

MODULE SIX

TEAM MEMBER PERFORMANCE, FINANCIAL AND RISK MANAGEMENT



PORTFOLIO OF EVIDENCE

FORMATIVES

LEARNER DETAILS	
Name	
Surname	
ID Number	
Group code	
Assessor name	

**NATIONAL CERTIFICATE : GENERIC MANAGEMENT
STRATEGIC MANAGEMENT
NQF LEVEL 5 : SQI#59201 : LPI #74512**

MODULE SIX

**TEAM MEMBER PERFORMANCE,
FINANCIAL AND RISK MANAGEMENT**

PORTFOLIO OF EVIDENCE : FORMATIVES

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UNIT STANDARDS: FORMATIVE ACTIVITIES

To make sure your PoE remains up to date, place a tick in the checkbox next to each activity/task.

Unit standard		NQF level	Credits
252034	Monitor and evaluate team members against performance standards.	5	8
Formative activities			
1. Performance standards, monitoring performance, and performance reviews			

Unit standard		NQF level	Credits
252040	Manage the finances of a unit.	5	8
Formative activities			
2. Understand managerial financial concepts, and interpret financial statements			
3. Financial forecasting and budgeting			

Unit standard		NQF level	Credits
252036	Apply mathematical analysis to economic and financial information.	5	6
Formative activities			
4. Apply mathematical techniques to represent financial and economic information			

Unit standard		NQF level	Credits
252025	Monitor, assess and manage risk.	5	8
Formative activities			
5. Manage risk and develop contingency plans			

252034: Monitor and evaluate team members against performance standards.

SO1: Formulate performance standards for team members in a unit. ACs 1-4

SO2: Establish systems for monitoring performance. ACs 1-4

SO3: Prepare for a performance review of a team member. ACs 1-5

SO4: Conduct performance review interview. ACs 1-5

FORMATIVE ACTIVITY 1: PERFORMANCE STANDARDS, MONITORING PERFORMANCE AND PERFORMANCE REVIEWS

1. Kuhle is an Office Manager of a national organisation. The business is opening up a new office in Pretoria, and requires a Receptionist.

In this new office, the Receptionist will be responsible for (1) reception management, (2) stock control, and (3) inspections.

Kuhle needs to develop performance standards, consisting of Key Results Areas (KRAs) and Key Performance Indicators (KPIs).

- 1.1 Choose one (1) responsibility of the Receptionist in question 1, and create one (1) KRA with two (2) KPIs that Kuhle can use to measure performance.

One (1) Key Results Area (KRA)
Two (2) Key Performance Indicators (KPIs)

- 1.2 Identify the role of one (1) team member you manage, and create one (1) KRA with two (2) KPIs for this employee.

Role
One (1) Key Results Area (KRA)
Two (2) Key Performance Indicators (KPIs)

2. Performance monitoring is a process that is implemented once a performance standard is in progress in order to identify efficient workflows, optimise inefficient workflows, boost team member productivity, ensure that everyone can perform at their best, and work cohesively.

2.1 As a strategic manager in an organisation in South Africa, outline **two (2) examples** of what is and is not permitted or allowed in the monitoring of your team's performance.

What is allowed	What is not allowed

2.2 Describe one (1) disadvantage of performance monitoring systems for the team members you lead, and how you strive to overcome this disadvantage.

One (1) disadvantage of performance monitoring systems for team members
How do you aim to overcome this one (1) disadvantage?

- 2.3 Name and justify the value of one (1) performance monitoring system that you currently use in your team.

Name this performance monitoring system
Justify the value of this performance monitoring system

- 2.4 Identify and recommend a performance monitoring system that you want to establish in your team, but does not currently exist.

Identify the performance monitoring system
Recommendation to establish this performance monitoring system in your team

2.5 Assume that senior management gives the go-ahead for the performance monitoring system you suggested in question 2.4.

Discuss, using examples, how you will introduce and implement this new performance monitoring system with your team by addressing the following:

- Continuous improvement
- Transparency
- Communication
- Ownership

Continuous improvement
Transparency
Communication
Ownership

3. Meera is the Strategic Manager of a team of six Data Scientists who analyse customer trends.
- Half the team work in the office, while the other half of the team work remotely across South Africa.
- She has been conducting performance reviews with the team twice a year for two years. She wants to improve her skills, and approaches you for advice.

3.1 Briefly explain to Meera how she can better prepare for the team's performance reviews in terms of the following:

- Gather team member-related performance data.
- Prepare feedback ahead of time.
- Confirm logistics.

Note: use examples related to the question 3 scenario to support your explanations.

Gather team-member related performance data
Prepare feedback ahead of time
Confirm logistics

- 3.2 Briefly explain to Meera how to conduct more effective performance reviews using the provided headings.

Note: use examples from your **own experience** with a recent team member's performance review to support your explanations.

Welcome the team member
Provide constructive feedback
Make sure the meeting is a two-way conversation
Keep comments clear and concise
Explain the consequences of failing to meet expectations
End with a focus on the future

252040: Manage the finances of a unit.

SO1: Demonstrating an understanding of the key concepts of managerial finance. ACs 1-4

SO2: Interpret financial statements. ACs 1-5

FORMATIVE ACTIVITY 2: UNDERSTAND MANAGERIAL FINANCIAL CONCEPTS, AND INTERPRET FINANCIAL STATEMENTS

1. You are the Executive Director of Food & Trees for Africa (FTFA) situated in Sandton, Gauteng. This is a Non-Profit Organisation that is run like a business.

In this NPO, the organisation has been addressing food security, environmental sustainability, and greening since 1990.

Below is the annual statement of financial position.

Food and Trees for Africa (NPC)

(Registration number: 1991/001061/08)

Annual Financial Statements for the year ended 30 September 2021

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Notes	2021 R	2020 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	2,470,994	2,611,166
Investment in subsidiary	3	1	1
		2,470,995	2,611,167
Current Assets			
Trade and other receivables	4	1,509,263	449,567
Cash and cash equivalents	5	17,520,857	19,378,837
		19,030,120	19,828,404
Total Assets		21,501,115	22,439,571
Equity and Liabilities			
Equity			
Pre-incorporation surplus		26,629	26,629
Accumulated surplus		2,320,829	4,304,152
		2,347,458	4,330,781
Liabilities			
Current Liabilities			
Trade and other payables	6	4,073,915	2,989,996
Income received in advance	7	15,079,742	15,118,794
		19,153,657	18,108,790
Total Liabilities		19,153,657	18,108,790
Total Equity and Liabilities		21,501,115	22,439,571

- 1.1 Motivate if you, as the Executive Director for Food & Trees for Africa (FTFA), need to have an understanding of finance or accounting, or both.

- 1.2 Differentiate between the accounting period and the accounting cycle, and identify the accounting period at FTFA in the annual financial statement of position in question 1.

Accounting period	Accounting cycle
Identify the accounting period at FTFA in question 1	

- 1.3 The general accounting cycle contains seven (7) steps.

Identify and justify what step this published statement of financial position in question 1 falls within.

2. Three (3) recognised financial statements include the balance statement, income statement, and cash flow statement. As the Executive Director of FTFA, you need to be able to interpret these different financial statements.

2.1 **The balance sheet** displays an organisation's assets, liabilities, and shareholder's equity at a specific point in time, and is divided in two columns or sections.

Using the information in the statement of financial position as at 30 September 2021 in question 1, complete a balance statement.

Balance Sheet	

- 2.2 An **income statement**, also known as a profit and loss statement, shows an organisation's performance during a specific timeframe.

Use the income statement formula to demonstrate if FTFA made a **net income** or **net deficit** for the accounting period ending 30 September 2021.

Food and Trees for Africa (NPC)			
(Registration number: 1991/001061/08)			
Annual Financial Statements for the year ended 30 September 2021			
DETAILED INCOME STATEMENT			
	Notes	2021 R	2020 R
Revenue			
Donations		23,199,824	21,135,294
Other income			
Sundry income		265,634	574,436
Interest revenue	10	504,360	842,988
		769,994	1,417,424
Operating expenses			
Accounting fees		(46,250)	(20,281)
Advertising		(490,570)	(429,983)
Bank charges		(56,615)	(41,699)
Beneficiary training and learnerships		(1,093,166)	(1,314,149)
Computer expenses		(132,531)	(222,288)
Consulting and professional fees		(213,519)	(206,390)
Depreciation		(196,102)	(169,687)
Insurance		(142,326)	(121,113)
Legal expenses		(1,365)	(25,659)
Motor vehicle expenses		29,243	24,935
Printing and stationery		(203,441)	(30,657)
Project development expenses		(14,608,372)	(12,351,575)
Repairs and maintenance		(75,299)	(72,500)
Research and development costs		(1,601,144)	(1,585,575)
Salaries		(6,671,721)	(6,322,675)
Security		(37,341)	(36,719)
Telephone and fax		(151,389)	(121,834)
Training		(107,515)	(353,788)
Travel - local		(109,259)	(304,897)
Utilities		(44,459)	(55,879)
		(25,953,141)	(23,762,413)

- 2.3 A **cash flow statement** measures how well an organisation generates cash to pay its debt obligations, fund its operating expenses, and fund investments. This provides insight to an organisation's financial footing.

Identify and briefly explain the three (3) major business activities in a cash flow statement.

Use FTFA's cash flow statement as the examples or evidence of each business activity.

Food and Trees for Africa (NPC)			
(Registration number: 1991/001061/08)			
Annual Financial Statements for the year ended 30 September 2021			
STATEMENT OF CASH FLOWS			
	Notes	2021 R	2020 R
Cash flows from operating activities			
Cash used in operations	12	(2,306,410)	(341,256)
Interest revenue		504,360	842,988
Net cash from operating activities		(1,802,050)	501,732
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(55,930)	(123,058)
Total cash movement for the year		(1,857,980)	378,674
Cash at the beginning of the year		19,378,837	19,000,163
Total cash at end of the year	5	17,520,857	19,378,837

- 3.1 Interpret the income statement in question 2.2.

Identify the expense that takes up the largest percentage of income in 2021
Motivation using a common size vertical analysis

- | |
|--|
| Identify the expense that increased the most from 2020-2021 |
| |
| Motivation using a common size horizontal analysis |
| |

- 3.3 Identify and justify if this is an example of liquidity, profitability, turnover, or a solvency financial ratio analysis for FTFA.

Note: the justification must use the formula to prove how the current financial ratio was calculated below.

	FTFA	NPO Competitor
Current assets	19,030,120	19,001,230
Current liabilities	19,153,657	17,555,321
Financial ratio	0.99	1.08

Identify the specific type of financial ratio analysis

Justification of the type of financial ratio analysis using the formula

252040: Manage the finances of a unit.

SO3: Describe and prepare financial forecasts. ACs 1-5

SO4: Draft budgets according to the operational plan of the unit. ACs 1-4

SO5: Supervise financial management of a unit against given requirements. ACs 1-3

FORMATIVE ACTIVITY 3: FINANCIAL FORECASTING AND BUDGETING

1. There are three (3) types of financial forecasts being cash flow, income, and sales forecasting.

Identify and describe the type of financial forecasting Aashik, the Finance Manager at Tyres for Africa, is implementing in each scenario.

- 1.1 Aashik must forecast the amount of tyres and associated products the organisation is expected to sell within the projected fiscal period. He is doing this to help Tyres for Africa better manager and distribute resources in a more economical way.

- 1.2 Aashik needs to estimate the movement of cash in and out of Tyres for Africa over a set financial period. He is doing this to help the organisation identify funding requirements and budget appropriately.

- 1.3 Aashik's role involves analysing Tyres for Africa's past performance and current growth to predict the organisation's future income. Doing this informs the cash flow and balance sheet forecasts for the organisation.

2. Aashik has a new team member, and he needs to train Leigh on the correct process to conduct a financial forecast.

Briefly describe how Aashik can train Leigh to prepare a bottom-up sales forecast using these headings:

- 2.1 Define the purpose of your forecast.
- 2.2 Gather past financial statements and historical data.
- 2.3 Select a timeframe.
- 2.4 Select a forecasting method.
- 2.5 Document and monitor results.
- 2.6 Analyse financial data.
- 2.7 Repeat based on selected forecast timeframe.

3. Prudence is the strategic manager of the Customer Service's Department.

She is new to her role, and has asked you for insights in how to put together the department's budget.

To do this, you ask her to refer to last year's customer service department budget below.

Customer Services Department Statement of Operations			
	Budget	Actual	Variance
Payroll			
Payroll expenses	12 000 000.00	12 000 000.00	10 000.00
Employee bonuses	3 000 000.00	2 800 000.00	1000.00
Employee overtime	9000.00	28 500.00	19 500.00
Total payroll	15 009 000.00	14 828 500.00	8500.00
Fringe			
Employee appreciation	27 000.00	20 500.00	650.00
Total fringe	27 000.00	20 500.00	6500.00
General			
Training	160 000.00	220 000.00	6000.00
Equipment rental	3600.00	3600.00	00.00
Postage and delivery	300.00	270.00	30.00
Software license fees	48 000.00	50 000.00	2000.00
Telephones	14 400.00	15 264.00	864.00
Cellphones	60 000.00	55 000.00	5000.00
Utilities	50 400.00	50 850.00	450.00
Total general	336 700.00	394 984.00	58 284.00
Total operating expenses	15 372 700.00	15 243 984.00	128 716.00

Explain to Prudence how to draft a departmental budget.

3. Explain to Prudence how to draft a departmental budget ... **continued.**

4. The Customer Services department needs to invest in upgraded headsets for the 200 call centre agents.

Prudence, the Contact Centre Manager, has done her research and plans to buy superior quality noise-cancelling headsets for the 200 call-centre agents at the bulk price of R1788.88 per unit. Each headset has a three (3) year warranty.

After the three (3) years, the residual value of each headset is R0.00 as working headsets will be donated, and the broken headsets scrapped.

Prudence's projected income statement identified the annual net cash flows due to retained customers and new customer spending after tax is estimated at R720.00 per customer service agent headset unit in year one, R763.20 in year two, and R809.00 in year three.

4. Prepare a **capital budgeting analysis** to motivate if Prudence must invest in these headsets or not ... **continued.**

Follow these steps:

- 4.1 Determine the total amount of the investment
- 4.2 Determine the cash flows the investment will return
- 4.3 Determine residual/terminal value
- 4.4 Calculate annual cash flows of the investment
- 4.5 Calculate the NPV of the cash flows
- 4.6 Run 'what-if' analyses
- 4.7 Create an implementation plan
- 4.8 Monitor the results

Note: include all relevant calculations.

4. Prepare a **capital budgeting analysis** to motivate if Prudence must invest in these headsets or not ... **continued.**

Follow these steps:

- 4.1 Determine the total amount of the investment
- 4.2 Determine the cash flows the investment will return
- 4.3 Determine residual/terminal value
- 4.4 Calculate annual cash flows of the investment
- 4.5 Calculate the NPV of the cash flows
- 4.6 Run 'what-if' analyses
- 4.7 Create an implementation plan
- 4.8 Monitor the results

Note: include all relevant calculations.

252036: Apply mathematical analysis to economic and financial information.**SO1:** Use mathematical techniques to collect and organise data.**SO2:** Apply mathematical techniques to calculate and represent financial and economic data.**SO3:** Apply mathematical analysis to indicate economic relationships.**FORMATIVE ACTIVITY 4: APPLY MATHEMATICAL TECHNIQUES TO REPRESENT FINANCIAL AND ECONOMIC INFORMATION**

1. The Marketing Manager Andiswa at Nautical Distillery, a craft alcohol distiller in Durban, wants to research if prospective and current customers will be interested in a new addition of rum to their craft alcohol range.

Before presenting the results to the Head of Marketing, she wants to confirm the reliability of the findings.

To do this, she randomly selects a sample of 5 participants who completed the survey, and reviews their responses.

She starts with survey question 1:

How many bottles of Freedom Rum will you purchase in a year?

Respondent 1	2
Respondent 2	3
Respondent 3	4
Respondent 4	7
Respondent 5	9

- 1.1 Calculate the mean using the formula, and describe what this mean indicates in this data set.

Note: show all calculations.

Calculate the mean using the formula

Describe what this mean indicates

- 1.2 Calculate the standard deviation using the formula, and describe what this standard deviation implies in this data set.

Note: show all calculations.

Calculate the standard deviation using the formula

Describe what this standard deviation indicates

- 1.3 Calculate the standard error using the formula, and describe what this standard error result indicates about the data.

Note: show all calculations.

Calculate the standard error using the formula

- 1.3 Calculate the standard error using the formula, and describe what this standard error result indicates about the data.

Note: show all calculations ... **continued.**

Describe what this standard error indicates

- 1.4 Andiswa's presentation was a success. She decides to include this survey and future survey results in an online dashboard.

Explain two (2) reasons why Andiswa should use an online dashboard to represent the data.

2. Nautical Distillery is wanting to increase the sales team and hire another sales representative. Within the year (12 months), if one more sales representative is hired in the gin category, the conservative prediction is a 50% increase in the revenue of gin sales at R450 000.00. During this timeframe, the value of the business will also increase contributing an additional revenue stream of R30 000.00.

The salary of the new sales representative will be R360 000.00, and the cost of hiring is estimated to be R15 000.00. Furthermore, the cost of the sales representative's cellphone, car, tablet, and software will be approximately R25 000.00.

Justify, using a **cost-benefit analysis**, if Nautical Distillery should go ahead with the hire or not.

2. Justify, using a cost-benefit analysis, if Nautical Distillery should go ahead with the hire or not ... **continued.**

3. Nautical Distillery want to implement a Human Resources (HR) chatbot automated system that can answer employee queries 24 hours a day.

Installing this HR chatbot at R288 000.00 is cheaper than hiring another HR team member at R400 000.00, and frees up much needed time of the HR team to focus on other tasks.

After piloting the chatbot for 3 months, feedback analytics indicate that employees are frustrated, and are ending the call when they realise they need to speak to the bot.

Justify, using a **cost-effectiveness analysis**, if Nautical Distillery should continue with the chatbot or not.

3. Identify and motivate the **economic relationship** in each scenario related to Nautical Distillery.

- 3.1 The South African economy is recovering well, as there is a higher supply of money in circulation. Nautical Distillery's Financial Manager advises the organisation to take advantage of the lower credit interest rates, and apply for a loan to purchase four new distilling tanks.

- 3.2 Nautical Distillery increased the price of the craft gin from R429.00 to R500.00 per bottle. When the organisation did this, sales of the craft gin fell.

- 3.3 The South African interest rate increased from 5.75% to 6.25%, so Nautical Distillery's Financial Manager advised the organisation to increase the current investment to achieve the highest rate of return.

- 3.4 The Financial Manager of Nautical Distillery has been closely monitoring the South African economy. After two consecutive quarters of growth, real Gross Domestic Product (GDP) increased again by 0,7% in the second quarter.

For this reason, the Financial Manager advises that in this environment to launch a new craft alcohol product, and to advertise the two new positions.

3. Identify and motivate the **economic relationship** in each scenario related to Nautical Distillery ... **continued.**

- 3.5 A recent imported gin shortage in South Africa provided an opportunity for Nautical Distillery to increase the price of the craft gin from R429.00 to R500.00 per bottle. To take advantage of this opportunity, the distillery increased production. Doing this increased supply to make more money.

4. Nautical Distillery want to price and supply their new craft alcohol product, Freedom Rum, appropriately to meet customer demand.

Using past sales data and data from their competitors, the Marketing Manager Andiswa created a supply and demand line graph for Freedom Rum.



- 4.1 Briefly describe the economic relationship between supply and demand using the Freedom Rum graph.

- 4.2 Recommend to Andiswa, Nautical Distillery's Marketing Manager, what the equilibrium price and quantity is for Freedom Rum.

Note: refer to the supply and demand graph to support your recommendation.

252025: Monitor, assess and manage risk.**SO1:** Demonstrate an understanding of potential risks to a unit. ACs 1-3**SO2:** Identify potential risks and assess the impact thereof in a unit. ACs 1-5**SO3:** Develop contingency plans for managing risk. ACs 1-3**SO4:** Test and revise contingency plans. ACs 1-3**FORMATIVE ACTIVITY 5: MANAGE RISK AND DEVELOP CONTINGENCY PLANS**

1. Kabelo is the Food and Beverages Manager of the organisation's canteen.

One of the central functions of his role is to ensure a healthy and safe work environment without risk for the temporary and permanent team members, visitors, and suppliers in the canteen.

- 1.1 There are three (3) main types of risk assessments being fraud, issue-based, and occupational health and safety risk assessments.

List three (3) examples of potential hazards that Kabelo will need to manage in the canteen when compiling a:

1.1.1 Fraud risk assessment.

1.1.2 Issue-based risk assessment.

1.1.3 Occupational health and safety risk assessment.

Fraud risk assessment - three (3) potential hazards in the canteen**Issue-based risk assessment - three (3) potential hazards in the canteen****Occupational health and safety risk assessment - three (3) potential hazards in the canteen**

1.2 Discuss how Kabelo can conduct an occupational health and safety risk assessment in the canteen focusing on his team members using the following headings:

1.2.1 Identify hazards

1.2.2 Calculate likelihood

1.2.3 Calculate consequences

1.2.4 Calculate the risk rating

1.2.5 Create an action plan checklist

1.2.6 Input data in a risk assessment matrix

2. The results from Kabelo's occupational health and safety risk assessment conducted in question 1 revealed minor and major business disruptions that can impact the team, and the organisation.

The most significant major business disruption is if uncontrollable civil unrest/looting breaks out at the canteen entrance that is on a public road. Team members could suffer serious or fatal injuries if the rioters gain access to the canteen.

- 2.1 Complete a **risk contingency plan** to address the major business disruption in the question 2 scenario.

Note: attach the risk contingency plan with this formative 5 and label this '**Name and Surname FA5 Attachment**' and indicate the **attachment number** below.

For example: Andile Khumalo FA5 Attachment 6.

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- 2.2. Creating a risk contingency plan isn't enough. These plans need to be tested, reviewed, and if necessary revised.

Briefly describe how Kabelo can test and revise the risk contingency plan in question 2.1 using the following headings:

2.2.1 Test the plan.

2.2.2 Store and share the plan.

2.2.3 Review the plan.

2.2.4 Revise the plan.

Note: Use examples related to the risk contingency plan in question 2.1 to support your descriptions.

--



Star Factory

Reminder!

- **Keep your PoE up-to-date**
- **File your work as instructed**
- **Label your work so it doesn't get mixed up**
- **Submit your PoE on time!**