

Organized Retailing

NVEQF Level 4 – Class XII

RETAIL MANAGEMENT

Students Workbook



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Preface

The National Curriculum Framework, 2005, recommends that children's life at school must be linked to their life outside the school. This principle makes a departure from the legacy of bookish learning which continues to shape our system and causes a gap between the school, home, community and the workplace.

The student workbook on " **Retail Management**" is a part of the qualification package developed for the implementation of National Vocational Education Qualification Framework (NVEQF), an initiative of Ministry of Human Resource Development (MHRD), Government of India to set common principles and guidelines for a nationally recognized qualification system covering Schools, Vocational Education and Training Institutions, Technical Education Institutions, Colleges and Universities which is presently named as National Skill Qualification Framework (NSQF). It is envisaged that the NSQF will promote transparency of qualifications, cross-sectoral learning, student-centred learning and facilitate learner's mobility between different qualifications, thus encouraging lifelong learning.

This student workbook, which forms a part of vocational qualification package for student's who have passed Class XI or equivalent examination, was created by a group of experts. The Retailer's Association of Skill Council of India (RASCI), approved by the National Skill Development Corporation (NSDC) organised Retailing Industry developed the National Occupation Standards (NOS). The National Occupation Standards are a set of competency standards and guidelines endorsed by the representatives of organised retailing Industry for recognizing an assessing skills and knowledge needs to perform effectively in the workplace.

The Pandit Sunderlal Sharma Central Institute of Vocational Education (PSSCIVE), a constituent of National Council of Educational Research and Training (NCERT) in association with RASCI has developed modular curricula and learning materials (Units) for the vocational qualification package in Organised Retailing Sector for NSQF levels 1 to 4; Level 4 is equivalent to Class XII. Based on NOS, occupation related core competencies (knowledge, skills and abilities) were identified for development of curricula and learning modules (Units).

This student workbook attempts to discourage rote learning and to necessary flexibility in offering of courses, necessary for breaking sharp boundaries between different subject areas. The workbook is attempt to enhance these endeavours by giving higher priority and space to opportunities contemplation and wondering, discussion in small groups and activities requiring hands on experience. Hope these measures will take us significantly further in the direction of a child centred system of education outlined in the National Policy of Education (1986).

The success of this effort depends on the steps that school Principals and Teachers will take to encourage children to reflect their own learning and to pursue imaginative and on the job activities and questions. Participation of learner in skill development exercises and inculcation of values and creativity is possible if involve children as participant in learning, and not as receiver of information. These aims imply considerable change in school routines and mode of functioning. Flexibility in the daily time table would be a necessity to maintain the rigour in implementing the activities and required number of teaching days will have to be increased for teaching and training.

Acknowledgements

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About the Workbook

This workbook **Retail Management** is to assist you with completing the Unit of Competencies **RS401-RS408**. You should work through the workbook in the classroom, at the workplace or in your own time under the guidance and supervision of your teacher or trainer. This workbook contains sessions which will help you to acquire relevant knowledge and skills (soft and hard) on various aspects of the unit of competencies. Each session is small enough to be easily tackled and digested by you before you move on to the next session. Animated pictures and photographs have been included to bring about visual appeal and to make the text lively and interactive for you. You can also try to create your own illustrations using your imagination or taking the help of your teacher. Let us now see what the sections in each unit.

Section1: Introduction

This section introduces you to the topic of the Unit. It also tells you what you will learn through the various sessions covered in the Unit.

Section 2: Relevant Knowledge

This section provides you with the relevant information on the topic(s) covered in the session. The knowledge developed through this section will enable you to perform certain activities. You should read through the information to develop an understanding on the various aspects of the topic before you complete the exercise(s).

Section 3: Exercise

Each session has exercises, which you should complete on time. You will perform the activities in the classroom, at home or at the workplace. The activities included in this section will help you to develop necessary knowledge, skills and attitude that you need for becoming competent in performing the tasks at workplace. The activities should be done under the supervision of your teacher or trainer who will guide you in completing the tasks and also provide feedback to you for improving your performance. To achieve this, prepare a timetable in consultation with your teacher or trainer and strictly adhere to the stipulated norms or standards. Do not hesitate to ask your teacher or trainer to explain anything that you do not understand.

Section 4: Assessment

The review questions included in this section will help you to check your progress. You must be able to answer all the questions before you proceed to the next session.

This workbook was developed in the year 2013 for urgent need of Haryana Pilot Project. Now we review and finalized this workbook as per new Qualification Packs developed by the Retailers Association Skill Council of India (RASCI) which is under National Skill Development Corporation (NSDC), Government of India.

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RS401-NQ2014

Advances in Retailing

Introduction

It must be remembered that satisfaction of consumer/ customer is the ultimate goal of all economic activity. Since any other activity e.g. production, exchange, distribution are meaningless if they are not able to provide satisfaction to the consumer.

It is noticeable that retailing is the last step of the process in which any product is produced by various factors of production thereafter it is marketed to reach to ultimate customer.

Understanding your customer's organization structure enables you to develop a tailored business strategy that will improve your customer's performance. A company's organization structure is not only a chart with the departments of that company; it also contains roles, relationships, a control and a budget structure. A Retailer's organization structure is one of the most important factors in terms of defining the priorities for the company as a whole, as well as for individuals in different roles within the company.

Beyond a Retailer's internal organizational structure, it has become increasingly common for Retailers to have critical partnership relationships with outside firms who may provide a range of services to the Retailer on an ongoing basis, even to the point of having permanent full-time employees working onsite with the Retailer. This is common in a number of functions such as IT, Marketing and other areas. It's important to find out about these relationships, and the ongoing roles that outside organizations may play for the Retailer, in order to understand fully how the Retailer does business. See the discussion of outsourcing below, in the discussion of organizational structure.

The retail industry is one that lives and dies on margins, with managers on a never-ending quest to increase revenue and decrease costs. Technology has been an area of intense focus in retail industries as a way to accomplish both goals. Improvements have been made in areas such as supply chain management, inventory management, customer experience, and loss prevention. Wireless technology, permitting communication between people and devices anywhere and without cables, has enabled the dramatic transformation of business processes in the past, and continues to do so.

In this unit, we focused on retail organizational structure, retail research, retail strategy and retail consumer behavior.

Session 1: Retail Organizational Structure

Relevant Knowledge

Retailing as an economic activity involve all the steps in which a product (goods and services) reaches to the final consumer after its production. It is a process of distribution channel.

It must be remembered that satisfaction of consumer/ customer is the ultimate goal of all economic activity. Since any other activity e.g. production, exchange, distribution are meaningless if they are not able to provide satisfaction to the consumer/customer.

The organisational structure of a retail store will vary by the size and type of the business. Most tasks involved with operating a retail business will be the same. However, small or independent retail stores may combine many sectors together under one division, while larger stores create various divisions for each particular function along with many layers of management.



For example, the small specialty shop may have all of its employees under one category called Store Operations. A large department store may have a complete staff consisting of a manager, assistant manager and sales associates for its Sporting Goods department, Home and Garden, Bed and Bath, and each additional department.

We can define the store's organisations:

- a) Specifying all tasks that need to be performed.
- b) Divide those responsibilities among various individuals or channels.
- c) Group and classify each task into a job with a title and description
- d) Develop an organisational chart.

Retailing Structure

The following is a brief outline of some of the divisions in a retail organisation.

Owner/CEO or President

Store Operations: Management, Cashier, Sales, Receiving, Loss Prevention

Marketing: Visual Displays, Public Relations, Promotions

Merchandising: Planning, Buying, Inventory Control

Human Relations: Personnel, Training

Finance: Accounting, Credit

Technology: Information Technology

As the store grows and the retail business evolves, the dynamics of the organisation's structure will change too. Therefore it is paramount to redesign the store's organisational chart to support the decision-making, collaboration and leadership capabilities that are essential during and after a growth period.

Organizational Structure

Every organization whether big or small needs organizational design and structure. The organizational Structure is a format system through which a retail firm assigns tasks/ functions, policies, resources, authority responsibilities and rewards to achieve its goals and satisfy the needs of its target market.

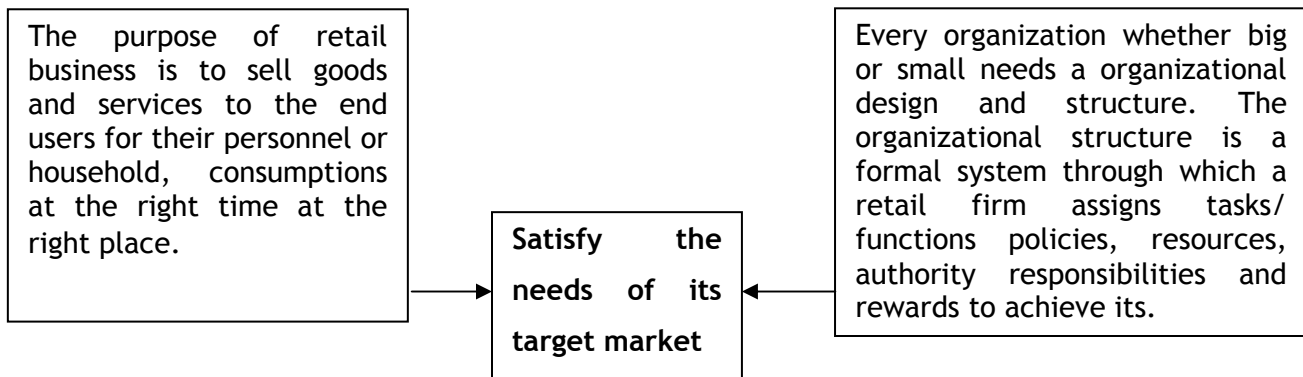
Guidelines for Organizational Structure

1. Fulfilling needs of Target market

- There should be sufficient personnel to provide appropriate customer service.
- Personnel should be knowledgeable and Courteous.
- Store facilities should be well maintained.
- The specific needs of branch store customers to be met properly.

2. Needs of Employee

- Positions are challenging and satisfying adequately.
- Orderly promotion program
- Employee participation in the decision making.
- Culture and organizational environment

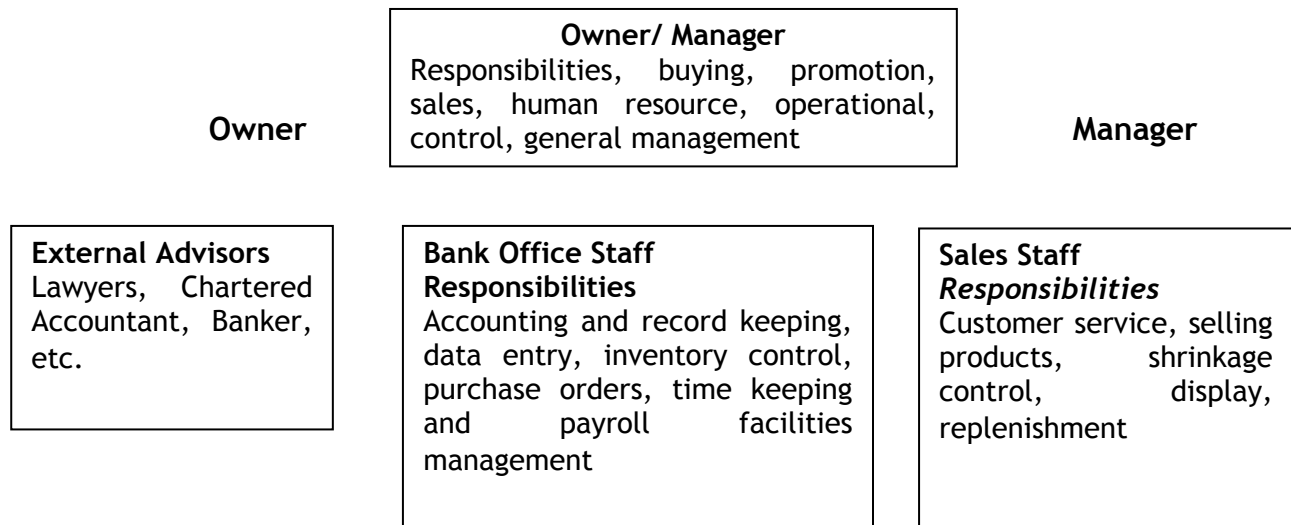


Factors Influencing Organizational Structure

The various factors influence the creation of organizational structure which may be:

1. Scope and scale of operation viz. local, regional, national or international.
2. Types and nature of product sold.
3. Types of departmentalization i.e. product wise or location wise.
4. Organizational structures vary from one retailer to another.

Structure of a Retail Store, Chain Departmental Store



Culture and Organizational Environment



It is the relationship between store culture and sales performance in the retail industry. The culture is not related to sales volume; it is related to sales growth. Culture is also found to be related to several important attitude factors, including tendency to work hard, Team work, satisfaction and internal assessment of customer service. For example, customers are the most important groups for a store most of the time. However, when some of the stock which sells well, goes down.

Factors which affects Organizational Environment

- 1) **Stable Environment:** Change in such an environment is small and more. This environment has very little effect on the structure and culture.
- 2) **Unstable or Volatile Environment:** Changes in the environment are frequent and intensive:
 - The sudden appearance of competition
 - The closure appearance of competition
 - Consistent defect in a product.
 - A large shift of employees to a new competitor.

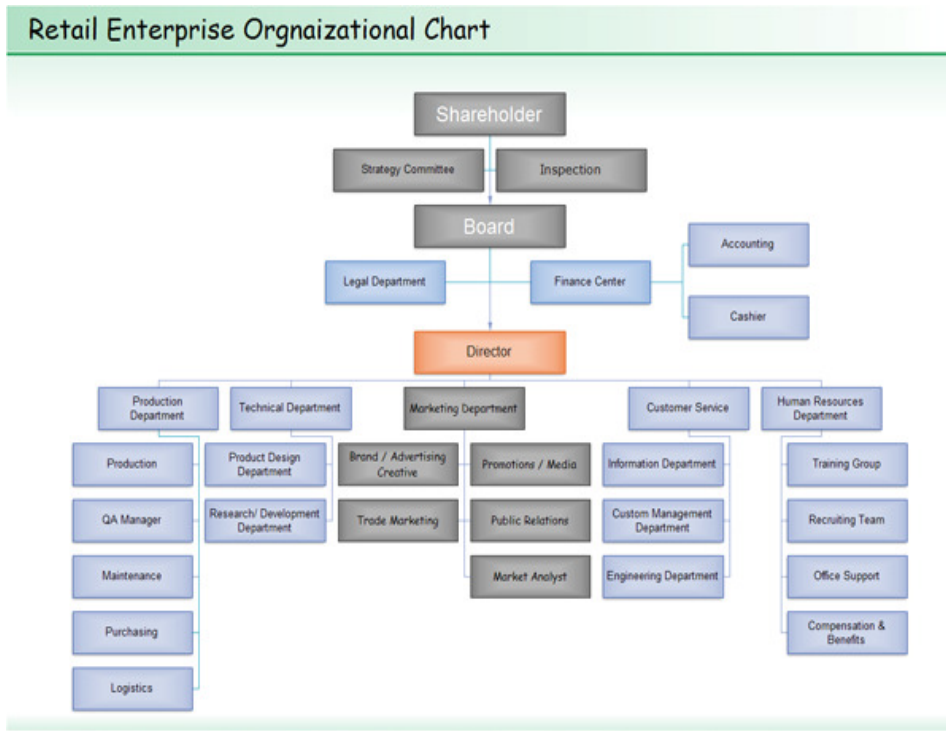
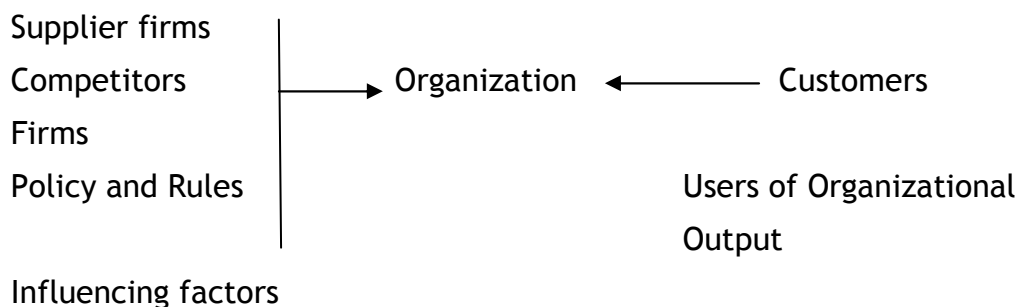
What can a retailer do in such situations?

Options are:

- Change defective products with new
- Comparable brands (with no extra charge)

- Return payment back to customers (change in culture)
 - Inform customers about a comparable brand of about the same price if supplies of a product stop (change in culture).
- 3) Technology Changes:** Rapid technology changes demand rapid organizational change for example the frequent changes in computers require changing marketing strategies, like the offering of descanted peripherals, or maintenance services quick maintenance.
 - 4) The flexible Dynamic Organizations:** Volatile markets and changing technology demand loose structures and loose interrelationship within organization to facilities quick changes in structure and culture.
 - 5) Differentiation:** This refers to the process by which an organization allocates people and resources to organizational tasks and establishes the task authority relationships that allow the organization to achieve its goals or objectives.

Factors Influencing Cultural Change



Exercise: Assignment

1. Visit to a retail organization or a shop and to know the procedure of retailing (Ask the following questions and write their reply is not more than 50 words).
2. What are the major influencing factors in designing a structure of the retail organization?
3. What are the major factors influencing the retail environment and culture in retail organization?

(i) What are the different categories of product that is being offered for sale in the retail shop?

(ii) What are the demographic characteristics of the customers who visit this shop?

(iii) What are the procedure being used for selling of them in retail organization?

Questions for Customers

- (i) Give reasons whether you feel satisfied while making purchase in the retail shop.
- (ii) Give some of the short comings which you suggest to be improved in a retail shop.

Assessment

A. Fill in the Blanks

1. _____ is a process of distributions channel.
2. The purpose of retail business is to sell goods and services to the _____.
3. Every organization whether big or small needs an_____.
4. _____ are the most important group for a retail store.

B. Tick the Correct Answer:

1. A retail organization is goods/ services sold directly to-
 - a) Manufacture
 - b) Whole Sealer

- c) Producer
- d) Consumer
- 2. The retail shop changes the format to suit the requirement of -
 - a) Wholesaler
 - b) Producer
 - c) Consumer
 - d) Tax payers
- 3. The retailer is a direct link between -
 - a) Consumer and retailer
 - b) Manufactures and wholesaler
 - c) Manufacture and consumer
 - d) Middleman the consumer

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- Identify the guidelines of organizational Structure.
- List out the factors affecting organizational Environment.
- Discuss organizational structure with the help of chart.

Part B

Discussed in class the following:

- What is organizational structure?
- What is the importance of organizational structure?
- How an environment affects organization?
- Explain factors that influence factors for cultural change?
- What are the advantages of being an organised organization?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
List out the factors affecting organizational Environmental.		
Able to Identify the need of organizational structure.		
Able to understand The Retail Enterprise organizational structure.		

Session 2: Retail Research

Relevant Knowledge

Retail research is the function that links the customer, customer and public to the markets through information used to identify and define marketing opportunities and problems generate, refine and evaluate marketing actions monitor marketing performance and improve understanding of marketing as a process.

Retail research specifies the information required to address their issues, designs the method for collection information manages and implements the data collection process, analyses and communicates the findings and their implications.

Retail research helps to:

- Undertake market situation analysis
- Work at developing strategy to build competitive advantage
- Work out specific market development programmes.
- Implement the strategy with measurable objectives.

Need for Marketing Research

The marketing environment is undergoing rapid changes and the need for real time market information is greater today than at any time before.

There is a visible shift in demands of the customers. They are more quality oriented and wish to make a pleasurable marketing experience. They have less time to shop.

On the other hand, opening up of economy and globalization has pumped in so many imported products in the market that domestic products face tough competition. Retail business is now getting organised, and expanding its roots in the national as well international market.

Research Components

Segmentation: Market segment is an important process to divide the mass market into a smaller homogenous segment on the basis of certain variables. Research can help to know the effective variable prevalent in the retail market. The most common segment variable are as follows:

1. Geographical variable like state, district, division, tehsil, etc.
2. Demographic - age, gender, education, occupation, etc.
3. Behavioural - personality life style
4. Psychographic - benefits sought, buying readiness stage (AIDA)

Competition: It is integral part of retail market. It is essential that every retail store should know about their competition. This information can be collected by competitive research. In this research we come to know the level of competition in terms of following:

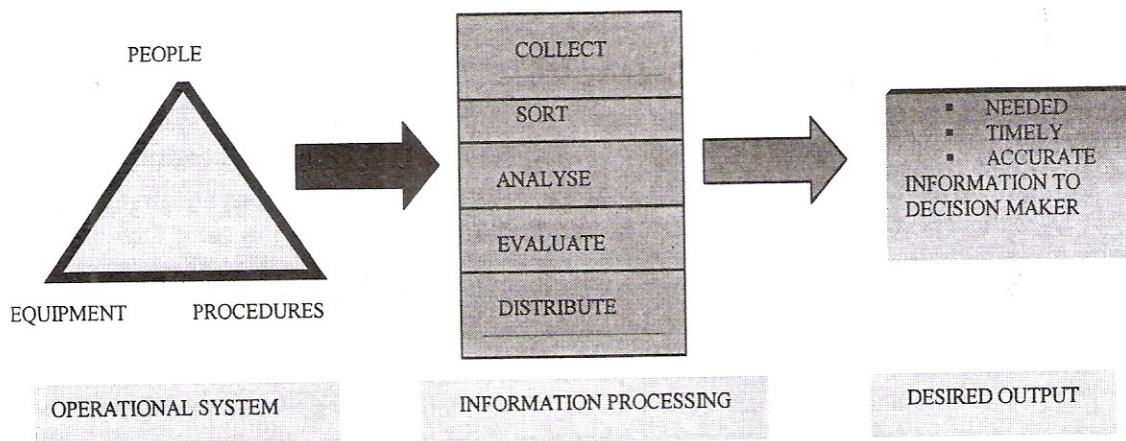
1. Industry competition
2. Product form competition
3. Brand competition

4. Price competition
5. Promotional competition

Market Information System (MIS)

MIS is a system of people, equipment and procedures for collecting and processing information. This operational system manages to collect, sort, analyze, evaluate and distribute the requisite information at the right time to the right person i.e. needed, timely and accurate information to decision maker. There are number of sources for market information - records (news items, annual reports, information brochure, audited reports, etc.) intelligence activities, research, and analysis.

Developing a Management Information System (MIS)



MIS is based on three activities

- 1) **Marketing Research System:** In a Retail store MIS should provide the information needed by the owner or managers for effective management of store's operations.

It provides answers to questions asked to the manager, like:

- What decisions do you regularly make?
 - What information do you need to make these decisions?
 - What information do you regularly get?
 - What special studies do you periodically request?
 - What information would you want that you are not getting now?
 - What information would you want daily? Weekly? Monthly? Yearly?
 - What magazines and trade reports would you like to see on a regular basis?
 - What topics would you like to be kept informed about?
 - What data analysis programme would you want?
 - What are the four most helpful improvements that could be made in the present marketing information system?
- 2) **Marketing Intelligence System:** This is a set of procedures and sources used by the owners/managers to obtain regular information about developments and events in the marketing environment.

Information is collected by reading books and journals, newspapers, trade publications, advertisements, talking to customers, suppliers and distributors, and meeting other firm employees. An important source is the Internet and websites.

Market Intelligence, once collected, is circulated to important company personnel, to obtain their views and ideas on reading or observing the intelligence information. This information is also verified from the available data from secondary sources like company annual reports, etc.

3) Internal Company Records: Information is generated from internal reports on orders, sales, prices, costs and inventions, receivables, payables and so on.

- The sales department is the custodian of sales, items preferred, items out of stock, money received, number of customers etc.
- The receiving department provides data on items received, how much when and where.
- Inventory departments possess data on stock levels.
- The shop floor employees provide data on the footfalls, type of customers, customers' preference, customer complaints, product preference, etc. provided daily record are maintained for these items.

Purpose of Research Methods

Retail research is the function that links the consumer; customer and public to the markets through information- used to identify and define marketing opportunities and problems; generate, refine and evaluate marketing actions,' monitor marketing performance and improve understanding of marketing as a process.

Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyses and communicates the findings and their implication.

Roles of Marketing Research

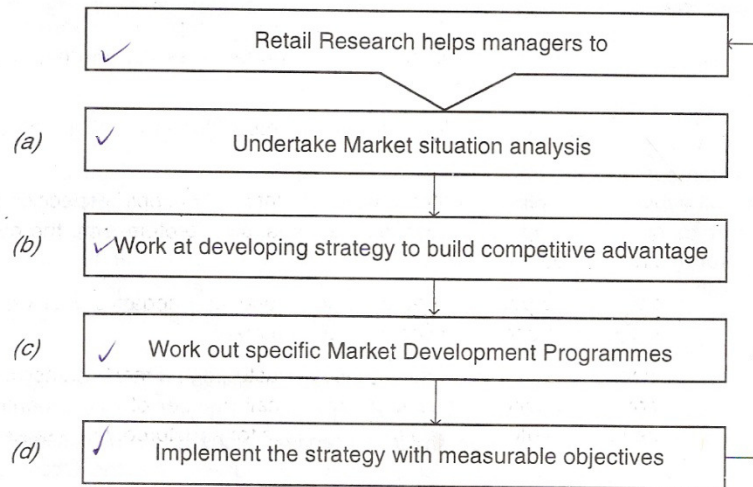
- Marketing Research highlights its role in aiding the process of decision making.
- An important feature is that of including the specific and interpretation of the needed information.
- Organizations can also achieve sustainable competitive advantage by making unique or intelligent or creative use of market information.
- With the help of retail research, retailers can analyze the market situation and develop strategies to build up sustainable competitive advantage.

Retail Managers Decision Making Process

Retail research can help retailers to take important marketing decisions such as market positioning, which retail format will be most suitable for the particular target market, how best to display merchandise and so on.

The retail manager's decision making process takes place in the form of steps analysis - developing strategy - market development program - implementation. This is usually a continuous process depending upon the particular market's situational requirement the retailer may be required to alter the decision taken.

Retail Managers Decision Making Process



Types of Research Methods

1) Qualitative Research Methods

The qualitative research is used to find out what is in a consumer's mind. Through the qualitative research, the retailer will be able to get oriented to the range and complexity of consumer activity and concerns. Such data usually helps the retailer to know more about things (like feelings, thoughts, intentions, past behavior etc.) which cannot be directly observed and measured.

For the purpose of developing a product mix, the focus groups are treated as lead segments among the target market and their product preferences are studied. This is carried out by:

- Identifying the most likely product positioning/proposition in the focus or target group.
- Getting cues on the various features which go into the shopping specifics such as ambience, shopping needs and requirements, style preferences, the certain must have and the don'ts, and so on.
- In order to attract the target group, conduct a negative check on the preferred initiative among the secondary target market.

In qualitative research, the methods used are less structured and more intensive than standardized questionnaire based interviews. Only a small number of respondents are used to represent the target market, making them preludes for structured, large scale field studies.

Major categories of qualitative research methods:

(a) Exploratory research method

- Defining the problem in detail.
- Suggesting hypotheses to be tested in subsequent research.
- Generation of new product or service concepts, problem solutions, product features and so on.

- Obtaining preliminary reactions to new product concepts.
- Pretesting of structured questionnaires.

(b) Descriptive Research Method

- Getting to know the consumer's best view and vocabulary.
- Educating the researcher to an unfamiliar environment: wants and needs, satisfaction level, usage situations and problems.
- Gaining insights of issues which otherwise might be impossible to pursue with structured research methods.

Qualitative research can also be implemented in the form of-

- **Individual in-depth interviews** (face-to-face with respondent),
- **Focus Group Discussion** (with a group of respondents such as exploratory focus groups, clinical focus groups and experiencing focus groups)
- **Projective Techniques** (presenting an ambiguous, constructed object, activity or person which a respondent is asked to interpret and explain-word association, completion test, picture interpretation, third person techniques, role playing, case studies etc.)

2) Quantitative Research through Survey

The survey, in its many forms, is one of the most widely used and well known methods for acquiring marketing information by communicating with a group of respondents. Information can be obtained by asking questions or observing the behavior of consumers. The term respondent literally means "*one who responds, answers*".

Quantitative survey studies the 'target demographic groups' by mapping the current market trends according to the need based behavior of the consumers and thus determine the right profile of the target market. The survey can be used to obtain information from consumers, retailers, industrial users, etc. - all those who are knowledgeable about the problem on hand. Consumers are asked questions through personal interviews, telephonic interviews and mail questionnaires. Specifically survey can help to understand the consumer's behavior such as:

- Current shopping pattern in terms of frequency of shopping, amounts spent, feedback on the retail experience etc.
- To know the size of the target market segment.
- The retail formats currently being used to satisfy the need.
- The size of the core target.

For example:- Say the *HDFC* bank is considering of providing its current customers a service of direct payment of the credit card bills, electricity bills and other utility bills. For this, the bank will have to undertake a survey study to determine how many the current customers knew about this type of service, their attitudes and opinions about it and whether they intended to use it, it provided with one. Thus the survey can help the researcher to gather the desired information.

3) Observation Method of Research

Observation is another data collection method where the relevant behaviors of customers are observed, but it is limited to providing information on current behavior only. Although this is a limitation, there are researchers who have preference for observational method and treat ongoing behavior as an integral part of the research design.

Benefits of Observation Method: The *benefits* of observation method are that

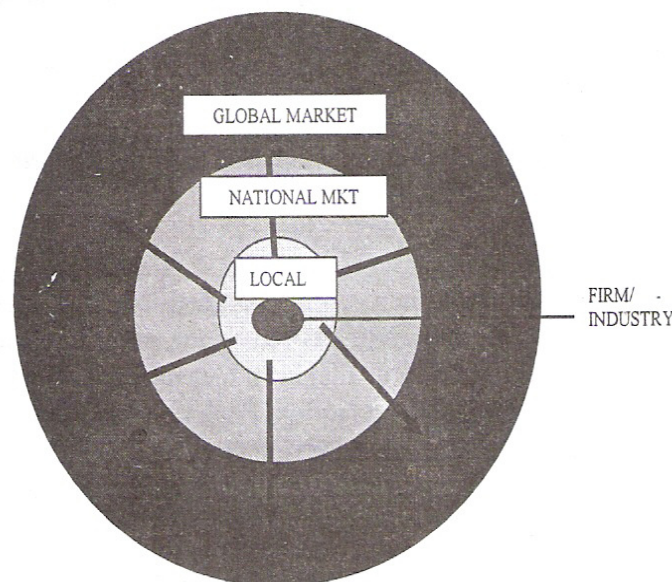
- It is the least expensive and accurate method of collecting information (and data)
- It can measure consumer behavior at the point of sale.
- It will be easy to observe and answer questions such as:
 - ✓ What is the in store traffic pattern?
 - ✓ What is the customer's reaction to the displays, visual merchandising, etc.?
 - ✓ What is the pattern of customer's movement within the store?
 - ✓ Which are the brands closely examined/preferred by the shoppers? "
 - ✓ What is the customer's reaction to private/in-store labels?
 - ✓ Which are the frequently asked questions by the customers?
 - ✓ What is the frequency of visit to the store, by the customers?

Observation of consumers can be done by either having trained observers to observe shoppers/shopping pattern of the customers or have hidden cameras fixed at the shopping complex which can be operated by remote control.

Globalization

Firms expand their market coverage and boundaries beyond states and nations today as shown in diagram. Organised retailing has made it possible to develop the business systematically and cross national boundaries. This has become come about due to the arrival of information and communication technologies.

Expansion of a Research of a Firm/ Industry



Exercise: Assignment

1. Visit practically to the mall and see how the retail research work is done.
 - Ask questions from the shopkeeper.
 - Which method they are using for research.
2. Work in a group to use the method of survey or research and make a questionnaire which will include 2 to 3 questions like,
 - (a) Methods of research used.
 - (b) How practicable is your research?
 - (c) How your research is done?
3. Study the base of survey in retailing and make a brief note or the same.
4. Practically work in the field of possible and use the methods of research of your own, used in retailing.

Assessment

A. Fill in the Blanks

1. Please fill the form properly is a _____ feedback.
2. _____ is another data collection method where the relevant behaviour of customers are observed.
3. _____ the function that links the consumer, customer and public to the market through information.
4. _____ is used to find out what is in a consumer's mind.
5. Information is generated from _____ in retail research.

B. Tick the Correct Answer

1. Retail research helps to make the work -
 - (a) Comfortable
 - (b) Uncomfortable
 - (c) Measurable
 - (d) Un-measurable
2. Retail research is the function that links the customer -
 - (a) Customer and public to market
 - (b) Public and customer to market
 - (c) Market and customers
 - (d) Retailers and wholesalers
3. Each of the following is associated with _____ in retailing research
 - (a) Manufacturer
 - (b) Producer
 - (c) Partnership
 - (d) Kirana stores

C. True or False

1. Retail research is the function that links the customer, customer and public to the market.
2. Qualitative research is used and not to find out what is in a consumer's mind.
3. Retail research specifies the information requires addressing their issues.
4. The marketing environment is undergoing a rapid change and the need for real time.

D. Answer the following questions (in not more than 3 to 4 lines)

(i) What is retail research? Explain with example.

(ii) What is the purpose of retail research?

(iii) Explain in brief quantitative research through survey.

(iv) What is observation method of research? Explain in brief.

(v) What are the methods used in research method? Explain one method in brief.

(vi) Give some of the benefits of observation method in retail research.

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- Differentiated between the marketing research system and marketing intelligence system.
- Distinguished between qualitative and quantitative resource.
- Differentiated between internal external records.

Part B

Discussed in class the following:

- What are the research components?
- What do you mean by retail research?
- What is marketing intelligence?
- Explain the process of qualitative research.
- How to conduct quantitative research?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the types of research methods.		
Differentiate between marketing research system and marketing intelligence system.		
Distinguish between the qualitative and quantitative research methods.		

Session 3: Retail Strategy

Relevant Knowledge

A marketing plan that details how a business intends to offer its products or services to consumers and influence their purchases. For example, a typical retail strategy might illustrate how best to place and display a company's products in retail outlets and how to attract optimal consumer interest at those locations with such things as price discounts, placement, retailer incentives and signs.

Retailing Strategy

To be successful, a retailer must distinguish itself from other retailers and develop a strategy for satisfying the needs and preferences of a specific consumer group. This strategy, called a **retail mix**, involves careful consideration of

- (1) The product to sell
- (2) The quantity at which to make the product available
- (3) The location at which to sell the product
- (4) The time to make the product available
- (5) The pricing of the product
- (6) The appeal that can be generated to attract the consumer's interest



The Product: Retailers strive to offer products that appeal to the tastes of the consumer, are of good quality, and function properly. Sometimes the product must also provide psychological and emotional benefits, such as prestige or convenience. For example, an expensive watch with a well-known, visible brand name may give its owner a sense of prestige.

Quantity: Unlike wholesalers, who sell goods in quantities that often are too large to be useful for individuals or families, retailers sell products in small quantities that are more convenient for consumers. For example, wholesalers may sell jeans to retail stores in lots (units) of a dozen pairs each. Retailers then sell consumers jeans by the individual pair.

Location: A retailer's location must be convenient. In locating retail stores, retailers consider the market or town in which they want to establish themselves, the part of town to be in, and the actual site of their store. In some cases, no store is involved because the right location for shopping for a product is the consumer's home or place of business. These retailers without stores, known as non-store retailers, act as direct marketers by contacting customers directly through mail, the Internet, television, telephone, or other means.

Timing: Retailers must make their products available at times when consumers are willing and able to buy them. Retailers identify consumer buying patterns and adjust such things as store hours, inventory levels, and promotional programs to accommodate consumers. Retailers also identify special times that generate opportunities to sell merchandise, such as holidays, changing seasons, and special occasions, such as weddings and school graduations.

Pricing: Retailers use different pricing strategies to attract different consumers. For example, some stores use low or discount prices to attract economy-minded consumers, while some stores set higher prices to convey an upscale image.

Appeal: Retailers work hard at creating an image of their store or product that customers find appealing. Retailers use such promotional techniques as advertising and public relations to create awareness and build interest in their products. These techniques also attract customers to the retailer's store, provide valuable information about the retailer, and persuade customers to buy.

Manufacturer Retail Strategy

This service helps manufacturers set up retail operations so as to leverage the returns on their brands/products.

For Whom?

Manufacturer retail strategy service addresses the requirements of:

- Manufacturing companies ideating to venture into the retail space.
- Manufacturers who are looking at the retail space as a part of their growth and diversification strategy.
- Manufacturing companies who believe in value co-creation with customers by controlling the retail operations of their brands.



Developing the Retail Strategy

After going through all the above, you should be able to:

- List the steps involved in strategic retail planning.
- Understand the concept of an organization's mission statement.
- Evaluate the issues involved in a situation analysis.
- Identify the major strategic alternatives available to retailers.
- Discuss the factors involved in deciding on markets in which to compete.

- Review the components of retail positioning strategy.
- Understand the implementation of the strategy.
- Discuss the issues involved in evaluating and controlling retail operations.

Setting Objectives in Retail: Management's task after agreeing on the mission statement is to establish objectives. **Objectives** are statements of results to be achieved. Objectives may include profitability, sales volume, market share, or expansion results.

Conducting a Situation Analysis: Once objectives are set, management must decide on a plan for achieving them within the context of the firm's mission. This plan is based on an analysis of the strengths and weaknesses of the organization and the threats and opportunities in the environment. This assessment of internal strengths and weaknesses and external threats and opportunities is referred to as a **situation analysis**, popularly known as SWOT analysis (strengths, weaknesses, opportunities, and threats).

SWOT Appraisal	
Internal Appraisal	External Appraisal
<i>Strengths</i> <ul style="list-style-type: none"> • What is the firm's present position? • What is the firm good at? • What major resources/ expertise exist? 	<i>Opportunities</i> <ul style="list-style-type: none"> • In what areas could success be achieved? • What favorable environmental trends exist? • How are markets developing?
<i>Weaknesses</i> <ul style="list-style-type: none"> • What is the firm's present position? • What are the major problems faced? • What is the firm poor at doing? • What major resources/expertise deficiencies exist? 	<i>Threats</i> <ul style="list-style-type: none"> • Where is performance likely to suffer? • What unfortunate environmental trends exist? • How are competitors behaving and developing?

Market Penetration: Retailers following a strategy of **market penetration**, which targets existing market segments with existing formats, seek a differential advantage over competition by a strong market presence that borders on saturation. Market penetration is often used by retailers because it builds on the firm's existing strengths, which include knowledge of current customers and their preferences and the firm's familiarity with the merchandising lines. Such a strategy is designed to increase the number of customers, quantity purchased by customers and purchase frequency.

Increasing the number of customers: Strategies designed to increase the number of customers is one way of increasing sales and profitability. Adding stores and modifying in-store offerings can lead to more customers. As well, a penetration strategy could include the use of the retailing mix variables to ensure:

- The lowest price lines and the lowest prices within the market area.
- Extensive width and depth of consumer goods such as health and beauty aids and house-wares.
- Aggregate convenience including location, parking, hours, and ease of purchase; features such as supermarket-like front ends, total merchandise display, wide aisles, easy-to-see-and-locate merchandise groups, shopping carts, and usually a single display floor.

Increasing the quantity purchased: Improving the store layout and merchandise presentation can help to create an atmosphere that is conducive to more spending. Another approach is to encourage salespeople to cross-sell.

Cross-selling: It involves salespeople from one department attempting to sell complementary merchandise from other departments to their customers.

For example, a salesperson who has just sold a pair of dress pants to a customer would take the customer to the shirt and tie area to sell the customer a shirt and tie that complements the pants.



Segmenting Markets

The market segments selected by management must be:

- Measurable- Is the segment measurable and identifiable?
- Accessible- Will focusing marketing efforts on a particular market segment has a positive impact on eliciting desired responses?
- Economically viable- Is the segmentation variable shared by enough potential customers to justify the expense and effort of focusing marketing efforts on that segment?
- Stable- Are the consumer characteristics stable indicators of market potential?

In strategy development, consumers can be viewed in one of three ways, depending on the product or service offered:

1. **Similarity:** All consumers are viewed as basically similar. Although differences such as age, income, needs, and preference exist among them, these differences are not thought to be important influences on the purchase of the firm's specific product class. A standard product will essentially satisfy most consumers. For

example, in retailing, convenience stores provide a merchandise mix, wide variety, and little depth, all of which focus on the customer's primary reason for shopping at the store-convenience-and ignore the differences.

2. **Differences/Similarities:** Consumer differences and similarities are important sources of influence on market demand. These differences and similarities facilitate the grouping of consumers in aggregates and appeal to these aggregates on common bases. For example, most women's wear retailers target specific segments based on various descriptors including age and lifestyle. The Dalmy's chain, which has five store banners to target different segments, has defined its target for the Dalmy's division as younger fashion-conscious women in the mid-price market (see note 12).
3. **Uniqueness:** All consumers are somewhat different. The differences among them make a standardized offering unacceptable. Market offerings must be tailored specifically to the needs of a very narrowly defined group of consumers. For example, high-end menswear retailers, like Harry Rosen, provide a made-to-measure service for men wanting custom-made suits.

Target Market Selection

No single best way exists for selecting target markets in which to compete. Often, management begins by looking at the entire market in terms of both the size and consumer segments to which it might appeal. The possible market targets are evaluated by deciding-

- (1) on a weight for each factor
- (2) how each possible target rates on each factor.

Once retailers have chosen target markets in which to compete, a plan must be developed for attracting targeted consumers. The basis for such planning is a thorough understanding of those consumers-their behavior, values, motives, and expectations.

As shown in Figure, the retailing mix variables include product, price, presentation, promotion, personal selling, and customer service.

Strategy Implementation: A sound strategy is no guarantee of success if it cannot be well executed. To implement a firm's desired positioning effectively, every aspect of the store must be focused on the target market

Evaluating and Controlling Operations: Once a strategy is implemented, managers need feedback on the performance of the new strategy. Some types of information are needed on a routine, ongoing basis to help management determine whether objectives have been met.

Exercise: Assignment

1. Visit to a retail shop nearby your locality, interact with the shopkeeper and ask the following questions and come back to your schools and write their reply in not more than 50 words.

Questions for Shopkeeper

- (i) What are the different kinds of strategies in retailing a shop keeper can come across while retailing?

- (ii) What are the different advantages of Marketing Strategies while retailing in a shop?

Assessment

A. Fill in the Blanks

1. Develop a strategy for satisfying _____ and _____ of a specific consumer group.
2. Retailers use different pricing strategies to attract different _____.
3. Retailing involves selling _____ and _____ to customers for their individual or family use.

B. True or False

1. Retailers strive to offer products that appeal to the tastes of the consumer.
2. Retailers sell products in small quantities that are not convenient to the customers.
3. Retailers without stores called as non-store retailing.

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- Identify the status of retail strategy.
- Specify the essential of retail strategy.

- State manufacturing retail strategy.

Part B

Discussed in class the following:

- What is retail strategy?
- State some of the essentials of retail strategy?
- How to develop a retail strategy?
- Show the methodology of retail strategy through chart?
- What are the requirements of segmentation in retail strategy?

Part C

Performance Standards

The performance standard may include:

Performance standards	Yes	No
Identify the status of retail strategy.		
Specify the essential of retail strategy.		
State manufacturing retail strategy.		

Session 4: Retail Consumer Behaviour

Relevant Knowledge

Customers are becoming more powerful, more knowledgeable and more sophisticated, and research into modern consumer behavior is increasingly important for the retailing sector. Research into retailing and how to attract consumers via better environments, service and policies is an important area of research to improve today's consumer experience.



Figure showing consumer behavior pattern

Retail Management and Consumer Behaviour

- **Deshopping/Unethical Consumer Behaviour:** Deshopping is the buying and returning of something after it has fulfilled its purpose e.g. buying a suit for interview and returning it afterwards. This is unethical consumer behaviour. With the growth of online shopping and returns, deshopping online requires further investigation. How do retailers reduce shrinkage?
- **Customer Service:** How do consumers actually perceive the modern customer service experience? How can this be improved?
- **Retail Atmosphere:** How does the retailing environment influence shopping behavior?
- **Independent Retail Customer Service:** Do small retailers have better expertise and closer relationships with customers and therefore a better experience? How can small retailers improve their service?
- **Male/Female Shopping Behaviors:** How do men and women shop differently? How do retailers cater for these differences?
- **Online Consumer Behavior:** With the growth of online shopping there is much research to be conducted in this area.

The Need for Studying Consumer Behaviour

An accurate understanding of consumer need helps in strategy creation. It is not only important to understand what consumers know about a product, but also what they do not know. This helps in determining the channels of communication and the products that need to be created to cater the needs of the customer.

Retailers need to know the various influences that lead up to a purchase, not just the store where the purchase was made. This includes looking at a host of external and internal influences. The process starts with:

- Understanding how the need for a product / service was determined
- Understanding how information was sought by the customer
- The process of evaluation of various products and stores
- The payment process
- The post purchase behaviour

Understanding Consumer Purchasing Decisions: These are the factors which influence the Consumer Purchasing Decisions:-

1. **Outside Influences:** It's amazing how the media, friends, neighbours, co-workers and other influencers all leave impressions on people. Consumers make decisions all the time based on what they think others will think, as well as what they may have seen, experienced or enjoyed from these outside influencers.
2. **Hands on Experiences:** Clothing and accessories naturally fall into this category, but for other retail sectors you have to get more creative. The power of all your senses - sight, scent, sound, smell and taste - can play a part in this. As the seasons change and your inventory change, remember to mix things up to keep things interesting for returning customers.
3. **Competition:** Competition is healthy, so let's go with that. Assuming you have some local competition and trusting you have online competition, how can you stand out among this crowded party? Strive to be the best in customer service, store experience and inventory options. Accept other store strengths, but also work hard to deserve your place in your marketplace to be a leader.
4. **Knowledge:** -Without customers there would be no retailing. For attracting customers and influencing them to buy retail products is a crucial role dimension of retail sales personnel. Understanding consumers is essential for retailers. Indian customers are quite different than outside customers.

Case

'Reliance Fresh', a foodstuff department store, stocked three different varieties of rice grain in packets of 1 and 2 kg. The three varieties were similar to those stocked by nearby 'Kirana' shops. The price was no different than the kirana shops. Yet, the rice didn't sell at the super market after considerable analysis the super market realized that most families in the locality preferred buying in bulk i.e. 20 to 25 kg. at a time, with a price advantage, sometimes on credit.



Customer Buying Behaviour

Four forms of purchasing or buying behaviour are observable among consumers which are Complex, Dissonance, Variety seeking and Habitual.

1. Complex: This behavior occurs when customers get very much involved in the purchase; familiarize themselves with brands and quality differences.

- Buyer develops beliefs about the product
- Attitudes/ willingness to accept get developed in the buyer.
- A well thought out choice is made.

For example, a person wants to buy a PC or Laptop there are too many products features to consider and compare, especially if the buyer is unfamiliar with computers and peripherals.

2. Dissonance Reducing:

- When the product to be purchased is costly, needed infrequently and the purchase is viewed as a high.
- The customer does not know much about product category.
- After the purchase, the customer may experience some regret, on realizing more about the product and its weak spots. He/she might hear about the comparative advantages of other brands. This regret is also known as dissonance.

3. Variety Seeking: There are some products in which involvement during buying is very low, but it becomes significant later during or after initial consumption.

- Reminder advertising or significant presence of shelves or stealing customers by price reduction or projecting special and now qualities of competing products. For example, Compaq computers, a multinational hardware company captured the market by drastically reducing prices and maintaining a low price level for two years.
- Reducing commissions to the very minimum possible created the low prices.
- The retailer has to keep a close watch on the early behaviour of the customer to classify or categorize him/her.

4. Habitual: We never think and apply our minds while making purchases. e.g. groceries

- We have fixed brands, tried and accepted through years of purchasing experience.
- The habit and low involvement emerges out of low cost and frequent purchasing.
- Retailers use low price and promotion to create such low involvement habits, T.V. ads are very effective devices. The 'Pizza hut' or 'Lux toilet soap'.
- The first is to try to link the product to some involving issue, e.g. a number of toothpastes with gum protection, a cooking oil brand with reducing cholesterol and a detergent with complete removal of food stains.

Credit Application Process for Purchases

It is sometimes possible to increase sales by granting credit to selected clients who may choose to do retail business with you because of the convenience offered by a credit account. If you choose to provide this option be sure to develop a sound credit application process which includes a thorough check of client credit ratings before granting approval.

Allowing some clients to purchase on credit is like offering them an interest free loan, and you are not obliged to provide credit to risky clients. Allowing clients to defer payments increases the risk of bad debts occurring and draining your cash flow, so it's vital that you identify good customers and screen businesses with a poor credit history to minimize bad debts and avoid cash flow problems.

Develop a Credit Application

Develop a credit application form and have the draft checked by your lawyer. The credit application and approval process could include, but is not limited to the following steps:

- The completion of a credit application form which requests full business and personal contact details, trading name, credit guarantors, referees, and the number of years in business;
- Asking for details of suppliers who can be contacted as referees and then checking the client's payment habits with the referees;
- Requesting bank references;
- Asking the client to sign a directors' guarantee which makes the directors of a company personally liable for any debts incurred with your business;
- Checking the client's business registration;
- Obtaining a credit report to determine whether the client is credit worthy. A range of credit reports can be obtained from commercial information brokers and
- Periodically evaluating the credit rating of your existing credit clients.

Alternatives to Providing Credit

The retailer may find it necessary to reject credit applications in some cases. Rather than risk losing the client entirely, you might suggest alternative payment methods while your client establishes a trading history with you. Review the client's situation after a specified volume of trade, number of orders, or period of time.

The alternative methods may include:

- Requesting cash on delivery (COD) for new clients until a trading history is established;
- Collecting a deposit before making a supply to cover costs of materials and overheads, and as an indication of their ability and intention to pay;
- Collecting progress payments that are linked to achieving major milestones. Progress payments are common in the construction and building industry; and
- Lay-by

Exercise: Assignment

1. Visit to a retail hyper market and understand the retail consumer behavior (Ask the following questions and write their reply is not more than 50 words.)
 - a. What are the major forms influencing the customer buying behavior?
 - b. What are the major factors influencing the consumer purchasing decisions?
2. Visit to the purchase department of Retail Malls and observe how to handle the credit purchase.

Assessment

A. Fill in the Blanks

1. An accurate understanding of _____ need helps the consumer understanding.
2. Without _____ there would be no retailing.
3. Complex behaviour when _____ get very much involved in the purchase.
4. To increase sales by granting _____ to selected clients who may choose to do retail business.
5. Allowing clients to defer _____ increases the risk of bad debts occurring and draining your cash flow.

B. Multiple Choice Questions

1. Consumer can studies in a variable of ways including through-
 - (a) Observation
 - (b) Interview
 - (c) Experimentation
 - (d) All the above
2. The following is the form of customer buying behaviours
 - (a) Easy
 - (b) Complex
 - (c) Moderate
 - (d) All the above
3. The completion of a credit application form which requests full business and personal contact details are
 - a) Trading name
 - b) Credit guarantors
 - c) Referees
 - d) All of the above

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- Differentiated between consumer and customer.
- Differentiated between variety seeking behaviour and habitual customer buying behaviour.

Part B

Discussed in class the following:

- What do you mean by consumer behaviour?
- Explain the how to understand consumer purchasing decisions.
- Examine the forms of customer buying behaviour.
- Identify the credit application process for purchases.

Part C

Performance Standards

The performance standard may include:

Performance standards	Yes	No
Able to understand consumer purchasing decisions.		
Able to differentiate between complex and dissonance forms of customer buying behavior.		
Able to identify the credit application process for purchases.		

RS402-NQ2014

**Inventory Management in
Retailing**

Introduction



Inventory is defined as a stock or store of goods. The storage of these goods is done near the location of the business to meet the demands of the customers. Inventory is very important for retailers because if goods are not available the customers will immediately buy the product from other retailer. Generally the retailer has to keep the inventory of finished goods in order to meet the demand of the customers. Inventories are held for various reasons like meeting the seasonal demands, physical necessities functional purposes etc.

Sometimes a firm may keep larger inventory than is necessary to meet demand and keep the factory running under current conditions of demand. If the

firm exists in a volatile environment where demand is dynamic (i.e., rises and falls quickly), an on-hand inventory could be maintained as a buffer against unexpected changes in demand. This buffer inventory also can serve to protect the firm if a supplier fails to deliver at the required time, or if the supplier's quality is found to be substandard upon inspection, either of which would otherwise leave the firm without the necessary raw materials. Other reasons for maintaining an unnecessarily large inventory include buying to take advantage of quantity discounts (i.e., the firm saves by buying in bulk), or ordering more in t avoid any future price increase.

In this unit, we focused on types of inventory, inventory management, inventory control system and stock valuation recording.

Session 1: Types of Inventory

Relevant Knowledge

Types of inventories are classified according to the type of business. There are mainly three types of organization namely, manufacturing organization, trading organization (retail or wholesale) and service organization. A manufacturing organization has to carry three types of inventories as follows.

A wholesaler and retailer are required to maintain stock of finished goods.

Types of Inventory

Inventory of materials occurs at various stages and departments of an organization.

- A manufacturing organization holds inventory of raw materials and consumables required for production. It also holds inventory of semi-finished goods at various stages in the plant with various departments.
- Finished goods inventory is held at plant, FG Stores, distribution centers etc. Further both raw materials and finished goods those that are in transit at various locations also form a part of inventory depending upon who owns the inventory at the particular juncture.

Besides Raw materials and finished goods, organizations also hold inventories of spare parts to service the products. Defective products, defective parts and scrap also form a part of Inventory as long as these items are inventoried in the books of the company and have economic value.

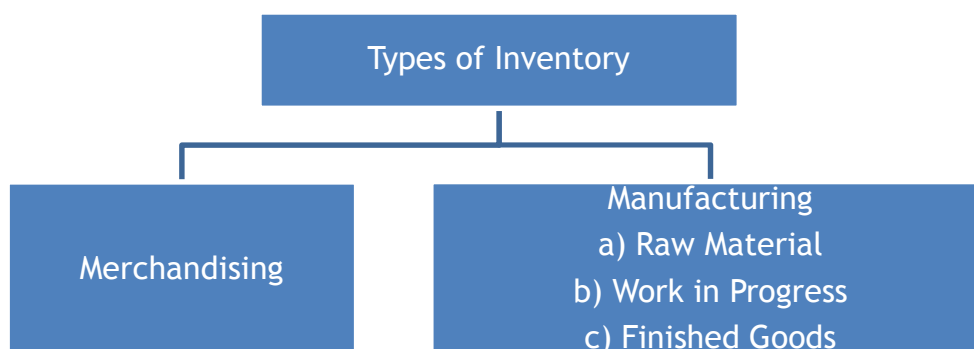


Input	Process	Output
Raw Materials	Work In Process	Finished Goods
Consumables required for processing. For example, fuel stationery, bolts, nuts, etc. required for manufacturing	Production in various stages, lying with various departments like production, WIP Stores, QC, final assembly, paint shop, packing outbound store, etc.	Finished goods at distribution centers throughout supply chain
Maintenance items/consumables	Production waste and scrap	Finished goods in transit
Packing materials	Rejections and defectives	Finished goods with stockiest and dealers
Local purchased items required for production		Spare parts stocks and bought out items
		Defectives, rejects and sales returns
		Repaired stock and parts
		Sales promotion and sample stocks

There are two basic types, merchandising and manufacturing. Manufacturing is further divided into three more components: raw material, work in process and finished goods.

Merchandise Inventory: If you buy items from other artists and crafters to sell in your own gallery or shop, you'll have a merchandise inventory. Remember though - any items in your shop on consignment are not part of your inventory.

Manufacturing Inventory: If you make your own arts and crafts, you'll have a manufacturing inventory. The term 'manufacturing' might not seem to fit a hand crafted type of business, but a quick review of the classifications within the term, will make the relationship clearer.



A manufacturing inventory consists of three different parts: raw materials, work in process and finished goods. Using as groundnut oil manufacturing business as example, here are definitions and of the three:

1. **Raw materials:** Everything the oil manufacturer buys to make the product is classified as raw materials. That includes raw groundnut. The raw material inventory only includes items that have not yet been put into the production

process.

2. **Work in process:** This includes crushing of groundnut and mixing in with other ingredients. The unrefined oil is produced in this process. A good example is depreciation of oil making fixed assets.
3. **Finished goods:** After the process of production is completed the refined oil which is ready for sale is finished goods. The finished goods inventory also consists of the cost of raw materials, labor and manufacturing overhead, now for the entire product.

Methods of Inventory Planning

In order to be able to proceed with merchandise planning the method of inventory planning needs to be finalized. Following methods can be used for planning the inventory levels needed.

Methods of inventory planning:

1. The Basic Stock Method
2. The Percentage Variation Method
3. The Week's Supply Method
4. The Stock/Sales Ratio Method
5. Stock Turnover Rate

1. **The Basic Stock Method:** This method of inventory planning is used when the retailer believes that it is necessary to have a gen level of inventory on hand, at all times. Basic stock is the minimum amount of inventory that needs to be maintained for a product, category or store, even during times of low sales.

Basic Stock = Average stock for the season - Average monthly sales for the season,

Where,

$$\text{Average monthly sales for the season} = \frac{\text{Total planned sales for the season}}{\text{Number of months in the season}}$$

$$\text{Average stock} = \frac{\text{Total planned sales for the season}}{\text{Estimated Inventory turnover rate for the season}}$$

Beginning of the month (BOM) stock = Planned Monthly Sales + Basic stock

2. **The Percentage Variation Method:** This method is normally used when the stock turnover rate is more than 6 times a year. The basic premise behind this method of inventory planning is that inventory levels should reflect the actual sales. It is calculated as under.

BOM stock = Average stock for season x $\frac{1}{2}$ [1 + (Planned sales for the month/ Average monthly sales)].

3. **Weekly Supply Method:** Retailers who plan inventories on a weekly and not on monthly basis and whose sales do not fluctuate substantially, largely follow the week supply method. It is calculated as under:

Number of weeks to be stocked = the number in weeks in the period / stock turnover rate the period

Average weekly sales = Estimated total sales for the period / the number of weeks in the period

BOM stock = Average weekly sales X Number of weeks to be stocked

4. **Stock/ Sales Ratio Method:** This method is very easy to use, but it requires the retailers to have a beginning of the month stock/sales ratio. It involves the maintaining of the inventory levels at a specific ratio to sales. This ratio tells retailer how much inventory is needed at the beginning of the month, to support the month's estimated sales.

Stock sales ratio = Value of Inventory / Actual Sales

Planned BOM inventory = Stock sales ratio X planned sales

5. **Stock Turnover Rate:** An effective measure of the speed with which products or merchandise moves in and out of a retail store for a given period, is the stock turnover rate. It is a measure of efficiency and is usually calculated for a period, of six months or a year. It is calculated using the following formula:

Stock Turnover

Planned sales (for a period) = $\frac{\text{Planned sales (for a period)}}{\text{Planned Average Inventory (for a period)}}$

The stock turnover rate is a measure of efficiency. Every department usually, has its own stock turnover rate, as different merchandise need different speeds of selling. From the management's perspective the stock turnover indicates the level of capital usage i.e. turning money to inventory, inventory to money and repeating the process again.

Exercise :- Assignment

1. Visit a retail outlet or super market, interact with the owner/store manager and employees and ask the following questions and write their reply in not more than 50 words:

A. **Questions for Employers**

- (i) What should your employees know about different types of inventories?

- (ii) What is the significance of inventory in retail?

- (iii) What kinds of equipments used for maintaining records of inventory?

B. Questions for Employees

(i) Is it convenient for you to identify/locate specific products easily?

Employee A: Yes/No

Employee B: Yes/No

Employee C: Yes/No

Employee D: Yes/No

Employee E: Yes/No

Employee N: Yes/No

(ii) What are the safety measures taken by the owner/ manager to protect the inventory from any risks?

(iii) How often you rearrange the new arrivals for display?

(iv) What experience do you have using different machines/types of equipment? Which are you most familiar with?

(v) What are the types of equipment you require to keep the shelves/racks clean?

(vi) List the different categories of inventory you handle in your job?

Assessment

A. Fill in the blanks

- _____ is a stock of goods.
- Stock turnover rate is a measure of _____.
- Defective products and scrap forms a part of _____.
- Under percentage variation method, the inventory level should reflect the _____.
- _____ items in a shop do not form part of the inventory.

B. Multiple Choice Questions

Tick the correct answer

- The method which assumes that inventory levels should reflect the actual sales:
 - Basic stock method
 - Percentage sales method
 - Stock to sales ratio
 - None of the above
- Inventories can be considered as:
 - Asset
 - Liabilities

- c. Profits
- d. Loss
- 3. Which of the following forms are part of inventory
 - a. Raw materials
 - b. Work-in-progress
 - c. Defective goods
 - d. All of the above

C. True or False

- 1. Retailers who plan inventory on weekly basis follow percentage variation method.
- 2. Defective parts and scrap also forms part of inventory.
- 3. Theft by customers is not considered as physical merchandise loss.

Checklist for Assessment Activity

Use the following checklist to check whether your students could meet all the requirements for assessment.

Part A

- Differentiated between planning of inventory and significance of inventory.

Part B

Discussed the following questions:

- What is inventory?
- What is the need for planning of inventory?
- What are the types of inventory?
- What are the different methods of inventory planning?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the various types of inventory methods. Able to maintain inventory levels.		

Session 2: Inventory Management

Relevant Knowledge

Inventory management can be briefly described as:

- Acquiring adequate supply of merchandise to avoid over or under stocking.
- Providing buffer stocks to meet unexpected demand and to avoid delay in procuring inventory in time.
- Timely maintenance of proper records.

Successful inventory management involves balancing the costs of inventory with the benefits of inventory. Many small business owners fail to appreciate fully the true costs of buying inventory, which include not only direct costs of storage, insurance and taxes, but also cost of money tied up in inventory. This fine line between keeping too much inventory and enough is not the manager's only concern. Others include:

- Maintaining a wide assortment of stock
- Increasing inventory turnover
- Keeping stock low
- Obtaining lower prices by making volume purchases
- Having an adequate inventory on hand.



Inventory management requires constant and careful evaluation of external and internal factors and control through planning and review. Most of the organizations have a separate department or job function called inventory planners who continuously monitor, control and review inventory and interface with production, procurement and finance departments.

Inventory Turnover Ratio: The number of times the inventory is converted into sales during a period is known as inventory turnover ratio. Computing the inventory turnover ratio is a simple measure of managerial performance. This value gives a rough guideline by which managers can set goals and evaluate performance, but it must be realized that the turnover rate varies with the function of inventory and, type of business.

Objectives Inventory Management System

Objectives of an effective inventory management system:

1. A controlled level of markdowns.
2. Minimum investment in unnecessary inventory
3. Proper inventory turnovers (not too high and not too low)
4. Minimum expenses associated with the store of merchandise.
5. Balancing of inventory against sales i.e. inventory should peak prior to sales peak,

subside as demand subsides and sold out (or close to it) when demand ceases.

6. Minimal carryover of prior- season merchandise.
7. Maintenance of sufficient breadth and depth of inventory to satisfy customer needs.
8. Minimal merchandise shrinkage (shortage).

Role of an Inventory Supervisor

In the small retail business, the inventory supervisor can contribute in bottom line. Though this individual does not sell or market and does save the money.

Inventory may be the second-highest expense behind payroll, and hiring the right person to supervise this aspect of business can help the control costs.

Inventory supervisor maintains the inventory. He should coordinate the program, evaluate the processes and recommend modifications. His/her roles are as follows:-

1) Establishing Check-in Procedures: The inventory supervisor must establish procedures for receiving goods. Many times, vendor invoices do not match the number of goods actually received. The supervisor should have a system in place not only for checking shipments that come in, but also for reporting discrepancies to management.

2) Establishing Valuation Method: The inventory supervisor must establish either inventory valuation methods or stock inventory in such a way that it complies with the company's inventory valuation methods. If the inventory must be rotated for a first-in-first-out valuation, the supervisor must ensure that older stock is placed in the fronts of shelves. If the company uses a last-in-first-out method, the supervisor should place new stock in the front.

3) Creating Stock Picking Procedures: Inventory employees must be trained and supervised so that they retrieve stock in the proper order. The supervisor must also make sure employees enter the retrieved item in the inventory control software system. This makes sure the software has the data to provide inventory level reports and reordering notices.

4) Shipping Procedures: The inventory supervisor must ship items in a timely manner as part of order fulfillment. The shipping procedures must include not only retrieval and packing of items, but record keeping informing the sales department items that have been shipped to customers.

5) Maintaining Minimum Inventory: Perhaps the most vital role of the inventory supervisor is maintaining the least amount of inventory possible. This allows the company to use less cash on excess inventory and apply it elsewhere, such as in marketing and advertising.

Shortages and Overages

Physical inventories at current retail prices are taken at the end of the accounting period. At the same time, the "book stock" at retail is adjusted to agree with the values of physical count.

Definition:-Any discrepancy between the amount of the book stock and the value of the stock determined by the physical count of merchandise on hand is classified as a shortage (or shrinkage) or an overage. As described, shortages exist if physical inventory is lower than book inventory; overages exist if the physical count exceeds the statistical tally.

It is almost impossible to run a merchandise operation with 100% accuracy. Shortages or overages nearly always result and are actually expected to occur.

Causes of Shortages and Overages: Shortages may stem from inaccurate record keeping and /or faulty physical counts. A principal cause of shortages is pilferage which in realistic can never be prevented completely. Overages however can only be caused by faulty record keeping.

The common cause of shortage and overages are:

1. Clerical errors in the calculation of the book and/or physical inventory which include failure to record markdowns properly. Incorrect retailing of invoices, errors in charging invoices to department, errors in recording transfers, errors in recording returns to vendor and errors in recording physical inventory.
2. Physical merchandise losses, which include theft by customers or employees, unrecorded breakage and spoilage, sales clerks, errors in recording sales, over weighting, borrowed merchandise etc.

Buffer Inventory

Inventory is sometimes used to protect against the uncertainties of supply and demand, as well as unpredictable events such as poor delivery reliability or poor quality of a supplier's products. These inventory cushions are often referred to as safety stock.

Definition: Safety stock or buffer inventory is any amount held on hand that is over and above that currently needed to meet demand. Generally, the higher the level of buffer inventory, the better the firm's customer service. This occurs because the firm suffers fewer "stock-outs" (when a customer's order cannot be immediately filled from existing inventory) and has less need to backorder the item, make the customer wait until the next order cycle, or even worse, cause the customer to leave empty-handed to find another supplier. Obviously, the better the customer service the greater the likelihood of customer satisfaction.

Anticipation Inventory

Often firms will purchase and hold inventory that is in excess of their current need in anticipation of a possible future event. Such events may include a price increase, a seasonal increase in demand, or even in a labor strike. This tactic is commonly used by retailers, who routinely build up inventory months before the demand for their



products will be unusually high (i.e., at festivals like Diwali, New Year, or monsoon season etc.

The manufacturers generally anticipate the demand and produce goods much before the expected increase in demand so as to maintain the continuous flow of goods. The retailers also stock the products which are likely to have huge demand due to seasonal or festive occasions.

Inventory Replenishment in retail: Inventory replenishment is one of the most important aspects of inventory management. For maintaining balanced inventory following questions should be answered:

1. What to order?
2. When to order?
3. How much to order?

The first question what to order can be answered by identifying the fast moving items. If the demand of the product is high, such product requires more stock.

The second question when to order can be answered by reviewing the movement of goods on the basis of previous period sales. The previous period can be expressed as 'number of days', weeks or months.

For example: if a grocery store decides to carry 3 days supply of bread, and average daily sales are 10 breads, then the inventory to be maintained are calculated as follows:

$$\begin{aligned}\text{Inventory level} &= \text{No. of days supply} \times \text{average daily demand} \\ &= 3 \text{ days} \times 10 \\ \text{Inventory level} &= 30\end{aligned}$$

If the available stock of bread is say, 14 units, then the grocer will have to purchase $(30 - 14) = 16$ breads. However, if the supply chain management is prompt there is no need to maintain 30 bread is in stock. The grocer can purchase 10 breads daily from the wholesaler to meet the demand.

Calculation of Closing Inventory

Inventory levels are constantly changing. As goods are purchased or produced inventories increase. As goods are sold inventories decreases. Closing stock of inventory is calculated as follows:

Opening inventory + Additions during the period - Deductions during the period = closing inventory

For example, a retailer of consumer durable has 150 television sets as inventory on 1st April. During the month 40 units of television sets were sold and 30 units were purchased. The closing inventory will be calculated as follows:

$$\text{Closing inventory} = \text{Opening inventory} + \text{Additions during the period} - \text{Deductions during the period}$$

$$\text{Closing inventory} = 150 + 30 - 40 = 140 \text{ units}$$

Exercise: Assignment

1. Visit to the retail store and observe the requirements of inventory for merchandising.
2. Visit to the retail store and observe the requirements of inventory management.
3. Visit to the retail store and observe the functions performed by the inventory Associate.

Assessment

A. Fill in the Blanks

1. Successful _____ involves balancing the cost of Inventory.
2. Inventory turnover ratio is a simple measure of _____ performance.
3. Physical inventories at _____ retail price are taken at the end of the accounting period.
4. Shortages from inaccurate _____ or faulty physical counts.

B. Multiple choice questions:

1. Successful inventory management involves -
 - (a) Increasing the cost of storage
 - (b) Balancing the cost on inventory
 - (c) Avoiding the taxes
 - (d) None of the above
2. Shortages exists when physical inventory is lower than -
 - (a) Value of stock
 - (b) Physical count
 - (c) Book inventory
 - (d) None of the above
3. Under percentage variation method, the inventory level should reflect -
 - (a) Actual sales
 - (b) Estimates sales
 - (c) Planned sales
 - (d) None of the above
4. Inventory cushions are also referred to as -
 - (a) Maximum stock
 - (b) Safety stocks
 - (c) Stock outs
 - (d) None of the above
5. Holding of unusually high inventory than the current needs is -
 - (a) Buffer inventory
 - (b) Anticipation inventory
 - (c) Optimum inventory
 - (d) None of the above

C. Short Answer Questions

1. List out five objectives on Inventory management system?
2. Visit a retail outlet or departmental store and identify the causes for shortages in

inventory?

3. Explain the importance of buffer inventory.
4. Discuss the methods of inventory valuation.

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- Understood the concept of inventory management.
- Listed out the objectives of effective inventory.
- Explained the shortages and overages.
- Explained the term anticipation inventory.

Part B

Discuss in class the following:

- What is the significance of inventory management?
- Explain the need for effective Inventory Management?
- Why shortages and overages occur?

Part C

Performance Standards

The performance standard may include:

Performance standards	Yes	No
Able to identify and describe the objectives of inventory management.		
Able to differentiate between shortages and overages occur.		

Session 3: Inventory Control

Relevant Knowledge

An inventory control system is a set of hardware and software based tools that automate the process of tracking inventory. The kinds of inventory tracked with an inventory control system can include almost any type of quantifiable good, including food, clothing, books, equipment, and any other item that consumers, retailers, or wholesalers may purchase.

Modern inventory control systems are almost exclusively based on barcode technology. Though barcodes were initially developed to automate the process of grocery store checkout, their ability to encode a wide variety of alphabetic and numeric symbols makes them ideal for encoding merchandise for inventory applications.

Inventory control systems work in real-time using wireless technology to transmit information to a central computer system as transactions occur.

Inventory control systems are employed in a wide variety of applications, but they all revolve around tracking delivery of goods to customers. Inventory control is crucial in retail stores, especially those with a large number or variety of merchandise items for sale. Inventory control is also used in warehouses to track orders and shipments, and for automated order processing. Other important applications of inventory control systems are, in manufacturing, shipping, and receiving.



A good inventory control system will alert the retailer when it is time to reorder. Inventory control is also an important means of automatically tracking large shipments.

For example, if a business orders ten pairs of socks for retail resale, but only receives nine pairs, this will be obvious upon inspecting the contents of the package, and error is not likely. On the other hand, say a wholesaler orders 100,000 pairs of socks and 10,000 are

missing. Manually counting each pair of socks is likely to result in error. An automated inventory control system helps to minimize the risk of error.

In retail stores, an inventory control system also helps track theft of retail merchandise, providing valuable information about store profits and the need for theft-prevention systems.

Duties and Responsibilities of Inventory Control Associate



The purpose of the Inventory Control Associate is to ensure an adequate inventory of materials and products in accordance with inventory cycles and organizational philosophy.

Duties:

- Coordinate staff, processes and procedures to support the DC in maintaining and exceeding inventory accuracy goals.
- Analyse data and publish reports.
- Track performance by area, determine problems and root causes, communicate results and recommend appropriate action.
- Implement and administer all approved changes to current inventory program.
- Coordinate functions of the statistical-based cycle counting, estimated statistical sampling, and financial cut-offs.
- Maintain system data integrity.
- Ensure that date-sensitive products are checked for expiration, quantities are correct, and exceptions are handled for timely movement of goods.
- Set up and/or change the stock keeping unit (SKU) in the strategic pick location(s).
- Ensure that all cycle counts are scheduled and counting is completed timely, accurately, and in compliance with standard operating procedures.
- Research and resolve issues regarding variances between perpetual inventory and the general ledger.
- Monitor and maintain product profiling for optimal distribution center efficiency.

Responsibilities:

- Coordinate and perform physical inventories of daily/weekly cycle accounts and adjusts inventory records if necessary
- Review and monitor the timely confirmation and accuracy of inbound inventory and outbound shipments
- Develop and implementing new inventory procedures to improve accuracy
- Investigate inventory variances
- Monitor the activity associated with customer return shipments including overages, shortages and damages; communicates concealed damages to manufacturer
- Perform other related duties as assigned by management

- Analyzing physical inventories to establish and maintain inventory discrepancy investigations
- Generate reports to maintain adequate inventory levels and appropriate control

Equipment used for Inventory Control

The inventory control system can serve a variety of functions in this case. It can help a worker locate the items on the order list in the warehouse, it can encode shipping information like tracking numbers and delivery addresses, and it can remove these purchased items from the inventory tally to keep an accurate count of in-stock items.

Automated inventory control systems work by scanning a barcode either on the item.

- A **barcode scanner** is used to read the barcode, and the information encoded by the barcode is read by the machine. This information is then tracked by a central computer system. For example, a purchase order may contain a list of items to be pulled for packing and shipping.



- **Inventory software** control and track warehouse or point of sale inventory. It is attached with barcode scanning hardware for a complete inventory management system solution.

- **Mobile Computers and portable data terminals** are the perfect multi-use tool for advanced data capture and mobility needs.



Controlling Inventory

Inventory refers to stocks of anything necessary to do business. These stocks represent a large portion of the business investment and must be well managed in order to maximize profits.

In fact, many small businesses cannot absorb the types of losses arising from poor inventory management. Unless inventories are controlled, they are unreliable, inefficient and costly.

To maintain an in-stock position of wanted items and to dispose of unwanted items, it is necessary to establish adequate controls over inventory on order and inventory in stock. There are several proven methods for inventory control.

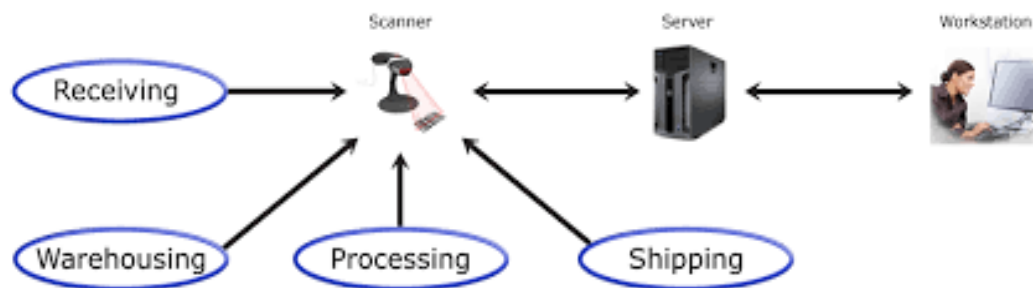
Methods for Inventory Control

These are listed below, from simplest to most complex.

- **Visual control:** It enables the manager to examine the inventory visually to determine if additional inventory is required. In very small businesses where this method is used, records may not be needed at all or only for slow moving or

expensive items.

- **Tickler control:** It enables the manager to physically count a small portion of the inventory each day so that each segment of the inventory is counted every so many days on a regular basis.
- **Click sheet control:** It enables the manager to record the item as it is used on a sheet of paper.
- **Stub control** (used by retailers): It enables the manager to retain a portion of the price ticket when the item is sold. The manager can then use the stub to record the item that was sold.
- **Point-of sale terminals** relay information on each item used or sold. The manager receives information printouts at regular intervals for review and action.
- **Off-line point-of sale terminals** relay information directly to the supplier's computer who uses the information to ship additional items automatically to the buyer/inventory manager.
- The final method for inventory control is done by an outside agency. A manufacturer's representative visits the large retailer on a scheduled basis, takes the stock count and writes the reorder. Unwanted merchandise is removed from stock and returned to the manufacturer through a predetermined, authorized procedure.



As a business grows, it may find a need for a more sophisticated and technical form of inventory control. Today, the use of computer systems to control inventory is far more feasible for small business than ever before, both through the widespread existence of computer service organizations and the decreasing cost of small-sized computers. Often the justification for such a computer-based system is enhanced by the fact that company accounting and billing procedures can also be handled on the computer.

Exercise: Assignment

1. Prepare a list of equipments used in inventory control system
2. Visit a retail outlet or departmental store and discuss the method of inventory control practiced.
3. Visit to the retail store and find out the process of inventory control and study of retail inventory management and its role in the success of retailing.
4. Visit to the retail store and observe the methods of inventory control essential for various types of retail stores.

5. Visit to the retail store and performed the responsibilities in Inventory Control Associate.
6. Mention five objectives of Inventory Control system:
 - (a)
 - (b)
 - (c)
 - (d)
 - (e)

Assessment

A. Fill in the Blanks

1. Inventory control system is exclusively based on _____ technology.
2. A good inventory control system will alert the retailer when it is the time to _____.
3. An automatic inventory control system also helps to _____ the risk of error.
4. An inventory control system also helps to track theft of _____.
5. Barcode _____ is tracked by a Central computer system.

B. Multiple Choice Questions

1. Stocks must be managed well in order to -
 - (a) Minimize losses
 - (b) Improve efficiency
 - (c) Maximize profits
 - (d) All of the above
2. Visual control enables to examine whether -
 - (a) Reduce the inventory
 - (b) Additional inventory is required
 - (c) To control theft
 - (d) None of the above
3. Use of computer system to control inventory is -
 - (a) Expensive
 - (b) Feasible
 - (c) Non reliable
 - (d) Not justified

C. Short Answer Questions

1. Explain the importance of inventory control system?
2. List out the duties and responsibilities of inventory control associate?
3. Explain the equipment used for inventory control?
4. Find out the methods for inventory control system in retail?

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- Explained the concept of inventory control system.
- Discussed the importance of inventory control system.
- Listed out the equipment used in inventory control system.
- Discussed the benefits of inventory maintenance.

Part B

Discussed in class the following:

- Why a retail store should have an inventory control system.
- List out the benefits of bar code scanner
- Discuss the methods of inventory control.
- What are the benefits of maintaining balanced inventory level?

Part C

Performance Standards

The performance standard may include:

Performance standards	Yes	No
Able to understand the importance and need of inventory control system.		
Able to identify the different methods of inventory control system.		
Able to list out the duties and responsibilities of inventory control associate.		
Able to find out the equipment used for inventory control.		

Session 4: Stock Valuation and Recording

Relevant Knowledge

Inventory Valuation in Retail

Inventory is normally valued at cost. The method of valuation of inventory depends on the type of the product. There are three methods for valuation of inventory.



1. **First-in-First-out (FIFO):** This method is used for perishable goods and goods with expiry date. Under this method the closing inventory is valued on the basis of the cost of goods purchased later. In case of perishable goods like fruits vegetables and food items, the goods purchased first are sold first. i.e. First-in First-out. Therefore, the unsold goods are valued at the latest price.

For example, a retail store purchases 20 kg of apples on Monday at a price of Rs. 100 per kg. On Tuesday 10 kg of apples are purchased at a price of Rs 110 per kg and 22 kg of apples were sold @ Rs. 125 per kg. The valuation of remaining stock (30 -22) 8 Kg will be done at the latest purchase i.e. Rs. 110 per kg.

$$\begin{aligned}\text{Value of inventory} &= \text{unsold goods} \times \text{latest purchased price} \\ &= 8 \text{ kg} \times 110 = 880\end{aligned}$$

2. **Last-in First-out (LIFO):** This method is used for non- perishable goods. Under this method the goods which are purchased later are sold first. The categories of goods which do not have any immediate expiry date are valued on this basis.

Example: when bags of cement are purchased by the retailer, they are stored one above the other, at the time of sale the bag purchased last is issued first as it is kept on the top. This is Last-in-first-out. Under this method the closing inventory is valued on the basis of the cost of goods purchased earlier.

3. **Weighted Average Method:** Under this method weighted average approach, both inventory and the cost of goods sold are based upon the average cost of all units bought during the period.

Stock Recording

There are two different methods of recording of inventory in the accounting systems:

1. **Perpetual inventory system** updates inventory accounts after each purchase or sale. Inventory subsidiary ledger is updated after each transaction. Inventory quantities are updated continuously.
2. **Periodic inventory system** records inventory purchase or sale in "Purchases" account. Purchases" account is updated continuously; however, "Inventory" account is updated on a periodic basis, at the end of each accounting period (e.g.,

monthly, quarterly). Inventory subsidiary ledger is not updated after each purchase or sale of inventory. Inventory quantities are not updated continuously. Inventory quantities are updated on a periodic basis.

Within Retail industry, periodic inventory method is used for inventory valuation at the stores, whereas distributor follows perpetual inventory method to track inventory in their distribution centers. As a best practice, some of the retail companies are using perpetual accounting method to track inventory available in warehouses and distribution centers.

In an idealistic world, perpetual inventory method can provide the true and real time inventory information, however due to complexities in consolidating all the purchases, sales, shrinkages and other market factors, it is advisable for retail companies to follow periodic accounting method to analyse and review the results before presenting the inventory valuation results to internal and external agencies like Shareholders, Income Tax Authorities etc.

Benefits of Inventory Maintenance

The retailer gets the following benefits of inventory maintenance:

1. **Reduced inventory:** The supplier is able to control the lead-time component of order point better than a customer with thousands of suppliers they have to deal with. Additionally, the supplier takes on a greater responsibility to have the product available when needed, thereby lowering the need for safety stock.
2. **Reduced stock-outs:** The supplier keeps track of inventory movement and takes over responsibility of product availability resulting in a reduction of stock outs, thereby increasing customer satisfaction.
3. **Increase in sales:** Due to less stock-out situations, customers will find the right product at right time. The customers may frequently visit such store, thus it may lead to increase in sales.
4. **Detection of damages, breakages and spoilages:** The proper maintenance of inventory allows quick detection of damages and spoilages.
5. **Reduces clerical carelessness:** Computerized recording of inventory reduces the chances of clerical errors. It prevents errors during valuation of physical stock taking.

Tips for Better Inventory Management

At the time of delivery:

- **Verify count:** Make sure you are receiving as many cartons as are listed on the delivery receipt.
- **Carefully examine each carton for visible damage:** If damage is visible, note it on the delivery receipt and have the driver sign your copy.
- **After delivery, immediately open all cartons and inspect for merchandise damage.**

When damage is discovered:

- Retain damaged items: All damaged materials must be held at the point received.
- Call carrier to report damage and request inspection.
- Confirm call in writing: This is not mandatory but it is one way to protect you.

Carrier inspection of damaged items:

- Have all damaged items in the receiving area: Make certain the damaged items have not moved from the receiving area prior to inspection by carrier.
- After carrier/inspector prepares damage report, carefully read before signing.

After inspection:

- Keep damaged materials: Damaged materials should not be used or disposed of without permission by the carrier.
- Do not return damaged items without written authorization from shipper/supplier.

Exercise: Assignment

1. Identify which inventory valuation method is adopting and explaining the features of that method.
2. Visit to retail hyper market and observe how to record the inventory and which methods are using to record.

Assessment

B. Fill in the Blanks

1. Inventory maintenance contributes to reduction in _____ inventory levels.
2. Inventory maintenance reduces the scope of _____.

C. True or false

1. Proper inventory maintenance leads to less shrinkage of stock.
2. Inventory maintenance enables to identify the need for safety stock.
3. Inventory maintenance Increases the costs of forecasting and purchasing activities.
4. Inventory maintenance helps the customers to find right product at the right time.
5. Frequent stock out arises with proper inventory maintenance.

D. Multiple Choice Questions

1. The method using for valuation of closing inventory of bags of cement is-
 - a. FIFO
 - b. LIFO
 - c. Weight average
 - d. All the above
2. The method used for valuation of closing inventory of perishable goods is
 - a. FIFO
 - b. LIFO
 - c. Weighted Average
 - d. None of the above
3. The method using for both inventory and the cost of goods sold is
 - a. FIFO
 - b. LIFO
 - c. Weight average
 - d. All of the above

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- Discussed the benefits of inventory maintenance.

Part B

Discussed in class the following:

- What are the benefits of maintaining balanced inventory level?

Part C

Performance Standards

The performance standard may include:

Performance standards	Yes	No
Able to demonstrate benefits of inventory maintenance.		
Able to identify which inventory valuation method is adopting and explaining the features of that method.		
Able to find out the benefits of maintenance of inventory management system.		

RS403-NQ2014

**Security and Housekeeping
Supervision in Retailing**

Introduction

Private security agencies offer a wide range of services that include providing security to businessmen, industrialist and celebrities, accompanying consignments and cash, monitoring the movement of visitors at shopping malls, construction sites, etc. and helping the police. The person who was still very recently called a Watchman has evolved as a Private Security Guard or Private Security Officer.



A Private Security Guard has to perform several functions, which include observing and monitoring people, access control, responding to security threat or emergency, and using appropriate methods to control illegal or unauthorized entry.

Security industry in India took the steep rise in early 90's when globalization took place in India. The Corporate sector and Multinational Companies created a huge demand of security services. The private security sector in India is growing at the compound average growth rate of 25 per cent annually and generates more than 12 lakh jobs per annum.

Housekeeping refers to the set of activities that are intended for cleaning the house by cleaning dirty surfaces, dusting, disposing of rubbish, vacuuming, etc. All of these activities come under the umbrella term 'housekeeping' and are what most people do a little of from time to time.

Housekeeping involves usage of various tools including brooms, sponges, vacuum cleaners, mops; along with cleaning products like bleaching agent, detergents, and disinfectants. The housekeeping is done not only to make the home look clean but also to make it more hygienic and safer to live in comfortably. A proper housekeeping prevents the growth of mould in wet areas, building of lime scales on taps, toilets stinking, accumulation of cobwebs and bacterial growth on garbage.

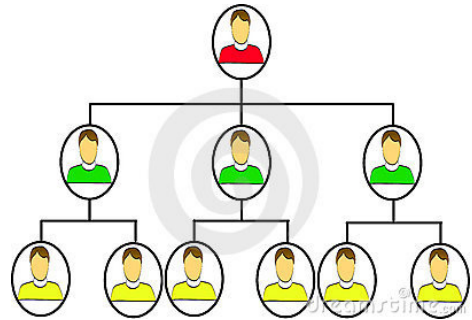


In this Unit, you will learn about the security points in retail store, role and functions of security personnel, material handling in housekeeping and procedures adopted in housekeeping in retail.

Session 1: Functions and Points of Security

Relevant Knowledge


Private security generally covers security of Personnel, Property and Information. The primary aim of private security is to provide a safe and secure environment to the company and its personnel to carry out their duties. While the expectations of the people for security are immense, it is not practically feasible for the government to meet all the requirements.



Security Points

The scope of private security in India does not include policing and law enforcement and is limited to ensuring protection and loss prevention through the following means:



- **Prevention:** Starting from a simple lock, to boundary walls, gates and the security guards, they are all means of preventing loss and damage to personnel, property and information.
 - **Detection:** An intruder may overcome protective barriers but may still be dissatisfied in his/her plans by detection and warning system that can alert the whole security equipment.
 - **Interference:** Once a disturbance or breach is detected, immediate action is taken to interfere with the designs of the intruder and prevent him/her from executing his/her designs.
 - **Delay:** The stronger the security system, the greater is the delay caused to an intruder, thereby increasing the chances of detection.
- 

Once the assets requiring protection and threats are known, a security plan is worked out. A successful security programme will rely on the honesty, integrity, and loyalty of the persons implementing the security system as well as its employees' responsiveness to the laid down procedures and systems.



Eligibility for Security Guard

A person shall be eligible for employment as Security Guard if he fulfills the standards of physical fitness as specified in the PSARA Act (2005). The specifications are as follows:

- Height: 160 cm for male and 150 cm for female.
- Weight: According to standard table of height and weight, chest 80 cm with an expansion of 4 cm (for females no minimum requirement for chest measurement).
- Eyesight: Far sight vision 6/6, near vision 0.6/0.6 with or without correction, free from color blindness. He/she should be able to identify and distinguish color display in security equipment.
- Read and understand displays in English alphabets and Arabic numerals.
- Free from knock knee and flat foot. He/she should be able to run one kilometer in six minutes.
- Hearing: Free from hearing defects. He/she should be able to hear and respond to the spoken voice and the alarms generated by security equipments.
- A candidate should be free from evidence of any infectious disease. He should not be suffering from any disease which is likely to endanger the health of the public.

Types of Security Guard

1. **Personal Security Guards:** They are appointed for the purpose of providing physical security to their employers. They are also known as black cats or bouncers and accompany their employers everywhere.
2. **Residential Security Guards:** They are employed in residential colonies, apartments, aged homes, and other residential areas for providing security to their clients.
3. **Corporate Security Guards:** They are employed for internal and external security of the business assets. Corporate security includes protection of corporate buildings, shopping malls, private organization, hospitals, etc.
4. **Private Security Guards:** They are employed by businessmen and entrepreneurs for private security services.
5. **Mobile Security Guards:** The mobile security guards keep moving around the perimeter and observe and monitor people for suspicious behavior or actions.
6. **Static Security Guards:** Unlike mobile security guards, they stay at one place and monitor the movement of the people and materials. They may also use electronic surveillance system to perform the job.

Job Roles and Duties

Security personnel protect the buildings, grounds, assets and occupants, including visitors assigned to them. The main job roles within the Private Security Organization are Security Guard (Various Types), Security Supervisor, Security Officer, and Manager. A security guard is required to perform the following duties:



Reception Duties

At the reception, the security guard has to perform the following duties:

- Ensure that all equipments are operational and complete documentation is available at the beginning of duty.
- Ensure that all visitors enter their particulars in the visitor book.
- Ensure that the badges and visitor slips are issued after checking with the visiting officer, if prior information is not available.
- Ensure that all visitors comply with the company rules and policies with regard to the use of the following:
 - a) Mobile telephone
 - b) Laptop/pen drive
 - c) Cameras

Gate Duties

A security guard on duty at the entrance to premises is the first point of contact for company, staff and visitors. The gate duties include the following:

- Stop vehicles, personnel entering and exiting.
- Search vehicles, personnel entering and exiting.
- Record all incidents of stop and search.
- Ensure that all documentation is completed as soon as possible.

Material Handling

A security guard on duty at the in/out material handling in the organization has to perform the following duties:

- Ensure that the materials are as per the purchase order and challan/invoice.
- Outgoing material is allowed only after authentication of the authorized signatory.
- Ensure that all documentation pertaining to incoming/outgoing material is completed as soon as practicable.
- Maintain separate registers for returnable material.
- When conducting searches of vehicles or bags get the driver or owner to conduct the physical aspects of the actual search.

Patrolling

The patrolling of premises is one of the most important duties performed by the security personnel. The security patrol falls into two main groups:

- Mobile Patrol
- Static Assignment Patrol

Mobile Patrols

- The security personnel on patrol is one of the most important elements of any security system.
- Mobile patrol visits are carried out on a client's property at irregular intervals.
- The number of visits per shift may have to be agreed with the client.

Static Assignment Patrol

- Patrols on a static site are usually undertaken on a constant basis, checking both internally and externally.
- Alertness, interest and thoroughness are some of the essential qualities of an effective static security guard.



Control Room Duties

A Control Room is a room serving as an operations centre where a facility or service can be monitored and controlled. A definition or description of a control room for security would be “a facility for the provision or procurement of assistance or advice for guarding, mobile patrol and mobile supervisory staff in routine and emergency situations”. The function and duties of a controller therefore would be to provide for the following:

- Effective monitoring of guards, patrolmen and mobile supervisory staff by strict observance of rules for proper documentation, telephone, radio or other communication procedures.
- Recording of all appropriate routine and emergency matters to enable management to deal quickly and efficiently with the company's contractual responsibilities.
- Maintaining a register of all keys held in the facility.
- Ensure proper surveillance through CCTV.

A copy of security manual or Standard Operating Procedures (SOPs) and assignment instructions must be available within the control room at all times. Records of all incidents reported should contain the following details:

- Date, time and place of the incident.
- Date and time of reporting and by whom it was reported.
- Nature of the incident.
- Action taken, including onward reporting.
- Action to be taken.
- Names and addresses of all relevant persons present.

Assignment Instructions

An important aspect in the execution of the security tasks is that every individual must be aware of his/her duties for which written instructions must exist. They indicate what the security personnel should do on the assignment, where to go, how to respond to different situations, patrol routes and timings, lines of communication, comprehensive details of the assignment, precise instruction in respect of responsibility and accountability, working hours and handing/taking over procedures. Assignment instructions are the duties and responsibilities of the security staff as agreed with assignment management and will also include the following:

- **Internal Organization Chart:** It will give the security guard necessary information as to who is who in the organization. It also gives information in respect of the location of their offices so that when patrolling the premises, adequate attention can be paid to them as required. An internal telephone directory should also be included.
- **Company's Safety Statement:** The statement ensures that the security staff is aware of all hazards in respect of safety, health and welfare at work and the management plans for dealing with various types of hazards. The safety statement is also beneficial to contractors and other persons working on the premises. They should be aware of the hazards at workplace and the procedures to overcome them.
- **Standing Instructions:** These include day-to-day working and procedural requirements.
- **Emergency Plan:** The plan describes the action to be taken in the event of a serious incident such as fire or a disaster, a bomb threat, evacuation of the building, armed robbery or other serious threats to the assignment.
- **Evacuation Instructions:** These are the instructions that indicate action to be taken in the event of emergencies. Location of assembly points, name and location of fire warden, list of members of emergency response team and other persons.
- **Name and Address of Key Personnel:** It includes the details of the senior personnel so that in the event of an operational incident or a major incident they can be contacted and informed as to the extent of the incident. In such events they may either advise the security personnel on what action to take or opt for attending the incident personally. Telephone numbers of these personnel, including their home phone number, mobile telephone numbers and any other numbers necessary to contact them.

In addition to the assignment instructions, most security supervisors issue post instructions to the guards that are specific to the post assigned to the individual. The Security Guards carry these post instructions in their shirt pockets at all times.

Responding to Emergencies

Security personnel are expected to react to emergency situations and to reduce the impact caused by an emergency event at a worksite. The training of security personnel should include the following:

- Monitoring alarm systems and assessing need for response and follow-up.

- Responding to an emergency alarm.
- Communicating details of incident.
- Emergency scene isolation.
- Managing emergency situations.

Go to any mall, office, factory or institution, and the first thing that catches your eye are the Security Guards. They stand out because of their uniform and also sheer numbers. Security is attaining greater importance day-by-day because of the increase in the value of the assets and the threats to them. As the size of buildings and complexes increase, security operations become more complex and technology oriented.

Functions of Security Personnel

A Security Guard is defined as any person providing private security with or without arms to another person or property or both and includes a supervisor (PSARA Act, 2005). He/she works under the supervision of Security Supervisor.

The Standard Operating Procedures (SOPs) for a security guard varies with the type of job that the guard is doing. He/she is required to perform the following general role and functions:

- Wear neat and tidy uniform.
- Maintain hygiene and proper grooming.
- Obey and pass on to other Security Guards all orders and instructions received from Supervisor.
- Talk politely with students, staff, and visitors and assist them to provide any necessary information of the Institute.
- Prevention or detection of intrusion, unauthorized entry or activity, vandalism or trespass on private property.
- Be watchful while on night patrol and check all suspicious persons, and allow no one to pass the security gate without proper authorization.
- Work as a team with other security personnel to ensure optimal safety of the person/organization and communicate frequently with each other.
- Make proper entry in the visitor log and collect vendor/visitor Photo ID card.
- Prevent or detect theft, loss, embezzlement, misappropriation or concealment of merchandise, money, valuables, documents or papers.
- Leave his post only after giving charge to the other Security Guard.
- Adhere to and enforce established company rules, regulations, policies and practices.
- Report incidents as per the procedure.

Exercise: Assignment

1. Visit a security company and study the organizational structure and the various documents maintained by the company. Also record the role and functions of the key officials of the company.
2. Prepare a comparative chart on the role and functions of private security professionals in the following places:
 - Malls
 - Hospitals
 - Construction sites
 - Supermarkets
 - Manufacturing plants
 - Private home alarm maintenance

Assessment

A. Fill in the Blanks

1. Private security generally covers security of _____, property and Information.
2. The primary aim of private security is to provide a _____ and secure environment.
3. Section _____ of the Criminal Procedure Code of India bestowed power of arrest to the common citizen if a cognizable offence is committed in his/her presence.
4. The security patrol falls into two main groups i.e. _____ patrol and static assignment patrol.
5. CCTV stands for _____ Television.
6. Instructions related today-to-day working and procedural requirements are known as _____ Instructions.
7. The plan that describes the action to be taken in the event of a serious incident such as fire or a disaster is known as _____ plan.

B. Short Answer Questions

1. Identify the security points as per organization structure?
2. Explain the specifications of the eligibility for security guard?
3. Classify the types of security guard?
4. Explain the job roles and duties of security personnel?
5. What are the instructions followed while performing the duties?
6. State the functions of security personnel?

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Differentiated between role and functions of private security guards.

Part B

Discussed in class the following:

- What is the scope of private security in India?
- Identify the security points as per organization structure?
- Explain the specifications of the eligibility for security guard?
- Classify the types of security guard?
- Explain the job roles and duties of security personnel?
- What are the instructions followed while performing the duties?
- State the functions of security personnel?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to demonstrate the duties and responsibilities of security personnel.		
Able to identify the role and functions of private security guard.		
Able to identify the security points as per organization structure.		
Able to find out the specifications of the eligibility for security guard.		
Able to classify the types of security guard.		

Session 2: Safety and Surveillance Equipments

Relevant Knowledge

Security Metal Detectors

There are more number of suppliers and manufacturers of security metal detectors available from India such as:

- Door Frame Metal Detector (Person Counting)
- Door Frame Metal Detector
- Hand Held Metal Detector
- Hand Held Security Metal Detectors
- Walk Through Metal Detector
- Microcontroller Based Door Frame Metal Detector

(a) Door Frame Metal Detector (Person Counting)

Features

- Detects ferrous and non ferrous metals
- Self balancing at any temperature
- Walk/stop Indicator
- Instant recovery on detection
- Continuous measurement.

LCD Bar graph Facility to display the volume of the metal carried through the detector.

- User sensitivity levels up to 0-9
- Highly reliable. (Very high MTBF).
- Instant recovery on detection.
- In-built IR sensors (Infrared sensors).
- 6 Digital IN and OUT and NET Count Display.
- Wooden platform attachment for stability.

Technical Specification

- Passage Clearance: 27"x 24"x 75" (W x D x H)
- Sensitivity: Small - Big Metal Objects
- Supply: 240 V AC, 50 Hz, 2 Amp
- Weight = 30 Kg (Approx)

Areas of Application

- Banks, Theatres, Stadiums, Embassies, Malls,
- Govt. Bldg; Airports, Docks, Power plants,
- Refineries, Exhibitions and Events, Hotels and Auditoriums.



(b) Door Frame Metal Detector

Features

- Detects Ferrous and Non-Ferrous Metals
- Bar Graph to judge the Volume of Carrying Metal through Detector
- Self balancing at any Temperature
- WALK/STOP Indicator
- Instant recovery on detection
- Wooden platform attachment for stability

Technical Specification

- Passage Clearance: 27"x 24"x 75" (W x D x H)
- Sensitivity: Small - Big Metal Objects
- Supply: 240 V AC, 50 Hz, 2 Amp
- Weight = 30 Kg (Approx)

Areas of Application

- Banks, Theatres, Stadiums, Embassies, Malls,
- Govt. Bldg; Airports, Docks, Power plants,
- Refineries, Exhibitions and Events, Hotels and Auditoriums.

(c) Hand Held Metal Detector

Hand Held Metal Detector Remarkable (Imported) :-Detects items of all types of metal: Ferrous and non-ferrous.

- Choice of sound alarm or silent vibration alarm
- Easy to use, 3 position switch for power, sound and vibration
- Sensitivity setting at optimum level-no tuning required
- uses one 9 volt battery
- Low battery indicator
- Quick-change battery compartment
- Charger jack



(d) Hand Held Security Metal Detectors

Features

- Ultra high sensitivity
- Detects ferrous and non ferrous metals
- Rechargeable battery with in-built charger
- Audio / visual alarm
- Low battery indication
- Light weight



(e) Walk through Metal Detector

Features

- Detects ferrous and non ferrous metals
- Bar graph to judge the volume of carrying metal through detector
- Self balancing at any temperature
- Walk/stop indicator
- Instant recovery on detection

(f) Micro Controller Based Door Frame Metal Detector

Features

- Detects ferrous and non ferrous metals
- Bar graph to judge the volume of carrying metal through detector
- Self balancing at any temperature
- Walk/Stop Indicator
- Instant recovery on detection
- Continuous measurement.

Technical Specification

- Passage Clearance: 27"x 24"x 75" (W x D x H)
- Sensitivity: Small - Big Metal Objects
- Supply: 240 V AC, 50 Hz, 2 Amp
- Weight = 30 Kg (Approx)

Safety Jacket

Manufacturer and supplier of safety jacket like reflective jacket, roadway safety jacket, reflective jacket and traffic baton.

Extension Search Mirror

Features

- Light weight
- Search overhead and underneath
- Telescopic rod (Expendable up to 5 ft)
- Size: 9 Inch x 6 Inch

Area of use: Parking Area of Malls, Movie Hall, Hotels, Office, Theaters and Cargo Terminals.

Fire Alarm Systems: A fire alarm systems is an active fire protection system that detects fire or the effects of fire, and as a result provides one or more of the following: notifies the occupants, notifies persons in the surrounding area, summons the fire service, and controls all the fire alarm components in a building.





Stand Alone DVR: Stand Alone DVR(Surveillance Equipment), stores high quality video and audio. These equipments help to capture videos and assist in its playback both to and from the disk. Moreover, this equipment facilitates powerful network transmission with fast and superior picture quality and is easy

to install.



Hand Held Search Light: Hand Held Search Light (surveillance Equipment) features single integrated handle for better grip. These are manufactured using extra tough glass filled nylon material, which is 3mm in thickness.



Security and Surveillance Equipment

Security and Surveillance Equipment includes-

- Safety Signage's
- Reflective Safety Jackets
- Safety Harness
- CCTV Camera
- Metal Detector
- Safety Helmets



(a) **Safety Signage's:** Upon exposure to light, natural or artificial, this photo luminescent material absorbs and store light energy and then absence of light, this captivated light is released to give off a luminous glow by non-toxic chemical. They have long life and no maintenance is required.

(b) **Reflective Safety Jackets:** When running at night, You can optimize your visibility with reflective jackets. Reflective jackets designed to fit your body in motion so you can run with confidence knowing that the world sees you just as clearly, illuminative visibility, and



guarding you against the possible hazards that come with night time, outdoor activities.

- (c) **Safety Harness:** Global standards reveal that the most dangerous hazards (risk of occurrence of an event) are associated with people working at heights. These hazards vary according to the critical location and nature of work being carried out.

Inspection and Care: Safety harnesses must be visually inspected before each use. The use of damaged, defective or excessively worn components should be avoided. Check for frayed or pulled fibres on the webbing and stitching. Also watch for discoloration; this may indicate chemical damage. Look for cracks, rough edges and distortion of any metal components. Clean the harness with a damp sponge and a mild soap and water solution. Wipe it down with a clean towel to remove excess moisture. Allow the harness to air dry away from sunlight and high temperatures. Store this equipment where it will not come into contact with corrosive or contaminating substances.

Warning: It is not safe for a worker to remain suspended in a safety harness after a fall. Rescue by trained personnel should begin immediately to avoid suspension trauma. Harnesses provides the highest performance, is critically proven across diverse industry applications.

Relevant Industries

- Construction
- Steel
- Mining
- Transmission
- Defense
- Public works
- Telecommunication

- (d) **CCTV Camera:** These can be placed where there is maximum chance of theft or in corners of important places for meeting the demands of effective surveillance. These can be offered in ceiling or wall mounted dome camera option and are made available in black and white as well as any other color options. Moving in 360 rotations with variable speeds of 0-250 per second, these cameras allow seamless tracking of moving subjects.



Advantages

- 24 hrs Surveillance
- Low power consumption
- Based on advanced electronic technology
- Cost effective

- Very easy to operate as well as maintain

(g) **Safety Helmets:** Shopkeepers offer customers good quality helmets that come with fitted spot light (6 volt) with charger and battery setup. The safety torch used in these helmets is fire proof with 3 cell as well as 2 cell option made.



Exercise: Assignment

1. Go to the security organization and understand about all kinds of equipments used for security surveillance and capture a shop of all types of security surveillances equipments. Prepare an assignment on security surveillances equipment and write 50 words about each with pictures.
2. Visit to the retail store and list out the rules and regulations followed by them and advise properly.
3. Visit retail store and observe the behavior and attitude and characters of security personnel.
4. Role play and case study of behavior, attitude and handling of people in the team and higher authority.
5. Group discussion among the students on effective rules and regulations in retail store regarding security.

Assessment

A. Fill in the Blanks

1. Door frame metal detector is featured with continuous _____.
2. LCD bar graph facility to display the volume of user sensitivity level up to _____.
3. Hand held metal detector uses one _____ volt battery and _____ battery indicator.
4. _____ can record simultaneously 16 causes.

B. True/ False

1. Video-cassette recorders can record happening speed over 48 hrs.
2. According to global standards, the most dangerous hazards are associated with people working at heights.
3. Safety harnesses need not be visually inspected before each use.
4. A photo luminescent material did not require battery-power or any other sources for emission of the glow.
5. Some causes can be mounted at any place where large cameras be fitted.

C. Short Answer Questions

1. Explain the security surveillances equipments available in private security?
2. Find out the features of security metal detectors?

3. Explain the functions of security and surveillance equipment?
4. Write short note on the following:
 - (a) Control room
 - (b) Patrolling
 - (c) Access control system

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Differentiated between different types of security surveillance equipment.

Part B

Discussed in class the following:

- Security surveillance equipment
- Hand hold metal detector
- CCTV camera

Part C

Performance Standards

The performance standard may include:

Performance standards	Yes	No
Able to identify security surveillance equipment.		
Able to find out the features of security metal detectors.		
Able to identify the functions of security and surveillance equipment.		

Session 3: Handling of Materials and Equipment in Housekeeping

Relevant Knowledge

Effective housekeeping can eliminate some workplace hazards and help get a job done safely and properly. Poor housekeeping can frequently contribute to accidents by hiding hazards that cause injuries.

It is a broad term that is used for both indoor cleaning as well as outdoor chores like washing windows and sweeping doormats. Store cleanliness is an important part of retail. Customers want to shop in a clean, well-lighted store so they have confidence that the merchandise purchased there is also clean and of good quality.

Housekeeping includes keeping work areas neat and orderly; maintaining halls and floors free of slip and trip hazards; and removing of waste materials (e.g., paper, cardboard) and other fire hazards from work areas. It also requires paying attention to important details such as the layout of the whole workplace, aisle marking, the adequacy of storage facilities, and maintenance. Good housekeeping is also a basic part of accident and fire prevention.



Good safety housekeeping can significantly reduce accidents and injuries in any type of work environment. By developing good safety habits, and by being aware of their work environment and any hazards associated with

it, employees can help to create a much safer workplace.

Effective housekeeping results in:

- Reduced handling to ease the flow of materials.
- Fewer tripping and slipping accidents in clutter-free and spill-free work areas
- Decreased fire hazards
- Lower worker exposures to hazardous substances (e.g. dusts, vapors)
- Better control of tools and materials, including inventory and supplies
- More efficient equipment cleanup and maintenance
- Better hygienic conditions leading to improved health
- Reduced property damage by improving preventive maintenance
- Improved morale
- Improved productivity (tools and materials will be easy to find)



Housekeeping tasks can be grouped into a number of areas, including:

- Occupational health and security
- Safety cleanliness (sanitation) controls
- Damage avoidance
- Fire prevention and protection
- Safe, secure storage systems
- Regular inspections
- Stock control
- Personal hygiene and appearance
- Maintenance and storage of housekeeping equipment



Common housekeeping tasks are:

- Vacuum cleaning
- Painting
- Weeding
- Maintenance
- Waste removal

Material Handling

Material handling is any transporting or supporting of a load by one or more workers. It includes the lifting, holding, putting down, pushing, pulling, carrying or moving of a load.

While handling the material one should ensure that the material is stacked securely, blocked or interlocked. All storage areas are marked. All workers understand material storage and handling procedure. Materials are stored in areas that do not interfere with workers or the flow of materials. Hazardous materials are stored in approved containers and away from ignition sources.

A person has to see that equipment is in good working order, with all necessary guards or safety features operational or in place. All the tools and machinery are inspected regularly for wear and leaks. These machines and tools are cleaned regularly.

Maintaining the work area in a tidy, clean and safe way reflects a positive store image and helps create an environment that is pleasant for all customers and conducive to sales.

There are many areas in a store that need to be considered, including:

- Point of sale area
- Counters
- Walkways/aisles
- Merchandise
- Fittings and fixtures
- Storerooms
- Fitting rooms
- Receiving docks



Housekeeping Materials

Cleaning chemicals often are hazardous and can be identified as such from the label. Many tools or items of equipment requiring cleaning are equipped with guards to protect the operator. Equipment should never be operated without the guard in place and the manufacturer's guidelines must be followed to ensure safe use of equipment.



All housekeeping equipment must be stored safely and securely and according to the manufacturer's instructions where appropriate. This will ensure a safe environment for staff, customers and any other visitors to the store. Cleaning equipment varies from store to store. However, some equipment is used in all retail outlets.

Common equipment includes:

Mops	Window Cleaner
Buckets	Cleaning Chemicals
Brooms	Floor Polishers
Cloths	Hazard Warning Signs
Dusters	Dust Pans and Brushes
Bins	Ladders
Blades	Trolleys
Spray Cleaner	Vacuum



When applying housekeeping procedures to your counter area, five key points must be considered.

1. Clean
2. Safe
3. Uncluttered
4. Well organised
5. Customer friendly

Keeping these five key points in mind at all times will ensure that your counter area contributes to the overall professional and positive image that your store presents.



Procedure of House Keeping

A clean place to work is necessary for safety. Good housekeeping is a part of your job. In order to have a pleasant and safe work place, everyone must do his/her part to keep the plant orderly and clean.

- Immediately clean up any paint, grease, oil, water, etc. that has spilled on the floor. Someone could slip causing serious injury.
- Pick up any scrap lumber, saw dust etc. and put into scrap lumber bins.

- Put any scrap papers, boxes, etc., into the proper garbage containers or recycling bins.
- Put cans into bins marked for cans.
- Clean up organise tables and work stations that you have been using, so that the next person can start with a clean work area.
- Clean any machine and surrounding area after use.
- Return all hand tools to their proper places after use or at end of your shift.
- Keep all walkways, aisles, roadways, and areas in front of fire extinguishers, electrical panel boxes free of obstruction.
- Keep your rest rooms and lunchrooms as clean and neat as possible. Put all garbage into garbage cans, not beside them. Do not put paper towels in the toilets.
- Keep your forklift cab area clean and do not transport or store items in cab.
- Never leave hooks or hangers on the floor always put them in their proper place.
- Before end of shift, empty garbage cans into the garbage bins and haul the bin outside
- Always put all brooms and shovels back to their proper areas and places after use.
- Clean the computers at least once a week by wiping them with computer cleaning fluid.
- Keep you locker and change area clean and neat.

Waste Removal and Disposal

In a busy retail environment it is common to accumulate general waste materials. General materials might include:

- Packaging materials
- Rubbish
- Broken or damaged merchandise
- Paper
- Glass
- Plastic

If the retailer deals with food, other food or liquid waste materials might include:

- Food substances
- Fats
- Oils



All waste must be removed safely and disposed of in an environmentally friendly way. Policies on waste removal and disposal will vary from store to store depending on current housekeeping policies and procedures. The Environment Protection Authority in NSW can work with retailers to assist them in designing and implementing appropriate waste disposal strategies.

When removing general waste it is important to:

- Use correct lifting techniques

- Wear gloves or other personal protective equipment as required move steadily - don't rush
- Remove waste from customers' sight
- Separate waste in accordance with store policies and procedures to ensure effective recycling

Another important consideration is the environment - naturally, you want to ensure that you are following "environmentally-friendly" waste disposal procedures.

Most waste ends up in land-fill areas around the country. These areas occupy a lot of space, and in some cases the waste pollutes the ground so that the whole area cannot be used for many years.

It is estimated that over 50% of the waste currently occupying space in land-fill areas could have been recycled or reused, if people had followed responsible waste removal and disposal procedures.

Exercise: Assignment

1. Visit a Mall or working place where housekeeping materials are handled in the Retail store & learn from the experience of expert.
2. Visit Retail Organization and interact with housekeeping supervisors regarding handling of housekeeping Materials, potential health hazards, handling of safety equipments.
3. Visit a Mall or Retail outlet and observe the cleaning procedures.
4. Visit point of sale area, counters, merchandise, store rooms, learns housekeeping equipment handling.
5. Role play on responsibilities of housekeeping work.
6. Visit a Retail Mall and practically learn to operate housekeeping equipments.
7. Visit a Retail store & observe manufactures instructions followed to cleaning with housekeeping equipments.
8. By role play the responsibilities & the functions of the housekeeping work in retail store.
9. Visit to a retail store and observe what kind of methods applying for housekeeping of retail store.
10. Visit a Mall or Supermarket or an Industry, interact with the employer and employees of the organization/industry and ask the following questions and write their reply in not more than 50 words:

A. Questions for Employers

- (i) What should your employees know before handling and storing materials?

- (ii) What are the potential hazards for workers in retail?

(iii) What kinds of equipments are needed for store?

(iv) Prepare a checklist of the housekeeping equipment that is generally used in retail store for housekeeping activities.

(v) Visit Mall or departmental store and use the checklist prepared by you, check the housekeeping equipments that exist in the mall/departmental store for housekeeping in retail.

(vi) List any 05 equipment that are used for routine housekeeping.

B. Questions for Employees

(i) Are you happy with the provisions made for taking care of your physical and safety requirements at the workplace?

Employee A: Yes/No

Employee B: Yes/No

Employee C: Yes/No

Employee D: Yes/No

Employee E: Yes/No

Employee N: Yes/No

(ii) Which are the hazardous chemicals that the employees think are affecting their physical well being at the workplace?

(iii) What are the safety requirements for material handling?

(iv) What experience do you have using different machines/types of equipment? List out those you most familiar with.

(v) What types of items or equipment have you been required to keep clean?

- (vi) Name 5 key points to consider when applying housekeeping procedures to your counter area.

Assessment

A. Fill in the Blanks:

1. Housekeeping is an _____ task.
2. Effective _____ can eliminate some workplace hazards.
3. _____ materials are stored in approved containers and away from ignition sources.
4. Good safety housekeeping can significantly reduce _____ and _____.
5. A material is hazardous if it can _____ a person's health, either long or short term.
6. Good housekeeping efforts are a part of the retail _____ prevention and _____ prevention program.
7. Slips, trips and falls are _____ accidents in the retail workplace and they often lead to serious injury.

B. Multiple Choice Questions

Tick the correct answer

1. The short distance movement of material between two or more points refers to:
 - a) Warehousing
 - b) Transportation
 - c) Material Handling
 - d) Materials management
2. Each of the following is a question associated with materials handling, except:
 - a) How will the product be handled?
 - b) What kind of equipment is needed to handle the material?
 - c) In what form will the product be?
 - d) How much is the product worth?
3. Which of the following activity comes under housekeeping?
 - a) School admission
 - b) Hoover the floor
 - c) Purchase of material
 - d) Sale of flat
4. Which of the following would you check to see if a material is considered 'hazardous'?
 - a) The product label
 - b) Purchasing record
 - c) Material safety data sheet
 - d) Hazardous material inventory

C. True or false

1. Materials handling deals with the short distance movement of the material between two or more points.
2. Equipment should not be placed where it could easily fall or be pulled off the counter.
3. The quick and easy jobs such as mopping and scrubbing to be done before the shop opens or end of day.
4. All housekeeping tasks must be performed to the standard outlined in the store policy and procedure manual
5. It is the employer's responsibility, as far as possible, to provide a safe working environment.

D. Short Answer Questions

1. What is the cleaning procedure should carry out in shopping arcade?
2. What should be worn when picking up broken glass?
3. Name 8 types of general waste.
4. List at least 6 different machines that you may come into contact with in the Retail Industry.
5. Find out the effective housekeeping results?
6. Identify the ways for material handling in housekeeping procedure?
7. What are the steps involved in the procedure of housekeeping?
8. How to remove the waste and dispose in suitable place?
9. Decide whether the tasks in the list below should be carried out daily, weekly or monthly.

Cleaning any glass

Cleaning displays

Cleaning point of sale area

Cleaning windows

Washing walls

Polishing

Stock returns

Tidying shelves

Vacuuming

Cleaning counters

Cleaning EFTPOS equipment

Cleaning the fridge

Clearing walkways

Dusting displays

Removing waste

Sweeping

Tidying storeroom

Washing fixtures and fittings

<i>Daily</i>	<i>Weekly</i>	<i>Monthly</i>

Checklist for Assessment Activity

Use the following checklist to see if you've met all the requirements for Assessment Activity.

Part A

- Differentiated between hazardous and non-hazardous materials.
- Differentiated between different types of materials.
- Differentiated between different types of hazards and chemicals.
- Described the procedure in housekeeping.
- Differentiated waste removal and disposal.

Part B

Discussed in class the following:

- What is housekeeping?
- What is the importance of effective housekeeping?
- Why do we need to exercise daily for housekeeping?
- What is material handling?
- What are the different types of hazardous materials?
- Discussed in class the following:
- What is procedure in housekeeping?
- What is good housekeeping?
- What are the common factors that involve in procedure in housekeeping?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the various types of housekeeping materials and equipment.		
Able to demonstrate standard procedure in housekeeping.		
Able to identify the ways for material handling in housekeeping procedure.		
Able to follow the steps in the procedure of housekeeping.		
Able to find out how to remove the waste and dispose in suitable place.		

Session 4: Duties and Responsibilities of Security and Housekeeping Associate

Relevant Knowledge

Duties and Responsibilities of Security Associate

A security associate oversees guards who protect private property against theft and damage. Security officers also ensure the safety of people on their employer's premises. Security personnel work in office buildings, retail stores and other public buildings. They also work in public transportation venues, such as airports and bus terminals. Depending on the size of his staff, the security supervisor might do patrol duty, or his job may be primarily administrative.



Requirement for a Security Associate

- A security associate must have experience as a security guard, police officer or military police officer.
- A security associate must have training and experience working with electronic monitoring systems. Education requirements vary.
- A security associate at least should have a diploma in electrical or computer science.
- Qualified candidates should have a valid driver's license and no criminal record.
- He/she requires good communication skills, both oral and written.

A security associate monitors his staff by patrolling with them by auto or on foot. The supervisor is also responsible for monitoring the electronic surveillance equipment used on the premises

Functions of Security Associate

Under direction, performs work of considerable responsibility in planning and directing a 24-hour security operation and armed security staff. He trains subordinate personnel; conducts inspections, identifies potential security problem areas and provides technical advice; performs other duties as required. This is a competitive classification.

- Programs and maintains data in the building access control computer in order to authorize appropriate employee access level for entry into facilities.

- Assesses security needs and controls employee and visitor access to buildings and property and ensures only authorized entry.
- Receives visitors and employees in order to provide assistance.
- Monitors and operates multiple CCTV monitors and cameras in order to conduct video surveillance and record activities at varied locations from a central station.
- Assigns tasks and supervises the work activities of subordinates.
- Patrols buildings and grounds; responds to and reports unusual incidents or occurrences in order to minimize or deter the development of hazardous or dangerous situations.
- Monitors and controls all alarm systems statewide.
- Documents information on unusual incidents; establishes, creates, updates and maintains manual and automated filing systems and controls access to confidential information.
- Provides job training to new security personnel and evaluates staff training needs.
- Evaluates and documents employees' performance and provides feedback.
- Operates and maintains a two-way communications system in order to remain in constant radio contact with other security personnel.
- Evaluates special security requirements of high risk areas and provides technical advice.
- Patrols buildings and grounds; responds to and reports unusual incidents or occurrences in order to minimize or deter the development of hazardous or dangerous situations.

Security Associate Job Description

Before appointing a new Site Security Associate to any property it is essential to assess the expectations and requirements of the role. Below is a general Security Associate job description for a vacancy at a large commercial property which may help you when considering appointing a new recruit.



To ensure the smooth and effective day to day running of site based security teams. To keep line Manager informed of incidents, and to ensure that agreed levels of service and contractual requirements are achieved as a minimum.

Accountabilities/ Responsibilities

- To ensure that all officers on the shift are present, booked on and assigned to positions.
- To ensure that all staff are dressed appropriately for their duties at the start of each shift
- To ensure shift staff do not carry personal mobile phones or chewing gum and do not lean on buildings
- To manage the rotations of staff so that all positions are covered and all staff receives designated breaks each day.
- Maintain staff knowledge of assignment Instructions

- To monitor all electronic security systems including fire alarms, CCTV and patrol management. To immediately report any systems malfunction.
- To record all daily occurrences in the book provided
- To carry out any investigations as required and to ensure reports are completed for line Manager
- Provide assistance for staff that experiences any welfare difficulties. When unable to resolve report to line Manager.
- To initiate company disciplinary procedures as required and to ensure line Manager is made aware.
- To record and process data from the Patrol Management System.
- To ensure all site records are maintained and that all information required for monthly reports is completed.
- To deputize for the Security Site Manager as required.
- To act as a first line support for shift officers who encounter incidents or difficulties and escalate as appropriate to management.

Specific Duties

- Daily inspection of all shift team members and completion of new uniform requests.
- Complete the daily Site Assignment Log.
- Record all lateness and absenteeism
- Book on staff on shift accurately
- Account for the issue and return of all keys
- To undertake fire alarm tests as required
- To regularly assess team members knowledge and expertise
- To assist with site training of all new staff
- Report all systems faults
- To collect all the required data for management reports
- To manage communications between Team Members on site and maintain up to date contact lists
- To complete a shift handover report for each shift and arrive at least 15 minutes before shift start
- To allocate staff to duties and evenly distribute demand for extra work among the team
- To carry out any reasonable additional tasks as requested by the customer.

Knowledge/ Skills/ Experience

Essential

- Microsoft office
- Leadership and management
- Communications
- Appraising staff
- Disciplinary procedures
- Customer focus

Desirable

- Previous experience in leading large security teams
- Training experience
- Health and safety experience

Behavioral Competencies

- Team developer
- Calm under pressure
- Process management, improvement and quality

Security Supervisor/ Head Guard

Supervisor is a person in the first-line management who monitors and regulates employees for their performance with regard to assigned or delegated tasks. Normally a security supervisor is placed on 15 security personnel deployed at a site. However, one person with experience and capability is appointed as 'Head Guard' to perform the duties of a supervisor in a shift involving less than 10 persons.



The role and responsibilities of security supervisor include the following:

- Supervise the security staff as per the company's policies and rules.
- Educate the security staff on the various procedures and systems approved by the management.
- Conduct training activities for the security staff.
- Maintain security equipment and gadgets.
- Deploy security personnel for optimum use so as to ensure total security of the institute/organisation/residential colony.
- Ensure the maintenance of entry and exit log.
- Update and sign all Daily Security Report.
- Monitor inward and outward loading of goods, provision and other materials.
- Report all violation of Institute's rules and regulations and special orders to the Head of Security/Management.

Field Officers/Inspectors

These are the persons responsible to the management of the security company to enforce and implement the policies.

Assignment Officer

He in general terms a person who monitors and regulates employees for their performance of assigned or delegated tasks.

Assistant Security Officer

Assistant security officer is on the pay roll of the security company deployed at the site to monitor and regulate employees for their performance of assigned or delegated tasks. Normally ASO is placed when the deployment exceeds 15 persons or more in each shift. He coordinates and liaises with the principal employer and the security company and performs a customer care role.

Carry Home Emoluments and Benefits in the Private Security Industry



Pay and Allowances: In the security sector, your pay depends on the level of the position and the company. In general, the pay is governed by the Minimum Wages Act of the State.

Provident Fund (PF): An employee saves 12% of the basic wages and equal amount is contributed by the employer (8.33% towards pension fund and 3.67% towards contribution of Provident Fund). On completion of 10 years contribution to the fund all employees are entitled to pension on attaining the superannuation age of 58 years. Pension depends on the total subscription made in the fund. Some of the benefits accrued are as follows:

- Lump sum payment of accretion with interest on retirement/leaving the job.
- Partial withdrawal during job for specified purposes.
- Provision of taking early pension but not before attaining the age of 50 years.
- Deposit Linked Insurance Scheme: Upon death while in service, an additional payment in lump sum equal to average P.F. accretion subject to maximum of Rs. 60,000/- is given.
- Employees' Pension Scheme: Pension to member on retirement/invalidity.
- Pension to Family members on member's death.

Employees State Insurance Scheme (ESIC) Coverage: Under the scheme employee's contributory insurance cover is available at a marginal contribution of 1.75% of basic wages. The following benefits are available:

Medical Benefit: Medical care is provided to the Insured person and his family members from the day he/she enters insurable employment. There is no ceiling on expenditure on the treatment of an Insured Person or his family member. Medical care is also provided on payment of a token annual premium of Rs.120/- to the retired and permanently disabled insured persons and their spouses.

Sickness Benefit (SB): Cash compensation at the rate of 70 per cent of wages is payable to insured workers during the periods of certified sickness for a maximum of 91 days in a year. In order to qualify for sickness benefit the insured worker is required to contribute for 78 days in a contribution period of 6 months.

(a) Extended Sickness Benefit (ESB): ESB extendable up to two years in the case of 34 malignant and long-term diseases at an enhanced rate of 80 per cent of wages.

(b) Enhanced Sickness Benefit: Enhanced Sickness Benefit equal to full wage is payable to insured persons undergoing sterilization for 7 days and 14 days for male and female workers, respectively.

Maternity Benefit (MB): Maternity Benefit for confinement/pregnancy is payable for three months, which is extendable by further one month on medical advice at the rate of full wage subject to contribution for 70 days in the preceding year.

Disablement Benefit

(a) Temporary disablement benefit (TDB): This benefit is available from day one of entering insurable employment and irrespective of having paid any contribution in case of employment injury. Temporary Disablement Benefit at the rate of 90% of wage is payable so long as disability continues.

(b) Permanent disablement benefit (PDB): The benefit is paid at the rate of 90% of wage in the form of monthly payment depending upon the extent of loss of earning capacity as certified by a Medical Board.

(c) Dependants' Benefit (DB): It is paid at the rate of 90% of wage in the form of monthly payment to the dependants of a deceased Insured person in cases where death occurs due to employment injury or occupational hazards.

Other Benefits

Funeral Expenses: An amount of Rs.10,000/- is payable to the dependents or to the person who performs last rites from day one of entering insurable employment.

Confinement Expenses: An insured woman and an insured person in respect of his wife shall be paid a sum of rupees one thousand per case as "confinement expenses" (earlier termed as medical bonus), provided that the confinement occurs at a place where necessary medical facilities under the ESI scheme are not available. i.e., where facility for confinement is not available in the ESI institution. Also confinement expenses shall be payable for two confinements only.

Rajiv Gandhi Shramik Kalyan Yojana 2005: An Insured Person who become unemployed after being insured three or more years, due to closure of factory/establishment, retrenchment or permanent invalidity are entitled to :

- (a) Unemployment Allowance equal to 50% of wage for a maximum period of up to one year.
- (b) Medical care for self and family from ESI Hospitals/Dispensaries during the period IP receives unemployment allowance.
- (c) Vocational Training provided for upgrading skills - Expenditure on fee/travelling allowance borne by ESIC.

Workman Compensation: In case a personal injury is caused to a workman by accident arising out of and in the course of his employment, his employer is liable to pay compensation in accordance with the provision of the Act within 30 days from the date when it fell due otherwise he would also be liable to pay interest and penalty.

Bonus Payment: Any employee on a salary or wage not exceeding [three thousand and five hundred rupees] per month in any industry to do any skilled or unskilled manual, supervisory, managerial, administrative, technical or clerical work for hire or reward, whether the terms of employment be express or implied is eligible for bonus up to a maximum of “ten thousand rupees”

Leave: All employees are governed by the company policy and the labor laws prevalent in the states.

Duties and Responsibilities of Housekeeping Associate

The main duties of an average housekeeper are to clean or organize a specific area. Housekeepers may be hired on either a full- or part-time basis by private homeowners, hotels, hospitals or nursing homes. The following are the instructions:

- Start your housekeeping duties in the bathrooms. Bathrooms often require allowing cleaning products such as shower and toilet bowl cleaners to "soak in" for a period of 10 to 15 minutes.
- Clean or dust furniture and other hard surfaces such as counter tops. Complete this step before cleaning or vacuuming floors. Imagine vacuuming a rug and then having a large clump of dust, crumbs or dirt fall onto the freshly cleaned area.
- Return to the bathroom and clean the shower, toilet, counters and mirrors. Pay special attention to hard water spots, soap scum or lime buildup in the shower. Your employer will expect that you will remove these blights from shower walls and tubs. Use a sponge or a Magic Eraser in addition to traditional shower cleaning products. When cleaning the toilet, be sure to wipe around the bottom base of the fixture in addition cleaning out the inside with toilet bowl cleaner and a brush.
- Empty all trash cans throughout the home or room.



- Clean all floors by vacuuming or sweeping and mopping. This step should be the last duty that you perform before you leave. It doesn't make sense to clean floors first and then track additional dirt and mud across them while you perform the rest of your cleaning duties. Your employer may have specific equipment such as vacuum cleaners, carpet shampooers or special floor cleaning products on site for you to use

How to Organize Housekeeping

Good housekeeping is a combination of many tasks. It can be helpful to organize all the necessary cleaning duties in your household so that certain tasks are always performed on specific days of the week, every week. The instructions for organize housekeeping are as under:



- Make a list of all of the cleaning tasks that need to be completed in your home on a weekly basis. Include only those tasks that need to perform frequently, such as cleaning the bathrooms, vacuuming and mopping the kitchen floor. Cleaning tasks that only need to be completed periodically, such as organizing your closets or cleaning the oven; do not need to be included on this list because they are not performed weekly.
- Decide which days of the week you are willing to perform cleaning duties. You can spread them out so that you do a little bit of cleaning every day, or you can designate a few specific days each week to get your cleaning done. Write down which days you decide to complete your cleaning duties. Take your list of weekly cleaning tasks and spread them evenly among your designated cleaning days.

Good Housekeeping Cleaning Tips

Many people aspire to maintain their stores to a level of perfection worthy of gracing the pages of Good Housekeeping magazine. By following a few simple tips, that are consistently messy can become less cluttered and more organised and clean in the future.

Clean and Straighten Every Day: Clean the areas of the store that you use most often every day.

Set a Timer for Cleaning: Set a timer before tackling a tough cleaning or straightening task, or to keep you on track when you are performing light cleaning in multiple rooms. A timer allows you to stay on track instead of becoming distracted by areas not a part of what you are currently addressing. Because many people also work better under deadlines, a timer can help you to perform more chores in less time.



Deep Clean by Zones: Split your store into multiple zones and attack one zone per week by addressing areas specific to the zone on a daily basis. By rotating between multiple zones to deep clean, you can ensure that your entire store is always at a higher level of organization and cleanliness.

Declutter Once Per Season: Every time the season changes, spend a block of time addressing the clutter that has accumulated in the store over the prior three months.



Housekeeping Associate Responsibilities

Housekeeping associates manage the housekeeping department of a company. They work in hotels, hospitals, apartment buildings, offices and nursing homes. They supervise the housekeepers and ensure that the job is done safely and correctly.

Hire and Train New Employees: In some cases, the housekeeping associate would have to review job applications, interview candidates, hire and train them. The associate would also show the new employees the different tasks that must be completed by the end of the day and answer any questions they may have.

Tour the Area: Housekeeping associates also check their employees' work by visiting the assigned rooms and making sure that the tasks were completed correctly. For example, the supervisor in a hotel may inform an employee that some of the toilets weren't cleaned thoroughly.

Cleaning Duties: The housekeeping associate also performs cleaning duties. For example, a hotel housekeeping associate may spend part of the day washing towels and bringing clean ones back to the rooms, and then spend the rest of the day replacing trash bags.

Training: A housekeeping associate usually has a high-school diploma and often starts out as a housekeeper but gets promoted to this position after a few months on the job. The supervisor may be required to take company-sponsored courses that focus on housekeeping techniques.



Duties of a Housekeeping Supervisor

Housekeeping supervisors do more than simply observe the employees under their watchful eye. Housekeeping supervisors, like housekeepers themselves, work in various settings, such as hospitals, hotels and nursing homes. Housekeeping supervisors should be hardworking and dependable, as well as maintain good health and get along with others, all while completing the following duties:

Assign Duties and Inspect: Housekeeping supervisors are usually responsible for assigning duties to other housekeeping associates, housekeeping assistants, housekeepers. They may assign duties such as cleaning bathrooms, cleaning lobby areas of hotels or resorts, or taking out the trash. After work is completed, they inspect the work to be sure that it is up to proper standards for the place of employment.

Schedule and Supervise: Housekeeping supervisors schedule other housekeeping associates, housekeeping assistants, housekeepers in the work they will be doing each day and in which part of the building they may be working, if they're working in a large setting, such as a resort hotel or corporation. Another very important duty of a housekeeping supervisor is to be sure that the other cleaners are paying attention to their work and are ensuring a clean and orderly building.

Maintain Inventory and Hire: Housekeeping supervisors usually keep track of cleaning supplies and equipment and reorder items when there is a shortage. They must keep up with the inventory on a regular basis to ensure proper delivery of cleaning service in a timely and efficient manner.

Exercise: Practice Session

1. Visit a security organization and observe the security associate a day. If you have any query, clarify with associate. Write a report on the basis of your observation and unstructured questionnaire about duties, responsibilities, knowledge skills and how does experience matter in this profession. Explain all these with real life example (case and try to include your suggestion as per situation).
2. Go to a mall/store and observe the housekeeping associate. Further prepare an assignment with real picture and try to cover duties, responsibilities, organization of housekeeping activity and tips for good housekeeping.

Assessment

A. Fill in the Blanks

1. In Rajiv Gandhi Shramik Kalyan Yojana 2005 the bonus payment amount is up to maximum of _____.
2. Maturity benefits for confinement/pregnancy is payable for _____ which is extendable by further _____ month on _____ advice.
3. Employees State Insurance Scheme (ESIC) coverage is available at a marginal contribution of 1.75% of _____.
4. Under sickness benefits cash compensation at the rate of _____ % of wages is payable to insured workers.
5. On completion of _____ years contribution to the fund all employees are entitled to _____ on attaining the superannuation of _____ years.
6. Main duties of an average housekeeping are to clean or _____ a specific area.
7. _____ all floors by vacuuming or sweeping and mopping, this step should be the _____ duty that housekeeper performs before he/she leave the duty.
8. To organize housekeeping activity, housekeeping need to _____ out all the tasks.

B. Multiple Choice Questions

Tick the correct answer

1. Personal security guards are also called -
 - a) Black Cats
 - b) Bouncers
 - c) Both a and b
 - d) None of the above
2. Bouncers are -
 - a) Move around
 - b) Private security
 - c) For external and internal business
 - d) Personal security
3. Security guards stay at one place and may use electronic surveillance system to monitor people -
 - a) Static people
 - b) Personal security
 - c) Private security
 - d) Corporate security
4. Employee State Insurance Scheme does not covers -
 - a) Medical benefits
 - b) Workman compensation
 - c) Sickness benefits
 - d) Confinement expenses

C. Short Answer Questions

1. Explain the career opportunities available in private security?
2. Find out the duties and responsibilities of security associate?
3. Identify the knowledge/ skills/ experience required for the security associate?
4. Explain the duties and responsibilities of security supervisor?
5. Write short note on the following:
 - (a) Control room
 - (b) Patrolling
 - (c) Access control system
 - (d) Organizing housekeeping activity
 - (e) Good housekeeping cleaning tips
6. Find out the duties and responsibilities of housekeeping associate?
7. Identify the knowledge/ skills/ experience required for the housekeeping associate?
8. Explain the duties and responsibilities of housekeeping supervisor?

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Differentiated between the types of security guard.
- Identify the role and functions of security associate in retail environment.
- Find out the functions, duties and responsibilities of housekeeping associate.

Part B

Discussed in class the following:

- What are the eligibility criteria for appointment to the post of security guard in India?
- What are the basic emoluments and benefits that a security guard gets during the service?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the role and functions of security associate in retail environment.		
Able to explain the duties and responsibilities of security supervisor.		
Able to find out the functions, duties and responsibilities of housekeeping associate.		
Able to identify the duties and responsibilities of housekeeping supervisor.		

RS404-NQ2014

Retail Sales Management

Introduction

Retail salespeople play an important role in a retailer's marketing mix. Control of human resources is most important of all. This is done through the process of supervision. Super means form above and visions means to see the work of others. Supervision is the activity of overseeing the subordinates at work to ensure that the work is performed as required. Supervision plays an important role in the management set up.

Supervisor is the person who is directly connected with rank and file or subordinates and acts as a vital link between the management and subordinate. The workers require guidance of supervisor at every step to clear their doubts. He tells them about the proper method of doing a job for better performance. He also acts as a planner and a guide for his subordinates. The supervisor lays down the targets of production for the subordinates and determines the procedures and methods for doing the work and to achieve desired results. Supervisor devotes much of his time in supervision.

He makes systematic arrangements of activities and resources for his group. He assigns work to each subordinate and delegate's proper authority to them. The supervisor occupies a strategic position in the hierarchy of the organization. He is directly responsible for enforcing the rules and regulations of an organization. Supervision is the ignition key that starts the engine of the enterprise and keeps the managerial train into motion.

In this unit, you will learn about the display of products and satisfy customer needs, sale and delivery of products, maintenance of store area and communicate effectively with stakeholders and duties and responsibilities of retail sales associate and retail sales supervisor.

Session 1: Display of Products and Satisfy Customer Needs

Relevant Knowledge

Organize the Display of Products at the Retail Store

Displays that are organised and created to efficiently meet your customers' need should assure continuing business from your existing customers and will entice prospective customers to purchase from you. It is essential to consider what type of professional image you want to convey to the customer and your community when creating and organizing your facility. Consider the following questions when evaluating the image you want to promote in your community:

- What do I want people to think about first when they think about my store?
- How does my store and displays support this image?
- How do other people respond to my store?
- What do people say when asked about my store's facility, staff and service?
- What frustrates me most about my store or product layout?



Creating an attractive product display can draw the customer in, promote a slow-moving item, announce a sale, or welcome a season. If your store front is fortunate enough to feature one or more windows, then you have one of the most proven (and least expensive) forms of advertising at your disposal. Some stores located in a mall or other structure may lack windows, but don't despair. There are many places throughout the store to build beautiful displays. Take a look at the flow of traffic in your store. Are there any areas that are a focal point for customers?

Elements of Effective Visual Merchandising

Balance: Asymmetrical rather than symmetrical balance with the display.

Size of Objects: Place the largest object into display first.

Colour: Helps set mood and feelings.

Focal Point: Where product and props/signage and background come together.

Lighting: Should accent focal point, if possible.

Simplicity: Less is more so know when to stop and don't add too many items.



Once the display is finished, add appropriate signage. Take photos of the display and keep record of the product sales during the display's existence. Save your information in a file folder for easy reference. By documenting its success, you can re-create the display next year or if it flops, you can make sure you don't repeat the same mistakes.

Keep working at designing eye-catching and innovative ways to make your retail store profitable through visual merchandising.

Shelf Placement



Where you place item on your store's shelves can send subtle signals to your customers that impact whether they make a purchase.

- The priciest products generally sit on the highest shelves, giving rise to the term "top shelf." Lower shelves should contain "destination" products, or those that people seek out and purchase regardless of price or promotion.
- Reserve the bottom shelf for the least popular or generic products.
- Shelves that sit at eye level, known as "reach," should contain products which are competitive, have a high impulse-purchase rate, or are most enticing to the customers.
- For smaller categories where you want to promote generics, place the store brand to the right of the national premium brands.
- Stock competitive products vertically and related items across from each other, so that your customers can view all of the products without having to move down the aisle.

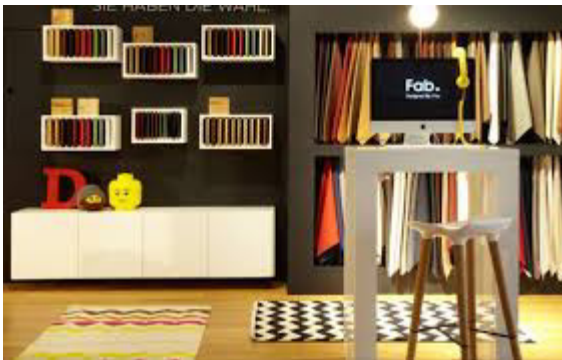
Promotional Placements

Customers are used to seeing promoted products on your store's end caps, or gondolas, and will usually seek out those bargains. Be sure to place promoted products there that have the highest profit margin for your business, instead of simply the lowest price or best promotion. Use "dump bins" or "offer bins" for close-out items, as consumers tend to associate these bins with cheap prices.



Fresh Food Displays

- When setting out displays, always alternate green vegetables with brightly colored produce, such as carrots or red bell peppers, to catch the consumer's eye.
- Have bakery display cases with a black backing rather than white, to make sure that the baked goods have a visual pop.
- Use glass shelves in the display cases, or drape brightly colored fabric over them to complement your merchandising promotion.
- Use props, such as flowers or bottles of wine, where appropriate to garner an emotional response that prompts consumers to purchase.



Store Planning

Place destination purchases, such as milk, eggs and bread, in the furthest corner of the store. The more products consumers must walk by to get to them, the better the chance for them to purchase additional goods. Always place impulse purchases, such as magazines and candy, near the cash register. As consumers wait to pay for their purchases, these displays may attract them to buy more.

For example:-

- When was the last time you walked out of a grocery store with only one item? You go to the store to pick up milk. But you come out with several items you didn't plan on buying. This happens to everyone. An overwhelming majority of grocery store purchase decisions are made inside the store. And it's not a coincidence that the displays are masterful.
- You can learn a lot about display just by browsing your local supermarket. The best ones to visit are the higher priced gourmet markets. The displays are stunning and effective. They get shoppers to buy.



Retail Luxury Products Display Methods

What is the key to selling luxury products? Making people want to buy them. Even during these tough economic times, luxury brands are managing to keep their heads above water and continue to sell their unnecessary yet oh-so-desirable items.



The Window and Storefront Display

Grabbing the consumer's attention while they're walking by, making them want to stop in and spend money is the main idea behind the window display. And an attractive storefront will further attract them in.



The Celebrity Display

A smart move by many designers is to give their products to celebrities in hopes of creating a stir and building a demand for these items.

How Effective Merchandising Helps You?



By studying this chapter on merchandising and the products you sell, you can help increase the entire store's sales. Studying can also help you personally—if you practice what you learn daily.

- Good merchandising: Makes your selling job easier.
- Signs, displays and merchandise arrangements do much of your selling job for you. Frees you for genuine selling activities.
- Effective merchandising encourages most shoppers to serve themselves, thus freeing you to help the big-ticket shopper who really needs your help.
- Increases your sales per customer. Even when you serve a customer, an attractive merchandise arrangement will stimulate extra sales. This boosts your sales per customer, which makes your sales record run well above the national averages.
- Self-service displays give you time to involve yourself with other retailing activities, which increases the speed of your raises, advancements and promotions.
- Raises your total sales.
- Gives you time to develop new skills.

These are only a few of the tangible and personal benefits you gain when you learn to be a good merchandiser.



Relating Space to Sales

For maximum sales, the amount of space a department occupies should relate to the sales the department generates. Keep in mind that you should display what your customers like. If the store allocates too much space to a department, total sales per square foot drop. If the store allocates too little space, it loses sales. The only way to know how much space you should allocate is to routinely check the store's record of sales per square foot for each department.

Seasonal Effect on Sales: The space a store allocates to a department must, of course, change constantly. The seasons affect all departments of a greater or lesser degree, and in some cases the change is drastic. For example, the typical store sells virtually all seed and fertilizer within about an eight-week period. The most profitable stores allocate high-traffic areas to seasonal merchandise, regularly changing the display with the seasons.

Effective Merchandising: Effective merchandising demands: A well-planned sales floor. Assign every department a specific display area. Fixtures and accessories designed for the merchandise they display. A display is more than merchandise on a fixture. The items must be clean, the display complete (which means you have to restock the fixture regularly) and the backup stock nearby.



Effective Use of End Display: The displays at the end of each gondola run, called feature ends or end caps, are highly effective. As a rule, a feature end will sell

merchandise at least twice as well as the same display in another location. The effectiveness, however, depends on:

- The display's attractiveness.
- The merchandise's seasonal nature.
- Location in the store.
- Relationship to surrounding merchandise.
- Price.
- How well it has been advertised or promoted.
- Ease of accessibility.



Effective Use of Shelf Space: Hardware stores and home centers do not waste floor space nearly as often as they waste shelf space on sidewall fixtures and gondolas. Shelf space is wasted when a store:

- Overstocks one item while under stocking another.
- Fails to refill bins or shelves when the basic stock is reduced.
- Stocks the same items in several places.
- Uses the wrong shelf profile.
- Does not relate shelf space to customer demand fluctuations.

For example, it is more effective to merchandise vertically. That is, display similar goods up and down, on shelves, rather than stretching them out along a gondola. The shopper can stand in one spot and pick what he wants. The display is more attractive and it is a lot easier to reorder and restock.



Point-of-Sale Signs: If you could stand beside a well planned display that was loaded with attractively priced seasonal merchandise and ask each shopper to buy, you would sell many of the items every day. You cannot do this, of course, but a good point of-sale sign can. It may not audibly ask for the purchase, but if done well it will stimulate extra purchases. An effective point of sale will:

- Attract the shopper's attention.
- Identify the item or service offered.
- Describe what the item will do for the shopper.
- Give the price and any savings.



Basic Merchandising Rules

Here is a summary to help you remember some of the basic rules this chapter discussed:

- Display slow-moving and low-priced items farthest from the customer's reach.
- Always use prime display space for high-demand, seasonal, impulse, or promotional items.
- Use point-of-sale signs to call attention to hot items in each department.
- The best selling height on any display is between eye and belt level.
- Action, light and colour attract attention to any display.
- No display is fully effective or complete until the merchandise is priced. And not only must the items be priced, but the prices must be consistent.
- If feature displays do not blend with other displays around them, they may repel rather than attract.
- Keeping displays neat and well stocked is one of the most effective “tricks” in merchandising. The last thing you should do every night or the first thing you should do every morning is move packages to the front of the shelf; make your displays look full and neat.



Promotional Activities

Although hardware stores and home centers are not as promotional as many retailers, there is no reason why they cannot be—and the most successful promote regularly. Why promote at all? Because you want to be attract more people to the store than would come without the promotion. You are trying to do two things: maintain your average sale per customer and increase the number of sales. The more shoppers who visit your store, the more you will sell.



What can a promotion do? A well planned sale or promotion:

- Can gain new customers for the store
- Will encourage repeat sales.
- Can counter a competitive move.
- Will introduce new or improved products.
- Can capitalize on seasonal or geographic advantages.
- Can reduce excess inventories.
- Can create enthusiasm among the store's salespeople.

Promotion Plan:

- Set Promotional Objectives
- What promotions can we run?
- Preparing the Store for a Sale
- Set-up Window Displays
- Prepare Yourself for the Sale

Establishing Customer Needs

Customers have many choices when they think of buying something. Many consumers, for example, do not see any difference between a home centre and a discount store; they tend to see home centers as a specialized discount store. One of today's challenges is to make hardware stores and home centers look and feel different from discount chain stores.

During the last 30 years, retailers have made considerable progress on the supply side, developing sophisticated logistical systems to streamline product distribution, manage inventory, allocate shelf space efficiently, and replenish stocks on a just-in-time basis. Stores can now do a much better job of providing consumers with the right product at the right place at the right time.

The most effective application of these important business-building rules results when retailers and manufacturers work closely together to meet the needs of their shared consumers. In contrast to the often-misaligned past efforts of stores and their suppliers, these two groups must now cooperate to:

- Show the Product
- Provide Effective Navigational Aids
- Simplify Product Organization and Presentation
- Minimize Clutter
- Maximize Product Affordance
- Showcase New Items And New Ideas
- Make The Shopping Experience Convenient
- Speak with Authority
- Maintain Flexibility
- Measuring and managing retail shoppability

By the time a customer walks into your store, he or she has received several impressions about you from your advertising, word of mouth, your store front, and now your product display. This is your last chance to make a good impression. You can create an effective product display after determining what type of image you want your store to project to your community and your customers. Some dealers prefer to present their merchandise in an informal country store environment and other dealers prefer displaying their merchandise in technically advanced learning or demonstration centers. Consider the following when creating product displays that work:

- "Live" display products are easier to demonstrate to the consumer.
- Plan how your customers will flow through your store to increase sales in certain products. Showcase products in high traffic areas.
- Product displays should be easy to locate. Proper signage can help guide customers and make it easier and more pleasant for them to find products and services customers to compare size, price, and features of products and makes it easier and convenient for your sales people to sell them. The display should make it easy to step to logical price points.
- Increasing the number of models you display can give your customers the impression that you are committed to the business, your price is competitive, and that they can find what they need in your store. Visit a Toys R Us to see the effect of what a deep display can do. However, it is critical to keep in mind that reasonable inventory turns must be maintained.
- To maximize space, make use of vertical displaying where appropriate for Built-In Ranges, Microwaves, etc.
- Your store should be inviting and a comfortable place to shop.
- Use appliance display fixtures and special lighting to enhance your display as well as your image.
- Put in a small children's play area with toys as a convenience to parents while they shop to help them concentrate on a major purchase.

Successful Product Demonstration

Walk into any department store on a given weekend and you'll see Product Specialists demonstrating and selling products. Everything from fitness equipment and consumer electronics to kitchen appliances and toys are available for customers to try. Manufacturers know that the consumer wants to see and test products in a no-pressure environment. Retail Product Demonstrations can be the key to improved retail sales, enhanced brand awareness and increased customer satisfaction.

Whether you want to sell more products with engagement selling-or you want to make money as a demonstrator-here is 10 tips for increasing the effectiveness of retailer's in-store demonstration:

- **Be prepared:** The Product Specialist needs to be ready to demonstrate a product. From appearances (demo area clean and stocked; clothes cleaned and pressed; hair combed and shoes shined) to education (product knowledge is ingrained; the product is operational; the presentation has been practiced). Do you have a back-up plan if the product fails? Are you ready to handle objections? Are you rested and looking successful and confident?
- **Stand during the demo:** Often - and usually toward the end of a long demonstration day - an in-store demonstrator will want to sit down. Don't do it. Your customer will see this as a sign of disinterest. As presenter, you'll appear more in command and in control if you stand. Sitting implies laziness, disinterest, and tiredness. It will be easier to hold the customers' attention when you stand. And if you have customer brochures to hand out, don't hand them out until after the demonstration. It will be hard to hold the customer's attention while they are reading company information.
- **Engage the Customer:** Even if you were given a prepared presentation script, let the customer direct the demonstration. Turn the demonstration into a conversation instead of a speech. Ask questions that have meaning and will lead to more questions and discussion. *"Most people have been raving about this feature, is this something you would use on a daily basis?"*
- **Listen to the Customer:** Even if you were given a prepared presentation script, let the customer direct the demonstration. Turn the demonstration into a conversation instead of a speech. Ask questions that have meaning and will lead to more questions and discussion. *"Most people have been raving about this feature, is this something you would use on a daily basis?"*
- **Involve the Customer:** Confucius said it best. *"Tell me and I'll forget; show me and I may remember; involve me and I'll understand."* When it comes to product demonstrations, showing a customer how the machine works isn't good enough. For greater results from your demo, have the customers hold the item; have them press the buttons; have them touch, taste and smell the results. The next time the customer asks, *"Can this machine do ____?"*, Your response should be, *"Here...do it yourself; I'll walk you through the process."*
- **Be honest with the Customer:** 'Fake it 'til you make it' may be a common catchphrase in self help seminars, but it won't work in product demonstrations. If

the customer asks a question you don't know the answer to, *don't fake it*. Promise the customer that you'll get back to them with the answer—and don't forget to do it; or send them to where the answer can be found. *"You'll find more information about that on our company's website at www...."* If you're not sure exactly how the product does something, don't try to work through the problem together with the customer. If the answer is not easily discovered, the product will seem complex and the demonstrator inadequate.

- **Be ready for the Customer's questions:** Before answering a customer question, repeat the question or ask for clarification if necessary. For example, if the customer asks, *"Does this come in red?"*, a wise product demonstrator will ask a clarification question such as, *"Do you want this in red?"* or *"Are you saying that no other color will work for your situation?"* Customer questions and objections can easily be handled if you're prepared for them. Make a list of Frequently Asked Questions- and their proper responses—and practice the correct responses until they roll off your tongue naturally and confidently. An objection about a product's price tag, for instance, can be handled naturally and confidently if you prepare an answer in advance. Prepare an answer for every question and objection you anticipate.
- **Demonstrate the greatness vs. Asserting the greatness:** Here's a little secret: Your competitor's website claims that *they* are the best in the business. And did you know that their product brochure states that *their* product is state-of-the-art and best in class? When demonstrating a product, avoid telling the customer how great the features are. *Show him instead.*
- **Don't overwhelm the Customer (Demonstrate—don't train):** Here's novel idea: when you demonstrate a product, just *demonstrate* the product. Your job is to demonstrate a product not to train a purchaser on how the product operates. A fine line, I know, but an important distinction. For example, when you took the car out for a demo ride you got a sense for how it handles, how it feels, how it looks. It wasn't until you got the car home that you opened the owners' manual to learn how to program the radio. A customer who endures a seemingly endless parade of menu screens, icons, and blinking cursors may lose focus, turn bleary-eyed, and eventually tune out. You can't show someone how easy your product is to use by making it look complicated.
- **Plan to be spontaneous:** When you add original thoughts, examples, and stories to your demonstration you attract the attention of your customer. An interesting story may even answer a customer question or objection. Draw on personal experiences for a spontaneous demonstration or jot down some stories in advance to be dropped into conversation when needed. *"I got a call last week from a customer who bought this same unit last year...."*; *"I have this same machine at home and my husband...."*

The more prepared you are, the more fun you'll have doing product demonstrations. And the more fun you have with it—the more your sales will increase.

Factors Influencing Customers Choosing a Product

- The most important factor a retailer should consider is whether the products will sell well. You have to understand what your mall consumers will buy, based on age, sex, and income, among other things. Look at which stores seem busiest, and take note of who their shoppers are. Then find great products that appeal to those buyers.
- The product line has to offer at least a 300% mark-up. You have to be confident that the product can yield a sales volume that is equal to at least five times the cost of your rent. If your products meet both criteria, you have a winner.
- You also have to consider the minimum opening order, and the display cost for set-up. You need to invest enough on visual display so that you get the impact that works. Make a short-term business plan to understand how long it will take you in each case to get a return on your investment (ROI).
- Choose a product mix that you are passionate about. Whatever the theme or trend make sure you really enjoy it enough that you will be invested in the business. No one will care about your business the way you will. Someone once said, “You only get out, what you put into something.” That would stand to reason in this situation.
- Focus on what will work in the space provided. This will keep you organized and prevent you from over-extending yourself. It is advisable to develop written plans and create visual mock-ups to keep on track.
- Once drive, determination and passion are set, focusing on the other parts of the business becomes easier. You will not be distracted by too many products and can focus on choosing the right market, location and pricing for your product.
- Use your resources and branch out to other markets for products—don’t just rely on the wholesaler in your city. Also consider how much you have to sell to cover all your expenses. Knowing this helps form your business’ rent-to-sales ratio and your net profit.
- When focusing on a particular product, ask about additional items you can sell to increase the transaction total. (Ex: If selling cameras sell add-ons like cases, batteries, flash drives adapters, etc). Know if your product is a long-term seller or a trendy item that will only be around for a few weeks or months. And lastly, ask the wholesaler/manufacturer for product enhancements and selling tools such as signage, videos and display fixtures and cases.
- Be sure to research the customer demographics of an area. Your local Chamber of Commerce will provide a world of information about consumers such as age, income, education, zip code, etc. Knowing if a community has young affluent families moving into the area; or if the community has well established neighbourhoods with an aging population, will help you make wise buying decisions.
- Once you have selected the type of merchandise you wish to sell, consider the depth and breadth of inventory needed to support a successful cart or kiosk business.

Exercise: Assignment

1. Visit a retail store and observe how to organize the display of products at the retail store.
2. Visit to a retail hyper market on-the-job on how to establishing customer needs and satisfy in them with sales presentation and demonstration.

Assessment

A. Fill in the Blanks

1. _____ help in gaining new customers for the store.
2. _____ will encourage repeat sales.
3. Your strategic placement of displays clearly states to your customer how you plan to conduct business.
4. _____ can create enthusiasm among the store's salespeople.
5. To maximize _____ make use of vertical displaying where appropriate for Built-In Ranges, Microwaves, etc.
6. Utilize _____ that enhance the sell-through of the product such as pointing out key benefits or specials.
7. Your store should be _____ and a comfortable place to shop.
8. Use _____ display fixtures and special lighting to enhance your display as well as your image.
9. Practice the correct responses until they roll off your tongue _____ and _____.
10. When focusing on a particular product, ask about _____ items you can sell to increase the transaction total.

C. True or False

1. Display slow-moving and low-priced items nearest from the customer's reach.
2. Always use remote display space for high-demand, seasonal, impulse, or promotional items.
3. Use point-of-sale signs to call attention to hot items in each department.
4. The best selling height on any display is between eye and belt level.
5. Action, light and colour do not attract attention to any display.
6. No display is fully effective or complete until the merchandise is priced.
7. If feature displays do not blend with other displays around them, they may repel rather than attract.
8. Keeping displays neat and well stocked is one of the most effective "tricks" in merchandising.
9. Retail Product Demonstrations can be the key to improved retail sales, enhanced brand awareness and increased customer satisfaction.
10. Once drive, determination and passion are set, not focusing on the other parts of the business becomes easier.

C. Activity

Suppose that you are working in a retail outlet and a task is assigned to you for framing effective visual merchandising. How you will complete this task?

D. Discuss the Following:

1. Sample sales floor plan
2. Shelf placement

3. Store planning
4. Explain the tips for increasing the effectiveness of retailer's in-store demonstration?
5. List out the factors influencing customers choosing a product?

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Distinguish between general merchandising and visual merchandising.
- Analyze the store planning procedures.
- Differentiate between customer desires and needs.
- Explain the tips for increasing the effectiveness of retailer's in-store demonstration?
- List out the factors influencing customers choosing a product?

Part B

Discussed in class the following:

- What do you mean by display of products?
- What are the tools used for visual display?
- State the elements of effective visual merchandise.
- Elaborate store planning techniques.
- What are the display methods using for retail luxury products?
- How to evaluate effective merchandising and state the specific merchandising suggestions.
- What kind of merchandising rules followed while display of products?
- Explain promotional activities to attractive customers.
- How to estimate customer needs?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Distinguish between ordinary and visual display tools and techniques.		
Identify the display techniques in the retail store.		
Able to estimate and establish customer needs.		
Able to explain the tips for increasing the effectiveness of retailer's in-store demonstration.		
Able to list out the factors influencing customers choosing a product.		

Session 2: Sale and Delivery of Products

Relevant Knowledge

Processing the Sale of Products

Customers have evolved their shopping practices and use multiple channels to search, compare and purchase products and services. For example, of the 40% of consumers who own smart phones, 70% use them while shopping in stores (Google). While online shopping sites provide an array of tools that help customers gain insight during the purchase decision process, retailers provide few such tools in stores. Customers are turning to their own devices to support decision-making in stores, and as such smart phones are becoming an integral part of the shopping experience.



The next big challenge for retail is to determine how to use smart phones to engage with customers and drive purchasing by providing key insight during the purchase decision process. Retailers who can provide effective decision-making tools for in store customers will open up a new channel through which to market and sell.

For Example: Accenture has developed an approach to providing customers with insight that involves combining new forms of customer data with traditional forms and leveraging this new view of the customer to create a set of services to aid the purchase decision process.

This approach uses a combination of social media profile data, customer purchase history, and customer behavior logs as forms of context to describe customers. Social profile data provides a much more descriptive and accurate profile of customers and is a largely untapped source of information. Although customer behaviors are tracked online, routinely very little information is collected about customer behaviors in stores. Combining social profile and customer behavior data with customer purchase history can create a rich picture of the customer, which retailers can use to better segment customers. Based on those segments, decision support services can be created for customers who would-

- Help them to find the right product and customize that product to their needs,
- Offer more than a sales experience, but a service that places shopping support in the palm of the customer's hand, and
- Establish a new channel that enables direct communication with the retailer.

This channel would allow retailers to learn more about the customer continually, and tune the in-store experience accordingly.



Delivery of Products to Customers

With ever-increasing ways to share information with their peers and retailers, consumers know what they want, when they want it and how they want to receive it...and they will settle for no less. Retailers must respond by identifying these demands and meeting them in efficient, effective and innovative ways. The following 3 strategies highlight some of the most significant ways retailers can become a more meaningful part of their customers' lives:

1. **Deliver on the Brand Promise:** Having the right tools in place can go a long way to helping retailers ensure they are delivering the products and pricing that meet the brand promise. If shoppers are more confident that the products will be available and in-stock at the moment they want to buy an item, they will be more likely to return to that retail store and/or brand.
2. **Embrace Cross Channel Retailing:** The bottom line for retailers today: Cross-channel shoppers are more profitable than single-channel shoppers. To meet the demands of these cross-channel shoppers, retailers should be focusing on converging their customer and inventory data across channels with the goal of creating a consistent brand experience.
3. **Renew Focus on the In-store Shopping Experience:** The combination of smarter and more demanding shoppers with a down economy is presenting retailers with one of the most challenging retail scenarios in recent years. The smarter consumers push retailers to deliver the most up-to-date and innovative technology solutions, while the down economy forces retailers to find the quickest ROI possible for any implementation.



“The challenge to provide ROI is the single biggest roadblock to improving the in-store experience and implementing new in-store technologies,”

What does it mean to be customer-centric?

- The organization and the store are built from the customer perspective in, not the retailer perspective out.
- The shopping process is easy to understand, and customers have more control over the entire retail experience.
- Customer information is appropriately used, by both the retailer and by customers, to enhance the shopping experience.
- The shopping experience is tailored to different customer needs and shopping occasions.

The following four strategic should be implemented:

1. **Build an organization that defines a shopping experience that evolves with changing customer expectations:** Retailers need to build a dynamic organization that is aligned to listen to the customer so that it can continuously enhance and sustain customer satisfaction. This requires a commitment to innovate and experiment with new concepts and offerings.
2. **Provide a truly convenient shopping experience:** Stores need to be designed to create an environment that is easy to shop and provides customers with the necessary tools, information, and services needed to make an informed and confident purchase.
3. **Develop an integrated view of the customer:** Retailers need to achieve a foundational level of customer information integration that includes eliminating customer data silos and integrating fragmented pieces of data gathered across all customer touch points and channels.
4. **Deliver a flexible product/service offering:** Retailers need to be able to adapt their offerings to meet customer needs across different segments, local markets, shopping occasions and product categories. The store should be designed and operated with flexible options that allow customers to shop the way they want to shop.

Transforming the Organization and the Store

Each retailer must develop a go forward plan that incorporates its particular value proposition and its target customer needs. Our approach to moving ahead toward building greater customer centricity involves three key steps:

1. **Determine the Customer Experience Vision:** Align your ideal shopping experience with the company’s core value proposition and your customers’ needs and expectations. Assess any gaps between your customers’ perceptions and what you are trying to achieve. Then, assess your ability to deliver on the four customer-centric strategic imperatives. The customer-centric store IBM Business Consulting Services
2. **Evaluate and Prioritize your Investments:** Identify particular initiatives that can help the company achieve its vision. Understand the ROI for these investments and

how they will impact the business in the long and short term. Take a self-funding approach to your investment portfolio.

3. **Develop a Transformation Plan:** Begin execution of a change management and communication plan immediately to help ensure that the transformation of the company will be successful at every level. Assign benefits responsibility to senior leaders and embed realization of benefits into future operating budgets. Finally, determine a set of metrics and governance procedures to measure the impact of the initiatives and manage progress.

Key elements of a successful direct delivery business

- Well-organised customer list management
- Consistent and well-designed marketing materials. These do a good job of highlighting what makes your farm different.
- Responsive customer service
- Consistent, high-quality products
- Clean and well-labeled packaging and delivery system
- Proper labeling and licenses

Most consumer goods are delivered from a point of production (factory or farm) through one or more points of storage (warehouses) to a point of sale (retail store), where the consumer buys the good and is responsible for its transportation to point of consumption. There are many variations on this model for specific types of goods and modes of sale. Products sold via catalogue or the Internet may be delivered directly from the manufacturer or warehouse to the consumer's home, or to an automated delivery booth.

Small manufacturers may deliver their products directly to retail stores without warehousing. Some manufacturers maintain factory outlets which serve as both warehouse and retail store, selling products directly to consumers at wholesale prices (although many retail stores falsely advertise as factory outlets).

Home delivery is often available for fast food and other convenience products, e.g. pizza delivery. Sometimes home delivery of supermarket goods is possible. A milk float is a small battery electric vehicle (BEV), specifically designed for the delivery of fresh milk.

Help the Customers to choose the Right Product, at the Right Price, in the Right Place

In the modern retail stores, you'll find a wide selection of quality products at attractive prices. These basics are the solid foundation for retailer's business model and the guiding principle of their commitment to offer a well-balanced mix that suits customer needs.

Offering solutions for every customer's budget, taste and needs throughout the store while ensuring top quality are daily demands which require the skills of sales teams. Retail stores commitment is simple enable customers to find the right product at the right price in the right place.

Fresh produce, non-food products, consumer goods, national brands and local brands... It's about offering a balanced selection to suit the customers' needs at every store and in every local situation. Urban or rural, large families or singles, young people or seniors - modern retail stores serve customers of all kinds. To address their diverse needs, retail stores select products that best meet local expectations. The goal is always the same - to satisfy and build loyalty among all of its customers.

The retail stores' strength resides in the complementary nature of its formats, each of which responds to a multitude of needs and purchasing habits: hypermarkets, supermarkets, convenience stores, multichannel retail and cash & carry stores. Each format offers a generous selection, depending on its specific characteristics, aiming for the ideal balance between food and non-food products, between major brands, local products and own-brand products, between permanent and seasonal products, etc.

An urban hypermarket, which is compact and near the city centre, will not offer the same products as a store located in the suburbs. In each store, teams have the autonomy they need to adjust their product and service mix, tailoring it to meet local expectations and needs.

Customer choice is also expanded through innovation, both with respect to products and services as well as the showcasing of departments and product ranges. Store manager is committed to promoting new products offered by national, international and local brands.

In this way, each store highlights its products through straightforward and market-oriented merchandising, according to its customer base. Initiatives carried out in 2013 include highlighting local products in every country, entirely redesigned stationery departments.

At the same time, retail stores incorporate product quality and safety requirements at every level and at every stage. All product ranges must meet demanding, inviolable prerequisites. Suppliers are committed to compliance with strict specifications, which specify the standards to be met, the nature and origin of raw materials used and production methods.

As it improves its products and procedures, the retail stores conduct constant monitoring and listen to its customers through its consumer services department. A comprehensive and responsive recall procedure has been implemented so that, in the event of a problem, all stores are informed and, when necessary, can remove the products from their shelves as soon as possible.

The retail stores are also committed to providing clear and detailed information to its customers, developing effective labels that include nutritional information and product origins. Retail stores' commitment to product quality and safety is also supported by awareness campaigns which promote the importance of a varied, balanced diet.

Exercise: Assignment

1. "Store employees are critical to an organization's ability to achieve its customer centric vision". Evaluate this statement.
2. Visit to the retail store and observe the Processing the sale of products.
3. Visit to the retail store and observe the Delivery of products to customers.
4. Visit to the Big Bazaar and observe how to handle the customer's questions and queries.

Assessment

A. Fill in the Blanks

1. Most consumer goods are delivered from a point of production through one or more points of _____ to a point of sale.
2. Products sold via catalogue or the Internet may be delivered directly from the manufacturer or warehouse to the consumer's home, or to an _____.
3. Some highly perishable or hazardous goods, such as radioisotopes used in medical imaging, are delivered _____ from manufacturer to consumer.
4. In _____ concept an individual not necessarily contracted by the vendor performs the delivery of goods to the destination.
5. Retail stores commitment is simple enable customers to find the right _____ at the right price in the right place.
6. The retail stores strength resides in the complementary nature of its formats, each of which responds to a _____ of needs and purchasing habits.
7. Customer choice is also expanded through innovation, both with respect to _____ and _____.
8. Retail stores are highlights its products through _____ and _____ merchandising, according to its customer base.
9. Suppliers are committed to compliance with strict specifications, which specify the _____ to be met.
10. The retail stores are also committed to providing _____ and _____ information to its customers.

B. True and False

1. The 'Point-of-Sale' is where the customer comes to pay for his/her purchase.
2. Retailers should provide greater customer satisfaction and loyalty through providing more relevant offerings to particular customer segments or groups.
3. Retailers should not try to increase basket size by giving customers options to choose the way they want to shop on a given day or for a given occasion.
4. Retailers must not respond by identifying customer demands and meeting them in efficient, effective and innovative ways.
5. Small manufacturers may deliver their products directly to retail stores without warehousing.
6. To address their diverse needs of customers, retail stores selects products that best meet local expectations.

7. An urban hypermarket, which is compact and near the city centre, will offer the same products as a store located in the suburbs.
8. Retail stores incorporate product quality and safety requirements at every level and at every stage.
9. The retail stores conduct constant monitoring and listen to its customers through its consumer services department.
10. Retail stores are not commitment to product quality and safety.

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Differentiated between delivery of products to customers and transportation of products in retailing.

Part B

Discussed in class the following:

- What is processing of sale of products?
- What are the ways to delivery of products to customer?
- How to help the customers to choose the right product, at the right price, in the right place.

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to demonstrate how to deliver the products to customers.		
Able to identify ways to delivery of products to customers.		
Able to help the customers to choose the right product, at the right price, in the right place.		

Session 3: Maintenance of Store Area and Communicate Effectively with Stakeholders

Relevant Knowledge

Maintenance and Cleaning of Store Area

It includes activities such as housecleaning that is, disposing of rubbish, cleaning dirty surfaces, dusting and vacuuming. It may also involve some outdoor chores, such as removing leaves from rain gutters, washing windows and sweeping doormats.



Goals and Objectives of Maintenance Organizations

The goals and objectives of the maintenance organization determine the type of maintenance organization that is established. If the goals and objectives are progressive and the maintenance organization is recognized as a contributor to the corporate bottom line, variations on some of the more conventional organizational structures can be used. The typical goals and objectives for a maintenance organization are listed as under:

Developing performance indicators for managing maintenance maximize production at the lowest cost, the highest quality, and within the optimum safety standards. This statement is very broad, yet maintenance must have a proactive vision to help focus its activities. The statement should be tied to any corporate objectives. It can be broken down into smaller components.



- (a) **Maintaining existing equipment and facilities:** This activity is the primary reason for the existence of the maintenance organization. The organization gains no advantage from owning equipment or facilities that are not operating. This component is the “keep-it-running” charter of maintenance.

- (b) **Equipment and facilities inspections and services:** These activities increase the availability of the equipment and facilities by reducing the number of unexpected breakdown or service interruptions.
- (c) **Equipment installations or alterations:** Installing and altering equipment are generally not the charge of the maintenance organization; they are usually performed by outside contract personnel. However, maintenance must still maintain the equipment, so they should be involved in any equipment installations or alterations.

Developing Maintenance and Asset Management Strategies



Objectives of Maintenance Management

- Maximum production at the lowest cost, the highest quality, and within optimum safety standards
- Identify and implement cost reductions
- Provide accurate equipment maintenance records
- Collect necessary maintenance cost information
- Optimize maintenance resources
- Optimize capital equipment life
- Minimize energy usage
- Minimize inventory on hand
- Maximize Production

Reducing Costs is Sometimes an Overlooked Aspect of Maintenance: However, a maintenance organization can help a company reduce costs in many ways. Before making adjustments to reduce costs, studies should be conducted to show the before-and-after results.

Provide Accurate Equipment Maintenance Records: Providing accurate equipment maintenance records enables a company to accurately track equipment in such engineering terms as mean time between failure and mean time to repair.

For example, recording how many times a circuit breaker for a drive motor was reset in one week might seem somewhat insignificant to record on a work order. Accurate record keeping is mandatory if maintenance is going to fully meet its responsibilities.

Developing Performance Indicators for Managing Maintenance: Collecting necessary maintenance-cost information enables companies to track engineering information. For example, by using life-cycle costing information, companies can purchase assets with the lowest life-cycle costs rather than lowest initial costs. In order to track overall life-cycle costs accurately, all labor, material, contracting, and other miscellaneous costs must be tracked accurately at the equipment level. This tracking is primarily an activity for the maintenance department.

Equipment Service Level: Equipment service level indicates the amount of time the equipment is available for its intended service. The amount of service required from the equipment, along with its resultant costs, determines the type of maintenance philosophy a company will adopt.

Communicate Effectively with Stakeholders



Many applications can be provided to enable Staff Communications and Management, allowing store associates to work together for more effective operations and supply chain management.

Retailers' communication strategies evolve as consumer media changes. Traditionally, retailers run advertisements and promotions to attract customers to the store. The introduction of loyalty cards gave retailers an opportunity to communicate regularly and build relationships with customers. The growth of social media and mobile communications is opening up new channels to interact with customers and make timely offers when they are close to your store. The most effective communication strategies are:

Awareness: The most important communications strategy is to make potential customers aware of your store and the products you offer. By advertising in local newspapers and printed directories, like the telephone book, you can make it easy for customers to locate your store.

Relationships: To protect your customer base and increase repeat sales, adopt a communications strategy based on a loyalty program. Major retail groups operate programs that utilize loyalty cards. Customers swipe their cards at the checkout and earn reward points to use against future purchases. The cards also enable retailers to capture data on individual customers purchasing preferences and make personalized offers on products that the customer buys regularly, encouraging their repeat

business. You can adopt the principles of a loyalty program, without the database element, by offering customers vouchers or discounts against future purchases.

Mobile: With increasing numbers of consumers using mobile phones to get information on stores, products and local deals, you can develop a mobile merchandising strategy to communicate with consumers in your area.

Social: A social media communication strategy can help you increase dialogue with your customers and get valuable feedback on your products and standards of customer service. You can set up comments page on your website where customers can share their views.

Employees: Don't forget to include employees in your communications strategy. By keeping them informed on developments in the store, special customer offers and other product news, you can be confident that they are communicating the right messages to your customers.



Our experience suggests that an effective contact strategy has six key characteristics:

- It combines customer needs, products, commercial requirements and channel skills and capacities;
- It spans all products and channels and is driven from centralised planning that transcends traditional product and organisational silos;
- It recognises that different channels have different capabilities and, therefore, different uses. For instance, it is possible to undertake much more effective relationship building in inbound channels than through direct mail;
- It recognises that the extent of the relationship is different for each customer, and that the content, frequency and objectives of customer conversations should recognise relationship status;
- It seeks to find the balance between what's right for the customer and what's right for the organisation;
- It aligns incentives and performance goals with commercial objectives and customer needs;

We generally encounter significant gaps between what is needed to implement an effective contact strategy, as defined above, and that which exists in any given client situation.

Exercise: Assignment

1. Visit to the retail store and find out the process to maintenance and cleaning of store area.
2. Visit to a hyper market and observe what communication methods are used to effectively communication with stakeholders.

Assessment

A. Fill in the blanks

1. By keeping _____ informed on developments in the store, special customer offers and other product news, you can be confident that they are communicating the right messages to your customers.
2. An _____ keeps employees up to date, while an employee forum on your website encourages employees to share views and tips on improving customer service.
3. An effective _____ combines customer needs, products, commercial requirements and channel skills and capacities.

B. True or False

1. An effective contact strategy seeks to find the balance between what's right for the customer and what's right for the organisation.
2. An effective contact strategy does not align incentives and performance goals with commercial objectives and customer needs.

C. Explain the role of following things in effective contact strategy

1. People and organisation
2. Process
3. Information Management
4. Supporting Technology

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Differentiated between maintenance and cleaning of store area.

Part B

Discussed in class the following:

- What are the activities of maintenance and cleaning?
- State the objectives of maintenance organizations.

- Explain the major strategies of developing maintenance and asset management.
- Analyze how to communicate the information effectively with the stakeholders.

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the activities of maintenance and cleaning.		
Able to select the suitable strategies for developing maintenance and asset management.		
Able to find out the effective communication tools for communicate the information to the stakeholders.		

Session 4: Duties and Responsibilities of Sales Associate

Relevant Knowledge

The retail world cannot possibly revolve without the valuable input that sales associates provide. Working primarily in a retail setting, the role of a sales associate is pivotal. Typically, sales associates are the first people customers interact with when they enter in a retail setting. They provide information regarding services and products and answer any preliminary questions that customers may have.

The aim of a sales associate is to sell a company's products by advocating its good points. He or she is also responsible for ensuring that customers are aware of all the promotions that are going on at that particular time along with making sure that customers are led to their choice of product. In large retail stores, new customers always become a tad confused as they do not know where to look for what they want. It is the duty of a sales associate to ensure that each customer is directed where he or she wants to go - as a rule, sales associates escort customers to the correct aisle.

Retail Sales Associate

The main objective of a person working as a retail sales associate is to sell. S/he may work in any industry - from selling shoes to cars. This individual needs to have ample knowledge of company's products, be sales oriented and customer focused.

Retail sales associates are usually the first persons a customer meets when enter in a store. They are expected to create and maintain a long-term relationship with the customers in order to achieve sales goals and represent the store in a positive manner while ensuring recurring business. They are also responsible for assisting customers with choices and help them locate them and provide information about the product in question.



In some establishments, a retail sales associate need to operate cash register once a sale has been made. The role of anyone working at this position does not end here - these professionals are also expected to manage inventory, order stock and even stock shelves. They are also required to price products and update shelves when a new product comes in or if the price of any item changes.

Retail sales associates work closely with customers which is why they need to be able to resolve their complaints in a satisfactory manner. On a more detailed note, they provide customers with product knowledge in terms of features and warranty along with any special discount or deal that the product holds. They should maintain the visual appearance of the store by managing store displays and keep abreast of trends and competition.

Duties of Retail Sales Associate

- Welcome customer as they arrive with a smile
- Greeted customers and determined their needs and wants
 - Ask customer how they can be helped
 - Provide customers with product information that they need
- Escort customers to the correct aisles
- Discussed type, quality and number of merchandise required for purchase
 - Explain product features and warranty agreements
- Demonstrate the working of a product when the customer asks
- Provide customers with information on daily deals and promotions
- Ensure that all products are well stocked and are easy to reach
- Assist customers by taking down products that may not be easy to reach
- Provide information regarding each product and any discount offers associated with it
- Recommended merchandise based on individual requirements
- Advised customers on utilization and care of merchandise
- Provided advice to clients regarding particular products or services
- Explained the use and advantage of merchandise to customers
- Answered customers' queries and concerns
- Showed the live working of merchandise
- Quoted prices and discounts as well as credit terms, trade-in allowances, warranties and delivery dates
- Prepared sales contracts and accepted payment through cash, cheque and credit card
- Assisted in display of merchandise
- Maintained sales records for inventory control
 - Make sure that work area and aisles are clean and shelves are dusted properly
 - Respond to customers' requests and concerns in a resourceful manner
 - Handle cashier duties by taking cash or credit cards in exchange of goods sold
 - Manage product returns and exchanges
 - Ensure that all purchased items are delivered to the customers in a prompt manner
 - Reserve products for online orders
 - Discourage shoplifting activities by constantly keeping a vigilant eye
 - Arrange products on shelves in a tidy manner
 - Pick and pack orders for shipping purposes
- Order out of stock items in a timely manner

Responsibilities of Retail Sales Associate

Sales Generation:

- Meet sales goals
- Utilize the elevated levels of sales and service to maximize sales performance
- Demonstrate an in-depth knowledge of the merchandise
- After closing a sale, monitor all details including: shipping, alterations (if applicable) and special requests to ensure customer satisfaction
- Comply with all sales related policies and procedures
- Maintain a keen interest in the fashion industry and market trends

Customer Service:

- Provide the highest level of customer service
- Build and maintain repeat clientele; utilize client book
- Resolve all client problems and complaints quickly and effectively, ensuring client satisfaction

Operations:

- Keep selling floor and merchandise neat, organized and stocked
- Assist in the maintenance of all inventory in the stockroom and on the selling floor
- Assist in all areas of stock, shipping, receiving protocol/policies and all shipping/receiving related paperwork.
- Participate in inventories
- Comply with all Point-of-Sale policies and procedures
- Properly execute all relevant register functions
- Adhere to work schedule, inclusive of time and attendance
- Participate in all relevant training and development seminars, programs and meetings as directed by store management

Retail Sales Supervisors

The next career of the retail sales associate is retail sales supervisor. Retail sales supervisors are responsible for managing a retail staff within a business. Coordinates the shipping of goods, sets up displays, and assists customers and staff during business hours.



Duties of Sales Supervisors

- Manage retail staff, including cashiers and people working on the floor.
- Meet financial objectives by preparing an annual budget; scheduling expenditures; analyzing variances; initiating corrective actions.
- Formulate pricing policies.
- Determine daily coupons.
- Ensure pricing is correct.
- Work on store displays.
- Attend trade shows to identify new products and services.
- Coach, counsel, recruit, train, and discipline employees.
- Evaluate on-the-job performance.
- Identify current and future trends that appeal to consumers.
- Ensure merchandise is clean and ready to be displayed.
- Approve contracts with vendors.
- Maintain inventory and ensure items are in stock.
- Keep up with fluctuating supply and demand.
- Analyze operating and financial statements for profitability ratios.
- Ensure promotions are accurate and merchandised to the company's standards.
- Utilize information technology to record sales figures, for data analysis and forward planning.
- Ensure standards for quality, customer service and health and safety are met.
- Monitor local competitors.
- Ensure hours of operation are in compliance with local laws.
- Maintain store's cleanliness and health and safety measures.
- Organize and distribute staff schedules.
- Preside over staff meetings.
- Help retail sales staff achieve sales targets.
- Manage different departments within the store.
- Handle customer questions, complaints, and issues.

Responsibilities of Sales Supervisors

Sales Generation:

- Meet personal and store sales goals
- Continue to develop personal sales techniques and assist in the development of associates' sales techniques to maximize sales
- Utilize elevated levels of sales and service to maximize sales performance
- Demonstrate an in-depth knowledge of the merchandise
- After closing a sale, monitor all details including: shipping, alterations (if applicable), and special requests to ensure customer satisfaction
- Ensure all sales related policies and procedures are maintained
- Maintain a keen interest in the fashion industry and market trends

Customer Service:

- Support and encourage staff to provide the highest level of customer service

- Build and maintain repeat clientele by utilizing personal client book and assisting staff with utilizing their client books
- Resolve all client problems and complaints quickly and effectively, ensuring client satisfaction
- Assist sales associates with various customer service issues (i.e. dissatisfied customer, returns, defective merchandise)

Operations:

- Collaborate with store manager in areas of risk management, physical security, store cash controls, and inventory management
- Assist in the training of sales staff in all areas of appropriate register usage and maintenance
- Understand and properly execute all management register functions
- Assist in all areas of stock, shipping, receiving protocol/policies, procedures, and all shipping/receiving related paperwork
- Participate in inventories
- Only applicable for Offsite drivers: Responsible for driving product to and from the Offsite location on an as needed basis

Merchandising/Visual:

- Ensure the selling floor is neat, organized, stocked and reflects the correct visual image at all times
- Assist in the implementation and maintenance of all merchandising/ visual directives
- Ensure deliveries are properly processed in a timely manner
- Identify product concerns in a timely manner
- Communicate inventory needs to support the business goal

Human Resources:

- Ensure image and grooming standards are professional and reflective of the brand image, at all times
- Adhere to work schedule, inclusive of time and attendance
- Support and assist in follow-up for all training programs and seminars

Critical Leadership Attributes in the Retail Industry

The key leadership attributes for current and prospective leaders in the retail sector include:

- **Personal Effectiveness:** The ability to understand and manage self, show empathy and manage relationships
- **Drive:** The ability to inject high energy and enthusiasm into achieving results
- **Communication:** The ability to use effective communication to build relationships and enable others to deliver results
- **The ability to lead by example and be a role model for others**
- **People Developer:** The ability to coach, mentor and build the capabilities of people

- Inspiration: The ability to inspire and motivate others to perform at their best
- Strategy: The ability to set direction and create possibilities.
- Managerial/Technical Skills: The ability to utilize management skills to run the business
- Entrepreneurship: The ability to “think outside the square” in order to create new opportunities for the business
- Customer Centric: The ability to understand and meet the needs of customers.

Exercise: Assignment

1. Visit to your nearest retail store and observe how retail sales associate helps customers by providing information; answering questions; obtaining merchandise requested; completing payment transaction and preparing merchandise for delivery.
2. Visit to a retail store and observe what kind of functions performing for Retail Sales Associate of retail store.
3. Visit to a retail store and observe the duties and responsibilities of the Retail Sales Associate.
4. Visit to the Retail Store and observe how to demonstrate the features and operations of special products.
5. Prepare project on Maximization of the sales and conduct survey on post-sale services provided.
6. Visit to retail mall and involve on hands on experience to communicate with customers and resolve their problems within the Company g guidelines.

Assessment

A. Fill in the blanks

1. Retail Sales Associates are expected to _____ and _____ a long-term relationship with the customers in order to achieve sales goals
2. Retail Sales Associates are representing the _____ in a positive manner while ensuring recurring business.
3. The job description of sales supervisor mainly includes _____ and _____ the sales employees towards achieving the sales objectives of retail store.
4. Sales supers are typically more like _____ than traditional managers.
5. Sales people are need strong _____ and _____ communication skills.
6. Maintains product _____ including those required for periodic sales events is the duty of sales supervisor.

B. True or False

1. A retail sales associate need to operate cash register once a sale has been made.
2. Retail sales associate not provide information to customers on daily deals and promotions.

3. Retail supervisor should promotes the store by performing duties such as placing advertisements in newspapers, on radio and television and attending trade shows.
4. Retail supervisor is not responsible for purchases products for sale and purchases supplies.
5. Retail supervisor is responsible for maintenance or change in product displays including those required for periodic sale events.
6. The responsibilities towards customers is to maintain and also increase the good will of the enterprise among his customers.

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Differentiated between the duties of duties of retail sales associate and retail sales supervisor.
- Distinguish between the responsibilities of retail sales associate and retail sales supervisor.

Part B

Discussed in class the following:

- What is the main objective of retail sales associate?
- What are duties of retail sales associate?
- What are the responsibilities of retail sales associate?
- What are the duties of retail sales supervisor?
- What are the responsibilities of retail sales supervisor?
- Explain the leadership attributes for current and prospective leaders in the retail sector.

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the role and functions of the retail sales associate.		
Able to find out the duties and responsibilities of the retail sales associate.		
Able to list out the responsibilities and functions of retail sales supervisor.		
Able to find out the leadership attributes in retail sector.		

RS405-NQ2014

**Supply Chain Management
in Retailing**

Introduction

Channels are the organised structure of buyers and sellers that bridge the gap of time and space between manufacturer and customers. There are hundreds of ways goods and services can be distributed among customers. No single distribution channel satisfies the needs of every firm so different channel are used to reach different market segments.

Logistic and Supply Chain Management is an art of management of flow of materials and products from the source of production to the end user. This system includes the total flow of material right from the stage of acquisition of raw materials to the delivery of finished product to the customers. Logistic system includes physical distribution and physical supply of goods and services but the difference is physical distribution is outward movement of goods and services while physical supply is inward movement of the goods and services to the delivery point. The effective logistic management can improve both cost and customer service performance of the company.

In simple words channels of distribution/ logistic and supply chain of management is important for providing products or services up to the ultimate customers. Marketing channel performs the work of moving goods from producers to consumers it overcomes the time, place and possession gaps that separate goods and services from those who need or want them. Channel of distribution affect the price of the product and makes easy availability of product in vicinity.

Supply-Chain Management (SCM) is another aspect of Advanced Planning and Scheduling. It administers the flow of supplies, logistics, services and information through the supply-chain, from suppliers, manufacturers, sub-contractors, stores and distributors to customers and end-users. It involves business strategy, information flow and systems compatibility.

Benefits that can be accrued from supply-chain management include:

- Improved visibility of information between suppliers and customers: quicker response to changes in demand.
- Shared knowledge: reducing waste and inventories, improving product quality and services throughout the chain.
- Development of a longer term “learning network” for the benefit of customers, suppliers and individuals.

In this unit, you will learn about the introduction to supply chain management, principles of supply chain management, participants in the process of supply chain management and steps in supply chain management.

Session 1: Introduction to SCM

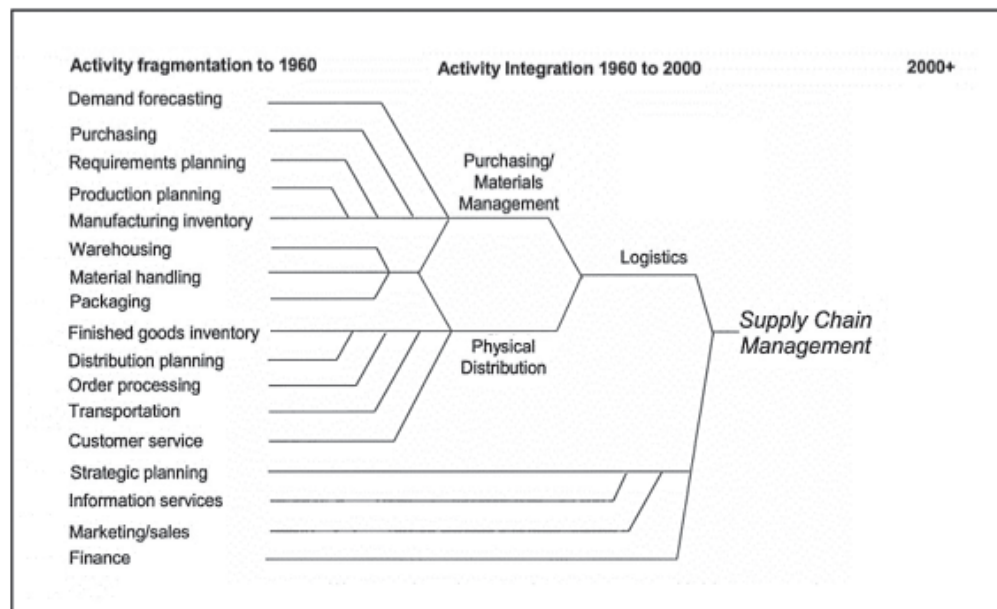
Relevant Knowledge

According to Philip Kotler, “Channels are sets of interdependence organization involved in the process of making a product or service available for use or consumption”.



Time and place utilities are usually referred to as physical distribution or logistics activities. Although marketing and production were established functions within business, and they laid claim to physical distribution, but their lack of attention led physical distribution (logistics) to be developed as a separate entity and as a new function within a firm's organizational structure.

Figure 3: Evolution of Supply Chain Management.



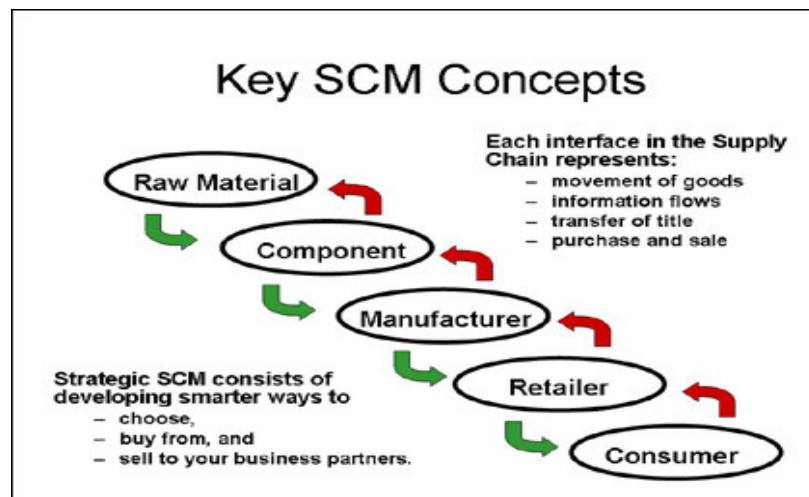
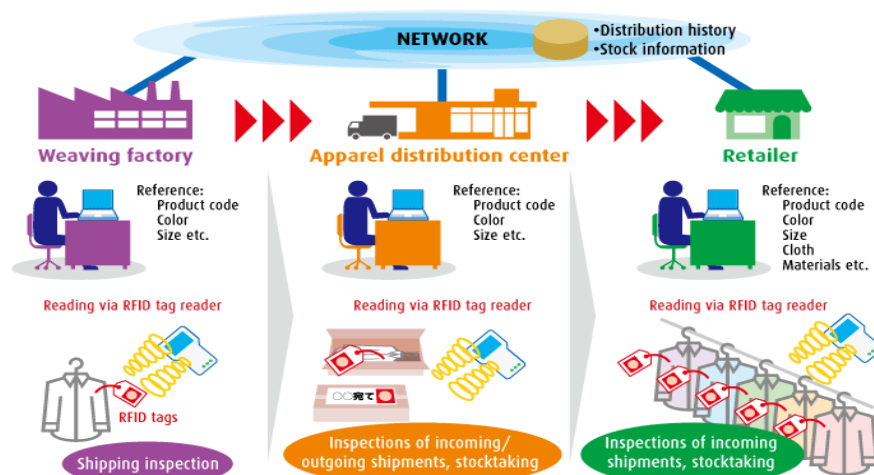
Supply Chain Management is a broader concept which includes physical distribution as well as logistics.

The Elements of SCM

- Distribution
- Physical distribution
- Logistics
- Business logistics
- Integrated logistics
- Materials management
- Value chains

Importance of Supply Chain Management:

Element of any channel or logistic can be eliminated or substituted but their functions cannot be eliminated. They are move forward and backward in the chain to be exercise by the others.



Advantages of SCM are:

- Market coverage, specialization, customer contacts and lower costs.
- Facilitates the creation and implementation of effective marketing strategies.
- Effective marketing knowledge, market segmentation and selling skills.
- Effective delivery, customer service (pre and post purchase) and manufacturer services.
- SCM when use effectively, the middlemen can add tremendous value and thus should be selected and manage in maximize their contribution via exploiting their specialist skill and facilities.
- It is important to create valuable relations between every participant in business chain.
- This inter-organizational supply network can be acknowledged as a new form of organization.
- Due to SCM customers get goods and services at their door-step as quick as possible.
- It helps to provide corporate image to the organization.
- SCM create efficiencies by *reducing the number of transactions* necessary for goods to flow from many different manufacturers to large numbers of customers.

Limitations:

- It is time consuming if the chain is large.
- The possibility that the intermediaries will extract rather than add value.
- From a systems perspective, a complex network structure can be decomposed into individual component firms.
- It is expensive structure if the organizer selects large or wrong chain for supplying products and services.

Exercise: Assignment

1. Visit to a Logistic company and observe the work going on and make a report on distribution channels.
2. If you are the producer of apparel and situated at Mumbai, which distribution channel and SCM you will follow. Studying the this case answers the following questions in not more than 50 words:

(i) Explain your channel of distribution.

(ii) Why you are applying these channels?

(iii) What are the problems you will have to face?

(iv) What problems will you face procuring raw material?

(v) What problems will incur while transporting?

(vi) What are the problems faces by the producer at the time of warehousing?

Assessment

A. Fill in the blanks

1. SCM ensures a _____ and _____ flow from raw material to finished goods into the hands of consumers.
2. The supply chain encompasses all of those activities associated with moving goods from the _____ stage to the _____.
3. SCM when used effectively, the _____ can add tremendous value in this process.
4. _____ and _____ utilities are usually referred to as physical distribution or logistics activities.
5. A buying for retail organisation means dealing with a large number of products and a _____ number of suppliers.

B. Multiple Choice Questions (Tick the correct answer)

1. The management of _____ to supply the product and service, needs of the end consumer, encompassing the supply chain of any physical products and the exchange processes involved
 - a. Raw material
 - b. Finished goods
 - c. Resources
 - d. Manpower
2. The possibility that the _____ will extract rather than add value.
 - a. Labourer
 - b. Manager
 - c. Supervisor
 - d. Intermediaries
3. The lack of attention by producer led _____ to be _____ developed as a separate entity.
 - a. Physical Distribution
 - b. Advertising
 - c. Standardization
 - d. Market Research
4. It is important to create valuable relations between every participant in _____.
 - a. The product label
 - b. Business chain
 - c. Material handling
 - d. Inventory management

C. True or False

1. SCM is different from physical distribution and logistics.
2. SCM is important only at level of distribution of products.
3. In logistics warehousing will be done by producer.
4. SCM is time consuming if the chain is large.
5. Business logistics in terms of both physical supply and physical distribution.

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- State the relation between physical distribution/ logistic and SCM.
- Give importance of SCM in the organization.
- What are the benefits of SCM to the organizer?
- State the element of SCM.
- Explain the model of SCM.
- Explain the various concepts of SCM.

Part B

Discussed in class the following:

- What do you mean by SCM?
- What are the advantages and limitations of SCM?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the advantages of SCM.		
Able to find out limitations of SCM.		

Session 2: Principles of Supply Chain Management

Relevant Knowledge

Successful Supply Chain Management is a complex method of distribution of product to the ultimate consumer. Within a broad supply chain management there can be a number of small supply chains which need to be managed. It includes suppliers, manufacturers, distributors and customers behave as if they are part of the same company. This way only they can enhance performance significantly across the chain.

The Seven Principles of SCM

Principle 1	Segment customers based on the service needs of distinct groups and adapt the supply chain to serve these segments profitably.
Principle 2	Customize the logistics network to the service requirements and profitability of customer segments.
Principle 3	Listen to market signals and align demand planning accordingly across the supply chain, ensuring consistent forecasts and optimal resource allocation.
Principle 4	Differentiate product closer to the customer and speed conversion across the supply chain.
Principle 5	Manage sources of supply strategically to reduce the total cost of owning materials and services.
Principle 6	Develop a supply chain-wide technology strategy that supports multiple levels of decision making and gives a clear view of the flow of products, services, and information.
Principle 7	Adopt channel-spanning performance measures to gauge collective success in reaching the end-user effectively and efficiently.

There are seven principles of Supply Chain Management:

1. **Customer is the king:** Organisers must consider about customers because without them business operations are meaningless if you don't meet their requirements. Segment customers based on the product/service needs of the distinct groups.
2. **Management of Logistics:** Customize the logistic network to the service/ product requirement and also manage the profitability. It requires great planning implementation and execution across the whole chain. It involves determination of locations for distribution, management of inventory, transportation etc.
3. **Customer Management:** According to market signals it may require aligning all the supply chains under the command so that their combined output meets the

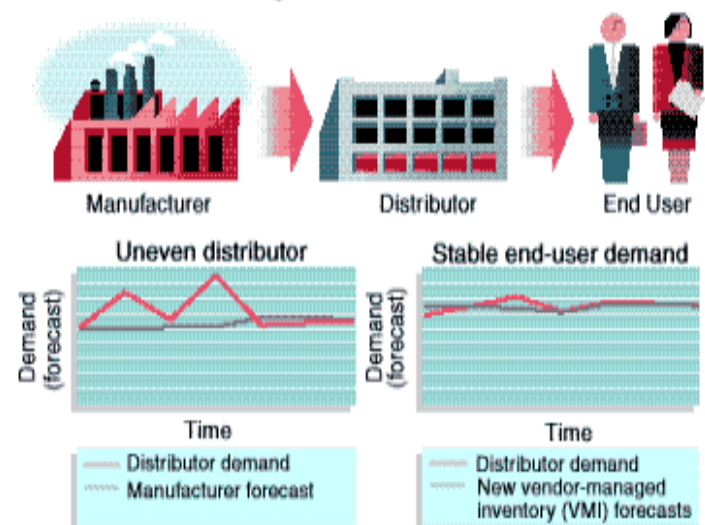
specific demand of the customer. This needs to be properly organised so that the customer gets the desired service.

4. **Process integration:** Here time and speed is more important. For its success it requires real time information sharing among the chain partners and planning together for aspects such as forecasts etc. across the chain.
5. **Leveraging of Manufacturing and Sourcing:** Through the strategic management they can reduce the cost of production. It is not possible for the firms, even in a supply chain environment to manufacture in-house, everything instead; outsourcing, lean manufacturing, just in time (JIT) etc need to be followed. All these need proper linking with each other to produce the desired effect.
6. **Strategic alliances and relationship management:** Every chain partner shall look from its own perspective in a supply chain leading to strategic alliances across the chain. Once formed these partnerships need to be developed through effective relationship management
7. **Develop performance measures:** Performance measures are basically development of standards of performance and method for their measurement across the chain so that suitable action can be initiated to see that the performance of the entire chain remains optimum.

To sum it up the principles of supply chain management revolves around customer and chain's efficiency in satisfying the customer.

The main objective and intention behind a smooth SCM operation is to stimulate buying the right things at the right time at the right price - reducing the order cycle and ensuring flexibility. Large retail chains, such as Wal-Mart, Safeway and The Gap, have strategically implemented SCM and have grown because of that.

Exhibit 3 Market Signals

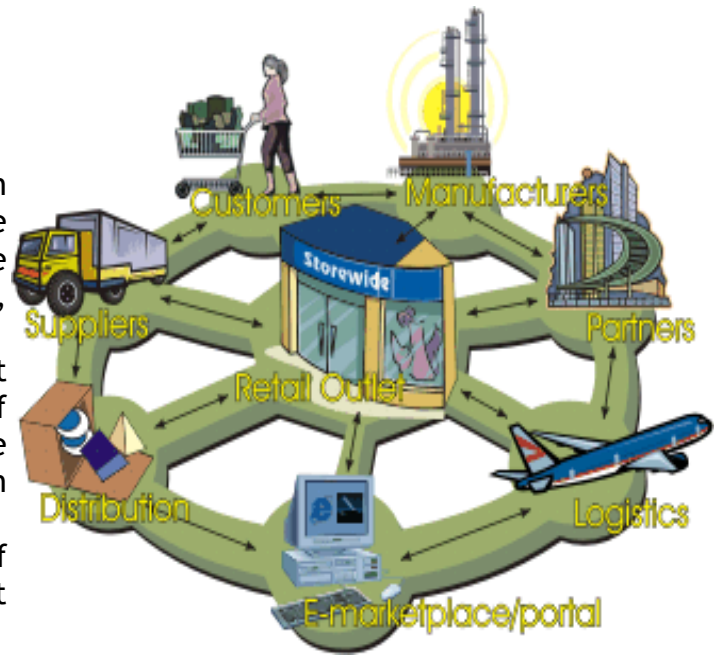


The SCM is having various principles which are followed by the intermediaries to supply their products and services to the customers without barriers. Those are as follows:

1. **The product-** characteristics and consumer recognition.
2. **Size and value of sales-** extent of sales realization
3. **Market area-** consumer coverage, retailer and other traders.
4. **Existing methods of distribution-** impact, merits and demerits.
5. **Needed efforts-** consumer approachability, appealing to distributors, cost effectiveness and sales realization?

In implementing distribution strategy the company should make comparison of **direct versus indirect distribution** on the basis of following parameters:

1. **Cost:** The factor includes distribution cost, opportunity cost incurred in the process of distribution in case of the non-availability of the product, inventory holding and shipping costs.
2. **Product characteristics:** The product attribute may be measured in terms of replacement rate, gross margin, service requirement and the time involved in search of the product.
3. **Degree of control:** The degree of control is generally greater when direct distribution is followed.
4. **Other factors:** Adaptability, technological changes, social and cultural values should be considered.



Lead Time

Beside these there are three critical lead times that must be manage by the organization that seek to compete successfully in the retail business.

1. **Time to Market:** The time that it takes to business recognized a market opportunity translate this into a product or service into bring it to the market.
2. **Time to serve:** The time that it takes to capture a customers' order and to deliver the product to the retail customer's satisfaction.
3. **Time to react:** The time that it takes to adjust the output of the business, in response to the volatile demand.

Exercise: Assignment

1. Visit to the retail mall and involve in On-the-job on Logistic centers of SCM and find out which factors more influencing the direct and indirect distribution goods and services.
2. Visit to any Super Mall to find out the parameters followed by them—cost, product characteristics, Degree of control, Technology etc.

(a) Cost

(b) Product characteristics

(c) Degree of control

(d) Technology

3. Visit an organization or departmental store and find out the principles followed by them in day-to-day transactions.

Assessment

A. Fill in the Blanks

1. Cost the factor includes _____ and _____ incurred in the process of distribution in case of the non-availability of the product.
2. _____ the time that it takes to capture a customers' order and to deliver the product to the retail customer's satisfaction.
3. _____ is generally greater when direct distribution is followed.
4. _____ needs to be properly organised so that the customer gets the desired service.

B. Multiple Choice Questions

1. Following is not the principle of SCM:
 - a. Customer as a king
 - b. Management logistic
 - c. Customer management
 - d. Services to owner
2. _____ is the most vital part, the fulcrum on which success of the whole Supply chain exercise rests.
 - a. Process integration
 - b. Branding
 - c. Assembling
 - d. Advertising
3. Supply Chain Management is a _____ method of distribution of product to the ultimate consumer.
 - a. Simple
 - b. Liberal
 - c. Complex
 - d. Expensive
4. _____ may require aligning all the supply chains under your command so that their combined output meets the specific demand of the customer.
 - a. Labour management.
 - b. Customer management
 - c. Service management
 - d. All of the above

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Explain the shortest distribution channel?
- What are the advantages of appointing dealers/distributors in SCM?
- How does cost factor affect SCM?
- Role of Wholesaler in SCM?
- What are the three lead Times responsible for successful retail business?
- Explain seven principles of SCM

Part B

Discussed in class the following:

- What are principles of SCM?
- Explain the implementation distribution strategy.

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the advantages of appointing distributor in self.		
Able to explain the seven principles of SCM.		

Session 3: Participants in the Process of SCM

Relevant Knowledge

Supply chain management is the combination of the enterprise strategies, business process and information technologies that integrates the suppliers of raw materials or components, the manufacturers or assemblers of the finished products, and distributors of the products or services into one process to include demand forecasting, materials requisition, order processing, order fulfilment, transportation services, receiving, invoicing, and payment processing. In Supply Chain Management there are various participants involved, from production level to distribution level.

Participants in a Supply Chain

Suppliers: Supplier provides goods and/or services to a manufacturer or a distributor for production purpose or for trading purpose. It is often used synonymously with vendors but may also refer to an internal company resource.

Manufacturers: They are the organisers or businessmen, engaged in the original production and assembly of raw materials, equipment, labours or services. Even they are buyers of such products or services manufactured or assembled in accordance with company specifications.

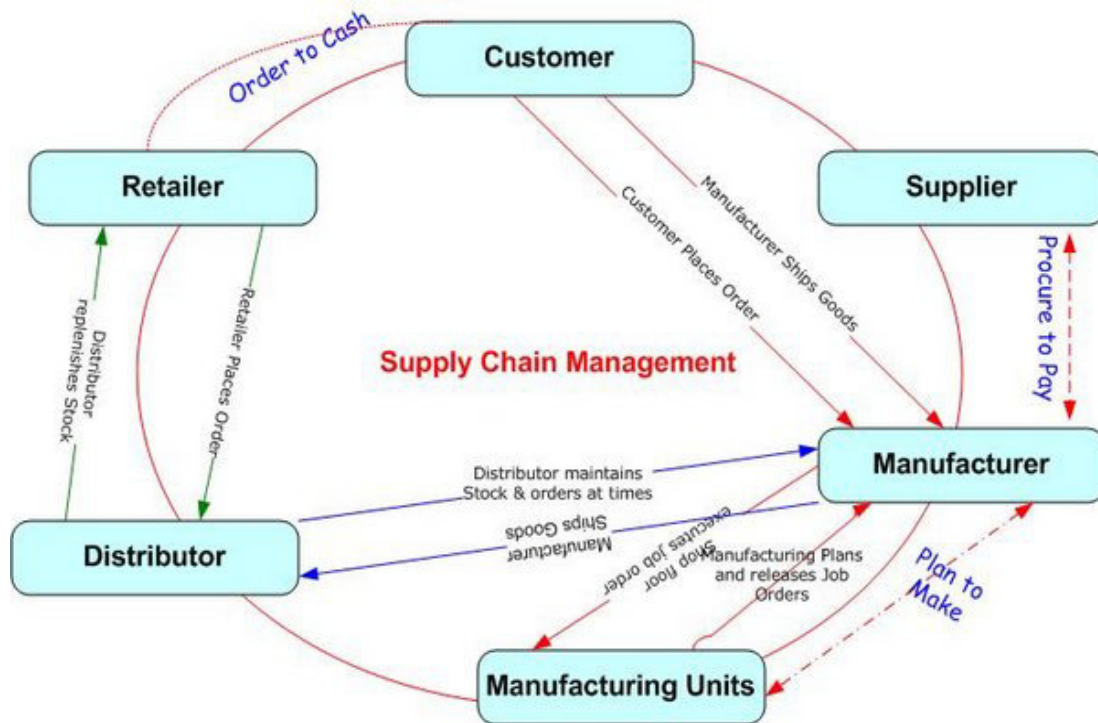
Manufacturing units: In those units manufacturers produce the products and with help of other factors like man, machine, money, materials etc.

Distributors: Distributors provide help to suppliers or manufacturers directly for selling their goods or services in the market and often collect all payments from customers and maintain an inventory of the supplier's or manufacturer's products.

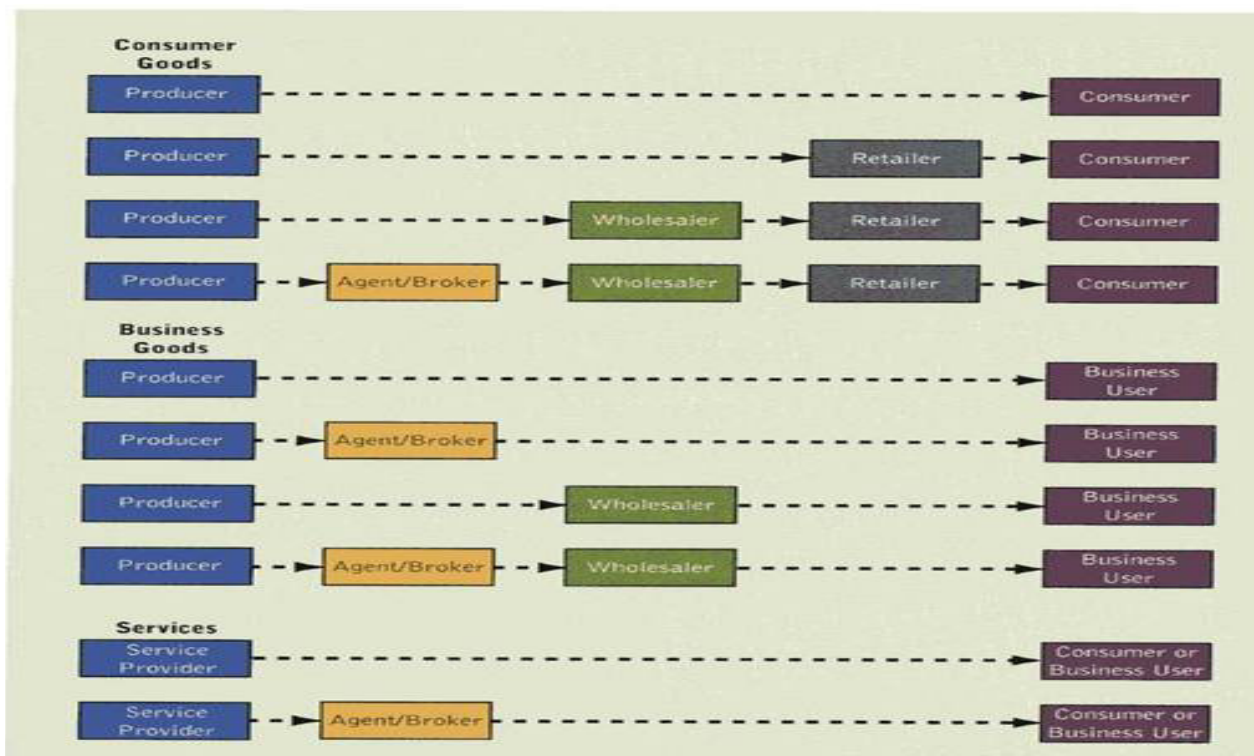
Wholesalers: Wholesaler is one of the important channels in physical distribution. Wholesaler may be defined as the middlemen who operate between the producers (from whom they purchase goods) and the retailers (to whom they sell goods). These people purchase material, finished products or services on bulk amount and sell to the retailers so it can be reached to the ultimate customers.

Retailers: This is the last person in the chain who sells his products and services to the customers. Retailers are part of an integrated system called the supply chain. A retailer purchases goods or products in large quantities from manufacturers or directly through a wholesaler, and then sells smaller quantities to the consumer for a profit. Retailing can be done in either fixed locations or online. Retailing includes subordinated services, such as delivery.

Relations with in the Participants



Channels of Distribution



Exercise: Assignment

1. Visit to logistic centers and companies to find out the suitable channels of distribution for services.
2. Visit to logistic centers and companies to observe the types of intermediaries & their job roles.
3. Prepare a list of the skills and qualities required for retail sole agents.
 - a) Retailer

- b) Wholesaler

4. Prepare a questionnaire to interview.

Assessment

A. Fill in the Blanks

1. The function that requires to be performed in moving products from _____ to _____ includes various channel activities.
2. _____ provide help to suppliers or manufacturers directly for selling their goods or services in the market.
3. _____ are the organisers or businessman, engaged in the original production and assembly of raw materials, equipment, labours or services.
4. In Supply Chain Management there are various participant involved, from production level to _____ level.
5. A retailer purchases goods or products in _____ from manufacturers or directly through a wholesaler, and then sells _____ to the consumer for a profit.

2. Multiple Choice Questions

1. Supplier is often used synonymously with _____ but may also refer to an internal company resource.
 - (a) Vendors
 - (b) Wholesaler
 - (c) Retailer
 - (d) Producer
2. _____ are those units manufacturers produce the products and with help of other factors like man, machine, money, materials etc.
 - (a) Management
 - (b) Procedures
 - (c) Manufacturing units
 - (d) Co-workers

3. _____ collect all payments from customers and maintains an inventory of the supplier's or manufacturer's products.
 - (a) Manufacturer
 - (b) Retailer
 - (c) Wholesaler
 - (d) Distributor
4. _____ is a last person in the chain who has sale his products and services to the customers.
 - (a) Agent.
 - (b) Retailers
 - (c) Dealer
 - (d) Manufacturer

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Explain the SCM for service industry.
- What functions are involved in moving products from producer to end users?
- What difficulties are faced while material/finish products handling?

Part B

Discussed in class the following:

- Who are the participants in SCM?
- What are the alternative marketing channels in SCM?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the participants involved in SCM.		
Able to find out the alternative marketing channels in SCM.		

Session 4 : Steps in Supply Chain Management

Relevant Knowledge

Supply Chain Management (SCM) begins with 'bargaining' with suppliers and long-term relationships. Marketing departments analyse customer needs and demands for specific products, which insures the right negotiations with suppliers. Supply management aims at the procurement and purchasing of specific products, based on partnerships with suppliers. Logistics refers to the actual movement or delivery of products. It includes movements of goods into the retail distribution centre, movements within the centre and movements out of the centre and into the retail stores. Operations are the activities involved in converting the products supplied by the supplier into products sold to the retail customer.



Processes of Supply Chain Management

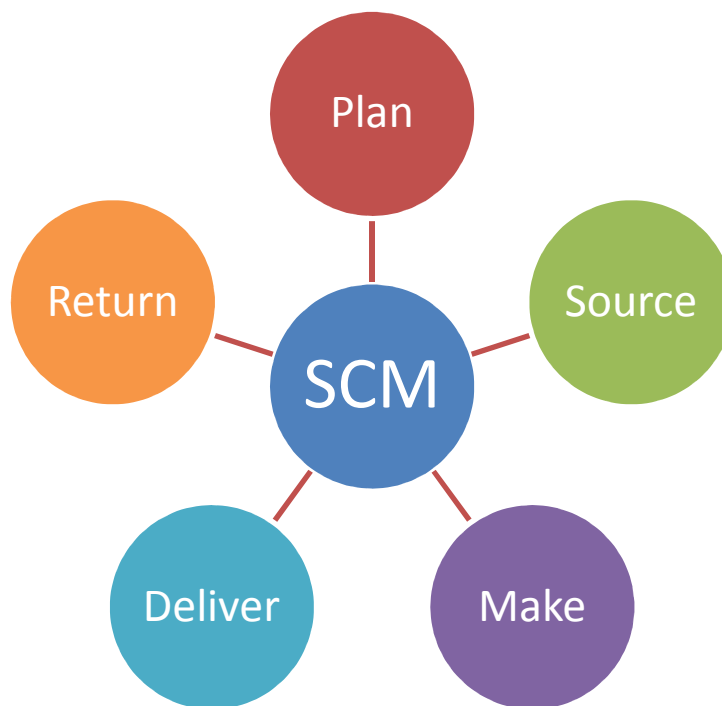
One could suggest other key critical supply business processes which combine these processes stated by Lambert.

- a) **Customer service management process:** Customer Relationship Management concerns the relationship between the organization and its customers. Customer service is the source of customer information.
- b) **Procurement process:** Strategic plans are drawn up with suppliers to support the manufacturing flow management process and the development of new products.
- c) **Product development and commercialization:** Here, customers and suppliers must be integrated into the product development process in order to reduce time to market.
- d) **Manufacturing flow management process:** The manufacturing process produces and supplies products to the distribution channels based on past forecasts. It must be flexible to respond to market changes and must accommodate mass customization.
- e) **Physical distribution:** In physical distribution, the customer is the final destination of a marketing channel, and the availability of the product/service is a vital part of each channel participant's marketing effort.
- f) **Outsourcing/partnerships:** This is not just outsourcing the procurement of materials and components, but also outsourcing of services that traditionally have been provided in-house. The logic of this trend is that the company will

increasingly focus on those activities in the value chain where it has a distinctive advantage, and outsource everything else

- g) **Performance measurement:** Supplier capabilities and supply chain perspective in customer relationships can both be correlated with firm performance. As logistics competency becomes a more critical factor in creating and maintaining competitive advantage.
- h) **Warehousing management:** In case of perfect storing at company level, it will help to reducing manpower cost, dispatching authority with on time delivery, loading and unloading facilities with proper area, area for service station, stock management system etc.

Supply Chain Management (SCM) is the combination of art and science that goes into improving the way your company finds the raw components it needs to make a product or service and deliver it to customers. The following are five basic components included in the steps of SCM.



1. **Plan:** Accurate demand forecasting is considered one of critical success factors in Supply Chain Management. Companies need a strategy for managing all the resources that go toward meeting customer demand for their product or service. A big piece of SCM planning is developing a set of metrics to monitor the supply chain so that it is efficient, costs less and delivers high quality and value to customers. Demand forecasting is an ongoing process.
2. **Source:** Which is the process of choosing the suppliers that will deliver the goods and services you need to manufacture or assembly your products or to create your

services. It involves price negotiation, receiving, and verifying the shipments, transferring them to the manufacturing facilities and authorizing supplier payments.

3. **Make:** Make is the manufacturing and Assembly step - Raw components are assembled into final products or raw materials are manufactured into finished goods. Supply chain managers schedule the activities necessary for production, testing, packaging and preparation for delivery.
4. **Deliver:** Products or services are delivered to consumers. Distribution involves warehousing, delivering, invoicing and payment collection this is the part that many SCM insiders refer to as logistics, develop a network of warehouses, pick carriers to get products to customers and set up the system to receive payments.
5. **Return:** Return and refund are important parts and also the problem parts of Supply Chain Management. Supply chain planners have to create a responsive and flexible network for receiving defective and excess products back from their customers and supporting customers who have problems with delivered products

Exercise: Assignment

1. Keep stand one student on each step and they will demonstrate each step by every student.
2. Five students can play a role of Plan, Source, Make, Deliver and Return with the help of posters & other related material.
3. Visit to the retail organization/ retail storekeeping unit and observe the supply chain components.

Assessment

A. Fill in the Blanks

1. _____ aims at the procurement and purchasing of specific products, based on partnerships with suppliers.
2. Accurate _____ is considered one of critical success factors in Supply Chain Management.
3. _____ involves warehousing, delivering, invoicing and payment collection this is the part that many SCM insiders refer to as logistics.
4. _____ must develop a set of pricing, delivery and payment processes with suppliers and create metrics for monitoring and improving the relationships.
5. _____ will help to reducing manpower cost, dispatching authority with on time delivery.

B. True or false

1. Plan is the first step in SCM.
2. Delivery is the last step in SCM.
3. Every organization should follow the steps involved in SCM.
4. Elimination of any one chain in the channel will disturb Physical distribution system.
5. Source is also called Procurement.

C. Match the Column

- | A | B |
|-------------------------|------------------------------------|
| 1. Delivery | (i) Physical distribution of goods |
| 2. Sole agent | (ii) Logistics |
| 3. Warehouse | (iii) Steps in SCM |
| 4. Time | (iv) Direct chain |
| 5. Producer to consumer | (v) Principle of SCM |

D. Short Answer Questions

1. Name the various steps in SCM?
2. Prepare a Module of SCM for Big Bazar.
3. Explain the Lambert process for SCM with the help of any one business model

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Explain steps taken in product development.
- What steps are taken in order fulfillment of customer?
- Need of study of buyers behavior in SCM.

Part B

Discussed in class the following:

- What are steps involved in SCM?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the steps in SCM and explain the process of each step.		
Able to find out the components of SCM and analyze features of components.		

RS406-NQ2014

Non-Store Retailing

Introduction

In this era of rapid globalization, the online form of retailing has emerged as a strong tool to sell products, directly to the customers, and is growing much quickly. As anyone with a computer or Smartphone can attest, online retailing is by now pervasive, penetrating every demographic group and retail segment to varying degrees.

Nowadays the Indian consumers are well versed with the concepts about quality of products and services. These demands are the visible impacts of the Retail Sector of Indian Economy.

Online retailing also known as online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over online channels primarily the Internet using a web browser. Online retail is decidedly convenient due to its 24-hour availability, global reach and generally efficient customer service.



Online retailing is a subset of e-commerce and refers to the purchase and sale of goods between consumers and retailers using the internet – also referred to as the business to consumer (or B2C) market. Other terms are interchanged for online retailing including e-tailing. Online retailing establishments are taking the form of ‘pure plays’ in which businesses provide online only services in particular retail categories or as part of multi-channel establishments where online activities are combined with bricks and mortar operations. The growth of online shopping has occurred in the context of greater familiarity with, and confidence in, the use of the internet across a range of activities. This reflects a substantial cultural change in how the community is conducting economic transactions.

The increasing use by the community of the internet for e-commerce is facilitated by growing household access to the internet and improvements in the technical capability of internet infrastructure.

To Some extent, e-retailing can be attributed to new forms of goods and services with no direct analogue in the physical retail sector - think apps and online gaming. But for the most part, these internet-based sales are simply capturing market share of items that previously were sold either through catalogues over the phone or by traditional bricks-and-mortar retailers in physical stores. In this unit, the student will learn about e-retailing logistics, e-marketing concepts, telemarketing aspects and internet business.

Session 1: E-Retailing

Relevant Knowledge

Consumers find a product of interest by visiting the website of the retailer directly or by searching among alternative vendors using a shopping search engine.

Once a particular product has been found on the website of the seller, most online retailers use shopping cart software to allow the consumer to accumulate multiple items and to adjust quantities, like filling a physical shopping cart or basket in a conventional store. A "checkout" process follows (continuing the physical-store analogy) in which payment and delivery information is collected, if necessary. Some stores allow consumers to sign up for a permanent online account so that some or all of this information only needs to be entered once. The consumer often receives an e-mail confirmation once the transaction is complete.



Less sophisticated stores may rely on consumers to phone or e-mail their orders (although full credit card numbers, expiry date, and Card Security Code, or bank account and routing number should not be accepted by e-mail, for reasons of security).

Payment Methods in E-Retailing

Online shoppers commonly use a credit card or a PayPal account in order to make payments. However, some systems enable users to create accounts and pay by alternative means, such as:

- Billing to mobile phones and landlines
- Cash on delivery (C.O.D.)
- Cheque/ Check
- Debit card
- Direct debit in some countries
- Electronic money of various types
- Gift cards
- Postal money order
- Invoice, especially popular in some markets/countries, such as Switzerland

Some online shops will not accept international credit cards. Some require both the purchaser's billing and shipping address to be in the same country as the online shop's base of operation. Other online shops allow customers from any country to send gifts anywhere.

Important features of an E-shop:

1. Online catalogue for goods, linked to the order process.
2. Provision of a search engine for products.
3. Shopping cart, for good selection and automatic price update.
4. Personalization of store layouts, promotions and marketing.
5. An online contact person.
6. Order status checking facility.
7. Use of forums and customer communities.

The financial part of a transaction may be processed in real time (e.g. letting the consumer know their credit card was declined before they log off), or may be done later as part of the fulfilment process.

Product Delivery

Once a payment has been accepted, the goods or services can be delivered in the following ways:

- **Downloading:** The method often used for digital media products such as software, music, movies, or images.
- **Drop shipping:** The order is passed to the manufacturer or third-party distributor, who then ships the item directly to the consumer, bypassing the retailer's physical location to save time, money, and space.
- **In-store pick-up:** The customer selects a local store using locator software and picks up the delivered product at the selected location.
- **Printing out:** A provision of a code for, or e-mailing of such items as admission tickets and scrip (e.g., gift certificates and coupons). The tickets, codes, or coupons may be redeemed at the appropriate physical or online premises and their content reviewed to verify their eligibility (e.g., assurances that the right of admission or use is redeemed at the correct time and place, for the correct dollar amount, and for the correct number of uses).
- **Shipping:** The product is shipped to a customer-designated address.



Customer Needs and Expectations

A successful web-store is not just a good looking website with dynamic technical features, listed in many search engines. In addition, it is also about building a relationship with customers and making money.

Businesses often attempt to adopt online shopping techniques without understanding them and/or without a sound business model; often times, businesses produce web-stores that support the organisations' culture and brand name without satisfying consumer expectations. Understanding the customer's wants and needs is essential. Living up to the company's promises gives customers a reason to come back and meeting their expectations gives them a reason to stay. It is important that the website communicates how much the company values its customers.



Customer needs and expectations are not the same for all customers. Age, gender, experience and culture are all important factors. For example, Japanese cultural norms may lead users there to feel privacy is especially critical on shopping sites and emotional involvement is highly important on financial pension sites. Users with more online experience focus more on the variables that directly influence the task.



To increase online purchases, businesses must expend significant time and money to define, design, develop, test, implement, and maintain the web-store. It is easier to lose a customer than to gain one. Even a "top-rated" website will not succeed if the organisation fails to practice common etiquette such as returning e-mails in a timely fashion, notifying customers of problems, being honest, and being good stewards of the customers' data. Because it is so important to eliminate mistakes and be more

appealing to online shoppers, many web-shop designers study research on consumer expectations.

Advantages and Shortcomings of E-Retailing

Advantages of E-retailing for Retailers

- Location is unimportant
- Size does not matter
- Saves on the wages and premises costs
- Reach a larger audience
- Higher disposable income profile than average
- Accepts orders 24-hours a day
- More opportunities for
 - CRM and micro-marketing
 - Cross- and up-selling

Disadvantages of E-retailing for Retailers

- May lack know-how and technology
- Substantial set-up, investment and ongoing costs
- Complex logistics of fulfillment
- E-selling less powerful than face-to-face
- Uptake slows for goods selected by taste or smell
- Less impulse purchases
- Legal problems
- Less role for traditional high street retail expertise
- Pressure on margins and prices in-store
- After-sales care difficulties

Benefits of E-retailing to the Customer

- Convenience
- Better information
- Competitive pricing
- Customization
- Shopping anywhere, anytime.

Disadvantage of E-shopping for Consumers

- Credit card and security worries
- Lack of personal and social interaction
- Can't see or feel the merchandise
- Don't know how
- Can't be in to receive delivery
- Premium charged for delivery
- Difficulties with returning goods for refund

The Role of Information and Communication Technologies (ICTs)

There is little doubt about the role of ICT in driving the global economy and reshaping existing business structures. Business to Business (B2B) transactions comprise 95 per cent of all e-commerce.

- ICTs have been particularly influential in the retail of services.
- The Internet has allowed companies to outsource activities and services to more cost-effective locations or access new clients in foreign markets.
- Rapid growth in retail activities and increasing consumer base is resulting in an increased amount of daily transactions, thereby forcing retail players to implement IT services.



Success Factors for E-Retailing

E-Retailing site can attract the visitors if it is able to cater to the requirements of the users in a convenient manner. For sites that exist primarily to sell products, it's very easy to look at sales and have a measuring stick to use when evaluating the success of the website. However, there are many numbers of factors that can influence the success of e-retailing and identifying areas of strength and weakness is not always so simple.

Following are the success factors for e-retailing with special focus on managing e-retailing site:

1. Search Engine Optimization

- Search engines are much better at indexing static pages, and don't do a good job of following hyperlinks that contain query strings.
- Auto-generated keyword-rich URLs based on product and category names.

2. Site Management

- Administration permission roles and users.
- Independent Systems develops sales tax calculation by state and zip code in designated states.
- Automatic upgrades when hosted in data center.
- Entries can be posted with an expiry date to display content that will automatically expire; ideal for mentioning sales and specials, etc. Advanced content management system for informational pages.

3. Marketing Promotions and Tools

- Flexible price management with ability to restrict by product and price-level (retail, wholesale) : Percent discount, Fixed amount discount and Free shipping

- Entries can be sorted by Recent, Most Commented, Most Viewed.
- Multi-tier pricing for quantity discounts.
- Support for multiple product feeds.
- Send to a friend.

4. Shopping cart

- Customer management
- Product management
- Variety of payment and shipping modules
- Order receipt emails

5. Checkout

- Express/guest checkout
- Address book
- Automatically apply customer balance to order
- Sales tax by state, country, municipality based on zip code

6. Content Managed Pages

- Add unlimited pages to your website
- Create unlimited web forms
- Customizable navigation
- Organize your pages into unlimited sections (categories)

7. Security

- PCI-DSS Compliant and CISP Certified Level 1
- Daily backups
- Multiple database version backups
- Fail over/cluster hardware firewalls
- Biometric access control to data center

8. Content Management (CMS) Components

- Add/edit/delete unlimited categories, products and information pages on your site.
- Dynamic categories
- Easy-to-use product navigation
- Product detail page
- Related items
- “Best Sellers” facility

9. Multi Store

- Manage more than one store for the same product, at different price, in different language, for different locations, and from same admin panel.
- To deal with different products or different brands of a certain product.
- Higher chances of giving customers what they are looking for.

10. Reporting

- Sophisticated ready-to-go reporting, no need to add any code to your web pages.
- Tracking Sales, Payment, Shipping Options and discount Codes.
- Report on Detailed visitors including new Vs returning.
- Products can be searched/filtered and added to the order.
- Currency can be selected per order.

Fraud and Security Concerns

Given the lack of ability to inspect merchandise before purchase, consumers are at higher risk of fraud than face-to-face transactions. Merchants also risk fraudulent purchases using stolen credit cards or fraudulent repudiation of the online purchase. However, merchants face less risk from physical theft by using a warehouse instead of a retail storefront.



Secure Sockets Layer (SSL) encryption has generally solved the problem of credit card numbers being intercepted in transit between the consumer and the merchant. Hackers might break into a merchant's web site and steal names, addresses and credit card numbers, although the Payment Card Industry Data Security Standard is intended to minimise the impact of such breaches. Identity theft is still a concern for consumers. Computer security has thus become a major concern for merchants and e-commerce service providers, who deploy countermeasures such as firewalls and anti-virus software to protect their networks.

Phishing is another danger, where consumers are fooled into thinking they are dealing with a reputable retailer, when they have actually been manipulated into feeding private information to a system operated by a malicious party.

Quality seals can be placed on the Shop web page if it has undergone an independent assessment and meets all requirements of the company issuing the seal. The purpose of these seals is to increase the confidence of online shoppers.

The number of resources offers advice on how consumers can protect themselves when using online retailer services. These include:

- Sticking with known stores, or attempting to find independent consumer reviews of their experiences; also ensuring that there is comprehensive contact information on the website before using the service, and noting if the retailer has enrolled in industry oversight programs such as a trust mark or a trust seal.
- Before buying from a new company, evaluate the website by considering issues such as: the professionalism and user-friendliness of the site; whether or not the company lists a telephone number and/or street address along with e-contact information; whether a fair and reasonable refund and return policy is clearly stated; and whether there are hidden price inflators, such as excessive shipping and handling charges.
- Ensuring that the retailer has an acceptable privacy policy posted. For example note if the retailer does not explicitly state that it will not share private information with others without consent.
- Ensuring that the vendor address is protected with SSL (see above) when entering credit card information. If it does the address on the credit card information entry screen will start with "HTTPS".
- Using strong passwords, without personal information. Another option is a "pass phrase," which might be something along the lines: "I shop 4 good a buy!!" These are difficult to hack, and provides a variety of upper, lower, and special characters and could be site specific and easy to remember.

Exercise: Assignment

1. Visit to the e-retailing centre & list out to the products/ services offered in e-retailing.
2. Make a brief report on impact of ICT on educational services.
3. Visit an e-retailing centre, meet the manager or supervisor of the store and interview him to know the following:
 - Range of products offered.
 - Scope of coverage (geographical coverage by the centre e.g. Local, national, international, global).
 - Issues and challenges of electronic methods of retailing in day to day course of business.
4. Write a detailed note on fraud and security concerns in e-retailing:

Assessment

A. Fill in the Blanks

1. Although the benefits of _____ are considerable, when the process goes _____ it can create a thorny situation.
2. Entries can be posted with an _____ to display content that will automatically expire; ideal for mentioning sales and specials, etc. Advanced content management system for _____ pages

3. There is little doubt about the role of _____ in driving the global economy and reshaping existing business structures.
4. _____ encryption has generally solved the problem of credit card numbers being intercepted in transit between the _____ and the merchant.
5. E-Retailing site can attract the _____ if it is able to cater to the requirements of the users in a _____ manner.

B. Multiple Choice Questions

1. Which one of the following is not the sub feature of shopping cart?
 - a) SSL Security
 - b) Customer management
 - c) Product management
 - d) Variety of payment and shipping modules
2. Benefits of E-retailing for customers include:
 - a) Pressure on margins and prices in-store
 - b) After-sales care difficulties
 - c) Better information
 - d) Premium charged for delivery
3. Purchase and sale of goods between consumers and retailers using the internet – also referred to as the:
 - a) B2B Market
 - b) B2C Market
 - c) B2A Market
 - d) B2K Market
4. Which one of the following is the feature of marketing promotion and tools in E-retailing website?
 - a) RSS feed allow users to subscribe to the content feeds
 - b) Multiple database version backups
 - c) Fail over/cluster hardware firewalls
 - d) Biometric access control to data center

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Understand the meaning and basic concepts of e-retailing.
- Identify the importance of e-retailing with its drawbacks.
- Enlist various success factors for e-retailing.

Part B

Discussed in class the following:

- What is e-retailing?

- How is e-retailing becoming effective way to reach to the final consumer?
- What are the advantages and disadvantages of e-retailing for retailers?
- What are the advantages and disadvantages of e-retailing for consumers?
- State various success factors of e-retailing.

Part C

Performance Standards

The performance standards may include but not limited to:

Performance standards	Yes	No
Able to understand the activities of e-retailing.		
Able to identify the advantages of e-retailing.		
Able to identify the disadvantages of e-retailing.		
Able to discuss the importance of ICT.		
Able to specify success factors for e-retailing.		

Exhibit 1

Online retailers like Jabong, Myntra emerge as important sales channels for consumer brands in India - Radhika P Nair, ET Bureau May 22, 2013, 05.38AM IST

Bangalore: Online retailers are emerging as important sales channels for consumer brands in the country as more Indians take to shopping on the Internet. Apparel and accessory brands, such as Puma, Nike and Wrangler, have recorded a big spurt in online sales in the past year, led largely by purchases from smaller towns and cities with consumers paying the full price for these products. "Three years ago, about 1% of total sales came from online channels. Now, that number stands at 15%," said Rajiv Mehta, MD of Puma for South Asia. "Today, no brand can ignore the online channel." In turn, e-commerce companies selling the brands are seeing a boost in growth. For instance, multi-brand retail accounts for 90% of the business at fashion e-tailer Myntra, which expects to double revenues to 800 crore in FY14. "Earlier, top brands were skeptical about online retail. Now, it has become part of their mainstream strategy," said Mukesh Bansal, who co-founded Myntra in 2007.

Online Channels See Big Jump

In fact, for Puma, the online channel is bigger than the offline multi-brand retail channel. "Puma grew by around 35% last year, and our online channel grew by 60%," said Mehta. Denim brand Wrangler, which currently clocks 3.5% of sales from online sites, expects this channel to be significant contributor to overall revenue in five years. "Online channels have grown by many multiples in recent months. It has been amazing," said Puneet Khosla, a business head for Wrangler.

Online retail in India is expected to grow to \$76 billion (4,18,304crore) by 2021, accounting for over 5% of the Indian retail industry, according to a report by advisory services firm Techno park. This projected growth is pushing more large companies to sell aggressively online. "Initially, the mobile brands showed a lot of interest in selling online. Now, there is interest from ayurveda brands to jeweler and fashion," said Shubhankar Sarkar, chief operating officer of India times Shopping. Two years ago, the company became Nokia's online partner and now runs the online store for Gitanjali Jewels. Experts reckon much of this growth will come from the rising purchasing power of consumers in smaller cities, who do not have access to offline stores stocking high-end brands. "About 50% of sales for online sites come from cities and towns beyond the top eight metros," said Pragya Singh, associate director at Technopak. Large companies are also appointing preferred online partners. "When we become the preferred partner, the brand's marketing and planning team work closely with our team. The brand also invests resources, gives us pick of products, does exclusive launches and promotions," said Ganesh Subramanian, Chief Merchandising Officer at Myntra. For instance, footwear brand Nike works only with online retailers such as Myntra and Jabong. And in a first-of-its-kind initiative, it recently launched its new range of cricket gear on Jabong. Such partnerships work well as online retailers provide greater visibility than a physical store. "Our online store can carry around 10,000 options, while a brick-and-mortar store can carry only 20% of a given range," said Shivanandan Pare, head of ecommerce at Madura Lifestyle and Fashion.

Source:http://articles.economictimes.indiatimes.com/2013-05-22/news/39445483_1/myntra-mukesh-bansal-online-sales.

Session 2: E-Marketing

Relevant Knowledge

E-marketing must be defined to include the management of the consumer's online experience of the product, from first encounter through purchase to delivery and beyond. Digital marketers should care about the consumer's online experiences for the simple reason that all of them -- good, bad, or indifferent -- influence consumer perceptions of a product or a brand. The web offers companies' ownership and control of all interactions with customers and thus creates both the ability and the need to improve their overall experience.

An e marketing effort supports the customer base almost round the clock. The helpdesk and support desk facilities, trouble ticket raising options are making it more and more convenient for the clients to opt outsourcing services online. Most of the marketing efforts that cater to the organised sector are open 24 hours and 7 days a week. Moreover, the reach is global and customers feel convenient to shop/communicate anytime they want to.

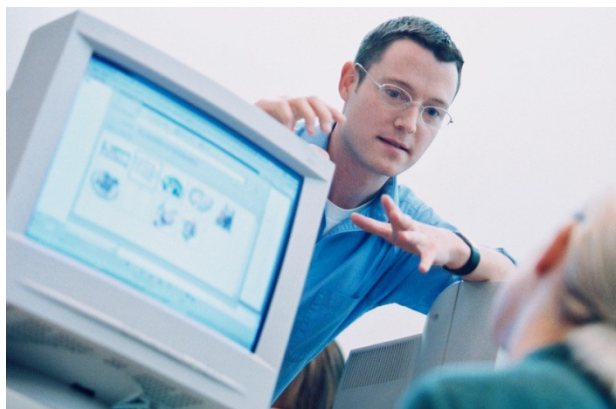
Attributes of E-Marketing

1. One-to-one approach: The targeted user typically browses the Internet alone, so the marketing messages can reach them personally. This approach is used in search marketing, where the advertisements are based on search engine keywords entered by the user.

2. Appeal to specific interests: E-Marketing places an emphasis on marketing those appeals to a specific behavior or interest, rather than reaching out to a broadly defined demographic. Because the advertiser has knowledge of the target audience—people who engage in certain activities (e.g., uploading pictures, contributing to blogs) — the company does not rely on the expectation that a certain group of people will be interested in its new product or service.

3. Geo targeting: Geo targeting (in internet marketing) and geo marketing are the methods of determining the physical location of a website visitor with geo-location software, and delivering different content to that visitor based on his or her location, such as country, region/state, city, metro code/zip code, organization, Internet Protocol (IP) address.

4. Different content by choice: Where users have the choice to select their country location first and are then presented with different site or article content depending on their selection.



5. Automated content: With automated different content in internet marketing the delivery of different content based on the geographical and other personal information is automated.

E-Marketing Types

Email marketing can be carried out through different types of emails:

Transactional emails: Transactional emails are usually triggered based on a customer's action with a company. Triggered transactional messages include dropped basket messages, purchase or order confirmation emails and email receipts.

The primary purpose of a transactional email is to convey information regarding the action that triggered it. But, due to its high open rates (51.3% compared to 36.6% for email newsletters) transactional emails are a golden opportunity to engage customers; to introduce or extend the email relationship with customers or subscribers, to anticipate and answer questions or to cross-sell or up-sell products or services.

Many email newsletter software vendors offer transactional email support, which gives companies the ability to include promotional messages within the body of transactional emails. There are also software vendors that offer specialized transactional email marketing services, which include providing targeted and personalized transactional email messages and running specific marketing campaigns (such as customer referral programs).

Direct emails: Direct email involves sending an email solely to communicate a promotional message (for example, an announcement of a special offer or a catalog of products). Companies usually collect a list of customer or prospect email addresses to send direct promotional messages to, or they can also rent a list of email addresses from service companies

Advantages and Disadvantages of E-Retailing

Advantages

1. In any business organization, advertisement cost constitutes a major expense in the operations of the business organization. However, Internet marketing has promised to significantly reduce the cost of advertisement. For example accumulating email addresses and sending newsletters through the Internet is relatively cheaper compared to traditional marketing strategies.
2. Due to the popularity of the Internet in the modern world, almost all organizations have a website. Making good use of the website can significantly reduce the cost of advertisement.
3. The ability of the organization to track the rate of return on investment. For example, click-through feedbacks as well as responses to emails from customers enable the organization to rate the effectiveness of their marketing strategies.



4. The instant delivery of the message enables organizations to make their marketing campaigns faster and facilitates immediate responses or communications between the customer care department and the customers.
5. It enables an organization to personalize messages or more effectively select the targeted clientele. For example, different electronic marketing strategies can be employed for the youths, professionals and other categories of customers.
6. It can easily and effectively be integrated with the traditional marketing strategies. For example, a brief advertisement on the print media can guide a potential customer to the company's website for more detailed information on the product.

Disadvantages

1. Electronic marketing is limited by the ability of the consumer to access and use Internet services. Although there is an increased popularity of Internet services in the modern world, a large number of consumers are unable to use or have no access to Internet services.
2. It is important to note that spam filters that have become very essential to majority of the users are a major limitation to the effectiveness of e-marketing. There are concerns over the high number of commercial messages being filtered because the spam filters consider them illegitimate.
3. It has intensified competition which is a major barrier to new entrants in the global market.

The Seven Cs of E-Marketing

The Internet allows for the entire sales cycle to be conducted on one medium, nearly instantaneously. From making the consumer aware of the product to providing additional information to transacting the final purchase, the Internet can accomplish it all. The Internet is like one big point-of-sales display, with easy access to products and the ability for impulse shopping. Impulse shoppers have found a true friend in the Internet. Within seconds from being made aware of a product, consumers can purchase it online. Further, with the targeting techniques available to advertisers, consumers who turn down a product because of the price can be identified and served a special offer more likely to result in a purchase. In the right hands, with the right tools, the Internet really is an advertiser's dream come true.

As opposed to the 4 Ps of brick-and-mortar marketing, the changing outlook in the area of e-marketing can be explained on the basis of 7 Cs of e-marketing.

C1 - Contract: The e-marketer's first goal is to communicate a core promise for a truly distinctive value proposition appealing to the target customers.

C2 - Content: refers to whatever appears on the website itself and on hot linked websites. If chosen appropriately, it can increase both the rates at which browsers are converted into buyers and their transactions.

C3 - Construction: The promises made by e-marketers are not unique to the Internet, but the medium's interactive capabilities make it easier for them to deliver on their promises quickly, reliably, and rewardingly. In practice, this means that promises must be translated into specific interactive functions and Web design features

collectively giving consumers a seamless experience. Such design features as one-click ordering and automated shopping help deliver the promise of convenience.

C4 - Community: Through site-to-user and user-to-user forms of interactivity (such as chat rooms), e-marketers can develop a core of dedicated customers who become avid marketers of the site too.

C5 - Concentration: Targeting through online behavioral profiling. Knowledge of a consumer's past purchases interests, likes/dislikes, and behavior in general allows an advertiser to target an advertisement much more effectively. Credit card companies are the ultimate gatherers of behavioral targeting information. They maintain vast databases of cardholders' past transactions, and they sell lists of this data to advertisers.

C6 - Convergence: Broadband technology will allow the convergence of television and the Internet. Basically, a user will see a television screen that is three-quarters traditional television, but with a frame that has Internet capabilities. More importantly for E- marketers, it would allow viewers to immediately leap to the website of an advertiser whose ad was being shown. The user could find out more information or order the product right there.



C7 - Commerce: The last emerging fundamental of e-marketing is commerce, whether it includes offering goods and services directly, or marketing those of another company for a fee, thus helping to cover the fixed costs of site operations and to offset customer acquisition costs.

To be successful on the Internet, e-marketers will have to do more than reproduce their off-line business models on line because these business models work only at considerable scale.

Traditional Marketing Vs E-Marketing

Technology affects traditional ways of marketing in three ways. IT increases efficiency in marketing, it transforms marketing strategies and it changes the consumer behavior due to the power shift from firms to those who use technology. Benefits of e-marketing over traditional marketing are:

Email marketing (on the Internet) is popular with companies for several reasons:

- An exact return on investment can be tracked ("track to basket") and has proven to be high when done properly.
- Email Marketing is significantly cheaper and faster than traditional mail, mainly because of high cost and time required in a traditional mail campaign for producing the artwork, printing, addressing and mailing.
- Advertisers can reach substantial numbers of email subscribers who have opted in (i.e., consented) to receive email communications on subjects of interest to them.

Disadvantages over traditional marketing are:

A report issued by the email services company Return Path, as of mid-2008 email deliverability is still an issue for legitimate marketers. According to the report, legitimate email servers averaged a delivery rate of 56%; twenty percent of the messages were rejected, and eight percent were filtered.

Further, there are a number of differences that we can show through are view of some of what distinguishes e-marketing with Traditional Marketing comparison, which can be summarized as:



The Differences of E-marketing and Traditional marketing

The Differences	E-marketing	Traditional Marketing
Contact	Interactive ease of communication and direct customer contact received a referrer of customers in terms of requests and inquiries and complaints. To ensure continuous interaction with them	Contact from one side
Relationship	Build long-term	Implementation of one deal
Display of goods	Offering goods or services you want to marketing via its website no matter the number or variety	Cannot be done in the traditional marketing if the amount of space does not permit this
Information	Provide them with information of value for goods and services directly	The limited information provided about the product or services
Cost	Methods of digital marketing is less expensive and easy in implementation	Traditional marketing methods more expensive
Target customers	Accessible to the client where the target was	Difficulty in reaching the targeted customers
Promotion	Helping customers to access you out of local border to international markets is unlimited. Thereby bypassing the territorial limits of his whereabouts which ensure a more popular for that good or service	Specified for that particular time and place

Measuring return	Easy to measure the return on investment	Difficult to measure return on investment
Measuring Success	Evaluate and measure the success of any advertising campaign and to identify the strengths and	Difficult to measure when the use of traditional marketing

Exercise: Assignment

1. Make a brief note on 5 companies which are engaged in e-marketing.
2. Hold a group discussion on merits and demerits of e-marketing & prepare a report.
3. Conduct a seminar with your batch mates to discuss the concepts, advantages, disadvantages and evolution of e-marketing from traditional marketing and write a detailed report on your learning from the seminar.

Assessment

A. Fill up the Blanks

1. Rich media, brought on by _____, will allow advertisers much greater creativity by bringing in new types of _____ to the Internet, as well as enhancing some of the more traditional forms. Broadband technology will allow the convergence of television and the Internet.
2. _____ can reach substantial numbers of email subscribers who have opted in (i.e., consented) to receive email _____ on subjects of interest to them.
3. A common example of _____ is a newsletter sent to an advertising firm's _____.
4. With _____ different content in internet marketing the delivery of different content based on the _____ and other personal information is automated.

B. True or False

1. Electronic marketing is limited by the ability of the consumer to access and use Internet services.
2. Traditional marketing methods enable an organization to personalize messages or more effectively select the targeted clientele.
3. E-marketing has weakened the competition which has removed a major barrier to new entrants in the global market.
4. E-marketing can easily and effectively be integrated with the traditional marketing strategies.
5. Due to the unpopularity of the Internet in the modern world, only a few organizations have a website.
6. As opposed to the 4 Ps of brick-and-mortar marketing, the changing outlook in the area of e-marketing can be explained on the basis of 6 Cs of e-marketing.

C. Short Answer Questions

1. What are various attributes of e-marketing? Discuss with the help of suitable examples.

2. Explain types of e-marketing.
3. Explain the importance of Seven C's E-Marketing?
4. Distinguish between traditional marketing and E-Marketing?
5. Find out the advantages and disadvantages of e-retailing?

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Understand the meaning of e-marketing.
- Know the attributes of e-marketing.
- Discuss advantages and disadvantages of e-marketing.
- State 7 Cs of e-marketing.
- Distinguish between traditional marketing and e-marketing.

Part B

Discussed in class the following:

- What is e-marketing?
- What are various attributes of e-marketing?
- Discuss various advantages and disadvantages of e-marketing?
- What are the 7 Cs of e-marketing?
- Distinguish between traditional marketing and e-marketing.

Part C

Performance Standards

The performance standards may include:

Performance Standards	Yes	No
Able to know the meaning of e-marketing.		
Able to discuss the attributes of e-marketing.		
Able to identify the advantages of e-marketing.		
Able to identify the disadvantages of e-marketing.		
Able to explain 7 Cs of e-marketing.		

Session 3: Telemarketing

Relevant Knowledge

Telemarketing has been around for a number of years, but still remains a very powerful lead generation and sales tool, if it is done well. Telemarketing can give immediate results and can be used to reach a wide range of objectives; whether it is lead generation, appointment setting, attendees to seminars, customer surveys or data cleansing. It is a chance to talk to other businesses in a non-threatening, non-sales environment. Telemarketing is, quite simply, marketing through telecommunications.



What is telemarketing?

It is the act of marketing goods and services to potential customers over the telephone. The simplest definition of Telemarketing is selling by phone.



Importance of Telemarketing

Very few companies can survive without sales and for many companies telemarketing is, or should be, the first stage of the sales process. It can be used for database building, lead generation, customer retention, cross selling and market research, the list of the benefits of telemarketing is long. There are also many downsides to telemarketing if it is done badly, expensive, high staff turnover, poor results and ultimately brand damage and lower sales.

Telemarketing delivers reliable information quickly, allowing your sales team to make the most effective use of their time. Telemarketing gathers the specifics that your field sales team need in a non-threatening, non-sales environment. Telemarketing identifies the needs and exact requirements of your customers and prospects. The results of telemarketing are completely measurable, accurate and immediate. You will always get a response, whether you make the sale or not, which helps with data gathering and data records. Records of these responses will aid when planning your customer relationship management.

Telemarketing is a completely interactive medium. It is an excellent way to speak to the right people and let them know exactly who you are and what you do. The communication is completely one-to-one and personalized. Because it is so targeted you know exactly who you are contacting and therefore can refer to them by their name and their past contact.

Personalization is known to increase success rates by three times more than non personalized messages. Also 80% of customers like to do business by phone. The marketer can tailor the telemarketing script for the individual to encourage maximum success rates. For example, special offers for new and valuable customers. Telemarketing's characteristics allows relationship marketing to occur and an

increase in loyalty. Telemarketing allows questions/queries to be asked and answered during the conversation which establishes trust and understanding.

Telemarketing is very effective when integrated. Using telemarketing to follow up the leads produced from an email marketing campaign or direct marketing campaigns will increase the leads by at least ten fold.

Whilst using telemarketing, multiple objectives can be fulfilled at the same time. For example a telemarketing team can ring a contact and check their data is correct in the system (data cleansing) while doing this, they can then go onto making a sales call.

Telemarketing Procedure

Telemarketing may be done from a company office, from a call centre, or from home. An effective telemarketing process often involves **two or more calls**.

- The first call (or series of calls) determines the customer's needs.
- The final call (or serie Prospective customers are identified by various means, including past purchase history, previous requests for information, credit limit, competition entry forms, and application forms.

Names may also be purchased from another company's consumer database or obtained from a telephone directory or another public list. The qualification process is intended to determine which customers are most likely to purchase the product or service.

Telemarketing techniques are also applied to other forms of electronic marketing using e-mail or fax messages, in which case they are frequently considered spam by receivers.

Advantages and Disadvantages of Telemarketing

Benefits of using Telemarketing: The main benefit of using telemarketing to promote your business is that it allows you to immediately gauge your customer's level of interest in your product or service. Additionally it allows you to do the following:

- Provide a more interactive and personal sale service
- Create an immediate rapport with your customers
- Explain technical issues more clearly
- Generate leads and appointments
- Sell from a distance to increase your sales territory
- Reach more customers than with in-person sales calls
- Sell to both existing and new customers
- Achieve results that are measurable.

Disadvantages of Telemarketing: There can be as many negatives using telemarketing as there are positives. In particular, you need to consider that:

- Telemarketing can be resented - particularly when dealing with business-to-customers, and when calls are made in the evenings
- Customer lists may not always be clean and opted-out - this leaves you with a potential risk of breaking the law

- Customer lists can be very costly
- Telemarketing has a negative image that could damage your business' reputation - if carried out poorly
- Telemarketing has the potential to replace a sales team and this could lead to negative feelings among employees
- Training staff can be time-consuming and costly
- An outside service provider can result in your losing control over your sales processes because the people doing the work aren't your employees.

Business to Business Telemarketing

Telemarketing can form an integral part of a sales and marketing campaign, either as a tool for gathering the data that will be the foundation for your direct marketing approaches, as a follow up to other forms of direct marketing, or as an up-front weapon for identifying your best sales prospects.

Functions of business to business outbound telemarketing: The most common functions of business to business outbound telemarketing include:

- **Improving marketing data:** at a basic level this may include gathering the contact details of decision makers and their usage of products and services relevant to your market, but further probing can deliver more in-depth information - perhaps on distribution channels for example.
- **Tele-cleaning your existing data:** A professional team of telemarketers can ensure that your data doesn't embarrass you or let you down.
- **Lead generation:** using a team of dedicated telemarketers to do this tough, up-front work can make more cost-effective use of your often highly paid field sales or telesales executives by allowing them to focus on closing sales rather than chasing prospects.
- **Event planning:** if you're investing money in marketing events - perhaps a seminar to introduce your company to likely sales prospects in your target market, or presenting a new product or service to potential customers - telemarketing is an effective way to ensure the right people turn up in the right numbers. This method is often used as a follow up to a targeted mailing.
- **Direct mail follow-up:** telephone follow up to mailings is proven to increase returns, by between three and seven times as much in some cases.
- **Point of sale promotion:** for those distributing products through multiple channels, regular contact with distributors or resellers has numerous benefits. It can ensure that they are familiar with your products and have the right marketing materials to sell them successfully, but can also achieve the difficult goal of keeping your product/service at the forefront of their minds.



- **Company profiling:** this offers the opportunity to go beyond the type of superficial prospect data held by most businesses and gain a full understanding of how potential customers operate. Information on aspects such as their decision making processes and who they currently purchase from enables much better tailoring of sales and marketing approaches.
- **Customer contact:** while all of the above functions are relevant to existing and potential customers, there is scope for more creative uses of telemarketing that have particular relevance to previous/existing customers. For example: you've set up a new website - so call your customers to introduce them to this new way of doing business with them. Or if you change location or company name - as well as writing to your customers, call them and perhaps take the opportunity to pass on new product information and/or a special offer.

B2C Strategies

B2C marketing as also discussed in previous sections can be defined as the company that provides goods or services to a consumer based market. B2C marketing examples include targeted marketing to the retail consumer online stores purchases, etc the term discount marketing 'B2C' is rarely used these days, but undoubtedly played an important role in the rapid growth and development of Commerce at the end of the 20th century. Later, when the capital markets slowed, many companies marketing B2C transformed into the marketing business to business (B2B) companies.

Some Useful B2C Marketing Strategies

It is clear that the basis of these strategies should be oriented to the consumer as already explained above, and only then become successful marketing strategies. Below are some of the strategies that embrace the houses of business for successful commercialization in order to reach the target consumer market.

- **Marketing campaigns:** publicity always helps to reach the target market in terms of awareness of the characteristics and the USP of the products. Successful marketing campaigns also arise some jobs marketing B2C, as a representative of the company that goes directly to the potential consumers and gives to know the products / services offered by the company. This is mainly done in the B2C marketing offline.
- **Online advertising strategies:** strategies of advertising online such as PPC and Podcast are some of the sources more effective and efficient advertising online in various search engines.
- Other strategies like social marketing, channel marketing etc are also useful to generate awareness amongst buyers about the respective brands.

Success Factors of Telemarketing

Some people are skeptical of the cost effectiveness of certain types of telemarketing, and many marketers feel it is most appropriate to dealings with existing customers. But those who close their minds to wider opportunities risk missing out. Telemarketing will give you better quality market information than any other source. The whole point about telemarketing is that it allows you to talk to people on a one to one basis and gather information of a depth and accuracy you might not otherwise

be able to get.' But Steve feels too many squander these opportunities: 'The problem is that most people don't do it properly. They don't target enough and misuse the technique which only ends up annoying people.'



Getting a good return from your telemarketing investment will require:

- **Planning:** company needs to consider its budget, its objectives for the volume/quality of data they want and their in-house resources, in terms of manpower, skills and equipment compared to the cost of using an outside agency
- **Telemarketing rarely stands on its own:** Organization needs to establish how it integrates with its other sales and marketing activities.
- **Accurate data:** as with all direct marketing methods, accurate data is the essential foundation for success. Naturally, successful targeting rests on speaking to the right decision makers - getting data that includes this information may cost more but the outcomes are consistently more profitable.
- **A good script:** an effective telemarketing script is actually not a script at all but a guide for the discussion that steers the listener in the direction you want him/her to go. It must be tailored to the target audience, must grab the attention of the listener within a few seconds of the conversation, and must be highly interactive; long presentations of information can be frustrating for the listener who is then less likely to focus on the issue being presented. The guide/script should be refined in the early stages of a campaign according to quality of responses received.
- **Skilled telemarketers:** no matter how well targeted the call is, nor how well thought out the script, a wooden and inflexible caller will not deliver the goods. To achieve the desired outcomes the telemarketer must have a good knowledge of the company and product/service they represent, be able to talk intelligently around the structure of the script without getting side tracked, absorb all the negative responses, and talk persuasively to people at all levels.

Exercise: Assignment

1. Hold a group discussion to discuss the use of telemarketing technologies & prepare a report.
2. Visit a call center, make observation on categories and write a small report on B2C and B2B telemarketing.
3. Explain the Business to Business telemarketing with suitable real life example of some successful telemarketing concern.

Assessment

A. Fill in the Blanks

1. Telemarketing can form an integral part of a _____, either as a tool for gathering the data that will be the foundation for your _____ approaches.
2. An effective _____ is actually not a script at all but a guide for the that _____ steers the listener in the direction you want him/her to go.
3. Telemarketing delivers reliable _____ quickly, allowing your sales team to make the most effective use of their time.
4. The marketer can tailor the _____ script for the individual to encourage maximum success rates.
5. A _____ team of telemarketers can ensure that your data doesn't embarrass you or let you down.
6. Information on aspects such as their decision making processes and who they currently purchase from enables much better tailoring of _____ and _____ approaches.
7. Strategies of advertising online such as PPC and Podcast are some of the sources more _____ and _____ advertising online in various search engines.
8. Telemarketing will give you better quality _____ information than any other source.

B. Multiple Choice Questions

1. Getting a good return from telemarketing investment will require:
 - a) Logistic supplies
 - b) Call center technologies
 - c) Brand loyalty
 - d) Planning
2. The most common functions of business to business outbound telemarketing does not include:
 - a) Lead generation
 - b) Contract management
 - c) Event planning
 - d) Company profiling
3. Which one of the following is not the advantage of telemarketing?

- a) sell from a distance to increase your sales territory
 - b) reach more customers than with in-person sales calls
 - c) sell to both existing and new customers
 - d) you may need to prepare a script
4. To generate awareness amongst buyers about the respective brands through following strategies.
- a) Social marketing
 - b) Channel marketing
 - c) None of the above
 - d) All of the above

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Understand the meaning of telemarketing.
- Identify the importance, advantages and disadvantages of telemarketing.
- Analyze the procedure of telemarketing.
- Identify the telemarketing technologies.
- Distinguish between B2B and B2C methods of telemarketing.
- Understand the success factors of telemarketing.

Part B

Discussed in class the following:

- What is telemarketing?
- Importance of telemarketing and associated issues.
- Telemarketing technology concerns
- B2B and B2C telemarketing strategies
- Success factors of telemarketing

Part C

Performance Standards

The performance standards may include:

Performance Standards	Yes	No
Able to know the meaning of telemarketing.		
Able to discuss the importance of telemarketing.		
Able to identify the telemarketing technologies.		
Able to identify the advantages and disadvantages of telemarketing.		
Able to distinguish B2B and B2C strategies.		
Able to discuss the success factors of telemarketing.		

Session 4: Internet Business

Relevant Knowledge

Electronic business, or **E-business**, may be defined as the application of Information and Communication Technologies (ICT) in support of all the activities of business.

Commerce constitutes the exchange of products and services between businesses, groups and individuals and can be seen as one of the essential activities of any business. Electronic commerce focuses on the use of ICT to enable the external activities and relationships of the business with individuals, groups and other businesses.

E-business may be defined as the conduct of industry, trade and commerce using the computer networks. The term "e-business" was coined by IBM's marketing and Internet teams in 1996.

Electronic business methods enable companies to link their internal and external data processing systems more efficiently and flexibly, to work more closely with suppliers and partners, and to better satisfy the needs and expectations of their customers. The internet is a public through way.



In practice, e-business is more than just e-commerce. While e-business refers to more strategic focus with an emphasis on the functions that occurs using electronic capabilities, e-commerce is a subset of an overall e-business strategy.

E-business involves business processes spanning the entire value chain: electronic purchasing and supply chain management, processing orders electronically, handling customer service, and cooperating with business partners. Special technical standards for e-business facilitate the exchange of data between companies. E-business software solutions allow the integration of intra and inter firm business processes. E-business can be conducted using the Web, the Internet, intranets, extranets, or some combination of these.

Electronic commerce (EC) is the process of buying, transferring, or exchanging products, services, and/or information via computer networks, including the internet. EC can also be beneficial from many perspectives including business process, service, learning, collaborative, community. EC is often confused with e-business.

Internet Business Subsets- Applications can be divided into three categories:

1. Internal business systems:

- Customer Relationship Management (CRM)
- Enterprise Resource Planning (ERP)
- Document Management System (DMS)
- Human Resources Management (HRM)

2. Enterprise communication and collaboration:

- Content Management System
- E-mail
- Voicemail
- Web Conferencing
- Digital work flows (or business process management)

3. **Electronic Commerce:** Business-to-business electronic commerce (B2B) or business-to-consumer electronic commerce (B2C):

- internet shop
- supply chain management
- online marketing
- offline marketing



Internet Business Models



When organisations go online, they have to decide which e-business models best suit their goals. A business model is defined as the organisation of product, service and information flows, and the source of revenues and benefits for suppliers and customers. The concept of e-business model is the same but used in the online presence. The following is a list of the currently most adopted e-business models such as:

- E-shops
- E-commerce
- E-procurement
- E-malls
- E-auctions
- Virtual Communities

Classification by Provider and Consumer

Roughly dividing the world into providers/producers and consumers/clients one can classify e-businesses into the following categories:

- business-to-business (B2B)
- business-to-consumer (B2C)
- business-to-employee (B2E)
- business-to-government (B2G)
- government-to-business (G2B)
- government-to-government (G2G)
- government-to-citizen (G2C)
- consumer-to-consumer (C2C)
- consumer-to-business (C2B)

Internet Business Issues

While much has been written of the economic advantages of Internet-enabled commerce, there is also evidence that some aspects of the internet such as maps and location-aware services may serve to reinforce economic inequality and the digital divide

- **Security:** E-Business systems naturally have greater security risks than traditional business systems; therefore it is important for e-business systems to be fully protected against these risks. Hackers are one of the great threats to the security of e-businesses. Some common security concerns for e-Businesses include keeping business and customer information private and confidential, authenticity of data, and data integrity. Some of the methods of protecting e-business security and keeping information secure include physical security measures as well as data storage, data transmission, anti-virus software, firewalls, and encryption to list a few.
- **Privacy and confidentiality:** Confidentiality is the extent to which businesses makes personal information available to other businesses and individuals. With any business, confidential information must remain secure and only be accessible to the intended recipient.
- **Authenticity:** E-business transactions pose greater challenges for establishing authenticity due to the ease with which electronic information may be altered and copied. Both parties in an e-business transaction want to have the assurance that the other party is who they claim to be, especially when a customer places an order and then submits a payment electronically. The establishment of authenticity is even greater when a combination of techniques are used, and such techniques involve checking "something you know" (i.e. password or PIN), "something you need" (i.e. credit card), or "something you are" (i.e. digital signatures or voice recognition methods).



- **Data integrity:** Data integrity answers the question "Can the information be changed or corrupted in any way?" A business needs to be confident that data is not changed in transit, whether deliberately or by accident. To help with data integrity, firewalls protect stored data against unauthorized access; while simply backing up data allows recovery should the data or equipment be damaged.
- **Non-repudiation:** This concern deals with the existence of proof in a transaction. A business must have assurance that the receiving party or purchaser cannot deny that a transaction has occurred, and this means having sufficient evidence to prove the transaction. One way to address non-repudiation is using digital signatures. A digital signature not only ensures that a message or document has been electronically signed by the person, but since a digital signature can only be created by one person, it also ensures that this person cannot later deny that they provided their signature.
- **Access control:** When certain electronic resources and information is limited to only a few authorized individuals, a business and its customers must have the assurance that no one else can access the systems or information. Fortunately, there are a variety of techniques to address this concern including firewalls, access privileges, and user identification and authentication techniques (such as passwords and digital certificates).
- **Availability:** This concern is specifically pertinent to a business' customers as certain information must be available when customers need it. Messages must be delivered in a reliable and timely fashion, and information must be stored and retrieved as required. Because availability of service is important for all e-business websites, steps must be taken to prevent disruption of service by events such as power outages and damage to physical infrastructure.

Common Security Measures

Many different forms of security exist for e-businesses. Some general security guidelines include areas in physical security, data storage, data transmission, application development, and system administration.



Physical security: Despite e-business being business done online, there are still physical security measures that can be taken to protect the business as a whole. Even though business is done online, the building that houses the servers and computers must be protected and have limited access to employees and other persons. For example, this room should only allow authorized users to enter, and should ensure that "windows, dropped ceilings, large air ducts, and raised floors" do not allow easy

access to unauthorized persons. Preferably these important items would be kept in an air-conditioned room without any windows.



Data storage: Storing data in a secure manner is very important to all businesses, but especially to e-businesses where most of the data is stored in an electronic manner. Data that is confidential should not be stored on the e-business' server, but instead moved to another physical machine to be stored. If possible this machine should not be directly connected to the internet, and should also be stored in a safe location. The information should be stored in an encrypted format.



Data transmission and application development: All sensitive information being transmitted should be encrypted. Businesses can opt to refuse clients who can't accept this level of encryption. Confidential and sensitive information should also never be sent through e-mail. If it must be, then it should also be encrypted.

Transferring and displaying secure information should be kept to a minimum. This can be done by never displaying a full credit card number for example. Only a few of the numbers may be shown, and changes to this information can be done without displaying the full number. It should also be impossible to retrieve this information online.

Source code should also be kept in a secure location. It should not be visible to the public. Applications and changes should be tested before they are placed online for reliability and compatibility.

System administration: Security on default operating systems should be increased immediately. Patches and software updates should be applied in a timely manner. All system configuration changes should be kept in a log and promptly updated.

System administrators should keep watch for suspicious activity within the business by inspecting log files and researching repeated logon failures. They can also audit their

e-business system and look for any holes in the security measures. It is important to make sure plans for security are in place but also to test the security measures to make sure they actually work. With the use of social engineering, the wrong people can get a hold of confidential information. To protect against this, staff can be made aware of social engineering and trained to properly deal with sensitive information.

E-businesses may use passwords for employee logons, accessing secure information, or by customers. Passwords should be made impossible to guess. They should consist of both letters and numbers, and be at least seven to eight digits long. They should not contain any names, birth dates, etc. Passwords should be changed frequently and should be unique each time. Only the password's user should know the password and it should never be written down or stored anywhere. Users should also be locked out of the system after a certain number of failed logon attempts to prevent guessing of passwords. The data integrity process of the Internet business areas are as under:



Exercise: Assignment

1. Buy a product through the website and observe how companies sell their products through internet.
2. On-the-job in Internet business and practice with different subsets of Internet Business.
3. On-the-job Internet Business Centers and handle the problems to run the e-retailing through Internet business.

Assessment

A. Fill up the Blanks

1. _____ concern deals with the existence of proof in a transaction.
2. Data that is _____ should not be stored on the e-business' server, but instead moved to another _____ to be stored.
3. Despite e-business being business done _____, there are still physical security measures that can be taken to _____ the business as a whole.
4. _____ is the extent to which businesses makes personal information available to other _____ and individuals.

5. While _____ refers to more strategic focus with an emphasis on the functions that occur using electronic capabilities, _____ is a subset of an overall e-business strategy.

B. State whether True or False

1. Encryption, which is actually a part of cryptography, does not involve transforming texts or messages into a code which is unreadable.
2. E-businesses may use passwords for employee logons, accessing secure information, or by customers.
3. E-business transactions pose no challenges for establishing authenticity due to the ease with which electronic information may be altered and copied.
4. Storing data in a secure manner is very important for few e - businesses, where most of the data is stored in an electronic manner.
5. It is best to keep these backups in a separate secure location in case there is a natural disaster or breach of security at the main location.

C. Short Answer Questions

1. Discuss in detail, the telemarketing technologies required by organizations.
2. Write a note on issues related to the internet marketing in today's context.
3. Explain internet business models with the help of suitable examples?
4. Find out the internet business issues?
5. Explain the usefulness of common security measures in Internet Business?

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Understand the meaning of e-business
- Know the subsets of e-business
- Discuss the internet business models of various types
- Analyze number of issues associated with internet business

Part B

Discussed in class the following:

- What is e-business or internet business?
- What are various subsets of internet business?
- Discuss various issues related to internet business in today's business scenario.

Part C

Performance Standards

The performance standards may include:

Performance Standards	Yes	No
Able to know the meaning of e-business.		
Able to discuss the importance of e-business.		
Able to explain various e-business issues.		

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Event Management in Retailing

Introduction

Today in the business world Event management is considered one of the tools in creating relations with the client and it is a marketing weapon and communication tools by companies of all sizes. There are many companies which are promoting products and services through launching an event and attract the customer's attention. Here through the event management, the company organised programmes like Fashion shows, Launching of products and services, Birthday parties, Marriages, Receptions, Sports events, arrangements of Meetings, Press conferences etc. They might target their audience by using the news media, hoping to generate media coverage which will reach thousands or millions of people. If they want to reach at the concrete event, they should invite their audience to their events.



Event management is the application of Project Management to the creation and development of festivals events and conferences. Event management involves identifying the target audience, devising the event concept, planning the logistics and coordinating the technical aspects before actually executing the modalities of the proposed event.

Event Management is the process of organising, analyzing, planning, assembling of resources, marketing, promoting and producing an event. It is a different way of promoting a product, service or idea. It provides satisfaction, pleasure and relaxation from the work to the clients.

In this unit, you will be learn about understanding of event management documentation for conducting events, logistics and standard operating procedures and supervising events.

Session 1 : Understanding Event Management

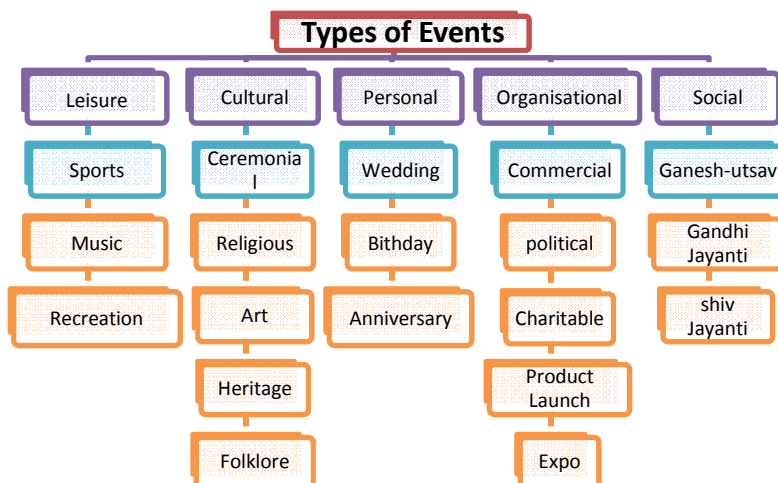
Relevant Knowledge

Handling Event Management in retailing is very difficult task if the company wants to give more satisfaction to the clients they have to create proper communications with the clients. For retailers, trade spending can be a powerful way to improve promotions and boost sales. Events have taken over as the preferred means of brand promotional activity. A growth of TV channels and newspapers mean that advertisers should adopt the marketing activities on large scale; it shows the direct connections with the consumer through an event. This is more likely to get better and quicker results than the traditional form of advertising.

Event management involves studying the details of the brand, identifying the target audience, devising the event concept, planning the logistics and coordinating the technical aspects before actually launching the event. Post-event analysis and ensuring a return on investment have become significant drivers for the event industry. There are the companies those who are conducting Event Management for Retail, enables retailers to streamline their vendor trade programs to maximize profits. The Event Management includes of all types of events from the Olympics down to a breakfast meeting for ten business people. Many interest groups will hold events of all sizes in order to market themselves, build business relationships, raise money and check the satisfactions of the clients.

Types of Events - Events can be classified into four broad categories based on their purpose and objective:

- Leisure events e.g. leisure sport, music, recreation.
- Cultural events e.g. ceremonial, religious, art, heritage, and folklore.
- Personal events e.g. weddings, birthdays, anniversaries.
- Organizational events e.g. commercial, political, charitable, sales, product launch, expo.
- Social events e.g. Ganesh-utsav, Gandhi jayanti, Shiv-jayanti



Planning and Designing Event

The production of the event management plan is a constantly evolving cycle which involves initial proposals, information gathering, consultation and decision making before the production of the first draft of a detailed plan for the management and operation of the event comprehensive event management plan.



All event organizations should be kept informed of the plan content to the company, client and the manpower. The plan structure should be clear, brief and easy to read. All recommendations and suggestions given by the statutory agencies, emergency services etc. should be incorporated and should be consider in the event plan.

A comprehensive event management plan contains four distinct sections; each section deals with a particular aspect of the event, a basic plan should contain elements of each section:

- Event details
- Event safety
- Emergency action

The size, type, duration and complexity of the event will determine the level of detail required for each section.

When the draft plan is complete, it will allow the agencies with responsibility for public safety to examine and offer advice on the conduct of the event and will form part of the license application and/or approval to hold an event. The following steps are included in the event plan.

Steps in Event



Research/ concept: The event to be organised is studied in detail and made arrangement for resources required. Make clear the concept of the concern event and find out the objectives which client wants to achieve.

Planning for Budget and control: The budget for event is prepared by event manager included the element like, expenses on food, decoration, venue, logistic, supervision, labour etc. The budget should be under control of the firm so it reduces the wastage of resources.

Resources and Alliances: According to the event, assemble the resources which are required. Arrange the manpower.

Production of collateral: To find out the government norms and policies regarding Event Management. To find out environmental rules regarding to the events so the clients cannot exploit the environment.

Marketing and promotions: If it is a commercial event there is a need of marketing and promotions. In that case various media can be selected according to the pros and cons of the media. But if the event is social then there is no need of promotions.

Sales and Registration: Some of the events required sales promotion for instance cricket match. Here the event has to be planned has to be advertised and registered with the government and concern authority.

Logistic and Administration: Resources required for the event should carry to the venue. It should be placed in a proper place in proper manner. The resources are allocated at the proper position as per requirement with the help of ideal administration.

Onsite management: Onsite management or supervision on the event has to be done by the key person.

Post Event and Review: The Event Manager should look after the post event of the concern programme and take a feedback from the client. If any issues takes place they will sort out the matter under the supervision of the legal advisor. They have to pay the bills to the owners of resources and cleared the account of every person.

Retail Promotion Tips: Following tips should be followed by the event organizer:

- Select advertisement and a promotion that fits for the event, target audience and that suit the objectives of the event.
- Maintain a diary of all planned and actual promotional events.
- Don't forget to include local community events in the planning.
- Try to schedule events 3-6 months in advance to create an effective promotion.
- Create a folder and file for each event to maintain records.
- Review the final results.
- Increase your open-to-buy and purchase extra inventory for special events.

Understanding

Understanding the Events Management: Events management companies can be a one-man operation or a set up of organization with multiple manpower. In this small

scale business there is a need of small capital to start the business. The business is gaining not much risk comparatively in the other business. For those who are planning to enter this industry, here are some techniques:

Learn planning and time management technique: In this business, time management is very essentials. In short period one has to manage many events. Although everyone could benefit from better time management, the need for this is more critical in the events management business where so many things will be happening at almost the same time. Here, too, the ability to plan for the smallest details is a vital skill needed to pull off a successful event.

Profit sources: The event organization will get payment besides the fees of the client there are many other possible sources of profit. For instance sponsors or be a supplier of some items or services in the event.

Pattern to draft contracts for the client: As in most industries, there are standards contracts that are specifically written for event organizers. It is a legal documentation in between event organization and the client most likely that the contract has provisions that will protect you from a lot of problems.

Prepare detailed checklists: Do not rely on memory. Everything that needs to be checked should be written to ensure that it is not forgotten. They should be prepared one check-list for the tick-marking.

Safety needs: The safety of attendees is your responsibility. You need to know the necessary safety procedures and safeguards.

Legal aspects related to events: There are many laws regarding the conduct of events. This is more critical for big events where the potential for accidents is greater. Nevertheless, even the smallest events must have the proper safety and legal precautions.

Have multiple back-ups: They should always keep back-up equipment for avoiding disorder. Two of the items that must have back-ups are the power supply and sound system.

Learn how to estimate the needed budget for an event: One of the first things a potential client would ask is what would be the budget for the event. It is also very possible that you would be given a budget to work with. Know how to cost and price everything so that you would end up with a reasonable profit.

Event Management Services

There are many Event Management Services given by firms to their clients

- Business advisory
- Corporate shows
- Corporate event organisers
- Product launchings and corporate communication
- Niche events (specific market)
- Product launches and promotions
- Conferencing

- Exhibitions and marketing
- Also they offered Integrated Marketing Solutions like events (creating memorable moments), promos (hands-on-experience), interactive (your digital personality), connect (establishing dialogue), retail and exhibitions. Each service undertaken by us is accompanied with the guarantee of efficient execution and timely completion.



Exercise: Assignment

1. Make a complete plan for any one of the following Event which you like
 - Wedding
 - Birthday-party
 - Exhibition of electronic products
 - Meeting of an organization
 - Ganesh utsav
2. Visit a retail store and enlist various problems and planning and designing in retail management.

Assessment

A. Fill in the Blanks

1. There are many companies which are promoting _____ and _____ through launching an event and attract the customer's attention.
2. _____ is the application of Project Management to the creation and development of festivals events and conferences.
3. All event organizations should be kept informed of the plan content to the _____, _____ and _____.

4. Environmental rules are studied so that the clients cannot exploit the _____.
5. The resources are allocated at the proper position as per requirement with the help of ideal _____.

B. True or False

1. There are many laws regarding the conduct of events.
2. They should not be back-up equipment for avoiding chaos.
3. Event management offer Integrated Marketing Solutions like creating memorable moments.
4. In event management time management is not so important.
5. Event manager should prepare a check-list for Tick-Marking.

C. Match the Columns

- | Section 'A' | | Section 'B' |
|--------------------------|-----|--|
| 1. Leisure events | (a) | Ganesh-utsav, Gandhi or Shiv-jayanti |
| 2. Cultural events | (b) | Leisure sport, music, recreation |
| 3. Personal events | (c) | Commercial, political, charitable, sales |
| 4. Organisational events | (d) | Weddings, birthdays, anniversaries |
| 5. Social events | (e) | Ceremonial, religious, art, heritage, etc. |

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- What do you mean by Event Management?
- State the steps involved in the Event Management.
- List out the various Retail Promotional Tips of Event Management.
- What are the techniques adopted by Event Manager for organizing the Event?
- What types of back-up are required while organizing Events?
- Explain the services provided by the Event Manager.

Part B

Discussed in class the following:

- What are the steps in conducting the event?
- How to understand the process of event management?
- What do you mean by Event Management?
- Explain the services provided by the Event Manager.

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the steps required to conducting events.		
Able to list retail promotional tips in event management.		

Session 2: Documentation for Conducting Events

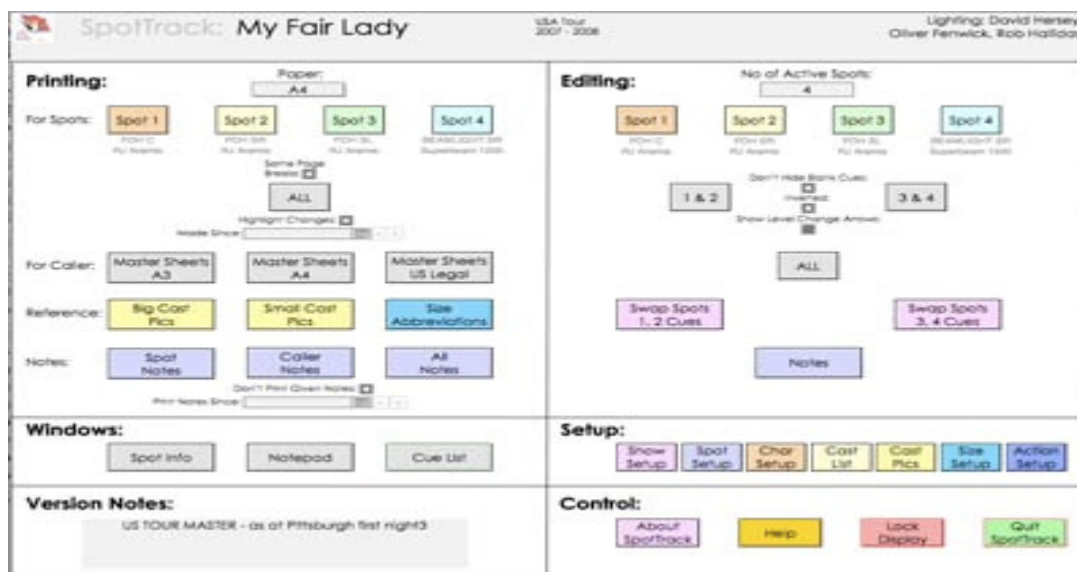
Relevant Knowledge

For conducting any Event in the business or social world, organizer should arrange various documents for the authenticity of that particular event. Document is an evidence for conducting and completion of the event in successful manner.

List of Documents

Contract: This is the paper or document as agreement between organizer of the event and the client, where the client put some conditions and organizer should follow the condition for organizing that particular event. Following documents are essential at the time of organizing Event:

AV cue sheet: AV cue sheet means written sheet about Audio Visual team with a detailed cue sheet which help them to succeed. It itemizes the musical content of the production, the duration of each piece and its usage and clearly identifies the music's composers and publishers. It contains all the vital information necessary for determining who is eligible to receive royalties.



Budget: It is a document which keeps control over the expenses of the Event and gives those saving tips through it.

Celebrity Participation document: This document makes us understand that who the celebrities are participating in the Event. Confirming celebrities at a charity event is something that takes a lot of effort, and follow-up. This one-sheet will make the event manager's job easier.

Master spreadsheet: It is also called Conference Management Tool. If event manager wants to keep track of hundreds of guests for an upcoming corporate event than he should prepare one master spread-sheet in which he has the liberty to add or delete the columns as per the event and the column required.

Location	Theater Capacity	Banquet Capacity	Classroom Capacity	Booth Capacity	Reception Capacity	Square Feet	Ceiling Height	Dimensions
Arena	10,000	1,400	1,100	160	3,200	29,000	61' 10"	204' x 146'
Ballroom	1,400	600	750	84	1,500	14,500	20'	146' x 100'
Pee Dee	120	80	50	19	200	2,000	10'	40' x 50'
Waccamaw	80	40	36	10	120	1,250	10'	25' x 50'
Santee	120	80	50	19	200	2,000	10'	40' x 50'
Pee Dee/ Waccamaw	190	120	190	29	320	3,250	10'	65' x 50'
Santee/ Waccamaw	190	120	190	29	320	3,250	10'	65' x 50'
Combined Meeting Rooms	480	200	170	48	520	5,250	10'	105' x 50'
Ballroom/ Meeting Rooms	1,500	1,000	975	152	2,020	19,750		
Entire Facility				330		50,000		

Conference Timeline: Every Event includes sub events where the timeline should be followed by the Event Manager. This timeline has to be scheduled and followed to make the Event success.

Lunch/Dinner Party Budget sheet: Event Manager has certain budget for cuisine. It depends on the type of event and client's option and his capacity to spend. Event manager should keep a track on the budget and try to save the expenses.



Event Signage List: Events require clear directional signage - here's a list of basic signs and suggested sizes to include at your next function. Check out the entries on signage under Tips by Category (above).

Event Summary Form: Once the event is over just a few more hours will ensure Event Manager to remember what went well, and what to change next time. Event Wrap Ups are also great documents to share with the head of Marketing, executive host and the one who controls the budgets.

Event Vendors One Sheet: There are more than one vendors required to manage one Event. One list has to be prepared with all vendors' Name, Address, and Mobile number in order to avoid chaos and get them in contact when required. This document should be distributed to all team members who make the work easy.

Menu Card Template: In this document whatever is going to be served at the table is been listed which helps the guest choose their menu. This gives a custom touch to the event. There are hundreds of styles, for e.g. version for a seated dinner that you can print in Size 5.5x8.5 inches.

Thank you Note-card: After the event is over a Thank you note is deliver at the gate as it is a token of gratitude. It is optional

Press Release: Before beginning of the event, Event Manager should promote that event through the press release. Such events include charity event, Leisure events, Cultural events Organizational events Social events. After the event is over a press note is given to the press in order to conclude the event. For this journalists are invited for important events.

Tent Rental card: When looking into an event, tent rental card there are many questions and options including design of the tent. Tent rent is basically depends on its design complications.

Venue Check List: Selecting a venue is a very important decision, and a difficult one. The Venue Check List provides ideas to consider so the Event Manager can select the event venue that best fits your needs.

Video Production Cost Savings: Video productions are a critical investment in conferences or in any social or commercial event. Budget is depends on client's attitude and design of the video-maker.

Wedding/event Budget Tool: Planning a wedding, "the best day of your life", can become a stressful process often due to money. While this wedding budget template won't add funds, it will help you assess all expenses and decide how best to allocate your funds.



Exercise: Assignment

1. Visit to the event place involved in on-the-job and monitor the legal rules and regulations followed in retailing.
2. Analyze the situations that enforce legal compliances receiving from the customers.
3. Collect various documents included in any one event and explain its importance.

Assessment

A. Fill in the Blanks

1. _____ is an evidence for conducting and completion of the event in successful manner.
2. Confirming _____ at a charity event is something that takes a lot of effort.
3. In this _____ whatever is going to be served at the table is been listed which helps the guest choose their menu.
4. After the event is over a _____ is deliver at the gate as it is a token of gratitude.
5. When looking into an event, _____ are many questions and options including design of the tent.

B. Multiple Choice Questions

1. AV cue sheet means _____ sheet.
 - a. Assessment and visual
 - b. Audio and visual
 - c. Audio and venue
 - d. None of these
2. _____ is also called Conference Management Tool.
 - a. Master Spread sheet
 - b. Conference timeline
 - c. Menu card
 - d. Press Note
3. _____ are also great documents to share with the head of Marketing, executive host and the one who controls the budgets.
 - a. Venue check list
 - b. Thank you Note
 - c. Event Wrap Ups
 - d. Wedding Budget Tool
4. After the event is over a _____ is given to the press in order to conclude the event.
 - a. Conference Timeline
 - b. Venue Check List
 - c. Thank you
 - d. Press note
- 5 In the _____ document budget is depends on client's attitude and design of the video-maker.
 - a. Video Production Cost
 - b. Event Wrap Ups
 - c. Wedding Budget Tool
 - d. AV cue sheet

C. Match the Column

Section 'A'

1. Contracts
2. Budget
3. Master Spread Sheet
4. Conference Time line
5. Event Signage List

Section 'B'

- (a) Time schedule of the Event
- (b) Conference Management Tool
- (c) Documents which keeps control
- (d) Over expenses
- (e) List of basic Signs
- (f) Agreement between client and Event organizer

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- List out the documents used in the Event Management.
- How Master Spread sheet helps the Event Manager to conduct event?
- Why is it necessary to make contract while organizing Event Management?
- How Budget Note helps in controlling expenses?
- Why is it necessary to make list of Event Vendors?

Part B

Discussed in class the following:

- What are the documents used for conducting events?
- How to store the documents in event management?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the documents required for conducting the events.		
Able to find the storage facilities to keep the documents in the event management.		

Session 3: Logistics and Standard Operating Procedures (SOPs)

Relevant Knowledge

Logistics refers to the act of coordinating and managing the transfer of goods from a source to a specific destination. Transportation is a vital part of logistics as it requires the use of trucks or ships in moving the goods.

In the event management Logistic plays a vital role, at the event venue transportation provides all the resources in proper time and proper destination.

As with most events, certain logistics need to be planned and arranged - lighting, staging and sound equipment to name a few. No matter what entertainment you require, Entertainment can provide the full set up to ensure your event runs smoothly.



Event and venue dressing is very important if the Event Manager wants to impress his guests. Event dressing can be as simple or extravagant as he likes and any one can work with him to ensure it fits with the theme he would like to create for the client's event.

Principles of Event Management

Following principles are followed by the Event Manager while organising any one Event:

1. **Excellent local knowledge of the regions:** It is important to help the Event Manager to choose the most suitable hotels, restaurants and places available to hire for client's event. Their price negotiations and their daily collaboration with the local partners who share their customer service values: seminar hotels, conference centres, restaurants and venues for cocktails parties and evening events.



2. **Professional guarantees:** The knowledge about logistic organisation, the travel agency licence, bank guarantee, professional liability insurance, membership of Travel Agents and the etc.
3. **Information about type of event:** Event manager should know the type of the event like seminar or conference, incentive event, team building activity, executive committee meeting, VIP event or reward trip etc.
4. **Advice and booking:** of all kinds of accommodation, from plush five star hotels to high mountain shelters, including castles, seminar hotels and charming backcountry hotels, according to client's objectives and budget has to be done by event Manager.
5. **Booking of Entertainment places:** Private hire of prestige premises, such as villas, museums, abbeys, yachts etc. or original places such as a zoos, theme park, castle, observatory, etc. and organisation of meals with caterers, gala dinners and evenings, cocktail parties and organised activities should be considered by the Event Manager.
6. **Hotel information:** Event Manager should know Managing teams of receptionists, logistical organisation of hotel reception and transfers, reception desks in hotels, interpreters Booking meeting rooms and the logistics of fitting them out according to clients' specifications
7. **Sports or recreational activities:** For client incentive or team building programmes, Event Manager should supervised by qualified guides and instructors. Original activities for non-participating partners, or all participants, including cultural visits in several languages supervised by qualified conference guides, well-being programmes and artistic or sports activities.

Contacting trainers/actors or sports personalities who can give personal accounts or give coaching talks on themes specifically relating to performance in the business world.



Legal and Statutory Aspects

- **Licences and permissions:** Licence or Permission Issuing authority Criteria Requirements Outdoor event Local authority. Different types of licences are required for different events. For e.g. structure having no roof, or a retractable roof, in a tent or other similar temporary structure will have different types of license.
- **Permission for sound:** The event is comprised of music, dancing, displays of public entertainment and other similar activities. So it requires the permission of the authority and should to be carried out according to rules and regulations of local body for e.g. 60 decibel sound is permissible for an event. Permission is up to 10 pm from the government.
- **Media:** Newspaper advertisement not less than 16 weeks' notice to local authority. Submit draft event management plan. Consultation process with statutory authorities. Payment of application fee and standard charges for local authority services for the media like Newspaper
- **Proof:** Submit the proof of Insurance, newspaper advertisement and venue owners consent Certification and specification of temporary structures Indoor event to the Local authority.
- **Venue:** The event consists of a performance, which takes place wholly, or mainly in a building, Comprises music, singing, dancing or displays of entertainment. Outdoor event licence regulations are not applicable for venue selection.
- **Fire authority:** Application is made to the fire authorities or person designated by the fire authorities.



- **Permission for alcohol:** Draft event management plan submission Consultation process Proof of insurance Application fee Intention to sell alcohol Department of Justice, Equality and Law Reform local authority. Temporary facilities for the sale of alcohol: Occasional liquor licence The consumption of alcohol in a public place: Intoxicating liquor byelaws Application to the revenue commissioners for licence Application 6 weeks prior to local authority to relax provisions of byelaws.
- **Fireworks:** Permission for use of fireworks has to be procured. For Storage of fireworks an event manager should get permission from the fire authorities.
- **Temporary road closure:** The event Manager has to take permission of local authority for the closure of the public highway to vehicular traffic for a specified period at the time of event. Road closure order is necessary prior to application Provide insurance indemnity Public advertisement Standard fee, plus other charges to be determined in relation to road usage.
- **Preparation and/or sale of food products and health issues:** In case of exhibition, Health board permission is required where meat or meat products (other than fish or fish products) are sold or where food is prepared, cooked or heated for sale directly to the public, including soft ice cream stalls, hot dog/baked potato stalls, burger/fried fish/chip stalls, Chinese and other ethnic food stalls. Stall owner must submit a completed application form for the licensing of the food stall to the Health Board two months prior to the commencement of the event.
- **Use of public space:** Local authority Event activities to take place either whole or in part on public property Includes roadways/ footpaths, parks, public squares than submission of event details consultation process, supply insurance indemnities certification and specification of temporary structures event advertising to the Local authority
- **Advertising issues:** The placing of advertising banners/ signage/flags in a public place and/or on a public building and the distribution in a public place of advertising literature than the application is given to the local authority for written approval (Section 18 of Waste Act) Supply specifications of flags or banners Plan for the prevention of litter 381B: Hazards associated with temporary structures. Typically signage, advertising banners, flags, bunting, and canopies are used. No substantive item should be fixed to a structure without agreement of the inspecting engineer.
- **Accumulation of Rubbish:** Accumulation of rubbish and garbage under a structure is unsightly, unhealthy and can constitute a fire hazard. The event Manager has to take care of it.
- **Barriers Sharp edges:** Many steel structures, especially new barriers can have sharp edges, usually left from the galvanising process. These can be hazardous, and in the case of barriers, are often at face level for small children. The event Manager should consider about it.
- **Openings and gaps:** the Event Manager should take care of the gaps and beware of openings or gaps in barriers that a child could fall through. Bars Horizontal bars of barriers offer footholds for persons. Plywood lining to the sides (inside face) of walkways or ramps can eliminate gaps and footholds.

Exercise: Assignment

1. Visit to the event place and involve in on-the-job supervision & coordinating with various agencies & reporting.
2. List out the principles of logistics in detail.
3. Observe any one event and find out the legal constraints.

Assessment

A. Fill in the Blanks

1. Excellent local knowledge of the _____. It is important to help the Event Manager to choose the most suitable hotel.
2. Different types of _____ are required for different events.
3. Application is made to the _____ for fire hazards.
4. The event Manager has to take permission of _____ for the closure of the public highway.
5. For Storage of _____ an event manager should get permission from the fire authorities.

B. Multiple Choice Questions

1. Newspaper advertisement not less than _____ notice to local authority.
 - a) 8 days
 - b) 16 days
 - c) 1 month
 - d) 6 months
2. Health board permission is required for selling the _____.
 - a) Flowers
 - b) Fish Products
 - c) Decorative Material
 - d) Meat and Meat Products
3. Contacting trainers, actors or sports personalities who can give personal accounts or give _____ on themes specifically relating to performance in the business world.
 - a) Coaching talks
 - b) Legal advice
 - c) Documents
 - d) Bye laws
4. The consumption of alcohol in a public place, application to the revenue commissioners for licence should be given _____ to local authority to relax provisions of bye-laws.
 - a) 6 weeks prior
 - b) 8 weeks prior
 - c) 1 Month prior
 - d) 3 weeks prior

5. The placing of advertising banners/ signage/flags in a public place and/or on a _____ than the application is given to the local authority for written approval
- Private room
 - Public building
 - Private building
 - Hut

C. True or False

- Stall owner must submit a completed application form for the licensing of the food stall to the Health Board two months prior to the commencement of the event.
- Road closure order is necessary prior to application Provide insurance indemnity Public advertisement Standard fee, plus other charges to be determined in relation to road usage.
- Indoor event licence regulations are not applicable for venue selection.
- In logistics Booking of Entertainment places are included.
- Sports dressing are very important if the Event Manager wants to impress his guests.

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- State the principles of Logistics.
- Which permissions are to be procured before conducting the event?
- What precautions are to be taken for children at the event venue?
- How will you handle the health issues in event management concerning food?
- How garbage issue is handling in the event management?

Part B

Discussed in class the following:

- What are the logistics required for conducting events?
- What are the legal and statutory aspects required in event management?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the logistics for conducting the events.		
Able to find out the legal and statutory aspects required in event management.		

Session 4: Supervising Events

Relevant Knowledge

It is an observation task by the event manager, on the event organised by his company for the client so he will reduce the loop-holes and improve the event's success. The following check-list is useful for the event manager for the better development of the event.

Check-list for Event Manager

Site Selection

- *Research Venues:* Event Manager should check the Perfect location of Venues
- *Get proposals:* He should look after the proposals of the clients
- *Negotiate contract:* Negotiation should be develop according to the client and his requirement.
- *Sign contract:* If the contract is mutual than the Event Manager Sign contract.



Vendor Selection: An Event Manager should find out best vendors for the event like:

- Technology (audiovisual, lighting, live streaming):
- Decoration: Negotiation with the best designer
- Staging: Negotiation with best
- Photography/ Video-graphy: Contract with the Photographers and Videographer
- Entertainment: Look after the entertainment group and making arrangement of the artists
- Speakers: Find out the best speakers for the events.

Venue Management

- Monitor and adjust room block: Make arrangements of rooms available at the venue place.
- Meeting and registration area room set up: Give priority to Meeting and Registration place.
- Menu Selection for food and beverage events: It is according to the client choice.



Legal Aspects

- Fire Hazards: Give application to the Fire Local authority.
- Food and Health: Selling food items, permission has to be taken and take care of the disposal of the garbage.
- Sound pollution: Give application to the local authority about sound.
- Traffic Problems: Take permission on Traffic Problems

Miscellaneous

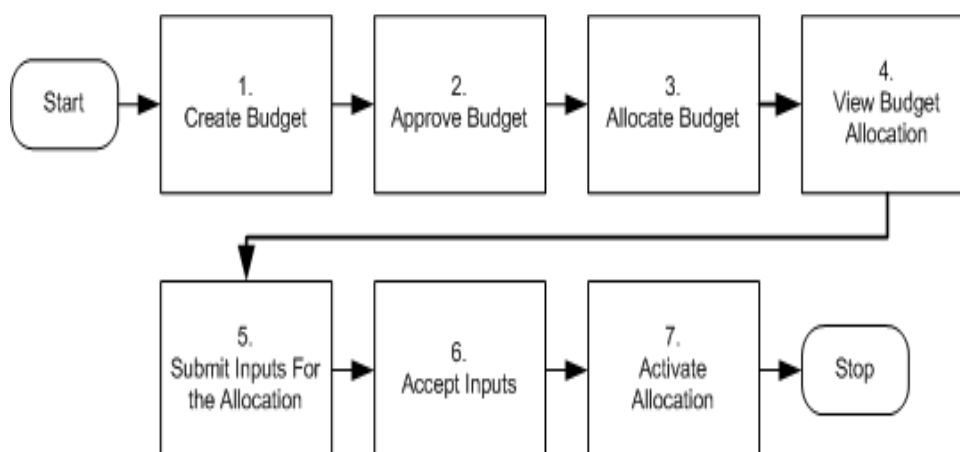
- On-site Event Management
- Vendor Management
- Event Set Up and Tear Down
- Speaker Management
- Back channel Monitoring (Twitter, Social Media)

This will allow you to concentrate on the **profit producing** aspects of your event and your business, such as marketing and promoting your event, and creating products for your clients to buy.

Event supervisor should check the following list and some specific duties will always depend on the type of event so he will supervise the following Checklist of common logistical responsibilities:

1. **Logistics Budget:** For most events, many of the costs incurred in arranging the event will centre on logistics. From renting sound and lighting equipment, arranging venues, setting up staging, booking catering and so on, it is very easy to spend money in this area. At the time of supervision If event manager has a limited budget he should consider organizing “contra deals” with vendors and companies. Due to this he will avoid overspending.

2. **Documentation:** What sort of documentation he needs to run the event? For example, if it is an outdoor festival, he will definitely need to consult the local council for permits, traffic arrangements, road closures, security etc. Obtain the correct documentation before starting the event.



3. **Legal matters:** Event supervisor will supervise the legal issues and sort out, or avoid it. For example, if he intends to broadcast music or a film at a charity show, he will need copyright issues or Consult a legal expert for further advice.

4. **Venues:** He will supervise that where will charity event be held and how much will client spend on the venue? Does the venue have adequate facilities for your charity event (i.e. projection screen, seating arrangements, room capacity etc) Do venue owners have insurance? This is one of the first things he will need to lock in; otherwise he will set back the rest of the charity event team.

5. **Provisions:** The Logistics Department is responsible for all the provisions that will be necessary to pull off the event. This will include arranging catering (for all the guests and staff), equipment hire (i.e. AV equipment, furnishings, flowers, table cloths), signage for the event, communication tools - even the name tags if they're required! A little attention to detail can go a long way and will add a significant touch to the event that will distinguish it from the rest.

6. **Communication:** How they will communicate with event staff, contractors and volunteers on the day (i.e. Via radio or walkie talkies)? How much will it cost to hire sound equipment? They may even want to consider hiring a professional event photographer to document the event, especially if they are looking to use these images for marketing purposes in the future.



7. **Running Order:** How is everything going to run on the day? This includes every minute from set up to breakdown. If you have deliveries and pickups going to and from the venue directly, ensure stagger them appropriately so the event managers won't have issues with loading. Account for contractors, volunteers, cleaners, every personnel who will be in and out throughout the day.

8. **Insurance:** This may include: public liability, property, workers' compensation and professional indemnity liability (particularly if hiring contractors). Make sure venues and property owners, volunteers and so on are insured. Seek expert advice on the various types of insurance the event will need if you are not sure. Helpful Hint: Get at least 3 quotes for anything (i.e. rentals, catering, venues etc) so he can better understand the clients' options. Even if a place will do it for free or on contra, he will want to make sure that he is getting the best value for his event.

Keep this series of tips in mind when organizing an event.

1. Knowledge is Power
2. Set the Stage
3. Prepare Today, Execute Tomorrow
4. Time it Right
5. Tools of the Trade

6. Don't Break the Rules
7. No "I" in Teamwork
8. "If anything can go wrong, it will"
9. Safety is Paramount
10. Smile

Exercise: Assignment

1. Visit to the event place and observe how to supervise the event management activities.
2. Supervise an event and find out the loop-holes and suggest the development.

Assessment

A. Fill in the Blanks

1. For _____ events one has to consult the local authority for permit traffic arrangements etc.
2. _____ are the legal issues to be sort out.
3. Renting, sound and lighting equipments, arranging venues, set up of stage etc. are the functions of _____.
4. At the time of supervision if the event manager has limited budget he should consider organizing _____ with vendors and companies.
5. _____ is the place where event takes place.

B. True or False

1. Event Manager is the supervisor of the event.
2. Budget is the main element of the event management.
3. There is no need of taking sanction of local authority while conducting social event.
4. Site selection is done without consultation of the clients.
5. Logistic department is responsible for all the provisions concerning events.

C. Match the column

- | | |
|--|---|
| <p>'A'</p> <ol style="list-style-type: none"> 1. Site selection 2. Decoration 3. Vendor selection 4. Legal aspect 5. Supervision | <p>'B'</p> <ol style="list-style-type: none"> (i) Cheapest and effective (ii) Designer (iii) Direction and Motivation (iv) Clients' convenience (v) Sound Pollution |
|--|---|

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- How will you communicate with event staff contractor and volunteers?
- What types of insurance are to be taken while conducting events?
- State the elements of venue management?
- Which are the points to be consider in vendors selection?
- State the features of site selections

Part B

Discussed in class the following:

- What are the duties and responsibilities of event supervisor?
- How to supervise the events with supporting staff?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to identify the check list activities while supervising the events.		
Able to demonstrate to impart the event assistants for easily conducting the events.		

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**Accounting Procedures in
Retailing**

Introduction

We all know that “cash is king” is the mantra of any well run business. Cash is the fuel that drives growth when times are good, and the cushion that helps weather the storm when times are rough. Yet few companies focus on optimizing all the business processes that get cash “in the door”. To start, let’s look at the process of “getting cash in the door” in more detail. First, many steps are involved in the process. A customer has to initiate the process, compelling products and services with pricing that attract attention need to be available and easy to understand, the order needs to be created and fulfilled, billing preferences need to be established, and payment collected.

Billing automation and an integrated, end-to-end customer life-cycle management solution approach help to minimize the risks by providing seamless workflows and a unified 360° view of a customer’s current and past interactions with your business. With complete, accurate information available to your customer service representative, or to your customer directly, customer satisfaction can be maximized.

Whatever kind of mercantile activity be there, it needs the basic knowledge of retail accounting. Retail market is one of the busiest place and buzzing whole day long with financial and marketing transactions taking place rigorously. It is practically impossible to keep track of all the product inventories, retail accounting, and other business transactions happening rapidly. Professionals handling the accounting should be efficient enough to keep the record and monitor the transactions on day to day basis without any interruption and errors. Retail accounting experts are capable and experienced enough to keep sharp look at all the records and account maintenance with the years of expertise supporting them. Credit book, inventory, defaulter book, monthly profit and loss records with sales book require extra attention, which retail accounting experts handle efficiently and complete the reports with complete error free data.

Internal controls for a business are similar to checks and balances in the government; they are processes put in place to make sure things stay on the right track. Internal controls are useful for every business but are critical for companies with employees, especially employees who handle valuable assets. Retail businesses in which customers have direct access to small products can also benefit enormously from internal control procedures. While internal controls are crucial for helping you detect dishonesty, they can also help you reduce the risk that simple mistakes will keep you from seeing your company's true financial picture.

Keeping in view of great importance of Billing and Accounting in the retail business we introduce this module. In this module we cover the aspects managing cash in retailing and accounting procedures in retailing such as fundamental of accounting, preparation of journal and ledgers, preparation of subsidiary books, bank reconciliation statement and trial balance.

Session 1: Managing Cash in Retail

Relevant Knowledge

Cash Management Systems

Cash management processes in the retail sector are currently in the focus of retail enterprises, banks and cash-in-transit companies. Today's largely manual cash handling process offers major potential for increasing productivity along the entire process chain - from the point of sale right through until the money is posted to the retailer's business account.

Cash continues to play a dominating role in the retail industry. A good 20 years after cashless payments first appeared, in most countries well over 50 percent are still cash transactions - with variations depending on region, industry and sales format. Small shopping baskets, in particular, are usually paid for in cash. Cash handling is a cost-intensive process for retail companies, and offers major potential for improving productivity.

With a good retail cash management system, the retailer can increase revenue, lower costs, improve customer service and enhance security. The numbers show that cash is cheaper, faster and a more popular payment method than the electronic alternatives.

Find out how to select the right cash register, understand the benefits of a point of sale system, learn the parts of a POS cash register, and know how much money to keep in the till.

Choosing a Cash Management System

The one item in a retail store a business owner can't do without is the cash register. Whether it's the traditional, electronic cash management system or an elaborate computerized point of sale (POS) system, every store needs a machine to process sales. Learn the ins and outs of choosing a cash register or a point of sale system.

Parts of a POS System

Retailers can't choose the right point of sale system for their business if they don't first understand the parts of the POS cash register. The following is a guide to understanding point of sale hardware.

- POS Computer
- Cash Drawer
- Customer Pole Display
- POS Monitor
- Keyboard
- Scanner
- Signature Capture Devices
- Receipt Printer

More POS Hardware

The basic point of sale (POS) system consists of a cash drawer, receipt printer, monitor, and an input device. Retailers can use touch screens, programmable

keyboards, scanners, or other handheld devices to enter data into a POS system. The following are POS hardware vendors, a walk-through of the components and advice for selecting a computerized cash register for your business.

POS Software

Point of Sale software processes the basic customer transaction for a retailer. That includes providing item descriptions, prices, adding taxes and other cash register functions. POS software with more advanced functionality includes the ability to process returns, coupons, price overrides, inventory tracking and retail accounting reports. Here are a few points of sale system software packages.

How Much Money to Keep in Register?

The question of petty cash should be addressed during the business planning stage, while creating internal procedures. The amount of money a retailer should keep on hand will vary by the volume of sales, the ability to safely store the money and the type of payments the retailer receives from customers.

Daily Cash Receipts

The process of counting the money, reconciling the receipts and balancing the cash drawer creates an accountability of the day's transactions. In order to track the day's sales, use the following information to balance the cash register drawer.

Cash Handling Procedure in Retail Stores

Learn cash handling procedures and security for any retail environment. Find out where to purchase cash registers and other cash handling equipment. Print forms for balancing cash drawers and estimate how much money to keep in the till.

Balancing a Cash Register

Retailers will benefit greatly by creating a procedure to account for the store's cash. These internal controls are necessary to prevent mishandling of money and to safeguard assets against loss. Not only do strong internal controls promote operational efficiency, they also ensure reliable accounting records.

The process of counting the money, reconciling the receipts and balancing the cash drawer creates an accountability of the day's transactions.

This cash management system can be created at the same time store policies are established.

Why Balance?

Store management or cashiers can pull a sales report at any time during a shift. By adding the beginning cash in drawer to the daily sales figure, a retailer will know exactly how much money should be in the cash register at any given time. This is extremely useful:

- To avoid holding too much cash on the sales floor.
- If the store is robbed.
- When a customer complains about too little change.
- For discovering frequent overages/shortages for particular cashiers.

- To remove temptation of taking cash without documentation from the cash drawer.

How to Balance a Cash Drawer

Balancing a cash register usually takes place at the end of the day or at the end of a cashier's shift. The cash drawer and its contents should be taken to an office or other secluded area to prepare the report. If balancing the drawer after closing, be sure the sales floor lights are off and the door is locked.

Human nature should be taken into account for minor errors and small amounts. However, frequent discrepancies could be sign of employee theft or may indicate further training is required for a particular cashier.

The starting cash on-hand is put back into the cash drawer and stored for the evening, while the deposit is prepared for the bank. All credit card slips, terminal reports and other register receipts can be stapled to the Daily Cash Drawer Report and filed by date.

Separation of Duties

For more accountability, consider using two people to balance the cash register. One person will count the drawer and create the daily cash report, while the other person prepares a bank deposit. Both staff members should sign the report indicating they are responsible for the figures shown. While no system can prevent fraud, this audit trail will help discourage collusion among employees.

At the beginning of the next shift, each cashier should be assigned their own cash drawer. Have the cashier recount the cash in the drawer to verify the beginning balance. If accepting checks from customers, create a system to restrictively endorse all checks promptly as received. The internal control cycle of balancing a cash register starts all over.

Petty Cash and the Cash Drawer

Retailers who take more credit and debit card payments or checks, than cash, will not usually need much change on hand. It's wise to have a little more than you think you will need, but try not to have too much cash in the store. Invest in a fire-proof safe or create a secure location to store the money at night.

Besides the beginning amount of cash in the register, determine a maximum amount. Pulling excess money from the cash drawer during a shift, sometimes called a 'cash drop', is good cash management that will reduce the amount of money on the sales floor. This process is especially useful during heavy sales times like Christmas, Ramjan and Divali shopping season.

Balanced Amount

Examine the amount of bills and rolled change on hand each day to make sure your store never runs short. If you find that you are constantly running out of quarters or other coins, considering increasing the amount of petty cash. Not all of the cash must be kept the register. Retailers may want to keep an additional amount of rolled coins and other cash in the safe as an in-store bank.

Daily Deposits

Each night at closing, balance the cash drawer back to the starting amount and prepare the daily deposit according to your operating procedures. Many retailers take deposits at night, but I suggest securing the money overnight and then make a trip to the bank during daytime hours. Your safety is more important than money.

Cash Counter Management- Role of Head Cashiers

The maximum number of customer interaction that one faces in a retail store is the cash counter. Hence it becomes very important to keep the cash counter very efficient and manned at all times. An effective and neat cash counter is a sign of a very professionally managed store.



It's the responsibility of the cash counter in-charge or the head cashier to see to it that each and every cash counter is managed properly. At start of the trading it's important that the cashier assigned to a specific cash counter needs to look into the following points.

The cash counter is neat and tidy - The cash counter should not be untidy as it is at this place that a sale is closed. It's a very sensitive area from the point of sales, and hence it may convert or break a sale. It is at this place that customers make impulse decisions. Cash counters being untidy and dirty can irate a customer and it can be one of the major reasons for loss in sale.

To ensure the cash till/POS machine is working - Before letting customers approach your counter for billing cashiers should make sure that the POS is functional and there is no problem. The cashier also needs to check and update all schemes, offers for the day with the help of the systems personnel. This helps in efficiency in billing and help in reducing long queue and delay at the cash counter.

To check all telephone lines and EDC machines are working - The cashier needs to check whether the phone lines and the EDC machines are working. The reason is if a customer wishes to pay by credit card the cashier needs to swipe the same on the EDC machine and to get authorization from the bank the telephone line needs to be functional. During weekends and peak seasons stores are packed with customers and there are a long queues in front of the cash counters. At this stage if the telephone line or the EDC machine is not working then it will be a nightmare for the cashier as he will have face the customers anger. Hence it's very important to make it a

practice to check the telephone lines and the EDC machines before the billing process.

To ensure stationery is available - Cashiers need to make sure stationeries like pen, stapler, rubber stamps, calculator, manual bill book, etc. is available at the cash counter. These are essential stationeries and are required most of the time during the billing process. If any one of them is not available during the billing process it delays the transaction. Also it does not show a professional approach to a customer and due to the delay the customer becomes irritated. It may also be a reason for loss in sale.

To ensure returns are sent back - Most of the times customers tend to decide not to bill some items and leave the same at the cash counter. If not attended to it tends to pile up at the cash counter and makes the place very uncomfortable for the cashier as well as the customer. Hence at every interval the cashier needs to make it a point to send such items back to the department or section to where it belongs.

Q-Manager in place - Last but not the least cashiers should ensure that Q-managers are in place in front of the cash counter to avoid crowding of customers in front of the cash desk. Q-managers will help the customers to form a proper queue so as all customers get to bill at the cash counter in turns without any problem.

The head cashier should ensure this is practiced religiously every day:

Reports generated by the head cashier - Usually a head cashier is expected to generate a report which shows the total number of transactions done in all the cash counters, a detail SKU wise report, a detail tender wise report and a detail report in all individual cash counters which will reflect all the cancellations done, refunds made, and any other specific transaction made apart from the billings made. Based on these reports the head cashier has to submit his daily submission report to the store manager. Also all investigations are done based on these reports. Some software also has the efficiency to generate report period wise, apart from date wise, and also time wise, i.e. between a specific time periods in a day, individually in all cash counters. The more the reports are detailed the easier it becomes for a head cashier to investigate a case.

Banking process - Banking of the daily sales cash also is the responsibility of the head cashier. It is very crucial for the head cashier to tally the entire physical collections made with the system report, and to report of any shortfalls immediately to the concerned cashier the same day. Once all the cash collections from all the cashiers are made, the head cashier does the banking process early in the morning the next day.

- She/he first needs to bundle the currencies denomination wise, count the same and record it in the bank deposit slip.
- It is very important and mandatory to note the organizations PAN number (Permanent Account Number) for all deposits above fifty thousand rupees made in India.
- Once the money is deposited he needs to file the acknowledged slip received from the bank, and get it signed by the store manager on a daily basis, along with the reconciliation slip of the previous days collections made.

- The store manager needs to check that the collections made and the deposit made in the bank should be the same and should not differ at any time. The head cashier also needs to take care of the petty cash for the store. All expenses for the store are taken care by this petty cash. Money from the daily sales collection should never be used for the day-to-day expense of the store. He needs to ensure that the entire daily sales collection is banked immediately the following day.

Duties and Responsibilities of Head Cashier

- Oversee cash transactions and other accounting duties according to company policies.
- Manage customer transactions both cash and card payments.
- Train newly hired cashiers on accounting procedures and company policies.
- Supervise checkout stations on regular basis.
- Manage store operations in the absence of Store Manager.
- Evaluate performance of cash associates and provide feedback.
- Ensure customer transactions are processed promptly and accurately.
- Generate cash related documents and account reports.
- Perform bank deposits and withdrawals according to established policies.
- Identify and communicate any accounting related issues to management promptly.

The Key Features of retail billing is as under:

- Provisions to capture additional information in invoice helps better tracking in cases of home delivery
- Easy to use Product search interface helps in quick and efficient product search based on different parameters like product code, name and barcode.
- Supports custom designed bar code scan.
- Hold bill is a great feature to hold a particular bill and resume it after some time.
- Facility to maintain scanned copies of important documents in the software for parcel entry tracking.
- Supports Exchange features and scheme in billing. Multiple exchange price can be defined for the same product based on condition.
- Supports retail and tax invoice.
- Quotation/ Pro forma /Sales Order/DN to Sales Bill conversion.
- Swipe card readers interface to reduce credit/debit card tender time.
- Supports all types of payment modes like Cash, Card, Coupon, Gift voucher, mixed payment tender type such as part cash, part credit card, etc...
- Auto recovery and Offline billing is possible if connection with server is disturbed.
- Supports Sales Management which facilitates recording of all sales, purchase details and cashing up.
- Supports exchange dues.
- Due bill payment feature allows processing of unsettled bills.
- Facility to maintain manufacturer, supplier and your own product code.

Telecom Retail Billing

Telecom Billing is a process of collecting usage, aggregating it, applying required usage and rental charges and finally generating invoices for the customers. Telecom billing process also includes receiving and recording payments from the customers.

Retail billing deals directly with the end customer and comes with lot of challenges to meet end customer expectations and regulatory obligations. A billing is assumed to be successful as long as it is fulfilling following criteria:

- **Timely Billing:** End customer's invoice is being generating on time i.e. nominal date. There may be some circumstances when end customer does not get their invoices on time because of some logistic issues. But it is IT's responsibility to generate all the due bills on due date.
- **Billing Accuracy:** This is most important factor for the customer satisfaction and from regulatory obligation point of view. If billing system is not generating accurate bills then it can lead to serious business issue from legality point of view as well as leaving a customer in unhappy state.

Retail Vs Wholesale Billing: Retail billing deals with end customer and billing an individual customer where as wholesale billing dealing with billing to the following entities depending on situation and nature of business:

- Billing resellers associated with a telecom operator.
- Billing interconnects partners for providing interconnection to make calls to other operators' customers.
- Billing roaming partners for providing services to their customers when they roamed in an operator's coverage area.

Wholesale billing is easy in comparison of retail billing and allows a big level of threshold of tolerance where as retail billing always needs to be 100% accurate. Wholesale billing can never be 100% accurate because of various reasons like difference in prices configured in two operators systems or difference in number of calls rated because some of the calls may got missed at any network element.

There are specialized billing systems which are being used to handle retail billing like Convergys and Amdocs Billing systems are famous for retail billing where as ASCADE and INTEC billing systems are famous for wholesale billing.

Wholesale billing can also be settled using retail billing systems by using simple reports because they do not deal with many discounts and promotion types where as retail billing needs all these complications and cannot be handled using wholesale billing systems.

Exercise: Assignment

1. Visit to the retail store to enquiry about the cash management system in their store and identify what are the equipment required running that system.
2. Visit to the retail mall to learn cash handling procedures and security and find out where to purchase cash registers and other cash handling equipment.

3. Visit to the retail store to observe how to manage cash counter and identify the duties and responsibilities of head cashier in cash counter management.
4. Visit to the big bazaar to identify the key features of retail billing and find out problems facing while billing the products.

Assessment

A. Fill in the Blanks

1. It's the responsibility of _____ to see that every cash counter is managed properly.
2. Cash handling is a _____ process for retail companies.
3. Retailers can't choose the right point of sale _____ for their business if they don't understand the _____ of the POS cash register.
4. Point of Sale software _____ the basic customer _____ for a retailer.
5. The question of petty cash should be addressed during the _____ planning stage, while creating _____ procedures.
6. Store management or cashiers can pull a sales _____ at any time during a shift.
7. The starting cash on-hand is put back into the cash _____ and _____ for the evening, while the deposit is prepared for the bank.
8. The maximum number of _____ interaction that one faces in a retail store is the _____ counter.
9. Telecom billing process includes _____ and _____ payments from the customers.
10. Wholesale billing can also be settled using _____.

B. Multiple Choice Questions

1. Placed cashier is expected to generate report which shows that-
 - (a) Total number of transaction done
 - (b) Detail SKU wise report
 - (c) Detail tender wise report
 - (d) All the above
2. Cash management processes in the retail sector are currently in the focus of...
 - (a) Banks
 - (b) Cash-in-transit companies
 - (c) Retail enterprises
 - (d) All of the above
3. With a good retail cash management system, the retailer can increase revenue, lower costs, improve customer service and enhance security.
 - (a) Increase costs
 - (b) Decrease revenues
 - (c) Increase revenues
 - (d) None of the above

4. The basic point of sale (POS) system consists of a cash drawer, receipt printer, monitor, and an input device
 - (a) Cash drawer
 - (b) Receipt printer
 - (c) Monitor and an input device
 - (d) All of the above
5. POS software with more advanced functionality includes the ability to....
 - (a) Price under rides
 - (b) Process returns and coupons
 - (c) Non-tracking of inventory
 - (d) All of the above
6. The process of creates an accountability of the day's transactions
 - (a) Reconciling the receipts
 - (b) Counting the money
 - (c) Balancing the cash drawer
 - (d) All of the above
7. Balancing a cash register usually takes place at the...
 - (a) Starting of the day
 - (b) Ending of the day
 - (c) None of the above
 - (d) All of the above
8. Examine the amount of bills and rolled change on hand each day to make sure your store.
 - (a) Runs short
 - (b) Never runs high
 - (c) Never runs short
 - (d) All of the above
9. The cashier also needs to..... all schemes, offers for the day with the help of the systems personnel.
 - (a) Check and update
 - (b) Not to check and update
 - (c) Never check and update
 - (d) None of the above
10. The stores are packed with customers and there are long queues in front of the cash counters....
 - (a) During week starts
 - (b) During weekends
 - (c) During Un-peak seasons
 - (d) All of the above

C. Short Answer Questions

1. Explain the cash management processes in the retail sector?
2. How to learn cash handling procedures and security for any retail environment?
3. Identify the duties and responsibilities of the head cashier for handling cash?
4. Find out the key features of retail billing at cash counters?
5. Explain the process of telecom billing?

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for assessment activity.

Part A

- Distinguish between the traditional and modern cash management processes in the retail sector.
- Differentiate the cash handling procedures and security for different retail environments.
- Identify the duties and responsibilities of the head cashier for handling cash.
- Distinguish between the wholesale and retail billing process?

Part B

Discussed in class the following:

- What do you mean by cash management system?
- What are the responsibilities of billing in-charge?
- What are the key features of retail billing?
- Discuss the process of telecom billing.

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to distinguish between the traditional and modern cash management processes in the retail sector.		
Able to differentiate the cash handling procedures and security for different retail environments.		
Able to identify the duties and responsibilities of the head cashier for handling cash.		
Able to distinguish between the wholesale and retail billing process.		
Able to identify key features of retail billing.		
Able to identify duties and responsibilities of billing in-charge/head cashier.		

Session 2: Fundamentals of Accounting

Relevant Knowledge

Accounting is the art and science of recording, classifying and summarizing and analyzing of financial transaction of an organization. The need for recording the transactions arises because it is not possible to remember all the transactions taken place over a period of time.

The main objective of accounting is to keep a record of financial transactions so as to ascertain the profit made or Loss incurred on account of carrying out the business during a specified period and also to know the financial position of a business as on a particular date.

It includes several branches such as Financial Accounting, Cost Accounting and Management Accounting

Accounting deals with the collection, recording, classification, summarizing and presentation of financial data for the benefit of various users like Managers, owners/ shareholders, creditors, bankers, customers, government, etc.



Objectives of Accounting

The following are the main objectives of accounting:

- To maintain the records of a business: The main objective of accounting is to maintain the records of an organization in a systematic manner. This is known as Book-keeping.
- To ascertain Profit or Loss: The profit earned or Loss incurred during a specific period (usually for a period of one year) can be calculated from the accounting books.
- To ascertain Financial Position: By preparing financial statements like Profit and Loss account and Balance sheet the financial position can be ascertained easily. From these statements it is possible to know the profit or loss and the assets owned by the firm and liabilities of the firm.
- To communicate financial information: Accounting is called the language of business. It communicates the financial information to various interested parties

Characteristics of Accounting

Accounting has the following characteristics:

- **Understandability:** Accounting information is to be presented in such a way that it is understandable to the users.
- **Relevance:** Accounting information helps the user in decision making. The information so provided is relevant to that particular situation.
- **Consistency:** There should be consistency in the application of accounting policies adopted by a firm.
- **Comparability:** The accounting information provided by a firm must be comparable to that of similar firms over a period of time.
- **Reliability:** The accounting should provide the true and fair picture of the operations of a firm.
- **Objectivity:** An important feature of accounting is that it is not biased. And the accounting reports are neutral.

Functions of Accounting

Accounting is useful to the management as well as to other users such as owners, creditors, investors, government and others. It provides information regarding the status of the organization and results of its operations. The following are the functions of accounting:

- **Recording of information:** Accounting is an art of recording financial facts of an organization. As it is not possible to remember each and every transaction of the business it is necessary to supplement human memory. The information is recorded in various books. The books to be maintained in an organization may be purchase book, sales book, purchase returns book, sales returns book, cash book etc.
- **Classification of data:** The classification data means that the data of one nature is placed at one place. This is done in a book which is called 'Ledger' For example Salaries, Rents, interest, Assets, Liabilities etc. These accounts will be opened in the ledger under various heads relating to these accounts and entries will be posted into these accounts.
- **Making summaries:** Another function of financial accounting is to summarize the recorded data. The classified data is used to prepare final accounts i.e. profit and loss account and Balance Sheet. The profit and loss account is the summary of various revenue items and expenditure items and the Balance sheet is the summary of various assets and liabilities.
- **Dealing with financial transactions:** Only those transactions which can be measured in terms of money are recorded. Anything which cannot be measured in terms of money does not form a part of financial accounting.
- **Interpreting Financial Information:** Accounting information is modified in such a way that it is interpreted by the users for drawing conclusions. The users such as creditors investors, bankers shareholders are able to form an opinion about the profitability and financial position of the business

- **Communicating Results:** Financial accounting is not only concerned with the recording data but also concerned with communication of results. The profitability and financial position of the organization are communicated through profit and loss account and balance sheet. This information is supplied at regular intervals.
- **Providing Reliable Information:** Another important function of financial accounting is to make the information more reliable and useful.. This is done by adopting internationally accepted accounting standards for the preparation of accounts.

Functions of an Accountant

The job of an accountant involves the following types of accounting work:

- **Designing work:** It includes the designing of the accounting system, basis of identification and classification of financial transactions and events, forms, methods and procedures etc.
- **Recording work:** The financial transactions are identified, classified and recorded in appropriate books of accounts. This is known as book-keeping.
- **Summarizing work:** The recorded transactions are summarized into various statements viz. profit and loss account, balance sheet, funds flow statement and cash flow statement.
- **Analysis and interpretation work:** The financial statements are analyzed by using the tools of analysis such as Ratios analysis, Break-even-analysis, comparative statements, common size statements etc.
- **Reporting work:** The summarized statements along with analysis are communicated to various users' creditors, shareholders, investors, government etc.
- **Preparation of budget:** Another important function of an accountant is to prepare various budgets like cash budget, capital budget, purchase budget, sales budget.
- **Taxation work:** The accountant has to prepare various statements and returns pertaining to income-tax, sales tax, excise and customs duties etc., and file the returns with the concerned tax authorities.
- **Auditing:** The accountant has to verify the books of accounts, statements and reports in order to ensure the accuracy.



Bookkeeping and Accounting

The terms book-keeping and accounting are used interchangeably, but they differ from each other.

Book-keeping involves the chronological recording of financial transactions of an organization in a set of books in a systemic manner. The main function of a book keeper is to maintain the books of original entry i.e., Journal, Ledger, etc.

Accounting is on the other hand is much wider term which includes recording, classifying and summarizing of financial transactions and also making interpretations of the results of the business and report to the users.

Double Entry Book Keeping System

It is a scientific system of recording transactions in the books of accounts. , Under double entry book keeping system both the aspects of a transaction are recorded. “Double entry” means, recording of the two fold aspects of a transaction. A transaction affects two accounts in opposite direction. If one account is debited another account will be credited with the same amount. So, every debit will have corresponding credit and a vice-versa.

- Two parties are necessary.
- Transaction should have the effect of receiving the benefit and giving of such benefit which is measurable in terms of money.
- Every account will have two sides debit side credit side. Benefit received is recorded on debit side and benefit given is recorded on the credit side.
- Both the effect of transaction is recorded simultaneously.
- Result of each account can be ascertained.



Classification of Accounts

In the double entry book keeping system the accounts are classified into the following three categories:

1. **Personal Accounts:** These accounts are relating to the names of individuals, firms, companies, bank, co-operative societies, etc.
2. **Real Accounts:** These are accounts of business assets like Plant and machinery, furniture, land and building, cash and goods, etc.
3. **Nominal Accounts (fictitious account):** These are the accounts of expenses, incomes, losses and gains.

Rules of Double Entry



- | | | |
|---------------------|---|---|
| 1. Personal Account | - | Debit the receiver of benefit
Credit the giver of benefit |
| 2. Real Account | - | Debit what comes in
Credit what goes out |
| 3. Nominal Account | - | Debit the expenses and losses
Credit the incomes and gains |

Steps in Application of Rules:

1. Find out which are the two effects/accounts affected in the transaction.
2. Find out to which class above accounts belong to (Personal, Nominal, and real).
3. Apply the respective rules and decide which account is to be debited and which account is to be credited.

Types of Accounting

The important branches of accounting are Financial Accounting, Cost Accounting and Management Accounting.

1. **Financial Accounting:** The purpose of financial accounting is to ascertain the financial results of a firm i.e. the profit made or loss incurred in the operations during a specific period. It is also aimed to know the financial position i.e. the assets and liabilities position as on a particular date. It also provides relevant information to the management for decision making purposes. It is helpful for planning and controlling the operations of the business.
2. **Cost Accounting:** The purpose of cost accounting is to analyze the expenditure so as to ascertain the cost of various products manufactured by the firm and fix the prices. It also helps in controlling the costs by providing the necessary cost information to the management for decision making purpose.
3. **Management Accounting:** The purpose of management accounting is to assist the management in taking rational decisions. For example, pricing decisions make or buy decisions, capital expenditure decisions etc. This branch of accounting is primarily concerned with providing necessary accounting information about funds, costs, profits etc., to the management.

Systems of Accounting

The following are the three main systems of accounting:

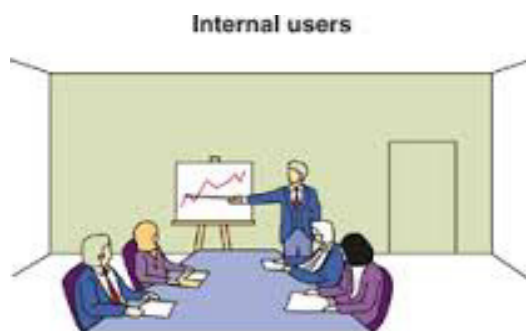
1. **Cash System of Accounting:** In this system, accounting entries are made only when cash is received or paid, No entry is made when a payment or receipt is merely due. Government system of accounting is maintained on this system. Generally, non-profit organizations particularly professionals prepare Receipts and Payments Account on this basis.
2. **Mercantile System of Accounting:** This is also known as accrual system of accounting. Under this system entries are made on this basis of amounts having become due for payment or receipt. This system attempts to record the financial affects of the transactions, events and circumstances of the firm in the period in which they occur. The objective of this system is to relate the revenue in terms of cost so that reported net income measures a firm's performance during a period instead of merely listing its cash receipts and payments.
3. **Fixed System:** This system is the combination of cash system and mercantile system. Under this system Income are recorded on cash basis and expenses are recorded on accrual basis. The net income is ascertained by matching expenses on accrual basis with incomes on cash basis.

Users of Accounting Information

Different categories of users need different kinds of information for various purposes. The users of accounting information can be divided into two categories viz. internal users and external users.

1. Internal Users

- (a) **Managers:** These are the persons who manage the business at various levels i.e., top level, middle level and lower level. Their requirements of information are different because they take different types of decisions.
- (b) **Employees:** The employees are interested to know about the financial position of the company to demand for higher salaries and other benefits.



- Managers
- Officers and directors
- Internal auditors
- Sales staff
- Budget officers
- Controllers

2. External Users

- (a) **Investors:** Those who are interested in buying shares of a company are interested in the financial statements to know about the safety of their investments already made and how safe are the proposed investments.
- (b) **Creditors:** Lenders are interested to know whether their loan, principal amount and interest will be paid as and when due. Suppliers and creditors are also interested to know the ability of the firm to pay their dues on time.
- (c) **Government:** Governments all over the world are the financial statements for preparing Nations Income accounts. The financial statements are useful for tax authorities for calculating taxes.
- (d) **Public:** The public at large is interested in the functioning if the enterprise because it may make a substantial contribution to the local economy in many ways.
- (e) **Researchers:** The financial statements are very much useful to the researchers to undertake research in various aspects.
- (f) **NGO's:** NGO's may also be interested in various aspects like corporate social responsibility etc.



Accounting Principles

The Accounting principles are broadly classified into two categories.

1. Accounting Concepts

- Business entity concept
- Going concern Concept
- The Cost concept
- Dual Aspect Concept
- Money Measurement Concept
- Accounting Period Concept
- Realization Concept
- Matching of Costs and Revenues Concept
- Historical Record Concept

2. Accounting Conventions

- Disclosure
- Materiality
- Consistency
- Conservatism

Accounting Concepts

The following concepts are usually observed at the time of recording stage.

1. **Business Entity Concept:** According to this concept the business is distinct from the persons who own it. The accounting concept differentiates between business and the owner. Business is established by law and becomes a corporate entity and the equity contributors are individuals. Accordingly transactions related to persons and business are recorded and treated differently. If the owner takes any cash or goods from the business the drawings account is debited and cash or goods account is credited.
2. **Going Concern Concept:** This principle of accounting assumes that the business will continue forever. With this assumption the fixed assets are recorded in the books of account at their original cost. Keeping this in view, the pre paid expenses are not treated as the expenses of the year in which they are incurred. It is assumed that the business derives benefit of it over a period of time.
3. **The Cost Concept:** Usually all the transactions will be recorded at cost of in the books. However, at the end of every year the Accountant shows the reduced value of the asset, after providing for depreciation. This approach is preferred because it is difficult and time consuming to ascertain the market values.
4. **Dual Aspect Concept:** This concept throws light on the point that each transaction as two folds affect such as receiving and giving of the benefit. The receiving aspect is termed as 'debit' and the giving aspect is termed as 'credit'.
5. **Money Measurement Concept:** While recording the business transactions we do not record them in terms of kilograms, quintals, meters liters etc. We record them in a common denomination so as to see that they become homogeneous and

meaningful. Money does this function. All money or money's worth transactions form an important part of the business. All types of transactions are treated as money and recorded accordingly. It is adopted as the common measuring unit. Hence, recording is done in terms of standard currency of the country where the business is set up.

6. **Accounting Period concept:** Accounting period is the period followed by a business concern for maintaining accounts to know profit or loss. Usually, one year will be the accounting period starting from 1st April and ending 31st March (Financial Year) or 1st January to December 31st (Calendar Year). The profit or loss for such period is ascertained. While measuring the profit, incomes or expenses of that period only are to be considered.
7. **Realization Concept:** This concept is related to the realization of revenues. The revenue is realized either from the sale of goods or rendering of services. The accrual system is a method whereby revenue and expense are identified with specific periods of time like a month, half year or a year.
From this concept of accounting, one chief problem arises viz., the segregation of 'capital' and 'revenue' items. Any increase in the Owner's Equity resulting from business operations is called 'revenue' items. Any increases in the Owner's Equity resulting from business operations are called 'revenue' and any decrease is called 'expense'. Therefore, excess of revenues over expenses is called 'Income' and if the expenses exceed revenues it is 'Loss'.
8. **Matching of Costs and Revenues Concept:** According to this principle, the expenses incurred in an accounting period should be matched with the revenues recognized in that period. For example, if revenue is recognized on all goods sold during a period, cost of those goods sold should also be charged to that period. All other charges like losses from fire, sale of capital assets etc., even though not associated with production of that period's revenue, must be deducted from revenue before a final measurement of net income is made. In other words, all incomes earned during the period should be compared with all expenses incurred during the same period to find out the profit or loss.
9. **Historical Record Concept:** The Accountant shows only those transactions which have actually taken place and not those which may take place in future. This means preparation of a historical record for all transactions. Hence, this concept is called as the historical record concept.

Advantages and Limitations of Accounting

Advantages of Accounting

The role of accounting has changed from that of a mere recording of transactions in the books of accounts to the present stage of analyzing, presentation and reporting. Now a day it is accepted as an information system which is very much useful for decision making purposes. The following are the advantages of accounting:

1. **Maintain records:** Since all the financial transactions are recorded in the books, one need not rely on memory. Any information required is readily available from these records.

2. **Preparation of financial statements:** The financial statements such as Profit and loss account and balance sheet can be easily prepared with the help of the information which is available in the records. This enables the trader to know the net result of business operations during the accounting period and the financial position of the business at the end of the accounting period.
3. **Provides control over assets:** The accounting provides information regarding cash in hand, cash at bank, stock of goods, accounts receivables from various parties and the amounts invested in various other assets. As the trader knows the values of the assets he will have control over them.
4. **Provides the required information:** Interested parties such as owners, investors, creditors etc., can get necessary information at frequent intervals.
5. **Comparative study:** It facilitates the comparison of the present performance of the organization with that of its past. This enables the managers to draw useful conclusions and make proper decisions.
6. **Less scope for fraud or theft:** It is difficult to conceal fraud or theft etc., because of the balancing of the books of accounts periodically. As the work is divided among many persons, there will be check and counter check.
7. **Tax Aspects:** Properly maintained book-keeping records will help in the settlement of all tax matters with the tax authorities.
8. **Ascertaining value of business:** The accounting records will help in ascertaining the correct value of the business. This helps in the event of sale or purchase of a business.
9. **Documentary evidence:** Accounting records can also be used as evidence in the court to substantiate the claim of the business. These records are based on documentary proof. Every entry is supported by authentic vouchers. As such, Courts accept these records as evidence.
10. **Helpful to management:** Accounting is useful to the management in various ways. It enables the management to assess the achievement of its performance. The weaknesses of the business can be identified and corrective measures can be applied to remove them with the help of accounting.

Limitations of Accounting

The following are the limitations of accounting:

1. **Does not record all events:** Only financial transactions are recorded.
2. **Does not reflect current values:** The data available under book-keeping is historical in nature. So they do not reflect current values.
3. **Estimates based on Personal judgment:** The estimates used for determining the values of various items may not be correct. For example, debtors are estimated in terms of collectability, inventories are based on marketability, and fixed assets are based on useful working life. These estimates are based on personal judgment and hence sometimes may not be correct.
4. **Inadequate information on costs and Profits:** Book-keeping only provides information about the overall profitability of the business. No information is given about the cost and profitability of different activities of products or divisions.

Exercise: Assignment

1. Visit to retail store and observe what kind of fundamentals applying while preparation of retail business accounts.
2. Visit to the retail mall and involve in on-the-job on functions of an accountant in the retail hyper market.
3. Visit to retail store and observe what the formalities are adopting per bookkeeping & accounting.
4. Visit to retail hyper market and observe who the users of accounting information are.
5. Visit to retail store and observe what kind of accounting principles adopted in the retail business.

Assessment

A. Short Answer Questions

1. Define Accounting.
2. What are the three main systems of accounting?
3. List out conventions of accounting.
4. List out the functions of accounting.
5. State the advantages of accounting.
6. List out the limitations of accounting.
7. What is going concern concept?

B. Multiple Choice Questions

1. Which of the following is not an accounting concept?
 - a. Going concern concept
 - b. Money measurement concept
 - c. Consistency concept
 - d. Profit concept
2. Accounting is useful to the management as well as to other users such as, , , .
 - a. Owners and investors
 - b. Creditors
 - c. Government and others
 - d. All of the above
3. Financial accounting is concerned with the....
 - a. Recording of the data
 - b. Not communicating the results
 - c. Not responsible for government
 - d. All of the above
4. The financial transactions are identified, classified and recorded in.
 - a. Appropriate books of accounts
 - b. Un-appropriate books of accounts
 - c. Less appropriate books of accounts
 - d. None of the above
5. Which of the following is an advantage of accounting
 - a. Provides information

- b. Provides data
 - c. Generates financial statements
 - d. All of the above
6. Which of the following is not a function of accounting
 - a. Classification of accounts
 - b. Preparation of financial statements
 - c. Decision making
 - d. Analysis of financial statements
 7. The important branches of accounting are
 - a. Financial Accounting
 - b. Cost Accounting
 - c. Management Accounting
 - d. All of the above
 8. The accountant has to verify the books of accounts, statements and reports in order to ensure the accuracy is known as...
 - a. Financial Accounting
 - b. Cost Accounting
 - c. Management Accounting
 - d. Auditing
 9. "Double entry" means, recording of the...
 - a. One fold aspect of a transaction
 - b. Two fold aspects of a transaction
 - c. Three fold aspects of a transaction
 - d. None of the above
 10. In the double entry book keeping system the accounts are classified into the...
 - a. Personal accounts
 - b. Real accounts
 - c. Nominal accounts
 - d. All of the above

C. Fill in the Blanks

1. Accounting is the _____ and _____ of recording, classifying and summarizing and analyzing of financial transaction of an organization.
2. The main objective of accounting is to keep a record of _____ transactions.
3. The _____ data means that the data of one nature is placed at one place.
4. Accounting information is modified in such a way that it is _____ by the users for drawing conclusions.
5. The terms _____ and _____ are used interchangeably, but they differ from each other.
6. The purpose of cost accounting is to analyze the _____ so as to ascertain the cost of various products manufactured by the firm and fix the prices.
7. The purpose of _____ accounting is to assist the management in taking rational decisions.

8. Fixed system is the combination of _____ system and _____ system.
9. Managers are the persons who manage the _____ at various levels.
10. _____ and _____ are also interested to know the ability of the firm to pay their dues on time.

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- Differentiate between different types of accounts and observe the rules applied for.
- Distinguish between the accounting concepts and conventions.
- Identify the advantages and disadvantages of accounting.

Part B

Discussed in class the following:

- What is accounting?
- What are the functions of accounting?
- Explain different types of accounts?
- Analyze the systems of accounting?
- What are the advantages of accounting?
- What are the limitations of accounting?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to adopt accounting procedures.		
Able to follow accounting Principles.		
Able to differentiate between different types of accounts and observe the rules applied for.		
Able to distinguish between the accounting concepts and conventions.		
Able to identify the advantages and disadvantages of accounting.		

Session 3: Preparation of Journal and Ledger

Relevant Knowledge

The size of business concerns decides the number of books of accounts to be maintained by it. Mainly there are two books of account generally maintained by an organization. They are Journal and Ledger.

Journal

It is a book of daily record. The transactions will be recorded for the first time in this book. Therefore, it is called as “**Book of original entry or prime entry**”.

Important Features of Journal

1. Transactions of every day are recorded chronologically - i.e. as per the date in this book.
2. Both the aspect of a transaction is recorded at one place.
3. Narration, which is an explanation of transaction in brief, is given at the end of each entry.
4. It facilitates cross checking of transactions.
5. Date wise entries facilitate quick reference.

Proforma of a Journal

Date	Particulars	LF	Dr Amount	Cr Amount

Contents of the Journal

1	Date column	:	Year should be written first, then month and dates can be written in chronological order
2	Particulars column	:	Account to be debited written first ending with abbreviation Dr. leaving some space in the second line-starting with 'To' account to be credited is written
3	Narration summary	:	It is a brief explanation of the transaction regarding which the entry is made. The brief explanation is written starting with 'being' or 'for' restricting only particular column. Two lines are drawn to mark the completion of entry
4	Ledger column folio	:	When entry is posted to respective ledger account, the page number of such account in the journal book is recorded

5	Amount column	:	On both debit and credit column same amount is recorded
6	Journalizing	:	It is a process of recording the transactions, following the rules of debit and credit in a book called journal
7	Journal entry	:	When the transaction is entered in the journal it is called journal entry

Example 1

Journalize the following transactions:

2012				
April	1	Shri. Vijaya commenced retail business with cash	Rs.	1,00,000
	2	Opened an account with corporation bank by depositing cash	Rs.	80,000
	3	Purchased goods for cash of	Rs.	10,000
	4	Purchased goods from Santosh	Rs.	20,000
	5	Purchased furniture for cash	Rs.	5,000
	6	Cash sales of goods	Rs.	20,000
	7	Sold to Mahesh goods of	Rs.	10,000
	8	Purchase goods from Basavaraj paid by cheque	Rs.	25,000
	9	With drew for personal use	Rs.	2,000
	11	Cash sales	Rs.	5,000
	15	Paid wages	Rs.	500
	17	Paid by cheque Santosh on account	Rs.	15000
	20	Sold goods for cash	Rs.	10,000
	23	Received cash on account from Mahesh	Rs.	5,000
	25	Purchased machinery for cash	Rs.	500
	30	Paid salary to employee	Rs.	1,500

Solution

Date	Particulars	LF	Dr Amount	Cr. Amount
2012 August 1	Cash A/c ----- Dr. To Capital A/c (Being cash invested in business)	-	1,00,000	1,00,000
2	Bank A/c ----- Dr. To Cash A/c (Being cash deposited in bank)	-	80,000	80,000
3	Purchases A/c ----- Dr. To Cash A/c (Being purchased goods for cash)	-	10,000	10,000
4	Purchases A/c ----- Dr. To Santosh A/c (Being purchased goods from Santosh on credit		20,000	20,000

	as per Bill No. _____)			
5	Furniture A/c ----- Dr. To Cash A/c (Being purchased furniture for cash as per Bill No. _____)	-	5,000	5,000
6	Cash A/c ----- Dr. To Sales A/c (Being sold goods for cash as per R. No. _____)	-	20,000	20,000
7	Mahesh A/c ----- Dr. To Sales A/c (Being sold goods to Mahesh on credit as per invoice No. _____)	-	10,000	10,000
8	Purchases A/c ----- Dr. To Bank A/c (Being purchased goods and paid by cheque)	-	25,000	25,000
2012				
August 9	Drawing A/c ----- Dr. To Cash A/c (Being withdrawal cash for personal use)	-	2,000	2,000
11	Cash A/c ----- Dr. To Sales Account (Being sold goods for cash as per R. No. _____)	-	5,000 -	5,000
15	Wages A/c ----- Dr. To Cash A/c (Being paid wages to workers)	-	500 -	500
17	Santosh A/c ----- Dr. To Bank A/c (Being paid to Santosh on account by cheque)	-	15,000 -	15,000
20	Cash A/c ----- Dr. To Sales A/c (Being sold goods for cash as per R. No. _____)	-	10,000 -	10,000
23	Cash A/c ----- Dr. To Mahesh A/c (Being received cash on account Mahesh)	-	5,000 -	5,000
25	Machinery A/c ----- Dr. To Cash A/c (Being purchased stationary for cash)	-	500 -	500
30	Salary A/c ----- Dr. To Cash A/c (being paid salary to the employee for the month of April)	-	1,500 -	1,500
			3,09,500	3,09,500

Ledger

Ledger is a book of accounts. Ledger is the book of main entry or final entry. It is bounded book which contains all types of accounts i.e. personal, real and nominal accounts. These accounts are opened in orderly manner and index is provided on the first page to find out which account is recorded on which page. The page number of the account is also mentioned in the ledger folio column in the journal for easy reference. When the transactions are large in number instead of one book three ledger books are maintained. They are:

- **General Ledger:** which contains all the real and nominal accounts
- **Debtors Ledger:** Which contains the accounts of receivables
- **Creditors Ledger:** which contains the accounts of payables

Necessity of Ledger: Journal fails to provide the information in a consolidated or summarized form about cash, person, expense and asset. These shortcomings are overcome by posting the entries from journal to ledger.

Ledger accounts will be usually in 'T' form. Left side is used for recording debit details and right side is used for recording credit details.

Dr.				(Head of Account)				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
	To ____ A/c		--		By ____ A/c		--				

Head of Account: Here, the name of the account is written. For example, Mahesh Account, Stationary Account, Building Account, etc.

Left side: At the top left end abbreviation 'Dr' is written to indicate Debit side.

Right side: At the top right end abbreviation 'Cr' is written to indicate the Credit side while writing in the particulars column debit side it should be written as:

To _____ account

Credit side: It should be written as:

By _____ account

In the JF Column: Page number of journal book from which the entry is posted is to be mentioned.

Posting: It is a process of transfer of entry from journal to ledger. Debit amounts of the journal are posted to debit side of the account and vice-versa.

Balancing of Accounts: On a given date the total of each side will be found out, the difference in the total of both sides will be known as balance. The difference amount will be written on the side-where there is shortage and it will be called as balanced carried down. Now, total of both sides will tally-The balance amount indicates:

Personal Account	Debit balance means that person has to pay us Credit balance means we have to pay that person
Nominal Account	Debit balance shows expenses or losses Credit balance shows profits and gains
Real Account	Always shows debit balance indicating the worth of asset with the business

Such balancing of account will be usually made either weekly, monthly, quarterly or half yearly or for the year or whenever businessman likes to ascertain his position.

Uses of Ledger: On a given date, a business man can ascertain who are his debtors and creditors-and what are the total expenses on each head and gains on each head and also the worth of his assets & liabilities.

Hints for Preparation of Ledger

1. A separate account is opened in the ledger book for every transaction entered in journal.
2. Transaction relating to a particular account should be recorded in the account already opened no new account of the same name should be opened in the ledger.
3. Journal entries are to be posted into ledger account in the order of dates.
4. While posting on the debit side the name of account to be credited is to be written starting with 'To ' and credit side name of the account to be debited is written starting with 'By'.

Example 2

Journalize the following transactions, post them in the ledger and balance the accounts on 31 August 2012.

- Aug 1 Prakash started business with cash Rs - 50,000
 2 He purchased furniture for Rs - 5,000.
 3 He bought goods from Suresh for Rs - 8,000.
 4 He sold goods to Sanjay Rs - 5,000.
 14 He received cash from Sanjay Rs - 3,000
 18 He purchased goods for cash Rs - 12,000
 25 He sold goods for cash Rs - 3,000
 28 He paid rent - 1,200
 31 He paid Suresh on account - Rs 3,000

Journal Entries

Date	Particular	LF	Debit Rs	Credit Rs
2012 August 1	Cash A/c Dr. To Capital A/c (Being capital introduced)		50,000	50,000
2	Furniture A/c Dr. To Cash A/c (Being purchase of furniture for cash)		5,000	5,000
3	Purchase A/c Dr. To Suresh A/c (Being purchase of goods on credit from Suresh)		8000	8000
4	Sanjay A/c Dr. To Sales A/c (Being goods sold to Sanjay on credit)		5000	5000
14	Cash A/c Dr. To Sanjay A/c (Being received cash from Sanjay on account)		3000	3000
18	Purchases A/c Dr. To Cash A/c (Being cash purchases)		12000	12000

25	Cash A/c Dr. To Sales A/c (Being cash sales)		8000	8000
28	Rent A/c Dr. To Cash A/c (Being rent paid for the month)		1200	1200
31	Suresh A/c Dr. To Cash A/c (Being paid to Suresh on account)		3000	3000

Ledger Postings

Dr.				Cr.			
Cash Account							
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Aug 1	To Capital A/c	--	50000	2012 Aug 2	By Furniture A/c	--	5000
14	To Sanjay A/c	--	3000	18	By Purchase A/c	--	12000
25	To Sales A/c	--	8000	28	By Rent A/c	--	1200
				31	By Suresh A/c	--	3000
				31	By Balance c/d	--	39800
			61000			--	61000

Dr. Prakash's Capital Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Aug 31	To Balance c/d	--	50000	2012 Aug 1	By Cash A/c	--	50000
			50000				50000

Dr. Furniture Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Aug 2	To Cash A/c	--	5000	2012 Aug 31	By Balance c/d	--	5000
			5000				5000

Dr. Purchase Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Aug 3	To Suresh A/c	--	8000	2012			
31	To Cash A/c		12000	Aug 31	By Balance c/d		20000
			20000				20000

Dr. Suresh Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Aug 31	To Cash A/c	--	3000	2012 Aug 3	By Purchase A/c	--	8000
31	To Balance c/d		5000				
			8000				8000

Dr. Sales Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012				2012 Aug 4	By Sanjay A/c	--	5000
Aug 31	To Balance c/d		13000	25	By Cash A/c		8000
			13000				13000

Dr. Sanjay's Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Aug 4	To Sales A/c	--	5000	2012 Aug 4	By Cash A/c	--	3000
				31	By Balance c/d		2000
			5000				5000

Dr.				Rent Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount				
2012 Aug 28	To Cash A/c	--	1200	2012 Aug 31	By Balance c/d	--	1200				
			1200				1200				

Exercise: Assignment

1. Visit to a nearby retail store and observe how the records are maintained.
2. Visit to retail hyper market and on-the-job to prepare journal based on giving retail transactions.
3. Visit to retail hyper market and on-the-job to posting retail accounting entries in the ledger.
4. Visit to an electronics shop and list out the accounting statements prepared by them.
5. Visit to any retail store and find out which type of ledgers accounts they have maintained.

Assessment

A. True or False

1. Journal is called as the book of prime entry.
2. Posting is a process of transfer of entry from ledger to journal.
3. When entry is posted to respective ledger account, the page number of such account in the journal book is recorded as ledger folio.
4. At the top right end abbreviation 'Dr' is written to indicate Debit side.
5. At the top right end abbreviation 'Cr' is written to indicate the Credit side.
6. As per the rule of personal account, debit balance means that person has to pay us and credit balance means we have to pay that person.
7. While posting on the credit side name of the account to be debited is written starting with 'To'.
8. Transaction relating to a particular account should be recorded in the account already opened in the ledger.

B. Fill in the Blanks

1. Mainly there are two books of account generally maintained by an organization which are _____ and _____.
2. Transactions of every day are recorded _____ as per the date in this book.
3. On both debit and credit columns of _____ same amount is recorded for particular entry.
4. When the transactions are large in number instead of one book _____ ledger books are maintained.
5. As per the rule of _____ account, always shows debit balance indicating the worth of asset with the business.
6. A separate account is opened in the ledger book for every _____ entered in journal.
7. Journal entries are to be posted into _____ account in the order of dates.

8. While posting on the _____ side the name of account to be credited is to be written starting with 'To'.

C. Multiple Choice Questions

1. The transactions will be recorded for the first time in the book is called.
 - a) Journal
 - b) Cash Book
 - c) Ledger
 - d) All of the above
2. Narration, which is an explanation of transaction in brief, is given at the end of each entry.
 - a) Beginning of each entry
 - b) Ending of each entry
 - c) Middle of each entry
 - d) None of the above
3. When the transaction is entered in the journal it is called.
 - a) Primary entry
 - b) Journal entry
 - c) Ledger posting
 - d) All of the above
4. The page number of the particular account is mentioned in the ledger in the column.
 - a) Journal folio
 - b) Ledger folio
 - c) None of the above
 - d) All of the above
5. As for the rule of following account, debit balance shows expenses or losses and credit balance shows profits and gains.
 - a) Personal Account
 - b) Real Account
 - c) Nominal Account
 - d) All of the above
6. On a given date, a business man can ascertain.....
 - a) Who are his debtors and creditors?
 - b) What are the total expenses & gains on each head?
 - c) The worth of his assets & liabilities
 - d) All of the above

D. Short Answer Questions

1. What are the important features of journal?
2. Which are the different types of ledger books required to be maintained?
3. What is the usefulness of the ledger?
4. Draw the format of journal and explain the procedure of journalize the transactions?
5. Draw the format of ledger and explain the procedure of posting the entries into ledger.

E. Problems for Practice

1. Journalize the following transactions, post them in the ledger and balance the accounts on 31 March 2015:

2015				
Jan	1	Shri. Rama commenced retail business with cash	Rs.	10,000
	1	Account depositing as cash in the bank	Rs.	5,000
	3	Purchased furniture	Rs.	900
	4	Purchased goods from Mohan & Co. for cash	Rs.	4,000
	5	Sold goods	Rs.	1,700
	7	Paid telephone rent for the year	Rs.	400
	8	Purchase goods from Bir & Co.	Rs.	1,000
	10	Paid advertisement by cheque	Rs.	160
	11	Bought one typewriter from Universal Typewriter & Co. on credit	Rs.	750
	12	Sold goods to Bedi & Co.		2,900
	14	Withdrew from the bank for private use	Rs.	350
	16	Sold goods to Omega & Co. for cash	Rs.	650
	25	Receive cash from Bedi & Co. allowed discount Rs. 50	Rs.	2,850
	26	Deposited in the bank	Rs.	2,500
	31	Issued cheque in favour of landlord for rent of January	Rs.	500
	31	Paid salaries to staff	Rs.	600
	31	Issued cheque in favour of Bir & Co. in full settlement of their account	Rs.	950

2. Pal opened a consulting firm and completed these transactions during January, 2012:
 - Invested Rs. 4,00,000 cash and office equipment with Rs. 1,50,000 in a business called Pal Consulting.
 - Purchased land and a small office building. The land was worth Rs. 1,50,000 and the building worth Rs. 3, 50,000. The purchase price was price was paid with Rs. 2,00,000 cash and a long term note payable for Rs. 8,00,000.
 - Purchased office supplies on credit for Rs. 12,000.
 - Pal transferred title of motor car to the business. The motor car was worth Rs. 90,000.
 - Purchased for Rs. 30,000 additional office equipment on credit.
 - Paid Rs. 75,000 salary to the office manager.
 - Provided services to a client and collected Rs. 30,000
 - Paid Rs. 4,000 for the month's utilities.
 - Paid supplier created in transaction c.

- Purchase new office equipment by paying Rs. 93,000 cash and trading in old equipment with a recorded cost of Rs. 7,000.
- Completed services of a client for Rs. 26,000. This amount is to be paid within 30 days.
- Received Rs. 19,000 payment from the client created in transaction k.
 - Bobby withdrew Rs. 20,000 from the business.

Analyse the above stated transactions and open the following T-accounts: Cash, client, office supplies, motor car, building, land, long term payables, capital, withdrawals, salary, expense & utilities expense and journalizing the transactions.

3. Journalize the following transactions in the books of Dinesh:

2012 Dec.01 Business started with cash 75,000
 Dec.07 Purchased goods for cash 10,000
 Dec.09 Sold goods to Naresh 5,000
 Dec.12 Purchased furniture 3,000
 Dec.18 Cash received from Naresh In full settlement 4,000
 Dec.25 Paid rent 1,000
 Dec.30 Paid salary 1,500

4. Enter the following Transactions in the Journal of Ranu:

2013 Jan.01 Commenced business with cash 1,75,000
 Jan.01 Building 1,00,000
 Jan.02 Goods purchased for cash 75,000
 Jan.03 Sold goods to Banu 30,000
 Jan.04 Paid wages 500
 Jan.06 Sold goods for cash 10,000
 Jan.10 Paid for trade expenses 700
 Jan.12 Cash received from Banu 29,500 Discount allowed 500
 Jan.14 Goods purchased from Sonu 27,000
 Jan.18 Cartage paid 1,000
 Jan.20 Drew cash for personal use 5,000
 Jan.22 Goods use for house hold 2,000
 Jan.25 Cash paid to Sonu 26,700 Discount allowed 300

5. Journalize the following transactions:

2012 Dec. 01 Ramu started business with cash 1,00,000
 Dec. 02 Open a bank account with SBI 30,000
 Dec. 04 Purchased goods from Laxman 20,000
 Dec.06 Sold goods to Sheetha for cash 15,000
 Dec.10 Bought goods from Tara for cash 40,000
 Dec.13 Sold goods to Hanman 20,000
 Dec.16 Received cheque from Hanman 19,500 Discount allowed 500
 Dec.20 Cheque given to Laxman on account 10,000
 Dec.22 Rent paid by cheque 2,000
 Dec.23 Deposited into bank 16,000
 Dec.25 Machine purchased from Bharath 10,000

Dec.26 Trade expenses 2,000
 Dec.28 Cheque issued to Bharath 10,000
 Dec.29 Paid telephone expenses by cheque 1,200
 Dec.31 Paid salary 4,500

6. Journalize the following transactions in the books of Shankar Traders:
 - Rs.1,000 due from Mamatha Traders are now bad debts.
 - Goods worth Rs.2,000 were used by the proprietor.
 - Charge depreciation @ 10% p.a for two month on machine costing Rs.30,000.
 - Provide interest on capital of Rs. 1,50,000 at 6% p.a. for 9 months.
 - Samatha Traders become insolvent; who owed is Rs. 2,000 a final dividend of 60 paise in a rupee is received from his estate.

7. Prepare Journal from the transactions given below:
 - Cash paid for installation of machine Rs. 500
 - Goods given as charity Rs. 2,000
 - Interest charge on capital @7% p.a. when total Rs.70,000 capital were
 - Received Rs.1,200 of a bad debts written-off last year.
 - Goods destroyed by fire Rs. 2,000
 - Rent outstanding Rs. 1,000
 - Interest on drawings Rs. 900
 - Mahesh who owed me Rs. 3,000 has failed to pay the amount. He pays me a compensation of 45 paise in a rupee.
 - Commission received in advance Rs. 7,000 Posting

8. Journalize the following transactions, post to the ledger:

2013 Nov. 01 Business started with (i) Cash 1,50,000 (ii) Goods 50,000
 Nov. 03 Purchased goods from Harish 30,000
 Nov. 05 Sold goods for cash 12,000
 Nov. 08 Purchase furniture for cash 5,000
 Nov. 10 Cash paid to Ramesh on account 15,000
 Nov. 13 Paid sundry expenses 200
 Nov. 15 Cash sales 15,000
 Nov. 18 Deposited into bank 5,000
 Nov. 20 Drew cash for personal use 1,000
 Nov. 22 Cash paid to Ramesh in full settlement of account 14,700
 Nov. 25 Good sold to Mahesh 7,000
 Nov. 26 Cartage paid 200
 Nov. 27 Rent paid 1,500
 Nov. 29 Received cash from Mahesh 6,800 Discount allowed 200
 Nov. 30 Salary paid 3,000

9. Journalize the following transactions are the journal of M/s Rakesh Traders and post them to the ledger.

2014 Jan. 01 Started business with cash 1,65,000
 Jan. 02 Opened bank account in PNB 80,000
 Jan. 04 Goods purchased from Ramesh 22,000
 Jan. 05 Goods purchased for cash 30,000
 Jan. 08 Goods sold to Mahesh 12,000
 Jan. 10 Cash paid to Ramesh 22,000
 Jan. 15 Cash received from Mahesh 11,700 Discount allowed 300
 Jan. 16 Paid wages 200
 Jan. 18 Furniture purchased for office use 5,000
 Jan. 20 withdrawn from bank for personal use 4,000
 Jan. 22 Issued cheque for rent 3,000
 Jan. 23 Goods issued for house hold purpose 2,000
 Jan. 24 Drawn cash from bank for office use 6,000
 Jan. 26 Commission received 1,000
 Jan. 27 Bank charges 200
 Jan. 28 Cheque given for insurance premium 3,000
 Jan. 29 Paid salary 7,000
 Jan. 30 Cash sales 10,000

10. Give journal entries of Naresh, Post them to the Ledger from the following transactions:

2013 Aug. 1. Commenced business with cash 1,10,000
 Aug. 2. Opened bank account with H.D.F.C. 50,000
 Aug. 3. Purchased furniture 20,000
 Aug. 7. Bought goods for cash from Mahesh 30,000
 Aug. 8. Purchased good from Somesh 42,000
 Aug. 10. Sold goods for cash 30,000
 Aug. 14. Sold goods on credit to Ramesh 12,000
 Aug. 16. Rent paid 4,000
 Aug. 18. Paid trade expenses 1,000
 Aug. 20. Received cash from Ramesh 12,000
 Aug. 22. Goods return to Somesh 2,000
 Aug. 23. Cash paid to Somesh 40,000
 Aug. 25. Bought postage stamps 100
 Aug. 30. Paid salary to Ranu 4,000

11. Journalize the following transaction in the Books of the M/s Ranu Traders and Post them into the Ledger.

2013 Dec.1. Started business with cash 92,000
 Dec.2. Deposited into bank 60,000
 Dec.4. Bought goods on credit from M/s Sonu Traders 40,000
 Dec.6. Purchased goods from cash 20,000
 Dec.8. Returned goods to M/s Sonu Traders 4,000
 Dec.10. Sold goods for cash 20,000
 Dec.14. Cheque given to M/s Sonu Traders 36,000
 Dec.17. Goods sold to M/s Monu Traders 35,000

Dec.19. Drew cash from bank for personal use 2,000
 Dec.21. M/s Monu Traders returned goods 3,500
 Dec.22. Cash deposited into bank 20,000
 Dec.26. Cheque received from M/s Monu Traders 31,500
 Dec.28. Goods given as charity 2,000
 Dec.29. Rent paid 3,000
 Dec.30. Salary paid 7,000
 Dec.31. Office machine purchased for cash 3,000

12. Journalize the following transaction in the Book of Ashok. Also post them in the ledger.

2013 Dec. 1. Started business with cash 2,00,000
 Dec.2. Bought office furniture 30,000
 Dec.3. Paid into bank to open an current account 1,00,000
 Dec.5. Purchased a computer and paid by cheque 2,50,000
 Dec.6. Bought goods on credit from Ritika 60,000
 Dec.8. Cash sales 30,000
 Dec.9. Sold goods to Karishna on credit 25,000
 Dec.12. Cash paid to Mansi on account 30,000
 Dec.14. Goods returned to Ritika 2,000
 Dec.15. Stationery purchased for cash 3,000
 Dec.16. Paid wages 1,000
 Dec.18. Goods returned by Karishna 2,000
 Dec.20. Cheque given to Ritika 28,000
 Dec.22. Cash received from Karishna on account 15,000
 Dec.24. Insurance premium paid by cheque 4,000
 Dec.26. Cheque received from Karishna 8,000
 Dec.28. Rent paid by cheque 3,000
 Dec.29. Purchased goods on credit from Meena Traders 20,000
 Dec.30. Cash sales 14,000

13. Journalize the following transaction in the books of Rama and post them into the ledger :

2014 Jan.1. Cash in hand 6,000 Cash at bank 55,000 Stock of goods 40,000 Due to Laxman 6,000 Due from Bharath 10,000
 Jan.3. Sold goods to Hanman 15,000
 Jan.4. Cash sales 10,000
 Jan.6. Goods sold to Sheetha 5,000
 Jan.8. Purchased goods from Chaturgan 30,000
 Jan.10. Goods returned from Hanman 2,000
 Jan.14. Cash received from Hanman 13,000
 Jan.15. Cheque given to Laxman 6,000
 Jan.16. Cash received from Sheetha 3,000
 Jan.20. Cheque received from Bharath 10,000
 Jan.22. Cheque received from to Sheetha 2,000
 Jan.25. Cash given to Chaturgan 18,000

Jan.26. Paid cartage 1,000
 Jan.27. Paid salary 8,000
 Jan.28. Cash sale 7,000
 Jan.29. Cheque given to Chaturgan 12,000
 Jan.30. Rama took goods for Personal use 4,000
 Jan.31. Paid General expense 500

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- What are the Important Features of Journal?
- Which are the three different classifications of accounts?
- Explain what is the usefulness of the ledger?

Part B

Discussed in class the following:

- How to journalize the transactions?
- How to post transactions in ledger accounts?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to understand the difference between journal and ledger.		
Able to understand the procedure to journalize the transactions.		
Able to understand the procedure of posting the entries into ledger.		
Able to journalize the given transactions.		
Able to post the entries into ledger accounts.		

Session 4: Preparation of Subsidiary Books and Bank Reconciliation Statement

Relevant Knowledge

Subsidiary Books

The process of Journalizing of each transaction and posting them to respective ledger accounts is convenient to small business with few transactions. It becomes tedious, unwieldy and more time consuming process in organization with numerous transactions. Hence, most practical convenient process is evolved i.e., sub-division of Journal into various subsidiary books.

Subsidiary books are also books of original entry but journalizing is avoided in this process. Similar type of transactions will be recorded in one book and they will be directly posted to the ledger. It saves time and also the labor involved in journalizing and positing.

Advantages of Subsidiary Books

1. Lot of time and labour is saved.
2. As the work can be assigned to different clerks, internal check system will be more effective.
3. It facilitates easy reference every time when information is necessary one need not go through the journal.
4. More details of transaction can be recorded in the subsidiary books which are not possible in journal.
5. Classification of transactions will be available for analysis.

Need for Subdivision of Journal: The need for maintenance of subsidiary books arises due to the drawbacks of journal. Such drawbacks are overcome by maintenance of subsidiary books. They are:

1. Periodical total of the transactions of same nature are available without any difficulty, for example, periodical credit purchases, credit sales, bill receivables, bill payables-cash on hand total of petty expenditure, etc.
2. Journalizing of each transaction is avoided. Therefore, it saves time and labour.
3. Posting can be made directly from the subsidiary books.
4. If all the transactions are recorded in the journal the book becomes bulky and unwieldy.
5. Chances of making mistakes are less.
6. It facilitates internal check.

Types of Subsidiary Books

The following are the Subsidiary Books:

1. Purchase Book
2. Sales Book
3. Purchase Returns Book
4. Sales Return Book

5. Cash Book
6. Bills Receivable Book
7. Bills Payable Book
8. Petty Cash Book
9. Journal Proper

1. Purchases Book

Only credit purchase of goods from different parties, in chronological order, are recorded in this book. Inward invoices are filed date wise (invoice is the statement of details as to quantity supplied, quality, brand, rate, amount and trade discount allowed). When the seller sends invoice to the businessman it is called as inward invoice.

Proforma of Invoice

No. _____ Mukambika Oils Limited Ph. No. _____
 Wholesale Edible Oil Dealers Gram: _____
 Govindpura, Bhopal Date: _____

To
 Veerbhadreswar Traders
 Indore

Sl. No.	Particulars	Quantity	Rate	Amount (Rs.)
1	200 tins of coconut oil (parachute) Less trade discount @ 10% Rs. Five thousand four hundred only	200 tins	300/tin	6000 600
	Total			5400

Per VRL service

For Veerbhadreswar Traders

(Signature)

Specimen of Purchase Book

Date	Particulars	LF	Inward invoice	Quantity	Rate	Amount

1. In the date column-Date of receiving the invoice and goods is to be recorded chronologically.

2. In the Particulars column-The name of the party with full address from whom goods are purchased on credit should be written.
3. In the LF column-Page number of ledger book in which posting of this entry is made is to be written.
4. Inward invoice number should be entered and they should be serially arranged and filed for any reference in the future.
5. In quantity column-Details of quantity purchased should be written.
6. The rate per unit of goods purchased should be recorded in this column.
7. In the amount column, the total amount after deducting TRADE DISCOUNT should be written.
8. The total amount at the end of particular day week or month will be posted to purchases account.

Exercise 1: Enter the following transactions in the purchase book and post them to respective ledger accounts:

2012 May 1	Bought from Precision Plastic Ltd., Mumbai 5 bundles of PVC pipes @ Rs. 850 and earned trade discount of Rs. 50 per bundle (invoice No.3)
15	Bought from Anchor Ltd., Bangalore 500 junction box @ Rs. 8.00 (invoice No. 6)
20	Bought 1500.60 vat bulbs from Mysore Lamps Ltd., Bangalore @ Rs. 9 (invoice No. 7)
25	Bought 6 bundles of wire from Jyoti Industries, Belgaum @ Rs. 4000

Purchases Book

Date	Particulars	LF	Invoice No	Quantity	Rate	Amount
2012						
May 1	Precision Plastics Ltd., Mumbai	11	3	5 bundle of pipes	Rs. 850 Less discount Rs. 50	4000
15	Anchors Ltd., Bangalore	12	6	500 junction box	8-00	4000
20	Mysore Lamps Ltd., Bangalore	13	7	1500, 60 watt bulbs	9-00	13500
29	Jyoti Industries, Belgaum	14	9	6 bundle of wires	4000-00	24000
						45500

Ledger Posting

Dr. Precision Plastic Ltd., Mumbai Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 May 1	By Purchase A/c		4000

Dr. Anchors Ltd., Bangalore Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

				2012 May 15	By Purchase A/c		4000
--	--	--	--	----------------	-----------------	--	------

Dr. **Mysore Lamps Ltd., Bangalore Account** Cr.

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 May 20	By Purchase A/c		13500

Dr. **Jyoti Industries, Belgaum Account** Cr.

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 May 29	By Purchase A/c		24000

Dr. **Purchase Account** Cr.

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 May 31	To Sundry Creditors A/c		45500				

From the above illustration the following points can be drawn:

1. Entries in the purchase book are supplying more detail information about the address of suppliers, quantity purchased etc.
2. Entries are the substitute for making journal entry on each transaction.
3. Posting from purchase book can be directly made to the ledger.

Note: Columns in the purchase book can be increased or decreased as per the convenience of trader and the total amount of creditors is shown as 'Sundry Creditors' in the purchase account.

2. Sales Book

Only credit sales are recorded in this book for every credit sale outward invoice is prepared in duplicate and sent to the party along with goods. These outward invoices will be in the bound book.

Format of Sales Book

Date	Particulars	LF	Invoice No.	Quantity	Rate	Amount (Rs.)

1. In the date column - Dates are entered as per the date mentioned in the invoice.
2. In the particular column - Name and address of the buyer is mentioned.
3. LF columns will be containing page number of ledger where party's account is shown.

4. Outward invoice number will be mentioned for reference in future.
5. In the quantity column - Details of quantity, unit, brand is mentioned. In the rate column- Rate per unit of goods is recorded.
6. Amount columns contains total amount due from the buyer.

Exercise 2: Enter the following transaction in the sales book and post them to respective ledger accounts.

2012

- May 1 Sold two bundles of plastic pipes, precision brand @ Rs 1000 per bundle to Trupti Contractor Ltd., Hubli
- 5 Sold ten junction boxes to Nayak & Co. Builders, Dharwad @ Rs. 10-00
- 25 Sold 1000, 60 volt bulbs to KIMs, Hubli @ Rs. 11-00
- 30 Sold to Akshay Builders, Hubli, 2 bundles of wires @ Rs. 4500

Sales Book

Date	Particular	LF	Invoice No	Qty	Rate	Amount Rs
2012 May 1	Trupti Construction Ltd., Hubli	20	2	2 bundle of plastic pipes	1000	2000
5	Nayak & Co., Dharwad	21	3	10 junction boxes	10	1000
25	KIMs Hubli	22	4	1000, 60 volt bulbs	11	11000
30	Akshay Builders, Hubli	23	5	2 bundles of wires	4500	9000
						23000

Ledger Posting

Dr. Trupti Construction Ltd., Hubli Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 May 1	To Sales A/c		2000				

Dr. Nayak & Co., Dharwad Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 May 5	To Sales A/c		1000				

Dr. KIMs, Hubli Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 May 25	To Sales A/c		11000				

Dr. Akshay Builder, Hubli Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount

2012 May 30	To Sales A/c		9000				
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Dr. Sales Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 May 30	By Sundry Creditors A/c		23000

3. Purchases Returns Book

This book is to record only return of goods to the suppliers. When goods are return to the supplier to inform them that there account is debited with the value of goods returned "debit note" is prepared. So, debit note is the statement send by the purchaser to the seller intimating, the quantity and the value of goods returned and also intimate him that is account is debited with such amount. Debit note is prepared in duplicate and one copy is sent to the supplier and another is filed for reference.

Specimen of Debit Note

No. _____	Debit Note _____	Hubli
M/s. Trupti Trades, Dharwad		1 May 2012
Debited to Datta Electrical, Dharwad		
To,		
Returns		
2 bundles of wires @ Rs.4500		9000
		For Trupti Trader (Signature)

Specimen of purchases returns book

Date	Particular	Debit note No.	LF	Amount Rs

Hand on Experience: Enter the following transaction in the sales book and post them to respective ledger accounts.

2012

June 5	Returned good to Precision Ltd., Mumbai, ½ bundle worth of PVC pipes Rs.425
25	Anchore Ltd., Bangalore received from us 50 junction boxes of @ Rs. 8
31	Returned goods to Jyoti Industries ½ bundle of wire Rs. 1000

Purchase Returns Book

Date	Particular	LF	Invoice	Amount
------	------------	----	---------	--------

			No.	(Rs.)
2012				
June 5	Precision Plastic Ltd., Mumbai	11	1	425
25	Anchore Ltd., Bangalore	13	2	400
31	Jyoti Industries, Belgaum	15	3	1000
				1825

Ledger Posting

Dr. Precision Plastic Ltd., Mumbai Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012							
June 5	To Purchase Returns A/c		425				

Dr. Anchore Ltd., Bangalore Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012							
June 30	To Purchase Returns A/c		400				

Dr. Jyoti Industries, Belgaum Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012							
June 30	To Purchase Returns A/c		1000				

Dr. Purchase Returns Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012			
				June 30	By Sundry Creditors A/c (as per Purchase Returns books)		1825

4. Sales Return Book

This book is also called as Returns inward book. Entries are made in this book when goods sold by us are returned to us. The reasons may be discrepancy or difference in quality, quantity etc.

The buyer will send the goods along with debit note (as explained earlier) when the goods and debit note are received the seller has to send credit note acknowledging the same.

Credit note is statement sent by the seller to the purchaser who has returned the goods giving details of goods received by him and also intimating the buyer that his account is credited with the amount. Both credit note and debit note are serially numbered and filed for future reference.

Specimen of Credit Note

Credit Note	
M/s Datta Electrical Dharwad	Hubli 1 st June 2012
Credit Note to Precision Plastics Ltd., Mumbai	
By Returns	4000
	For Datta electrical Dharwad
	(Signature) Manager

Hand on Experience: Record the following transaction in the sales return book and post them to the ledger.

2012

- June 6 Trupti Construction Ltd., Hubli returned bundle of plastic pipes @
Rs. 1000 per bundle Rs. 1000 per bundle Rs. 500
- 9 Nayak & Co., Dharwad returned 20 junction box @ Rs. 10
- 30 KIMs, Hubli returned 200 bulbs of 60 vat @ Rs. 11

Sales Returns Book

Date	Particulars	LF	Credit Note No.	Amount (Rs.)
2012				
Jun 6	Trupti Construction Ltd., Hubli	1	1	500
9	Nayak and Co., Dharwad	1	2	200
30	KIIMs, Hubli	1	3	2200
				2900

Ledger Posting

Dr. Cr.
Trupti Construction Ltd., Hubli Account

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 June 6	By Sales Return A/c		500

Dr. Cr.
Nayak & Co., Dharwad Account

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 June 9	By Sales Return A/c		200

Dr. Cr.
KIMs, Hubli Account

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012			

				June 30	By Sales Return A/c		2200
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Dr. Sales Return Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 June 30	To Sundry Debtors (as per Sales Return books)		2900				

Hand on experience: From the particulars given below, prepare sales book, purchase book and return books and post the transaction to the respective ledger accounts.

2012

- Sept 1 Purchased from Sony Co., Mumbai 10 color TVs of 14 inches @ Rs. 4500 with Trade discount of 10%.
- 4 Purchased 20 Antenna from Ashwins Ltd., Dharwad @ Rs. 1500
- 10 Purchased from Omega Co. Ltd, Chennai 100 stabilizers @ Rs. 200
- 12 Sold 5 color TVs @ Rs. 5000, 5 antenna @ Rs. 2000, 5 stabilizers to Nadeeswar Traders, Dharwad
- 15 Sold 5 TVs @ Rs. 5000 to Ganesh Trade Links
- 17 Sold to M/s Mane 25 stabilizers @ Rs. 250 and 10 antenna @ Rs. 2000
- 24 Ganesh Trade Links returned 1 TV
- 25 Returned 1 color TV to Sony Co., Mumbai as it was defective
- 26 Returned to Omega Co. 10 stabilizers as they were damaged in transit
- 27 Nandeshwar Traders returned 1 antenna & 1 stabilizer as they were Defective

Dr. Purchase Book				Cr.		
Date	Particular	LF	Invoice No.	Quantity	Rate	Amount (Rs.)
2012 Sept 1	Sony Co., Mumbai Less trade discount 10 %	1	1	10 color TV of 14"	4500	45000 4500 40500
4	Ashwins Ltd., Dharwad	12	4	20 antenna	1500	30000
10	Omega Co. Ltd, Chennai	3	7	100 stabilizers	200	20000
						90500

Sales Book						
Date	Particular	LF	Invoice No	Qty	Rate	Amount Rs
2012 Sept 2	Nadeswar Traders	5	9	5 color TV 5 stabilizer 5 antenna	5,000 250 2000	25000 1250 10000
4	Ganesh Trade Links	7	22	5 TVs	5,000	25000
10	M/s Mane	8	23	25 stabilizers 10 antenna	250 2000	6250 20000
						87500

Purchases Returns Book				
Date	Particulars	LF	Credit	Amount

			Note No.	Rs
2012 Sept 25 26	Sony Co., Mumbai returned 1 TV @ 4,500 Omega Co. Ltd, Chennai returned 10 stabilizers		1 10	4500 2000
				6500

Sales Returns Book

Date	Particulars	LF	Credit Note no	Amount Rs
2012 Sept 24	Nadeswar Traders, Hubli	5	1	2000
27	Ganesh Trade Links Ltd., returns 1 TV Returned 1 antenna and 1 stabilizer	7	2	5000 250
				7250

Ledger Postings

Dr. Sony Co., Mumbai Account

Cr.

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 June 30	To Sundry Debtors A/c (as per Sales Return books)		40500	2012 Sept 1	By Purchases A/c		40500

Dr. Ashwins Ltd., Dharwad Account

Cr.

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 Sept 4	By Purchases A/c		30000

Dr. Omega Co., Chennai Account

Cr.

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 26	To Purchase Returns A/c		2000	2012 Sept 10	By Purchases A/c		20000

Dr. Nadeswar Traders, Dharwad Account

Cr.

Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 12	To Sales A/c		36250	2012 Sept 27	By Sales Returns A/c		2250

Dr. Ganesh Trade Links, Hubli Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 15	To Sales A/c		25000	2012 Sept 24	By Sales Return A/c		5000

Dr. M/s. Mane, Dharwad Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 17	To Sales A/c		26250				

Dr. Purchase Return Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 Sept 31	By Sundry Creditors A/c (as per Purchase Return books)		6500

Dr. Sales Return Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 12	To Sundry Creditors A/c (as per Sales Return books)		7250				

Dr. Purchase Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 12	To Sundry Creditors A/c (as per purchase book)		90500				

Dr. Sales Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 Sept 30	To Sundry Debtors A/c (as per sales book)		87500

Distinction between Debit Note and Credit Note

1. Debit note is prepared by a person who has purchased the goods and returning the some portion or whole of goods. Credit note is prepared by a person who receives the goods returned.

2. Debit note is intimation to the seller about the return of goods. Credit note is confirmation of receiving the returned goods.
3. Debit note informs the person that his account is debited. Credit note informs the person who returns the goods that his account is credited.
4. Debit note is recorded in purchases returns book and credit note is recorded in sales return book.
5. Usually debit note and credit notes are printed in distinct colour.

5. Cash Book

In this book cash receipts and payments are recorded. This book is a book of original entry. Hence, it is a subsidiary book. Once the cash book is maintained there is no necessity of maintaining a cash account in the ledger. It serves both purposes.

Cash book may also be maintained in a columnar form. It may provide columns, for cash, bank and cash, bank cash and discount columns or bank and discount columns. Cash received and cash paid are straight way recorded in this book. From this book posting is done to various ledger accounts. Such cash book appears like ordinary account, with one amount column on each side. The left hand side records the receipts of cash and right hand side the payments.

Double Column Cash Book

On each side of the Cash book one more column is added to record the discount received or allowed. This book is called as double column cash book. Cash discount is an allowance, which often accompanies cash payment or receipt. Whenever cash is received it will be recorded on the debit side, along with it if any discount is allowed the same will be also recorded on the debit side in the discount column. However for practical purposes cash book contains, cash column and bank column. Hence it is also called as double column cash book.

In the similar manner, when the cash is paid, it will be recorded on the credit side and if any discount is received, it will be recorded on the same side in discount column.

Three Columns Cash Book

Now-a-days more than cash payments and cash receipts, payments will be made through bank or amount may be received by way of cheques which are to be collected through bank only. Hence, it is more convenient to have the bank column also on each side of the cash book. In the bank column on the debit side of the cash book records the amount deposited it to the bank column on the credit side of the cash book records the payment made through bank or amount withdrawn from the bank.

On balancing bank column on a given date, the amount in the bank can be ascertained and on balancing the cash column the cash available in the office can be ascertained.

Requisites

Cash Receipt: When the businessman receives the amount he issues documentary evidence to person paying the amount. It is called as cash receipt. It contains, the

Specimen of Cash Receipt	
<div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> (Name of the firm) No. <div style="border-bottom: 1px solid black; width: 150px; display: inline-block;"></div> Date <div style="border-bottom: 1px solid black; width: 150px; display: inline-block;"></div>	<div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> Received from <div style="border-bottom: 1px solid black; width: 250px; display: inline-block;"></div> <div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> the sum of Rs. <div style="border-bottom: 1px solid black; width: 150px; display: inline-block;"></div> by cheques / cash / cash in part / full payment on account of <div style="border-bottom: 1px solid black; width: 200px; display: inline-block;"></div> <div style="border-bottom: 1px solid black; height: 1.2em; margin-bottom: 5px;"></div> Rs. <div style="border-bottom: 1px solid black; width: 150px; display: inline-block;"></div>
<div style="border-bottom: 1px solid black; width: 200px; display: inline-block;"></div> Signature	

Cash Memo

Specimen of Cash Memo

Cash Memo

(Name of the firm)

No. _____

Date _____

Sl. No.	Particulars	Rate	Quantity	Amount

Signature

The Documentary evidence issued under the signature of party receiving the amount is called as voucher. The voucher number is also recorded in the cash book.

Specimen of Voucher	
<div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 5px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 5px;"></div> <div style="display: flex; justify-content: space-between;"> (Name of the firm) Date _____ </div> <div style="display: flex; justify-content: space-between;"> Voucher No. _____ Received _____ </div> <div style="border-bottom: 1px solid black; height: 15px; margin-top: 5px;"></div>	
<div style="display: flex; justify-content: space-between;"> Rs. _____ only on account of _____ </div>	
Signature of the Accountant	Signature of the Receiver of the amount

Form of Cash Book

Dr.					Simple Cash Book					Cr.	
Date	Particu- lars	Receipt No.	LF	Amount	Date	Particu- lars	Voucher No.	LF	Amount		

In case of double column cash book another column will be added on both sides (i.e. discount column) in case of three column cash book, one more column is added on both sides i.e. Bank column.

Debit side of the cash book is receipt side. All cash received will be recorded on this side. In discount column, the discount allowed on receipt of cash will be recorded. In the bank column, whenever the amount is deposited in the bank, entry will be made in the bank column. Similarly on the credit side, all payment will be entered in discount column. When the amount is withdrawn from the bank and also cheques are issued to other parties, entry will be made in the bank column.

On the debit side, every entry in the particular column commences with 'To' and credit side every entry commences with 'By'. After completion of the entry brief explanation is to be given.

Cash book may be balanced on convenient date. Cash column always shows debit side and such balance i.e. excess of debit side over credit side and such balance is nothing but the cash available in the business. Discount column may show either of balance. If it shows debit balance it shows the expenses or loss in the form of discount allowed, credit side total is total amount of discount earned. On balancing the bank column, if it shows debit balance it is the amount with the bank and if it shows credit balance, it shows overdraft from the bank.

Positing From the Cash Book

All the accounts appearing on the debit side are credited in the ledger.
All the accounts appearing on the credit side are debited in the ledger.

Hands-on-experience: Enter the following transaction in simple cash book.

2012

- Sept 1 Cash on hand Rs. 5000.
 3 Received from Tejas Rs. 500
 6 Received from Nagendra Rs. 370
 8 Paid to Mahesh on account Rs. 750
 10 Made cash purchases Rs.1500
 17 Sold goods to Sathe for cash Rs. 350
 20 Paid in to Bank Rs.1000
 22 Purchased office furniture for Rs. 300
 25 Received interest on debentures Rs. 300
 27 Paid electricity charges Rs. 25
 29 Paid rent Rs. 150
 30 Paid salaries to staff Rs. 570

Simple Cash Book

Dr.					Cr.				
Date	Particulars	R. No	LF	Amount	Date	Particulars	R No	LF	Amount
2012 Sept 1	To Balance b/d	-	-	5000	2012 Sept 8	By Mahesh A/ c (Paid to Mahesh)	4	26	750
3	To Tejas A/c (cash RD from Tejas)	1	22	500	10	By Purchase A/c (cash purchases)	5	27	1500
6	To Nagendra A/c (cash RD from Nagendra)	2	23	370	20	By Bank A/c (deposited)	6	28	1000
17	To Sales A/c (Cash RD on sales)	3	24	350	22	By Furniture A/c (purchased furniture)	7	29	300
25	To Interest on debenture	4	25	75	27	By Electricity Charge A/c (interest RD on debit)	8	30	25
					29	By Rent A/c (rent paid for the month)	9	31	150
					30	By Salaries A/c (salary for the monthly)	10	32	570
					30	By Balance c/d			2000
				6295					6295

Illustration

Enter the following transactions in a double column cashbook and also post them to respective ledger accounts.

2012

- Sept 1 Opening balance Rs. 11000
 4 Sold goods to Suresh of Rs. 1500 and received the amount in cash after allowing 5% cash discount
 7 Purchased goods for cash Rs. 2700
 9 Paid office rent Rs. 600
 15 Received Rs.100 on sale of shares of Hindustan Lever Ltd.
 17 Paid to Mahadev Rs. 280 and received discount of Rs. 20
 20 Received from Gokhale Rs. 190 after allowing him discount of Rs. 10
 25 Received commission Rs. 180
 29 Received from Niranjana Rs. 195 and allowed him discounts Rs. 5
 30 Paid in to bank Rs. 500

Double Column Cash Book

Dr.						Cr.					
Date	Particulars	Vr. No.	L F	Discount (Rs.)	Cash (Rs.)	Date	Particulars	Vr. No.	L F	Discount (Rs.)	Cash (Rs.)
2012 Sept 1	To Balance B/d	-	-	-	11000	2012 Sept 7	By Purchase A/c (Cash Purchase made)	-	-	-	2700
4	To Sales A/c	-	-	75	1425	9	By Rent A/c	-	-	-	600
15	To Share A/c (Sale of Share)	-	-	-	100	17	By Mahadev A/c (Paid to Mahadev and allowed discount)	-	-	20	280
20	To Gokhale A/c (RD from Gokhale and allowed him discount)	-	-	10	190	30	By Bank A/c (Deposited in bank)	-	-	-	500
25	To Commission A/c (Received Commission)	-	-	-	180		By Balance C/d	-	-	-	9010
29	To Niranjana A/c (Rd from Niranjana and allowed him discount)	-	-	5	195						
				90	13090					20	13090

Ledger Postings

Dr. Sales Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 Sept 4	By Cash A/c		1425

Dr. Shares Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 Sept 15	By Cash A/c		100

Dr. Gokhale Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 Sept 20	By Cash A/c		190
				20	By Discount A/c		10

Dr. Commission Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 Sept 25	By Cash A/c		180

Dr. Niranjan Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
				2012 Sept 29	By Cash A/c		195
					By Discount A/c		5

Dr. Office Rent Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 9	To Cash A/c		600				

Dr. Mahadev Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 12	To Cash A/c		280				
	To Discount A/c		20				

Dr. Bank Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 30	To Cash A/c		500				

Dr. Purchase Account				Cr.			
Date	Particulars	J.F.	Amount	Date	Particulars	J.F.	Amount
2012 Sept 30	To Cash A/c		2700				

Bank Transactions: In modern times, transaction through bank has become almost necessity several advantages are accrued to the businessman by operating through the bank.

1. Money is safe.
2. No necessity of keeping heavy cash balance with him.
3. Payment can be made through cheque, which creates evidence for payment made.
4. Amount can be received through cheque and safely deposited in a bank.
5. Standing instructions can be given to bank to make regular payment like, rent, electricity bill, LIC premium etc.
6. He can avail overdraft facilitates also.
7. Bank may be used as supplier of information.

Type of Deposit Accounts

Following are the types of deposit accounts:

1. **Fixed Deposit (FD) Account:** In this account amount is deposited for a fixed period. The amount can be withdrawn only on expiry of such period. Usually rate of interest will be higher compared to other deposits, if the amount is withdrawn before the expiry of the period, depositor loses the interest. It is suitable to such a person who has excess money and it is not required for immediate use.
2. **Savings Deposit Account:** This account is suitable for middle class people. Amount can be withdrawn for limited number of times in a week. Interest rate will be less compared to fixed deposit.
3. **Current Account (CA):** This account convenient to businessman who has several transactions in a day and there is no restrictions, no number of withdrawals in a day. Usually, no interest is paid on these deposits.
4. **Recurring Deposit (RD) Accounts:** Convenient account for such a persons who have regular income and like to save some portion of it.

On opening of savings account and current account bank issues the following:

- (a) **Cheque Book:** It is an instrument in writing, containing an unconditional order to the bank to pay certain sum to certain person from his account.
- Depositor who draws the cheque is called 'Drawer'.
 - The person in whose favor cheque is drawn is called 'Payee'.

- The person on whom cheque is drawn is called 'Drawee'.
- (b) **Pass Book:** It is extract of customer's ledger account with the bank. It is provided to customer and he can ascertain the details as to deposit made, withdrawals, and balance in his account.
- (c) **Pay-in-slip:** Loose leaves or a book is provided to the customer for using them while depositing cash or cheque in the bank.

Exercise: Record the following transactions in the two columns cash book and balance the same (with bank transaction)

2002

- October 1 Cash balance Rs. 5000
 Bank Balance Rs. 2000
- 2 Received from father and paid into bank Rs. 10000
- 5 Sold goods for cash deposited into bank Rs. 4000
- 8 Paid Satish by cheque on account Rs. 5700 and he allowed discount Rs. 300
- 10 Purchased goods and paid by cheque Rs. 3000
- 12 Received cash from Bepari Rs. 6000 on account and allowed him discount Rs. 400
- 15 Received cheque from Sachin and deposited into bank Rs. 2500
- 17 Sachin's cheque was returned dishonored Rs. 2500
- 18 Paid cash for advertisement Rs. 1000
- 20 Received cash from Satish for commission Rs. 2000
- 21 Purchased shares of Infosys Ltd. and paid by cheque Rs. 7000
- 23 Bought TV for cash for private use Rs. 5000
- 25 Bank paid directly for life insurance premium of the proprietor Rs. 1500
- 27 Bank debited our account for commission Rs. 100
- 28 Bank credited interest to our account Rs. 200
- 29 Issued cheque for rent Rs. 4500
- 30 Paid cash for salaries Rs. 3000

Cash Book with Discount & Cash columns/ Double Column Cash Book

Dr.				Cr.			
Date	Particulars	Disco unt	Cash	Date	Particulars	Disco unt	Cash
2012 Oct. 1	To Balance B/d	-	5000	2012 Oct. 2	By Bank A/c (deposited into bank)	-	10000
2	To Capital A/c	-	10000	5	By Bank A/c (deposited into bank)		4000
5	To Sales A/c	-	4000	8	By Purchase A/c (paid Satish and he allowed discount)	300	5700
8	To Bank A/c (with drawn from bank)	-	5700	10	By Purchase A/c (amount paid by cheque)	-	3000
10	To Bank A/c (with drawn from bank)	-	3000	15	By Cheque sent for collection A/c (cheque of Sachin sent for collection)	-	2500

12	To Bepari A/c	400	6000	18	By Advertisement A/c	-	1000
15	To Sachins's A/c (Rd cheque)	-	2500	21	By Shares A/c	-	7000
20	To Commission A/c	-	2000	23	By Drawings A/c	-	5000
21	To Bank A/c (withdrawn for payment to Infosys)	-	7000	25	By Drawings A/c (bank directly paid LIC premium)	-	1500
25	To Bank A/c (with drawn from bank)	-	1500	27	By Commission A/c	-	100
27	To Bank A/c (Commission debited to our)	-	100	28	By Bank A/c (interest credited to our account)		200
28	To Interest A/c	-	200	29	By Rent A/c		4500
29	To Bank A/c	-	4500	30	By Salaries A/c		3000
30	To Bank A/c	-	3000		By Balance C/d		7000
		400	54500			300	54500

Points to be Noted

1. Every time when the cheque is received from other parties it is treated as cash received and cash account is debited and parties account is credited. When the same cheque is paid into bank for collection - Bank account is debited and cash account is credited.
2. When the cheque is issued to others, it is assumed that amount is drawn from bank and cash account is debited and bank account is credited further on issue of cheque-party's account is debited and cash account is credited.
3. When bank makes payment directly from account as per our standing instruction, it is assumed that cash is withdrawn from the bank-so cash account is debited and bank account is credited -further cash account is credited and concerned account towards which amount is paid is debited.
4. When the bank credits our account on account of interest, it is assumed that the amount is received from the bank, hence, the cash account is debited - and bank account is credited and further it is assumed that the same amount is deposited into bank so bank account is debited and cash account is credited.

So, certain bank transactions are appears on both sides in the following cases:

1. Payment through cheque to others.
2. Received through cheque and deposited in a bank on the same day.
3. When other party directly deposit the amount to our bank account.
4. When cheque is dishonored (this happens only when - cheque sent for collection account is not opened).
5. When bank directly credits our account for interest, commission etc and also when it directly makes payment from out account like, insurance premium, taxes.

Illustration

From the following particulars prepare cash book with cash bank and discount columns:

2002

- November
- 1 Cash on hand Rs. 200
 - 2 Bank overdraft Rs. 3000
 - 3 Issued a cheque in favour of Ramachandra for Rs. 2500 in full

- settlement of Rs. 2600
- 5 Received a cheque from Somesh for Rs. 3250 in full settlement Rs. 3300 and deposited the cheque into bank
 - 7 Received an advice from the bank stating that the bank has paid Rs. 250 on account of fire insurance premium
 - 9 Paid petty cash Rs. 100
 - 11 Cash sales Rs. 3500
 - 11 Cash purchase Rs. 900
 - 15 Purchased machinery for Rs. 7000 the amount being paid by a cheque
 - 19 Direct deposit by Zaveed Rs. 4800
Rs. 2000 in full settlement of Rs. 2200 and sent to bank for collection

Cash Book with Discount, Bank & Cash Columns/ Triple Column Cash Book

Dr.

Cr.

Date	Particulars	L F	Dis. Rs.	Bank Rs.	Cash Rs.	Date	Particulars	LF	Bank Rs.	Dis. Rs.	Cash Rs.
2002 Nov 1	To Balance B/d		-		200	2002 Nov 1	By Bal B/d (over draft)	-		3000	-
5	To Somesh A/c (cheque Rd and deposited into bank)		50	3250		3	By Ramachara A/c (issued cheque)	-	100	2500	-
11	To Sales A/c					7	By Insurance Premium A/c (Insurance premium directly paid by the bank)	-		250	100
19	To Zaveed A/c			4800	3500	9	By Petty Cash A/c	-			900
26	To Preetam A/c (a cross cheque rd and allowed him discount)		200	2000		11	By Purchases A/c	-		7000	
30	To Balance B/d			3050		15	By Machinery A/c	-			300
						28	By Office Exp. A/c	-		350	-
						30	By Rent A/c (cheque book)	-			2400
							By Bal C/d	-			
			250	13100	3700				100	13100	3700

Other books of Accounts

1. **Bills Receivable Book:** In this book the bills of exchanges accepted by the customers be recorded.
2. **Bills Payable Book:** Bills which are accepted by the businessman will be recorded in this book.

3. **Petty Cash Book:** This book is used for recording of petty payments. It will be drawn in a columnar form to record the payments of different nature it reduces the burden of the main cashier usually it is maintained on “Imprest system”.
4. **Journal Proper:** In this book all those transactions which cannot be recorded in the books mentioned above will be recorded. Usually this books is also used to record opening entries, transfer entries, adjustment entries closing entries and also rectification entries

Bank Reconciliation Statement

Bank column of the cash book or bank account separately maintained shows the balance with the bank on given date. Likewise, pass book or periodical statement issued by the bank reflects the customers balance with the bank on a given date. In fact both should show the same amount of balance. But, most of the times they show different balances due to some of the reasons mentioned below. On finding out the reasons for difference in the balance, a statement is prepared to reconcile it. Such statement is called “Bank Reconciliation Statement”.

Reasons for Difference

1. ***Cheques issued but not presented for payment:*** On the date of issue of cheque to others the credit entry will be made in the cash book bank column or in bank account. This reduces the balance in the bank. But practically, the party which receives the cheques, may not present or encash the cheque on the same date. They may present it on some future date. But until the cheques is presented and encashed - the bank balance as per the bank records (i.e. in pass book) will not be reduced. Hence, there will be a difference between two balances upto the date of encashment.
2. ***Cheque received and paid into bank but not collected or cleared:*** Banker, unless the cheques paid in is collected, will not credit the amount to customers account. But on the date when the cheques are paid into bank, the entry will be made in customer's books of account, stating that the amount is deposited into the bank. It increases the balance with the bank. So, there will be difference in both balances till the amount is collected and credited to customers account.
3. ***Cheque received but not deposited in the bank:*** Some time, customer in his book makes an entry immediately after the receipt of cheques and this increase the balance with the bank. But bank will not make any record of such cheques. Hence, there will be difference.
4. ***Interest allowed by bank:*** If the bank has allowed interest to customers, the entry will be normally made in the customer's account and later shown in the bank statement. Customer comes to know, such entry on receiving the statement only and entry will be made in the cash book or bank account in his book.
5. ***Interest and expenses charged by the bank:*** On charging interest, or expenses paid or incurred on behalf of the customer bank makes an entry in customers' accounts in its books. But, the same will be known to customer only on receipt of statement and he makes the entry in his books. Till that date, the balance will be of different amount.

6. **Interest and dividends collected by the bank:** Sometimes, investments like bonds, shares and debentures are kept in bank for safe custody. Bank itself collects the interest and dividend on such investments and makes an entry in customers account. This fact will not be known to customer until he receives a statement. Up to that date there will be difference in the balance.
7. **Direct payments from the bank:** On standing instructions from the customer, like insurance premium etc. So that the entries made in the bank statement and in the customer's book will be on different date. Till that date there will be difference in balance.
8. **Direct payment by the other parties in to bank:** When the other parties directly deposits the amount in the bank to the credit of account holder, naturally account holder will come to know this on receipt of bank statement only. Until this date- there will be difference in balance.
9. **Dishonor of bills discounted with bank:** Bank provides facility of discounting (payment against bill or promissory note after deducting - the interest amount for the period) of bill of exchange or promissory notes. It presents them to the Drawee on the date of maturity. In case the drawee does not pay the amount bank will debit the customer's account with such amount. This fact will be known to account holder on receipt of statement only, till this date, balance shown will be different.
10. **Dishonor of cheques paid into bank:** When other parties cheques are paid into bank, accordingly the entries are made in the bank column or bank account, as having deposited into bank but when the bank send such cheques for collection and the other party dishonors it, bank will not make entry in the customer's account for the amount. But already customer has made entry in his books. This makes a difference. Many a times, bank also makes entry for the cheques paid in and also makes entry in the pass book in good faith. But subsequently, if the cheques are dishonored by the party - bank passes reverse entry and customer will know it latter. In such cases also, there will be difference in the balance.
11. **Mistakes in cash book or pass book:** Wrong entries may be made either in the cash book by the customer or in the passbook by the bank. Both show different balances until the errors are rectified.

Reconciliation

In the absence of any of the reasons stated above, the balance shown by the bank statement or passbook and as shown by the cashbook will agree. On a given date, if there is disagreement, exact reasons should be established and both the balances should be reconciled.

The advantages of reconciliation are:

1. It brings out any error committed either in cashbook or in the bank statement.
2. Any undue delay in the clearance of the cheques will be ascertained by the reconciliation.

3. Regular reconciliation discourages staff of the customer or even that of the bank from embezzlement (e.g.-Entries are made in cash book as amount deposited without actual deposit).

Procedure of Reconciliation: The entries appear in the cash book on debit side will appear on the credit side of the pass book and similarly, entries appear on the credit side of the cash book will appear on the debit side of pass book. For given period on a definite date - both entries in cashbook and passbook should be ticked off. The entries remaining un-ticked are reasons for the difference between two balances. Statement should be prepared taking one of the balances - i.e. if cash balance as per the cashbook is taken, after adjustments (add or deduct - as the case may be) the balance as per the cashbook will be arrived at.

Steps

1. Take the balance as per one book as starting point.
2. Find out the reasons for the difference by comparison of both books i.e. find out the un-ticked items.
3. Study the effects of particular cause of difference on balance.
4. If the un-ticked items have resulted in an increase in the balance shown by other book, the amount of such increase should be added to the balance, which is taken as starting point.
5. If the un-ticked items have resulted in decrease in the balance shown by other book, the amount of such decrease should be deducted from the balance, which is taken as starting point.
6. Finally, arrived at the balance as shown by other book.
7. If the balance arrived at agrees with balance as per other book. It shows that there are only causes and no errors.

How to Prepare a Bank Reconciliation Statement?

Formula: Compare the entries in the bank column on receipt side of the cash book with the entries made by the bank on credit side of pass book. Similarly, compare the entries made on payment side in bank column of the cash book with the entries made by the bank on debit side of the pass book. After comparison, note the discrepancy, if any, and follow the formula given below:

(a) When the balance as per Cash Book is given

- Add:**
1. Cheques issued but not present for payment.
 2. Interest and dividend collected by the Bank but not recorded in the Cash book.
 3. Direct deposit made by a customer in Bank account.
 4. Interest on deposit allowed by the Bank but not recorded in the Cash Book.
- Less:**
1. Cheques deposited in to the Bank but not realized.
 2. Commission charged by the Bank, the entry of which does not appear in the Cash Book.

3. Bank charges debited in the pass book but not entered in the Cash book.
4. Insurance premium paid by the bank but not entered in the cash book due to lack of intimation.
5. Dishonour of cheques or dishonour of bill Receivable discounted debited in the pass book but not entered in the Cash Book.

N.B.: The above formula should be followed when over draft as per Pass Book is given.

(b) When balance as per the Pass Book is given

- Add:**
1. Cheques deposited in to the Bank but not collected.
 2. Bank charges, commission, interest, debited in the pass book but not entered in the Cash Book.
 3. Insurance premium paid by the bank and debited in the pass book but does not appear in the cash book.
 4. Dishonour of cheques or dishonour of Bill Receivable discounted debited in the pass book but not entered in the Cash Book.
- Less:**
1. Cheques issued but not present for payment.
 2. Interest and dividend collected by the Bank but not recorded in the Cash Book.
 3. Direct deposit made by a customer in Bank account.
 4. Interest on deposit allowed by the Bank but not recorded in the Cash Book.

N.B.: The above formula should be followed when over draft as per Cash Book is given.

Trial Balance

Trial balance is a statement of debit and credit balances of various accounts. In the double entry book keeping system there will be a credit for every debit and there will not be any credit without a debit. When this principle is followed in writing the books of accounts the total amount of all the debits will be equal to the credits. The Trial balance is prepared on a particular date with the objective of checking the objective of arithmetic accuracy of the books of accounts. The trial balance generally does not include the closing stock.

The first step in preparation of final accounts is preparation of trial balance. After tally of the trial balance one can proceed for the preparation of the Final accounts. The following is the proforma of a Trial Balance:

Trial Balance of Shri Mittal

Sl. No.	Name of the Account	Debit Rs.	Credit Rs.
1	Cash	1,70,000	
2	Capital		180,000

3	Govind		20,000
4	Sales		93,000
5	Wages	20,000	
6	Harish	1,000	
7	Interest	2000	
8	purchases	1,00,000	
		<u>2,93,000</u>	<u>2,93,000</u>

Advantages of Trial Balance

The following are the advantages of preparing a Trial Balance:

1. Trial balance helps in checking the arithmetical accuracy of books of accounts.
2. Trial balance helps in preparing the final accounts.
3. It helps in detecting errors.
4. The Trial balance serves as an instrument to carry out the job of rectification of errors.
5. Trial balance facilitates to find out the balances of various accounts at one place.

Exercise: Assignment

1. Visit to the retail store and on-the-job training to preparation of subsidiary books from the giving retail business transactions.
2. Visit to retail hyper market and on-the-job to preparation of different types of cash books and balancing correctly.
3. Visit to the retail store and on-the-job to preparation of bank reconciliation statement.

Assessment

A. True or False

1. Trade discount is not recorded in books of accounts.
2. Discount on purchases is credited to supplier.
3. Purchases book records all purchases.
4. Source document for entries recorded in purchases returns book is called debit note.
5. Sales book records all credit sales of merchandise.
6. Sales Returns book records return of fixed assets.
7. Credit note is sent to a customer who returned the goods.
8. When payment is received promptly trade discount is allowed.
9. Total of purchases returned book is debited to purchases account.
10. Personal accounts from returns outwards book are debited.
11. Purchase of fixed asset on credit is recorded in journal proper.
12. Purchases book and purchases account are synonymous.
13. Bank account is real account.
14. Cash account is real account.
15. Cash book is both a ledger account and subsidiary book.
16. A contra entry is one which does not require posting to the ledger.

17. A contra entry appears on the both sides of cash book.
18. A bank reconciliation statement is a part of cash book.
19. A bank reconciliation statement is prepared by bank.
20. Bank reconciliation statement is not a ledger account.
21. A bank reconciliation statement is prepared to find out the causes of difference between the balance shown by bank column of cash book and by pass book.
22. Error of recording in subsidiary book does not affect trial balance.
23. Error in totaling of subsidiary book does not affect trial balance.
24. Purchase and sale of fixed assets on cash are recorded in journal proper.
25. Capital brought in kind of the proprietor is recorded in journal proper.

B. Fill in the Blanks

1. Credit purchase of machinery is to be recorded in _____.
2. Cash purchase of furniture and fixtures is to be recorded in _____.
3. Credit note is the basis for recording _____ book.
4. Debit note is the basis for recording _____ book.
5. _____ is the basis for the recording purchases book.
6. Outward invoice is the basis for recording _____ book .
7. Cash book is a _____ book.
8. Only _____ transactions are recorded in cash book.
9. Cash book is _____ as well as a _____ for cash account.
10. Discount received is _____ in cash book.
11. When cash is deposited into and withdrawn from bank, the entry in the cash book is known as _____.
12. Cash book maintained to record small expenses is known as _____.
13. Cash book without cash column is called as _____.
14. Over draft for a business means credit balance as per the _____ book.
15. Cheques deposited but not cleared will be added to the _____ balance to reconcile it with the _____ balance.
16. The bank statement is sent by _____ to _____.
17. For the purposes of reconciliation only the _____ columns of the cash book are to be considered.
18. _____ balance in pass book shown bank overdraft.
19. The trial balance is a prima facie evidence of the _____ of the book-keeping.
20. The debit and credit side totals all accounts are taken to the _____ trial balance.

C. Multiple Choice Questions

1. Purchases book is maintained to record.
 - a) Purchases of goods
 - b) All cash purchases
 - c) All credit purchases of goods
 - d) All of the above
2. The periodical total of purchases book is posted to the
 - a) Debit of Sales a/c
 - b) Debit of Purchases a/c

- c) Credit of purchased a/c
 - d) None of the above
3. The periodical total of Sales book is posted the
- a) Debit of Sales a/c
 - b) Credit of sales a/c
 - c) Debit of sales a/c
 - d) All of the above
4. The periodical total of returns inward book is posted the
- a) Credit of returns inward book a/c
 - b) Debit of returns inward book a/c
 - c) Credit of returns outward book a/c
 - d) Debit of returns outward book a/c
5. Return outward book's periodical total is posted in
- a) Credit of returns inward book a/c
 - b) Debit of returns inward book a/c
 - c) Credit of returns outward book a/c
 - d) Debit of returns outward book a/c
6. The balance on the debit side of the bank column in cash book indicates.....
- a) The total amount withdrawn from the bank
 - b) The total amount Deposited in the bank
 - c) Cash at bank
 - d) All of the above
7. The balance of the cash column is always shown
- a) Debit balance
 - b) Credit balance
 - c) Cash balance
 - d) All of the above
8. The balance of petty cash book is
- a) A liability
 - b) An expense
 - c) An asset
 - d) All of the above
9. The cash book in book-keeping records the
- a) All cash and credit sale of goods
 - b) All receipts and payments in cash
 - c) All credit and cash purchases of goods
 - d) All of the above
10. Cash discount is provided on
- a) Sales
 - b) Prompt payment
 - c) Purchases
 - d) None of the above
11. A bank pass book is a copy of
- a) A customer's account in the bank'
 - b) Cash book relating bank column
 - c) Cash book relating to cash column

- d) All of the above
- 12. A bank reconciliation statement is
 - a) Part of cash book
 - b) Part of bank book
 - c) None of the above
 - d) All of the above
- 13. A bank reconciliation statement is prepared with the help of
 - a) Bank pass book and bank column of cash book
 - b) Bank pass book and cash column of cash book
 - c) Bank pass book and bank column of pass book
 - d) All of the above
- 14. Trial balance is prepared to detect
 - a) Errors of Omission
 - b) Errors of principle
 - c) Errors of commission
 - d) All of the above
- 15. Trail balance is....
 - a) Real account
 - b) List of balances
 - c) Nominal account
 - d) Personal account

D. Short Answer Questions

1. What is purchase book?
2. What is the need of bank reconciliation statement?
3. Briefly state how the cash book is both journal and a ledger.
4. What is the purpose of contra entry?
5. What are special purpose books?
6. What is petty cash book? How it is prepared?
7. Explain the meaning of posting of journal entries?
8. Define the purpose of maintaining subsidiary journal.
9. Write the difference between return Inwards and return outwards.
10. What do you understand by ledger folio?
11. What is difference between trade discount and cash discount?
12. Write the process of preparing ledger from a journal.
13. What do you understand by imprest amount in petty cash book?
14. State the need for the preparation of bank reconciliation statement?
15. What is a bank overdraft?
16. Briefly explain the statement 'wrongly debited by the bank' with the help of an example.
17. State the causes of difference occurred due to time lag.
18. Briefly explain the term 'favourable balance as per cash book'
19. Enumerate the steps to ascertain the correct cash book balance.
20. Explain the features of trial balance?

E. Problems for Practice

1. Enter the following transactions in the Purchase Journal (Book) of M/s Mamatha Traders of July 2013:

01 Bought from Mallik Traders as per invoice no.20041 40 Registers @ Rs.60 each 80 Gel Pens @ Rs.15 each 50 note books @ Rs.20 each Trade discount 10%.

15 Bought from Karuna Stationers as per invoice no.1132 40 Ink Pads @ Rs.8 each 50 Files @ Rs.10 each 20 Color Books @ Rs. 20 each Trade Discount 5%

23 Purchased from Arjun Furniture as per invoice no.3201 2 Chairs @ 600 per chair 1 Table @ 1000 per table

25 Bought from Indore Traders as per invoice no.1111 10 Paper Rim @ Rs.100 per rim 400 drawing Sheets @ Rs.3 each 20 Packet water colour @ Rs.40 per packet

(Ans: Total of purchases book Rs. 8,299)

2. Enter the following transactions in sales (journal) book of M/s. Goyal electronics:

2012 September:

01 Sold to Rama Traders as per bill no.4321 20 Pocket Radio @ 70 per Radio 2, T.V. set, B&W.(6") @ 800 Per T.V.

10 Sold to Anil Electronics as per bill no.4351 5 T.V. sets (20") B&W @ Rs.3,000 per T.V. 2 T.V. sets (21") Colour @ Rs. 4,800 per T.V.

22 Sold to Kalpna Electronics as per bill no.4,399 10 Tape recorders @ Rs. 600 each 5 Walkman @ Rs. 300 each

28 Sold to Munni Trader as per bill no.4430 10 Mixer Juicer Grinder @ Rs. 800 each.

(Ans. Total of sales book Rs. 43,100)

3. Prepare a purchases return (journal) book from the following transactions for January 2013:

05 Returned goods to M/s Sumitra Traders 1,200

10 Goods returned to Samatha Traders 2,500

17 Goods returned to M/s Kousalya Traders. for list price Rs.2,000 less 10% trade discount.

28 Return outwards to M/s Kanya Traders 550

(Ans. Total of purchases return book Rs. 6,050)

4. Prepare Return Inward Journal(Book) from the following transactions of M/s Subadra Electronics for November 2013:

04 M/s Nanda Traders returned the goods 1,500

10 Goods returned from M/s Pal Traders 800

18 M/s Mallik Traders returned the goods not as per 1,200 specifications

28 Goods returned from Sheshi Traders 1,000

(Ans : Total of sales return Rs. 4,500)

5. Prepare proper subsidiary books and post them to the ledger from the following transactions for the month of February 2012:

01 Goods sold to Kalpana 5,000
04 Purchase from Mamata Traders 2,480
06 Sold goods to Manish Traders 2,100
07 Kalpana returned goods 600
08 Returns to Mamata Traders 280
10 Sold to Ravi 3,300
14 Purchased from Kavya Traders 5,200
15 Furniture purchased from Nagesh 3,200
17 Bought of Parmesh 4,060
20 Return to Kavya Traders 200
22 Return inwards from Ravi 250
24 Purchased goods from Pati for list price of 5,700 less 10% trade discount
25 Sold to Rama goods 6600 less 5% trade discount
26 Sold to Gokul 4,000
28 Return outwards to Pati 1,000 less 10% trade discount
28 Gokul returned goods Rs. 500.

Ans : (Total of sales book Rs.20,670, purchases book Rs.16,870, Purchases return book Rs.1,380, sales return book Rs.1,350).

6. The following balances of ledger of M/s Prabhu Traders on April 01, 2012
Cash in hand 6,000, Cash at bank 12,000, Bills receivable 7,000, Gokul (Cr.) 3,000, Stock (Goods) 5,400, Bills payable 2,000, Pratap (Dr.) 9,700, Pallavi (Dr.) 10,000. Transactions during the month were:

2012 April:

01 Goods sold to Manish 3,000
02 Purchased goods from Gokul 8,000
03 Received cash from Pratap in full settlement 9,200
05 Cash received from Pallavi on account 4,000
06 paid to Gokul by cheque 6,000.
08 Rent paid by cheque 1,200
10 Cash received from Rama 3,000
12 Cash sales 6,000 14 Goods returned to Gokul 1,000
15 Cash paid to Gokul in full settlement 3,700 Discount received 300
18 Goods sold to Raju 10,000
20 Paid trade expenses 200
21 Drew for personal use 1,000
22 Goods return from Raju 1,200
24 Cash received from Raju 6,000
26 Paid for stationery 100
27 Postage charges 60
28 Salary Paid 2,500
29 Goods purchased from Suresh 7,000
30 Sold goods to Kalyani 6000 Goods purchased from Veena 5,000
Journalize the above transactions and post them to the ledger

7. Enter the following transactions in a simple cash book for December 2013:

- 01 Cash in hand 12,000
- 05 Cash received from Raju 4,000
- 07 Rent Paid 2,000
- 10 Purchased goods Ravi for cash 6,000
- 15 Sold goods for cash 9,000
- 18 Purchase stationery 300
- 22 Cash paid to Balu on account 2,000
- 28 Paid salary 1,000
- 30 Paid rent 500

(Ans. Cash in hand Rs. 13,200)

8. Record the following transaction in simple cash book for November 2012:

- 01 Cash in hand 12,500
- 04 Cash paid to Sonu 600
- 07 Purchased goods 800
- 12 Cash received from Banu 1,960
- 16 Sold goods for cash 800
- 20 Paid to Satish 590
- 25 Paid cartage 100
- 31 Paid salary 1,000

(Ans. Cash in hand Rs. 12,170)

9. Enter the following transaction in Simple cash book for December 2013:

- 01 Cash in hand 7,750
- 06 Paid to Pallavi 45
- 08 Purchased goods 600
- 15 Received cash from Puja 960
- 20 Cash sales 500
- 25 Paid to Ravi 1,200
- 30 Paid rent 600

(Ans. Cash in hand Rs. 6,765) Bank Column Cash Book

11. Record the following transactions in a bank column cash book for December 2012:

- 01 Started business with cash 80,000
- 04 Deposited in bank 50,000
- 10 Received cash from Kavya 1,000
- 15 Bought goods for cash 8,000
- 22 Bought goods by cheque 10,000
- 25 Paid to Pal by cash 20,000
- 30 Drew from Bank for office use 2,000
- 31 Rent paid by cheque 1,000

(Ans. Cash in hand Rs. 5,000: cash at bank Rs. 37,000)

11. Prepare a double column cash book with the help of following information for December 2013:
- 01 Started business with cash 1,20,000
 - 03 Cash paid into bank 50,000
 - 05 Purchased goods from Mamatha 20,000
 - 06 Sold goods to Ravi and received a cheque 20,000
 - 10 Paid to Mamatha cash 20,000
 - 14 Cheque received on December 06, 2010 deposited into bank
 - 18 Sold goods to Bhaskar 12,000
 - 20 Cartage paid in cash 500
 - 22 Received cash from Bhaskar 12,000
 - 27 Commission received 5,000
 - 30 Drew cash for personal use 2,000
- (Ans. Cash in hand Rs. 64,500 : Cash at bank Rs. 70,000)
12. Enter the following transactions in double column cash book of M/s Mourya Traders for November 2012:
- 01 Commenced business with cash 50,000
 - 03 Opened bank account with Kenara Bank 30,000
 - 05 Purchased goods for cash 10,000
 - 10 Purchased office machine for cash 5,000
 - 15 Sales goods on credit from Ravi and received cheque 7,000
 - 18 Cash sales 8,000
 - 20 Ravi's cheque deposited into bank
 - 22 Paid cartage by cheque 500
 - 25 Cash withdrawn for personal use 2,000
 - 30 Paid rent by cheque 1,000
- (Ans. Cash in hand Rs. 11,000, Cash at bank Rs. 35,500)
13. Prepare double column cash book from the following information for September 2013:
- 01 Cash In hand 7,500 Bank overdraft 3,500
 - 03 Paid wages 200
 - 05 Cash sales 7,000
 - 10 Cash deposited into bank 4,000
 - 15 Goods purchased and paid by cheque 2,000
 - 20 Paid rent 500
 - 25 Drew from bank for personal use 400
 - 30 Salary paid 1,000
- (Ans. Cash in hand Rs. 8,800, Bank overdraft Rs. 1,900)
14. Enter the following transaction in a double column cash book of M/s. Pankaj Traders for January 2014:
- 01 Cash in hand 3,500 Bank overdraft 2,300
 - 03 Goods purchased for cash 1,200
 - 05 Paid wages 200

10 Cash sales 8,000
 15 Deposited into bank 6,000
 22 Sold goods for cheque which was deposited into 2,000 bank same day
 25 Paid rent by cheque 1,200
 28 Drew from bank for personal use 1,000
 31 Bought goods by cheque 1,000
 (Ans. Cash in hand Rs. 4,100 Cash at bank Rs. 2,500)

15. Prepare double column cash book from the following transactions for the year December 2012:

01 Cash in hand 17,500 Cash at bank 5,000
 03 Purchased goods for cash 3,000
 05 Received cheque from Mulla 10,000
 08 Sold goods for cash 7,000
 10 Mulla's cheque deposited into bank
 12 Purchased goods and paid by cheque 20,000
 15 Paid establishment expenses through bank 1,000
 18 Cash sales 7,000
 20 Deposited into bank 10,000
 24 Paid trade expenses 500
 27 Received commission by cheque 6,000
 29 Paid Rent 2,000
 30 Withdrew cash for personal use 1,200
 31 Salary paid 6,000
 (Ans. Cash in hand Rs. 8,800 cash at bank Rs. 10,000)

17. M/s Gayatri trader started their cash book with the following balances on Dec. 2012:

01 Cash in hand Rs. 1,354 and balance in bank current account Rs. 7,560. He had the following transaction in the month of December, 2012:
 03 Cash sales 2,300
 05 Purchased goods, paid by cheque 6,000
 08 Cash sales 10,000
 12 Paid trade expenses 700
 15 Sales goods, received cheque (deposited same day) 20,000
 18 Purchased motor car paid by cheque 15,000
 20 Cheque received from Madhu (deposited same day) 10,000
 22 Cash Sales 7,000
 25 Madhu's cheque returned dishonoured
 28 Paid Rent 2,000
 29 Paid telephone expenses by cheque 500
 31 Cash withdrawn for personal use 2,000 Prepare bank column cash book
 (Ans. Cash in hand Rs. 15,954 cash at bank Rs. 6,060) Petty Cash Book

17. Prepare petty cash book from the following transactions. The imprest amount is Rs. 2,000.

2013 January:

- 01 Paid cartage 50
 - 02 STD charges 40
 - 02 Bus fare 20
 - 03 Postage 30
 - 04 Refreshment for employees 80
 - 06 Courier charges 30
 - 08 Refreshment of customer 50
 - 10 Cartage 35
 - 15 Taxi fare to manager 70
 - 18 Stationery 65
 - 20 Bus fare 10
 - 22 Fax charges 30
 - 25 Telegrams charges 35
 - 27 Postage stamps 200
 - 29 Repair on furniture 105
 - 30 Laundry expenses 115
 - 31 Miscellaneous expenses 100
- (Ans. Cash balance Rs. 925)

18. Record the following transactions during the week ending Dec.30, 2012 with a weekly imprest Rs. 500.

2012 December:

- 24 Stationery 100
 - 25 Bus fare 12 25 Cartage 40
 - 26 Taxi fare 80
 - 27 Wages to casual labour 90
 - 29 Postage 80
- (Ans. Cash balance Rs. 98)

19. From the following particulars, prepare a, bank reconciliation statement as at March 31, 2012.

- Balance as per cash book Rs. 3,200
 - Cheque issued but not presented for payment Rs. 1,800
 - Cheque deposited but not collected upto March 31, 2014 Rs. 2000
 - Bank charges debited by bank Rs. 150
- (Ans: Balance as per passbook Rs. 2,800)

20. On March 31 2013 the cash book showed a balance of Rs. 3,700 as cash at bank, but the bank passbook made up to same date showed that:

- cheques for Rs. 700, Rs. 300 and Rs. 180 respectively had not presented for payment,
- Also, cheque amounting to Rs. 1,200 deposited into the account had not been credited.

Prepare a bank reconciliation statement.

(Ans : Balance as per passbook Rs. 3,680).

21. The cash book shows a bank balance of Rs. 7,800. On comparing the cash book with passbook the following discrepancies were noted:
- Cheque deposited in bank but not credited Rs. 3,000
 - Cheque issued but not yet present for payment Rs. 1,500
 - Insurance premium paid by the bank Rs. 2,000
 - Bank interest credit by the bank Rs. 400
 - Bank charges Rs. 100
 - Directly deposited by a customer Rs. 4,000
- (Ans: Balance as per passbook Rs. 8,600).
22. Bank balance of Rs. 40,000 showed by the cash book of Nagaraju on December 31, 2012.
- It was found that three cheques of Rs. 2,000, Rs. 5,000 and Rs. 8,000 deposited during the month of December were not credited in the passbook till January 02, 2013.
 - Two cheques of Rs. 7,000 and Rs. 8,000 issued on December 28, were not presented for payment till January 03, 2013.
 - In addition to it bank had credited Nagaraju for Rs. 325 as interest and had debited him with Rs. 50 as bank charges for which there were no corresponding entries in the cash book.
- Prepare a bank reconciliation statement as on December 31, 2012.
(Ans: Balance as per passbook Rs. 40,245).
23. On comparing the cash book with passbook of Surya it is found that on March 31, 2013, bank balance of Rs. 40,960 showed by the cash book differs from the bank balance with regard to the following:
- Bank charges Rs 100 on March 31, 2013, are not entered in the cash book.
 - On March 21, 2013, a debtor paid Rs. 2,000 into the company's bank in settlement of his account, but no entry was made in the cash book of the company in respect of this.
 - Cheques totaling Rs. 12,980 were issued by the company and duly recorded in the cash book before March 31, 2013, but had not been presented at the bank for payment until after that date.
 - A bill for Rs. 6,900 discounted with the bank is entered in the cash book with recording the discount charge of Rs. 800.
 - Rs. 3,520 is entered in the cash book as paid into bank on March 31st, 2013, but not credited by the bank until the following day.
 - No entry has been made in the cash book to record the dishonor on March 15, 2013 of a cheque for Rs. 650 received from Kavya.
- Prepare a reconciliation statement as on March 31, 2013.
(Ans: Balance as per passbook Rs. 50,870).
24. Prepare bank reconciliation statement as on December 31, 2012. On this day the passbook of Mr. Ravi showed a balance of Rs. 7,000.

- Cheques of Rs. 1,000 directly deposited by a customer.
- The bank has credited Mr. Ravi for Rs. 700 as interest.
- Cheques for Rs. 3000 were issued during the month of December but of these cheques for Rs. 1,000 were not presented during the month of December.

(Ans: Balance as per cash book Rs. 3,300).

25. From the following particulars prepare a bank reconciliation statement showing the balance as per cash book on December 31, 2013.

- Two cheques of Rs. 2,000 and Rs. 5,000 were paid into bank in October, 2013 but were not credited by the bank in the month of December.
- A cheque of Rs. 800 which was received from a customer was entered in the bank column of the cash book in December 2013 but was omitted to be banked in December, 2014.
- Cheques for Rs. 10,000 were issued into bank in November 2013 but not credited by the bank on December 31, 2013.
- Interest on investment Rs. 1,000 collected by bank appeared in the passbook. Balance as per Passbook was Rs. 50,000

(Ans: Balance as per cash book Rs. 47,800)

26. Balance as per passbook of Mr. Bhaskar is 3,000.

- Cheque paid into bank but not yet cleared Prabhu Rs. 1,000 Pallavi Rs. 500
- Bank Charges Rs. 300
- Cheque issued but not presented Sukram Rs. 2,000 Priya Rs. 500
- Interest entered in the passbook but not entered in the cash book Rs. 100

Prepare a bank reconciliation statement.

(Ans: Balance as per cash book Rs. 2,200).

27. The passbook of Mr. Ravi current account showed a credit Balance of Rs. 20,000 on dated December 31, 2012. Prepare a Bank Reconciliation Statement with the following information.

- A cheque of Rs. 400 drawn on his saving account has been shown on current account.
- He issued two cheques of Rs. 300 and Rs. 500 on of December 25, but only the 1st cheque was presented for payment.
- One cheque issued by Mr. Ravi of Rs. 500 on December 25, but it was not presented for payment whereas it was recorded twice in the cash book.

(Ans: Balance as per cash book Rs. 18,900).

28. On 1st January 2013, Bhaskar had an overdraft of Rs. 8,000 as showed by his cash book.

- Cheques amounting to Rs. 2,000 had been paid in by him but were not collected by the bank by January 01, 2014.
- He issued cheques of Rs. 800 which were not presented to the bank for payment up to that day.

- There was a debit in his passbook of Rs. 60 for interest and Rs. 100 for bank charges. Prepare bank reconciliation statement for comparing both the balance.

(Ans : Overdraft as per passbook Rs. 9,360)

29. Prepare bank reconciliation statement.

- Overdraft shown as per cash book on December 31, 2012 Rs. 10,000.
- Bank charges for the above period also debited in the passbook Rs. 100.
- Interest on overdraft for six months ending December 31, 2012 Rs. 380 debited in the passbook.
- Cheques issued but not incashed prior to December 31, 2012 amounted to Rs. 2,150.
- Interest on Investment collected by the bank and credited in the passbook Rs. 600.
- Cheques paid into bank but not cleared before December, 31 2012 were Rs. 1,100.

(Ans: overdraft as per passbook Rs. 8,830).

30. Ravi find that the bank balance shown by his cash book on December 31, 2013 is Rs. 90,600 (Credit) but the passbook shows a difference due to the following reason:

- A cheque (post dated) for Rs. 1,000 has been debited in the bank column of the cash book but not presented for payment.
- Also, a cheque for Rs. 8,000 drawn in favor of Bhaskar has not yet been presented for payment.
- Cheques totaling Rs. 1,500 deposited in the bank have not yet been collected and cheque for Rs. 5,000 has been dishonored.

(Ans: overdraft as per passbook Rs. 1,03,600).

31. On December 31, 2012, the cash book of Kanya Traders Showed an overdraft of Rs. 6,920. From the following particulars prepare a Bank Reconciliation Statement and ascertain the balance as per passbook.

- Debited by bank for Rs. 200 on account of Interest on overdraft and Rs. 50 on account of charges for collecting bills.
- Cheques drawn but not en cashed before December, 31, 2012 for Rs. 4,000.
- The bank has collected interest and has credited Rs. 600 in passbook.
- A bill receivable for Rs. 700 previously discounted with the bank had been dishonored and debited in the passbook.
- Cheques paid into bank but not collected and credited before December 31, 2012 amounted Rs. 6,000.

(Ans: Overdraft as per passbook Rs. 9,270).

32. Prepare bank reconciliation statement of Narayana as on December 31, 2013

- The Payment of a cheque for Rs. 550 was recorded twice in the passbook.
- Withdrawal column of the passbook under cast by Rs. 200

- A Cheque of Rs. 200 has been debited in the bank column of the Cash Book but it was not sent to bank at all.
- A Cheque of Rs. 300 debited to Bank column of the passbook was not sent to the bank.
- Rs. 500 in respect of dishonored cheque was entered in the passbook but not in the cash book.

Overdraft as per passbook is Rs. 20,000.

(Ans: Overdraft as per cash book Rs. 20,350).

33. Overdraft shown by the passbook of Mr. Pallavi is Rs. 20,000. Prepare bank reconciliation statement on dated December 31, 2012.

- Bank charges debited as per passbook Rs. 500.
- Cheques recorded in the cash book but not sent to the bank for collection Rs. 2,500.
- Received a payment directly from customer Rs. 4,600.
- Cheque issued but not presented for payment Rs. 6,980.
- Interest credited by the bank Rs. 100.
- LIC paid by bank Rs. 2,500.
- Cheques deposited with the bank but not collected Rs. 3,500.

(Ans: Overdraft as per cash book Rs. 22,680).

34. Mamatha Traders have two bank accounts. Account No. I and Account No. II. From the following particulars relating to Account No. I, find out the balance on that account of December 31, 2013 according to the cash book of the firm.

- Cheques paid into bank prior to December 31, 2013, but not credited for Rs. 10,000.
- Transfer of funds from account No. II to account no. I recorded by the bank on December 31, 2013 but entered in the cash book after that date for Rs. 8,000.
- Cheques issued prior to December 31, 2013 but not presented until after that date for Rs. 7,429.
- Bank charges debited by bank not entered in the cash book for Rs. 200.
- Interest Debited by the bank not entered in the cash book Rs. 580.
- Overdraft as per Passbook Rs. 18,990.

(Ans: Overdraft as per cash book Rs. 23,639).

35. Prepare a bank reconciliation statement from the following particulars and show the balance as per cash book.

- Balance as per passbook on December 31, 2013 overdrawn Rs. 20,000.
- Interest on bank overdraft not entered in the cash book Rs. 2,000.
- Rs. 200 insurance premium paid by bank has not been entered in the cash book.
- Cheques drawn in the last week of December, 2013, but not cleared till date for Rs. 3,000 and Rs. 3,500.

- Cheques deposited into bank on November, 2013, but yet to be credited on dated December 31, 2013 Rs. 6,000.
 - Wrongly debited by bank Rs. 500.
- (Ans: Overdraft as per cash book Rs. 17,800).

36. The passbook of Pankaj showed an overdraft of Rs. 40,950 on March 31, 2012. Prepare bank reconciliation statement on March 31, 2012.

- Out of cheques amounting to Rs. 8,000 drawn by Pankaj on March 27 a cheque for Rs. 3,000 was encashed on April 2012.
- Credited by bank with Rs. 3,800 for interest collected by them, but the amount is not entered in the cash book.
- Rs. 10,900 paid in by Pankaj in cash and by cheques on March, 31 cheques amounting to Rs. 3,800 were collected on April, 07.
- A Cheque of Rs. 780 credited in the passbook on March 28 being dishonored is debited again in the passbook on April 01, 2012. There was no entry in the cash book about the dishonor of the cheque until April 15.

(Ans: Overdraft as per cash book Rs. 36,350)

Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirements for Assessment Activity.

Part A

- Differentiate between journal proper and subsidiary books.
- Differentiate between the purchases book and sales book.
- Differentiate between the purchases return book and sales return book.
- Differentiate between the bills receivable book and bills payable book.
- Differentiate between the general cash book and petty cash book.
- Discuss how to prepare bank reconciliation statement.
- Find out the features of trial balance.

Part B

Discussed in class the following:

- What are the advantages of subsidiary books?
- What are the types of deposit accounts?
- What are the advantages of bank reconciliation statement?
- What is purchase book?
- What is the need of bank reconciliation statement?
- Briefly state how the cash book is both journal and a ledger.
- What is the purpose of contra entry?
- What are special purpose books?
- What is petty cash book? How it is prepared?
- Explain the meaning of posting of journal entries?

- Define the purpose of maintaining subsidiary journal.
- Write the difference between return Inwards and return outwards.
- What do you understand by ledger folio?
- What is difference between trade discount and cash discount?
- Write the process of preparing ledger from a journal.
- What do you understand by imprested amount in petty cash book?
- State the need for the preparation of bank reconciliation statement?
- What is a bank overdraft?
- Briefly explain the statement ‘wrongly debited by the bank’ with the help of an example.
- State the causes of difference occurred due to time lag.
- Briefly explain the term ‘favorable balance as per cash book’
- Enumerate the steps to ascertain the correct cash book balance.
- 20 Explain the features of trial balance?

Part C

Performance Standards

The performance standards may include:

Performance standards	Yes	No
Able to understand the difference between journal proper and subsidiary books.		
Able to differentiate between the purchases book and sales book.		
Able to differentiate between the purchases return book and sales return book.		
Able to differentiate between the bills receivable book and bills payable book.		
Able to differentiate between the general cash book and petty cash book.		
Able to identify the need of preparing a bank reconciliation statement.		