



**COLLEGE OF BUSINESS AND ECONOMICS**  
**JOHANNESBURG BUSINESS SCHOOL**  
**DEPARTMENT OF BUSINESS MANAGEMENT**  
**FINAL SUMMATIVE ASSESSMENT**

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**INSTRUCTIONS:**

- This is a closed-book assessment.
  - Question papers must be handed in together with your answer books.
  - Read the questions carefully and answer only what is asked.
  - Answer all the questions:
    - Answer **section A** on the multiple-choice answer sheet at the back of your answer book.
    - Answer **section B** in the answer book.
  - Number your answers clearly.
  - Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
  - Structure your answers by using appropriate headings and subheadings.
  - The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
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**SECTION A****[40 MARKS]****QUESTION 1**

After conducting research on the prices and availability of materials or services, the next step in the purchasing and supply cycle would be to \_\_\_\_\_.

- A pay for the order
- B handle any discrepancies
- C issue the order and conclude the contract
- D close the order

**QUESTION 2**

In terms of quality requirements, the engineers and designers working on Toyota vehicles would consider \_\_\_\_\_ considerations, such as job performance and reliability, to be the most important factors, and thus they would want the highest quality materials.

- A commercial
- B technical
- C descriptive
- D explanatory

**QUESTION 3**

James purchases textbooks for his bookstore. To avoid his stock of business management textbooks becoming depleted, he orders the same number of new textbooks each time that his stock has reached a predetermined level. What inventory control system does James use in his store?

- A Fixed-order quantities
- B Materials-requirements planning
- C Just-in-time system
- D Cyclical-ordering system

**Read the case study below and answer questions 4 to 6 that follow:**

Annique is a leading consumer products company dealing in cosmetics and other personal care products. Annique aims to reduce the high inventory levels across their forward supply chain and reduce high warehousing costs within the next financial year.

**QUESTION 4**

Which of the following are disadvantages of Annique having too much inventory?

- A Bigger insurance premiums
- B More warehouse staff
- C Higher unit prices
- D Higher production costs

**QUESTION 5**

Annique decided that they need a new inventory-control system, preferably computer-assisted, to maintain their inventory at a minimum level. What inventory-control system would Annique make use of?

- (i) The cyclical-ordering system.
- (ii) The system of fixed-order quantities.
- (iii) The just-in-time system.
- (iv) The materials-requirements planning system.
- (v) Depreciation losses

Choose the correct answer

- A (i) (ii) (iii) (iv) (v)
- B (i) (ii) (v)
- C (iii) (iv) (v)
- D (i) (ii) (ii) (iv)

**QUESTION 6**

The purchasing and supply manager at Annique proposed that inventory be bought at exact quantities required at a certain time. What criteria should be met first before they will be able to do so?

- (i) There were no supply problems in the supplier market.
- (ii) The marketing function was 100% certain about how many products are going to be sold.
- (iii) The operations function was 100% certain of the quantity of materials required to be used in the manufacturing process.
- (iv) The incoming materials completely satisfied quality requirements.

Choose the correct answer

- A (i) (ii) (iii)
- B (i) (iv)
- C (ii) (iii) (iv)
- D (i) (ii) (iii) (iv)

**QUESTION 7**

The purchasing and supply function should \_\_\_\_\_.

- (i) select suppliers
- (ii) determine the timing of purchase
- (iii) expedite and receive materials
- (iv) plan warehousing and inventory holding

Choose the correct answer:

- |   |      |       |       |      |
|---|------|-------|-------|------|
| A | (i)  | (ii)  |       |      |
| B | (ii) | (iii) | (iv)  |      |
| C | (i)  | (ii)  | (iii) |      |
| D | (i)  | (ii), | (iii) | (iv) |

**QUESTION 8**

The following control points can be used to gauge the effectiveness of purchasing and supply activities \_\_\_\_\_>

- (i) Price proficiency
- (ii) Supplier performance
- (iii) timeliness
- (iv) workload

Choose the correct answer

- |   |       |       |       |      |
|---|-------|-------|-------|------|
| A | (i)   | (ii)  | (iii) | (iv) |
| B | (ii)  | (iii) | (iv)  |      |
| C | (i)   | (ii)  | (iii) |      |
| D | (iii) | (iv)  |       |      |

**QUESTION 9**

The objective evaluation of supplier performance is important for the following reasons \_\_\_\_\_.

- (i) effective or reliable suppliers are identified
- (ii) leads to an improvement in supplier performance
- (iii) serves as a guidance for the development of suppliers
- (iv) ineffective or unreliable suppliers are identified

Choose the correct answer

- |   |      |       |       |      |
|---|------|-------|-------|------|
| A | (i)  | (ii)  | (iii) | (iv) |
| B | (i)  | (ii)  | (iii) |      |
| C | (ii) | (iii) | (iv)  |      |
| D | (i)  | and   | (iv)  |      |

**QUESTION 10**

The \_\_\_\_\_ means that if purchasing costs constitute a major portion of the total cost of a business, a saving in purchasing costs has a greater profit potential than a similar increase in sales.

- A inventory management effect
- B profit-leverage effect
- C cost-saving effect
- D price proficiency effect

**QUESTION 11**

Which one of the following factors will have an impact on an organisation that decide to follow a global-based strategy for manufacturing, procurement or distribution of materials, goods and services.

- A Global logistics.
- B Material resources planning.
- C Outbound logistics.
- D Location of facilities.

**QUESTION 12**

One of the following variables is used by Distribution Resource planning to set inventory control parameters and calculate time-phased inventory requirements \_\_\_\_\_.

- A The scheduled receipts at the beginning of a period
- B The on-hand inventory at the beginning of the period
- C The backordered demand at the beginning of the period
- D The required quantity of product needed at the beginning of the period

**QUESTION 13**

Lean manufacturing is often describes ad a \_\_\_\_\_ system as opposed to \_\_\_\_\_ system

- A sustain, pull
- B pull, push
- C push, sustain
- D flow, static

**QUESTION 14**

Outbound logistics enables the organisation to \_\_\_\_\_.

- A purchase the right product at the right time.
- B purchase products at the right price from the right supplier
- C get raw materials from suppliers to the warehouse
- D get goods to the customers

**QUESTION 15**

Concepts of a Systems Approach include \_\_\_\_\_.

- (i) boundary
- (ii) unions
- (iii) event.
- (iv) balancing act
- (v) government
- (vi) input

Choose the correct answer

- |   |       |        |      |      |
|---|-------|--------|------|------|
| A | (ii)  | (iii)  | (iv) | (vi) |
| B | (ii), | (iv),  | (v)  | (vi) |
| C | (i),  | (ii),  | (iv) | (vi) |
| D | (i),  | (iii), | (iv) | (vi) |

**QUESTION 16**

Sparkles Limited sells cleaning supplies and has branches all over South Africa. The purchasing and supply department of Sparkles Limited is located at the main head office in Pretoria. Which one of the following is NOT an advantage of this particular type of purchasing and supply structure?

- A The standardisation of purchasing and supply procedures and purchases is possible.
- B Cost saving advantages, such as discounts, are possible with this structure.
- C Purchasing and supply personnel can concentrate on buying a specific commodity which makes specialisation possible.
- D Buyers have closer contact with local suppliers, and reaction times to the requests of users are quicker.

**QUESTION 17**

If an organisation engages in “bidding”, what form of price determination is being used?

- A Published price lists in trade journals
- B The use of competitor's pricing
- C The use of tenders and quotations
- D Pricing based on historical data

**QUESTION 18**

When developing a website for external communication, the process of making sure that your site floats to the top of the relevant research results is better known as SEO. This refers to \_\_\_\_\_.

- A Strategic engine organisation
- B Search engine optimisation
- C Strategic enigma optimisation
- D Setting evolvement organ

**QUESTION 19**

Various communication barriers impact on the effectiveness of communication. The following are some examples of such communication barriers \_\_\_\_\_.

- (i) Perception, communication skills, information overload and filtering.
- (ii) Noise, poor listening, channel selection and emotions.
- (iii) Trust and credibility.
- (iv) Diversity and language.
- (v) Stereotypes and prejudices.

Choose the correct answer

- A (i) (iv)
- B (i) (iii) (v)
- C (i) (ii) (iii) (iv)
- D (i) (ii) (iii) (iv) (v)



**QUESTION 20**

The following are typical examples of activities associated with external communication function \_\_\_\_\_.

- (i) Exhibitions
- (ii) Intranet
- (iii) Networking
- (iv) Conferences
- (v) Lobbying

Choose the correct answer

- |   |      |       |       |      |
|---|------|-------|-------|------|
| A | (i)  | (iii) | (iv)  | (v)  |
| B | (ii) | (iii) | (iv)  | (v)  |
| C | (i)  | (ii)  | (iii) | (iv) |
| D | (i)  | (ii)  | (iv)  | (v)  |

**QUESTION 21**

During the process of interpersonal communication the receiver is expected to \_\_\_\_\_.

- A decode the message
- B encode the message
- C select the transmission channel
- D sends the message through channel

**QUESTION 22**

\_\_\_\_\_ is a nonverbal communication that takes place in the mass media that is not paid for by the organisation.

- A Lobbying
- B Advertising
- C Marketing
- D Publicity

**QUESTION 23**

Jade is the marketing director of the Just-in-Time Watch Company. She uses the sales figures from the last three years to predict how the company's sales will look for the next year. Which type of sales forecasting technique is Jade using?

- A Forecasting by a panel of experts
- B Forecasting based on market-research results
- C Forecasting based on historical data
- D Forecasting based on the consumers' reactions

**QUESTION 24**

Market segmentation is the process in which the total \_\_\_\_\_ market is divided into smaller \_\_\_\_\_ groups.

- A heterogeneous; homogeneous
- B homogeneous; heterogeneous
- C consumer; target
- D target; consumer

**QUESTION 25**

Brand loyalty and price sensitivity are factors that determine the \_\_\_\_\_ criteria for market segmentation.

- A geographic
- B behavioural
- C demographic
- D psychographic

**QUESTION 26**

The evolution in marketing thought has led to the development of four principles namely \_\_\_\_\_.

- A profitability, consumer orientation, social responsibility and organisational integration
- B profitability, consumer protection, social responsibility and organisational design
- C profitability, consumer orientation, social responsibility and organisational design
- D consumer orientation, social perspective, profitability and organisational integration

**QUESTION 27**

The four decision-making variables for marketing are known as \_\_\_\_\_.

- A marketing strategy
- B market segment
- C target market
- D marketing mix

**QUESTION 28**

Choose the correct statement.

- A Marketing research is used to gain relevant information about the market, competitors and the other environmental channels.
- B Market research is used to gain relevant information about the market, competitors, and internal weaknesses
- C Market research is used to gain relevant information using feedback from management
- D Market research is used gain relevant information about competitors from the external environment to conduct a SWOT analysis

**QUESTION 29**

Time has a direct influence on the price of purchases as a result of various external and internal factors. Which of the following factors constitute external factors?

- (i) Storage capacity.
- (ii) Market fluctuations.
- (iii) Cash flow.
- (iv) Customer demand.
- (v) Lead times.

Choose the correct answer

- A (i) (iii) (v)
- B (ii) (iv) (v)
- C (i) (iv) (v)
- D All of the above

**QUESTION 30**

Name the purchasing trend whereby an organisation tries to focus on its core business by allowing external experts to deal with other business functions.

- A Global sourcing
- B Decentralisation
- C Outsourcing
- D Procurement

**QUESTION 31**

Long-term funds, short-term funds and shareholders' interest are detailed on the \_\_\_\_\_ side of the \_\_\_\_\_.

- A asset; statement of financial position
- B liability; statement of financial position
- C expenditure; statement of financial performance
- D earnings; statement of financial performance

**QUESTION 32**

Which one of the following is an example of a non-current asset?

- A Cash in the bank
- B Inventories
- C Debtors
- D Vehicles

**QUESTION 33**

'They generated sales revenue of R33 billion, accounting for 56.3% of the total value of production by the beverage manufacturing industry in South Africa.' These sales revenue figures can be found on which financial statement?

- A Statement of Financial Position
- B Statement of Financial Performance
- C Funds-flow statement
- D Liquidity statement

**QUESTION 34**

Angie wants to determine the ability of her business to repay its debts from the sale of the assets. Which set of ratios would Angie use?

- A Profitability ratios
- B Liquidity ratios
- C Yield ratios
- D Solvency ratios

**QUESTION 35**

\_\_\_\_\_ budgeting enables a business to look at its activities and priorities afresh on an annual basis.

- A Traditional
- B Capital
- C Balanced
- D Zero-base

**QUESTION 36**

Actions management could consider for improving a firm's profitability through gross profit margins are \_\_\_\_\_.

- (i) Increase sales by means of more effective marketing and/or by relaxing the credit standards
- (ii) Reduce the cost of products sold by buying products at a lower cost from another supplier, stocking products with a faster turnover rate and/or reconsidering products with slow turnover rates
- (iii) Reduce equity (buy back shares and cancel them), borrow to do so (increase the debt ratio)
- (iv) Improve profitability by increasing sales and reducing expenses

Choose the correct option(s)

- A (i) (ii) (iv)
- B (i) (iii) (iv)
- C (i) (ii)
- D (ii) (iii) (iv)

**QUESTION 37**

Within a broad framework of the strategies and plans of the business, its aim is to make the highest possible contribution to the objectives through the performance of the following tasks \_\_\_\_\_.

- (i) Financial analysis, reporting, planning and control
- (ii) Management of the application of funds, also known as the asset structure
- (iii) Management of the acquisition of funds, also known as the management of the financing or capital structure
- (iv) Capital obtained to purchase the required assets, resources and services

Choose the correct option(s)

- |   |      |       |       |
|---|------|-------|-------|
| A | (i)  | (ii)  | (iv)  |
| B | (i)  | (ii)  | (iii) |
| C | (ii) | (iii) | (iv)  |
| D | (i)  | (iii) | (iv)  |

**QUESTION 38**

Estimate the profitability for the following equation.

$$P = (N \times SP) - [(N \times V) + FC]$$

SP = R15 per unit

V = R12 per unit

FC = R 25,000

N = 70,000

- |   |         |
|---|---------|
| A | 865,000 |
| B | 185,000 |
| C | 460,000 |
| D | 590,000 |

**QUESTION 39**

Owners of ordinary shareholders of long-term financing for a business in the form of a company include \_\_\_\_\_.

- A ordinary shares
- B reserves
- C undistributed profit
- D all of the above

**QUESTION 40**

How many of the following characteristic of a preference-share are correct?

- (i) The term of availability is limited.
- (ii) Authority can vary between full voting rights and no voting rights.
- (iii) It has preferential claim over ordinary shares on profit after tax.
- (iv) It has preferential claim over ordinary shares on the assets of the business in the case of liquidation.

Choose the correct answer(s)

- A One
- B Two
- C Three
- D Four

**SECTION B****[45 MARKS]****VW SCANDAL, EXTERNAL AND INTERNAL COMMUNICATION, VALUE CHAIN ANALYSIS**

It's been dubbed the "diesel dupe". In September, the Environmental Protection Agency (EPA) found that many VW cars being sold in America had a "defeat device" - or software - in diesel engines that could detect when they were being tested, changing the performance accordingly to improve results. The German car giant has since admitted cheating emissions tests in the US.

Since VW was ousted for cheating emissions tests in the US with its 'defeat device' - with half a million vehicles recalled in America and countries such as the UK, Italy, France and Canada opening investigations - it's safe to say VW's reputation has been in tatters. And for a company built on trust and dependability, it now faces its biggest challenge yet as it tries to recover. When the news broke, the then Chief Executive, Prof. Dr. Martin Winterkorn, said VW had "broken the trust of its customers and the public".

But what about the impact on VW's most valuable stakeholders is its people? So far, VW has ticked all the right external crisis communications boxes - publicly admitting guilt, removing Winterkorn from the board and committing to an internal investigation to get to the root of the issue. But this scandal runs much deeper than winning back customers. Whilst all stakeholders have a part to play in rebuilding the brand, employees are arguably the most important. The VW Group has a global workforce of 600,000 employees who will all be impacted by what's happened. All feeling the stress, worry and insecurity of working for a company about to take a huge financial hit - with fines to the tune of £4.7 billion - make millions of product recalls, freeze production lines and experience a colossal drop in sales.

But it's not just about job security. Unlike most crises, which are often caused by external impacts on a brand or company, this scandal came from the inside. It's still unclear as to who knew what within the company, but the fact is that a number of VW managers must have played a part. It's the beliefs, values and behaviours of a company's workforce that creates an organisational culture. VW's culture was that of trust, integrity and reliability, all of which have been jeopardised, putting into question everything staff believe about the brand they represent and ultimately, the people they work with.

So how can VW put things right internally? It should be an integral part of the company's crisis communications strategy already, but it will take time. It's an exercise in rebuilding trust and revisiting all the things that staff believed about their employer, to rebuild the organisation's culture.

The first action for VW should be talking openly with the entire workforce, to make sure everyone knows what's happened and what will happen next. Talking isn't about bombarding colleagues with information but creating a space for two-way communication to take place. This may include a number of channels, including enterprise social networks, but VW shouldn't forget the value and power of talking face-to-face, especially when there's an element of mistrust. Just like VW publicly admitted guilt, direct face-to-face communication provides the first step in rebuilding 'human' trust again.

Two-way communications is vital and hopefully VW is listening and giving its employees a chance to express their feelings and concerns - setting up focus groups and internal networks to get a greater understanding of what impact these issues are making on staff and what they need from VW in return. Social media provides an even greater insight into how staff think and



feel, monitoring conversations from the outside and measuring the advocacy and sentiment of employees to continually inform the internal comms plan.

Informing to eliminate uncertainty. VW should be working hard not to leave anyone in the dark. In times of uncertainty and mistrust, a lack of information will add to the internal issue. It should ensure all employees are well informed and know exactly where to find the latest information, where they can talk and where discussions are taking place. It's about being transparent and honest, and communicating every decision, no matter how difficult, as soon as possible.

Giving ambassadors the tools to communicate. Whilst a crisis like this could very well split the workforce beyond repair, it's also important to remember that with a culture as powerful as VW's, people will want to re-group to turn things around for the brand they have invested in. It's likely that most of its people will feel the same and want to collectively turn the ship around. A key factor in VW's communications should be identifying its internal influencers and ambassadors and equipping them with the tools to tell their story and discuss the brand's recovery in the most genuine and personal way, from the inside out.

Revisiting its values. If VW listens to its teams effectively, it should be able to draw an accurate picture of what's changed culturally. Eventually, it should think about how it can go back to what mattered most to its workforce and rebuild the values everyone believed in.

But those feelings have changed as VW worked to win back the respect of its personnel. So says a report from Kununu, a Vienna-based employer reviews platform with more than 1.5 million critiques on 320 plus companies in Europe, as well as nearly 500,000 reviews for about 60,000 companies in the U.S.

The fallout from the emissions scandal brought scorching consequences for VW: billions of dollars in fines, years of probation and oversight by an independent monitor to prevent future misconduct, the resignation of VW chairman Martin Winterkorn, and a hefty portion of disgrace. To regain the favour of its demoralised staff, VW employed a strategy of openness and outreach.

"They made sure that everyone knew what had happened and also what would happen next," says Prüller. "Just as they publicly admitted guilt in external communications... they had the same direct, face-to-face communication internally as well, as the first step in rebuilding trust." VW encouraged employees to express their feelings and concerns, Prüller says, and sought to provide information on the ongoing ordeal.

VW's efforts seem to have paid off. In the past year the firm's employee ratings have ticked up in categories like teamwork, company culture, working conditions, compensation and benefits, autonomy and social awareness. Its image to among the general public also seems to have recovered and on the business front VW's earnings have outpaced forecasts.

When it comes to social media and the workplace, platforms like Facebook and Twitter are typically viewed as distractions, rather than assets. However, when used properly, social media can become an invaluable tool for keeping employees more engaged, happy and connected at work.

There are already many social media platforms specifically geared for use in the office. Facebook Workplace is the choice of network used by VW that serves as a substitute for e-mails to help employees communicate and collaborate on work-related projects. This makes it much easier to ensure that important messages don't slip through the cracks.

Social media messaging, on the other hand, provides an interface that many users are more comfortable with, allowing for faster and more efficient communication. Facebook Workplace case study for Volkswagen Group Ireland noted that substituting emails with social media communications improved efficiency by replacing large distribution lists and ensuring that messages were only sent to targeted, relevant groups.

As a result, 95 percent of the company's employees now use the platform as a platform for praise. Employees need some level of recognition for doing their job well. According to Gallup, "Recognition for good work releases dopamine in the brain, which creates feelings of pride and pleasure. Better yet, that dopamine hit cements the knowledge that more of that behaviour will create more praise, resulting in another dopamine drench, and so on.

These positive feelings result in increased engagement and satisfaction at work, leading to increased productivity and reduced turnover — major issues that have a direct impact on the profit margin. Social media provides a great avenue for sharing praise, especially at VW. Social media can also serve as a helpful tool for reinforcing company culture and values, as well as educating employees to improve their work output.

The Volkswagen Group. Europe's largest carmaker, and among the fastest growing globally, the group has not only given logistics a voice on its management board but has recently completed a major restructuring of its logistics management between group, brand and plant levels.

Volkswagen is in the midst of a project to realign its logistics strategy and network around a concept borne out of its relatively new group production strategy. The Neues Logistikkonzept (NLK; 'New Logistics Concept') synchronises the supply chain from the line back to the supplier base and is being rolled out aggressively with transparency in Europe and beyond especially after the emissions scandal.

Taking the lead on these management and process changes is Thomas Zernechel, head of Group Logistics. When we first interviewed him in 2007 Volkswagen had recently recreated Group Logistics to assume more cross-brand responsibility through ensuring quantity and quality of vehicles to customers. Crucially, it had been given significant planning responsibility including programme planning and demand and capacity planning, formerly the domain of the respective brand logistics. It also included material and information flow for vehicle production and responsibility for order fulfilment.

During the 2008-2009 centralised restructuring, Volkswagen concentrated more logistics responsibilities at the group level. Today, decentralisation Group Logistics has responsibility for logistics worldwide in the areas of planning and procuring all crossbrand component flow, inbound logistics and outbound logistics. It is also responsible for the flow of overseas material and vehicles to and from Europe, as well as for global container management together with Volkswagen Logistics. Furthermore, it has responsibility for selecting, developing and implementing standards at a global level, including reducing the variety of IT systems the group uses to minimise costs.

By conducting the decentralised value chain analysis of Volkswagen during the planning process, possible sources of competitive advantage can be identified. The firm/company is a collection of different activities that share relatedness to some extent. Volkswagen cannot trade all activities in the external market. The Value Chain approach suggests that a company can consider these activities as economic rent sources. These activities can also act as barriers to new entrants or cause cost disadvantages to competitors.

The use of value chain analysis can optimise the finances, products and information flow. The improved information flow can help the company identify and exploit new opportunities and

reduce external threats. The continuous Value Chain evaluation can result in timely filling important gaps that may affect a firm's productivity. The effective implementation of the Value Chain Analysis of Volkswagen can improve the material and product flow due to improved demand and sales forecasting. The inventory management also improves as Volkswagen can minimise the delays by tracking activities throughout the supply chain.

The primary value chain activities of Volkswagen are directly involved in producing and selling the product to targeted customers. Analysis of primary value chain activities can improve the performance of Volkswagen as explained below.

**Inbound** - It is important to develop strong relationships with suppliers as their support is necessary to receive, store and distribute the product. Without analysing the in-bound logistics, Volkswagen can face various challenges in product development phases. Analysis of in-bound logistics requires a company to focus on every aspect of transformation from raw material to finished product. Some examples of inbound logistics are retrieving raw material, storing the inputs and internally distributing the raw material and components to start production.

**Operations** - The importance of analysing operational activities raises when raw material arrives, and Volkswagen is ready to process the raw material into the end product and launch it in the market. Some examples of operational activities are machining, packing, assembling and testing. Equipment repair and maintenance also falls into this category.

It includes both- manufacturing and service operations. Analysis of operational activities is important for improving productivity, maximising the efficiency and ensuring the competitive success of Volkswagen. The increased productivity can help Volkswagen to achieve consistent economic growth, increase profitability and set a powerful basis for competitive advantage.

**Outbound logistics** include the activities that deliver the product to the customer by passing through different intermediaries. Some outbound logistics activities are material handling, warehousing, scheduling, order processing, transporting and delivering to the destination. Volkswagen can analyse and optimise the outbound logistics to explore competitive advantage sources and achieve its business growth objectives.

Because, when outbound activities are timely managed with optimal costs and product delivery processes put a minimum negative effect on the quality, it maximises the customer satisfaction and increases growth opportunities for the firm. Volkswagen should pay specific importance to its outbound value chain activities when its offered products are perishable and require quick delivery to the end customer.

**Marketing and sales** - At this stage, Volkswagen will highlight the benefits and differentiation points of offered products to persuade the customers that its offering is better than competitors. Only producing a high-quality product at affordable costs and distinctive features cannot create value until Volkswagen invests on the marketing and sales activities. The sales agents and marketers play an important role here.

Some examples of Volkswagen's marketing and sales activities are- sales force, advertising, promotional activities, pricing, channel selection, quoting and building relations with channel members. The company can use the marketing funnel approach to structure its marketing and sales activities. The marketing strategies can either be push or pull in nature, depending on the Volkswagen's business objectives, brand image, competitive dynamics and current standing in the market.

Effective and wisely integrated marketing activities can develop the brand equity of Volkswagen and help it stand out from the competition. However, Volkswagen must avoid making false commitments about product features that cannot be fulfilled by the production

department. It indicates the need to ensure coordination between different value chain activities.

Sources: <http://www.aberfield.com/2015/10/14/volkswagen-internal-crisis-comms/> <https://www.theguardian.com/business/2019/sep/30/volkswagen-emissions-scandal-mass-lawsuit-opens-in-germany>

<https://www.forbes.com/sites/karstenstrauss/2017/07/26/how-volkswagen-rallied-its-employees-after-its-emissions-scandal-at-least-for-now/#52a497dc181b>

<http://www.aberfield.com/2015/10/14/volkswagen-internal-crisis-comms/> <https://www.theguardian.com/business/2019/sep/30/volkswagen-emissions-scandal-mass-lawsuit-opens-in-germany>

## QUESTION 1

[6 MARKS]

Clearly the “Diesel Dupe” has “broken the trust of its customers and the public”. Identify the six-step process of external communication VW embarked upon when they ticked all the right external crisis communication boxes.

## QUESTION 2

[5 MARKS]

VW realised that their global workforce of 600,000 employees are the most important asset. Explain the five strategies in the case study VW implemented internally to rebuild culture and trust in their employees.

(Cite relevant examples from the case study)

## QUESTION 3

[10 MARKS]

Thomas Zernechel, head of Group Logistics has recreated Group Logistics to ensure long-term strategic value to the company by creating key logistics objectives. Identify and explain how Thomas Zernechel has implemented VW's logistics objectives.

(Cite relevant examples from the case study)

## QUESTION 4

[5 MARKS]

VW establishes a presence through social media. Explain the communication tools and the benefits of the medium VW utilises as part of their internal communication plan.

(Cite relevant examples from the case study)

**QUESTION 5**

**[12 MARKS]**

Describe the primary value chain activities including marketing and sales of VW that are directly involved in producing and selling the product to targeted customers.

(Cite relevant examples from the case study)

**QUESTION 6**

**[7 MARKS]**

Discuss the reasons and benefits VW has gained by restructuring from centralisation to decentralisation.

(Cite relevant examples from the case study)

**SECTION C:****[15 MARKS]**

Analyse the financial statement for VW and provide calculations for the questions below:

**Note:** The figures are in Million Rand Values

<b>Financial Statement for VolksWagen in Rand Values (Million)</b>		
	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		
Inventory	45,745	40,415
Financial Receivables	54,216	53,145
Trade Receivables	17,888	13,357
Other Financial Assets	11,586	11,998
Other Financial Receivables	6,203	5,346
Tax Dividends	1,879	1,339
Cash	28,983	18,457
<b>Total Assets</b>	<b>166,500</b>	<b>144,057</b>
<b>Non-Current Assets</b>		
Intangible Assets	64,613	63,419
Property, Plant, Equipment	57,630	55,243
Lease Assets	43,545	39,254
Investment Property	496	468
Deferred Taxes	10,131	9,810
Financial Receivables	78,692	73,249
<b>Total Non-Current Assets</b>	<b>255,107</b>	<b>241,443</b>
<b>Equity and Liabilities</b>		
Contributed Capital	1,283	1,283
Reserves	14,551	14,551
Retained Earnings (Debt)	91,105	81,248
Hybrid Capital Investments (Debt)	12,596	11,088
<b>Total Equity and Liabilities</b>	<b>119,535</b>	<b>108,170</b>
<b>Sales Revenue</b>	<b>235,849</b>	<b>229,550</b>
<b>Cost of sales</b>	<b>(-184,500)</b>	<b>(-186,001)</b>
Gross Result	46,350	43,549
Operations Result	13,920	13,818
Financial Result	1,723	-146
Earnings Before Tax	15,643	13,673
Earnings After Tax	12,153	11,463

**QUESTION 7****[4 MARKS]**

Calculate the Acid Test Ratio for VW using the 2018 financial statement above and interpret your answer.

(Show the full calculation and interpretation for maximum marks)

**QUESTION 8****[4 MARKS]**

Calculate Debt Ratio for VW using the 2018 financial statement above and interpret your answer.

(Show the full calculation and interpretation for maximum marks)

**QUESTION 9****[4 MARKS]**

Calculate Gross Profit Margin for VW using the 2018 financial statement above and interpret your answer.

(Show the full calculation and interpretation for maximum marks)

**QUESTION 10****[3 MARKS]**

Calculate the Return of Investment for VW using the 2018 financial statement above.

(Show the full calculation for maximum marks)

**FORMULAE**

$$\frac{\text{Gross profit}}{\text{Sales}} \times \frac{100}{1}$$

$$\frac{\text{Net Profit After Tax}}{\text{Total Assets}} \times \frac{100}{1}$$

$$\frac{\text{Net Profit}}{\text{Owner's Equity}} \times \frac{100}{1}$$

$$\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

$$\frac{\text{Total Debt}}{\text{Total Assets}} \times \frac{100}{1}$$

$$\frac{\text{Owner's Equity}}{\text{Total Debt}}$$

**END OF ASSESSMENT**