MBAC812

Company Project:

METRACLARK

Refrigeration & Air-Conditioning Wholesale

The Underdogs

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THE UNDERDOGS

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List of abbreviations

ANC	African National Congress
BBBEE	Broad-based black economic empowerment
CFC	Chlorofluorocarbon
CO_2	Carbon dioxide
DA	Democratic Alliance
EFF	Economic Freedom Fighters
ERP	Enterprise resource planning
EVP	Employee value proposition
FTE	Full time equivalent
GDP	Gross domestic product
GM	General Manager
HCFC	Hydro-chlorofluorocarbon
HR	Human Resources
HVAC& R	Heating, ventilation, air-conditioning, cooling and refrigeration
IOT	Internet of things
ISO	International Organization for Standardization
MD	Managing Director
MBWA	Managing by walking around
ROTA	Return on total assets
ROE	Return on equity
ROIC	Return on invested capital
SOE	State-owned enterprise

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Executive summary

When looking at an organisational strategy, it can be defined as the collaborative and conscious landscaping behaviour that people in organisations exhibit, in an effort to ensure sustainable organisational survival (Ungerer *et al*., 2016:14).

Doing business in the 21st century is a difficult task; running a successful business is even a taller order to fulfil. Placing this business within a niche market increases the stakes to grow and retain more customers. Metraclark is one of the biggest HVAC&R wholesalers in southern Africa, having 36 branches throughout Africa, mostly spanning over South Africa. Their business focuses on selling domestic, comfort, commercial and even industrial-sized refrigeration equipment to contractors.

It is important for businesses to have an open mind to investigate their internal structures as it will indicate how well they are operating within their market. It is also important to determine what they deem as strengths and weaknesses within the business, which they can then use to drive their business or develop strategies to reduce the impact of their weaknesses. The current vision and mission should also be analysed to ensure it is still driving their business towards their strategic goals, but also to determine whether they are reaching their targeted market or if they are taking on a different venture that could not be beneficial to the company.

By knowing how well the business is being operated internally, it will be beneficial to investigate the external factors that could create gains for the business – what areas may be pitfalls for the business and should be avoided if possible. Certain external factors can be predicted and managed; however, not all external factors can be predicted, as they could change at a moment's notice, which will require the business to have a strategic plan ready to capitalise or avoid any changes in those factors. This will only be possible if the company knows what they have, how competitive their assets are and how they can use those assets to get the edge within the market.

Once strategies have been formulated, it is important for the business to be adaptable, for if it is not adaptable, no new strategy will be embraced, as people will revert back to their old habits and ways, making the new strategy obsolete. It is also crucial that there is sufficient support from management to guide their people during the implementation of new strategies, and during this process monitor it to determine

whether the strategy is delivering positive or negative results. This is usually done with an action plan that stipulates what and who would be responsible for the implementation of the given strategy in different sections.

1 Section A: Case study

Within the HVAC&R industry, Metraclark is commonly referred to as the biggest supplier and wholesaler of quality HVAC&R equipment. Metraclark has built its business on quality branded products with exceptional supplier relations over many years. Metraclark is well situated geographically, with 25 branches within South Africa, three branches in Mozambique, two branches in Botswana and Zambia, as well as one branch in Ghana, Namibia, Swaziland and Tanzania, respectively. (Metraclark, 2013)

Current position

Over the years, Metraclark has grown to become one of the leaders in its field, with strong alliances with manufacturers and suppliers of quality refrigeration equipment. They have built a brand on quality products, supported by quality service, which they strive to achieve through their motto, *“Excellence through Experience”* (Metraclark, 2013). This motto is used to assist internal staff, as well as customers to grow their knowledge through Metraclark’s training facilities, which are used to train new employees in the industry and its equipment. It also aids older employees to increase their knowledge on new products entering the market. The customers are also assisted through specialised training on required regulations within the industry, ensuring that the clients who attend these sessions work within the laws and regulations of South Africa.

Metraclark is one of three South African companies owned by a Swedish organisation called Beijer Ref AB, which is listed on the Swedish stock exchange, which will be discussed in a later section. Recently, Beijer Ref AB created Beijer Ref Africa, which is used to run all the African companies, which includes Metraclark. The managing director of Metraclark was then promoted to become the managing director of Beijer Ref Africa. With this, the CFO of Metraclark was also promoted to become the CFO of Beijer Ref Africa. This was followed by moving Metraclark’s financial departments, human resource department, procurement department, logistics department and distribution centre into Beijer Ref Africa, leaving only the general manager, operations manager, engineering departments, marketing department and the export department as a Metraclark entity (Metraclark, 2013).

The firms identified to be in the HVAC&R industry that supply to contractors are as follows:

- Metraclark
- Tecsa Reco
- Eurocool
- Kovco
- MACS Cool

Upon comparison of the following three variables, the number of unique brands sold by each firm, international representation, which indicates in how many countries the firm is located, and finally their average revenue, it can be concluded that Metraclark is the biggest market player in the region. Tecsa Reco and Metraclark are relatively the same size regarding revenue. The only competitive advantage Metraclark has over Tecsa Reco is the number of branches and the number of unique brands they offer. When using the chosen variables.

The conclusion from the analysis indicates that the competitive environment of the HVAC&R industry is currently good, but not yet ideal due to moderate to strong rivalry, moderate threat of bargaining power of buyers, low threat of new entrants, substitute products and bargaining power of suppliers.

Metraclark's history

In the 1980s, Carrier, an international air conditioning manufacturer, divested from South Africa due to the government's apartheid legislation. Sanctions grew more daily during this period, making trade with other countries difficult. After the first democratic elections within South Africa in 1994, trade sanctions were lifted, making it more accessible to trade with other countries. This helped suppliers to once again do business with South African companies, and even though it was still challenging, business was growing. (Hattingh, 2019)

During the early 1990s, Carrier started to look at expanding their market share, from where they saw a market gap in the South African market. Therefore, Carrier re-entered the South African market in 1995. Carrier started negotiations with the Dorbyl group to acquire them, but as one entity and not three. The three companies, Metek, Refrigeration Agencies and JL Clark, owned by the Dorbyl group, were then amalgamated in 1996 to create Metraclark: *Met* from Metek, *RA* from Refrigeration Agencies and *Clark* from JL Clark. All three companies were independent refrigeration wholesalers, operating against one another, even though they were owned by the same organisation. The oldest wholesaler among them was Metek. (Hattingh, 2019)

Metraclark operated within the market as a separate division under Carrier Europe Commercial Refrigeration, supplying refrigeration products into the South African market. By 2002, Metraclark already had 21 branches within Southern Africa (Vasques, 2002). During 2002, Carrier incorporated all their divisions under one company, Carrier SA, and appointed one manging director to run the company. In 2006, Metraclark was rebranded as Carrier SA. (Hattingh, 2019; Metraclark, 2018)

During 2009, a Swedish global refrigeration wholesaler, by the name of G&L Beijer AB, acquired the refrigeration and air-conditioning entity of Carrier in Europe, of which Carrier SA was a part. Therefore, Carrier SA was included in this acquisition, which saw Carrier SA rebrand itself back to Metraclark, from where it started to operate as Metraclark (Pty) Ltd. This made them the largest refrigeration and air-conditioning wholesaler in sub-Saharan Africa. This included the acquisition of Scott Cool in Botswana, making their footprint in other African countries other than South Africa and Namibia. (Hattingh, 2019; Metraclark, 2018)

Metraclark acquired another manufacturing facility in 2011; Phoenix Rack manufacturer was acquired to move into the market of sub-critical CO_2 equipment as a new market venture within southern Africa. (Metraclark, 2018)

In 2013, Metraclark acquired the Mozambique Zambia Genesis Group, giving them the opportunity to start trading in Mozambique and Zambia. Metraclark also relocated their head office to a new location, next to the M2 highway in Johannesburg, with warehouse spacing of 9 414m^2 for their distribution centre. This new head office location increased Metraclark’s awareness, since the building had great advertising possibilities right next to the M2 highway. (Metraclark, 2018; Metraclark Marketing, 2013)

In 2014, Metraclark created their first social and ethics committee. This committee is responsible for enforcing the code of ethics, and creating a safe and healthy work environment for all employees at Metraclark entities. This was done to ensure Metraclark does business in a loyal and reputable manner. (Metraclark Marketing, 2014a) Metraclark also acquired their first Vertical Lift Module machine to reduce its equipment lot footprint within its distribution centre in 2014. This module is used to more efficiently pick stock to distribute to the different branches. This module is an automated system that manages stock that reduces human error. (Metraclark Marketing, 2014b)

In 2015, Metraclark opened its first branch in Accra, Ghana. The Accra branch is the furthest away from head office and the distribution centre. The stock that needs to be sent to Accra is sent by sea fright. This causes a bit more delay of stock than for other branches. Critical stock is sent by air fright if necessary. (Metraclark Marketing, 2015)

In 2016, Metraclark introduced its warehouse managing system through Datascope. This Datascope system is a barcode and scanning system that is used to assist the distribution centre employees to reduce stock turnaround time and human error. This system has improved operations at the warehouse by making more detailed stock management possible and ensuring that stock can be retrieved more efficiently. (Metraclark Marketing, 2016b)

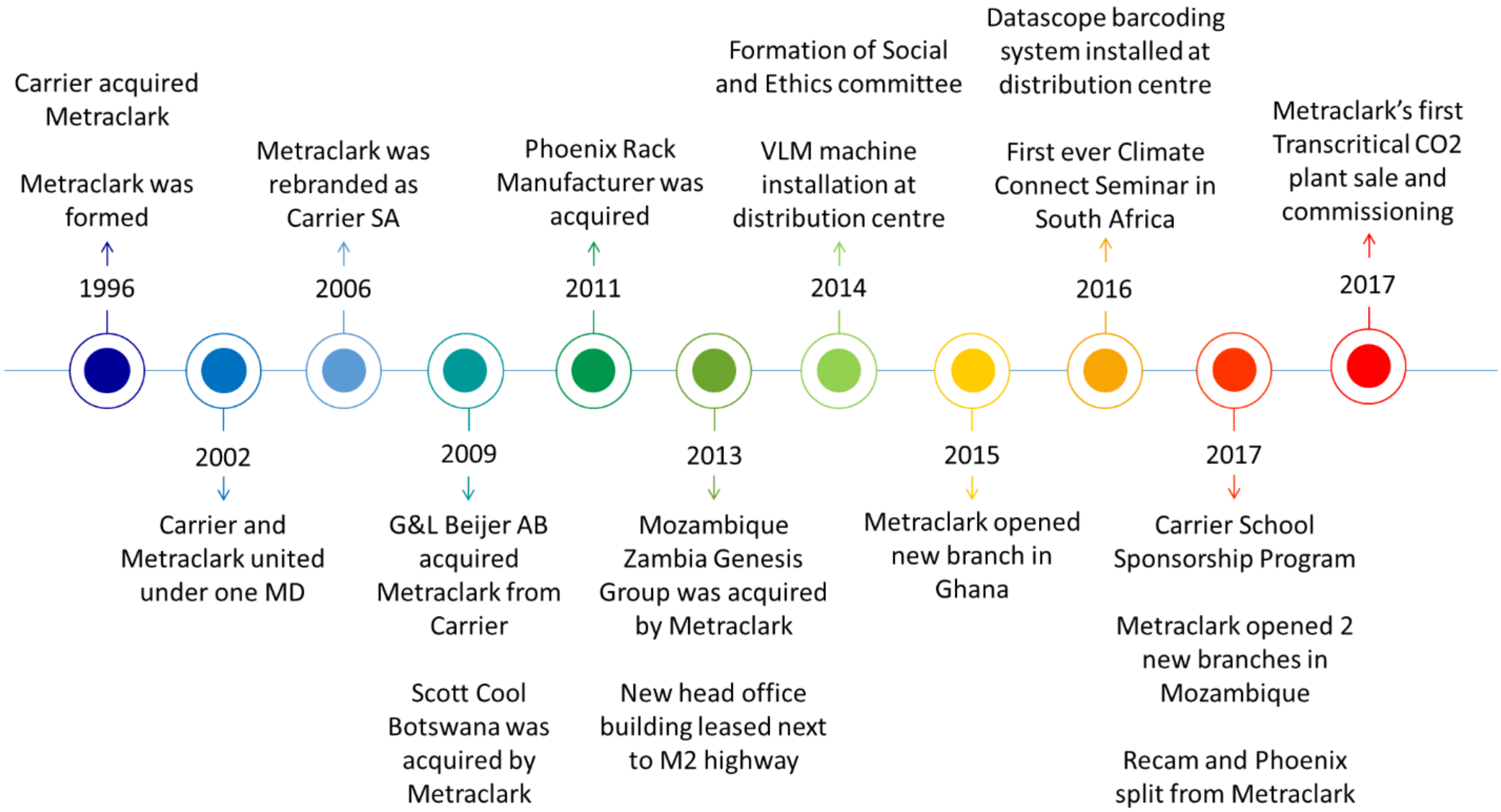
Metraclark and Emerson held the first ever Climate Connect Seminar in South Africa in 2016. On 17 and 18 June 2016, the seminar was held in Pretoria. The intent of the seminar was to have as many contractors and suppliers under one roof to discuss new technologies in the HVAC&R industry. (Metraclark Marketing, 2016a)

Metraclark started the Carrier School Sponsorship programme in 2017. The sponsorship programme is focused on primary and high schools' sports teams. The sponsorship supplies the selected sports teams with sports gear for the season. This is to encourage kids to be more active and live a healthy life (Metraclark Marketing, 2017b). Metraclark also opened two more branches in 2017 in Mozambique, at Beira and Nampula. (Metraclark Marketing, 2017a) Recam and Pheonix, which is the manufacturing entity of Metraclark, split from Metraclark to form SCM Ref Africa group in 2017. SCM Africa is also part of the Beijer Ref AB group. SCM Ref Africa focuses on the manufacturing side of the HVAC&R industry. The reason for splitting Metraclark and the two manufacturing entities was to split the focus of the two entities. Metraclark now solely focuses on wholesale, whereas Recam and Phoenix only focuses on manufacturing.

In 2018 the first ever Metraclark Transcritical CO_2 unit being supplied into the market. The reason is to move away from the non-natural gases used in HVAC&R equipment.

In Figure 1, a visual representation of Metraclark’s timeline of most important historical events can be seen.

Figure 1: Timeline of Metraclark's historic events



Customer value

A key service, only supplied by Metraclark (within the southern African HVAC&R wholesale industry), is their in-house capability to do unique engineering designs, specific to a customer's requirements. Metraclark's engineering department, specialising in commercial refrigeration as well as in HVAC&R, provides them with a competitive advantage over their opposition, who relies on their factories to supply this service.

Metraclark strives to be the best-known and most trusted supplier of quality, efficient refrigeration and air conditioning components and systems throughout southern Africa. They strive to be the leaders in innovation and experience through the continued development and training of their employees.

Metraclark's mission is to support their customers with friendly, reliable service and expertise. In addition, providing refrigeration and air-conditioning products with the highest quality in the most efficient manner.

Metraclark endeavours to do business as follows:

- Honourable & ethical business practices
- Committed customer support & service
- Employee development
- Continuous product development resulting in reduced environmental impact of our products
- Build and maintain customer and supplier relationships
- Help to improve the general standard of living by making cost effective food preservation and comfort cooling products available throughout Southern Africa

Risks and external influences

Carrier Corporation, being an American corporate, implemented wide and far-reaching rules, processes and procedures – something Metraclark was not accustomed to previously and complying with all the new rules was difficult at times. In hindsight, the discipline instilled in the employees has had a positive effect until today and many of the current policies and procedures can be traced back to their Carrier days.

With the American economy under pressure during this period, all their business entities globally endured tough times, and this held especially true for Carrier SA.

Once Beijer took over during 2009, things changed for the better. The Beijer philosophy was, *"local management, local decisions"*, provided, of course, the performance is acceptable to their standards.

During the past 10 years, Metraclark has seen a downturn in the economy and this in itself is bad for business, morale and motivation. However, Metraclark has proven that it can withstand economic shocks, load-shedding, a depreciating currency and an unstable political playing field by still operating and even growing through it all. Management at Metraclark only saw it as a new opportunity to grow.

Metraclark's strategy, combined with their mission statement has always been to supply quality products, to be a trusted supplier with excellent service and to do this in an ethical and professional manner. They strive to look after their employees through upskilling and various other opportunities to grow within the business.

Current risks identified by Metraclark (Hattingh, 2019):

- Political instability: Metraclark is dependent on various sectors that are all impacted by political issues, for example agricultural and mining sectors.
- Investor disinvestments: These are also part of the political instability, but when investors disinvest in South Africa, various sectors are affected and, in turn, Metraclark is affected.
- GDP forecasts of less than 2% for 2019.
- Global risks include the China/USA trade tension, BRICS and Brexit that might all influence South Africa's economy and the exchange rate in different ways.

Changes in a business' external environment can present either good opportunities or great threats to an organisation. The macro-environment therefore has a great influence on the business. Upon delving into various influences, there are some threats to this industry:

Political influences

The Zondo commission of enquiry is revealing an extreme level of corruption, which is extremely concerning for South Africa. After the elections took place on 8 May 2019, the ANC has reduced the cabinet, but still consists of a list of parliamentary candidates who are under a cloud of corruption. The governing party obtained 57.5% of the national vote, 20.8% for the DA and 10.8% for the EFF (Ngcuka, Rumney & Winning, 2019). Although various items have been put in place to prosecute corrupt officials and address this culture, it is envisaged that South Africa will not be free from corruption in the immediate future. Items that are currently a threat: *Land expropriation without compensation* and *BBBEE* – Legislation regarding preferential procurement has a great influence on the amount of business a company can obtain and this presents a great threat.

Land expropriation without compensation may influence Metraclark in the agriculture sector where farmers may not farm at their maximum capacity, thereby limiting production, which could result in them only maintaining existing equipment instead of expanding or improving their efficiencies, etc.

Corruption may halter operations at the various ports, as bribes could be required to release company stock being kept at ports of entry.

The Moody's credit rating can greatly influence the interest rate at which South Africa can borrow money, and therefore it has a great influence on the value of local currency. Moody's is currently the only ratings agency from a group of three, including S&P Global and Fitch Ratings, with a 'stable outlook' (Baa3 rating) for South Africa, the last two agencies have already rated South Africa as sub-investment grade, commonly referred to as 'junk status'. (Cronje, 2019a) Buying international products from Metraclark's strategic international partners i.e. Danfoss, Emmerson etc. can become more 'expensive' if Moody's' rating of South Africa is downgraded, due to a decline in the value of the rand. The danger exists that consumers would turn to cheaper products, which might be of lower quality.

In 2016, Metraclark had a BBBEE rating of 7. This can greatly influence the amount of business Metraclark can get, as potential buyers' BBBEE ratings are also influenced by the wholesalers they procure from. Metraclark currently does not have a BBBEE certificate.

Economic influences

South Africa, unlike other emerging markets, has struggled regarding GDP growth. The long-term potential growth rate of South Africa, under the current policy environment, has been estimated at 3.5%. Per capita GDP growth has proved mediocre, though improving, growing by 1.6% per year from 1994 to 2009, and by 2.2% over the 2000 to 2009 decade, compared to world growth of 3.1% over the same period.

South Africa's real GDP growth will expand by a measly 1.3%, emerging market peers – 4.2%; sub-Saharan average – 3.7%, in 2019, according to a World Bank projection, putting it among the worst performers in sub-Saharan Africa. This does not consider the difficulties Eskom, South Africa's state-owned power utility, producing 95% of the country's electricity, is currently experiencing, which is said to have a potential reduction of GDP growth, by as much as 0.9%. South Africa's projected 2019 growth rate has recently been reduced from its June 2018 estimate of 1.8%. Growth in 2019 would remain subdued due to a combination of challenges in mining production, low business confidence and policy uncertainty. (Cronje, 2019b)

The local construction industry is not doing well. South Africa's once-thriving construction industry is under severe pressure, with two local construction giants, Group Five (8 000 employees) and Basil Read filing for bankruptcy in the last year (Cohen, 2019). This has a major impact on Metraclark, specifically within the civil engineering construction industry. The sustainability for the business within South Africa is becoming a threat. The question might be asked if the focus should not be moved to the rest of Africa, especially Mozambique, which is experiencing a great level of investment due to large quantities of gas discovered recently.

Social influences

The high levels of unemployment, at 27.6%, and inequality are considered by the government and most South Africans to be the most salient economic problems facing the country. These issues, and others linked to them such as crime, have, in turn, hurt investment and growth, consequently having a negative feedback effect on employment. (Gossel, 2019) Crime is considered a major or very severe constraint on investment by 30% of enterprises in South Africa, putting crime among the four most frequently mentioned constraints.

Unemployment, crime and a culture of corruption present a great risk to businesses within South Africa. Theft, very little disposable income, poor discipline, untrained staff, non-compliance to policies and procedures, and complacency are great threats to Metraclark. As one may notice, the possible social impact on the organisation is greatly influenced by both economic and political factors.

Technology influences

The internet is becoming more and more integrated into our lives every day. The advent of smart homes has made this even more common since homes are being designed with smart technology incorporated into their systems. This allows you to control your thermostat from your phone, and programme the heating and cooling systems with much more specificity. Being able to control your thermostat remotely also has its perks, because you can make sure your heating and air conditioning are not running when you do not need them.

Legal & environment

Natural refrigerants (propane, isobutane, ammonia and CO_2) are greatly focused on at present due to the detrimental environmental effects conventional refrigerants (CFC or R12 and HCFC or R22) are associated with, with conventional refrigerants, having as much as 8100 (Global Warming Potential – GWP) times the environmental effect a non-flammable and non-toxic refrigerant like CO_2 has. With the implementation of refrigerant regulations such as the Kigali amendment to the Montreal Protocol (Global) and F-gas regulative (Europe), the quest for alternative solutions is accelerating even further. (EPEE, 2018) CO_2 is now recognised as the most viable and efficient solution among natural refrigerants in food retail applications. South Africa is a signatory to the Montreal Protocol and the Paris agreement, which is legally binding.

South Africa committed to reducing CFC and HCFC refrigerant use by 2022 (to at least 65%), with the freeze date of 2024, which would see extreme control measures implemented. This may present a great opportunity for Metraclark, as the company has supplied one of the first CO_2 refrigerant systems in South Africa.

CO_2 is fast becoming the preferred refrigerant in food retail applications. The use of CO_2 as refrigerant has proven to result in an estimated 30% reduction on the carbon footprint at store level and an associated energy reduction of up to 20%.

Key characteristics

Upon evaluation of Metraclark, the organisational strengths outweigh the organisational weaknesses. There are some attractive aspects about the business that can be built upon:

- Strong financial position.
- Big customer base in refrigeration and air conditioning.
- Strong supply chain to deliver quality products.
- Strong quality brands.
- Large geographical coverage of southern Africa.
- Strong alliances with customers and suppliers.
- Distinctive competencies within the organisation not found at competitors.

The organisation is capable of using their strengths to pursue certain opportunities indicated in the market:

- CO_2 products and 'green' products are being investigated and implemented through the engineering department.
- Environmentally friendly or 'green' air handling units and chillers are being introduced through the HVAC side.
- The organisation is focusing on further expansion into Africa.
- Ensuring courteous and quality service with acceptable pricing on quality products will increase the overall power of the brand among customers.
- Utilise the large coverage area to engage with dormant customers and grow the network of potential new customers.
- A positive image can be created through the wide coverage and strategic placement of branches throughout southern Africa.
- Investment and sponsorships at training facilities can be used to boost brand awareness and the organisation's image.
- The organisation can also venture towards the other opportunities if certain weaknesses are managed or limited.
- Invest or create an IT alliance to help support the e-commerce initiative.
- By focusing on staff training dedicated to revive dormant customers with their specific needs.

- Staff will require specialised training to address emerging market section requirements.
- Require competent staff to assists customers with certain aspects and products supplied by the organisation.

The firm's internal resources and capabilities compared to that of other organisations' resources and capabilities, reveals an organisation's tangible and intangible resources/capability as valuable, rare, costly to imitate and organised to capture value (VRIO), from which the organisation's level of competitive advantage can be determined. The different levels of competitive advantages are competitive disadvantage, comparative parity, temporary competitive advantage, unused competitive advantage, sustained competitive advantage.

Upon analysis, Metraclark's resources and capabilities identify Metraclark as having an overall *unused competitive advantage* with the potential of moving towards a *sustained competitive advantage*. Most of Metraclark's tangible resources satisfy all of the requirements within the VRIO analysis where the intangible resources are partially satisfied, lacking the element of *organised to capture value*. The VRIO analysis also indicates that Metraclark's tangible resources are resources that competitors might also have access to, but Metraclark has utilised it in such a way as to provide them with a sustained competitive advantage over their competitors. Metraclark also have more intangible resources and capabilities that provide an additional competitive edge as these resources and capabilities are difficult to imitate by competitors. Restructuring all intangible resources will ensure a large *sustained competitive advantage* over their competitors.

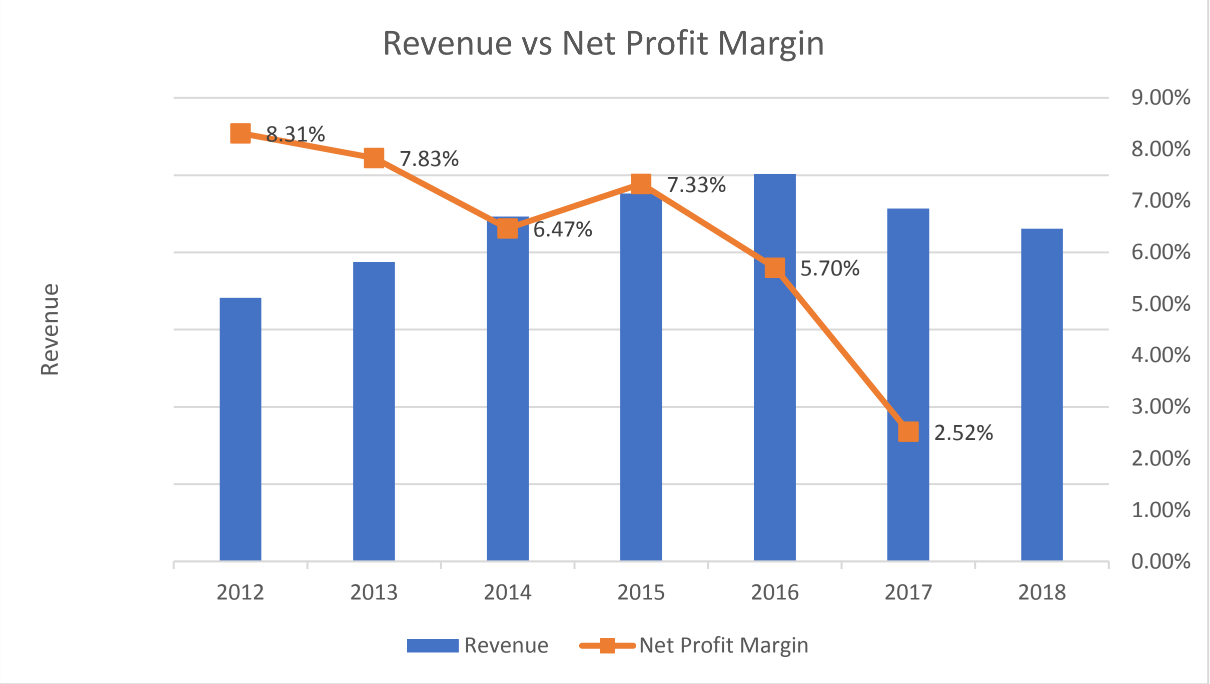
Financial position

Financial statements of Metraclark from 2012 until 2017 were used to obtain a view of the financial state of the operations. At the time of writing, the financial results for 2018 were not yet available. Metraclark's financial year is the same as a calendar year with its beginning on 1 January and the end on 31 December.

The financial analysis is done using profitability ratios, which include a DuPont analysis, liquidity ratios, leverage ratios and activity ratios. These ratios will assist in the analysing of trends in the organisation and indicate where organisational weaknesses and strengths might be (Anon, 2019; Bragg, 2019).

Metraclark has shown a steady increase in revenue until 2016. In 2017, the revenue decreased by 8.93% and in 2018 it decreased with a further 5.77%. The net profit margin has also decreased to 2.52% in 2017. A visual representation of Metraclark's revenue and net profit margins can be seen in Figure 2.

Figure 2: Revenue and net profit margin



The financial analysis produced the following results:

- The gross profit margin and operating profit margins have decreased from 2012 until 2017. The gross profit margin and the operating profit margin decreased with 2.52% and 5.84% in 2017, respectively.
- The return on total assets decreased to 2.88% in 2017 from 10.62% in 2012.
- From the du Pont analysis, it indicated that Metraclark's ROE is lower than that of the market. Metraclark had a ROE of 5.11% in 2017 compared to the 7.73% of the market. The difference was due to the (lower than market) asset turnover. The ROE for the market also increased from 2016 to 2017, but Metraclark showed a large decline from 13.39% to 5.11%.
- The current ratio and quick ratio have shown declines from 2012 to 2016; from 2016 to 2017 both these ratios showed an increase.
- From 2012 to 2017, the debt-to-asset ratio has shown an increase to 0.44. In 2016, the ratio was at 0.48, indicating a slight decline to 2017.

- The debt-to-equity ratio has followed the same path as the debt-to-asset ratio, with an overall increase from 2012 to 2017, but slightly declined from 2016 to 2017.
- The debtor collections have indicated no significant changes. Metraclark receives their payments in a reasonable timeframe as most of their clients are contractors who give them a 60-day payment period.
- The creditors' collection period decreased from 61 to 47 days; most of their purchases will fall in the 60 days to pay category.
- The average inventory turnover from 2013 until 2016 was 2.02, with no significant changes, but in 2017, it decreased with 10.3% to 1.76.

Market visibility

Metraclark's primary target market is air-conditioning and refrigeration contractors, mainly supplying the necessary products and support as a wholesaler. Metraclark keeps in contact with these contractors through their 36 branches distributed throughout Africa. Metraclark's branches are the main communication and support channels for their contractors.

Market changes are, however, forcing Metraclark to explore and engage marketing activities aimed towards the end user, mainly focused on the air-conditioning product range. Some of these fairly new ventures are:

- Metraclark created a website (Carrier.co.za) where end-users can browse and explore their product range. The end-user can send enquiries through the website from which it is directed to an identified dealer/preferred installer.
- Metraclark started to explore retail channels through distributing air conditioners via Build-It. This venture works through the use of a voucher system where the end-user buys an air-conditioner off the shelf and receives a voucher that is used for payment towards installation.
- Growth in Africa is also forcing Metraclark to deal more with the end-user on all products; therefore, establishing branches within these foreign countries.

Metraclark is not pursuing a concrete plan/strategy pertaining to marketing, and therefore there is no strategy as to drive and measure the effectiveness of any marketing decisions.

Operational insight

Metraclark's warehouses are packed with multiple line items. These line items are required by the customers to complete certain projects, some items more than others, stating that there is an irregular flow of items through a branch. This indicates that a branch will require a forecasting strategy to ensure that each branch is stocked with the correct equipment as would be required by their customers. However, this also implies that the distribution centre supplying the branches also requires their own unique forecasting strategy. This statement is done, as a branch only needs to supply what the customer requires, whereas the distribution centre needs to supply all the branches to meet their forecasting needs.

To ensure that each branch has sufficient stock on critical items, a three-month moving average forecasting model is used to determine stock requirements. The quantities required from each branch differs, as some branches are major project centers, where others mostly only supply smaller equipment to customers. The given forecasting model requirement is then measured against the previous year's sale demand, within the same period, to prevent over- or under-forecasting. All this information is determined through their Enterprise Resource Planning (ERP) system, making it more automated with the function to do manual adjustments, if required with approval from management.

For their stock ordering, the branches use a trend projection forecasting model with a smoothing factor, which is used to reduce over- or under-ordering quantities. Data is drawn from the ERP system for a certain timespan, from where the forecasting model is used to determine the required stock quantity level required for an individual branch for the coming month and even year.

The stock required, as stated above, is delivered from the distribution centre once a week to the respective branches, as indicated on their top-up procedure. Additional stock, on other days than their dedicated top-up days, will require a courier service to deliver the requested stock items to the respective branches.

Due to the quantity of line items held by Metraclark as a whole, they have stock handling strategies to make sure that they adhere to the internal audit policies. Metraclark has a complete stock count at least twice a year as part of their stock handling strategy. This should also be communicated to all the other branches and customers, two weeks in advance, to prevent them from requesting inventory from the given branch during that period. After the stock count has been completed and all the variances, if any, have been approved, it is to be signed off by the branch manager, an independent individual within the company who assisted in the stock count and the internal auditor (if possible).

It is also required from all the branches to do regular variance cycle counts, to check for possible variances with the stock quantities. These perpetual stock counts are to be performed once a week on certain predetermined stock items. The perpetual stock count procedure helps to speed up the process during the wall-to-wall stock count exercises, as most of the issues have already been identified, if any, making it easier to focus more on certain areas.

Because Metraclark strives to be known for its quality products and services, they required a strategy to ensure that it is adhered to within the company. This is the reason why Metraclark has implemented ISO9001 into their daily operational strategy, as it will drive their people to adhere to quality standards within their day-to-day business ventures. Their next addition to the strategy is to implement ISO14001 to ensure that they also make a positive impact on their environment. This also includes the overall layout of the offices and branches, to ensure that people are comfortable in their work environment as well as promoting a quality service.

Metraclark has the capability to assist clients with turn-key projects. This is possible due to their manufacturing sector, also part of the Beijer Ref AB group, to supply project-oriented equipment. This states that Metraclark has to manage the projects supplied to their customers through an operational strategy.

The strategy followed is to supply an acceptable standard to the company, while also providing quality service to the customer, through correct processes and approval levels. It is also required that the sales representative keeps track of the project, both from the customer as well as the factory side, to ensure that all the requirements are met, for if something is to change on either side, all the representatives are informed to get additional approval. It is also important to keep track of the project to keep the customer updated on the progress of the project.

It is clear to see that there are strategies in place for the operational portfolio within Metraclark; the focus is on efficiency and ensuring quality in their operational procedures. It is evident that there are multiple factors that can influence the overall operational strategy for Metraclark, and therefore they rely heavily on their policies and procedures to drive this strategy, as it is not possible to attend to every section of the company, due to its size and geographical placements. Therefore, the strategy is being implemented as effectively as it could be, through standard operating procedures, internal auditing and branch inspections at least once a year, ensuring that the strategy is being followed by all the individuals within the company.

State of human resources

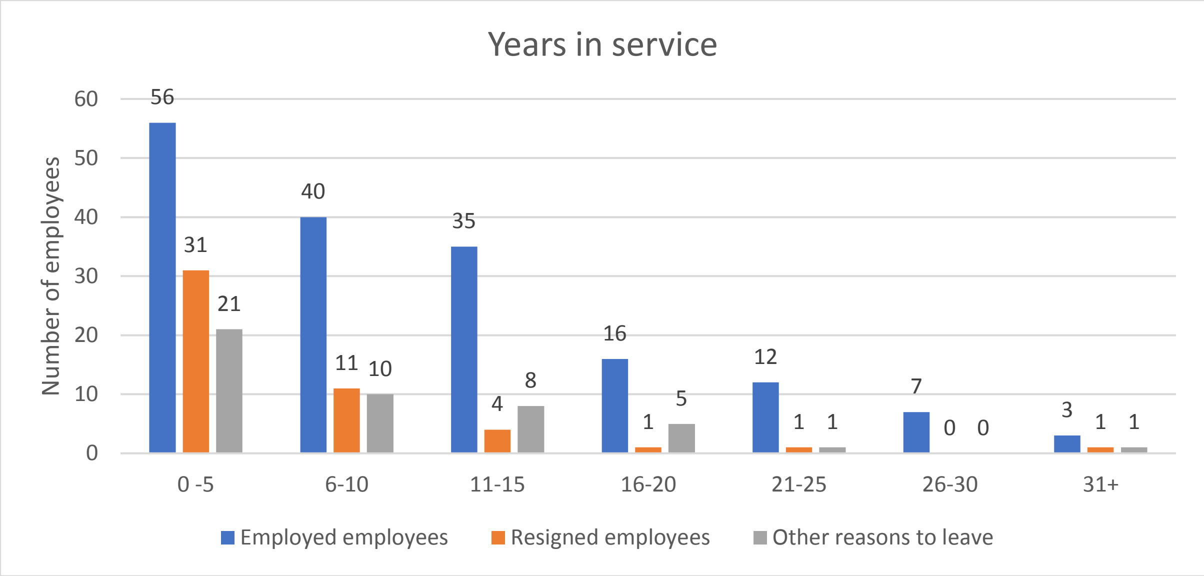
Human resources within Metraclark are currently managed by three employees, i.e. one HR manager and two payroll administrators. This team manages approximately 920 employees, which include individuals from their 'parent company', Beijer Ref. Metraclark employs only 169 employees. There is therefore a lack of attention to employment equity, skills development, recruitment and engagement, to name a few. In summary, HR cannot facilitate strategy support, as there is simply a lack of capacity. It should be noted that policies regarding HR practices are in place. This is a good basis to build upon.

Two of the key areas of concern regarding HR are as follows:

- Average years of service is very low
- Employee turnover rates are high, specifically for young employees

The following graph, Figure 3, indicates the 'in-service years' of employees currently working at Metraclark. From the graph, it can be seen that more than 50% of the employees have 10 years or less in-service years at Metraclark, and that 79% of the employees have 15 years or less in-service years. The total employee turnover rate, for the past five years, including all reasons to leave, was calculated to be 56%. The largest portion of employees who left was due to resignations, which was 52% of the 56%, resulting in a 29% resignation rate. Most of the resignations happen before the employee reaches five years of service.

Figure 3: Years in service



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2 Section B: External analysis

2.1 Introduction

Control in a business is an important factor, but unfortunately not everything in business can be controlled. Therefore it is imperative to do an external analysis to determine what factors could impact your business, as well as what can be done to prevent or limit the impact these trends or events could have on the business. There are multiple tools that could be used to identify potential threats or events that could harm your business, from where management can adopt a new strategy to lessen the impact on the business.

The industry analysis can be used to determine where the business falls in comparison to the completion, which could prove a valuable strategic development tool to meet requirements to grow, strengthen or utilise assets more efficiently to improve the business within the market. A very important process to follow is also the PESTEL analysis, which looks at possible problems from a political, economic, social, technological, environmental and legal point of view, which will cause the company to investigate strategies to deal with possible issues that could come forth within these areas that could affect the company’s core business. The last tool that is also an important tool to use is the VRIO analysis, which can identify under-utilised assets or assets that are not delivering a competitive advantage into the market compared to the competition, which could deliver a competitive advantage into the market place.

2.2 Industry analysis

For the industry analysis it is important to identify the industry and Metraclark’s close competitors. Metraclark’s industry was identified as the HVAC&R industry and their main customers are contractors. Metraclark is also a wholesaler of HVAC&R equipment, since they buy from suppliers and sell to contractors. The public will also be assisted by Metraclark, but they recommend to work through a contractor as the contractor would have to do the installation of any HVAC&R units. This would then exclude companies that supply to the public only. The firms identified to be in HVAC&R industry that supply to contractors are as follows:

- Metraclark
- Tecsa Reco
- Eurocool

- Kovco
- MACS Cool

2.2.1 Strategic group map

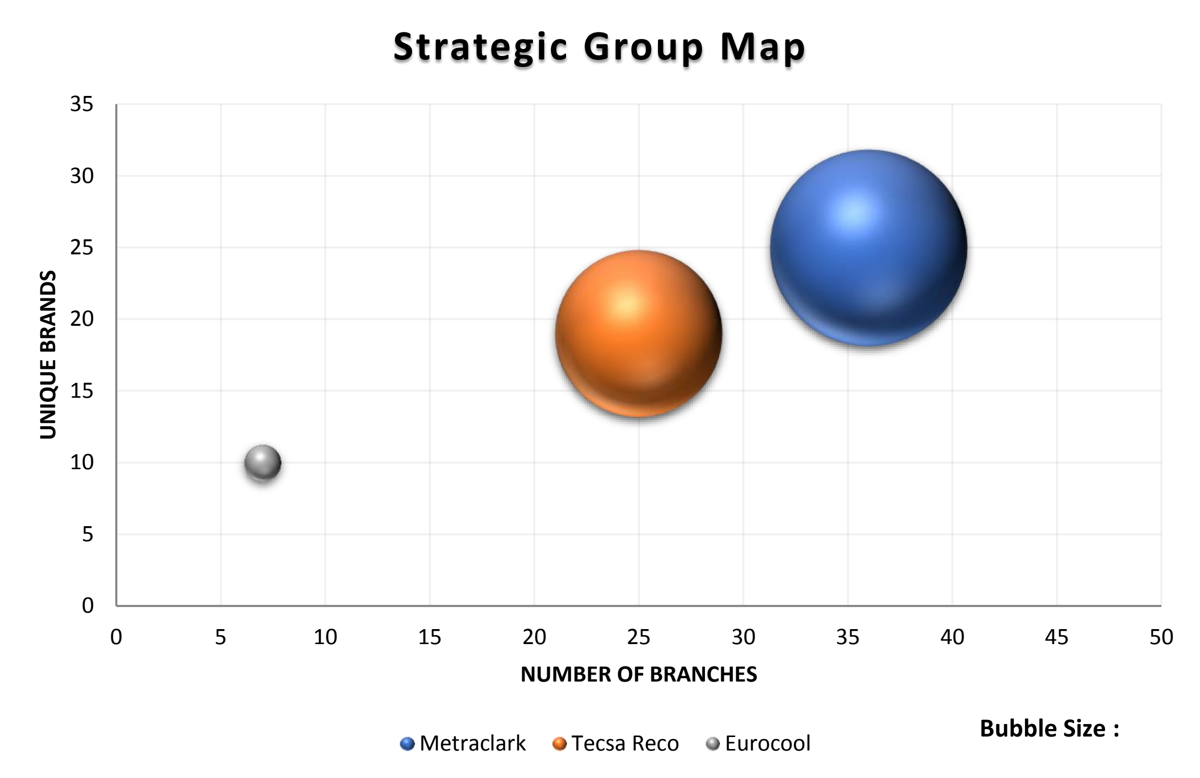
A strategic group map can indicate firms that are in the same strategic group and would be competitors in the market. To complete the strategic group map, firms that are in the same industry need to be identified. (Thompson *et al.*, 2017:92-93)

The strategic group map looks at three variables, i.e. the number of unique brands sold by each firm, international representation, which indicates in how many countries the firm is located, and finally their average revenue, there could be other variables that can be used but due to limited information these variables were chosen. The most recent revenues available for all these firms to compare were in 2016; Kovco and MACS Cool's revenues were too small to indicate on the map. In Table 1, the information used to populate the strategic group map can be seen, from where the data collected is used to represent the strategic group map, as displayed in Figure 4.

Table 1: Strategic group map information

	Number of branches	Branches in SA	In number of countries	Unique HVAC&R brands	2018 estimated revenue (R Million)
Metraclark	36	25	7	25	R 861
Tecsa Reco	25	23	3	19	R 731
Eurocool	7	7	1	10	R 157

Figure 4: Representation of the strategic group map



From the strategic group map, it can be seen that Tecsa Reco and Metraclark are relatively the same size regarding revenue. The only competitive advantage Metraclark has over Tecsa Reco is the number of branches and the number of unique brands they offer.

2.2.2 Porter's five forces

Porter's five forces analysis indicates the competitive nature of an industry and whether the industry would be a profitable (Ungerer *et al.*, 2016:99-101). The dynamic effect of the five forces can be seen in Figure 5.

Figure 5: Representation of Porter's five forces

For Metraclark and the HVAC&R industry, the five forces model can be described as follows:

Threat of new entrants

New entrants can enter the market when some of the existing organisations move into new geographical areas where Metraclark is already situated or when the new or existing firm enters an area where Metraclark is not yet situated.

The threat associated with new entrants is low due to the following:

- Buyer demand is not growing rapidly due to the current economic conditions in South Africa.
- Buyers' switching costs are high; once a product is installed, it is expensive to remove the existing unit and replace it.
- There are numerous different brands on the market.
- High costs are associated with new entries into the market and when opening a new store in a new location.

Threat of substitute products

Substitute products indicate products that can be substituted by a different product. For the HVAC&R industry, substitute products are only possible for the smaller products, but for the larger units, for example air-conditioning units, water cooler units etc., and finding a substitute product is very difficult.

The threat associated with substitute products is low due to the following:

- No substitutes for larger units are currently available.
- With the current available technologies, substitute product development by new organisations is low. New products would rather be developed by existing organisations as they have the knowledge and existing experience.

Bargaining power of suppliers

The bargaining power of suppliers is measured when looking at the number of suppliers and buyers.

The threat associated with the bargaining power of suppliers is low due to the following:

- There are a large number of suppliers; even though there is only one supplier for each brand, all the current organisations in the industry already have alliances with more than one supplier.
- Suppliers are more than buyers.
- The existing relationships between buyers and sellers are strong, which makes it difficult for suppliers to move to a new buyer.

Bargaining power of buyers

The threat associated with the bargaining power of the buyer is moderate due to the following:

- There are only a few buyers in the market; buyers can easily find different suppliers.
- Buyers have a low switching cost.
- Suppliers usually supply only a few products and they do not have product differentiation.
- As mentioned previously, due to the existing relationships, it is difficult to move to a new supplier. This is what brings the threat down from high to moderate.

Rivalry among competing firms

As shown in the strategic group map in Figure 4, there is only one firm that is currently in direct competition with Metraclark, i.e. Tecsa Reco. Both these firms are relatively large and create competition in the industry. There are three other organisations that could still grow and increase competition, but currently the rivalry is moderate to strong.

The conclusion from the analysis indicates that the competitive environment of the HVAC&R industry is currently good, but not yet ideal due to moderate to strong rivalry, moderate threat of bargaining power of buyers, low threat of new entrants, substitute products and bargaining power of suppliers.

2.3 PESTEL

Changes in a business' environment can present either good opportunities or great threats to an organisation. A PESTEL analysis is an external environment analysis on the basis of political, economic, social, technological, environmental and legal factors that have or may have an impact on the organisation. It should be noted that the various items pertaining to the aforementioned factors greatly overlap. Political, economic and social factors overlap and so do technological, environmental and legal factors. The aforementioned analysis/model is used to analyse the macro-environment, primarily within a South African context.

2.3.1.1 Political

The Zondo commission of enquiry is revealing an extreme level of corruption, which is extremely concerning for South Africa. After the elections took place on 8 May 2019, the ANC has reduced the cabinet, but still consists of a list of parliamentary candidates who are under a cloud of corruption. The governing party obtained 57.5% of the national vote, 20.8% for the DA and 10.8% for the EFF (Ngcuka, Rumney & Winning, 2019). Although various items have been put in place to prosecute corrupt officials and address this culture, it is envisaged that South Africa will not be free from corruption in the immediate future. Items that are currently a threat: *Land expropriation without compensation* and *BBBEE* – Legislation regarding preferential procurement has a great influence on the amount of business a company can obtain and this presents a great threat.

Land expropriation without compensation may influence Metraclark in the agriculture sector where farmers may not farm at their maximum capacity, thereby limiting production, which could result in them only maintaining existing equipment instead of expanding or improving their efficiencies, etc.

Corruption may halter operations at the various ports, as bribes will be required to release company stock being kept at ports of entry.

Moody’s, one of the credit rating agencies auditing South Africa, can greatly influence the interest rate at which South Africa can borrow money, and therefore it has a great influence on the value of local currency. (Cronje, 2019a) Buying international products, from Metraclark’s international partners, namely Danfoss, Emmerson, etc., can cause products to become extremely ‘expensive’, if Moody’s’ also downgrades South Africa’s credit rating, resulting in a decline in the value of the rand. The danger exists that consumers would turn to cheaper, lower quality products as alternatives.

In 2016, Metraclark had a BBBEE rating of 7. This can greatly influence the amount of business Metraclark can get, as potential buyers’ BBBEE ratings are also influenced by the wholesalers they procure from. Metraclark currently does not have a BBBEE certificate. This may limit Metraclark’s ability to supply specific products to SOE.

2.3.1.2 Economic

South Africa, unlike other emerging markets, has struggled regarding GDP growth. The long-term potential growth rate of South Africa under the current policy environment has been estimated at 3.5%. Per capita GDP growth has proved mediocre, though improving, growing by 1.6% a year from 1994 to 2009, and by 2.2% over the 2000 to 2009 decade, compared to world growth of 3.1% over the same period.

South Africa’s real GDP growth will expand by a paltry 1.3%, emerging market peers – 4.2%; sub-Saharan average – 3.7%, in 2019, according to a World Bank projection, putting it among the worst performers in sub-Saharan Africa. This does not consider the difficulties Eskom is currently experiencing, which are said to have a potential reduction of GDP growth, by as much as 0.9%. South Africa’s projected 2019 growth rate has recently been reduced from its June 2018 estimate of 1.8%. Growth in 2019 would remain subdued due to a combination of challenges in mining production, low business confidence and policy uncertainty (Cronje, 2019b).

The local construction industry is not doing well. South Africa's once-thriving construction industry is under severe pressure, with two local construction giants, Group Five (8 000 employees) and Basil Read filing for bankruptcy in the last year (Cohen, 2019). This has a major impact on Metraclark sales, specifically within the civil engineering construction industry (building of malls and supermarkets requiring HVAC&R). The sustainability for the business within South Africa is becoming a threat. The question might be asked if the focus should not be moved to the rest of Africa, especially Mozambique, which is experiencing a great level of investment due to large quantities of gas discovered recently.

2.3.1.3 Social

The high levels of unemployment, at 27.6%, and inequality are considered by the government and most South Africans to be the most salient economic problems facing the country. These issues, and others linked to them such as crime, have, in turn, hurt investment and growth, consequently having a negative feedback effect on employment. (Gossel, 2019) Crime is considered a major or very severe constraint on investment by 30% of enterprises in South Africa, putting crime among the four most frequently mentioned constraints, which holds true within Metraclark, as stock pilfering is an ongoing issue.

Unemployment, crime and a culture of corruption present a great risk to businesses within South Africa. Theft, very little disposable income, poor discipline, untrained staff, non-compliance to policies and procedures, and complacency are great threats to Metraclark. As one may notice, the possible social impact on the organisation is greatly influenced by both economic and political factors.

2.3.1.4 Technology

The internet is becoming more and more integrated into our lives every day. The advent of smart homes has made this even more common since homes are being designed with smart technology incorporated into their systems. This allows you to control your thermostat from your phone, and programme the heating and cooling systems with much more specificity. Being able to control your thermostat remotely also has its perks, because you can make sure your heating and air conditioning are not running when you do not need them. IOT is also investing in home automation equipment, which includes comfort cooling and refrigeration applications. Three new energy saving technologies within the HVAC space are gaining traction:

- Smart homes: Smart home technology connects everything from your HVAC&R to your security, to your lighting, and allows you to control it all from the convenience of your phone.
- Thermally-driven air conditioning: This technology is currently gaining traction. Having its origins in Australia, it is a far cheaper alternative to conventional air conditioning. Thermally-driven air conditioning is run by solar panels that absorb enough power to keep the user comfortable in the most extreme temperatures. Not only does this method of air conditioning eliminate dependence on the electrical grid system, but it also is said to provide better cooling than conventional air conditioning.
- Motion-activated air conditioning: Motion-activated lighting has become much more popular in recent years, and the same principle is currently in development for HVAC&R systems. This system was developed at MIT. A motion-activated AC works by utilising aluminium rods in your ceiling, each of which has motion sensors attached. When these sensors detect movement below, the AC kicks on. This, too, is technology that aims to increase efficient HVAC use in the home. This technology is still in the early stages of implementation.

2.3.1.5 Legal & environment

Natural refrigerants (propane, isobutane, ammonia and CO_2) are greatly focused on at present due to the detrimental environmental effects conventional refrigerants (CFC or R12 and HCFC or R22) are associated with, with conventional refrigerants, having as much as 8100 (Global Warming Potential – GWP) times the environmental effect a non-flammable and non-toxic refrigerant like CO_2 has. With the implementation of refrigerant regulations such as the Kigali amendment to the Montreal Protocol (Global) and F-gas regulative (Europe), the quest for alternative solutions is accelerating even further. (EPEE, 2018) CO_2 is now recognised as the most viable and efficient solution among natural refrigerants in food retail applications. South Africa is a signatory to the Montreal Protocol and the Paris agreement, which is legally binding.

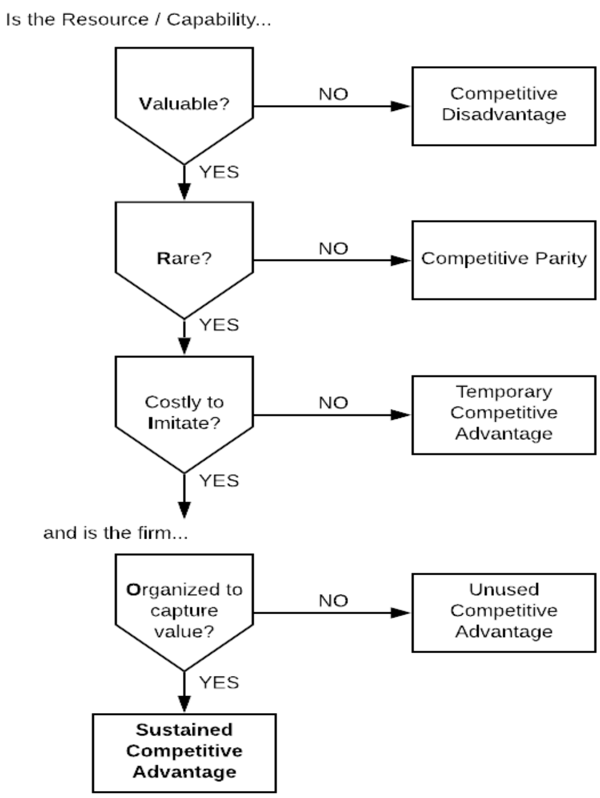
South Africa committed to reducing CFC and HCFC refrigerant use by 2022 (to at least 65%), with the freeze date of 2024, which would see extreme control measures implemented. This may present a great opportunity for Metraclark, as the company has supplied one of the first big CO_2 trans-critical refrigerant systems in South Africa.

CO_2 is fast becoming the preferred refrigerant in food retail applications. The use of CO_2 as refrigerant has proven to result in a 30% reduction in the carbon footprint at stare level and an associated energy reduction of up to 20%.

2.4 VRIO framework

VRIO is an analysis tool that is used to identify and analyse a firm's internal resources and capabilities. The tool was developed by Barney (1991), where he identified four attributes a firm's resources and capabilities must possess to ensure a *sustainable competitive advantage*. These four attributes that a firm's resources and capabilities need to possess are *value*, *rarity*, *imitability* and *organisation* and are analysed by formulating each within a question format, indicated within the Figure 6. The answer on each of these questions, for each resource and capability, will indicate whether a firm possesses a *sustained competitive advantage*.

Figure 6: VRIO analysis



Before one can implement the VRIO analysis, one must first identify all the relevant resources and capabilities within the firm. Resources and capabilities can be classified within two categories, i.e. tangible and intangible.

Successful firms that possess a *sustained competitive advantage* differentiate themselves in one way or another from their competition. In today's competitive environment, every firm needs to strive to be unique to set them apart from their competition, and this is mostly done through their unique resources. Most tangible resources can be duplicated and bought within the market; therefore, a firm's competitive advantage mostly lays within their unique intangible resources and capabilities that cannot be imitated.

2.4.1 Metraclark resource identification

Table 2 identifies all Metraclark's tangible and intangible resources and capabilities.

Table 2: Identification of Metraclark's resources and capabilities

Tangible resources/capabilities	Intangible resources/capabilities
Extensive inventory/product range	Alliances/partnership with suppliers
Branch network and geographic coverage	Alliances/partnership with contractors
Distribution centre	Trade secrets
IT & Comms	Quality of product
	Experienced staff
	Borrowing capacity
	Variety of brand support
	Compensation for sales staff for meeting targets
	Training facilities
	Engineering departments

2.4.2 Metraclark's competitive advantage

All Metraclark's tangible and intangible resources and capabilities within the VRIO framework can be classified as indicated in Table 3 and Table 4, respectively, from where Metraclark's competitive advantage can be determined.

Table 3: Metraclark's tangible resources and capabilities

Resource/capability	Value	Rarity	Imitability	Organisation
Tangible resources/capabilities				
Extensive inventory/product range	YES	YES	YES	YES
Branch network and geographic coverage	YES	YES	YES	YES
Distribution centre	YES	YES	YES	
IT & Communicating	YES			

Table 3 above indicates that most of Metraclark's tangible resources enable a *sustained competitive advantage,* satisfying most of the VRIO elements.

Table 4: Metraclark's intangible resources and capabilities

Resource/capability	Value	Rarity	Imitability	Organisation
Intangible resources/capabilities				
Alliances/partnership with suppliers	YES	YES	YES	YES
Engineering departments	YES	YES	YES	YES
Trade secrets	YES	YES	YES	YES
Alliances/partnership with contractors	YES	YES	YES	
Experienced staff	YES	YES	YES	
Borrowing capacity	YES	YES	YES	
Training facilities	YES	YES	YES	
Variety of brand support	YES	YES	YES	
Quality of product	YES	YES		
Compensation for sales staff for meeting targets	YES	YES		

Table 4 above indicates that most of Metraclark's intangible resources enable an *unused competitive advantage*.

The concluded VRIO analysis of Metraclark's resources and capabilities identifies Metraclark as having an overall *unused competitive advantage* with the potential of moving towards a *sustained competitive advantage*. Most of Metraclark's tangible resources satisfy most of the requirements within the VRIO analysis, where the intangible resources are partially satisfied, lacking the element of 'organised to capture value?' The VRIO analysis also indicates that Metraclark's tangible resources are resources that competitors might also have access to, but Metraclark has utilised it in such a way as to provide them with a sustained competitive advantage over their competitors. Metraclark also has more intangible resources and capabilities that provide an additional competitive edge as these resources and capabilities are difficult to imitate by competitors. Metraclark needs to focus on structuring all their intangible resources such that it will satisfy all of the VRIO requirements, which will ensure a substantial *sustained competitive advantage* over their competitors.

2.5 Conclusion

In general, looking at the external analysis done with Metraclark as the centre focus point, it is clear to see that they do tend to compose themselves well with regard to the external factors impacting their business. From the industry analysis, they are well established as well as placed compared to their opposition. From the results, it is clear to see that they have one major competitor, which ensures healthy competition among each other. This is also confirmed in the section on Porters five forces, as it indicates that Metraclark operates within a competitive environment; however, it should also be noted that the environment is not yet an ideal environment.

It is also important to see that Metraclark, like many other companies, is affected by political choices, economic impacts on the country, the value of the Rand as well as trade relationships with international countries. Other local impacts, such as crime and environmental legislation, also tend to hamper growth, but also improve innovation to improve the overall business model to adapt to these impacts. Another aspect that drives the change of the business model is the VRIO analysis, as it is stated that Metraclark has the capability to adapt and change themselves to move from an *unused competitive advantage* towards a *substantial sustainable advantage* over their competitors, but only if they are willing to strive towards it.

3 Section C: Internal analysis

3.1 Introduction

The internal environment of an organisation represents the strategic arena that is under full control of the leaders within the organisation, and is one of the most important factors affecting organisational success (Ungerer *et al*., 2016b). The analysis of this internal environment gives great insights into the organisation's strengths and weaknesses, which also indicate the organisation's level of competitive advantage within its industry. The following chapter will analyse Metraclark's current internal environment, highlighting areas that need urgent attention and areas where they excel. It is the responsibility of the Metraclark's leaders to address the shortcomings within their internal environment to ensure a competitive advantage.

The internal analysis conducted within Metraclark includes a thorough analysis of the organisation's vision, mission, core values, SWOT analysis, business model, financial position, marketing, operations and human resource relations. The following paragraphs identify and analyse the current stance of each of these internal factors.

3.2 Vision, mission and core values

Organisations need to have a strategic course that is understood by all employees. If employees feel that they do not understand the strategic direction the organisation is taking, they will most likely resist the change associated with the strategic course. Having a vision and mission statement that is understood and supported by all employees is very important to motivate employees. Having a vision and mission statement that is supported by all employees will create a common goal and greater commitment by all involved (Thompson *et al.*, 2017:36-37).

Metraclark's vison, mission and core value statements were last updated when they were acquired by Beijer Ref AB in 2009.

3.2.1 Current statements

Vision:

> "Metraclark envisages being the best known and most trusted supplier of quality, efficient refrigeration and air conditioning components and systems throughout southern Africa. We also strive to be the leaders in innovation and experience through the continued development and training of our employees."

Mission:

> "Support our customers with friendly, skilful and reliable service and expertise. Deliver refrigeration and air-conditioning products with the highest quality in the most efficient manner."

Core values:

Metraclark does business as follows:

- Honourable & ethical business practices.
- Committed customer support & service.
- Employee development.
- Continuous product development resulting in reduced environmental impact of our products.
- Build and maintain customer and supplier relationships.
- Help to improve the general standard of living by making cost effective food preservation and comfort cooling products available throughout southern Africa.

3.2.2 Analysis of statements

3.2.2.1 Vision statement analysis

The vision statement was analysed by asking questions regarding what a good vision would have been. The analysis can be found in Table 1413, within Appendix A.

From the analysis, it was determined that the vision statement is only 62% aligned with what a vision should entail. The key areas for improvement were identified as:

- It should state how the organisation is going to get where it wants to be, being more directional.
- It should be focused on giving managers more guidance.
- It should be more memorable.
- It is not timeless due to it not being as memorable.
- It is not easily communicated.

3.2.2.2 Mission statement analysis

The mission statement was analysed by asking questions regarding what a good mission would have been. The analysis can be found in Table 14, within Appendix A.

From the analysis, it is determined that the mission statement is only 66% aligned with what a mission should entail. The key areas for improvement were identified as:

- Buyers’ needs should be specified.
- How customers will be satisfied should be mentioned.
- It should be unique to Metraclark and not transferable to any other organisation.

3.2.2.3 Core value analysis

The core values were analysed by asking a few questions that would be true for good core values. Metraclark has identified six values that they believe are important to their operations. The analysis can be found in Table 15, within Appendix A. This analysis indicates that the core values are 96% aligned with what is expected to be good core values. One area of improvement was identified and that was to create keywords for the core values and then indicate how they should be implemented.

3.3 SWOT analysis

Completing a SWOT analysis can assist the organisation in improving their strategy and future prospects. The conclusions made from a SWOT analysis can be used to effectively operate and assist the organisation to deal with significant issues, if and when the SWOT analysis is done correctly and not just the compiling of four lists. Doing a SWOT analysis should be considered when developing or adjusting a new strategic direction of an organisation (Thompson *et al.*, 2017:123-125).

Below, in Figure 7, the SWOT analysis is shown, done on Metraclark to indicate the internal strengths and weakness. The SWOT analysis also includes external threats and opportunities that could impact Metraclark. From the SWOT analysis, the possible use of opportunities and the avoidance of treats using the internal factors can be determined.

Figure 7: Internal SWOT analysis of Metraclark

3.3.1 Strengths and opportunities

The organisational strengths outweigh the organisational weaknesses by more than double. There are some attractive aspects connected to the strengths that can be built on by the organisation:

- Strong financial position.
- Big customer base in refrigeration and air conditioning.
- Strong supply chain to deliver quality products.

- Strong quality brands.
- Large geographical coverage of southern Africa.
- Strong alliances with customers and suppliers.
- Distinctive competencies within the organisation not found at competitors.

The organisation is capable of using their strengths to pursue certain opportunities indicated in the market:

- CO_2 products and environmentally friendly or ‘green’ products are being investigated and implemented through the engineering department.
- Environmentally friendly or ‘green’ air handling units and chillers are being introduced through the HVAC side of the company.
- The organisation is focusing on further expansion into Africa.
- Ensuring courteous and quality service with acceptable pricing on quality products will increase the overall power of the brand among customers.
- Utilise the large coverage area to engage with dormant customers and grow the network of potential new customers.
- A positive image can be created through the wide coverage and strategic placement of branches throughout southern Africa.
- Investment and sponsorships at training facilities can be used to boost brand awareness and the organisation’s image.
- The organisation can also venture towards the other opportunities if certain weaknesses are managed or limited.
- Invest or create an IT alliance to help support the e-commerce initiative.
- By focusing on staff training dedicated to revive dormant customers with their specific needs.
- Staff will require specialised training to address emerging market section requirements.
- Require competent staff to assists customers with certain aspects and products supplied by the organisation.

3.3.2 Weakness and threats

Concerning aspects that need to be addressed:

- Underutilised staff capabilities, expanding knowledge on certain products or technical skills
- Customer service may be lacking at certain areas/branches/employees
- Management depth, as there are no real middle management structures to help assist with certain implementations of strategies
- Products are easily copied and substituted with cheaper, lower quality products

Certain weaknesses within the organisation are addressable, but might require a monetary input to resolve it:

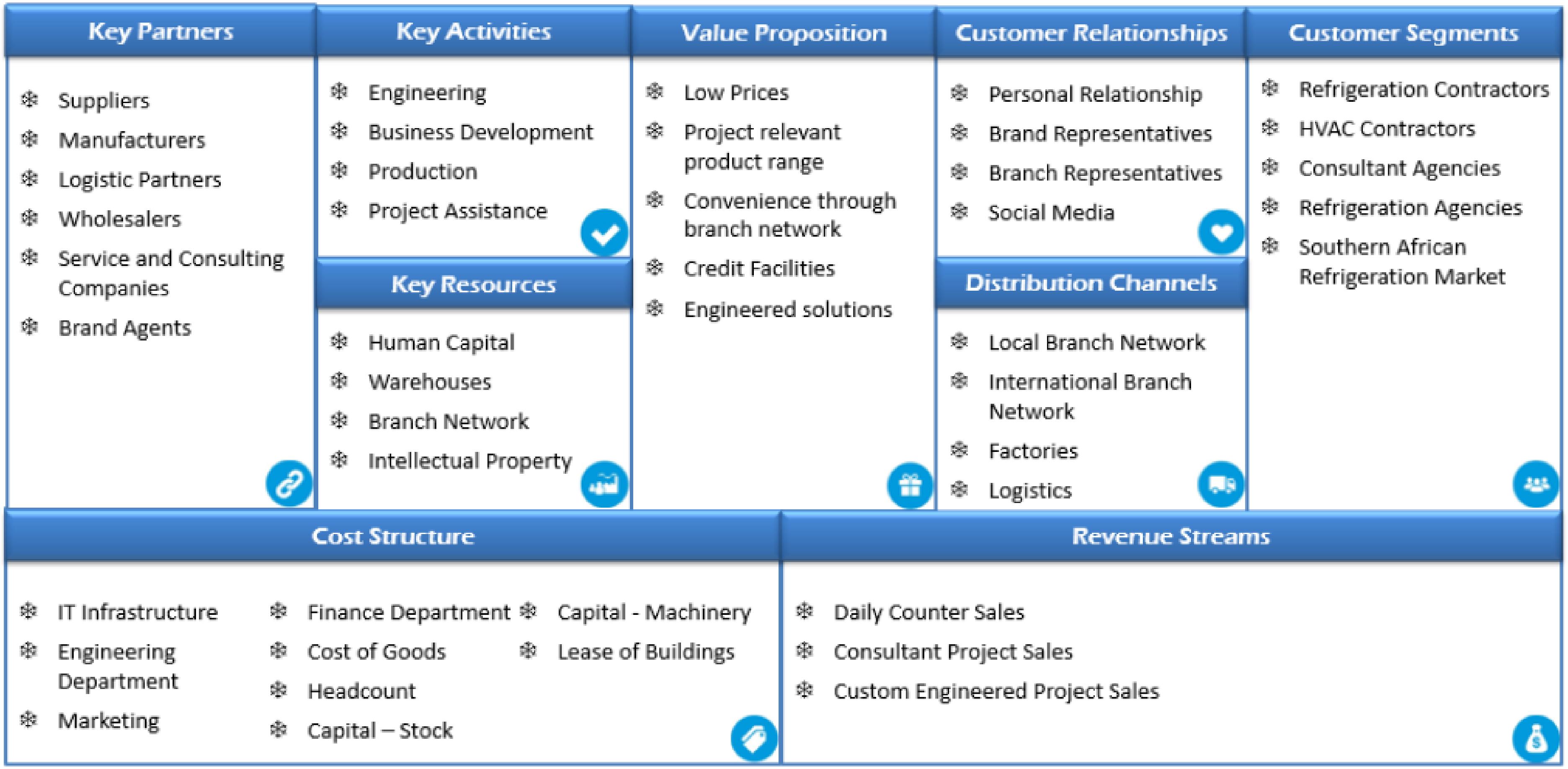
- The underutilisation of staff can be rectified through training and skills development.
- Training will also improve the attentiveness of staff to supply their customers with the right equipment as required.
- Reducing operating costs will require an investment to reduce operational expenses.
- Invest in greener energy to reduce ever-increasing power utility bills.
- Investigate new operational strategies or even equipment to drive down operational expenses and costs.
- The middle management section is a concern, as it will not be a simple solution to meet the educational requirements to successfully fill those positions.

The copying and substitution of certain products are a concern in the given economic climate, as people need their equipment to run and will only pay what they have available to pay, no matter the quality.

3.4 Business model

The current business model of Metraclark is shown in Figure 8.

Figure 8: Metraclark's current business model



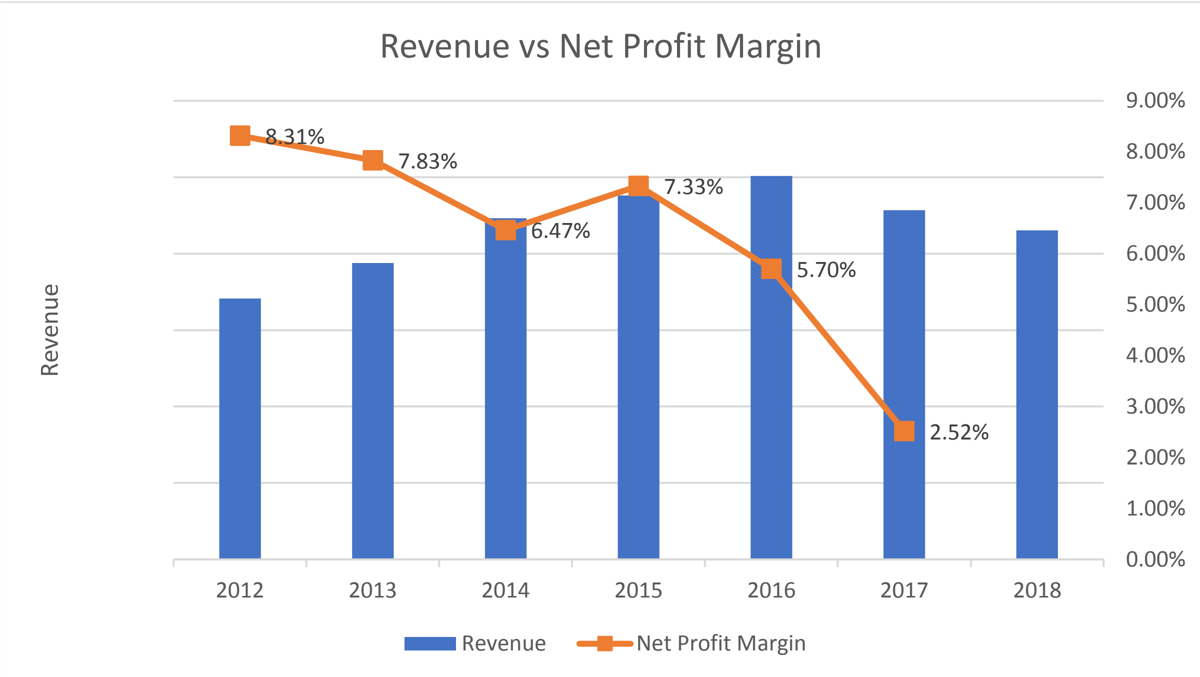
3.5 Financial analysis

During the financial analysis, the financial statements of Metraclark from 2012 until 2017 were used. At the time of financial analysis, the financial results for 2018 were not yet available. Metraclark's financial year is the same as a calendar year with the start on 1 January and the end on 31 December.

The financial analysis is done using profitability ratios, which included a DuPont analysis, liquidity ratios, leverage ratios and activity ratios. These ratios will assist in analysing trends in the organisation and indicating where organisational weaknesses and strengths might be. (Anon, 2019; Bragg, 2019)

Metraclark has shown a steady increase in revenue until 2016, in 2017, the revenue decreased with 8.93% and in 2018 it decreased with a further 5.77%. The net profit margin has also decreased to 2.52% in 2017. The reasons for the decline will be discussed later on in this section. A visual representation of Metraclark's revenue and net profit margins can be seen in Figure 9.

Figure 9: Revenue and net profit margin



3.5.1 Profitability ratios

Since profit is the main focus for all organisations, it is important to know how profitable the organisation is (Anon, 2019; Bragg, 2019). For Metraclark, the profitability ratios calculated are shown in Table 5. How the ratios are calculated and what it means for

Metraclark is discussed below. The Du Pont analysis is also discussed in section 3.5.1.4.

Table 5: Profitability ratios for 2012 until 2017

	2012	2013	2014	2015	2016	2017
Gross profit margin	27.74%	26.74%	25.69%	27.28%	26.77%	25.22%
Operating profit margin	11.06%	10.53%	9.01%	10.07%	8.60%	5.22%
ROTA	10.62%	10.22%	8.82%	9.63%	6.98%	2.88%

The trends regarding all the profitability ratios can be seen in Appendix B: Financial ratio trends in Figure 28.

3.5.1.1 Gross profit margin

The **gross profit margin** indicates the fraction of sales that is available to cover operating expenses. The higher the ratio, the better for the organization. (Thompson *et al.*, 2017:144) The formula used is as follows:

Equation 1: Gross profit margin

$$Gross\ profit\ margin = \frac{Revenue - Cost\ of\ goods\ sold}{Revenue}$$

The gross profit margin for Metraclark has been slightly decreasing since 2012 until 2017, where it is at 25.22%, as indicated in Table 5. This is a decline of 1.56% from 2016 to 2017; this can be considered good as the overall revenue decreased with 8.93% from 2016 to 2017. This means that Metraclark kept their cost of goods sold per unit almost constant to ensure that the gross profit margin stays as high as possible.

3.5.1.2 Operating profit margin

The **operating profit margin** indicates the fraction of sales generates profit, before taxes and interests. The higher the ratio, the better for the organisation. (Thompson *et al.*, 2017:144) The formula used is as follows:

Equation 2: Operating profit margin

$$Operating\ profit\ margin = \frac{Revenue - Operating\ expenses}{Revenue}$$

The operating profit margin also indicates a decline in profits from 2012 to 2017. In 2017, the operating profit margin was 5.22% with a 3.38% decrease from the 8.60% in 2016, as indicated in Table 5. This is expected, as fixed cost does not change when revenue changes. The fixed cost for 2016 and 2017 is almost the same with a 0.03% decrease from 2016 to 2017.

3.5.1.3 Return on total assets

The **return on total assets** indicates total return on investments by the organisation. The higher the ratio, the better for the organisation. The trend should be upwards. (Thompson *et al.*, 2017:144) The formula used is as follows:

Equation 3: Return on total assets

$$Return\ on\ total\ assets = \frac{Net\ income}{Total\ assets}$$

Metraclark has a declining ROTA ratio, with a 2.88% ROTA in 2017, which declined from 5.70% in 2016, as indicated in Table 5.

3.5.1.4 Du Pont analysis

The Du Pont equation is used to determine the overall performance of an organisation. This can be used to by investors to identify an organisation's strengths and weaknesses. The Du Pont equation can be used to determine return on equity (ROE) and the formula is as follows:

Equation 4: Du Pont equation to determine return on equity

$$ROE = Net\ profit\ margin \times Asset\ turnover \times Financial\ leverage$$

The **net profit margin** is used to indicate an organisation's ability to generate profit from sales (Thompson *et al.*, 2017:145). The **asset turnover ratio** indicates how effectively organisational assets are used to generate sales and the **financial leverage** ratio indicates the organisation's dependency on debt-to-finance operations (Smirnov, 2018). The formula can be rewritten as follows:

Equation 5: Return on equity

$$ROE = \frac{Net\ profit}{Net\ sales} \times \frac{Net\ sales}{Total\ assets} \times \frac{Total\ assets}{Total\ equity}$$

According to the CSI Market website, the wholesale industry and the miscellaneous fabricated products industry had the following net profit margin, asset turnover and financial leverage ratios for 2012 until 2017, as shown in Table 6. (CSIMarket.com, 2018)

Table 6: ROE of the industry

	2012	2013	2014	2015	2016	2017
Net income/sales	8.03%	7.16%	3.97%	1.94%	1.40%	2.88%
Sales/total assets	2.16	2.11	1.97	1.82	1.62	1.79
Total assets/total equity	0.83	1.18	1.29	1.36	1.40	1.50
ROE (DuPont equation)	14.36%	17.77%	10.09%	4.80%	3.18%	7.73%

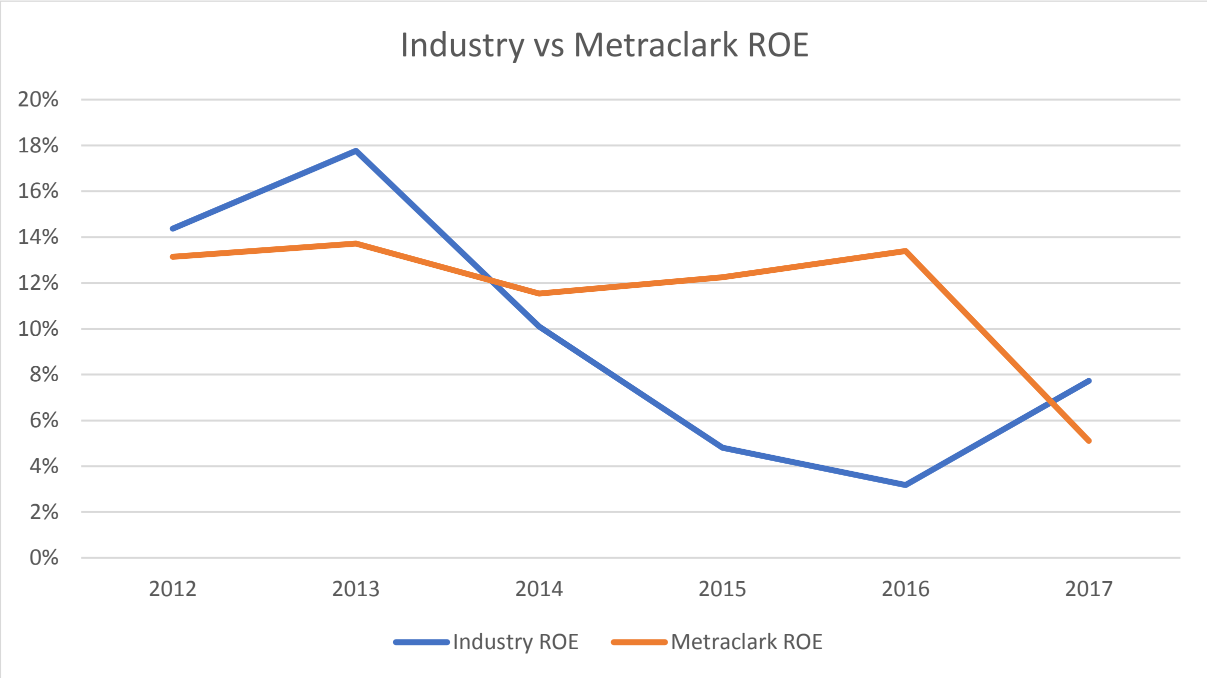
The ROE from the industry can be used to compare Metraclark's ROE to see if the ROE is low or high in comparison.

Table 7: ROE of Metraclark

	2012	2013	2014	2015	2016	2017
Net income/sales	8.31%	7.83%	6.47%	7.33%	5.70%	2.52%
Sales/total assets	1.28	1.31	1.36	1.31	1.22	1.15
Total assets/total equity	1.24	1.34	1.31	1.27	1.92	1.77
ROE (DuPont equation)	13.14%	13.72%	11.54%	12.24%	13.39%	5.11%

The ROE comparison can be seen Figure 10. Metraclark had a higher ROE than the industry from 2014 until 2016; in 2017, Metraclark's ROE declined to 5.11%, which was due to the lower then industry average asset turnover ratio; the industry's ROE increased to 7.73% in 2017.

Figure 10: Industry and Metraclark ROE comparison



3.5.2 Liquidity ratios

Liquidity ratios are used to determine if an organisation has the ability to settle their debt with their current assets. When an organisation has a high risk of bankruptcy, it will be shown in these ratios. (Anon, 2019; Bragg, 2019)

The two liquidity ratios used to determine Metraclark's liquidity are the current and quick ratios; both these ratios' calculations and their discussions are below in Table 8, which indicates the ratio results for Metraclark.

Table 8: Liquidity ratios of Metraclark

	2012	2013	2014	2015	2016	2017
Current ratio	4.15	3.14	3.30	3.66	1.67	1.82
Quick ratio	1.44	1.10	1.14	1.56	0.58	0.81

The trends regarding all the liquidity ratios can be seen in Appendix B: Financial ratio trends in Figure 29.

3.5.2.1 Current ratio

The **current ratio** indicates whether the current assets can be used to cover the current liabilities in the short term. A ratio of higher then 1 is expected. (Thompson *et al.*, 2017:145) The formula used is as follows:

Equation 6: Current ratio

$$Current\ ratio = \frac{Current\ assets}{Current\ liabilities}$$

The current ratio of Metraclark is above 1 in 2017, at 1.82, which is an increase from 1.67 in 2016. This is a strong position to be in, even though the ratio was at a high of 4.15 in 2012, which is shown in Table 8.

3.5.2.2 Quick ratio

The **quick ratio** indicates whether current assets, excluding inventories, can be used to cover current liabilities in the case of bankruptcy. The reason for excluding inventories is because inventory is usually the most difficult to sell in the case of bankruptcy (Brigham *et al.*, 2016:70). A good desired quick ratio is equal to 1 (Anon, 2019; Bragg, 2019). The formula used is as follows:

Equation 7: Quick ratio

$$Quick\ ratio = \frac{Current\ assets - Inventories}{Current\ liabilities}$$

The quick ratio of Metraclark is 0.81 in 2017, which is an increase from 2016's 0.58. This is a strong position to be in, even though the ratio was at a high of 1.56 in 2015, which is shown in Table 8.

3.5.3 Leverage ratios

Leverage ratios are used to determine the reliance the organisation has on debt. These ratios are also used to determine if an organisation is able to pay back the debt they have used to fund the operations (Anon, 2019; Bragg, 2019).

Table 9: Leverage ratios of Metraclark

	2012	2013	2014	2015	2016	2017
Debt-to-assets ratio	0.19	0.25	0.24	0.21	0.48	0.44
Debt-to-equity ratio	0.24	0.34	0.31	0.27	0.92	0.77

The trends regarding all the leverage ratios can be seen in Figure 30.

3.5.3.1 Debt-to-assets ratio

The **debt-to-asset ratio** indicates how much of the organisation's operations were financed through debt. A high fraction indicates a higher risk of bankruptcy (Thompson *et al.*, 2017:145). The formula used is as follows:

Equation 8: Debt-to-assets ratio

$$Debt - to - assets\ ratio = \frac{Total\ debt}{Total\ assets}$$

The debt-to-asset ratio has shown a slight decline in 2017 to 0.44 from 0.48 in 2016, as shown in Table 9. The debt-to-assets ratio has increased from 2012 until 2016 but the decline in 2017 is a positive indication, if the decline is still evident in 2018 Metraclark could be in a good position.

3.5.3.2 Debt-to-equity ratio

The **debt-to-equity ratio** indicates the creditworthiness and the strength of an organisation's balance sheet. A ratio of less than 1 is preferred (Thompson *et al.*, 2017:146). The formula used is as follows:

Equation 9: Debt-to-equity ratio

$$Debt - to - equity\ ratio = \frac{Total\ debt}{Total\ shareholders\ equity}$$

The debt-to-equity ratio has shown a slight declined in 2017 to 0.77 from 0.92 in 2016, as shown in Table 9. The decline in 2017 is a positive indication; if the decline is still evident in 2018, Metraclark could be in a good position.

3.5.4 Activity ratios

The activity ratios indicate how strong the quality of management is and how management is utilising resources (Anon, 2019; Bragg, 2019). Table 10 indicates the results of the three activity ratios calculated for Metraclark. Below, in Table 10, the discussion of these results is shown.

Table 10: Activity ratios of Metraclark

	2012	2013	2014	2015	2016	2017
Debtors collection period (days)	52	50	48	57	54	52
Creditors payment period (days)	51	66	59	61	44	47
Inventory turnover		1.93	2.07	2.11	1.96	1.76

The trends regarding all the activity ratios can be seen in Figure 31.

3.5.4.1 Debtors collection period

Knowing the rate at which debtors pay their debt to an organisation is important, as the liquidity of an organisation mostly depends on the rate of receivable pay. The average **debtors' collection period** can be calculated with the following formula (Brigham *et al.*, 2016:71):

Equation 10: Debtors' collection period

$$Debtors\ \text{collections} = \frac{Receivables}{Revenue} \times 365\ days$$

From Table 10, it can be seen that there were no significant changes in the average debtor collection days. It has, on average, been 51 days since 2012 until 2017. Metraclark's payment policy is as follows:

Table 11: Metraclark's debtor's payment schedule

Type of sale	Payment due in
Cash sale	0 days
Projects acquiring payment period	7 days
Normal payment scenario	30 days
Big contractors and projects	60 days
Extreme cases – New and Africa branches to attract clients	90 days

A settlement discount of 2.5% is given if the debtor settles the account in the given time period and interest is added at 121 days. This means that, on average, they receive their payments in a reasonable time frame as most of their clients are contractors who gives them a 60-day payment period.

3.5.4.2 Creditors payment period

In the same manner, payments to creditors are important. It is recommended that the creditor payment period should be longer than the debtor collection period to increase the available cash flows. This is measured with the **creditor payment period** calculation that is as follows (Brigham *et al.*, 2016:71):

Equation 11: Creditors payment period

$$Creditors\ payments = \frac{Payables}{Purchases} \times 365\ days$$

From Table 10, it can be seen that there was a significant change in the creditor's payment period from 2015, which was 61 days to 44 days in 2016; in 2017, it slightly increased again to 47 days. An average of 47 days for creditor payments in 2017 is lower than the average 52 days in which debtor's payment are received. Metraclark's creditor payment policy is as follows:

Table 12: Metraclark's creditor payment schedule

Type of sale	Payment due in
General purchases	30 days
Large amount of purchases	60 days
International purchases	90 days
Inter-company purchases	120 days

From this, it can be seen that Metraclark settles their creditor payments in a reasonable amount of time. Most of their purchases will fall in the 60 days to pay category and from the average calculated they still had 13 days additional before the payments were due.

3.5.4.3 Inventory turnover

The **inventory turnover ratio** indicates how quickly inventory is converted into sales. The higher this number, the better for the organisation (Brigham *et al.*, 2016:72; Thompson *et al.*, 2017:146). The formula to determine inventory turnover is as follows:

Equation 12: Inventory turnover

$$Inventory\ turnover = \frac{Cost\ of\ goods\ sold}{Average\ Inventory}$$

In Table 10, the average inventory turnover from 2013 until 2016 was 2.02 with no significant changes, but in 2017 it decreased with 10.3% to 1.76. This means that inventory was not turned over as quickly as in previous years. The decrease is in line with the decrease in revenue of 8.93% from 2016 to 2017, which means less inventory was sold in the 2017.

3.5.5 Financial analysis conclusion

From the aforementioned calculations, it is evident that the decrease in profit margins from 2016 to 2017 is a concern, but it could be due to the financing strategy that changed; if more equity was used to finance operations rather than debt, it will have an influence on the profit margins. This is confirmed when looking at the debt-to-equity ratio, which decreased in 2017, indicating that more of the operations are financed through equity rather than debt and the current ratio is increasing in 2017, indicating the decline in current liabilities. Metraclark is also paying their creditors in a shorter period then what they receive their payments from their debtors, which could create some cashflow problems.

The inventory turnover decline was discussed with the CFO and MD and the decline was due to Metraclark having to hold more stock since Beijer Ref took over. Metraclark is now seen as the distribution point for all the Beijer Ref companies in southern Africa.

The overall financial analysis was discussed with the CFO and MD and the decline in their financial well-being was determined to be due to the following:

- Poor economic conditions influencing prices of imported equipment and goods.
- The net profits of many projects had to be reduced to ensure the work was done through Metraclark and not through the competition.
- The new branches in other African countries are not showing profits at the moment and this influenced the overall net profit to decline.

3.6 Marketing analysis

The succeeding paragraphs highlight Metraclark's current consumer markets and their strategic decisions/ventures pertaining to marketing. All the information captured within these paragraphs was provided by Metraclark themselves and supported through market research.

3.6.1 Metraclark's target market and emerging markets

Metraclark's main target market has and still is HVAC&R contractors, mainly supplying the necessary products and support as a wholesaler. Metraclark keeps in contact with these contractors through their 36 branches distributed throughout Africa. Metraclark's branches are the main communication and support channels for their contractors. Metraclark supplies contractors with the necessary products and services to complete a tender project, and therefore the contractor would deal directly with the end-user to determine the entire scope. Metraclark provides the products at a discounted wholesale price to the contractors, after which the contractor will do the installation for the end-user. Metraclark places high value on their contractors to ensure future support and collaboration.

Market changes are, however, forcing Metraclark to explore and engage marketing activities aimed towards the end user, mainly focused within the air-conditioning product range (Carrier products). Metraclark is experimenting with multiple marketing ventures to engage and penetrate this market.

3.6.2 Metraclark's current strategic decisions pertaining to marketing

Metraclark has no concrete strategic plan pertaining to marketing. Some of Metraclark's current marketing activities/ventures are identified below:

- Metraclark keeps in contact with their local contractors through email, sending monthly newsletters to each of these contractors keeping them informed of the latest technologies, news and specific offers.
- Metraclark advertises products within magazine editorials and saves money through associated marketing where the advertised brand pays a portion of the advert cost.
- Metraclark's Carrier (air conditioners) website is developed to provide the end-user with product details and information. The end-user can send enquiries through the website from which it is directed (by Metraclark's GM) to an identified dealer/preferred installer. This method has some limitations in that if an end-user contacts an identified dealer directly, Metraclark cannot guarantee that they will be installing their equipment and also cannot control/oversee the service level of the dealer.
- Metraclark is exploring retail channels through distributing air conditioners via Build It. This venture works through the use of a voucher system where the end-user buys an air conditioner off the shelf and receives a voucher that is used for payment towards installation. This is a fairly new venture and has not produced results as expected.
- Metraclark is expanding its geographical coverage, serving African countries with services and products as growth has increased in these areas. Metraclark has 11 branches outside of South Africa, which serve some African countries (Ghana, Namibia, Tanzania, Mozambique, Zambia and Botswana).
- Metraclark frequently invites their respective contractors for a 'get-together', where they present new technologies and thank all the contractors for their loyal support.
- Advertising is becoming more focused within the digital market, and therefore Metraclark is advertising more within these channels, as it is much more cost effective, and engagement on these adverts can be tracked to some extent.

- School sponsorship campaigns are being pursued, for example a big Carrier advertisement board is installed on one of the school's premises for the year of sponsorship.
- Declined technical abilities of Metraclark's staff and customers have pushed Metraclark towards marketing products by means of product introduction leaflets, identifying product features. Pictures are also being added within Metraclark's ERP (Syspro) to help staff identify the products they are selling.
- LinkedIn, Facebook and YouTube pages have been opened reluctantly; Metraclark does not believe their customers get true value out of their social media accounts.
- Metraclark takes advantage of magazine editorials that highlight new technologies that have been used in recent installations. This is a good option to showcase customer relations, technologies and is also at zero cost to the company.
- Product videos are being played on TV-sets within Metraclark's branches. This video highlights products that staff are not communicating (this video is also being used for promotions).
- Metraclark has been selling air conditioners via Hirsch, which has contributed to a majority of the air conditioner sales to the end-user. The end-user will buy the air-conditioner directly from Hirsch, which also provides certified installation without the intervention of Metraclark's resources.
- Metraclark did compare sales and performance figures between all branches to identify branches that excel. This activity has not been conducted in recent years.

3.6.3 Analysis of Metraclark's current marketing strategies

By analysing all the information provided by Metraclark pertaining to their current marketing strategies, it is clear that there is no concreate marketing strategy that is being pursued. Metraclark's marketing team is fairly limited and does not drive any strategies, action is reactive and only the bare minimum is done when and where required. There is a lack in the effective communication of Metraclark's overall strategy and therefore it is difficult to be supported by the marketing team. Many of Metraclark's marketing activities/ventures can be improved by answering the following questions:

- Who are we targeting with this specific marketing activity?
- How are we planning to measure the effectiveness of the specific marketing activity?
- What is the purpose behind this specific marketing activity?

- How are our competitors engaging their clients, and can we learn from them, and are we better or worse?

Below, some of the positive and negative observations and analysis points are highlighted to identify areas of excellence and improvement.

3.6.3.1 Positive marketing observations

Some identified points that Metraclark excels at, are noted below:

1. Much effort is directed to engage contractors and to keep them informed. Metraclark's marketing activities are aimed towards their contractors in enabling good customer relations and support.
2. Metraclark is experimenting within multiple marketing ventures to engage the end-users.
3. Metraclark is expanding its geographical coverage through additional branches outside South Africa.
4. Third-party channels for selling and distribution of Carrier products are being pursued.

3.6.3.2 Negative marketing observations

Some identified points that need clarification and improvement are noted below:

1. No clear marketing strategy is identified to grow and engage Metraclark's target markets, HVAC&R contractors and emerging markets (end-users).
2. Metraclark's marketing team is very limited as all marketing activities are coordinated by one individual.
3. Many of Metraclark's actions pertaining to marketing have no clear direction and purpose behind it, and therefore no real measure of effectiveness can be determined.
4. Many of Metraclark's marketing activities can be outsourced to provide higher quality and services with reduced costs, for example: Metraclark is currently sending all artwork that needs to be printed to their head office, which increases lead times and cost with reduced quality.
5. The Carrier website is not user-friendly when compared to other top brand air conditioner websites.

6. Enquiries submitted on the Carrier (Carrier.co.za) website resulted in no response until this day. Enquiries should not be directed to the GM for consolidation and a clear strategy (redesign) pertaining to the Carrier website should be developed.

3.7 Operational analysis

The section below highlights Metraclark's current operations strategy pertaining to stock handling within the company, project handling strategy, quality strategy and forecasting strategy. The information captured in this section was obtained from Metraclark's operations manager.

3.7.1 Forecasting

Metraclark is one of the biggest wholesalers of HVAC&R equipment in southern Africa, stating that their warehouse is packed with multiple line items. These line items are required by the customers to complete certain projects, some items more than others, stating that there is an irregular flow of items through a branch. This indicates that a branch will require a forecasting strategy to ensure that each branch is stocked with the correct equipment as would be required by their customers. However, this also implies that the distribution centre supplying the branches also requires their own unique forecasting strategy. This statement is done, as a branch only needs to supply what the customer requires, whereas the distribution centre needs to supply all the branches to meet their forecasting needs. This section will only focus on branch forecasting, as the distribution centre is no longer a Metraclark entity.

3.7.1.1 Branch forecasting strategy

To ensure that each branch has sufficient stock on critical items, a three-month moving average forecasting model is used to determine stock requirements. The quantities required from each branch differ, as some branches are major project hubs, whereas others mostly only supply smaller equipment to customers. The given forecasting model requirements are then measured against the previous year's sale demand, within the same period, to prevent over-or under-forecasting. All this information is determined through their enterprise resource planning (ERP) system, making it more automated with the function to do manual adjustments, if required with approval from management.

For their stock ordering, the branches use a trend projection forecasting model with a smoothing factor, which is used to reduce over- or under-ordering quantities. Data is drawn from the ERP system for a certain time span, from where the forecasting model is used to determine the required stock quantity level required for an individual branch for the coming month and even year.

The stock required, as stated above, is delivered from the distribution centre once a week to the respected branches, as indicated on their *Top-up procedure*. Additional stock, on other days than their dedicated top-up days, will require a courier service to deliver the requested stock items to the respective branches.

3.7.2 Quality implementation strategy

Because Metraclark strives to be known for its quality products and services, they required a strategy to ensure that this is adhered to within the company. This is the reason why Metraclark has implemented ISO9001 into their daily operational strategy, as it will drive their people to adhere to quality standards within their day-to-day business ventures. Their next addition to the strategy is to implement ISO14001 to ensure that they also make a positive impact on their environment. This also includes the overall layout of the offices and branches, to ensure that people are comfortable in their work environment as well as promoting a quality service.

3.7.3 Project handling strategy

Metraclark is an HVAC&R wholesaler, but they do have the capability to assist clients with turn-key projects. This is possible due to their manufacturing sector, also part of the Beijer Ref AB group, to supply project-oriented equipment. This states that Metraclark has to manage the projects supplied to their customers through an operational strategy.

The strategy followed is to supply an acceptable standard to the company, while also providing quality service to the customer, through correct processes and approval levels. It is also required that the sales representative should keep track of the project, both from the customer as well as the factory's side, to ensure that all the requirements are met, for if something is to change on either side, all the representatives are informed to get additional approval. It is also important to keep track of the project to keep the customer updated on the progress of the project.

3.7.4 Stock count strategy

Due to the quantity of line items held by Metraclark as a whole, they have stock handling strategies to make sure that they adhere to the internal audit policies. Their strategy on stock handling is to have a complete stock count at least twice a year. This should also be communicated to all the other branches and customers, two weeks in advance, to prevent them from requesting inventory from the given branch during that period. After the stock count has been completed and all the variances, if any, have been approved, it is to be signed off by the branch manager, an independent individual within the company who assisted in the stock count and the internal auditor (if possible).

It is also required from all the branches to do regular variance cycle counts, to check for possible variances with the stock quantities. These perpetual stock counts are to be performed once a week on certain predetermined stock items. The perpetual stock count procedure helps to speed up the process during the wall-to-wall stock count exercises, as most of the issues have already been identified, if any, making it easier to focus more on certain areas.

3.7.5 Overall operation strategy analysis

From the information stated above, it is clear to see that there are strategies in place for the operational portfolio within Metraclark. It is evident that there are multiple factors that can influence the overall operational strategy for Metraclark, and therefore they rely heavily on their policies and procedures to drive this strategy, as it is not possible to attend to every section of the company, due to its size and geographical placements. Therefore, the strategy is being implemented as effectively as it could be, through standard operating procedures, internal auditing and branch inspections at least once a year, ensuring that the strategy is being followed by all the individuals within the company.

3.8 Human resource analysis

The section below highlights Metraclark’s current HR management structure pertaining to capacity, software employed and policies. In addition, employee turnover is also delved into. The information captured in this section was obtained from Metraclark’s HR manager.

3.8.1 Human resources capacity

Human resources within Metraclark are currently managed by three employees, i.e. one HR manager and two payroll administrators. The aforementioned payroll administrators are primarily focused on ‘compensation and benefits’. This team manages approximately 920 employees, which include 12 entities within the Beijer Ref AB group focused on Africa. Metraclark, being the biggest entity, employs 169 employees, 64% white collar workers and 36% blue collar workers. Due to the limited number of HR personnel, there is a lack of attention to:

- Employment equity,
- Talent management,
- Training and development,
- Employee engagement,
- Recruitment and selection.

Regarding the aforementioned HR responsibilities, there is effectively one individual focused on its implementation and sustenance. The Society of Human Resource Management suggests that an organisation with 1 to 250 employees (when considering Metraclark as a stand-alone entity), should apply a ratio of 3.4 HR practitioners per 100 employees (Society for Human Resource Management, 2015:2). In summary, HR cannot facilitate strategy support, as there is simply a lack of capacity.

3.8.2 Human resources software

It should be noted that the current payroll software employed is SAGE VIP, but migration is currently under way to SAGE 300. SAGE 300 will enable performance management, which is currently conducted manually. Performance reviews are conducted once per year during May and June, but the new software will enable more opportunities for performance review and engagement.

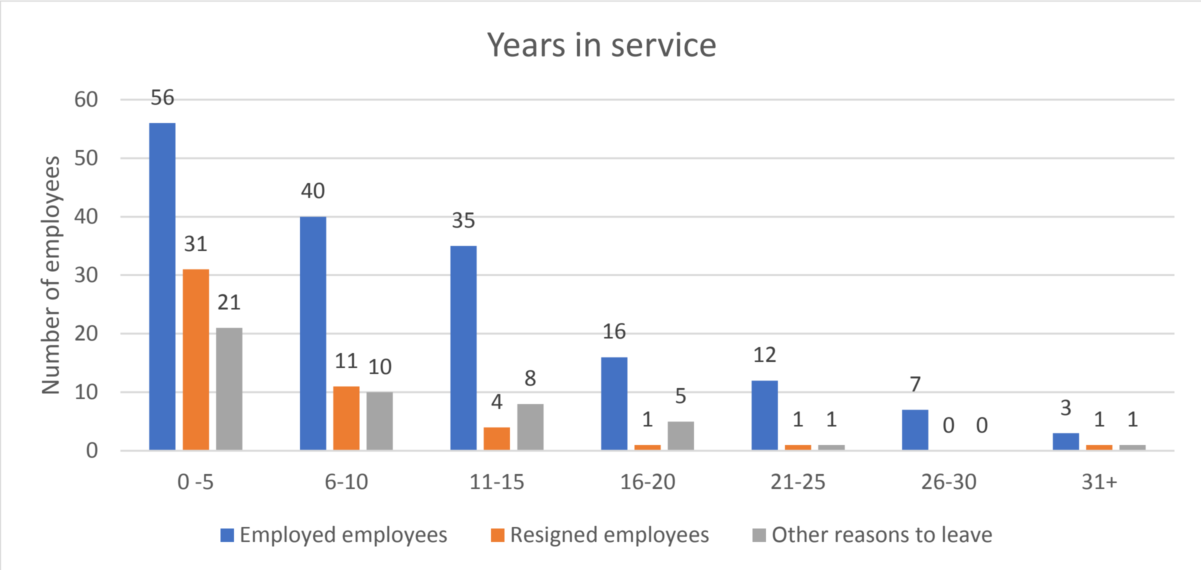
3.8.3 Human resources policies

Policies regarding HR practices are in place, comprising 109 documents, pertaining to 31 topics. The majority of the aforementioned policies are from Metraclark's parent company, Beijer Ref AB group. This is a good basis to build upon.

3.8.4 Employee turnover

The following graph, Figure 11 indicates the in-service years of employees currently working at Metraclark. From the graph, it can be seen that more than 50% of the employees have 10 or less in-service years at Metraclark, and that 79% of the employees have 15 or less in-service years. The total employee turnover rate, for the past five years, including all reasons to leave, was calculated to be 56%. The largest portion of employees who left was due to resignations, which was 52% of the 56%, resulting in a 29% resignation rate. Most of the resignations happens before the employee reaches five years of service. Table 16, found in Appendix C, provides a breakdown of the resignations and dismissals over the period from January 2015 to February 2019.

Figure 11: Years in service



3.8.5 Human resources findings

Key findings in the HR analysis were as follows:

- HR capacity is lacking.
- Years of service are very low and no skills transfer strategy is in place.
- Employee turnover rates are high, specifically for young employees.
- Employee engagement and levels of motivation are unknown, and are therefore a great risk to the business.
- No clear HR strategy exists, other than maintaining the employee remuneration platform.
- Policies are not fully utilised or implemented and are broad. It needs to be customised specifically for Metraclark.

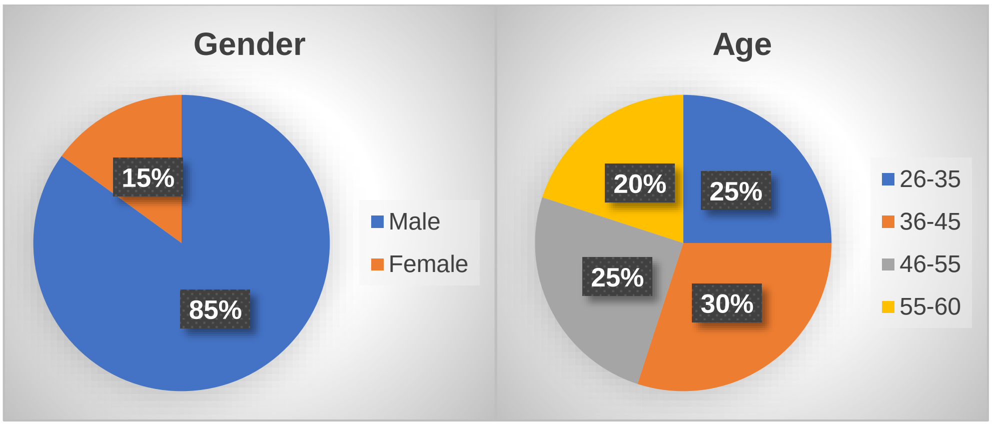
3.9 Strategic management questionnaire

A strategic management questionnaire was distributed within Metraclark, as obtained from MBAC811 study guide, and completed by 20 employees. The questionnaire is structured to capture the perceived views of participants, using a Likert scale, primarily 10-point Likert scale, with higher scores indicating higher levels of agreement. Scores below 6 are perceived to be 'negative' or in disagreement, and scores of 6 and above are perceived as being 'affirmative'. Segmented averages ,using the average scores provided by the four different segments surveyed, i.e. normal employees, supervisors, middle managers and senior managers, were used in the analysis, quite simply to eliminate the possibility of a distorted view, due to the number of individuals within the different 'segments' varying greatly. Only areas of concern or opportunity are reflected in this report, i.e. sections 3.9.2.

3.9.1 Sample population

The study population consisted of 85% male employees, which is reflective of the total organisational population (169 employees, of which 90% are male). The largest age group represented was from 36 to 45 years of age, which represented 30% of the study population. Figure 12 displays the gender and age distribution of the study population.

Figure 12: Gender and age distribution of respondents



Management levels were all represented, except for directors. The directors were not available for the survey. Middle management was the largest group represented by the study population at 35% (7 participants) and 25% (5 participants) of the study population was the senior management group. 40% of the respondents represented other employees (6 participants) and 10% supervisors (2 participants). The diversity of this study population is acceptable, as 65% are represented by individuals below senior management.

3.9.2 Vision and mission statements

Figure 13 illustrates the perception on levels of participation in development of the mission statement as a scatter plot. The bar graph indicates the average response per sample segment. The sample reflects that employees did not have significant input in the development of the mission statement, with a general average of 5.4.

The conclusion can be made that the development of the mission statement was mostly done by senior management (general average of 8.1) and less input was provided by employees to develop the current mission statement.

Future opportunities (upon development) need to be utilised sufficiently, in order to improve 'ownership' and support of the organisation's purpose and drive.

Figure 13: Participation in mission statement development all responses

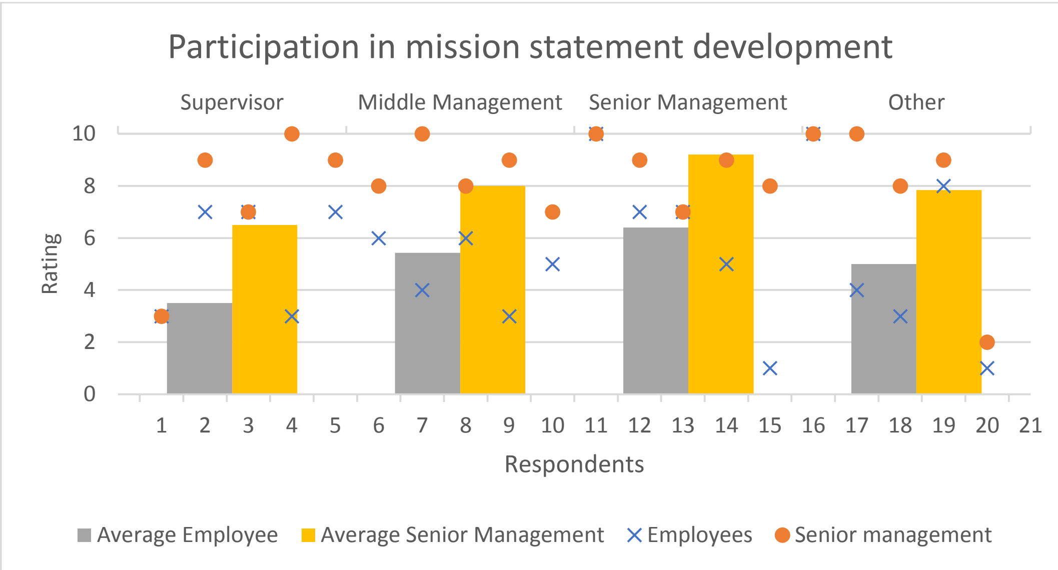
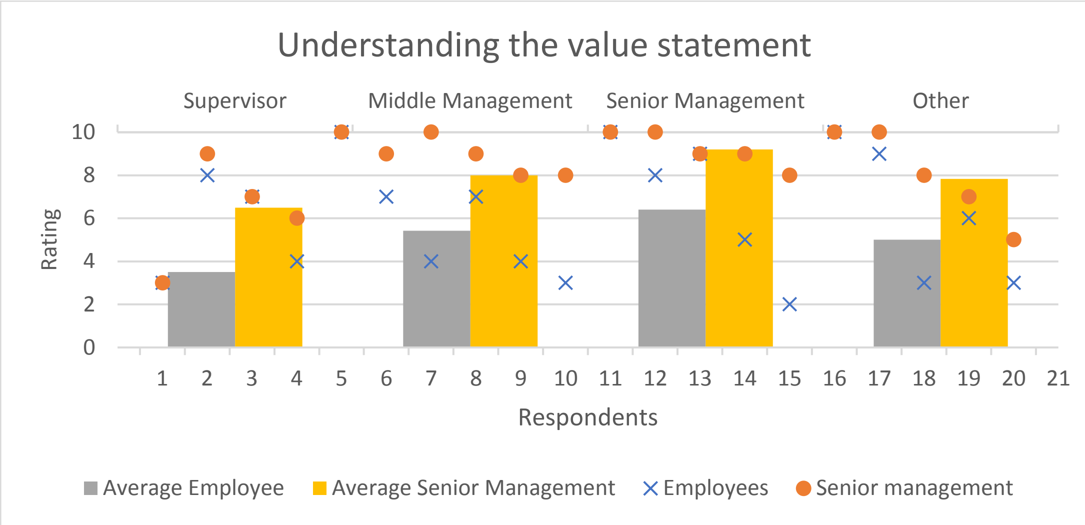


Figure 14 illustrates the perception of understanding the value statement as a scatter plot, per segment. Feedback from 'supervisor' and 'other' segments (8 respondents) present a low average of 5, reflecting a 'negative' response. The value statement is perceived as being understood by senior management, general average of 8.3, with only middle management having the same perception of the average employee.

The bar graph reflects that the overall sample felt that employees did not have a good understanding of the value statement.

Figure 14: Understanding of the value statement

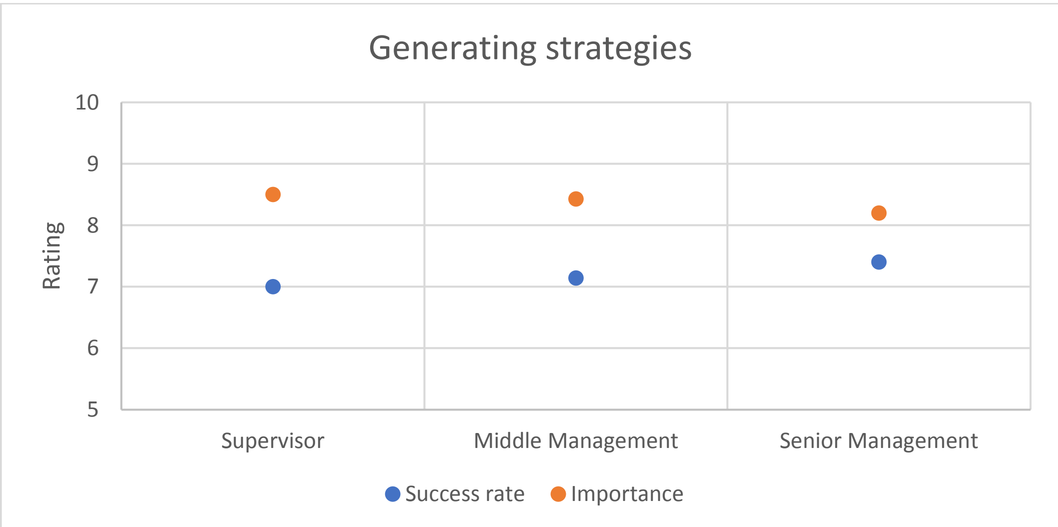


3.9.3 Strategy generation to deal with issues

The general average of the perceived levels of generating strategies to deal with issues within the organisation, is shown in Figure 15 below. Senior management scored a success rate for generating strategies to deal with issues slightly higher than the rest of the respondents. The group rated, general average of 8.2, the importance of generating strategies to deal with issues slightly lower than the supervisors, who rated the success rate the lowest among the three management team segments.

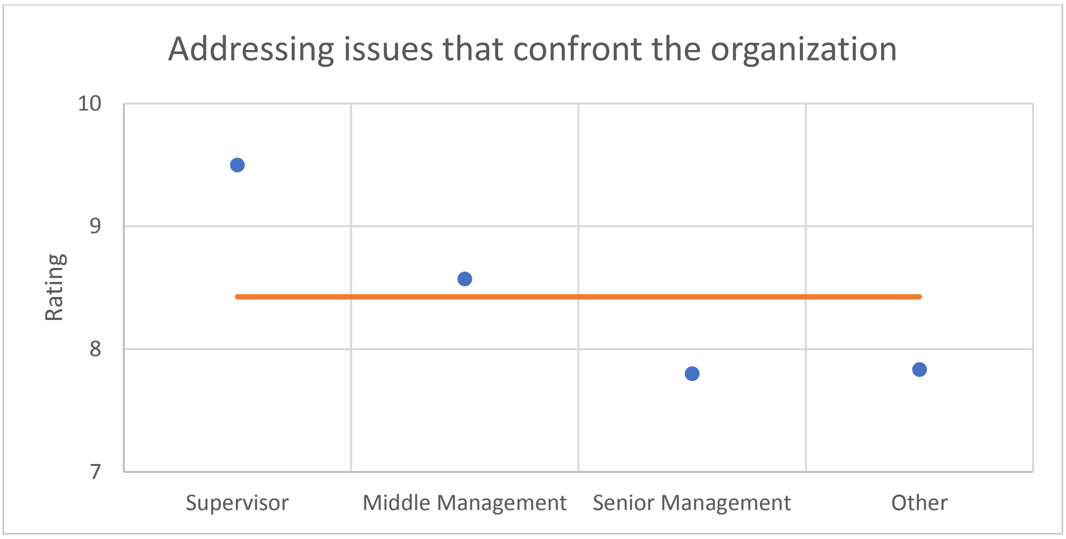
The concluded results indicated good overall perceived levels related to generating strategies to deal with issues within the organisation.

Figure 15: Generating strategies to deal with issues



The majority, general average of 8.5, of respondents indicated that the organisation selects strategies to address issues that confront the organisation, and supervisors feel it is very important. The level of management is inversely proportional to importance associated with selecting strategies confronting the organisation, as shown in Figure 16.

Figure 16: Addressing issues that confront the organization

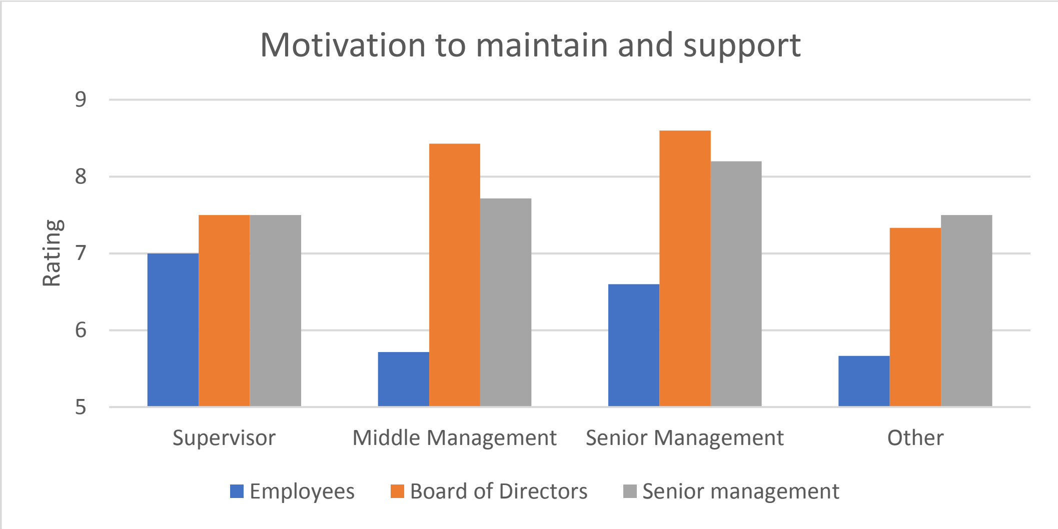


The data presented within Figures 15 and 16 concludes that supervisors feel that generating strategies is important, but experiencing a lower success rate, therefore more work regarding strategy generation may be required to improve the success rate.

3.9.4 Implementation of strategies

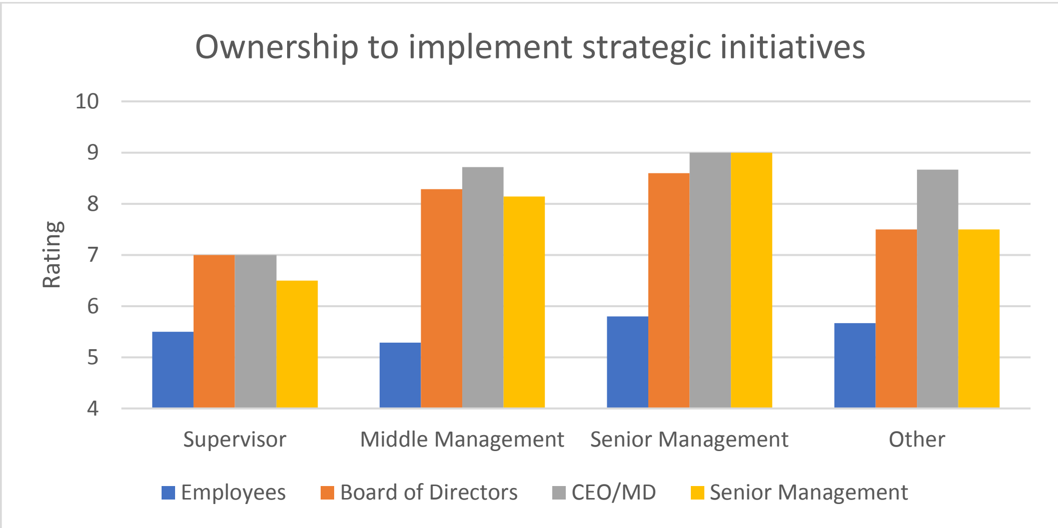
The respondents indicated that employees are the least motivated, general average of 6, to maintain and support the implementation of strategic initiatives and the board of directors the most motivated, general average of 8, as shown in Figure 17.

Figure 17: Motivation to support the implementation of strategic initiatives



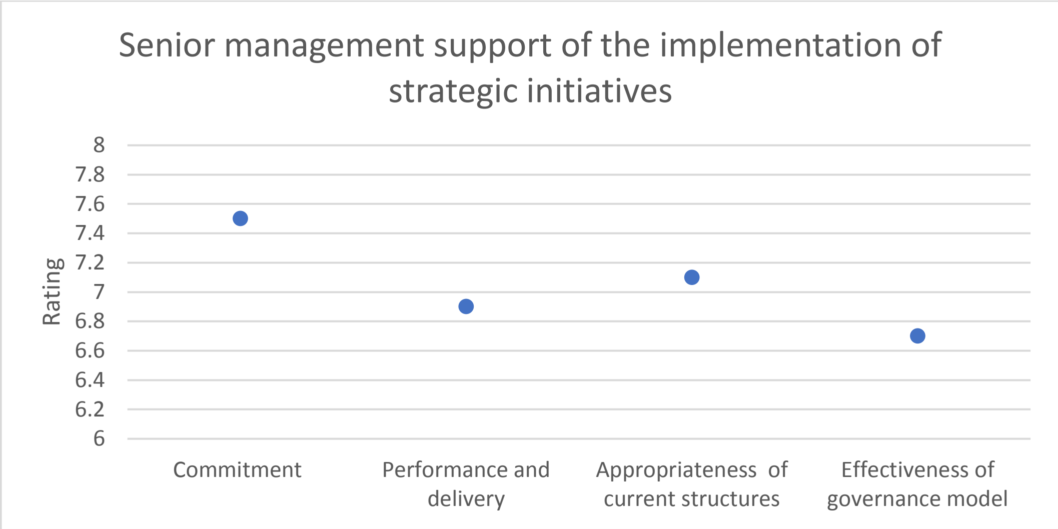
Ownership to implement strategic initiatives was indicated to be the best for the CEO/MD, general average of 8.6, of the organisation, senior management and the board of directors. The employees were rated to take the least ownership, general average of 5.6, to implement strategic initiatives as shown in Figure 18.

Figure 18: Ownership to implement strategic initiatives



The average ratings for senior management's commitment, the performance of senior management to deliver, the appropriateness of the current structure and the effectiveness of the current governance model can be seen in Figure 19.

Figure 19: Senior management's support of strategy implementation

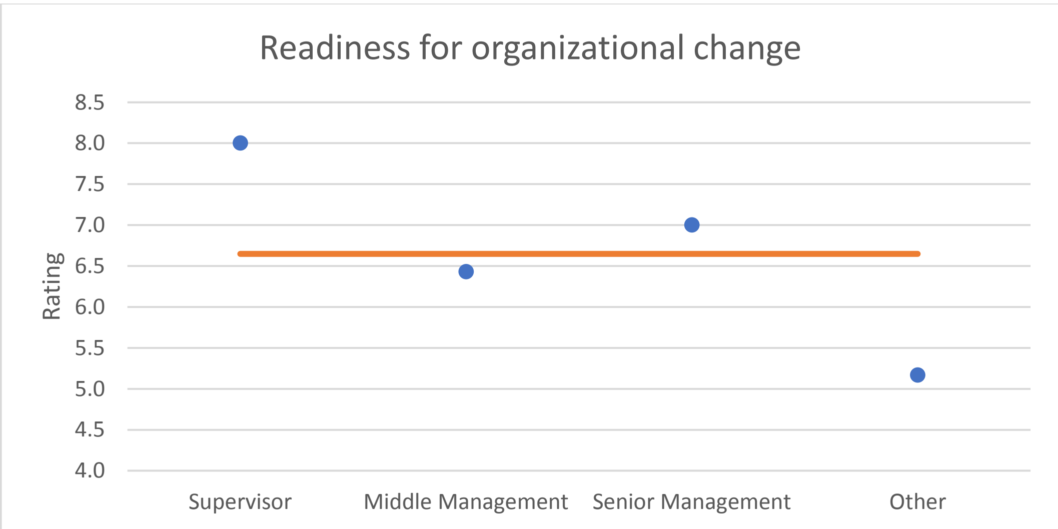


The data perceived within Figures 18 and 19 indicates a misalignment (between employees and higher-level management) towards the motivation, support and implementation of organisational strategies. Plans need to be put in place to improve employees' motivation to maintain and support the implementation of strategic initiatives (e.g. an incentive scheme).

3.9.5 Readiness for change

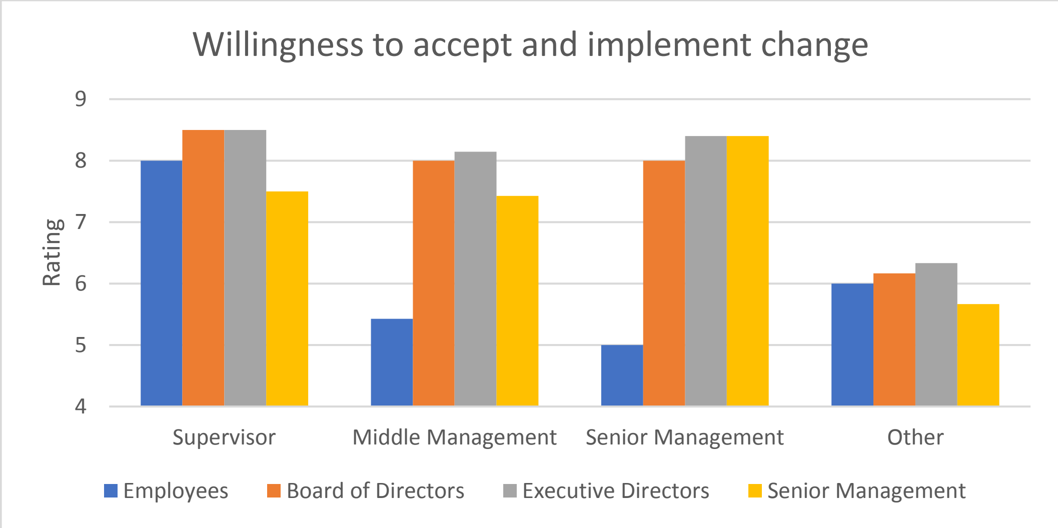
The readiness for organisational change was rated on average as 6.6. The supervisors indicated a higher preparedness rating than the rest of management, as shown in Figure 20.

Figure 20: The organization's readiness for change



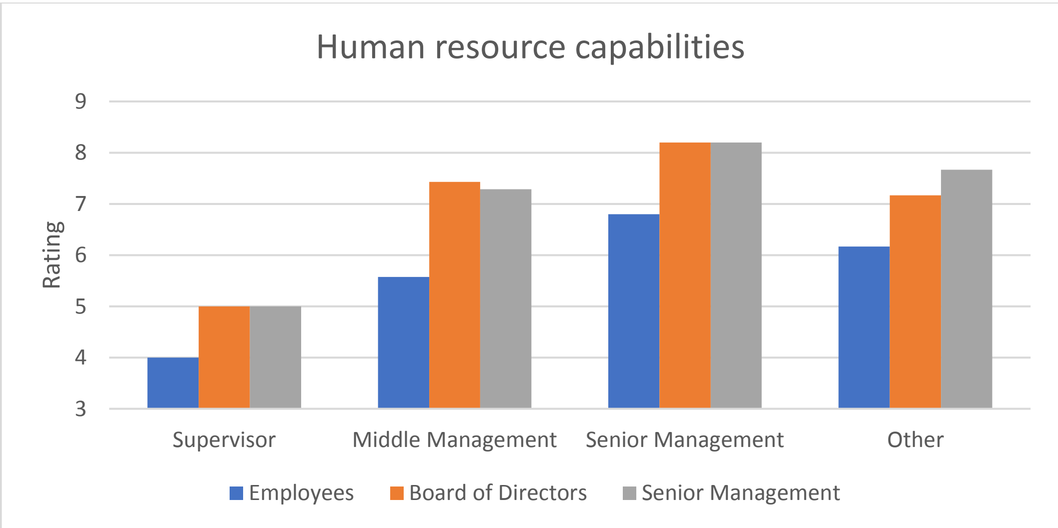
The willingness to accept change was indicated to be the lowest for employees, general average of 5.8, and the highest for the Executive Director, general average of 7.7, and the board of directors, general average of 7.5, as shown in Figure 21.

Figure 21: Willingness to accept and implement change



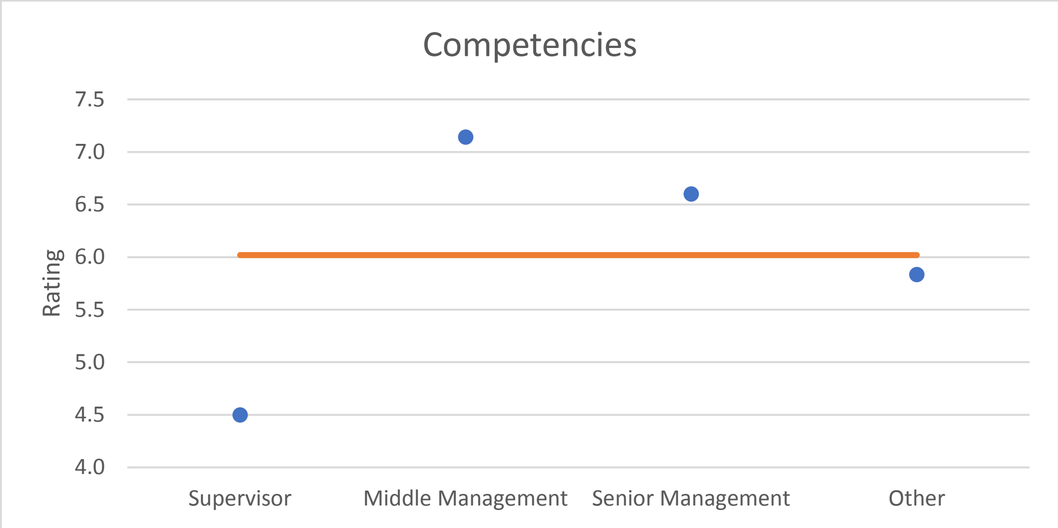
All the segments indicated that human resources have a low capability to implement and manage change among the employees. However, the results indicate a perception that human resources have a better capability to implement and manage change among senior management, as shown in Figure 22.

Figure 22: Human resources capabilities to manage and implement change



All the segments indicated that the organisation has a segmented average rating of 6 when looking at the competency to plan, manage and implement strategic initiatives. Shown in Figure 23, the supervisors believe the competency of the organisation is low, but both middle and senior management indicated that the organisational competency is above average.

Figure 23: Competencies to plan manage and implement strategic initiatives



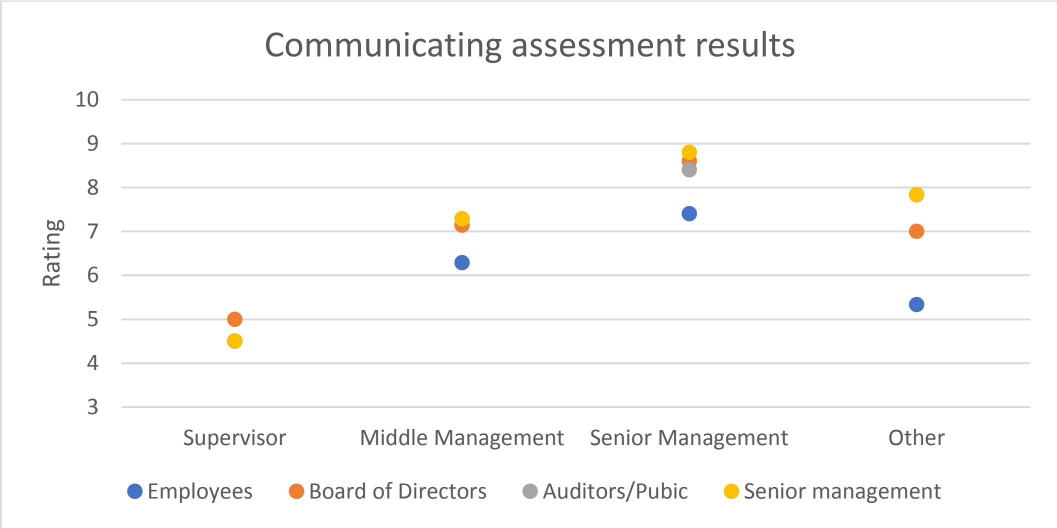
The data concluded within Figures 20 to 23 highlights areas of concern in that the organisation shows ordinary levels pertaining to readiness for change. Mixed perceptions are perceived between the different employees' groups, which raises the question as to what the real stance of readiness for change is within the organisation. Organisational change is one of the most important factors affecting organisations today and organisations that are not able to adapt and embrace these changes will not survive.

Clarity and alignment between departments and employee groups need to be obtained regarding the readiness towards change within the organisations, to identify areas of shortcomings that need to be addressed.

Overall, the respondents indicated that the current practises regarding the ongoing assessment of strategic initiatives as 6.7 on average.

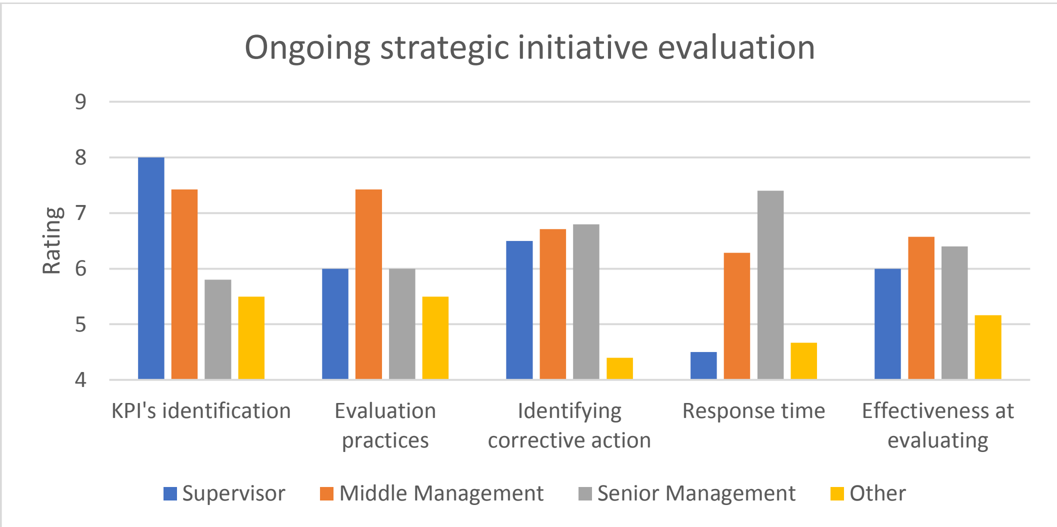
All levels indicated that the communication of assessment results is the lowest to employees and the highest to senior management; however, the board of directors and auditors received a reading close to that of senior management, as shown in Figure 24.

Figure 24: Organization's performance in communicating assessment results



When assessing the ongoing strategic initiative evaluation process, one result stood out, the response time after the organisation acknowledged that there was a strategic initiative that failed. The results indicated that middle and senior management believe that they have a good response rate, but the lower level employees indicated that the response time is not very good. Results for ongoing evaluation of strategic initiatives can be seen in Figure 25.

Figure 25: Ongoing strategic initiative evaluation



3.10 Conclusion

The analysis of Metraclark's internal environment highlights many areas of excellence, but also areas for improvement. Management needs to focus on the areas where Metraclark has the necessary resources to address the identified shortcomings and where this is not the case, they can look at outsourcing. Many areas for improvement have been identified, which, if addressed, will drastically increase Metraclark's competitive advantage within the industry.

Metraclark can improve their vision, mission and core values by means of simplification, clear direction, communication and involvement. The SWOT analysis identified simple weaknesses and opportunities that can easily be addressed by utilising Metraclark's many strengths. A simplified business model of Metraclark has also been developed, which should be used/distributed to all Metraclark employees to familiarise employees, keeping them informed, engaged and motivated. Much information is also highlighted within Metraclark's financial analysis, which should be used to guide and inform management of certain concerns and trends, especially with decreased profit margins and ROTA. Metraclark is experimenting within multiple marketing ventures, which should continue to identify what is working and what is not. There is also much potential for improvement within Metraclark's marketing activities as there is currently no clear strategy being followed. Metraclark's operational strategies are maintained adequately through thorough policies and procedures. Metraclark's HR analysis highlights many areas of concern, ranging from high employee turnover to a lack of HR resource capacity and inexperienced personnel, which require urgent intervention and strategic development. HR relations are presenting the biggest risk for Metraclark within its internal environment.

Throughout the questionnaire feedback, there is one re-occurring theme that is evident. Employees, middle management and senior management are not aligned regarding the majority of the strategic management elements. Senior management is perceived as being in control and on the right track, driving the strategic management process, but the support and understanding from the lower levels of management and employees are lacking. This needs to be addressed as employees are the most important drivers of strategies and when they are not involved or engaged, the execution of these strategies will not be successful. Management should align all employees through frequent engagements, involvement and feedback on strategic management processes by the use of dashboards.

4 Section D: Strategic formulation and implementation

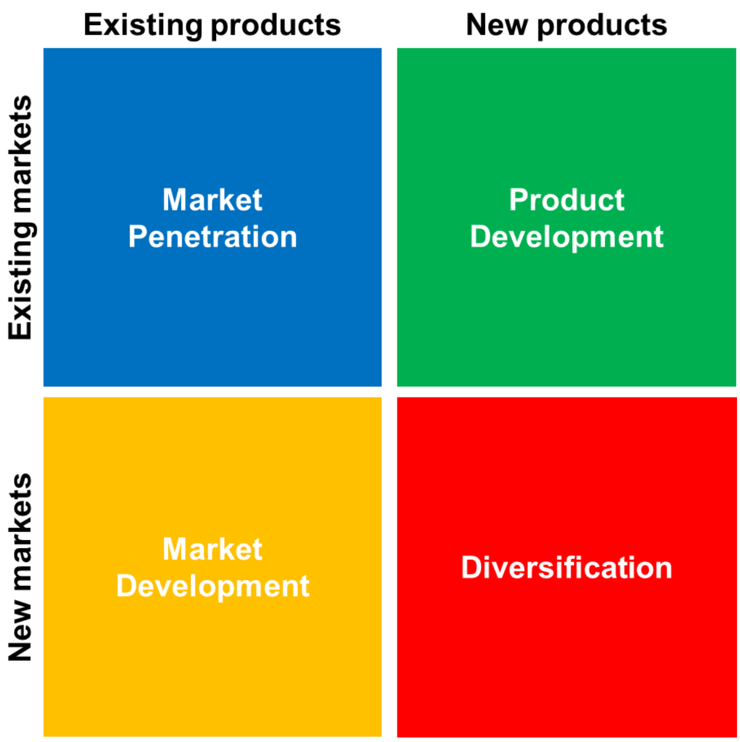
4.1 Introduction

The formulation and implementation sections are based on the internal and external analysis done on Metraclark. The strategies suggested are in the marketing, operational and human resources departments, but they require inputs and the support of all the departments within Metraclark. The first part of this section will only conclude what was discovered during the analysis and what can be done to grow Metraclark even further. This is followed by a detailed implementation plan that can be used as guidance when the new strategies are implemented. From the implementation plan, an action plan was developed that indicates the required resources, task champions, duration and the expected outcome of each task.

4.2 Strategic formulation

To grow in the current industry, it would be beneficial to start looking at strategies that can attain additional growth. This strategy does not have to be new products and new market segments, it can be a combination as indicated by the Ansoff Matrix. Figure 26 below indicates the Ansoff matrix (Thompson *et al.*, 2017:291).

Figure 26: Ansoff matrix



Source: (Thompson *et al.*, 2017:291)

For Metraclark, the corporate growth strategy that will benefit them the most is market development. This means using existing products, but marketing them to a new market segment. Metraclark is the supplier of Carrier air-conditioners, but at the moment they only market it to contractors. This could include changes to market the air-conditioners to end-users to increase Metraclark's market awareness among end-users and to increase their possible sales of the air-conditioners.

4.2.1 Financial strategy

After discussing the recommended financial strategy changes with the CFO of Metraclark, the conclusion was reached that the current financial strategy is sufficient. Regarding the recommendations on the debtor and creditor payment date alignment, it was concluded that due to the large number of debtors and creditors that have different payment dates, the data might be skewed. The decrease in profit margins is one of their current focuses, it was due to tough competition in the market and weak Rand conditions influencing the cost of imported equipment. After recommending that the optimal capital structure should be determined, the CFO mentioned that this will not benefit them as they are a multinational organisation. One other concern identified was the inventory turnover rate that has been decreasing in the last few years. It was mentioned to the CFO and he agreed that this is of concern. On the financial side, nothing can be done to change this and it is more an operational issue. To increase the inventory turnover rate will form part of the operational strategy. It was decided to include this in the operational strategy recommendations. The main focus will be on the more effective and efficient handling of stock, as this is the first step to increase inventory turnover rates.

4.2.2 Marketing strategy

The succeeding strategic points highlight areas that Metraclark can focus on and explore to grow their target markets and gain a sustained competitive advantage over that of their competitors. These points are derived through a thorough analysis of Metraclark's current strategies pertaining to marketing as discussed within section 3.6. It is highly advised to at least experiment and allocate some resources to each of these recommended strategies, as each strategy will provide feedback that can be helpful in in the future.

The strategic recommendations are defined within three sections and numbered from 1 to 9:

- *Contractor engagement strategies:* Strategies aimed at increasing contractor count and sales. The implementation of these strategies can be done in any particular order.
- *End-user engagement strategies:* Strategies aimed at increasing engagement with the end-users on air conditioning products (Carrier products). It is advised that the implementation of these strategies should follow the order of 5, 6 and 7.
- *Contractor and end-user engagement strategies:* It is advised to implement strategy 8 after strategies 5, 6 and 7, while strategy 9 can be implemented at any particular time.

4.2.2.1 Contractor engagement strategies

1. Frequently identify new or existing HVAC&R contractors in the market that have not been engaged as potential clients. These contractors can be engaged through sales personnel, from the nearest branch, which can sell the contractors the excellent service Metraclark provides and show what benefits it will hold for them doing business with Metraclark. A sales pitch can be made standard through a thorough design to ensure only the best information is presented to the contractors, which can be used by all Metraclark branches and sales personnel.
2. Provide free site surveys for big clients who already have installed equipment that will need replacement in the near future. This will make the client aware of Metraclark's products and excellent services, also informing them on certain shortcomings, required replacements/refurbishments and new technologies (CO_2 technology, which is environmentally friendly). The engagement with these clients will put Metraclark as the first thought when the need for replacement or upgrade is required from which the service/installation can be directed to one of Metraclark's preferred contractors.
3. Feedback surveys can be sent to contractors on how Metraclark can improve their services and products. These surveys should be strategically designed to get the most useful information from their contractors. Feedback surveys can be added to the monthly newsletter that is sent out to each contractor; surveys can also be distributed at contractor events. Incentives for completed surveys can also be considered.

4. Annual evaluation of all contractors should also be conducted. All relevant sales and growth figures of each contractor should be determined and compared. Metraclark can evaluate each contractor, determining whether continued support/supply of products and services is worthwhile. Metraclark can engage contractors to determine why and how sales have improved/declined. This will give Metraclark an idea of how the market is changing and how and where they can support their contractors if required.

4.2.2.2 End user engagement strategies

5. Improve website design (www.Carrier.co.za), making it much more user friendly. Reference to other top-brand air conditioning websites for ideas and possible improvement. Metraclark does not have the resources to handle or sell air conditioners from their own website to the direct end-user, and therefore the website should be designed such that sales enquiries should be directed to other websites, third-party sellers or preferred installers. It is advised that if Metraclark does decide to redesign their website, they should involve a professional company/designer to implement the strategic changes successfully.
6. Outsource marketing activities such as social media account management and printing services. This will ensure top quality service and results that can be quantified. This will also free resources that can be utilised elsewhere. The benefits of outsourcing activities include top quality service and execution, expert advice and guidance, customisable requests and reduced resource utilisation.
7. Engage already well-established websites, i.e. www.curries.co.za, that sell air-conditioners to the end-user to advertise and sell Metraclark's own brand on their websites. They already have the infrastructure and strong presence within the digital market that can be capitalised, as this is not Metraclark's main focus area. Some of these websites even provide certified installation, and therefore there is no need to cater additional resources for this purpose. This can also provide additional business and exposure for wholesale to other HVAC&R contracts. This strategy is similar to the current arrangement with Hirsch, which is working very effectively.

4.2.2.3 Contractor and end-user engagement strategies

8. Metraclark can provide strategic incentives to branches, contractors and third-party sellers (websites such as Hirsch). This can encourage branches to increase sales and can also create a positive competitive environment within the company. Contractors can be rewarded to receive a discount when they reach a certain purchase limit and rewarded if year-on-year purchases increase; this will also encourage the contractors to look for more business as they will benefit from it also. Third-party sellers can be rewarded to favour Carrier products on their website (place Carrier products first on the web page, recommend Carrier products on the website etc.).
9. Compare branches, investigate why/how branches are performing well or bad and learn and implement from that. Display performance statistics as a dashboard which will motivate and create a healthy competitive environment between the branches.

Marketing, with all it entails, can only be successful when you know how the public/customers/contractors react, feel and interpret your service or product. Therefore, it is extremely important to gather as much information as possible in each of the customer segments. The analysis of Metraclark's current strategies indicates a lack of incoming information that can be used to drive and direct their marketing strategies, especially within the end-user segments. Metraclark is engaging and communicating effectively with their contractors and has thus far worked to keep their contractors engaged and happy. Metraclark should keep on engaging their contractors as they currently do; they can just add a few marketing activities that will provide additional helpful information and improve their relationship with their contractors. Metraclark should pursue and experiment within multiple marketing strategies aimed towards the end-user. This will provide Metraclark with extremely valuable data that can be analysed to identify how the end-user reacts and interacts with Carrier advertisements, and from this learn what works and what does not.

The proposed marketing strategy for Metraclark is a proactive-reactive strategy, in that multiple marketing activities should be pursued, see what works and adjust the marketing approach and try again. The more information received from each of the proactive activities, the faster and better one can react and find the best approach/strategy that will yield the best results. All the above identified strategies will do just that, each strategy will provide Metraclark with valuable information from which it can make strategic decisions and adjustments to better engage their target markets.

The implementation plans for each of the identified strategies are discussed within section 4.3.1, with a full detailed execution plan attached within Appendix D.

4.2.3 Operational strategy

4.2.3.1 Quality implementation strategy

Internationally, there is a drive towards quality; however, the quality should not be achieved at the expense of the direct environment. This drive was acknowledged and two standards were created to address these issues. ISO 9001 is used to successfully manage the quality within an organisation, while ISO 14001 manages its environmental impact. (Denis, 2015)

ISO 9001 is a tool used by an organisation to align everyone in the organisation. The tool is used to manage the overall quality within the organisation, ensuring that everything is done in line with the organisation's quality objectives, which align with the organisation's vision and mission statements. It is also a tool used to set strategic goals for the organisation to work towards.

ISO 14001 is also a tool used by organisations to align the organisation's strategy to protect the environment, while improving their own overall productivity or even profitability. The tool is used in the same sense as ISO 9001, for the organisation to align their strategies direction as well as their environmental objectives with their vision and mission statements. The biggest difference between ISO 9001 and ISO 14001 is that ISO 14001 is a tool used mostly by upper management, as they are the ones who need to set the environmental objectives as well as the strategic direction to obtain the said objectives. This is a crucial part of ISO 14001, because if the strategic direction does not correlate with the environmental objectives, the organisation would most likely not benefit from the exercise, making it misaligned with the overall purpose of the tool.

ISO 9001

Metraclark has recently implemented ISO 9001 into their business, making use of an external consultant to assist them with the process to get everything in place and up to standard. The process required them to document everything on their servers, to create new standard operational procedures, which indicated to the employees how to address certain issues or how to conduct a certain procedure within their daily work routine.

This process is to be maintained to the point where the organisation can do it internally, thereby not rely on an external consultant to ensure everything is done correctly, and only use them to audit the tool.

ISO 14001

Metraclark has indicated that it wanted to implement ISO 14001 into their business. This drive will be to look into their environmental impact as a business and how to improve and manage that impact.

As stated above, the following steps are to be followed to implement ISO 14001:

- Upper management needs to ensure that ISO 9001 is implemented well within the organisation, which they need to enforce to ensure that quality procedures are used and followed. This will make the transition to achieve environmental objectives easier, as the new ISO 14001:2015 follows the same structure as that of ISO 9001.
- The first step towards ISO 14001 would be for upper management to identify their environmental objectives. This will force upper management to take a holistic view of their business, to determine what operational impacts they have on the environment, the economy and the society within their environment. This need to be a broad investigation, as business activities on its own might not have the biggest impact on the business. From here, the environmental objectives need to be compared to the business strategic direction, to determine if it is aligned.
- Upper management needs to adopt a Plan, Do, Check & Act model (PDCA), as this model will help align the system due to careful planning, checking that what has been done to ensure effective operation and to act on it if it is not. This model will warrant continues improvement, which falls under the ISO 9001 scope to enhance the overall quality of the business.
- Upper management needs to identify if there are any interested parties in collaborating with this process, as it will be an important factor during the transition phase. These parties will be stakeholders, suppliers, contractors, end-users etc.

and so forth. These parties all need to be in agreement to ensure that the objectives can be met and if it is still a viable solution. However, the external parties are not the only ones to be in agreement with the process, the internal staff should also agree with the changes, as they will be the ones implementing the processes to achieve the required goals. They might also supply management with valuable information with regard to risks and opportunities that they might perceive, which could have been overlooked by upper management.

4.2.3.2 Warehouse layout and bin allocations

Metraclark as a wholesaler, requires warehouse space for inventory to be stored. They have multiple branches throughout Africa, which differ in size. The big branches, which can also be seen as central warehouses for their given region, indicate that they require larger warehouse space to ensure stock for their customers, as well as for the smaller branches within its region. The small branches usually only have regular stock for daily operations of customers, but will on occasion have project-specific stock, which will not have dedicated storage space within the warehouse.

Most of the bigger branches have dedicated warehouse managers to manage the warehouse, but none of the big branches have a standard layout, making it difficult to find stock if you are not familiar with the given warehouse layout.

The smaller branches usually assign their driver as the warehouse manager as well, stating that the manager or salesman takes care of the warehouse while the driver is out on delivery. This tends to create confusion or even reluctance towards maintaining the warehouse from all the parties, as everyone has their own method or idea to manage the warehouse. This then leads to stock being placed in multiple areas, making it harder to find when required. It also takes up valuable space that could be utilised for other stock items.

Warehouse layout

With a growing stock item list, it is important for all the branches to be aware of their current stock carrying capacity. For this reason, it will be important for Metraclark to determine if each branch is utilising its warehouse space efficiently or not. If the branch is not utilising its space efficiently, management needs to investigate possibilities to utilise the space more efficiently, creating more storage space and better stock movement possibilities within the warehouse space.

A floor plan of the warehouse can be used to create possible layout scenarios. These scenarios can then be tested to determine the validity of the given layout, checking the overall storage space created, stock collecting difficulties and overall movement restrictions. The scenario that delivers the highest benefit can then be implemented and tested within the warehouse. If the layout does not yield any benefit to the prior layout, it can be reverted back to the prior layout.

Bin allocation on warehouse floor plan

As stated above, finding inventory can be troublesome within the business, and therefore allocating certain inventory items to a given bin allocation will reduce the time spent looking for certain items. Each item within the inventory list of Metraclark can be assigned to a certain bin. The bin can be used to identify a certain brand, a certain size, a certain value or a certain type of product.

Once the inventory has been allocated to a given bin, the branch manager, the operations manager and the branch's warehouse manager need to take the floor plan of the branch's warehouse to identify bin locations on the floor plan. Once the layout of bin allocations has been completed on the floor plan, the warehouse manager can go and mark the bin locations in the warehouse. This can then be followed by placing the allocated inventory on their assigned bins.

The additional benefit to this process is that if in future an automated system is to be implemented into the operations of the business, all the inventory will already be placed within allocated bins. This will make it easier to find stock in the warehouses.

4.2.3.3 Stock handling

There are multiple methods used to manage inventory, some are more costly or time consuming than others. For this reason, a simple solution is recommended for Metraclark to improve their perpetual stock counting methods and annual stock counting procedures.

ABC analysis model

The ABC analysis method splits the on-hand inventory into three sections, labelled as follows:

- High value inventory items – Section A

- Medium value inventory items – Section B
- Low value inventory items – Section C

The process behind this method is to eliminate the intensity applied to monitor low value inventory, in comparison with the higher value inventory items, which require more time and effort to prevent shrinkages.

The method used to determine the value of a said stock item is the following:

$$Item\ Value = Annual\ Demand\ x\ Cost\ per\ Unit$$

High value items are usually a small percentage, roughly 10 to 15% of the total inventory capacity, but they tend to make up 70 to 80% of the total value within the warehouse. The medium value items populate about 30% of the total inventory capacity and contribute to roughly 15 to 25% of the total value in the warehouse. The low value items represent the rest of the inventory capacity and make up around 5% of the total value in the warehouse.

These sections help divide the stock into value-based sections, but also help to identify the risks involved with each section, stating that the higher value items should be monitored more often than the lower value items. It also indicates that certain products may shift between sections, depending on their popularity, and therefore a procedure is to be created to identify the sections on an annual basis or half-annual basis.

The breakdown of the three sections needs to be determined on an annual basis. The operations manager needs to state what percentage value will be required for each section; for example, 70% of the inventory value will be stated under section A, 25% of the inventory value will be stated under section B and the remaining 5% of inventory value will be stated under section C. This should not be a fixed model, as price increases could change the overall layout of inventory within the sections, and therefore it needs to be conducted at least annually with the guidance of upper management and the operations manager. The goal behind this process will be to separate the high value items from the low value items.

Cycle counting

Currently, Metraclark requires a minimum of two cycle counts per annum, but they try to do a cycle count at least once a quarter, which causes down time for the given branch during this period. By implementing the ABC analysis model, cycle counts can be minimised to the allowed two counts per annum, if proper records are kept of the counts.

It can also be calculated how much of each of the three sections' items are to be counted in a given time period. It will be the responsibility of upper management and the operations manager to decide on the time period each section is to be counted. The following formula can be used to determine the quantity of items to be counted per day to meet the required timeframe stated by management.

Equation 13: Stock count requirements

$$Count\ requirement\ per\ day = \frac{Inventory\ Quantity\ for\ a\ given\ class}{Time\ Period\ for\ the\ class}$$

An example will be if there are 500 items in class A, the timeframe for the class to be counted is a month, then 500 items need to be counted in 22 working days, stating that 23 class A items are to be counted in a day. The same process is to be done for class B and class C. This then states that a full cycle count would be done within the required period stated by the policy of the company.

4.2.4 Human resource strategy

The HR function has historically been an administrative function headed by individuals whose roles are largely focused on cost control and administrative activities. Lawler and Mohrman (2003) cite various commentators that had found that there is a relationship between HR practices and firm performance. (Lawler & Mohrman, 2003:3) Findings indicate that firms with the greatest intensity of HR practices that reinforce performance had the highest market value per employee. It is concluded that the best firms are able to achieve both operational and strategic excellence in their HR systems and functions. (Lawler & Mohrman, 2003:3) Because no HR strategy exists for Metraclark, the information contained in this document can be used as a point of departure, and therefore the basis of the proposed strategy. Ulrich and Dulebohn (2015:193) propose that three targets or outcomes of HR work should be considered: individual, organisational and leadership.

4.2.4.1 The individual

The individual in an organisation can also be referred to as the talent in the organisation. The following equation is used in to describe talent in an organisation (Ulrich & Dulebohn, 2015:194):

$$Talent = Competence \times Commitment \times Contribution$$

Within this context, competence refers to the individual's knowledge, skills and values required for the jobs Metraclark has today as well as in future. Workforce planning, focused on competence improvement, includes the identification of key positions and the matching of specific individuals to these positions. The following is therefore proposed, which requires only commitment:

- Succession planning, identification of key positions.
- Personal development planning, based on succession planning.

It is clear that competence matters. Without commitment, specifically by senior management, competence is discounted. Highly competent employees who are not committed may have great cognitive ability, but do not apply the required effort. Committed and engaged employees work hard, put in their time, and do what they are asked to do. Focus on the employee value proposition ensures that employees who give value to their organisation will, in turn, receive value back. HR needs to design competence assessment tools and measure commitment during recruitment and nurture commitment. Commitment and competence have been an issue regarding talent during the past decade (Ulrich & Dulebohn, 2015:194).

The following can therefore be proposed:

- Commitment propensity tested during recruitment and selection.
- Bi-annual performance appraisal.
- Employee value proposition.
- Skills assessment.

Employees may be competent and committed, but in the event that they perceive their efforts are not realised, interest in what they are doing diminishes and their productivity fades. Contribution occurs when employees feel that their personal needs are being met through their participation in their organisations (Ulrich & Dulebohn, 2015:194).

The following can therefore be proposed:

- Balanced scorecard development.
- Leadership development programmes.
- Communicating feedback regarding strategies and initiatives.

Leaders who are ‘meaning makers’ help employees find a sense of contribution through the work that they do. Organisations may be a universal setting where individuals find abundance in their lives through their work and they want this investment of their time to be meaningful. HR professionals who design such ‘abundant organisations’ embed this meaning throughout the organisation (Ulrich & Dulebohn, 2015:194).

- Employee surveys to determine what ‘moves’ them.
- Employee surveys to determine the current and desired culture within the workforce.

If any one of the elements of the talent equation is absent, the other two will not replace it. A low score in competence will not ensure talent even when the employee is engaged and contributing. Talented employees must have skills, will power and purposes; they must be capable, committed and contributing. HR should endeavour to identify and improve each of these three dimensions in order to increase individual competency and improve efficiency.

4.2.4.2 The organisation

Talent without teamwork will not lead to organisational success. Great individual talent may succeed for a small percentage of the time, but teamwork matters most. Without attending to teamwork, workplace processes and culture, HR misses chances to have sustainable influence. Organisations are defined by three factors. Firstly, the reporting structure; secondly, rules policies and processes; and finally, routines reflecting processes and/or cultures within the workplace. Combined, these three traditional factors capture an organisation’s structure or shape. (Ulrich & Dulebohn, 2015:194)

The following can therefore be proposed:

- Review of existing policies to reflect culture, simplicity, teamwork, innovation and desired employee behaviour.

In order to support organisational strategy and add value, future HR work needs to focus on identifying and building organisational capabilities. HR should not only fulfil an administrative function, but should also focus on building emerging capabilities such as risk management, simplicity, connection, corporate social responsibility and innovation, which will lead to higher firm performance (Ulrich & Dulebohn, 2015:196).

4.2.4.3 Leadership brand

There is a difference between leaders and leadership. A leader refers to an individual who has unique abilities to guide and influence the behaviour of followers. Leadership refers to an organisation's capacity to build future leaders. The individual leader does matter, but a firm's leadership is more important over time. HR is required to build leadership depth by investing in leadership development. Outcomes of leadership depth can also be emphasised, such as the capacity to respond to changing business conditions, execute strategy, increase investor confidence, and anticipate customer requirements (Ulrich & Dulebohn, 2015:195).

Leadership success is either rooted in the organisation, leadership skills transfer within the company, or inside the individual. It is proposed that the criteria for leadership should start with customers. Defining leadership is often focused on the firm's advertising and media. Externally focused advertising often defines the company's intended brand. Leadership behaviours aligning with the external brand are then pursued. When leaders inside the company behave consistently with the expectations of customers, and other stakeholders, outside the company, the leadership will be more sustainable and effective. (Ulrich & Dulebohn, 2015:195)

HR needs to establish leadership assessment platforms. Once leadership standards are set, leaders need to be assessed on how well they meet those standards. The assessment results can inform subsequent leadership development. Assessment also may help determine high potential and future leaders by looking at the extent to which they have aspirations to lead, ability to meet future standards, and agility to learn and grow. HR professionals charged with leadership assessment may monitor current and aspiring leaders' abilities to serve customers.

The following can therefore be proposed:

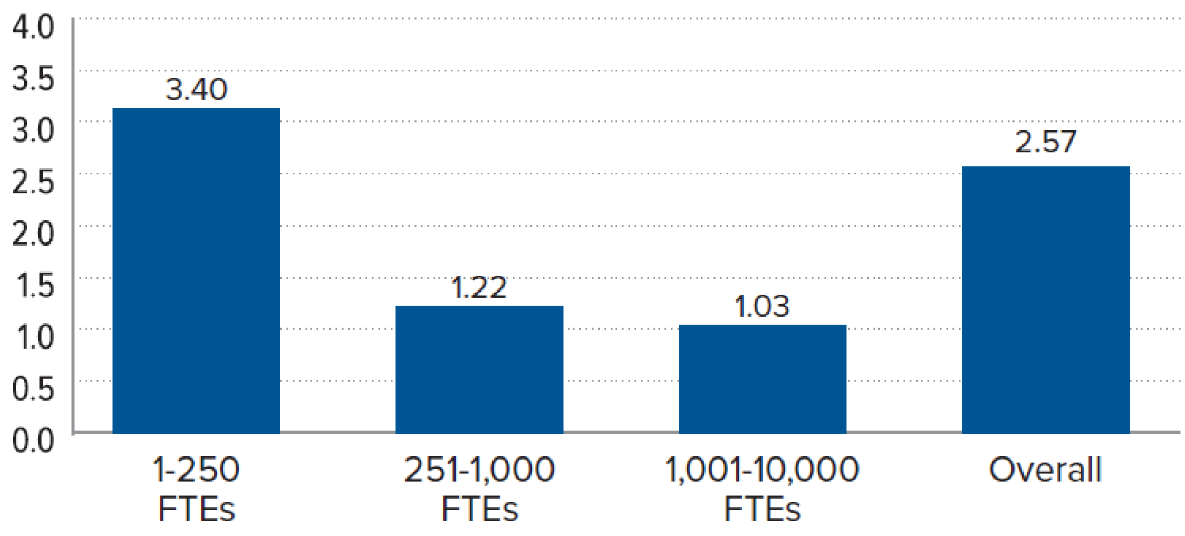
- Leadership assessment should be incorporated into performance contracts

The traditional formula for leadership investment has been 70-20-10. The logic is that 70% of learning and development is on the job, 20% is from feedback and observation of role models, and 10% is from training (Ulrich & Dulebohn, 2015:196).

4.2.4.4 HR-to-employee ratio

The HR-to-employee ratio compares HR staffing levels between organisations by showing the number of HR FTEs (full time equivalent) supporting 100 FTEs in an organisation. Beijer Ref AB employs 920 employees (including 169 employees within Metraclark), serviced by three employees. The ratio is therefore 0.326. Based on the ratio provided in the figure below, Beijer Ref AB should be appointing eight additional HR employees to effectively implement the proposed strategy. The proposed employees should be focused on employee relations, specifically recruitment, performance management and policy formulation. The HR executive should be focused on strategy and its implementation.

Figure 27: Average employee-to-HR ratio, by staff size



Source: Society for Human Resource Management (2015:2)

4.3 Strategic implementation

4.3.1 Marketing implementation plan

The following paragraphs identify the implementation plan for each of the identified strategies within section 4.2.2.

4.3.1.1 Contractor engagement strategies

1. A strategic sales pitch to engage and attract new/existing contractor's needs to be developed. Each branch manager can develop a sales pitch and submit to head office after which each one can be evaluated to determine the best. Head office can draft the final version that can be sent to each branch for implementation. Sales personnel at each branch should investigating possible new and existing HVAC&R contractors in their geographic area as potential new clients. These possible clients should be engaged where sales personnel show them what Metraclark can provide above their competitors (sales-pitch) and why they should choose Metraclark as their supplier. This will not only make the contractor aware of your services and products, but will also provide sales personnel with additional skills and challenges, which will lead to growth. Branches can provide their own incentives, encouraging their sales personnel to try and attain as much new contractors as possible. Metraclark can also incorporate incentives/competitions between branches to see which can attain the newest contractors. This will also enable a positive competitive environment between all the branches.
2. Sales personnel to research their geographical area for big clients that already have installed HVAC&R equipment, which might need refurbishment or replacement, training for this activity will be required. After these clients have been identified, a site visit can be arranged to propose a free site survey. This will provide Metraclark with the opportunity to showcase their excellent service and products. After the site survey is completed, a report can be compiled indicating the required replacements/refurbishments. This complete process will ensure that when the client decides to replace or refurbish their HVAC&R equipment, Metraclark will be the first thought and preference of contact after which Metraclark can direct the necessary requirements to the chosen contractor.
3. Metraclark should first identify what information from their contractors would be most valuable to improve/give guidance for improving their products or services. After this has been determined, a strategic feedback survey can be compiled that can be distributed to each contractor. The surveys can be distributed through emails (monthly newsletters) or when physically engaging contractors at meetings. Online surveys can easily be populated by using Google Form, which is a free online survey tool. Analysis of these surveys will provide valuable data from which corrective action can be taken to improve in areas where required.

4. Metraclark already evaluates their contractors through sales growth. This should be done for a multitude of other criteria, such as order size, payment periods, ease of engagement, resource utilisation etc. All these criteria should be evaluated annually, determining which contractors are the most important and where some might struggle. Metraclark can engage each contractor asking them how or why certain findings occur and how Metraclark can improve or learn from it. This data should provide important insights as to how Metraclark can improve on products and services and also what the market is doing.

4.3.1.2 End-user engagement strategies

5. The redesign of Metraclark's website should include all the necessary requirements to make it as user-friendly as possible. The main purpose of the website should be to give product information and to make it easy for end-users to buy a product with as little effort as possible. The strategic redesign of the website can be included with strategy number 7, outsourcing the design and website management. Expert advice should be sought after for best results, as Metraclark does not have the necessary expertise where a social media company might. Strategic decisions and requirements can be determined by researching multiple well-known air conditioning brand websites, learning what works and what does not.
6. The outsourcing of social media accounts should be considered and tested. This includes outsourcing social media account management (YouTube, Instagram and Facebook) with the main goal of attracting the end-users for air conditioning sales and Metraclark brand awareness. Metraclark can engage with multiple social media account management businesses and see what each offers at what price and how they can provide the best value for Metraclark. A strategic advertising and social media account management strategy can be developed together with the chosen business. Frequent follow-up meetings should be established for progress feedback. After a predefined period, Metraclark can evaluate the effectiveness of the whole strategy and decide whether it is working for them or not. If not, Metraclark can either move the business to a different business or try the process again incorporating what has been learned from the process. If it does indeed work, Metraclark can continue with the current strategy, taking corrective action if and where required.

7. Metraclark should do some market research in evaluating which online air conditioning selling websites they want to target for selling their Carrier products (i.e. www.curries.co.za). It would be advised to use websites/businesses that include certified installation if required with the purchasing of an air conditioner, as this will ensure little as possible resource utilisation from Metraclark's side. Metraclark can engage each of these websites/businesses, enquiring how to become a seller on their platform and what it will require. The requirement can be reviewed and additional incentives can also be provided to promote Carrier products on their website above other brands. If and when successful, Metraclark will only have to provide them with the air conditioning units with minimal resource utilisation. The more of these websites/businesses engage, the more exposure and presence in the market Carrier product will have. Social media accounts and website enquiries can be directed to any of these websites from which the user can instantly buy a Carrier product.

4.3.1.3 Contractor and end-user engagement

8. Metraclark first needs to determine what incentives they are willing to provide to their branches, contractors and third-party sellers. After an incentive has been identified, a criterion should be developed for justifying the incentive. The criterion should be such that it encourages the participants while providing increased sales to Metraclark. This should then be presented to each of the branches, contractors and third-party sellers, showing how it will benefit them while also benefiting Metraclark. An example of a simple incentive for each of the branches, contractors and third-party sellers are given below:

- Branches that achieve sales growth of 30% within a predefined time period will receive a weekend at Sun City.
- Contractors who increased purchases by 30% will receive 5% discount on next year's first quarter purchases.
- Third-party sellers (website sellers) who list Carrier products as first option, or recommend Carrier products on their website will receive a certain percentage of sales.

It must be noted that each of the criteria should be strategically designed to provide the best possible outcomes for each party involved. Year on year, these incentives can be revised, testing what works best.

9. Currently, Metraclark has all the necessary information required to evaluate each branch. The evaluation criteria can be discussed and the most important should be combined within an online dashboard. After a predefined period i.e. quarterly, an evaluation of each branch can be conducted, all the important findings should be highlighted and questioned as to why it occurred. The reasons behind each highlighted finding should be analysed and corrections implemented to rectify undesirable results. The findings will identify where branches can improve and where they can learn from one another to improve sales.

A full detailed implementation plan with durations, actions and responsible persons is attached within Appendix D.

4.3.2 Operational implementation plan

In the short term, the operational implementation plan needs to focus on the ABC stock count method. This will be to develop the ABC stock take plan, but not implement it yet. It would be easier to implement the ABC stock take method at each branch as the new warehouse layout and bin allocations are completed. The warehouse layout and bin allocations are a long-term plan. This is a quick process, but needs to be completed at each branch separately, as each branch warehouse looks different. After the warehouse layouts and bin allocations are complete at a branch, the ABC stock take method can be tested at that branch and implemented. This makes the second part of the ABC stock take method a long-term plan.

Since Metraclark has already started to implement ISO9001, the short-term goal would be to complete the implementation within the next year. This will assist with the longer-term goal to implement ISO14001.

The assessment of the possibilities to move towards ISO14001 can also be started in the next three years. Goals need to be identified that need to be reached within the next three to five years. This can only start when the ISO9001 implementation is complete; therefore, making the assessment of ISO14001 possibilities a longer-term plan. After the assessment, Metraclark management can decide whether the complete ISO14001 implementation will be beneficial for Metraclark. This is their reason why the implementation plan only consists out of assessment of the environmental impacts of Metraclark.

A full detailed implementation plan with durations, actions and responsible persons is attached within Appendix D.

4.3.3 HR implementation plan

4.3.3.1 Succession planning

Metraclark (Beijer Ref AB) has a one-page succession planning policy in place. This policy clearly specifies why succession planning is important. The document should be expanded upon to assist with the planning phase regarding what should be focused upon, e.g. the identification of key positions and the associated roles and responsibilities. The individual currently occupying one of these positions should then identify individuals for succession. Key competencies should then be identified, which the employee needs to take ownership of. Senior management needs to drive this action and report back to the MD.

4.3.3.2 Personal development planning

Based on succession planning, the employee and the holder of the position need to determine the focus areas. The training should primarily consist of ‘on-the-job training’ and delegated tasks. Classroom training needs should then be identified and budgeted for. Effective delivery of the milestones reflected on the personal development plan should then be incorporated in the merit appraisal process.

4.3.3.3 Commitment propensity

Commitment propensity should be tested during the recruitment and selection process. This can be designed into the interview process, together with other characteristics such as planning, tenacity and work ethic.

4.3.3.4 Bi-annual performance appraisal

Due to the commissioning of a new software system as described in 3.8.2, bi-annual merit discussions are possible and can be tracked and enforced. This part of employee relations is extremely important due to this being the platform to gauge the three dimensions of talent. If necessary, interventions can be arranged regarding an area of concern. The balanced scorecard is a strategy performance management tool. It is a semi-standard structured report, which can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions. The balanced scorecard can be linked to an annual bonus as a multiplier, thereby ensuring focus on strategy execution.

4.3.3.5 Communication and feedback

The feedback obtained from questionnaires regarding strategic management within Metraclark, it was found that strategies and initiatives implemented were not sufficiently communicated with the workforce. This item speaks to the commitment and contribution spheres of talent. Once employees know and understand why certain actions are required and what is happening within the organisation, the sense of teamwork and commitment is enhanced. The Social and Ethics Newsletter currently employed by Metraclark can be expanded upon. This is a great example of good communication.

4.3.3.6 Leadership

Specific leadership style selection is based on aligned values to that of the company. The transformational leadership style has been proven to yield positive results within an organisational setting (Thompson *et al.*, 2017:444). Leadership training should be focused on the selected leadership style, together with desired behaviours. Leadership assessment should be incorporated into performance contracts, thereby ensuring that certain outcomes are focused on.

Leading the drive for effective strategy execution and operating excellence calls for three actions on the part of the managers in charge. Firstly, staying on top of what is happening and closely monitoring progress. This is often accomplished through MBWA (management by walking around), which basically refers to engaging with employees and stakeholders at all levels, in order to gain first-hand experience about how well aspects of the strategy execution process are going. Secondly, putting constructive pressure on the organisation to execute the strategy well and achieve operating excellence. Finally, initiating corrective actions to improve strategy execution and achieving the targeted performance results (Thompson *et al.*, 2017:36-37).

4.3.3.7 Employee surveys

Employee surveys are employed to determine the level of engagement, morale and performance of a firm’s workforce. Various survey questions are available online to measure the aforementioned. Every firm needs to know what ‘moves’ their workforce. Once the state of the workforce is known, change can be implemented to counter any negative influences. Employee surveys to determine the current and desired culture within the workforce. Upon completion of employee surveys, review existing policies to reflect culture, simplicity, teamwork, innovation and desired employee behaviour.

4.3.3.8 Employee value proposition

An employee value proposition (EVP) is the unique set of benefits that an employee receives in return for the skills, capabilities and experience they bring to a company. An EVP is about defining the essence of a specific company – how it is unique and what it stands for. Very often, when senior management is asked what the most valuable resource in the specific company is, they react by saying ‘our employees’, but does not reflect this in its focus of the wellbeing of the individual. By developing an EVP, Metraclark will address engagement, employee retention, development and the ability to attract talented individuals. The idea is that the EVP should be clearly aligned and support the HR strategy.

A full detailed implementation plan with durations, actions and responsible persons is attached within Appendix D.

4.4 Conclusion

It is very important for any organisation to maintain their competitive edge above other organisations. If Metraclark wants to remain one of the biggest names in the HVAC&R industry, they will have to update their strategies accordingly. The strategies chosen to be implemented cannot remain the same and need to be updated on a regular basis. As soon as the employees and management state it has always been done like this, the question needs to be asked if it is time for change. In an ever-changing world, companies need to be adaptable and be able to handle change more effectively. Adapting to change is very important for any organisation.

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Appendix A: Vision, mission and core values statement analysis

Table 13: Vision statement analysis

Question	What it should be	Rating out of 5
Is it graphic?	It should be specific about where the organisation wants to go	4
Is the market position identified?	It should clearly state where the organisation strives to be in the market place	4
Is it forward looking?	It should be about where the organisation wants to be	4
Is it directional?	It should state how the organisation is going to get where it wants to be	3
Is it focused?	It should provide guidance to managers	2
Is it timeless?	A vision statement should not be updated regularly; therefore, it should be timeless	3
Is it feasible?	Unrealistic targets should be avoided	4
Is it memorable?	Employees should know it by heart	2
Is it easily communicable?	It should only be a few lines and be able to be a slogan for the company	2
Total score out of 45		**28**
Percentage		**62%**

Source :(Thompson *et al.*, 2017:36)

Table 14: Mission statement analysis

Question	Rating out of 5
Does it describe the current business?	4
Does it describe the current purpose?	4
Does it identify products and services?	5
Does it identify the market or industry it wants to serve?	4
Does it specify the buyer's needs?	2
Is the approach on how to satisfy customers?	2
Does it give the organisation its own identity?	2
Total score out of 35	**23**
Percentage	**66%**

Source :(Thompson *et al.*, 2017:37-38)

Table 15: Core values analysis

Question	Rating out of 5
Would these values be part of a new organisation's foundations?	5
Will you stand by these values even if the competitive environment changes?	5
Will you stand by these values even if it might cost you to lose clients or revenue?	4
Should all employees share these values?	5
Does management demonstrate these values?	5
Total score out of 24	**24**
Percentage	**96%**

Source :(Thompson *et al.*, 2017:39-40; Training Course Material, 2015)

Appendix B: Financial ratio trends

Figure 28: Profitability ratios trends

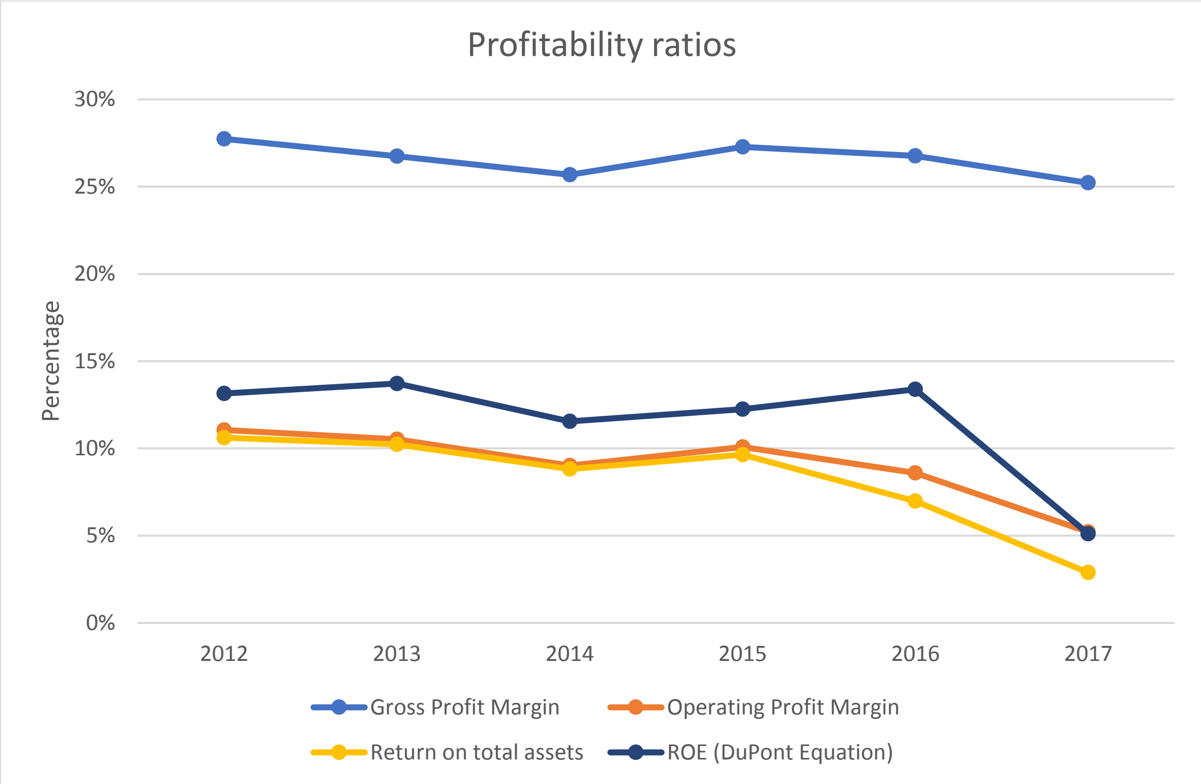


Figure 29: Liquidity ratios trends

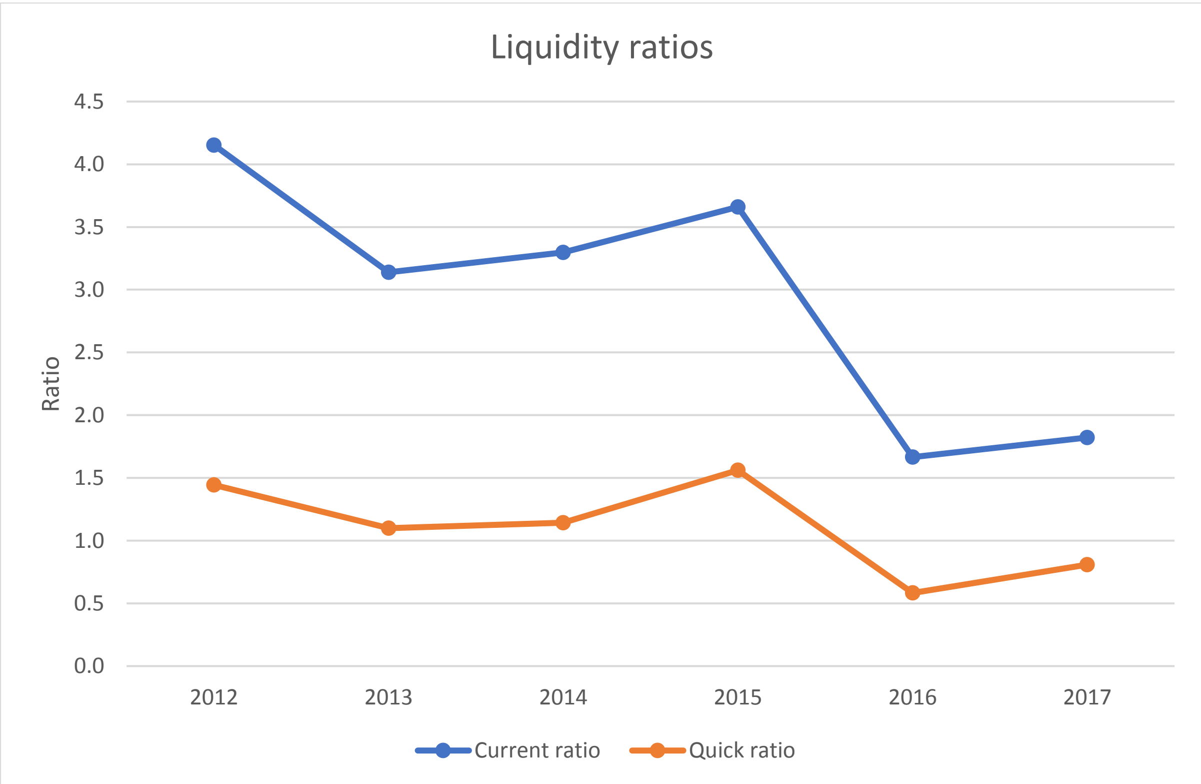


Figure 30: Leverage ratios trends

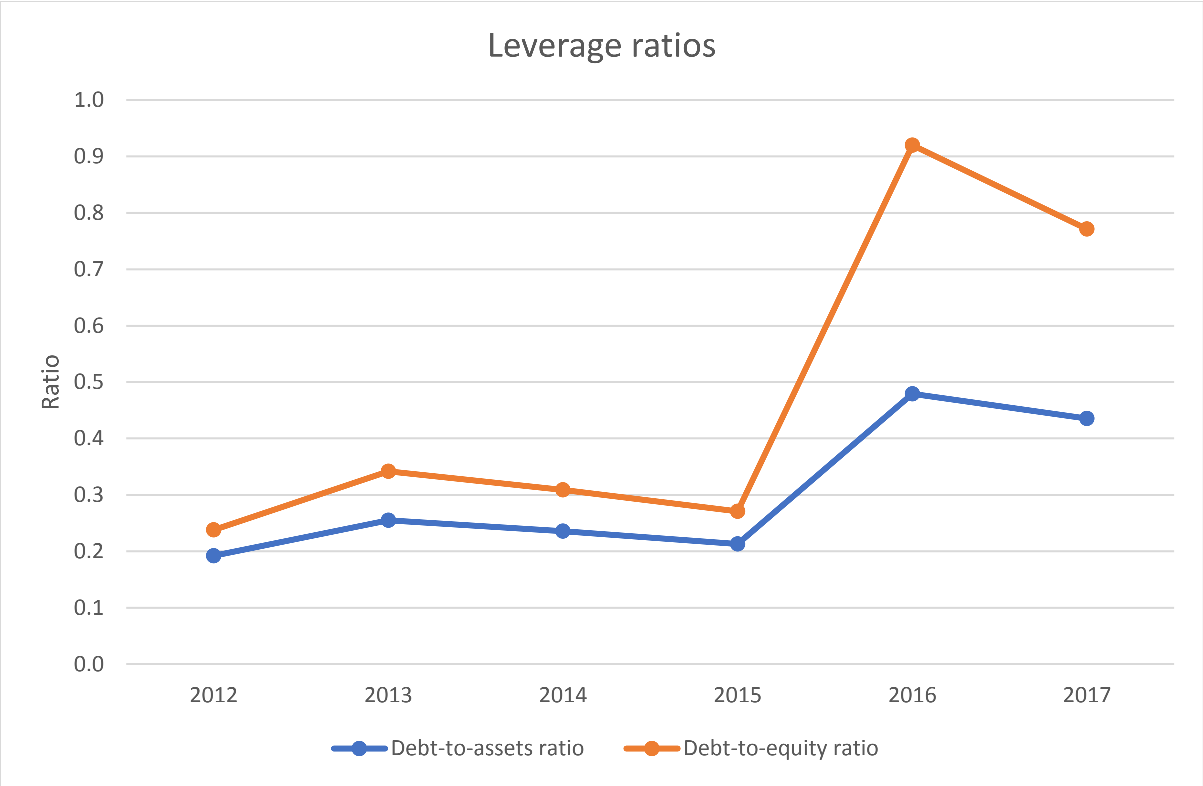
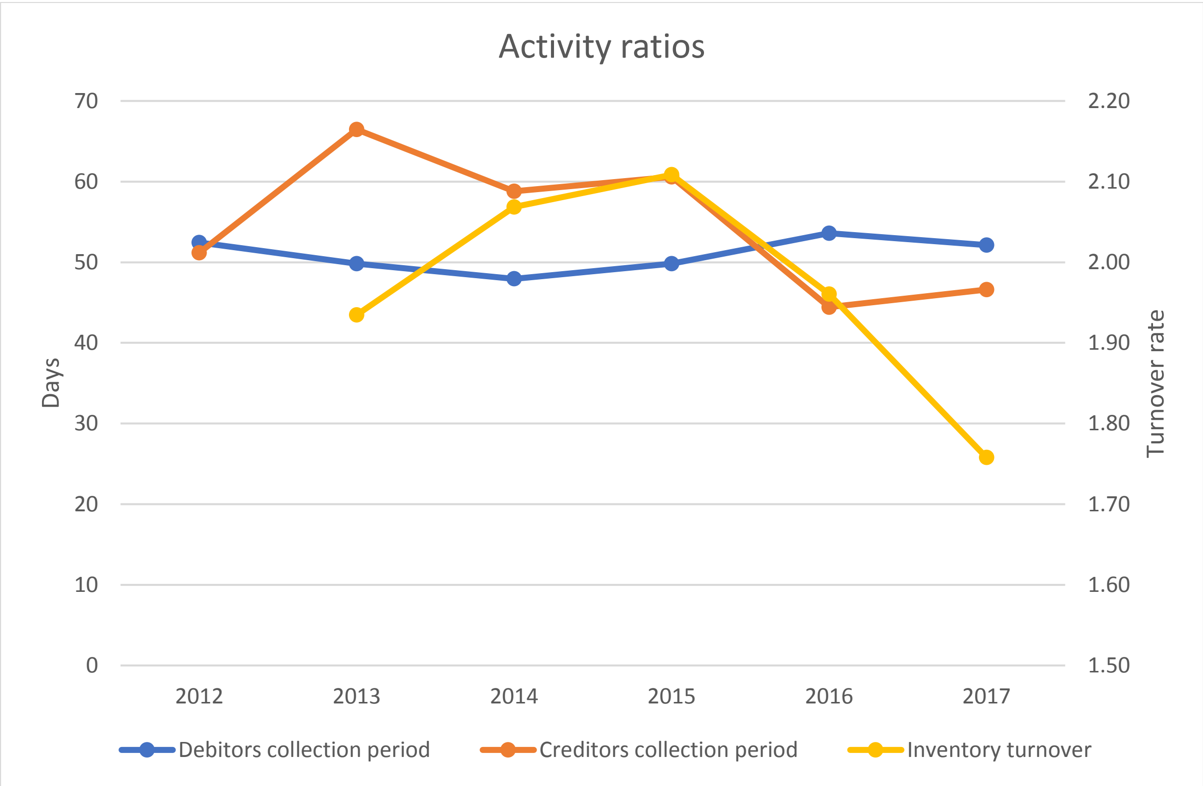


Figure 31: Activity ratios trends



Appendix C: Human resources

Table 16: Employee resignations and dismissals

Branch	Employed over period	Dismissals	Retired	Retrenched	Resignations	White collar resignations	Blue collar resignations	White collar dismissals	Blue collar dismissal	Turnover
Benoni Branch	6	0	0	0	1	1	0	0	0	20,00%
Bloemfontein Branch	19	5	1	0	3	2	1	4	1	30,00%
Cape Town Branch	30	4	0	0	10	3	7	3	1	62,50%
Credit Control	2	0	0	0	2	2	0	0	0	100,00%
Durban Branch	26	4	0	0	1	0	1	1	3	4,76%
East London Branch	5	0	0	0	2	1	1	0	0	66,67%
Engineering	7	0	0	0	2	2	0	0	0	40,00%
George Branch	4	0	0	0	0	0	0	0	0	0,00%
Head Office	9	0	1	0	4	4	0	0	0	100,00%
Johannesburg Branch	37	4	2	2	7	6	1	0	4	31,82%
Krugersdorp Branch	6	1	0	0	1	0	1	1	0	25,00%
Midrand Branch	6	2	0	0	0	0	0	1	1	0,00%
Nelspruit Branch	8	0	0	0	2	1	1	0	0	33,33%
Paarl Branch	3	0	0	0	0	0	0	0	0	0,00%
Pietermaritzburg Branch	5	0	0	0	1	1	0	0	0	25,00%
Pinetown Branch	4	0	1	0	0	0	0	0	0	0,00%
Polokwane Branch	8	0	0	0	1	1	0	0	0	14,29%
Port Elizabeth Branch	6	0	0	0	0	0	0	0	0	0,00%
Pretoria Branch	26	1	0	1	4	3	1	0	1	20,00%
Pretoria East Branch	5	0	0	0	2	2	0	0	0	66,67%
Randburg Branch	5	0	1	0	0	0	0	0	0	0,00%
RLC Support	8	0	0	2	3	3	0	0	0	100,00%
Rustenburg Branch	4	2	0	0	0	0	0	1	1	0,00%
Somerset West Branch	6	2	0	1	0	0	0	1	1	0,00%
Upington Branch	6	0	0	0	1	0	1	0	0	20,00%
Vanderbijlpark Branch	6	0	0	0	1	0	1	0	0	20,00%
Vredenburg Branch	4	0	0	0	1	1	0	0	0	33,33%

Appendix D: Implementation plan

Marketing strategies						
Item nr	**Item**	**Strategy type**	**Resources required**	**Deliverable/description**	**Champion**	**Duration (weeks)**
Contractor engagement strategies						
1	**Sales-pitch to engage new / existing contractors**	**Market expansion – HVAC&R Contractors**	**Sales resources, strategic management**	**Increased contractor count**	**Branch managers, top management, sales personnel**	**24**
1.1	Send out instruction for all branch managers to compile strategic sales pitch with the main purpose of attracting new contractors. This should include all relevant strategic instruction that top management feels necessary.	Market expansion – HVAC&R Contractors	Strategic management	Detailed instructions of what is expected from the strategic sales-pitch from each branch manager.	Top management	1
1.2	Compilation of strategic sales-pitch.	Market expansion – HVAC&R Contractors	Sales resources, strategic management	Completion of detailed strategic sales-pitch from each branch.	Branch managers	3
1.3	Review of each branch strategic sales-pitch for engaging and acquiring new contractors.	Market expansion – HVAC&R Contractors	Strategic management	Review and selection of best strategic sales-pitch.	Top management	2

1.4	Training and Implementation of selected strategic sales-pitch.	Market expansion – HVAC&R Contractors	Sales resources, Strategic Management	Successful training, understanding and implementation of sales-pitch.	Branch managers, sales personnel	2
1.5	Engagement of new contractors.	Market expansion – HVAC&R Contractors	Sales resources	Weekly engagement of several new HVAC&R contractors.	Sales personnel	2
1.6	Review progress and adjust strategy.	Market expansion – HVAC&R Contractors	Sales resources, Strategic Management	Review feedback from sales personnel.	Branch managers	1
1.7	Engagement of new contractors.	Market expansion – HVAC&R Contractors	Sales resources	Weekly engagement of several new HVAC&R contractors.	Sales personnel	4
1.8	Review progress and provide feedback to top management.	Market expansion – HVAC&R Contractors	Sales resources, strategic management	Feedback per branch to top management.	Branch managers	1
1.9	Assess progress and provide feedback to branches, include incentives/rewards if required.	Market expansion – HVAC&R Contractors	Strategic management	Feedback to each branch from top management, include recommendations/changes.	Top management	2

1.10	Engagement of new contractors with incorporation of Top-management feedback.	Market expansion – HVAC&R Contractors	Sales resources, Strategic Management	Weekly engagement of several new HVAC&R contractors.	Branch managers, sales personnel	4
1.11	Review overall strategic effectiveness.	Market expansion – HVAC&R Contractors	Sales resources, Strategic Management	Review all branch engagement numbers and overall improvement of contractor count.	Branch managers, top management	2
2	**Sales personnel to research and engage potential client with already installed HVAC&R equipment**	**Market expansion**	**Sales resources, strategic management**	**Increased sales and brand awareness**	**Branch managers, top management, sales personnel**	**32**
2.1	Design of strategic engagement (site survey design) by sales personnel.	Market expansion	Strategic management	Design of strategic engagement approach by sales personnel. What and how sales personnel will engage possible clients and what Metraclark can provide them (free site survey).	Top management	4
2.2	Research, geographical area for potential clients who will require refurbishment/upgrades.	Market expansion	Sales resources	Identify possible new clients for refurbishment/replacement within each branch's geographical area.	Sales personnel	2
2.3	Train sales personnel.	Market expansion	Sales resources, strategic management	Train sales personnel on how to engage and how to execute site surveys.	Branch managers, sales personnel	3
2.4	Strategic site survey implementation.	Market expansion	Sales resources	Sales personnel to engage and arrange site surveys for identified clients.	Sales personnel	8

2.5	Feedback review.	Market expansion	Sales resources, strategic management	Branch managers to review and assess engagement effectiveness and feedback.	Branch managers, sales personnel	2
2.6	Continued site surveys and reviews.	Market expansion	Sales resources, strategic management	Continue client engagement and review of feedback to determine effectiveness, adjust approach with received feedback.	Branch managers, sales personnel	12
2.7	Implementation	Market expansion	Sales resources, strategic management	When contacted (by clients) for refurbishment or related services, direct to relevant contractor for execution.	Branch managers, sales personnel	Continuo us
2.8	Review overall strategic effectiveness	Market expansion	Strategic management	Review effectiveness of strategy by increased inquiries for refurbishment / replacements and increased sales within each branch region.	Branch managers, top management	2
3	**Feedback surveys**	**Service and product improvement**	**Strategic management, marketing resources**	**Acquiring valuable feedback for improving products and services**	**top Management**	**User defined**
3.1	Determine what feedback data will be most significant to populate within surveys for each customer (contractors and 3rd party sellers).	Service and product improvement	Strategic management	Compile feedback surveys for contractors and 3rd party sellers.	Top management, marketing department	4
3.2	Populate feedback surveys in selected tool.	Service and product improvement	Marketing resources	Populate surveys within the relevant survey tool (email, online surveys, paper surveys, etc.).	Marketing department	2

3.3	Send out survey questionnaires as opportunity arises.	Service and product improvement	Marketing resources	Send out survey questionnaires when and where deemed necessary.	Marketing department	User defined
3.4	Review survey feedback.	Service and product improvement	Marketing resources	Review and conclude survey data with recommendations to head office.	Marketing department	1
4	**Annual evaluation of contractors**	**Sales improvement**	**Sales resources, strategic management**	**Strategic evaluation of contractor support**	**Marketing department, top management**	**5**
4.1	Evaluation criteria.	Sales improvement	Sales resources, strategic management	Strategically decide which evaluation criteria will be used to evaluate all contractors.	Marketing department, top management	1
4.2	Evaluate and rate each contractor.	Sales improvement	Sales resources	Evaluate and rate each contractor based on their performance throughout the year.	Marketing department	2
4.3	Analyse and conclude evaluation.	Sales improvement	Sales resources, strategic management	Analyse the findings of rated contractors and evaluate whether continued support is worthwhile. Interact with contractors as to understand performance figures.	Marketing department, top management	2
End-user engagement strategies						
5	**Website redesign**	**Sales improvement**	**Sales resources, strategic management**	**Increased sales and brand awareness**	**Marketing department, top management**	**14**

5.1	Contact multiple website designers to assist in the redesign.	Sales improvement	Sales resources, strategic management	Identify and contact multiple website designers. Compare how each of them can help and what they recommend for the redesign. Choose best fit.	Marketing department, top management	4
5.2	Identify requirements.	Sales improvement	Sales resources, strategic management	Identify what is expected from the new website, must be more user friendly, better navigation, direct user to online sales portals, etc. Compare current website to other top brand websites to get more ideas for improvement.	Marketing department, top management	2
5.3	Redesign website and review.	Sales improvement	Sales resources, strategic management	Website developer to redesign website with specified requirements, review of progress should be overseen throughout the whole process.	-	8
5.4	Launch of new website.	Sales improvement	Sales resources, strategic management	Launch new website and review the effectiveness through increase inquiries, website visits and sales.	Marketing department	Continuous
6	**Outsourcing of social media account management**	**Market expansion, sales improvement**	**Marketing resources, strategic management**	**Successful outsourcing of social media accounts with increased air conditioner sales**	**Marketing department**	**User defined**
6.1	Create deliverables and measurable results expected from outsourcing social media accounts.	Market expansion, sales improvement	Marketing resources, strategic management	List deliverables of what Metraclark is expecting to receive from outsourcing social media accounts.	Marketing department	2

6.2	Contact multiple social media account management businesses.	Market expansion, sales improvement	Marketing resources	Contact multiple social media account management businesses, see what they all over and what strategy they propose. Evaluate each and chose the best fit.	Marketing department	4
6.3	Develop a thorough strategy with the identified business.	Market expansion, sales improvement	Marketing resources	Development of a thorough strategic social media management plan. This includes milestones and dates for review of effectiveness.	Marketing department	2
6.4	Review strategic effectiveness.	Market expansion, sales improvement	Marketing resources	Review strategic effectiveness through increased social account activity and air conditioner sales. This process should be assisted by the relevant social media management business.	Marketing department	User defined
7	**Increase online 3rd party sellers of air conditioners (Carrier products)**	**Market expansion, sales improvement**	**Marketing resources, strategic management**	**Increased online 3rd party sellers of air conditioners (Carrier products)**	**Marketing department**	**28**
7.1	Research possible online 3rd party sellers	Market expansion, sales improvement	Marketing resources, strategic management	Research and identify possible 3rd party sellers that can sell Carrier products on their already-established website. Preferably websites that provide certified installation.	Marketing department	1
7.2	Contact identified 3rd party sellers	Market expansion, sales improvement	Marketing resources, strategic management	Contact identified 3rd parry sellers, confirm what is required to become a supplier on their website and negotiate if and where required.	Marketing department	3

7.3	Become a supplier and review effectiveness of identified 3rd party sellers.	Market expansion, sales improvement	Marketing resources, strategic management	Negotiate terms and conditions for each 3rd party seller as to benefit both parties. Review strategic effectiveness after a predefined period.	Marketing department	24
Contractor and end-user engagement strategies						
8	**Sales incentives**	**Sales improvement**	**Sales resources, strategic management**	**Improved sales figures**	**Top management**	**User defined**
8.1	Development of strategic incentives for sales personnel, contractors and 3rd party sellers.	Sales improvement	Strategic management	Strategic development of incentives for sales personnel, contractors and 3rd party sellers. Identification for what goals, incentives will be awarded.	Top management	4
8.2	Communication of incentives.	Sales improvement	Sales resources, strategic management	Communication of sales incentives to all relevant parties with the incentive criteria.	Top management	2
8.3	Continuous reminder and tracking of incentives and incentive criteria.	Sales improvement	Strategic management	Reminder of incentive criteria and gathering of progress on incentives from all parties.	Top management	Continuous
8.4	Review of strategic effectiveness.	Sales improvement	Strategic management	Determine strategic effectiveness (after a predefined time period) by reviewing the relevant sales figures of sales personnel, contractors and 3rd party sellers.	Top management	Review after predefined time period (yearly, quarterly, etc.)

9	Branch evaluations	Sales improvement, service and sales improvement	Marketing resources, strategic management	Implementation of branch effectiveness dashboard and implementation of lessons learned	Marketing department, top management	23
9.1	Identify evaluation criteria.	Sales improvement, service and sales improvement	Marketing resources, Strategic management	Identify evaluation criteria that will be used to evaluate each branch against one another. This can include sales growth, new contractor engagements, employee turnover, etc. The more data used, the better results can be concluded and lessons learned.	Marketing department	2
9.2	Create evaluation dashboard that will be displayed in each branch.	Sales improvement, service and sales improvement	Marketing resources	Create a live evaluation dashboard that is displayed within each branch. This can create a healthy competitive environment between branches.	Marketing department	4
9.3	Quarterly branch evaluations.	Sales improvement, service and sales improvement	Marketing resources	Quarterly evaluate each branch's operations. Identify areas of concern and excel.	Marketing department, top management	11
9.4	Investigate and evaluate findings.	Sales improvement, service and sales improvement	Marketing resources	Investigate and evaluate why some branches excel in some areas and why some have areas of concern. Note these findings for future implementations and changes.	Marketing department, top management	3

9.5	Implement findings.	Sales improvement, service and sales improvement	Marketing resources	Implement findings to improve each branch	Marketing department, top management	3
9.6	Repeat cycle.	Sales improvement, Service and Sales improvement	Marketing resources	Repeat evaluations and corrections each quarter/year. Incentives can also be added to the cycle as to further motivate branches.	Marketing department, top management	User defined
Operations strategies						
Item nr	**Item**	**Strategy type**	**Resources required**	**Deliverable/description**	**Champion**	**Duration (weeks)**
Quality and environmental strategy						
1	**Complete ISO9001 implementation**	**Quality assurance**	**Financial, management commitment, labour hours**	**Improved quality that is always on the same standard**	**Top Management, newly from ISO Committee**	**30**
1.1	Establish internal ISO committee	Quality assurance	Management commitment, labour hours	Committee responsible for all the ISO-related tasks now and in the future.	Top Management	2
1.2	Finalise ISO9001 procedures	Quality assurance	Management commitment, labour hours	To ensure same standards and procedure are used in the company	ISO Committee	8
1.3	Test new procedures	Quality assurance	Management commitment, labour hours	To ensure all employees understand and are committed	ISO Committee	8
1.4	Change procedures after tests	Quality assurance	Management commitment, labour hours	Where applicable during test phase changes might have been made to the procedures	ISO Committee	2

1.5	Audit by ISO9001 auditors	Quality assurance	Financial, management commitment, labour hours	Audit by the external ISO9001 auditor to ensure the procedures are up to ISO9001 standards	ISO committee	2
1.6	Finalise and Implement ISO9001 procedures	Quality assurance	Management commitment, labour hours	To ensure quality and employees follow the same standard	ISO committee	8
2	**Assessment to start working towards ISO14001**	**Environmental impact assessment**	**Financial, management commitment, labour hours**	**Environmentally aware employees and production and reduced environmental impact**	**Top management, newly form ISO committee**	**20**
2.1	Determine environmental impacts of the company	Environmental impact assessment	Management commitment, labour hours	Indication of environmental issues created by the operations of Metraclark	Top management, ISO committee	8
2.2	Assess different solutions of environmental impact	Environmental impact assessment	Financial, management commitment, labour hours	Environmentally aware solution that could reduce the overall environmental impact made by Metraclark	Top management, ISO committee	8
2.3	Determine timeline to implement feasible solutions	Environmental impact assessment	Financial, management commitment, labour hours	First step to implementation of ISO14001 procedures	ISO committee	4
Stock handling strategy						
3	**Warehouse layout and bin allocations**	**Standardisation**	**Management commitment, labour hours, financial**	**Easier management of stock when employees move between branches**	**Operational department, regional managers, branch managers**	**14**
3.1	Determine detailed layout of the warehouse	Standardisation	Labour hours	Standardised layout of each warehouse	Branch managers	2

3.2	Optimise layout of branch	Standardisation	Labour hours	Optimisation of layout might increase stock holding, retrieving time and reduce stock losses	Operational department, Branch manager	2
3.3	Assign bins	Standardisation	Labour hours	Increased awareness of stock location	Operational department, Branch manager	2
3.4	Implementation of new layout and bin allocations	Standardisation	Labour hours, possible financial implication	Improved stock management	Branch employees	8
4	**ABC stock take and cycle count**	**Improvement**	**Management commitment, labour hours**	**Easier stock management and counting, less time losses due to stock take after hours**	**Operational department, regional managers, branch managers**	**20**
4.1	Allocate different stock to different value groups	Improvement	Labour hours	Standardised stock groups	Operational department	2
4.2	Determine stock to be counted each month	Improvement	Labour hours	Assist with the new stock take method	Operational department	1
4.3	Develop stock take procedure and timeline	Improvement	Labour hours	Assist with the new stock take method	Operational department	1
4.4	Educated employees of new stock take method	Improvement	Labour hours	To ensure all employees understand and are committed	Operational department, Regional managers, Branch managers	2
4.5	Change ERP system to new procedure	Improvement	Labour hours	Part of implementation and testing of new stock take method	Operational department	4

4.6	Test new procedure on ERP system	Improvement	Labour hours	To determine if there are any issues with the new stock take method	Operational department, regional managers, branch managers	8
4.7	Finalise Stock take implementation	Improvement	Labour hours	Easier stock management and reduced cycle counts that cost employee overtime	Operational department, regional managers, branch managers	2
HR strategies						
Item nr	**Item**	**Strategy type**	**Resources required**	**Deliverable/description**	**Champion**	**Duration (weeks)**
Employee engagement strategies – learning & growth						
1	**Succession planning**	**Improvement -Sustainability**	**Labour Hours**	**Firm succession plan in place, with associated detail**	**Branch/line managers, top management, personnel**	**6**
1.1	Instruct all branch managers and team leaders to compile a succession plan for critical roles identified. The basis should be potential identified and nominations from colleagues.	Improvement –Sustainability	Labour hours	Detailed instructions of what is expected from the strategic sales-pitch from each branch manager.	Top management	1
1.2	Request input from personnel regarding the succession plan. In the request, employees should provide motivations for their respective motivations.	Improvement –Sustainability	Labour hours	Completion of detailed succession plan from each branch manager and team leader, with motivations regarding the nominations of the respective individuals.	Branch managers and team leaders	2

1.3	Provide each individual nominated with the opportunity to indicate what he/she would require to be successful in the anticipated role.	Improvement –Sustainability	Labour hours	Successful training, understanding and implementation of sales-pitch.	Branch managers and team leaders	
1.4	Review inputs from branch managers and team leaders. There may be more than one individual nominated for a specific role.	Improvement –Sustainability	Labour hours	Compile an overall succession plan for the business (branches and different departments not associated to a specific branch), together with associated competencies required for each role.	Top management	3
2	**Personal development plans**	**Improvement – learning and growth**	**Labour hours training costs**	**Optimised human capital**	**Branch/line managers, top management, personnel**	**28**
2.1	Budgets for the branches and respective teams not associated to specific branches includes an allocation of funds for training. Top management commitment towards on-the-job training	Improvement – learning and growth	Labour hours costs associated with the exposure required.	Budgets include an allocation of funds for training and exposure.	Top management branch/line managers	4
2.2	Personal development plan template developed and approved.	Improvement – learning and growth	Labour hours	Template available for use by personnel.	Top management branch/line managers	8
2.3	As part of the performance management system, personal development plans need to be put in place, based on the needs of current roles and that of the role which the individual aspires to.	Improvement – learning and growth	Labour hours	Personal development plans are in place and is committed to by the respective line managers.	Top management branch/line managers personnel	8

2.4	Skills booklet should be developed, which includes the relevant competencies associated with specific roles. This will enable the employee to see which competencies are required with a specific role.	Improvement – learning and growth	Labour hours	Skills booklet developed.	Top Management Branch/Line managers Personnel	8
2.5	Feedback review.	Improvement – learning and growth	Labour hours	Branch/Line managers to review and assess effectiveness and feedback.	Branch Managers, Personnel	Continuous
3	**Commitment propensity**	**Improvement – learning and growth**	**Labour hours**	**Developed tools to determine commitment propensity**	**Top management**	**9**
3.1	Review interview questionnaire templates, with the primary focus being on commitment propensity.	Improvement	Labour hours	Questionnaires in place for utilisation during interviews.	Top management, HR department	4
3.2	Determine areas of required improvement by incorporating information obtained from employee surveys and therefore EVP.	Improvement	Labour hours	Continuously working towards influencing motivation and therefore influencing commitment propensity.	Branch/Line managers, top management	Continuous
3.3	Develop an exit interview questionnaire which provides a feedback loop regarding various resignations.	Improvement	Labour hours	Questionnaires in place for utilisation during exit interviews.	HR department	4
3.4	Create a section within the EVP framework, which focuses on commitment propensity, e.g. long-term incentives.	Improvement	Labour hours	Commitment propensity addressed within the EVP.	Top management, HR department	1

4	**Bi-annual performance appraisal**	**Improvement – learning and growth**	**Labour hours**	**Bi-annual performance appraisal conducted**	**Branch/line managers, top management, personnel**	**14**
4.1	Utilise newly acquired tools (SAGE 300) to facilitate bi-annual performance reviews. This would enable the employee to determine if he/she is on track during the period of evaluation and not at the end.	Improvement	Labour hours	Bi-annual performance reviews conducted, allowing for mid-year adjustment to objectives if required.	HR department	8
4.2	Measure the bi-annual performance reviews conducted by linking the department's short-term incentive to this deliverable, as part of a bigger balanced scorecard.	Improvement	Labour hours	Incorporated into the balanced scorecard formulation.	HR department	4
4.3	Incorporate the review on progress of the personal development plan as part of the performance appraisal proves.	Improvement	Labour hours	PDP progress to be added to the performance appraisal framework.	HR department	2
5	**Communication and feedback**	**Improvement – learning and growth**	**Financial, management commitment, labour hours**	**Determine and influence employee engagement levels**	**HR department, top management**	**14**
5.1	Buying or compiling an employee engagement survey. External parties can also be requested to conduct surveys e.g. Institute of Psychology and Wellbeing from NWU.	Improvement	Financial, management commitment, labour hours	Determine the employee engagement levels and determine areas of improvement.	HR department, top management	8

5.2	Communicating results from the survey conducted.	Improvement	Management commitment, labour hours	Provide feedback to top management and the workforce	HR department, top management	2
5.3	Strategy roadshows.	Improvement	Management commitment, labour hours	The strategy regarding mitigating actions associated to employee engagement levels, together with strategies associated to operational improvement is communicated and explained.	HR department	2
5.4	Detailed strategy communication via newsletter, aligned to a balanced scorecard (monthly).	Improvement	Management commitment, labour hours	Employees are abreast with the latest information associated to the strategy and how they are influenced, together with an overall view of the company strategy.	HR department, top management	2
6	**Leadership**	**Improvement – learning and growth**	**Financial, management commitment, labour hours**	**Culture change, aligned with the company strategy**	**HR department, top management**	**31**
6.1	Determine which leadership style and culture should be adopted in the company. Also, which behaviours will help reinforce the aspired culture, vision, mission and values?	Improvement	Management commitment, labour hours	Determine a set of behaviours that support how Metraclark's leaders lead.	HR department, top management	5
6.2	Implement a training programme that will be utilised to train leaders.	Improvement	Financial, management commitment, Labour hours	All the leaders in the organisation are trained and aligned with the leadership style.	HR department	26
6.3	Revisit and test the efficiency of the training by a second survey after a year had elapsed.	Improvement	Management commitment, labour hours	Report compiled to determine a measure of success.	HR department, top management	Continuous

7	**Employee surveys**	**Improvement – learning and growth**	**Financial, Management commitment, Labour hours**	**Determine how the firm is experienced by the workforce and determine the way forward**	**HR department, top management**	**16**
7.1	See 5,1	Improvement	Financial, management commitment, labour hours	Strategically decide which evaluation criteria will be used to evaluate all contractors.	HR department, top management	8
7.2	Analyse data obtained (quantitative and qualitative)	Improvement	Financial, management commitment, labour hours	Report compiled to describe the culture and areas of improvement for the firm.	HR department, top management	4
7.3	Compile an action plan to address areas of concern and enhance areas of excellence.	Improvement	Financial, management commitment, labour hours	An action plan, aligned with the leadership strategy to address areas of concern.	HR department, top management	4
8	**Employee value proposition**	**Improvement – learning and growth**	**Financial, management commitment, labour hours**	**Compile and communicate Metraclark's EVP, based on information received from survey**	**HR department, top management**	**14**
8.1	From the employee surveys, determine what employees' value and would make them want to continue working for Metraclark or attract the best talent.	Improvement	Management commitment, labour hours	Shortcomings regarding EVP identified.	HR department, top management	4
8.2	Do an external analysis, then compile an EVP for Metraclark., e.g. benchmarking salaries, etc.	Improvement	Financial, management commitment, labour hours	Commit to an EVP, which would support the retention and attraction of talent.	HR department, top management	8
8.3	Roll out the Metraclark EVP at same roadshow mentioned in 5.3.	Improvement	Management commitment, labour hours	Announce EVP to the workforce	HR department, top management	2

Appendix E: Interactive Gantt chart

ACTIVITY	TASK	Responsible person	PROG.	START	DELAY	DURATION	Progress Date	END	STATUS	EXPECTED PROG
	MARKETING STRATEGIES									
1	Sales-pitch to engage new / existing contractors	Branch Managers, Top Management, Sales personnel	0%	1-Aug-19		168.00	0-Jan-00	16-Jan-20	Not Started	0%
2	Sales personnel to research and engage potential client with already installed HVAC&R equipment	Branch Managers, Top Management, Sales personnel	0%	1-Aug-19		32.00	0-Jan-00	19-Mar-20	Not Started	0%
3	Feedback surveys	Top Management	0%	1-Aug-19		7.00	0-Jan-00	19-Sep-19	Not Started	0%
4	Annual evaluation of contractors	Marketing department, Top Management	0%	1-Aug-19		5.00	0-Jan-00	7-Nov-19	Not Started	0%
5	Website redesign	Marketing department, Top Management	0%	1-Aug-19		14.00	0-Jan-00	7-Nov-19	Not Started	0%
6	Outsourcing of social media account management	Marketing department	0%	1-Aug-19		8.00	0-Jan-00	26-Sep-19	Not Started	0%
7	Increase online 3rd party sellers of air conditioners (Carrier products)	Marketing department	0%	1-Aug-19		28.00	0-Jan-00	13-Feb-20	Not Started	0%
8	Sales incentives	Top Management	0%	1-Aug-19		6.00	0-Jan-00	12-Sep-19	Not Started	0%
9	Branch Evaluations	Marketing department, Top Management	0%	1-Aug-19		23.00	0-Jan-00	9-Jan-20	Not Started	0%
	OPERATING STRATEGIES									
1	Complete ISO9001 implementation	Top Management, Newly form ISO Committee	0%	1-Aug-19		30.00	0-Jan-00	27-Feb-20	Not Started	0%
2	Assessment to start working towards ISO14001	Top Management, Newly form ISO Committee	0%	1-Aug-19		20.00	0-Jan-00	19-Dec-19	Not Started	0%
3	Warehouse layout and bin allocations	Operational department, Regional managers, Branch managers	0%	1-Aug-19		14.00	0-Jan-00	7-Nov-19	Not Started	0%
4	ABC stock take and cycle count	Operational department, Regional managers, Branch managers	0%	1-Aug-19		20.00	0-Jan-00	19-Dec-19	Not Started	0%
	HR STRATEGIES									
1	Succession planning	Branch/Line Managers, Top Management, Personnel	0%	1-Aug-19		6.00	0-Jan-00	12-Sep-19	Not Started	0%
2	Personal development plans	Branch/Line Managers, Top Management, Personnel	0%	1-Aug-19		28.00	0-Jan-00	13-Feb-20	Not Started	0%
3	Commitment propensity	Top Management	0%	1-Aug-19		9.00	0-Jan-00	3-Oct-19	Not Started	0%
4	Bi-annual performance appraisal	Branch/Line Managers, Top Management, Personnel	0%	1-Aug-19		14.00	0-Jan-00	7-Nov-19	Not Started	0%
5	Communication and feedback	HR department, Top Management	0%	1-Aug-19		14.00	0-Jan-00	7-Nov-19	Not Started	0%
6	Leadership	HR department, Top Management	0%	1-Aug-19		31.00	0-Jan-00	5-Mar-20	Not Started	0%
7	Employee surveys	HR department, Top Management	0%	1-Aug-19		16.00	0-Jan-00	21-Nov-19	Not Started	0%
8	Employee value proposition	HR department, Top Management	0%	1-Aug-19		14.00	0-Jan-00	7-Nov-19	Not Started	0%

Appendix F: Language editor

Cecile van Zyl
BA (PU for CHE); BA honours (NWU); MA (NWU)
Language editing and translation
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Email: Cecile.vanZyl@nwu.ac.za

Invoice: 2019-06-21a

To: Carlisle Sampson **Liezel.duPlessis@implats.co.za**	
Description: Language editing of Company Project	Tariff: R12.00/100 words
Number of words	30 016
Total	**R3 601.92**

Cecile van Zyl

Account name: Cecile van Zyl
Bank: ABSA
Account number: 0679251503
Branch number: 632005
Account type: Savings account

Please send proof of payment to Cecile.vanzyl@nwu.ac.za