



Internship Report
On
Procurement and Supply Chain Management
Of Bismillah Jacquard Ltd

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Date: April 12, 2018

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Bismillah Jacquard LTD

Letter of Transmittal

April 12, 2018

Md. Fazla Mohiuddin

Lecturer

BRAC Business School

BRAC University

Subject: Internship report on **“Procurement and Supply Chain Management of Bismillah Jacquard LTD.”**

Dear Sir,

This is to inform you that I have completed my internship program at Bismillah Jacquard LTD. I have also completed the internship report titled “Procurement and Supply Chain Management of Bismillah Jacquard Ltd as a part of the completion of my internship according to the requirements of BRAC University.

In writing this paper, I have tried my best to imply the concepts that I have learned throughout my academic life along with the actual experience gathered while working on the actual environment. In this report, I have reflected what I have done throughout the internship period and I expect this report will meet your expectations. I am always available for any further query and clarifications about this report.

Sincerely,

Tahmina Tamim

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Acknowledgement

At first I want to thank the almighty for giving me the strength to accomplish my internship at Bismillah Jacquard LTD and finish this report on time.

I am also grateful to Md. Fazla Mohiuddin, Lecturer, BRAC University, my internship supervisor for all the support and guidelines, without him I wouldn't have been able to finish this report.

Besides, I must be thankful to Mr. Raihan Akbor Tutul, my supervisor and supply chain in-charge of Bismillah Jacquard Ltd, he has helped me to learn a lot of new things about procurement and supply chain functions. He has also inspired me to come out of my comfort zone and explore new things. Lastly, I am thankful to HR Admin, Mr. Golam Rabbani and my other co-workers who have helped to prepare this report by answering to my questions.

Executive Summary

Bismillah Jacquard Ltd is a new name in the sweater manufacturing industry. It started its journey back in 2016, but it has already earned a good reputation for producing high quality sweaters. RMG sector is one of the most important industries of Bangladesh, as it earns the highest foreign currencies for the country. Supply chain management is one of the key functions for each of the companies in this industry. An effective and efficient supply chain management is very important for the overall success of a company contributing in the RMG industry. My report reflects the procurement and supply chain function of the Bismillah Jacquard Ltd where I have worked as an intern as a part of completion my graduation from BRAC University. While working in the company I have monitored the overall supply chain functions of the company and made this report in the basis of that. After monitoring the overall process and relating them to my academic leaning, I have also added some recommendation to improve its supply chain management in this report for future prospects.

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1.Introduction

Origin of the report

As a mandatory part of my graduation from BRAC University, I have completed my internship at Bismillah Jacquard Ltd. This report is made as a reflection of my working experience at the mentioned organization. It was a wonderful learning experience at Bismillah Jacquard Ltd, I basically worked in the procurement section, but I had the chance to have a very close view of the whole supply chain department. So, this report is an outcome of my overall working experience at Bismillah Jacquard Ltd as a part of my graduation from BRAC University.

Objective of the report

The overall objective of this report is to fulfill the requirements of BUS400 course by preparing and submitting the report on “Procurement and Supply Chain of Bismillah Jacquard Ltd.” Apart from that, the general objective of this report is to give an overview of the procurement and supply chain function of the company through my work experience.

Specific objective

- Getting an overview of the overall procurement and supply chain function of Bismillah Jacquard Ltd.
- Analyze the supply chain management of Bismillah Jacquard Ltd.
- Evaluate the supply chain functions of Bismillah Jacquard Ltd
- Providing recommendation where there is a room for improvement.

Significance of the report

This significance of the report is to:

- Get an overview of the effectiveness of their supply chain function.
- Get an overview of the products made by Bismillah Jacquard Ltd
- To provide possible recommendations to improve the overall supply chain function of the Bismillah Jacquard Ltd.

Methodology

Types of data:

To make this report both Primary and Secondary data has been used. As a part of primary data collection I interviewed few employees of the Bismillah Jacquard Ltd and for secondary data collection I studied supply chain functions of sweater knitting factories in some websites and I also collected data from the office of Bismillah Jacquard Ltd.

Sources of data:

- There was a structured questionnaire survey to collected data and I approximately interviewed 5 employees of Bismillah Jacquard Ltd.
- I also studied previous research on this topic in few different websites.
- I also collected data from the office of Bismillah Jacquard Ltd.

Limitations

Every report has its limitations and this report is no different. Basic limitations were:

- Time constrain, I only worked for 10 weeks at Bismillah Jacquard Ltd, within this short period of time it was really difficult to gather vast amount of data to have an make an intense report.
- This is a very new company in the sweater industry so there were lots of difficulties in collection of data.
- Lack of secondary data and I couldn't take interview of any external stakeholders of supply chain function of Bismillah Jacquard Ltd.

2. Industry Analysis

Industry Analysis

Ready made garments industry is one the leading industries of Bangladesh. It accounts for almost 81% of the foreign earnings of Bangladesh. Bangladeshi RMG sector started to emerge in 1980's and gradually attained the position of 10th new emerging country of the world. Though few unexpected incidents have negative impacts on this sector but it still is the leading industry of Bangladesh and it is expected that it will continue to grow in future.

Bangladesh mainly produces 5 products t-shirts, sweaters, trousers and shirts for both men and women. Till 2014, the main buyers were from EU and North America but as the market is expanding, now Bangladesh is exporting to UAE, Australia, Japan and few other regions too. (Azim, 2018)

Among all the products of Bangladeshi RMG industry, knitwear segment has the highest growth rate, though after the incident of Rana Plaza and Holey Artisan Bakery, its growth rate has decreased and the current growth rate is 4.85%, which 2.3% less than the expected rate. (Khan & Hasnat, 2017)

Leading Sweater knitting factories of Bangladesh

- Crony Tex Sweater Ltd
- Dynasty Sweater Ltd.
- Nar Sweater Ltd.
- Teximco BD Ltd.
- Sky Apparels Ltd.
- FIMA Fashion Park Ltd (Development and Evolution of Bangladesh Knitwear Industry, 2013)

Sweater Knitting Process

- Yarn receive
- Yarn Winding
- Knitting
- Linking
- Trimming
- Mending
- Wash
- Sewing
- PQC
- Iron
- Iron measurement
- Getup
- Final measurement
- Poly/carton
- Inspection

For the sweater industry, it is not important that one factory must have to have all the process in within an organization. One organization may or may not have all the process involved in their factory. In this case different factories involve in the different part of the process. For example, one organization may involve in first 3 steps of the process. On the other hand, one organization may have all the process within their factory.

Industry SWOT Analysis

SWOT analysis is a widely used tool for understanding internal strengths and weaknesses as well as external threats and opportunities of an industry and organization. It also helps to determine the competitive position in the market. The SWOT analysis of sweater knitting industry is given below:

Strength:

- Bangladesh has some finance companies that are willing to provide assistance for pre-export infrastructure.
- Bangladeshi RMG sector has one the cheapest labor available in the world market, which attracts the global buyers.
- Experienced and dynamic management system is available in the industry.
- BKMEA is a specialized association for knitting industry and helps to collaborate with various related organizations worldwide.

Weaknesses:

- Lack of capital to establish large companies to attract buyers directly.
- Lack of modern machineries.
- Lack of technical know-how.
- Problems with power and gas supply.
- Lack of safety practice in the factories.

Opportunities:

- Good reputation for exporting high quality products.
- Production of high quality yarn.
- Knitting industry has the fastest growth rate.
- Establishment of buying houses.
- Negotiable pricing capability.
- Emergence of joint venture projects.

Threats:

- Political unrest within the country.
- Few unwanted occurrences (Fire breakout in Tazreen garments, Rana plaza incident and Holey Artisan Bakery incident) have affected the image in the world market.
- Rising price of raw materials.
- Rising competitiveness with China, India and few African countries in the world market. (SWOT Analysis for Bangladesh RMG Sector, 2015)

3. Company Overview

Company Background

Bimillah Jacquard Ltd is a sister concern of TEXPO Group and started its journey in 2016. It produces high quality sweaters from yarn. Earlier, it used to operate under sub-contracts but currently it works with direct orders from the international buyers. Earlier, while it used to work under sub-contracts, it used to knit the woven fabrics only; but now it has all the active functions involved in producing sweaters from yarn. Though it's a growing company in this industry, it has already gained a good reputation within the industry for producing high quality sweaters.

Product Offerings

All kinds off -

- Sweaters
- Pullovers
- Cardigans

Materials used

For all kinds of sweaters, pullovers and cardigans –

- 100% Acrylic Solid, Mélange, Mixed & Twisted Form.
- 100% Acrylic Cashmere like 2/32 & 2/36
- 100% Acrylic Cotton like
- 100% Acrylic Smiling, dull and shiny.
- 70/30 Acrylic / Wool S/D and D/D
- 50/50 Acrylic / Wool S/D and D/D
- 85/15 Acrylic / Wool
- 100% Acrylic Chenille
- Mohair Like, Space Dyed / Solid
- 100% Cotton 2/20, 2/30 & 2/40 NE
- 50/50 Cotton / Acrylic 2/20 & 2/30 S/D and D/D
- 60/40 Cotton / Acrylic 2/20 & 2/30 S/D and D/D
- 80/20 Cotton / Nylon
- 80/18/2 Cotton / Nylon / Spandex
- Cotton Mélange 2/20 & 2/32
- 65/35 Viscose / Nylon
- 70/30 Acrylic / Nylon
- 80/20 Lamb's wool / Nylon

Machineries used

Serial no.	Name of machineries	No of machineries
1	Jacquard Machine (Auto)- 12GG	28
2	Jacquard Machine (Auto)-7/5/3GG (Multi Gauge)	12
3	Knitting Machine-12GG	100
4	Knitting Machine- 7/5GG	90
5	Knitting Machine- 5GG	50
6	Knitting Machine- 3GG	50
7	Linking Machine-16GG	72
8	Linking Machine- 14GG	72
9	Linking Machine- 8GG	42
10	Linking Machine- 6GG	24
11	Winding Machine (Normal)	13
12	Sewing Machine	13
13	Over lock Machine	4
14	Flat Lock Machine	2
15	Button Hole Machine	2
16	Button Stitch Machine	3
17	Bar tack Machine	2
18	Placket Machine	2
19	Boiler -500 Kg	1
20	Washing Machine	1
21	Hydro Extractor Machine	1
22	Dryer (Gas + Steam Operated)	1
23	Iron Table (Vacuum)	24
24	Stand by Generator-150 KVA	1
25	Stand by Generator-45 KVA	1
26	Stand by Generator-35 KVA	1

Table no. 1

All of these machineries are imported from China, Japan, UK or USA.

Organogram of the company

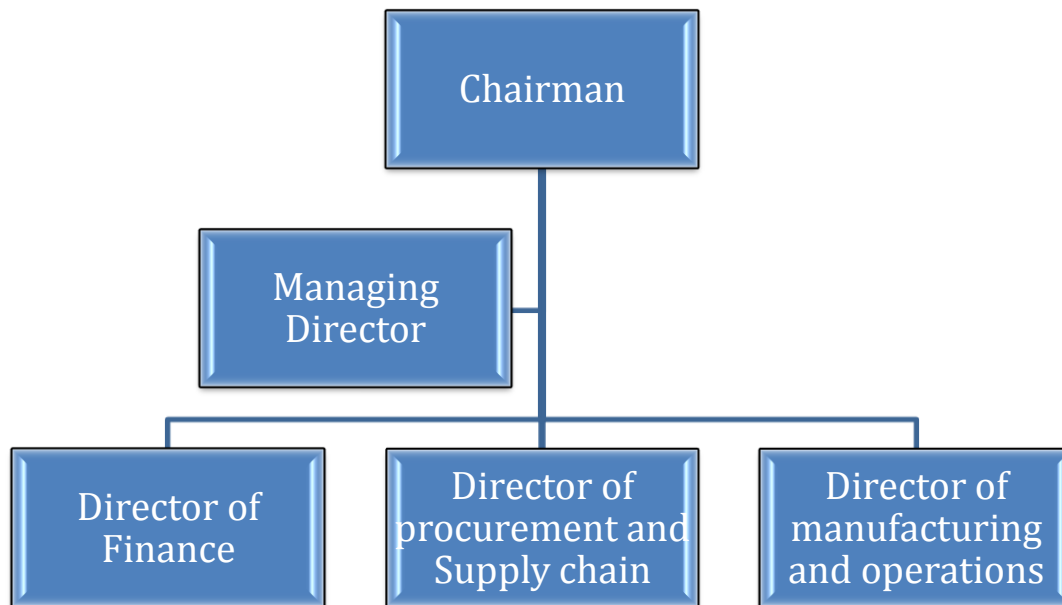


Figure – 1

Other than this Bismillah Jacquard has the positions of –

- HR admin
- Accounts executive
- And a process lead

Functions of the organization

Procurement and supply chain department is responsible for all the purchase, internal supply chain management of the company.

Finance department looks after the financial activities of the organization.

Manufacturing and operations department looks after the overall manufacturing process and also responsible for the quality control of the production. Though it's a individual department, but it is actually a part of overall supply chain.

HR department hires the employees and the workers for the factory. It is the smallest department of the organization functional with only one HR Admin.

4. Procurement and Supply Chain Management

Supply Chain Management (SCM)

In commerce, Supply Chain Management is the management of the flow of goods and services. It involves the movement and storage of raw materials, work-in progress inventories and finished goods from point of origin to point of consumption. Interconnected or interlinked networks, channels and nodes of the business, combine need the provision of supply chain management. However, this is the bookish definition of supply chain management, but the SCM of Bimillah Jacquard Ltd can be divided into three major parts:

- The information flow
- The production flow
- The finance flow

The information flow is the information transmitted from submitting an order to updating about the status of order. The flow of information is necessary in the both the scenarios of purchasing raw materials and taking orders from buyers.

The production flow is the flow goods from raw materials to finished goods. This movement includes the flow of goods from suppliers to customer ends.

The finance flow is the flow of cash and credits, involving payments schedules and credit policies. When a payment has to be made, how much is the amount all these are the part of finance flow.

Key functions of the Supply Chain Management

There are two key functions of the SCM –

- The production planning
- The raw material planning

The production planning involves the most efficient utilization of raw material and production facilities. It involves how the production should be designed to ensure the highest utilization of the resources.

The raw material planning involves the purchase of raw materials and inventory management to minimize the overall stock holding cost. Besides, according to the forecasted demand combining with the raw materials lead-time, purchasing raw material is one of the most important parts of the raw material planning. (Jameo, 2015)

Segments of the supply chain management of Bismillah Jacquard Ltd:

- Procurement and purchasing
- Planning and forecasting
- Manufacturing and production
- Inventory management
- Logistics management

Responsibilities of procurement and purchasing

- Purchasing yarn from China
- Keeping track with planning and forecasting
- Selecting the best possible supplier for raw materials.
- Purchasing machineries and equipment when needed

I was mainly a part of purchasing team of Bismillah Jacquard Ltd. While I was working for the organization they were getting prepared for the upcoming season. Usually, the pick production period of the year for a sweater manufacturer starts from April and ends around November. During this period, they usually have heavy workloads. They were ordering raw materials from china since February, as the lead-time for the raw material arrival is around 4-6 weeks.

Bismillah Jacquard Ltd has some fixed suppliers and usually purchases raw materials from those suppliers. But it also has 2 alternative suppliers, so that in case of any emergency they have enough back ups to take care of the pressure.

Responsibilities of planning and forecasting

- Demand forecasting
- Planning according to the forecasting
- Keeping the procurement and purchasing department updated about the production needs.

Responsibilities of manufacturing and production

Though it a part of overall supply chain department, but it involves more technical knowledge than business and management. This section runs directly under the supervision of manufacturing and operations department. The core responsibilities of manufacturing and production is to –

- Ensure highest efficiency of the resources
- Maintain the overall production process
- Quality checking
- Look after any technical problems arrived, and take actions accordingly

Responsibilities of inventory management

- Maintaining inventories of raw materials
- Maintaining work-in-progress inventories
- Maintaining finished goods inventories
- Maintaining FIFO
- Keeping updated the planning and forecasting section and coordinating with them.

Responsibilities of logistics management

- Planning and scheduling logistics of finished products
- Minimizing transportation cost
- Maintaining lead time

Some other information about Bismillah Jacquard Ltd

Bismillah Jacquard Ltd usually ships its products through sea with the collaboration of different private agents.

Their lead-time for different products is given below:

Acrylic/Wool Yarn for All Kinds of Sweater: 75-90 days

For repeat order with any locally dyed yarn: 60-70 days

For foreign orders with imported fancy yarn: 120 days

Their main buyers are:

- Yuki – USA
- Regent Solution, LLC – USA
- Toko Soji Co - Japan
- Hope and Life – France
- Orotex – France
- Point Zero – Canada

Timeline

Week	Activity
1	Got introduced with the employees and the company.
2	Got an overview of the company's work process
3-8	Collected information for preparing the report, interviewed employees and others.
9	Analyzed the collected data
10	Prepared the report

5.Literature Review

Literature Analysis

To compare with the actual data I have studied on few things so that I can give few effective recommendations in this report.

- Benchmarking is a tool, which is used to measure the organization's value against the best industry practices. It promotes superior performance by providing an organized framework through which an organization can learn how to do the best things.(Dale H. Besterfield, 2002)
- Total Quality Management (TQM) is a systematic way of ensuring zero defect in production. If TQM is applied in all the steps of the production, the ultimate finished products will have zero defects.(Dale H. Besterfield, 2002)
- Quality certification is the procedure adopted by organizations to let the customers and the stakeholders know about the system being followed. It is used as a mode of quality assurance. International organization for standardization (ISO) has several certifications for quality assurance. Having certification adds value to an organization.
- Just in time manufacturing is an inventory managing system, which helps to manage inventory more efficiently to reduce inventory-holding cost. In this system product is manufactured in such a way, so that the company doesn't have to hold the inventory of the finished products and the product are shipped right after they are manufactured.
- Economic order quantity is that order quantity which minimizes the total variable cost of managing the inventory. It reduces the stock holding time and helps to run the production more efficiently by holding sufficient amount of raw materials for a specific period of time. (Mahajan, 2013)

Comparing Bismillah Jacquard Ltd with literature analysis

- When there is an improvement needed, the management of Bismillah Jacquard Ltd usually looks after the situation immediately, but they don't have any systematic process to do that. Using benchmarking tool can help them to achieve their goal more effectively and efficiently.
- They are planning to imply Total Quality Management but the management has not still implied it in their production.
- Bismillah Jacquard does not have any ISO certification.
- Inventory management is a big problem in Bismillah Jacquard Ltd. Sometimes they have so much of inventories in stock that it becomes difficult to accommodate them all at a time in their warehouse. To solve this problem, applying just in time as efficiently as possible and determining EOQ will help.

6.Recommendation

Recommendation

- Implication of benchmarking tool for the improvement overall production and supply chain management.
- Using supply chain software for better inventory management and execution. There are two types of supply chain software, planning software and execution software. This software is available for renting by different organizations in Bangladesh. Bismillah Jacquard Ltd can easily rent the software from these organizations to improve their Supply Chain Management effectiveness.
- Though they are planning to imply Total Quality management in their production process but I would suggest implying it as soon as possible.
- Applying for ISO certification 9002. Having an ISO certification will add value to the company and it will be useful to attract renowned foreign buyers.
- Applying just in time manufacturing system and determining EOQ will help to manage inventory more efficiently and reduce stock holding cost.
- Establishing a strong research and development department for future prospects and better quality products.

7. Conclusion

Conclusion

In spite of being a new company, Bismillah Jacquard Ltd has already established their base in the market. Perhaps, they have a quite systematic supply chain management but there is room for improvements as it's still new as a company. However, in future when their business will grow even more, they have to have a more effective supply chain management to ensure best use of resources and long-term sustainability. Thus, implication of TQM, using supply chain software and benchmarking tool and implying few other techniques will help them to achieve their goals in the long run.

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