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Sample assessment 2020

Stimulus book

Business

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Case study 1

Stimulus 1

Newspaper article

MUSTGET GOES ALL OUT FOR AUTOMATION

Bill Tomkins, October 2018

Mustget Pty Ltd has entered into an agreement with BrilliantPac to develop distribution centres in all capital cities in Australia for a period of 10 years.

Mustget Pty Ltd was a market disruptor when it entered the retail homewares market in Australia, five years ago. It has grown to be a market leader.

BrilliantPac has a reputation for being at the cutting edge of automation for retailers around the globe but is relatively new in Australia. BrilliantPac has developed systems that allow outlets to order and receive stock from the distribution centres far more quickly than can be achieved by the present system. Goods can be placed

on transport within 30 minutes of the order being received by the distribution centre where currently the time lag can be up to 10 hours. Inventory records for the distribution centre are instantaneously updated.

Mustget's Managing Director Ms Prudence Villes said that after an extensive evaluation process and assessment of best practice, a decision was reached to make an investment in BrilliantPac's supply chain management system, supporting its business strategy over the long term.

'As an organisation we are delighted to invest in BrilliantPac's world class technology to revolutionise Mustget's supply chain.'

Ms Villes said, 'After taking into consideration all the options, an investment of this nature is expected to see significant improvements in productivity and move us ahead of our competitors.'

Mustget's Board Chairman Sebastian Droll said that although the investment in technology and automation is significant, it validates Mustget's commitment to improving its supply chain, which delivers more than 6 million cartons annually to its distributors.

Stimulus 2

Extract from the BrilliantPac webpage

BrilliantPac: brilliant move

Joe Smith

BrilliantPac: brilliant move

BrilliantPac, a Belgian technology company, is moving into Australia. BrilliantPac has revolutionised the operating systems of retail organisations around the world. In the last eight years, BrilliantPac moved from Belgium and has clients who include internationally known clothing chains, supermarkets and department stores in the United States.

BrilliantPac systems improve the holding and delivery time and costs of their clients and drastically reduce the need for human involvement in the operational systems of organisations.

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Case study 2

Stimulus 3

Emails between Plant and Facilities Coordinator and Operations Manager — Sporting Kit Pty Ltd

Inbox — Greg Jasper, Operations Manager

SW Shane Woodcroft | Plant and Facilities Coordinator 14 Sep 2020

Proposed relocation of plant and manufacturing fewer products

Hi Greg,

I have just heard that we are relocating the manufacturing plant 50 kms away from the current site. I also heard that there will be a reduced number of products made. As my boss, I thought you would have told me!

Relocation of the plant means staff will have further to travel — I have looked and there is no public transport to the new location so I won't be able to get the train like I do now — I will have to buy another car and I won't be the only one in this position.

If we are making fewer products, what does this mean for job security? Why has no announcement been made? I checked with the union and they haven't heard anything from the company. I have heard talk that the union will go to the local paper about this.

Regards,

Shane

Inbox — Shane Woodcroft, Plant and Facilities Coordinator

GJ Greg Jasper | Operations Manager 15 Sep 2020

RE: Proposed relocation of plant and manufacturing fewer products

Hi Shane,

It is unfortunate that the news got out in this way. You are my Plant and Facilities Coordinator and I expect you to work with me on this — you will need to influence your team and reassure them that the move is for the good of the company. Your support is necessary for the success of the move. The new plant will operate more efficiently and be a more pleasant work environment for staff. Do not be silly and get involved in any communication with the media as this could reflect very badly on you.

Regards,

Greg

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Case study 3

Stimulus 4

Business overview — Solidwood Timber and Hardware Pty Ltd

Solidwood Timber and Hardware Pty Ltd is a family business that has been in operation in Queensland for 50 years and offers a limited range of very high-quality products. Currently the business operates from two outlets. The cost of purchasing inventory for the timber division, in particular, has risen steadily over the last five years due to Solidwood's support for sustainable and ethical practices in the forestry industry. The timber has a low turnover rate but purchases remain relatively constant as supply in the future is a concern for the management due to the fact that Solidwood is a 'boutique' business within the timber and hardware industry.

One of the ways in which the owners are considering moving forward is to add an outlet in another state while retaining the boutique nature of the firm. This new outlet may be able to be stocked with some of the slower moving inventory that is currently held in the other two outlets. The business has not grown since opening the second outlet ten years ago. Sales revenue has stayed the same over the last five years. The owners are looking to improve Solidwood's financial viability without compromising its integrity.

Stimulus 5

Our values as a family company — Solidwood Timber and Hardware Pty Ltd



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Case study 3 (continued)

Stimulus 6

Current situation — Solidwood Timber and Hardware Pty Ltd

Our products must be environmentally friendly and sourced from businesses that use sustainable and ethical practices.

Timber and shelving

Wide range of timber and shelving supplied mainly by two timber-milling businesses that use only sustainable and ethical practices.

Painting products

Limited range of top-end paints, brushes, rollers and painting trays.

Plumbing products

Wide range of products to effect repairs, e.g. pipes, tapware, cisterns and parts, toilet seats.

Nuts and bolts

Wide variety of nuts and bolts in varying sizes.

Sundry

Environmentally friendly cleaning equipment, nails, hand tools (saws, hacksaws, drill bits), wheelbarrows, brooms.

Gardening supplies and equipment

Hoses and hose fittings, rakes, tools (spades, shovels, picks).

Stimulus 7

Extract from minutes of management meeting — Solidwood Timber and Hardware Pty Ltd

General business

Item 4: The business does not want to compromise its values. The cost of setting up another outlet has been identified by an independent valuer as \$575 000. The following proposed strategies were agreed upon as the way the business would move forward and possibly expand into another state:

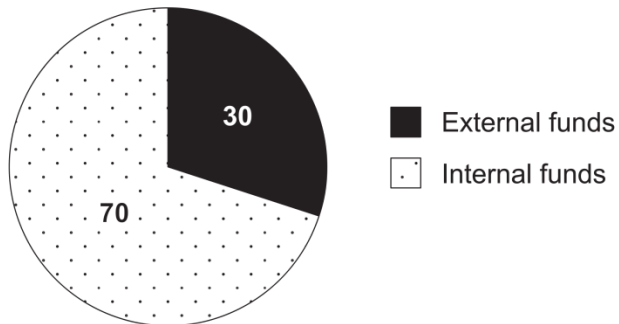
- Audit each division and rationalise the number of products within or across divisions where necessary to reduce holding costs.
- Reduce purchasing costs by sourcing alternative suppliers who meet the business's values.
- Reduce selling prices to try to increase the number of sales made.

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Case study 3 (continued)

Stimulus 8

Current sources of finance — Solidwood Timber and Hardware Pty Ltd



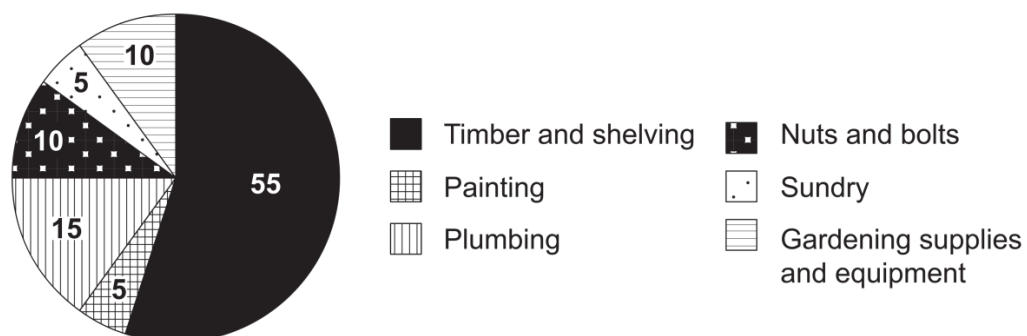
Stimulus 9

Solidwood Timber and Hardware Pty Ltd divisional revenue — 5-year average



Stimulus 10

Solidwood Timber and Hardware Pty Ltd divisional expenses — 5-year average



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References

All stimulus has been developed by the QCAA for this external assessment.

Note: This paper contains names, characters, businesses, places, events and associated material that are fictitious. Any resemblance to businesses, people (living or dead) or actual events is purely coincidental.

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