures, facial expressions and eye movements
- Not try and rush the person
- Not let the speaker's mannerisms or habits irritate or distract you

10.5.3.2 How to Listen Effectively

How successfully a message gets conveyed depends entirely on how effectively you are able to get it through. An effective speaker is one who enunciates properly, pronounces words correctly, chooses the right words and speaks at a pace that is easily understandable. Besides this, the words spoken out loud need to match the gestures, tone and body language used.

What you say, and the tone in which you say it, results in numerous perceptions being formed. A person who speaks hesitantly may be perceived as having low self-esteem or lacking in knowledge of the discussed topic. Those with a quiet voice may very well be labelled as shy. And those who speak in commanding tones with high levels of clarity, are usually considered to be extremely confident. This makes speaking a very critical communication skill.

10.5.3.3 How to Speak Effectively

To speak effectively you should:

- Incorporate body language in your speech like eye contact, smiling, nodding, gesturing etc.
- Build a draft of your speech before actually making your speech.
- Ensure that all your emotions and feelings are under control.
- Pronounce your words distinctly with the correct pitch and intensity. Your speech should be crystal clear at all times.
- Use a pleasant and natural tone when speaking. Your audience should not feel like you are putting on an accent or being unnatural in any way.
- Use precise and specific words to drive your message home. Ambiguity should be avoided at all costs.
- Ensure that your speech has a logical flow.
- Be brief. Don't add any unnecessary information.
- Make a conscious effort to avoid irritating mannerisms like fidgeting, twitching etc.
- Choose your words carefully and use simple words that the majority of the audience will have no difficulty understanding.
- Use visual aids like slides or a whiteboard.
- Speak slowly so that your audience can easily understand what you're saying. However, be careful not to speak too slowly because this can come across as stiff, unprepared or even condescending.
- Remember to pause at the right moments.

10.5.3.4 Tips

1. If you're finding it difficult to focus on what someone is saying, try repeating their words in your head.
2. Always maintain eye contact with the person that you are communicating with, when speaking as well as listening. This conveys and also encourages interest in the conversation.

10.5.4 Problem Solving & Negotiation skills

As per The Concise Oxford Dictionary (1995), a problem is, "A doubtful or difficult matter requiring a solution"

All problems contain two elements:

1. Goals
2. Obstacles

The aim of problem solving is to recognize the obstacles and remove them in order to achieve the goals.

10.5.4.1 How to Solve Problems

Solving a problem requires a level of rational thinking. Here are some logical steps to follow when faced with an issue:

- **Step 1:** Identify the problem
- **Step 2:** Study the problem in detail
- **Step 3:** List all possible solutions
- **Step 4:** Select the best solution
- **Step 5:** Implement the chosen solution
- **Step 6:** Check that the problem has really been solved

10.5.4.2 Important Traits for Problem Solving

Highly developed problem solving skills are critical for both, business owners and their employees. The following personality traits play a big role in how effectively problems are solved:

- Being open minded
- Asking the right questions
- Being proactive
- Not panicking
- Having a positive attitude
- Focusing on the right problem

10.5.4.3 Important Traits for Problem Solving

As an entrepreneur, it would be a good idea to assess the level of problem solving skills of potential candidates before hiring them. Some ways to assess this skill are through:

- **Application forms:** Ask for proof of the candidate's problem solving skills in the application form.
- **Psychometric tests:** Give potential candidates logical reasoning and critical thinking tests and see how they fare.
- **Interviews:** Create hypothetical problematic situations or raise ethical questions and see how the candidates respond.
- **Technical questions:** Give candidates examples of real life problems and evaluate their thought process.

10.5.4.4 What is Negotiation?

Negotiation is a method used to settle differences. The aim of negotiation is to resolve differences through a compromise or agreement while avoiding disputes. Without negotiation, conflicts are likely to lead to resentment between people. Good negotiation skills help satisfy both parties and go a long way towards developing strong relationships.

Why Negotiate

Starting a business requires many, many negotiations. Some negotiations are small while others are critical enough to make or break a startup. Negotiation also plays a big role inside the workplace. As an entrepreneur, you need to know not only how to negotiate yourself, but also how to train employees in the art of negotiation.

How to Negotiate

Take a look at some steps to help you negotiate:

Step 1: Pre-Negotiation Preparation: Agree on where to meet to discuss the problem, decide who all will be present and set a time limit for the discussion.

Step 2: Discuss the Problem: This involves asking questions, listening to the other side, putting your views forward and clarifying doubts.

Step 3: Clarify the Objective: Ensure that both parties want to solve the same problem and reach the same goal.

Step 4: Aim for a Win-Win Outcome: Try your best to be open minded when negotiating. Compromise and offer alternate solutions to reach an outcome where both parties win.

Step 5: Clearly Define the Agreement: When an agreement has been reached, the details of the agreement should be crystal clear to both sides, with no scope for misunderstandings.

Step 6: Implement the Agreed Upon Solution: Agree on a course of action to set the solution in motion.

10.5.4.5 Tips

1. Know exactly what you want before you work towards getting it
2. Give more importance to listening and thinking, than speaking
3. Focus on building a relationship rather than winning
4. Remember that your people skills will affect the outcome
5. Know when to walk away – sometimes reaching an agreement may not be possible

10.5.4.4 What is Negotiation?

“The entrepreneur always searches for change, responds to it and exploits it as an opportunity.”

Peter Drucker

The ability to identify business opportunities is an essential characteristic of an entrepreneur.

What is an Opportunity?

The word opportunity suggests a good chance or a favourable situation to do something offered by circumstances.

A business opportunity means a good or favourable change available to run a specific business in a given environment, at a given point of time.

Common Questions Faced by Entrepreneurs

A critical question that all entrepreneurs face is how to go about finding the business opportunity that is right for them.

Some common questions that entrepreneurs constantly think about are:

- Should the new enterprise introduce a new product or service based on an unmet need?
- Should the new enterprise select an existing product or service from one market and offer it in another where it may not be available?
- Should the enterprise be based on a tried and tested formula that has worked elsewhere?

It is therefore extremely important that entrepreneurs must learn how to identify new and existing business opportunities and evaluate their chances of success.

When is an Idea an Opportunity?

An idea is an opportunity when:

- It creates or adds value to a customer
- It solves a significant problem, removes a pain point or meets a demand
- Has a robust market and profit margin
- Is a good fit with the founder and management team at the right time and place

Factors to Consider When Looking for Opportunities

- Consider the following when looking for business opportunities:
- Economic trends Changes in funding
- Changing relationships between vendors, partners and suppliers
- Market trends
- Changes in political support
- Shift in target audience

Ways to Identify New Business Opportunities

- **Identify Market Inefficiencies:** When looking at a market, consider what inefficiencies are present in the market. Think about ways to correct these inefficiencies.
- **Remove Key Hassles:** Rather than create a new product or service, you can innovatively improve a product, service or process.
- **Create Something New:** Think about how you can create a new experience for customers, based on existing business models.
- **Pick a Growing Sector/Industry:** Research and find out which sectors or industries are growing and think about what opportunities you can tap in the same.
- **Think About Product Differentiation:** If you already have a product in mind, think about ways to set it apart from the existing ones.

Ways to Identify Business Opportunities Within Your Business

SWOT Analysis: An excellent way to identify opportunities inside your business is by creating a SWOT analysis. The acronym SWOT stands for strengths, weaknesses, opportunities, and threats. SWOT analysis framework:



Fig. 10.5.5.1: SWOT

Consider the following when looking for business opportunities:

By looking at yourself and your competitors using the SWOT framework, you can uncover opportunities that you can exploit, as well as manage and eliminate threats that could derail your success.

Establishing Your USP

Establish your USP and position yourself as different from your competitors. Identify why customers should buy from you and promote that reason.

Opportunity Analysis

Once you have identified an opportunity, you need to analyze it. To analyze an opportunity, you must:

- Focus on the idea
- Focus on the market of the idea
- Talk to industry leaders in the same space as the idea
- Talk to players in the same space as the idea

10.5.5.1 Tips

1. Remember, opportunities are situational.
2. Look for a proven track record.
3. Avoid the latest craze.
4. Love your idea.

10.5.6 Entrepreneurship Support Eco-System

An entrepreneur is a person who:

- Does not work for an employee
- Runs a small enterprise
- Assumes all the risks and rewards of the enterprise, idea, good or service

Types of Entrepreneurs

There are four main types of entrepreneurs:

1. **The Traditional Entrepreneur:** This type of entrepreneur usually has some kind of skill – they can be a carpenter, mechanic, cook etc. They have businesses that have been around for numerous years like restaurants, shops and carpenters. Typically, they gain plenty of experience in a particular industry before they begin their own business in a similar field.
2. **The Growth Potential Entrepreneur:** The desire of this type of entrepreneur is to start an enterprise that will grow, win many customers and make lots of money. Their ultimate aim is to eventually sell their enterprise for a nice profit. Such entrepreneurs usually have a science or technical background.
3. **The Project-Oriented Entrepreneur:** This type of entrepreneur generally has a background in the Arts or psychology. Their enterprises tend to be focus on something that they are very passionate about.
4. **The Lifestyle Entrepreneur:** This type of entrepreneur has usually worked as a teacher or a office assistant. They are more interested in selling something that people will enjoy, rather than making lots of money.

Characteristics of an Entrepreneur

Successful entrepreneurs have the following characteristics:

- They are highly motivated
- They are creative and persuasive
- They are mentally prepared to handle each and every task
- They have excellent business skills – they know how to evaluate their cash flow, sales and revenue
- They are willing to take great risks
- They are very proactive – this means they are willing to do the work themselves, rather than wait for someone else to do it
- They have a vision – they are able to see the big picture
- They are flexible and open-minded
- They are good at making decisions

10.5.6.1 Entrepreneur Success Stories

Dhiru Bhai Ambani

Dhirubhai Ambani began his entrepreneurial career by selling “bhajias” to pilgrims in Mount Girnar on weekends. At 16, he moved to Yemen where he worked as a gas-station attendant, and as a clerk in an oil company. He returned to India with Rs. 50,000 and started a textile trading company. Reliance went on to become the first Indian company to raise money in global markets and the first Indian company to feature in Forbes 500 list.

Dr. Karsanbhai Patel

Karsanbhai Patel made detergent powder in the backyard of his house. He sold his product door-to-door and offered a money back guarantee with every pack that was sold. He charged Rs. 3 per kg when the cheapest detergent at that time was Rs.13 per kg. Dr. Patel eventually started Nirma which became a whole new segment in the Indian domestic detergent market.

10.5.6.2 The Entrepreneurial Process

Let's take a look at the stages of the entrepreneurial process.

- **Stage 1: Idea Generation.** The entrepreneurial process begins with an idea that has been thought of by the entrepreneur. The idea is a problem that has the potential to be solved.
- **Stage 2: Germination or Recognition.** In this stage a possible solution to the identified problem is thought of.
- **Stage 3: Preparation or Rationalization.** The problem is studied further and research is done to find out how others have tried to solve the same problem.
- **Stage 4: Incubation or Fantasizing.** This stage involves creative thinking for the purpose of coming up with more ideas. Less thought is given to the problem areas.
- **Stage 5: Feasibility Study:** The next step is the creation of a feasibility study to determine if the idea will make a profit and if it should be seen through.
- **Stage 6: Illumination or Realization.** This is when all uncertain areas suddenly become clear. The entrepreneur feels confident that his idea has merit.
- **Stage 7: Verification or Validation.** In this final stage, the idea is verified to see if it works and if it is useful.

Take a look at the diagram below to get a better idea of this process.

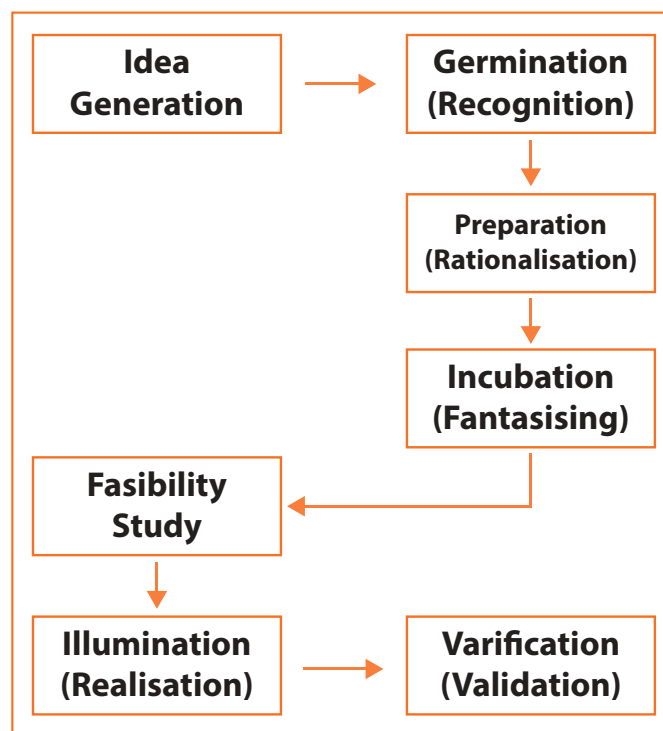


Fig. 10.5.6.2.1: Stages of the entrepreneurial process

10.5.6.3 What is an Entrepreneur?

The entrepreneurship support ecosystem signifies the collective and complete nature of entrepreneurship. New companies emerge and flourish not only because of the courageous, visionary entrepreneurs who launch them, but they thrive as they are set in an environment or 'ecosystem' made of private and public participants. These players nurture and sustain the new ventures, facilitating the entrepreneurs' efforts.

An entrepreneurship ecosystem comprises of the following six domains:

1. **Favourable Culture:** This includes elements such as tolerance of risk and errors, valuable networking and positive social standing of the entrepreneur.
2. **Facilitating Policies & Leadership:** This includes regulatory framework incentives and existence of public research institutes.
3. **Financing Options:** Angel financing, venture capitalists and micro loans would be good examples of this.
4. **Human Capital:** This refers to trained and untrained labour, entrepreneurs and entrepreneurship training programmes, etc.
5. **Conducive Markets for Products & Services:** This refers to an existence or scope of existence of a market for the product/service.
6. **Institutional & Infrastructural Support:** This includes legal and financing advisers, telecommunications, digital and transportation infrastructure, and entrepreneurship networking programmes.

These domains indicate whether there is a strong entrepreneurship support ecosystem and what actions should the government put in place to further encourage this ecosystem. The six domains and their various elements have been graphically depicted.

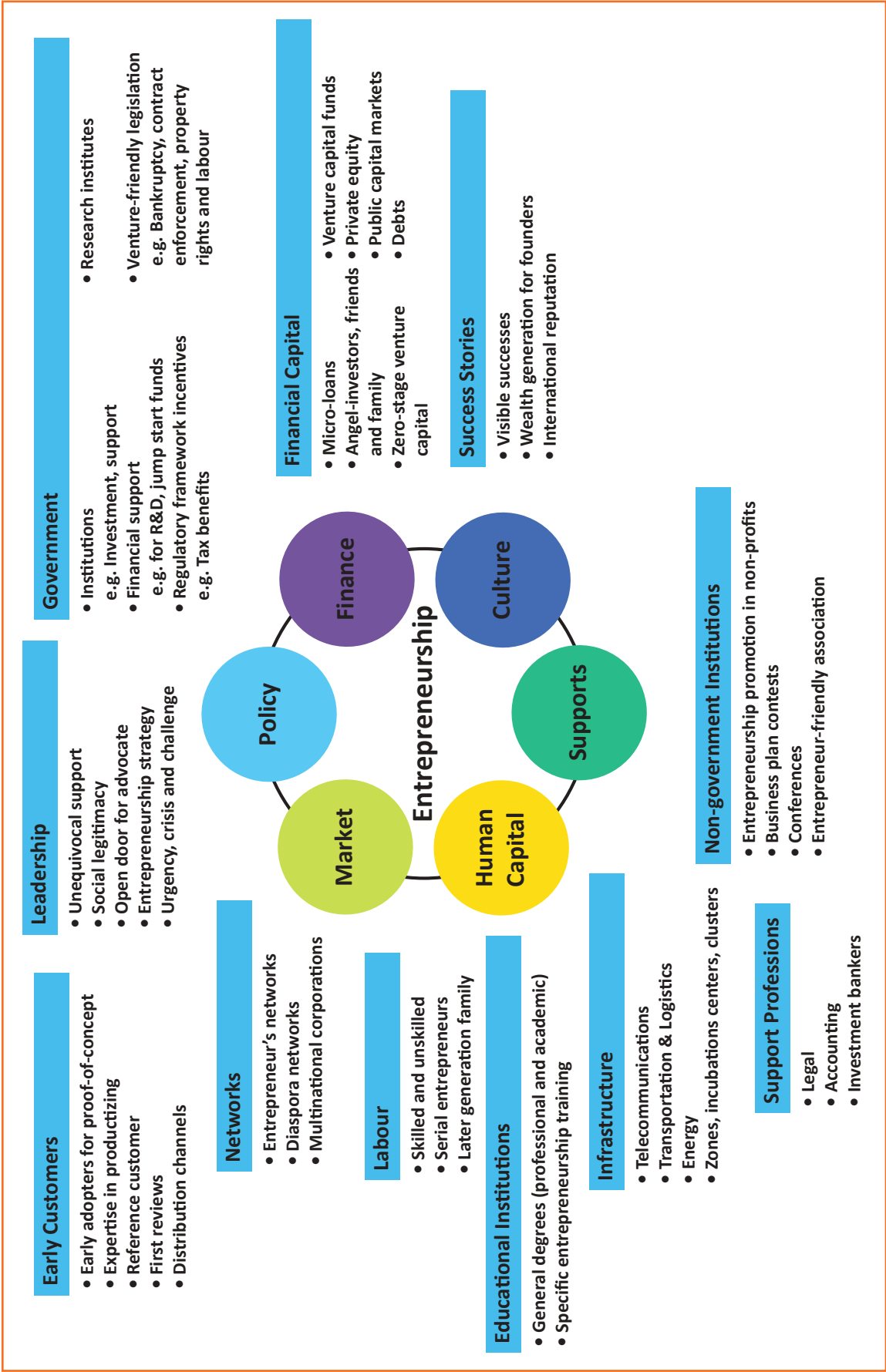


Fig. 10.5.6.3.1: Entrepreneurship support ecosystem

Every entrepreneurship support ecosystem is unique and all the elements of the ecosystem are interdependent. Although every region's entrepreneurship ecosystem can be broadly described by the above features, each ecosystem is the result of the hundred elements interacting in highly complex and particular ways.

Entrepreneurship ecosystems eventually become (largely) self-sustaining. When the six domains are resilient enough, they are mutually beneficial. At this point, government involvement can and should be significantly minimized. Public leaders do not need to invest a lot to sustain the ecosystem. It is imperative that the entrepreneurship ecosystem incentives are formulated to be self-liquidating, hence focusing on sustainability of the environment.

10.5.6.4 Make in India Campaign

Every entrepreneur has certain needs. Some of their important needs are:

- To easily get loans
- To easily find investors
- To get tax exemptions
- To easily access resources and good infrastructure
- To enjoy a procedure that is free of hassles and is quick
- To be able to easily partner with other firms

The Make in India campaign, launched by Prime Minister Modi aims to satisfy all these needs of young, aspiring entrepreneurs. Its objective is to:

- Make investment easy
- Support new ideas
- Enhance skill development
- Safeguard the ideas of entrepreneurs
- Create state-of-the-art facilities for manufacturing goods

10.5.6.5 Key Schemes to Promote Entrepreneurs

The government offers many schemes to support entrepreneurs. These schemes are run by various Ministries/ Departments of Government of India to support First Generation Entrepreneurs. Take a look at a few key schemes to promote entrepreneurship:

Name of the Scheme

1. Pradhan Mantri MUDRA Yojana - Micro Units Development and Refinance Agency (MUDRA),
2. STAND UP INDIA
3. Prime Minister Employment Generation Programme (PMEGP)
4. International Cooperation
5. Performance and Credit Rating
6. Marketing Assistance Scheme
7. Reimbursement of Registration Fee for Bar Coding
8. Enable Participation of MSMEs in State/District level Trade Fairs and Provide Funding Support
9. Capital Subsidy Support on Credit for Technology up gradation
10. Credit Guarantee Fund for Micro and Small Enterprise (CGFMSE)
11. Reimbursement of Certification Fees for Acquiring ISO Standards

12. Agricultural Marketing
13. Small Agricultural Marketing
14. Mega Food Park
15. Adivasi Mahila Sashaktikaran Yojana

Pradhan Mantri MUDRA Yojana, - Micro Units Development and Refinance Agency (MUDRA)

Under the aegis support of Pradhan Mantri MUDRA Yojana, MUDRA has already created its initial products/ schemes. The interventions have been named 'Shishu', 'Kishor' and 'Tarun' to signify the stage of growth/ development and funding needs of the beneficiary micro unit/entrepreneur and also provide a reference point for the next phase of graduation/growth to look forward to:

- **Shishu:** Covering loans upto Rs.50,000/-
- **Kishor:** Covering loans above Rs. 50,000/- and upto Rs.5 lakh
- **Tarun:** Covering loans above Rs. 5 lakh to Rs.10 lakh

Who can apply?: Any Indian citizen who has a business plan for a non-farm sector income generating activity such as manufacturing, processing, trading or service sector and whose credit need is less than Rs.10 lakh can approach either a Bank, MFI, or NBFC for availing of MUDRA loans under Pradhan Mantri Mudra Yojana (PMMY).

Stand Up India

The objective of the Standup India scheme is to facilitate bank loans between Rs.10 lakh and Rs.1 crore to at least one Schedule Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a Greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector. In case of non-Individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or Woman Entrepreneur.

Who can apply?: ST, SC & Women

Prime Minister Employment Generation Programme (PMEGP)

The Scheme is implemented by Khadi and Village Industries Commission (KVIC), as the nodal agency at the National level. At the State level, the Scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the Scheme is routed by KVIC through identified banks for eventual distribution to the beneficiaries/ entrepreneurs in their bank accounts.

Nature of assistance: The maximum cost of the project/unit admissible under manufacturing sector is Rs.25 lakh and under business/service sector is Rs.10 lakh. Levels of funding under PMEGP

Categories of beneficiaries under PMEGP	Beneficiary's contribution (of project cost)	Rate of Subsidy (of project cost)
Area (location of project/unit)		Urban Rural
General Category	10%	15% 25%
Special (including SC / ST / OBC / Minorities / Women, Ex- servicemen, Physically handicapped, NER, Hill and Border areas, etc.	05%	25% 35%

The balance amount of the total project cost will be provided by Banks as term loan as well as working capital.

Who can apply?: Any individual, above 18 years of age. At least VIII standard pass for projects costing above Rs.10 lakh in the manufacturing sector and above Rs.5 lakh in the business/service sector. Only new projects are considered for sanction under PMEGP. Self Help Groups (including those belonging to BPL provided that they have not availed benefits under any other Scheme), Institutions registered under Societies Registration Act,1860; Production Co-operative Societies, and Charitable Trusts are also eligible. Existing Units (under PMRY, REGP or any other scheme of Government of India or State Government) and the units that have already availed Government Subsidy under any other scheme of Government of India or State Government are NOT eligible.

International Cooperation Description

The Scheme would cover the following activities:

- Deputation of MSME business delegations to other countries for exploring new areas of technology infusion/ upgradation, facilitating joint ventures, improving market of MSMEs products, foreign collaborations, etc.
- Participation by Indian MSMEs in international exhibitions, trade fairs and buyer-seller meets in foreign countries as well as in India, in which there is international participation.
- Holding international conferences and seminars on topics and themes of interest to the MSME.

Nature of assistance: IC Scheme provides financial assistance towards the airfare and space rent of entrepreneurs. Assistance is provided on the basis of size and the type of the enterprise.

Who can apply?:

- State/Central Government Organisations;
- Industry/Enterprise Associations; and
- Registered Societies/Trusts and Organisations associated with the promotion and development of MSMEs

Performance and Credit Rating for Micro and Small Enterprises Description

The objective of the Scheme is to create awareness amongst micro & small enterprises about the strengths and weaknesses of their operations and also their credit worthiness.

Nature of assistance:

Turn Over	Fee to be reimbursed by Ministry of MSME
Up to Rs.50 lacs	75% of the fee charged by the rating agency subject to a ceiling Rs.15,000/-
Above Rs.50 lacs to Rs.200 lacs	75% of the fee charged by the rating agency subject to a ceiling of Rs.30,000/-
Above Rs.200 lacs	75% of the fee charged by the rating agency subject

Who can apply?: Any enterprise registered in India as a micro or small enterprise is eligible to apply.

Marketing Assistance Scheme Description

The assistance is provided for the following activities:

- Organizing exhibitions abroad and participation in international exhibitions/trade fairs
- Co-sponsoring of exhibitions organized by other organisations/industry associations/agencies
- Organizing buyer-seller meets, intensive campaigns and marketing promotion events

Nature of assistance: Financial assistance of up to 95% of the airfare and space rent of entrepreneurs. Assistance is provided on the basis of size and the type of the enterprise. Financial assistance for co-sponsoring would be limited to 40% of the net expenditure, subject to maximum amount of Rs.5 lakh.

Who can apply?: MSMEs, Industry Associations and other organizations related to MSME sector.

Reimbursement of Registration Fee for Bar Coding Description

The financial assistance is provided towards 75% reimbursement of only one-time registration fee and 75% of annual recurring fee for first three years paid by MSEs to GS1 India for using bar coding.

Nature of assistance: Funding support for reimbursement of 75% of one time and recurring bar code registration fees.

Who can apply?: All MSMEs with EM registration.

Enabling Participation of MSMEs in State/District Level Trade Fairs and Provide Funding Support

Provide marketing platform to manufacturing MSMEs by enabling their participation in state/district level exhibitions being organized by state/district authorities/associations.

Nature of assistance:

- Free registration for participating in trade fairs. The selection of participants would be done by the MSME-DIs post the submission of application.
- Reimbursement of 50% of to and fro actual fare by shortest distance/direct train (limited to AC II tier class) from the nearest railway station/bus fare to the place of exhibition and 50% space rental charges for MSMEs (General category entrepreneurs).
- For Women/SC/ST entrepreneurs & entrepreneurs from North Eastern Region Govt. of India will reimburse 80% of items listed above in Point (2).

Note: The total reimbursement will be max. Rs.30,000/- per unit for the SC/ST/Women/Physically

Handicapped entrepreneurs, while for the other units the max. limit will be Rs.20,000/- per person per MSME unit.

Note: The participant is required to submit follow-up proofs post attending the event to claim reimbursement. The proofs can be submitted after logging in online under the section "My Applications" or directly contacting a DI office.

Who can apply?: All MSMEs with EM registration.

Capital Subsidy Support on Credit for Technology Upgradation Description

MSMEs can get a capital subsidy (~15%) on credit availed for technology upgradation.

Nature of assistance: Financial assistance for availing credit and loan.

Who can apply?:

- Banks and financial institutions can apply to DC-MSME for availing support.
- MSMEs need to directly contact the respective banks for getting credit and capital subsidy.

How to apply?: If you are a financial institution, click on the "Apply Now" button or else you can also directly contact the Office of DC-MSME. You can view the contact details of Office of DC-MSME. If you are an MSME, directly contact the respective banks/financial institutions as listed in the scheme guidelines.

Provision of Collateral Free Credit for MSMEs Description

Banks and financial institutions are provided funding assistance under this scheme so that they can in turn lend collateral free credit to MSMEs.

Nature of assistance: Funding support to banks and financial institutions for lending collateral-free credit to MSMEs.

Who can apply?: Banks and financial institutions can apply to office of DC-MSME/MSME-DIs for availing support. MSMEs need to directly contact the respective banks for getting credit.

Reimbursement of certification fees for acquiring ISO standards - ISO 9000/ISO 14001 Certification Reimbursement

The Goal assistance will be provided for one-time reimbursement of expenditure to such MSME manufacturing units which acquire ISO 18000/ISO 22000/ISO 27000 certification.

Nature of assistance: Reimbursement of expenditure incurred on acquiring ISO standards.

Who can apply?: MSMEs with EM registration.

Agricultural Marketing Description

A capital investment subsidy for construction/renovation of rural godowns. Creation of scientific storage capacity and prevention of distress sale.

Nature of assistance: Subsidy @ 25% to farmers, 15% of project cost to companies.

Who can apply?: NGOs, SHGs, companies, co-operatives.

Small Agricultural Marketing Description

Business development description provides venture capital assistance in the form of equity, and arranges training and visits of agripreneurs

Farmers' Agriculture Business Consortium: Business development description provides venture capital assistance in the form of equity, and arranges training and visits of agripreneurs.

Nature of assistance: Financial assistance with a ceiling of Rs.5 lakh.

Who can apply?: Individuals, farmers, producer groups, partnership/propriety firms, SGHs, agripreneurs, etc.

Mega Food Park Description

Mechanism to link agricultural production and market to maximize value addition, enhance farmers income, create rural employment.

Nature of assistance: One-time capital grant of 50% of project cost with a limit of Rs.50 crore.

Who can apply?: Farmers, farmer groups, SHGs.

Adivasi Mahila Sashaktikaran Yojana Description

Concessional scheme for the economic development of ST women.

Nature of assistance: Term loan at concessional rates upto 90% of cost of scheme.

Who can apply?: Scheduled Tribes Women.

10.5.6.6 Tips

1. Remember, opportunities are situational.
2. Look for a proven track record.
3. Avoid the latest craze.
4. Love your idea.

10.5.7 Risk Appetite & Resilience

Entrepreneurship and Risk

Entrepreneurs are inherently risk takers. They are path-makers not path-takers. Unlike a normal, cautious person, an entrepreneur would not think twice about quitting his job (his sole income) and taking a risk on himself and his idea.

An entrepreneur is aware that while pursuing his dreams, assumptions can be proven wrong and unforeseen events may arise. He knows that after dealing with numerous problems, success is still not guaranteed. Entrepreneurship is synonymous with the ability to take risks. This ability, called risk-appetite, is an entrepreneurial trait that is partly genetic and partly acquired.

What is Risk Appetite?

Risk appetite is defined as the extent to which a company is equipped to take risk, in order to achieve its objectives. Essentially, it refers to the balance, struck by the company, between possible profits and the hazards caused by changes in the environment (economic ecosystem, policies, etc.). Taking on more risk may lead to higher rewards but have a high probability of losses as well. However, being too conservative may go against the company as it can miss out on good opportunities to grow and reach their objectives.

The levels of risk appetite can be broadly categorized as “low”, “medium” and “high.” The company’s entrepreneur(s) have to evaluate all potential alternatives and select the option most likely to succeed. Companies have varying levels of risk appetites for different objectives. The levels depend on:

- The type of industry
- Market pressures
- Company objectives

For example, a startup with a revolutionary concept will have a very high risk appetite. The startup can afford short term failures before it achieves longer term success. This type of appetite will not remain constant and will be adjusted to account for the present circumstances of the company.¹⁶⁷

Risk Appetite Statement

Companies have to define and articulate their risk appetite in sync with decisions made about their objectives and opportunities. The point of having a risk appetite statement is to have a framework that clearly states the acceptance and management of risk in business. It sets risk taking limits within the company. The risk appetite statement should convey the following:

- The nature of risks the business faces.
- Which risks the company is comfortable taking on and which risks are unacceptable.
- How much risk to accept in all the risk categories.
- The desired tradeoff between risk and reward.
- Measures of risk and methods of examining and regulating risk exposures.

Entrepreneurship and Resilience

Entrepreneurs are characterized by a set of qualities known as resilience. These qualities play an especially large role in the early stages of developing an enterprise. Risk resilience is an extremely valuable characteristic as it is believed to protect entrepreneurs against the threat of challenges and changes in the business environment.

What is Entrepreneurial Resilience?

Resilience is used to describe individuals who have the ability to overcome setbacks related to their life and career aspirations. A resilient person is someone who is capable of easily and quickly recovering from setbacks. For the entrepreneur, resilience is a critical trait. Entrepreneurial resilience can be enhanced in the following ways:

- By developing a professional network of coaches and mentors
- By accepting that change is a part of life
- By viewing obstacles as something that can be overcome

Characteristics of a Resilient Entrepreneur

The characteristics required to make an entrepreneur resilient enough to go the whole way in their business enterprise are:

- A strong internal sense of control
- Strong social connections
- Skill to learn from setbacks
- Ability to look at the bigger picture
- Ability to diversify and expand
- Survivor attitude
- Cash-flow conscious habits
- Attention to detail

10.5.7.1 Tips



1. Cultivate a great network of clients, suppliers, peers, friends and family. This will not only help you promote your business, but will also help you learn, identify new opportunities and stay tuned to changes in the market.
2. Don't dwell on setbacks. Focus on what you need to do next to get moving again.
3. While you should try and curtail expenses, ensure that it is not at the cost of your growth.

10.5.8 Success & Failures

Understanding Successes and Failures in Entrepreneurship

Shyam is a famous entrepreneur, known for his success story. But what most people don't know, is that Shyam failed numerous times before his enterprise became a success. Read his interview to get an idea of what entrepreneurship is really about, straight from an entrepreneur who has both, failed and succeeded.

Interviewer: Shyam, I have heard that entrepreneurs are great risk-takers who are never afraid of failing. Is this true?

Shyam: Ha ha, no of course it's not true! Most people believe that entrepreneurs need to be fearlessly enthusiastic. But the truth is, fear is a very normal and valid human reaction, especially when you are planning to start your own business! In fact, my biggest fear was the fear of failing. The reality is, entrepreneurs fail as much as they succeed. The trick is to not allow the fear of failing to stop you from going ahead with your plans. Remember, failures are lessons for future success!

Interviewer: What, according to you, is the reason that entrepreneurs fail?

Shyam: Well, there is no one single reason why entrepreneurs fail. An entrepreneur can fail due to numerous reasons. You could fail because you have allowed your fear of failure to defeat you. You could fail because you are unwilling to delegate (distribute) work. As the saying goes, "You can do anything, but not everything!" You could fail because you gave up too easily – maybe you were not persistent enough. You could fail because you were focusing your energy on small, insignificant tasks and ignoring the tasks that were most important. Other reasons for failing are partnering with the wrong people,

not being able to sell your product to the right customers at the right time at the right price... and many more reasons!

Interviewer: As an entrepreneur, how do you feel failure should be looked at?

Shyam: I believe we should all look at failure as an asset, rather than as something negative. The way I see it, if you have an idea, you should try to make it work, even if there is a chance that you will fail. That's because not trying is failure right there, anyway! And failure is not the worst thing that can happen. I think having regrets because of not trying, and wondering 'what if' is far worse than trying and actually failing.

Interviewer: How did you feel when you failed for the first time?

Shyam: I was completely heartbroken! It was a very painful experience. But the good news is, you do recover from the failure. And with every subsequent failure, the recovery process gets a lot easier. That's because you start to see each failure more as a lesson that will eventually help you succeed, rather than as an obstacle that you cannot overcome. You will start to realize that failure has many benefits.

Interviewer: Can you tell us about some of the benefits of failing?

Shyam: One of the benefits that I have experienced personally from failing is that the failure made me see things in a new light. It gave me answers that I didn't have before. Failure can make you a lot stronger. It also helps keep your ego in control.

Interviewer: What advice would you give entrepreneurs who are about to start their own enterprises?

Shyam: I would tell them to do their research and ensure that their product is something that is actually wanted by customers. I'd tell them to pick their partners and employees very wisely and cautiously. I'd tell them that it's very important to be aggressive – push and market your product as aggressively as possible. I would warn them that starting an enterprise is very expensive and that they should be prepared for a situation where they run out of money.

I would tell them to create long term goals and put a plan in action to achieve that goal. I would tell them to build a product that is truly unique. Be very careful and ensure that you are not copying another startup. Lastly, I'd tell them that it's very important that they find the right investors.

Interviewer: That's some really helpful advice, Shyam! I'm sure this will help all entrepreneurs to be more prepared before they begin their journey! Thank you for all your insight!

10.5.8.1 Tips

1. Remember that nothing is impossible.
2. Identify your mission and your purpose before you start.
3. Plan your next steps – don't make decisions hastily.

UNIT 10.6: Preparing to be an Entrepreneur

Unit Objectives

At the end of this unit, you will be able to:

1. Discuss how market research is carried out
2. Describe the 4 Ps of marketing
3. Discuss the importance of idea generation
4. Recall basic business terminology
5. Discuss the need for CRM
6. Discuss the benefits of CRM
7. Discuss the need for networking
8. Discuss the benefits of networking
9. Understand the importance of setting goals
10. Differentiate between short-term, medium-term and long-term goals
11. Discuss how to write a business plan
12. Explain the financial planning process
13. Discuss ways to manage your risk
14. Describe the procedure and formalities for applying for bank finance
15. Discuss how to manage your own enterprise
16. List important questions that every entrepreneur should ask before starting an enterprise

10.6.1 Success & Failures

Understanding Market Research

Market research is the process of gathering, analyzing and interpreting market information on a product or service that is being sold in that market. It also includes information on:

- Past, present and prospective customers
- Customer characteristics and spending habits
- The location and needs of the target market
- The overall industry
- Relevant competitors

Market research involves two types of data:

- **Primary information.** This is research collected by yourself or by someone hired by you.
- **Secondary information.** This is research that already exists and is out there for you to find and use.

Primary research

Primary research can be of two types:

- **Exploratory:** This is open-ended and usually involves detailed, unstructured interviews.
- **Specific:** This is precise and involves structured, formal interviews. Conducting specific research is the more expensive than conducting exploratory research.

Secondary research

Secondary research uses outside information. Some common secondary sources are:

- **Public sources:** These are usually free and have a lot of good information. Examples are government departments, business departments of public libraries etc.
- **Commercial sources:** These offer valuable information but usually require a fee to be paid. Examples are research and trade associations, banks and other financial institutions etc.
- **Educational institutions:** These offer a wealth of information. Examples are colleges, universities, technical institutes etc.

10.6.1 Market Study / The 4 Ps of Marketing / Importance of an IDEA

Understanding Market Research

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10.6.1.1 The 4 Ps of Marketing

The 4 Ps of marketing are:

1. Product,
2. Price,
3. Promotion and
4. Place.

Let's look at each of these 4 Ps in detail.

Product

A product can be:

- A tangible good
- An intangible service

Whatever your product is, it is critical that you have a clear understanding of what you are offering, and what its unique characteristics are, before you begin with the marketing process.

Some questions to ask yourself are:

- What does the customer want from the product/service?
- What needs does it satisfy?
- Are there any more features that can be added?
- Does it have any expensive and unnecessary features?
- How will customers use it?
- What should it be called?
- How is it different from similar products?
- How much will it cost to produce?
- Can it be sold at a profit?

Price

Once all the elements of Product have been established, the Price factor needs to be considered. The Price of a Product will depend on several factors such as profit margins, supply, demand and the marketing strategy.

Some questions to ask yourself are:

- What is the value of the product/service to customers?
- Do local products/services have established price points?
- Is the customer price sensitive?
- Should discounts be offered?
- How is your price compared to that of your competitors?

Promotion

Once you are certain about your Product and your Price, the next step is to look at ways to promote it. Some key elements of promotion are advertising, public relations, social media marketing, email marketing, search engine marketing, video marketing and more.

Some questions to ask yourself are:

- Where should you promote your product or service?
- What is the best medium to use to reach your target audience?
- When would be the best time to promote your product?
- How are your competitors promoting their products?

Place

According to most marketers, the basis of marketing is about offering the right product, at the right price, at the right place, at the right time. For this reason, selecting the best possible location is critical for converting prospective clients into actual clients.

Some questions to ask yourself are:

- Will your product or service be looked for in a physical store, online or both?
- What should you do to access the most appropriate distribution channels?
- Will you require a sales force?
- Where are your competitors offering their products or services?
- Should you follow in your competitors' footsteps?
- Should you do something different from your competitors?

Importance of an IDEA

Ideas are the foundation of progress. An idea can be small or ground-breaking, easy to accomplish or extremely complicated to implement. Whatever the case, the fact that it is an idea gives it merit. Without ideas, nothing is possible. Most people are afraid to speak out their ideas, out for fear of being ridiculed. However, if are an entrepreneur and want to remain competitive and innovative, you need to bring your ideas out into the light.¹⁷³

Some ways to do this are by:

- Establishing a culture of brainstorming where you invite all interested parties to contribute
- Discussing ideas out loud so that people can add their ideas, views, opinions to them
- Being open minded and not limiting your ideas, even if the idea who have seems ridiculous
- Not discarding ideas that you don't work on immediately, but instead making a note of them and shelving them so they can be revisited at a later date.

10.6.1.2 Tips

1. Keep in mind that good ideas do not always have to be unique.
2. Remember that timing plays a huge role in determining the success of your idea.
3. Situations and circumstances will always change, so be flexible and adapt your idea accordingly.

10.6.2 Business Entity Concepts: Basic Business Terminology

If your aim is to start and run a business, it is crucial that you have a good understanding of basic business terms. Every entrepreneur should be well versed in the following terms:

- **Accounting:** A systematic method of recording and reporting financial transactions.
- **Accounts payable:** Money owed by a company to its creditors.
- **Accounts Receivable:** The amount a company is owed by its clients.
- **Assets:** The value of everything a company owns and uses to conduct its business.
- **Balance Sheet:** A snapshot of a company's assets, liabilities and owner's equity at a given moment.
- **Bottom Line:** The total amount a business has earned or lost at the end of a month.
- **Business:** An organization that operates with the aim of making a profit.
- **Business to Business (B2B):** A business that sells goods or services to another business.

- **Business to Consumer (B2C):** A business that sells goods or services directly to the end user.
- **Capital:** The money a business has in its accounts, assets and investments. The two main types of capital are debt and equity.
- **Cash Flow:** The overall movement of funds through a business each month, including income and expenses.
- **Cash Flow Statement:** A statement showing the money that entered and exited a business during a specific period of time.
- **Contract:** A formal agreement to do work for pay.
- **Depreciation:** The degrading value of an asset over time.
- **Expense:** The costs that a business incurs through its operations.
- **Finance:** The management and allocation of money and other assets.
- **Financial Report:** A comprehensive account of a business' transactions and expenses.
- **Fixed Cost:** A one-time expense.
- **Income Statement (Profit and Loss Statement):** Shows the profitability of a business during a period of time.
- **Liabilities:** The value of what a business owes to someone else.
- **Marketing:** The process of promoting, selling and distributing a product or service.
- **Net Income/Profit:** Revenues minus expenses.
- **Net Worth:** The total value of a business.
- **Payback Period:** The amount of time it takes to recover the initial investment of a business.
- **Profit Margin:** The ratio of profit, divided by revenue, displayed as a percentage.
- **Return on Investment (ROI):** The amount of money a business gets as return from an investment.
- **Revenue:** The total amount of income before expenses are subtracted.
- **Sales Prospect:** A potential customer.
- **Supplier:** A provider of supplies to a business.
- **Target Market:** A specific group of customers at which a company's products and services are aimed.
- **Valuation:** An estimate of the overall worth of the business.
- **Variable Cost:** Expenses that change in proportion to the activity of a business.
- **Working Capital:** Calculated as current assets minus current liabilities.
- **Business Transactions:** There are three types of business transactions. These are:
 - **Simple Transactions** – Usually a single transaction between a vendor and a customer. For example: Buying a cup of coffee.
 - **Complex Transactions** – These transactions go through a number of events before they can be completed. For example: Buying a house.
 - **Ongoing transactions** – These transactions usually require a contract. For example: Contract with a vendor.

10.6.3 Basic Accounting Formulas

Take a look some important accounting formulas that every entrepreneur needs to know.

1. The Accounting Equation: This is value of everything a company owns and uses to conduct its business.
Formula: $\text{Assets} = \text{Liability} + \text{Owner's Equity}$
2. Net Income: This is the profit of the company. Formula: $\text{Net Income} = \text{Revenues} - \text{Expenses}$
3. Break-Even Point: This is the point at which the company will not make a profit or a loss. The total cost and total revenues are equal.
Formula: $\text{Break-Even} = \text{Fixed Costs} / \text{Sales Price} - \text{Variable Cost per Unit}$
4. Cash Ratio: This tells us about the liquidity of a company. Formula: $\text{Cash Ratio} = \text{Cash} / \text{Current Liabilities}$
5. Profit Margin: This is shown as a percentage. It shows what percentage of sales are left over after all the expenses are paid by the business.
Formula: $\text{Profit Margin} = \text{Net Income} / \text{Sales}$
6. Debt-to-Equity Ratio: This ratio shows how much equity and debt a company is using to finance its assets, and whether the shareholder equity can fulfill obligations to creditors if the business starts making a loss.
Formula: $\text{Debt-to-Equity Ratio} = \text{Total Liabilities} / \text{Total Equity}$
7. Cost of Goods Sold: This is the total of all costs used to create a product or service, which has been sold.
Formula: $\text{Cost of Goods Sold} = \text{Cost of Materials} / \text{Inventory} - \text{Cost of Outputs}$
8. Return on Investment (ROI): This is usually shown as a percentage. It calculates the profits of an investment as a percentage of the original cost.
Formula: $\text{ROI} = \text{Net Profit} / \text{Total Investment} * 100$
9. Simple Interest: This is money you can earn by initially investing some money (the principal).
Formula: $A = P(1 + rt)$; $R = r * 100$
Where:
A = Total Accrued Amount (principal + interest) P = Principal Amount
I = Interest Amount
 $r = \text{Rate of Interest per year in decimal}$; $r = R/100$ t = Time Period involved in months or years
10. Annual Compound Interest: The calculates the addition of interest to the principal sum of a loan or deposit.
Formula:
 $A = P (1 + r/n)^{nt}$
Where, A = the future value of the investment/loan, including interest
P = the principal investment amount (the initial deposit or loan amount) r = the annual interest rate (decimal)
 $n = \text{the number of times that interest is compounded per year} = \text{the number of years the money is invested or borrowed for.}$

10.6.4 CRM & Networking

What is CRM?

CRM stands for Customer Relationship Management. Originally the expression Customer Relationship Management meant managing one's relationship with customers. However, today it refers to IT systems and software designed to help companies manage their relationships.

The Need for CRM

The better a company can manage its relationships with its customers, the higher the chances of the company's success. For any entrepreneur, the ability to successfully retain existing customers and expand the enterprise is paramount. This is why IT systems that focus on addressing the problems of dealing with customers on a daily basis are becoming more and more in demand.

Customer needs change over time, and technology can make it easier to understand what customers really want. This insight helps companies to be more responsive to the needs of their customers. It enables them to modify their business operations when required, so that their customers are always served in the best manner possible. Simply put, CRM helps companies recognize the value of their clients and enables them to capitalize on improved customer relations.

Benefits of CRM

CRM has a number of important benefits:

- It helps improve relations with existing customers which can lead to: Increased sales
 - Identification of customer needs
 - Cross-selling of products
 - It results in better marketing of one's products or services
- It enhances customer satisfaction and retention
- It improves profitability by identifying and focusing on the most profitable customers

10.6.4.1 What is Networking?

In business, networking means leveraging your business and personal connections in order to bring in a regular supply of new business. This marketing method is effective as well as low cost. It is a great way to develop sales opportunities and contacts. Networking can be based on referrals and introductions, or can take place via phone, email, and social and business networking websites.

The Need for Networking

Networking is an essential personal skill for business people, but it is even more important for entrepreneurs. The process of networking has its roots in relationship building. Networking results in greater communication and a stronger presence in the entrepreneurial ecosystem. This helps build strong relationships with other entrepreneurs.

Business networking events held across the globe play a huge role in connecting like-minded entrepreneurs who share the same fundamental beliefs in communication, exchanging ideas and converting ideas into realities. Such networking events also play a crucial role in connecting entrepreneurs with potential investors. Entrepreneurs may have vastly different experiences and backgrounds but they all have a common goal in mind – they all seek connection, inspiration, advice, opportunities and mentors. Networking offers them a platform to do just that. Benefits of Networking

Networking offers numerous benefits for entrepreneurs. Some of the major benefits are:

- Getting high quality leads
- Increased business opportunities

- Good source of relevant connections
- Advice from like-minded entrepreneurs
- Gaining visibility and raising your profile
- Meeting positive and enthusiastic people
- Increased self-confidence
- Satisfaction from helping others
- Building strong and lasting friendships

10.6.4.2 Tips

1. Use social media interactions to identify needs and gather feedback.
2. When networking, ask open-ended questions rather than yes/no type questions.

10.6.5 Business Plan: Why Set Goals

Setting goals is important because it gives you long-term vision and short-term motivation. Goals can be short term, medium term and long term.

Short-Term Goals

- These are specific goals for the immediate future. Example: Repairing a machine that has failed.
- Medium- Term Goals
- These goals are built on your short term goals.
 - They do not need to be as specific as your short term goals.

Example: Arranging for a service contract to ensure that your machines don't fail again.

Long-Term Goals

These goals require time and planning. They usually take a year or more to achieve.

Example: Planning your expenses so you can buy new machinery

Why Create a Business Plan

A business plan is a tool for understanding how your business is put together. It can be used to monitor progress, foster accountability and control the fate of the business. It usually offers a 3-5 year projection and outlines the plan that the company intends to follow to grow its revenues. A business plan is also a very important tool for getting the interest of key employees or future investors.

A business plan typically comprises of eight elements.

10.6.5.1 Elements of a Business Plan

Executive Summary

The executive summary follows the title page. The summary should clearly state your desires as the business owner in a short and businesslike way. It is an overview of your business and your plans. Ideally this should not be more than 1-2 pages.

Your Executive Summary should include:

- **The Mission Statement:** Explain what your business is all about.
Example: Nike's Mission Statement
Nike's mission statement is "To bring inspiration and innovation to every athlete in the world."
- **Company Information:** Provide information like when your business was formed, the names and roles of the founders, the number of employees, your business location(s) etc.
- **Growth Highlights:** Mention examples of company growth. Use graphs and charts where possible.
- **Your Products/Services:** Describe the products or services provided.
- **Financial Information:** Provide details on current bank and investors.
- **Summarize future plans:** Describe where you see your business in the future.

Business Description

The second section of your business plan needs to provide a detailed review of the different elements of your business. This will help potential investors to correctly understand your business goal and the uniqueness of your offering.

Your Business Description should include:

- A description of the nature of your business
- The market needs that you are aiming to satisfy
- The ways in which your products and services meet these needs
- The specific consumers and organizations that you intend to serve
- Your specific competitive advantages

Market Analysis

The market analysis section usually follows the business description. The aim of this section is to showcase your industry and market knowledge. This is also the section where you should lay down your research findings and conclusions.

Your Market Analysis should include:

- Your industry description and outlook
- Information on your target market
- The needs and demographics of your target audience
- The size of your target market
- The amount of market share you want to capture
- Your pricing structure
- Your competitive analysis
- Any regulatory requirements

Organization & Management

This section should come immediately after the Market Analysis. Your Organization & Management section should include:

- Your company's organizational structure
- Details of your company's ownership
- Details of your management team

- Qualifications of your board of directors
- Detailed descriptions of each division/department and its function
- The salary and benefits package that you offer your people
- The incentives that you offer

Service or Product Line

The next section is the service or product line section. This is where you describe your service or product, and stress on their benefits to potential and current customers. Explain in detail why your product of choice will fulfill the needs of your target audience.

Your Service or Product Line section should include:

- A description of your product/service
- A description of your product or service's life cycle
- A list of any copyright or patent filings
- A description of any R&D activities that you are involved in or planning

Marketing & Sales

Once the Service or Product Line section of your plan has been completed, you should start on the description of the marketing and sales management strategy for your business.

Your Marketing section should include the following strategies:

- **Market penetration strategy:** This strategy focuses on selling your existing products or services in existing markets, in order to increase your market share.
- **Growth strategy:** This strategy focuses on increasing the amount of market share, even if it reduces earnings in the short-term.
- **Channels of distribution strategy:** These can be wholesalers, retailers, distributors and even the internet.
- **Communication strategy:** These can be written strategies (e-mail, text, chat), oral strategies (phone calls, video chats, face-to-face conversations), non-verbal strategies (body language, facial expressions, tone of voice) and visual strategies (signs, webpages, illustrations).

Your Sales section should include the following information:

- **A salesforce strategy:** This strategy focuses on increasing the revenue of the enterprise.
- **A breakdown of your sales activities:** This means detailing out how you intend to sell your products or services – will you sell it offline or online, how many units do you intend to sell, what price do you plan to sell each unit at, etc.

Funding Request

This section is specifically for those who require funding for their venture. The Funding Request section should include the following information:

- How much funding you currently require.
- How much funding you will require over the next five years. This will depend on your long-term goals.
- The type of funding you want and how you plan to use it. Do you want funding that can be used only for a specific purpose, or funding that can be used for any kind of requirement?
- Strategic plans for the future. This will involve detailing out your long-term plans – what these plans are and how much money you will require to put these plans in motions.

- Historical and prospective financial information. This can be done by creating and maintaining all your financial records, right from the moment your enterprise started, to the present day. Documents required for this are your balance sheet which contains details of your company's assets and liabilities, your income statement which lists your company's revenues, expenses and net income for the year, your tax returns (usually for the last three years) and your cash flow budget which lists the cash that came in, the cash that went out and states whether you had a cash deficit (negative balance) or surplus (positive balance) at the end of each month.

Financial Planning

Before you begin building your enterprise, you need to plan your finances. Take a look at the steps for financial planning:

- **Step 1:** Create a financial plan. This should include your goals, strategies and timelines for accomplishing these goals.
- **Step 2:** Organize all your important financial documents. Maintain a file to hold your investment details, bank statements, tax papers, credit card bills, insurance papers and any other financial records.
- **Step 3:** Calculate your net worth. This means figure out what you own (assets like your house, bank accounts, investments etc.), and then subtract what you owe (liabilities like loans, pending credit card amounts etc.) the amount you are left with is your net worth.
- **Step 4:** Make a spending plan. This means write down in detail where your money will come from, and where it will go.
- **Step 5:** Build an emergency fund. A good emergency fund contains enough money to cover at least 6 months' worth of expenses.
- **Step 6:** Set up your insurance. Insurance provides long term financial security and protects you against risk.

Risk Management

As an entrepreneur, it is critical that you evaluate the risks involved with the type of enterprise that you want to start, before you begin setting up your company. Once you have identified potential risks, you can take steps to reduce them. Some ways to manage risks are:

- Research similar business and find out about their risks and how they were minimized.
- Evaluate current market trends and find out if similar products or services that launched a while ago are still being well received by the public.
- Think about whether you really have the required expertise to launch your product or service.
- Examine your finances and see if you have enough income to start your enterprise.
- Be aware of the current state of the economy, consider how the economy may change over time, and think about how your enterprise will be affected by any of those changes.
- Create a detailed business plan.

10.6.5.2 Tips



1. Ensure all the important elements are covered in your plan.
2. Scrutinize the numbers thoroughly.
3. Be concise and realistic.
4. Be conservative in your approach and your projections.
5. Use visuals like charts, graphs and images wherever possible.

10.6.6 Procedure and Formalities for Bank Finance

The Need for Bank Finance

For entrepreneurs, one of the most difficult challenges faced involves securing funds for start-ups. With numerous funding options available, entrepreneurs need to take a close look at which funding methodology works best for them. In India, banks are one of the largest funders of start-ups, offering funding to thousands of start-ups every year.

10.6.6.1 What Information Should Entrepreneurs Offer Banks for Funding

When approaching a bank, entrepreneurs must have a clear idea of the different criteria that banks use to screen, rate and process loan applications. Entrepreneurs must also be aware of the importance of providing banks with accurate and correct information. It is now easier than ever for financial institutions to track any default behaviour of loan applicants. Entrepreneurs looking for funding from banks must provide banks with information relating to their general credentials, financial situation and guarantees or collaterals that can be offered.

General Credentials

This is where you, as an entrepreneur, provide the bank with background information on yourself. Such information includes:

- **Letter(s) of Introduction:** This letter should be written by a respected business person who knows you well enough to introduce you. The aim of this letter is set across your achievements and vouch for your character and integrity.
- **Your Profile:** This is basically your resume. You need to give the bank a good idea of your educational achievements, professional training, qualifications, employment record and achievements.
- **Business Brochure:** A business brochure typically provides information on company products, clients, how long the business has been running for etc.
- **Bank and Other References:** If you have an account with another bank, providing those bank references is a good idea.
- **Proof of Company Ownership or Registration:** In some cases, you may need to provide the bank with proof of company ownership and registration. A list of assets and liabilities may also be required.

Financial Situation

Banks will expect current financial information on your enterprise. The standard financial reports you should be prepared with are:

- Balance Sheet
- Profit-and-Loss Account
- Cash-Flow Statement
- Projected Sales and Revenues
- Business Plan
- Feasibility Study

Guarantees or Collaterals

Usually banks will refuse to grant you a loan without security. You can offer assets which the bank can seize and sell off if you do not repay the loan. Fixed assets like machinery, equipment, vehicles etc. are also considered to be security for loans.

10.6.6.2 The Lending Criteria of Banks

Your request for funding will have a higher chance of success if you can satisfy the following lending criteria:

- Good cash flow
- Adequate shareholders' funds
- Adequate security
- Experience in business
- Good reputation

The Procedure

To apply for funding the following procedure will need to be followed.

- Submit your application form and all other required documents to the bank.
- The bank will carefully assess your credit worthiness and assign ratings by analyzing your business information with respect to parameters like management, financial, operational and industry information as well as past loan performance.
- The bank will make a decision as to whether or not you should be given funding.

10.6.6.3 Tips

1. Get advice on funding options from experienced bankers.
2. Be cautious and avoid borrowing more than you need, for longer than you need, at an interest rate that is higher than you are comfortable with.

10.6.7 Enterprise Management - An Overview

To manage your enterprise effectively you need to look at many different aspects, right from managing the day-to-day activities to figuring out how to handle a large scale event. Let's take a look at some simple steps to manage your company effectively.

Step 1: Use your leadership skills and ask for advice when required: Let's take the example of Ramu, an entrepreneur who has recently started his own enterprise. Ramu has good leadership skills – he is honest, communicates well, knows how to delegate work etc. These leadership skills definitely help Ramu in the management of his enterprise. However, sometimes Ramu comes across situations that he is unsure how to handle. What should Ramu do in this case? One solution is for him to find a more experienced manager who is willing to mentor him. Another solution is for Ramu to use his networking skills so that he can connect with managers from other organizations, who can give him advice on how to handle such situations.

Step 2: Divide your work amongst others – realize that you cannot handle everything yourself: Even the most skilled manager in the world will not be able to manage every single task that an enterprise will demand of him. A smart manager needs to realize that the key to managing his enterprise lies in his dividing all his work between those around him. This is known as delegation. However, delegating is not enough. A manager must delegate effectively if he wants to see results. This is important because delegating, when done incorrectly, can result in you creating even more work for yourself. To delegate effectively, you can start by making two lists. One list should contain the things that you know you need to handle yourself. The second list should contain the things that you are confident can be given to others to manage and handle. Besides incorrect delegation, another issue that may arise is over-delegation. This means giving away too many of your tasks to others. The problem with this is, the more tasks you delegate, the more time you will spend tracking and monitoring the work progress of those you have handed the tasks to. This

will leave you with very little time to finish your own work.

Step 3: Hire the right people for the job: Hiring the right people goes a long way towards effectively managing your enterprise. To hire the best people suited for the job, you need to be very careful with your interview process. You should ask potential candidates the right questions and evaluate their answers carefully. Carrying out background checks is always a good practice. Running a credit check is also a good idea, especially if the people you are planning to hire will be handling your money. Create a detailed job description for each role that you want filled and ensure that all candidates have a clear and correct understanding of the job description. You should also have an employee manual in place, where you put down every expectation that you have from your employees. All these actions will help ensure that the right people are approached for running your enterprise.

Step 4: Motivate your employees and train them well: Your enterprise can only be managed effectively if your employees are motivated to work hard for your enterprise. Part of being motivated involves your employees believing in the vision and mission of your enterprise and genuinely wanting to make efforts towards pursuing the same. You can motivate your employees with recognition, bonuses and rewards for achievements. You can also motivate them by telling them about how their efforts have led to the company's success. This will help them feel pride and give them a sense of responsibility that will increase their motivation.

Besides motivating your people, your employees should be constantly trained in new practices and technologies. Remember, training is not a one-time effort. It is a consistent effort that needs to be carried out regularly.

Step 5: Train your people to handle your customers well: Your employees need to be well-versed in the art of customer management. This means they should be able to understand what their customers want, and also know how to satisfy their needs. For them to truly understand this, they need to see how you deal effectively with customers. This is called leading by example. Show them how you sincerely listen to your clients and the efforts that you put into understand their requirements. Let them listen to the type of questions that you ask your clients so they understand which questions are appropriate.

Step 6: Market your enterprise effectively: Use all your skills and the skills of your employees to market your enterprise in an effective manner. You can also hire a marketing agency if you feel you need help in this area.

Now that you know what is required to run your enterprise effectively, put these steps into play, and see how much easier managing your enterprise becomes!

10.6.7.1 Tips

1. Get advice on funding options from experienced bankers.
2. Be cautious and avoid borrowing more than you need, for longer than you need, at an interest rate that is higher than you are comfortable with.

10.6.7.2 Considering Entrepreneurship

Questions to Ask Yourself Before Considering Entrepreneurship

- Why am I starting a business?
- What problem am I solving?
- Have others attempted to solve this problem before? Did they succeed or fail?
- Do I have a mentor¹ or industry expert that I can call on?

- Who is my ideal customer²?
- Who are my competitors³?
- What makes my business idea different from other business ideas?
- What are the key features of my product or service?
- Have I done a SWOT⁴ analysis?
- What is the size of the market that will buy my product or service?
- What would it take to build a minimum viable product⁵ to test the market?
- How much money do I need to get started?
- Will I need to get a loan?
- How soon will my products or services be available?
- When will I break even⁶ or make a profit?
- How will those who invest in my idea make a profit?
- How should I set up the legal structure⁷ of my business?
- What taxes⁸ will I need to pay?
- What kind of insurance⁹ will I need?
- Have I reached out to potential customers for feedback

10.6.7.3 Tips

1. It is very important to validate your business ideas before you invest significant time, money and resources into it.
2. The more questions you ask yourself, the more prepared you will be to handle to highs and lows of starting an enterprise.

Footnotes:

1. A mentor is a trusted and experienced person who is willing to coach and guide you.
2. A customer is someone who buys goods and/or services.
3. A competitor is a person or company that sells products and/or services similar to your products and/or services.
4. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. To conduct a SWOT analysis of your company, you need to list down all the strengths and weaknesses of your company, the opportunities that are present for your company and the threats faced by your company.
5. A minimum viable product is a product that has the fewest possible features, that can be sold to customers, for the purpose of getting feedback from customers on the product.
6. A company is said to break even when the profits of the company are equal to the costs.
7. The legal structure could be a sole proprietorship, partnership or limited liability partnership.
8. There are two types of taxes – direct taxes payable by a person or a company, or indirect taxes charged on goods and/or services.
9. There are two types of insurance – life insurance and general insurance. Life insurance covers human life while general insurance covers assets like animals, goods, cars etc.





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