BRAC University

Internship report on
“Sea freight Import and Export operations of Kuehne + Nagel Bangladesh Limited”

Submitted to
Ms. Asphia Habib
Lecturer
BRAC Business School
BRAC University

Prepared by
Mahin Hossain
ID: 13304019
BRAC Business School
BRAC University

Date of submission: 23-07-2017
INTERNSHIP REPORT
ON
SEA FREIGHT IMPORT AND EXPORT OPERATIONS OF
KUEHNE + NAGEL BANGLADESH LIMITED
Letter of Transmittal

Date:
Ms. Asphia Habib
Lecturer
BRAC Business School
BRAC University

Subject: Submission of Internship Report

Dear Madam,

It is to inform you that I am completely contented to submit the internship report on “Sea freight Import and Export operations of Kuehne + Nagel Bangladesh Limited” as per the supervisor’s instruction. I expect this report to be informative as well as comprehensive though there are some limitations. Working in Kuehne + Nagel Bangladesh Limited was totally a challenging experience for me. While working in this organization I had to compete with other interns to get the appreciations which meant a lot for me. I feel that the vast knowledge and experience I got here will help me in my near future which is all about my career. I have tried my best to prepare the report very worthwhile with my limited knowledge.

Your acceptance and appreciation will surely inspire me a lot. For any further queries about the report, I will be gladly available to clarify the overall information used here.

Yours obediently,

__________________
Mahin Hossain
ID: 13304019
BRAC Business School
BRAC University
Acknowledgements

At the very outset, I would like to express my sincere gratefulness to the Almighty Allah, the most merciful and beneficiary for empowering me to accomplish the dissertation within scheduled time. I am highly indebted to my internship advisor, Ms. Asphia Habib. She allowed me to encroach upon her precious time right from the very beginning of this paper work till the completion. Her expert guidance, affectionate encouragement and critical suggestion provided me necessary insight into the problem and paved the way for the meaningful ending of this paper work in a short duration. Without her valuable advices and suggestion from experience, I would not be able to complete the whole thing in a right manner.

I would like to thank Mr. Fazlur Rahman, Deputy General Manager and head of the Sea freight department of Kuehne + Nagel Bangladesh, Belal Hossain, Manager, Sea-freight Import and Muhammad Shahid Ali Khan, executive, sea freight- Import and also my supervisor in office for showing great support during the whole time and for the co-operation during my tenure in the office. I would also like to mention about Mr. Masoud Alam Bhuiyan from HR and Admin Department for his support.

Then I would like to thank all those who contributed through their comments and suggestions to prepare this internship report in a comprehensive manner. Some friends contributed with ideas and suggestions that enhanced this report. We would like to thank the people who provided discerning comments and suggestion.

Last but not the least, my heartiest thanks to BRAC University and all the respective faculties for their countless effort for making me what I am today.
Executive Summary

Internship is a mandatory requirement of my graduation program. As a student of Bachelor of business administration analyzing today’s business world is very crucial. It is necessary to go through all fields of knowledge, both theoretical and practical. After completing four years BBA program, I was sent out to have practical knowledge in business life as a part of my academic program. In this report I had tried to focus my both theoretical and practical knowledge regarding Sea-freight practices –both import and export of Kuehne + Nagel Bangladesh Limited. My internship topic is ‘Sea-freight Import and Export operations of Kuehne +Nagel Bangladesh Ltd”.

“Freight Forwarder” is a firm specializing in arranging storage and shipping of merchandise on behalf of its shippers. Freight forwarders usually provide services like tracking transportation, negotiating freight charges, freight consolidation, cargo insurance, and filing of insurance claims etc. Freight forwarding undertakes the responsibility of arranging the transport from point of origin to destination.

Kuehne + Nagel as a freight forwarding company, is financially strong, stable and independent. Their global logistics network, in-house expertise and the excellent customer service is proof of the company’s dedication as the market leader.

In this whole report, I have tried to include all the experiences that I have gathered during my internship period at Kuehne+Nagel Bangladesh Limited. As I worked in the Sea freight section, my report is all about this department only for both import and export sectors. I have talked about how the import and export operations run in the business, the main documents which are needed for these operations etc. I have also done the SWOT and PESTLE analysis of the company and lastly gave some recommendations and suggestions which can be helpful for the company for overcoming the lacking.
Contents
Letter of Transmittal ........................................................................................................ iii
Acknowledgements ......................................................................................................... iv
Executive Summary ......................................................................................................... v
1. Introduction to the report .......................................................................................... 9
   1.1. About “Freight Forwarding” ................................................................................ 9
   1.2. Origin Of the study ............................................................................................ 10
   1.3. Objectives of the Report ................................................................................... 10
   1.4. Methodology of the Study ................................................................................ 11
   1.5. Scope of the study ............................................................................................. 11
   1.6. Limitations of the Study ................................................................................... 12
2.1 Overall freight forwarding scenario of Bangladesh ................................................. 14
2.2 Background and history of Kuehne + Nagel Company ......................................... 15
   2.2.1. Standings in world rankings ....................................................................... 16
2.3 Brief description of Kuehne + Nagel Bangladesh limited ...................................... 18
2.4 Code of conducts of Kuehne+Nagel Bangladesh Limited ..................................... 19
   2.4.1. Obligations of the staff members and officers ............................................ 19
   2.4.2. Reporting of violations ............................................................................... 19
   2.4.3. Confidentiality ............................................................................................ 19
   2.4.4. Insider trading ............................................................................................. 19
2.5 Business policies of Kuehne+Nagel Bangladesh Limited ..................................... 20
   2.5.1. Employment practices ............................................................................... 20
   2.5.2. Health, safety and Environment .................................................................. 20
   2.5.3. Handling of company property .................................................................... 20
   2.5.4. Conflicts of interest .................................................................................... 21
   2.4.5. Political contributions ............................................................................... 21
3.1 Kuehne+Nagel Sea freight Mission statement ....................................................... 23
3.2 Sea Freight Export operations in Kuehne + Nagel Bangladesh ............................ 23
3.3 Sea Freight Import operations in Kuehne + Nagel Bangladesh ............................ 27
3.4 Documents required in the operation (Import and Export) .................................. 30
4.1 SWOT Analysis .................................................................................................... 34
   4.1.1 Strengths .................................................................................................... 34
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.2</td>
<td>Weaknesses</td>
<td>35</td>
</tr>
<tr>
<td>4.1.3</td>
<td>Opportunities</td>
<td>35</td>
</tr>
<tr>
<td>4.1.4</td>
<td>Threats</td>
<td>36</td>
</tr>
<tr>
<td>4.2</td>
<td>PESTLE Analysis</td>
<td>37</td>
</tr>
<tr>
<td>4.2.1</td>
<td>Political</td>
<td>37</td>
</tr>
<tr>
<td>4.2.2</td>
<td>Economic</td>
<td>37</td>
</tr>
<tr>
<td>4.2.3</td>
<td>Social Factors</td>
<td>37</td>
</tr>
<tr>
<td>4.2.4</td>
<td>Technological Factors</td>
<td>37</td>
</tr>
<tr>
<td>4.2.5</td>
<td>Legal Factors</td>
<td>38</td>
</tr>
<tr>
<td>4.2.6</td>
<td>Environmental Factors</td>
<td>38</td>
</tr>
<tr>
<td>5.1</td>
<td>Experience and learning from the workplace</td>
<td>40</td>
</tr>
<tr>
<td>5.2</td>
<td>Suggestions and recommendations</td>
<td>41</td>
</tr>
<tr>
<td>5.3</td>
<td>Summary and Conclusion</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>References</td>
<td>44</td>
</tr>
</tbody>
</table>
CHAPTER 1

INTRODUCTION TO THE REPORT
1. Introduction to the report

1.1. About “Freight Forwarding”

When a business decides to export their products overseas or if they want to import from outside the border of a country, they soon realize that they have to deal with a huge number of barriers that have to be overcome in order to shipping the product to the end customer. In many cases, a business will look to a specialist in this, known as a freight forwarder, who can manage these obstacles.

The services offered by a freight forwarding company can vary between different companies but the main function or the main focus of the freight forwarder is to act as a middle man between the client who is hiring them and various transportation services or shippers that are involved in getting the product overseas to the customer.

So it can be said that, freight forwarding is basically a service industry that is involved in import and export of goods around the world on behalf of importers and exporters. Freight forwarders are specialized in shipping and storing cargo. They also arrange customs clearance of goods on demand and also maintain all the documentation process. They take the responsibility of sending goods or cargos from one destination to another and deals with all the activities need for keeping the process on track. A freight forwarding service also handles the logistics needed this task for the client. It takes the liability of hand over the product and goods to its specific destination by an agreed upon date also known as ETD (Estimated Date) and in good condition.

Freight forwarders use different kinds of transportation services such as-

1. Sea freight
2. Air freight
3. Overland
4. Contract logistics
5. Integrated logistics.

Freight forwarding services are there to negotiate the best possible prices for the transfer of goods and cargos using the most economical route by working out various bids and choosing the one that are speed, cost and at time effective. General services provided by Freight Forwarders include Air and ocean services, import and export support, custom clearance support, air & sea freight charters, storage and warehouse, distribution and transportation.

In order to saving time and money or effort but to ensure that the goods arrive at the customer’s site on time and without incident or being hampered an import and Export Company can contact the freight forwarders. They can provide all the necessary documents required for import and export processing and can also ensure safety of the goods.
1.2. Origin Of the study

Internship program is a prerequisite for completion of the BBA program. It is a great opportunity for the students to know about the practical environment of the real business world and also the pros and cons of a specific business. This report is prepared as a mandatory requirement of the internship program under my BBA program of BRAC University. The organization which this report represents is Kuehne + Nagel Bangladesh Ltd. I have prepared this report under supervision of my manager and my university supervisor.

1.3. Objectives of the Report

My long term objective of this report is to meet the partial requirements for the fulfillment of the Bachelor of Business Administration Program by sharing my internship experience.

The intern position I held in Kuehne + Nagel Bangladesh Limited was in the sea freight department’s import section. This office is maintaining accounts with few major retailers in both sea imports/exports and also in air import/exports. There were few specific objectives for me that was attained while working here. These objectives turned my internship tenure into a valuable work experience and also increased my knowledge in the sea freight processes of supply chain and logistics organizations. The objectives can be specified as below:

**Objective 1:** Understanding the critical sea freight documentation requirements and their impact on sea freight shipments was one of the major objectives of my internship tenure. After having a closer look to this industry, I now have a detailed knowledge of how things are being shipped from one country to another and what documents are required for keeping this process ongoing. Some of the main documentations required for checking if the items in a shipment are going to the right place with the right item are Commercial Invoices, Packing List and FCR (Forwarder’s Cargo Receipt) etc. There are some other documents that are very important for shipment. For example, Certificate of Origin, Certificate of Manufacture, Certificate of Inspection, Certificate of Certification, Certificate of Analysis, Certificate of Free Sale, Import License and Certificate of Insurance, bill of lading, arrival notice etc.

**Objective 2:** Another objective was to learn basic sea freight operations knowledge. The purpose was to understand what types of containers are used for these shipments and what kind of equipment are used during the whole freight operations for each of the shipments.

**Objective 3:** Understanding the role of the parties involved in the operation such as carriers, freight forwarders and logistics providers in international sea freight transportation was another great thing to learn. This objective shows how the importers and the exporters are playing an important in the supply chain and the whole process.

**Objective 4:** Gaining a basic understanding of operation costs in these sectors was another major objective of my tenure. Like every other industry, freight forwarding companies also have some variable and fixed cost. Variable costs might include sales commission and other related costs where fixed costs include overheads, shipping charges in some case and for some clients, bill of lading preparing costs etc.
These conclude and summarize my objectives behind making this report and also my internship tenure in Kuehne + Nagel Bangladesh Limited.

1.4. Methodology of the Study

For achieving the specific objectives of this study information were gathering from both primary and secondary sources.

**Primary Sources**
- Direct work experience with the sea freight import and export team.
- Face to face interviews with the officials and account holders.
- Relevant surveys

**Secondary Sources**
- Company website
- Journals related to freight forwarding
- Different newsletters of Kuehne + Nagel.
- Annual Reports of Kuehne + Nagel
- Different websites, books, magazines, publications etc.

1.5. Scope of the study

The scope of this report is to cover how the import and export department under the sea freight division of Kuehne + Nagel Bangladesh Limited operates the whole process, how the training and development are benefiting the employees and how the whole process works. For this Purpose data was collected from primary and secondary sources. However the issues relating to import and export procedure in the sea freight department of Kuehne + Nagel Bangladesh Limited are the key focus areas.
1.6. Limitations of the Study

There were some limitations and obstacles that I have faced during preparing this report. The main difficult part was to collect necessary information from the company. To collect primary data some individuals did not show interest while trying for interviewing them as it was beyond the company jurisdiction.

For secondary data, some of the reports of Kuehne + Nagel were inaccessible and password protected hence it was very hard for me to get the relevant information out of it.

Along with these, there were some other major limitations which I have faced while collecting the information. The can be pointed out as below:

- Time limitation was a major constraint to gather the data
- Some of the employees were no willing to share information regarding the company as the company follows a strict code of conduct.
- Interns were not allowed to have access in some areas.
- Soft copies of the data were sometime inaccessible for the interns.
- Relevant data collecting was very difficult as the organization remains confidential.
- Arranging analytical data and theoretical data within three months was a bit difficult

Lastly, I have to say that I have tried my best to arrange and organize all the data within a very short period of time. As an intern, sometime it was very hard to get all the necessary data in hand, but I tried to make it look as organized as possible.
CHAPTER 2

ABOUT THE COMPANY

KUEHNE+NAGEL
2.1 Overall freight forwarding scenario of Bangladesh

Recently there is a noticeable growth in the forwarding industry of Bangladesh. According to World Bank’s international trade department report, logistics performance index (LPI) of Bangladesh in 2010 accelerated to 2.74 from 2.45 back in 2007. Bangladesh is ranked 79 in LPI rank list of 2010 amongst all countries, previously it was ranked 87th in 2007. Though a recent report published in 9th July 9, 2017 shows that Bangladesh has been ranked 108th out of 160 countries in logistics performance index (LPI), according to a new World Bank report. This performance is not as good as the previous ones but still Bangladesh is making progress day by day.

Bangladesh is a developing country but still it contributes small chunk of international trade volume. Bangladesh’s export volume in 2010 are reported to be $16.20 billion (Bangladesh export promotion bureau), while its imports are $19.76 billion (CIA). Freight Forwarding and logistics business started in Bangladesh from the late seventies with the momentum of growth in the export sectors particularly the export of readymade garments to USA and European markets and import of capital machineries and industrial raw materials.

Here is an overview of the recent LPI index over the year collected from Dhaka Tribune.
2.2 Background and history of Kuehne + Nagel Company

Kuehne + Nagel is one of the leading global transportation and logistics providers being in the freight forwarding business for over 150 years, based in Schindellegi in the canton of Schwyz in Switzerland. Though Kuehne+ Nagel Limited was founded in Bremen, Germany in 1890 as a small business by August Kuehne and Friedrich Nagel, it has now grown into one of the world's leading logistics providers and one of the largest freight forwarders in the entire world. They have over 1300 offices functioning throughout 100 countries, with an employee network of above 70000.

Kuehne+Nagel is the world’s leading supply chain, logistics and freight forwarding company. This company is known as both Kühne & Nagel and Kuehne + Nagel, depending on language and country. In German-speaking countries such as France, and Turkey, the company is known as Kühne & Nagel. In all other languages, the ü has been replaced with ue and different logos are also being used.

Two friends, August Kühne and Friedrich Nagel founded this forwarding and commissioning business in 1890 in Bremen, Germany, which was focused on cotton and consolidated freight in a small manner. In the early 50s, Alfred Kühne started expanding the company internationally and first offices were opened in Canada and soon thereafter the Middle East. As of the mid-1960s, Klaus-Michael Kühne-following in his grandfather's and father's footsteps continued to expand the business globally.
In 2016, Kuehne+ Nagel expanded its global leading position in the business unit sea freight where it exceeded the 4 million TEUs for the first time in container traffic. The group extended with more than 1 million tons in Airfreight its global number 2 position, reported on significant growth and profitability improvement in overland and gained substantial business by large scale project (Annual Report 2016).

2.2.1. Standings in world rankings

Kuehne + Nagel is world’s leading logistics and freight forwarding company. By 2017 since its operation, Kuehne + Nagel have already achieved some great milestone in almost every service it provides. The services K+N provide include sea-freight forwarding services, air-freight forwarding services, and overland services and logistics services. As per K+N’s official website, the mentioned figures regarding it’s standings in the world ranking have been established.
Sea freight:

- Number 1 global sea freight forwarder
- Sustained year-on-year double digit growth in managed freight
- Solid partnerships with an extensive range of preferred ocean carriers

Kuehne + Nagel is world leader in the sea freight forwarding sector by managing the transport of over 3.8 million TEUs. Kuehne + Nagel increased its freight volume by 6.8 per cent since last year and confirmed its leading position in the global sea freight business. As a result of the substantial rate volatility and the weakness of the US dollar rate in the first sixth months, EBIT was slightly below the previous year’s figure, the conversion rate, however, remained at a high level.

![2016 PERFORMANCE]

Source: Annual report 2016

Airfreight:

- Number 2 global air cargo forwarder
- Leader in innovative cargo management concepts
- Global Cargo iQ Phase 2 certification

Kuehne + Nagel is world’s second largest Air freight forwarding company and ruling the industry with pride. It has already achieved some great milestone in air freight service. For instance, the rise in tonnage of 5.3 per cent to 1,194,000 tons went hand in hand with a further improvement in profitability: the ratio of EBIT to gross profit (conversion rate) increased to 27.0 per cent, and EBIT was up by 7.2 per cent.

Contract Logistics & Integrated Logistics:

- Number 2 global contract logistics provider
- Worldwide network of warehouse and distribution facilities
- Number 1 global lead logistics provider
Overland:

- European Top 3 provider
- Pan-European overland transportation capabilities, including dedicated and individual delivery services
- Close partnerships with best-in-class carriers

Kuehne + Nagel's overland solutions meet the highest quality standards with delivery accuracy and data integrity. K+N uses an advanced tracking and tracing systems which allows constant shipment visibility. Along with this, the overland solutions meet the highest quality standards with delivery accuracy and data integrity. Advanced tracking and tracing systems allow constant shipment visibility which helps the customer of K+N.

2.3 Brief description of Kuehne + Nagel Bangladesh limited

Kuehne+Nagel Bangladesh Limited started its journey in Bangladesh region from 1997. Since then it has been leading the freight forwarding industry in Bangladesh with pride. Kuehne + Nagel Bangladesh operates in Bangladesh from Dhaka and Chittagong. Beside this two locations, there is a new opening in Mongla from the end of this year (2017). The corporate head office is located in Banani, Dhaka. Alongside this, there is another office in Uttara which is mostly used for storage purposes. The warehouse of Kuehne + Nagel Bangladesh Dhaka office is located in Gazipur.

In Bangladesh, Kuehne + Nagel provides two kinds of services to their customers. They are Sea freight and Air freight services. Here in Bangladesh, K+N doesn’t have the overland services due to lack of demand. If anytime this demand increases, this service also might be available here.

The tasks of sea and air freight services are same as the other overseas countries. Kuehne+Nagel uses a global software for sea and air freight services over the world and there are different software both for Import and Export operations. For sea freight Export operations, the software KN use is called CIEL and for Import the software is called SAlog. KN provides door to door shipment monitoring service to their clients.

In present day, Kuehne +Nagel has become one of the largest sea freight forwarding company by offering some unique services which no one in the industry does. 95% of Kuehne+Nagel’s business is nominated. So far, the company has successfully provided the promised service to their clients and will do it also in future.

All over the world, Kuehne+Nagel is very well known for the code of conducts it follows. Some of them are very strict and the punishments for not following these can be proved costly both for the company and as well as for the employee. The reason behind this is, in the service industry, all the company has to provide is the promised service and for this following some confidentiality is mandatory for such risky business like freight forwarding.
2.4 Code of conducts of Kuehne+Nagel Bangladesh Limited

KN Bangladesh follows a strict code of conduct which is also followed overseas accordingly. These are the rules and regulations which made KN trustworthy and reliable. The employees and the management team try their heart and soul to maintain these and follow these word by word.

2.4.1. Obligations of the staff members and officers

The duty of the staff members are to comply with the rules and regulations mentioned in the code of conduct. They have to learn the details of policies relevant to individual jobs. If any staff member fails to do so, disciplinary actions are taken by the management. Moreover, violations of these codes are considered to be violations of the law and may result in severe civil or criminal penalties. This applies for both the staff members and their superiors.

KN officers are personally accountable for the misconduct of their staff. It is their responsibility to supervise them well and communicate properly. Along with this, all the tasks have to be monitored properly and time to time and immediate actions must be taken for any corrections.

2.4.2. Reporting of violations

If anyone comes to know about any unethical issue or practice that potentially violates the law or any misconduct of the code of conduct should immediately report to their superior. In such cases, they shouldn’t be afraid of any negative repercussions or influence and their safety will be guaranteed by the KN management.

2.4.3. Confidentiality

In Kuehne+Nagel, protecting the confidentiality is a must for every employee. It is mandatory to maintain the confidentiality of proprietary information of KN policies, the customers and clients and the suppliers. In some cases, confidential or proprietary information may only be disclosed to a third party upon respective written authorization given by the manager or if disclosure is required by the law.

2.4.4. Insider trading

Members or employees of Kuehne+Nagel are not allowed to participate in the buying or selling the company’s securities or in transaction of securities of another entity. The term securities include shares, options to purchase shares or any other types of securities related to such shares.

The code of conduct of KN Bangladesh Limited applies to each and every affiliate of the organization. As a global player, KN business is subject to different laws and regulations which are related to every country. However, this code of conduct is generally followed by KN in all countries and for all operation.
2.5 Business policies of Kuehne+Nagel Bangladesh Limited

Kuehne + Nagel Bangladesh Limited follows the same business practices and policies as the rest of the world. These business policies focus on employment practices, health, safety, environment, handling of company property, company records, conflicts of interests, gifts-hospitality-entertainment, political contributions and competition and fair dealing.

2.5.1. Employment practices

Kuehne+Nagel is all about its employees and their knowledge and experience which determine the success of the company. Kuehne+Nagel Bangladesh provides a working environment which creates and fosters professional development opportunities in a global scale. The company focuses more on high performance hence the benefits and remuneration structure is very lucrative.

As an Intern, I have worked at KN for 3 months. I had a very exciting and as well as knowledgeable journey with this organization. The company treats every member in it equally, be it an intern or an employee. The cornerstone of its corporate culture include respect and support for cultural diversity, open and honest team co-operation and an environment-free from intimidation and harassment.

KN values core principles and code of conduct give clear direction in the appropriate behavior of managers and employees and expects its management to act as role models in their business conduct and leadership style.

2.5.2. Health, safety and Environment

Kuehne + Nagel Bangladesh is committed to offer an environmentally sound, sustainable and safe supply chain solutions that helps to reduce the impact on the environment. Kuehne+Nagel provides highest possible levels of safety for all parties involved in the operation by preventing risks to persons, the environment and also property.

Kuehne+Nagel Bangladesh follows a KN Green program. This program is also followed in other countries all over the world. The organization also rewards them who follow these rules and regulations properly. In the Dhaka office, this program is highly followed to ensure a secure, safe and healthy environment. In the whole office premises, posters and stickers about KN green program are used to make everyone aware of these issues. Such actions are highly praise worthy and it encourages the employees and the staff members to maintain and follow the environmental rules properly.

2.5.3. Handling of company property

It is mandatory for every members of KN Bangladesh to protect the property against any improper handling such as carelessness, waster or destruction as well as unauthorized removal. In the office the devices and equipments are to be used as efficiently as possible and for the business purpose only.
2.5.4. Conflicts of interest

All the members of KN are required to maintain high ethical standards while handling conflicts of interest. These conflicts of interest might exist when a position within the office is used for personal gain aside from the normal compensatory rewards of employment. KN follows a basic rule of avoiding personal interest with any of the related parties which could conflict with Kuehne + Nagel’s interest.

2.4.5. Political contributions

The employees here might participate individually in political process but as a company, Kuehne + Nagel do not make any political contributions, be it monetary contribution or any other kinds of donations to the parties, agencies and representatives.

Above mentioned are the business policies and practices Kuehne+Nagel Bangladesh follow. These practices are followed globally across the world by all Kuehne + Nagel offices and branches.
CHAPTER 3

SEA FREIGHT IMPORT AND EXPORT OPERATIONS
3.1 Kuehne+Nagel Sea freight Mission statement

“Kuehne + Nagel Sea freight adheres to the company’s commitment to offer environmentally sound, sustainable and innovative supply chain solutions that continually reduce our global footprint, strengthen relationships within the communities where we operate and assist our stakeholders to achieve their own targets.” - Otto Schacht, Executive Vice President, Sea Logistics, Kuehne+Nagel

3.2 Sea Freight Export operations in Kuehne + Nagel Bangladesh

While doing my internship in Kuehne + Nagel Bangladesh Limited, I had some day to day duties. By performing those, I have gained some valuable knowledge about the shipping process and how the freight forwarders work.

I was an intern under the Import team of Sea-freight department. However, for the first two weeks, I was in the export department. My initial task was to documentation and preparing some of the documents needed for the operations. For the export process, the company uses CIEL software; which is the company’s own made software. My tasks taught me about the necessary documents needed for the process and whom to address those. Along with these, communicating with the clients via e-mail and how to address them was a vital part of my learning.

If we talk about the sea-freight export process, the process is quite lengthy and risky at the same time. The export shipping process looks somewhat similar to the diagram below but it can vary from company to company.

![Export Sea Shipment Diagram]

Picture: Export shipping process
Step 1

In the first step, the shipper request the freight forwarding company which is in this case Kuehne+Nagel for do necessary arrangements for exporting the goods. All these transactions and descriptions are always in written format and there is no space for verbal communication in such tasks. In this step, the shipper mentions the products type to be exported and the country details in which the products are going to be delivered.

Step 2

In this step, the shipper sends all the related documents which include: the commercial invoice, packing list and delivery via fax/email or hard copy format to the DAC (Dhaka) or CGP (Chittagong) office. In these documents the shipper mentions the freight term also known as incoterms along with the expected dates of delivery. If the shipper sends all the booking documents to the Chittagong office, then the Chittagong office creates a house bill of leading (B/L) number, for example, 1012-000-000, and then sent those to the Dhaka office for preparing the main documents.

Freight term is settled by the shipper and consignee and it would be written in commercial invoice. Two of the main freight terms are:

1. FOB (Free on board)
2. CFR (Cost and Freight)

Step 3

After getting the order, the forwarding company communicates to their overseas office and makes necessary arrangements. In this step, the sales department of Kuehne+Nagel (local and overseas office) contract with the shipper and consignee (the party that will be receiving the goods) in term of export shipment. Here an agreement with the prospective shipper takes place regarding the prices and incoterms and finally both parties settle for an agreement with specific terms and conditions of the shipment.

Step 4

The forwarder then need to book space in CFS. CFS refers to container freight station. CFS is basically where the forwarding company stores the cargos after their arrival. Kuehne+Nagel uses the SAPL depot. SAPL stands for Summit Alliance Port Limited. Alongside SAPL, there are three more depots. They are- EBIL (ESSAC Brothers limited), VERTEX depot and OCL depot.

Step 5

This step is basically done between step 2 and 3 where the freight forwarding company book a place in the ship by communicating with the shipping company. Some examples of the shipping companies are: MAERSK Line shipping, MGH Shipping, MARCO Shipping line, NYK shipping, Hapag-Lloyd, Hyundai Express etc are some of the major shipping companies.

Here the container size plays an important role. There are different sizes of container based on the product. The forwarding company has to book the space considering the size of container. A image has been given below to show various sizes of containers.
Different size and types of containers

**Step 6**

For every shipment leaving a country, customs clearance and relevant formalities must take place to meet regulatory requirements. In a customs clearance paper, a declaration is developed and required documents are submitted to the customs authorities which can only be performed by valid license holding companies. Here, export customs clearance is performed by Kuehne + Nagel as the company is valid customs license holder or this can also be performed by an agent appointed by the freight forwarder company. This step must be completed before the cargos leave the country of origin by the freight forwarder and also required to be completed before the cargo enters the forwarders origin warehouse.

**Step 7**

After the cargos have been loaded in the ship, some documents are sent to the Dhaka office. These documents include terminal receipt, cargo staffing report etc. The report contains the following important information:

1. Name of the mother vessel and the feeder vessel
2. Container size (20 HQ/40HQ/REFFER Container)
3. Container number
4. Seal number
5. Expected time of arrival and departure (ETD/ETA)
6. Total CBM and Weight in KG
Step 8
Once the report with all the documents arrives at the office, a file is opened for a specific shipment. The Chittagong office sends all the documents to Dhaka office after creating a serial number for the file. Then the operators of CIEL in Dhaka office create house bill of ladings which is prepared by putting the document number or booking serial number. The House Bill of lading (B/L) number is created from the company’s own software (CIEL).

Step 9
Once the cargo has been placed into the ship, it is all set to leave for the destination. After reaching the POD (port of destination) the forwarding partner of that country receives the cargo and follows the instructions. From Chittagong, all the containers are sailed in a feeder vessel which is a small sized vessel because the large vessels cannot enter the Chittagong port (POT). Port of Transshipment is the port where the containers are shifted from feeder vessel to the mother vessel. From Chittagong, the containers are taken to one of the following three ports. From there, the containers are sailed for their destination.

The three major ports are: 1. Singapore, 2. Colombo (Srilanka) and Port Klang (Malaysia)

Step 10
The last step of the process is the actual delivery of the cargo to the consignee. As Kuehne+Nagel provides door to door service, the company itself deliver the cargo to the consignee or the notify party (If mentioned in the agreement). If this part of the transportation is being arranged by the shipper, it would normally make sense to use a freight forwarder which can also arrange for import haulage.

The above mentioned steps are followed in Kuehne+Nagel for the Sea-freight Export operations.
3.3 Sea Freight Import operations in Kuehne + Nagel Bangladesh

Bangladesh imported US$40.5 billion worth of goods from around the globe in 2016, up by 74% since 2009 but down by -1.5% from 2015 to 2016. The import procedures of Kuehne+Nagel via sea freight can also be broken down into some steps. The steps of Import procedures are mentioned below:

**Import Sea Shipment**

**Step 1**
In the import process, the shipper contacts the overseas freight forwarding partner and provide all the necessary documents along with product details, product weight, country details etc. So, origin booking is the first step of sea freight import operations.

**Step 2**
Origin clearance, loading, trucking is the second step. The overseas partner process all the documents and prepare the cargos for loading and trucking.
Step 3

After the containers are loaded it is sailed towards the destination. For example, the freight is shipped to the Chittagong port of destination form Chicago.

Step 4

In this step, the required documentation is issued and handed to the shipper and / or the importer. This job is done by the port of destination co-ordinate by Dhaka office.

Step 5

As the container arrives at the port, Kuehne + Nagel receive those from here and unload then in CFS. Before arriving at the port, the shipping company sends an arrival notice to the forwarding company and the forwarding company then inform the importers about the ETD (Estimated date of departure) and ETA (Estimated date of arrival). An arrival notice format is given below:

Picture: Arrival Notice of KN

Step 6

Import clearance is the next step. Import clearance should be underway prior to arrival at wharf. By doing as much as possible in advance it will make for smooth arrival and a fast release. This is also done by Kuehne+Nagel.
**Step 7**

This is the last step. In this step the cargos are delivered to the importers door. With this step, the import process is completed. All of these are done under a certain agreement upon which both the parties agree with some terms and condition.

At a glance, the import process of Kuehne+Nagel can be portrait as below:

![Import Sea Freight Process Diagram](image)

*Picture: Sea-freight import process.*

Above mentioned steps are required in the sea freight import operations. There are some major documents which are needed while these import and export operations. While my internship tenure I have also worked with some of these documents. The required documents of the Export and Import operation of Sea freight are discussed in the following part.
3.4 Documents required in the operation (Import and Export)

For both Import and export, some important documents are needed. Without these documents, shipments cannot be done and import and export process cannot be established. There are different types of documents used in Kuehne+Nagel Sea freight department. These documents vary from department to department.

Some of the major documents required in Import and Export sea-freight operations are mentioned and described below:

**Booking Confirmation**

The booking confirmation is a document issued by KN or any other freight forwarding company to confirm all the details of the shipment booking that has been made. The booking confirmation is used as documentation between the shipper, carrier and any other related parties.

**Bill of Lading**

Bill of Lading is required only for sea freight shipments. It is basically a document where there are information about shipper, notify party, consignee, product details, container name, container size etc. This is generally issued by the shipper or the agent. It entitles a named party to receive the shipped goods at the destination port. Bill of lading is basically a document of proof of the contract between the shipper and consignee.

A sample Bill of Lading of Kuehne+Nagel is provided below:

![Picture: Blue Anchor Line Bill of Lading (KN)]
Bill of lading can be of two types. House B/L and Master B/L

i) **House Bill of Lading**: A House bill of leading is a document of contract between shipper and freight forwarder. For example, in case of RMG sector, the contract document of the garments owner and Kuehne+Nagel is the house bill of lading.

ii) **Master Bill of Lading**: A Master waybill of leading is a document of contract between freight forwarder and shipping lines. For example, the contract document between Kuehne+Nagel and MAERSK Line shipping. In a master bill of lading information like name/address of the shipper and consignee are included.

**Arrival notice**

Arrival notice is basically an international shipping document issued by the ocean freight carrier or ocean freight forwarder to the consignee or recipient or the notify parties of internationally shipped goods to inform about the arrival of international sea freight shipment. Arrival Notice provides shipment details and charges and documents that are required to enable the consignee to make customs clearance and arrange pickup and delivery of the international shipment. In an arrival notice, the following information need to be provided:

1. Ocean freight carrier's or the ocean freight carrier's release charges.
2. Estimated date of arrival and Estimated date of departure
3. Feeder vessel and Mother vessel name
4. B/L number
5. Shipper/consignee details.
6. Cargo location address and contact phone number
7. Instruction on the international shipment recovery etc.

**Commercial Invoice**

Commercial Invoice is a bill for the goods from the seller to the buyer. Commercial invoices are often used by the government to determine the true value of the goods when processing customs duties. The Governments specify its form, content, and number of copies, language to be used, and other characteristics.
**Forwarder Invoice**

The forwarder invoice is issued by the freight forwarder company to the shipper or the consignee. This is the documentation for transportation costs and the services included in the solution purchased.

**Certificate of Origin**

Certificate of Origin is the certificate stating the country of origin of the goods. Depending on the importing country's requirements, this can be as simple as being issued by the seller or the manufacturer.

**Credit note**

The debit/credit note for the party are created & maintained and the same are adjusted against the corresponding invoices. If there has been any mistake in the amount in the invoices, a credit note has to be prepared to balance the amount.

**Forwarder’s Cargo Receipt (FCR)**

The forwarder’s cargo receipt or FCR is issued by the freight forwarder or the agent, to the shipper of the cargo, when the cargo has been handed over to the freight forwarder. It serves as a confirmation notice that the cargo has been received for shipping.

More or less these are the basic documents which are required to complete the process of import and export in the case of Sea or ocean freight.
CHAPTER 4

SWOT ANALYSIS AND PESTLE ANALYSIS OF

KUEHNE+NAGEL
4.1 SWOT Analysis

SWOT analysis is a tool that identifies an organization's strengths, weaknesses, opportunities and threats. This analysis assesses what an entity or a business can and cannot do, for factors both internal as well as external. Strengths and weaknesses are the internal factors and Opportunities and threats are the external factors.

The SWOT analysis of Kuehne+Nagel Bangladesh Limited is discussed below.

4.1.1 Strengths

As a global leader in the freight forwarding industry, Kuehne+Nagel has many strengths. Kuehne+Nagel is ranked number 1 in sea freight forwarding service provider across the world and number 2 in air freight service. Some of the strengths of Kuehne+Nagel can be mentioned as below:

1. **Market leader**: Kuehne+Nagel is leading the market in freight forwarding industry. Kuehne+Nagel is a renowned name in this industry as it has been in business since 1890. Since then till today, K+N is ruling the industry with pride and ranked as number one sea freight forwarder and number 2 in air freight forwarder across the world.

2. **Workforce of more than 1200 people**: Kuehne+Nagel has a employee range of more than 1200 people which is huge compared to any other freight forwarding company. Workforce is considered to be one of the major strengths of an organization. Kuehne+Nagel has been able to maintain such huge workforce across the globe.

3. **1000 offices in more than 100 countries**: Till 2017, Kuehne+Nagel is operating in more than 100 countries with more than 1000 offices all over the world. The head office of Kuehne+Nagel is in Switzerland and the Asia pacific regional head office is in Singapore. In Bangladesh, the corporate office is in Banani, Dhaka along with Chittagong branch. A new branch is on its way to opening from September, 2017 in Mongla.

4. **Diversified Revenue Sources and operations**: Kuehne+Nagel has strong revenue sources and diversified operation. Kuehne+Nagel provides sea freight, air freight, logistics and overland services across the world.
Strong growth in revenue and profits: At the gross level, Kuehne + Nagel generated Fr 16.8 billion in operating revenues over the trailing twelve-month (TTM) period. When considering global freight forwarding it stands in number 2 position in generating revenue amongst all the freight forwarders, brokerage and contract logistics. Only Deutsche Post DHL Group had higher operating revenues at $23.6 billion.

These are the basic strengths of Kuehne+Nagel Limited. Along with strengths, every company have some weakness also. The weaknesses of Kuehne+Nagel are mentioned below.

4.1.2 Weaknesses

The weaknesses of Kuehne+Nagel are mentioned below:

1. **Less branding and promotional activity:** Less branding and promotional activities can be a big weakness for a growing and leading company like Kuehne+Nagel. As per the company policy, K+N doesn’t run any branding campaign. Though this doesn’t hamper it’s business as most of its clients are nominated but it can be considered as a weakness since many local business are not aware of this company.

2. **Weak margins and returns:** Weak margins and return can be another weakness for Kuehne_Nagel Limited. In spite of having a strong growth in revenue and profit, sometime the margins and returns are low due to reasons like inflation/deflation or any natural disaster etc.

3. **Lesser business alliances than leaders:** In the freight forwarding industries the business are much lesser in number rather than business leaders. This can be a big weakness for any industry.

4.1.3 Opportunities

There are some great opportunities in this industry. As days are passing by and globalization is increasing, the opportunities in this field are also going with the same pace. The opportunities for Kuehne+Nagel can be as below:

1. **Growth in global airfreight market:** At present Kuehne+Nagel is number 2 air freight forwarder across the world followed by DHL. Here is a great opportunity for the Kuehne+Nagel team to growing in the air freight department. Kuehne + Nagel’s suite of airfreight products has been designed to meet the challenges its customers face in today’s dynamic production and service environments. So if the company can keep this up, this can be a great opportunity.
2. **Strategic contracts and agreements**: Strategic contract and agreements play an important role in any organization. For K+N, if they can maintain good strategic contracts and agreements, there is a good opportunity for more growth in this industry.

3. **Acquisitions to increase penetration**: Kuehne+Nagel can make this opportunity beneficial by increase market penetration. A business can employ a number of strategies in an effort to take sales from its competitors and thus make some profit and increase the revenue.

### 4.1.4 Threats

There can be some threats too. These threats can be harmful for the company if no measures are taken. The threats are mentioned below:

1. **Intense competition globally**: Nowadays the numbers of freight forwarding companies are increasing and with that, the competition is now at its peak. Along with this the market shares of other freight forwarders are also increasing day by day. This increasing competition can be a great threat for Kuehne+Nagel. Some of Kuehne+Nagel’s major competitors are: DHL, Nippon express, Expeditors, DB Schenkers, UPS Supply chain, Panalpina, Hitachi transport, Hellmann etc.

2. **Expansion of E-commerce**: The huge expansion in the e-commerce can be great threat for the business. As the e-commerce businesses are expanding people are getting more relied on them. This can be a future threat although Kuehne+Nagel does not do business with personal products or doesn’t have courier service at present like DHL.

3. **Increasing Currency risk**: Increasing currency risk can be another threat for this business. As the exchange rates often fluctuate, this can be a great threat for the company. Exchange rate risk is the possibility that currency depreciation will negatively affect the value of one's assets, investments, and their related interest and dividend payment streams, especially those securities denominated in foreign currency.

These are the possible strengths, weaknesses, opportunities and threats for Kuehne+Nagel.
4.2 PESTLE Analysis

PESTLE is a mnemonic which in its expanded form denotes P for Political, E for Economic, S for Social, T for Technological, L for Legal and E for Environmental. PESTLE analysis gives a overall view of the whole environment of the company from different angles which helps to check and keep a track of a certain plan.

The PESTLE analysis of Kuehne+Nagel is given below:

4.2.1. **Political:** Political factors determine the extent to which a government may influence the certain industry. These political factors might include tax policies, Fiscal policies, trade tariffs etc of a country. Political issues play an important role in the case of freight forwarding industry. Many things are co-related with each other. Things like political relations with other country, border relation, tax imposition rules etc differ from country to country which can affect the freight forwarding business.

4.2.2. **Economic:** Economic factors are determinants of an economy’s performance that directly impacts a company and have resonating long term effects. In freight forwarding business economic factors have a long term impact. For example, a rise in the inflation rate of any economy can affect the way Kuehne+Nagel and other related companies price their products and services. Adding to that, it would affect the purchasing power of a consumer and change the willingness of using the service. Economic factors include inflation rate, interest rates, foreign exchange rates, economic growth patterns etc.

4.2.3. **Social Factors:** Social and cultural forces affect customers’ attitudes, opinions, and interests. Companies should provide services and products that benefit customers’ needs and requirements. Not responding quickly to changes in society helps lose market share. Eliminating border lines makes trade and business more accessible for Kuehne+Nagel. The portfolio of services that is provided in developing countries is not always complete and it focuses on the biggest requirements of the business.

4.2.4. **Technological Factors:** Technology is an important factor for freight forwarding business. Kuehne+Nagel emphasizes much on this factor as the whole process is based on technology. Technological advancements have changed the world and the way every business works. It has created the society to expect immediate results. Due to technology, information swap is now much easier between customers, companies, stakeholders, and other people. Kuehne+Nagel always tries to keep itself updated with new technologies and acts accordingly.
4.2.5. **Legal Factors:** The logistic and freight forwarding market position gets the strength from removal of border and installing liberalization. In order to operate in market outside the border, companies like Kuehne+Nagel face various legal directives, taxes and rules and they have to work as per the rule. General authorization documents are imposed on company to operate in any region which contains the detail of goods to be transported, safety standards and confidentiality. For example some obligations force Kuehne+Nagel to invest more in environmental friendly solutions.

4.2.6. **Environmental Factors:** Transportation companies or freight forwarding companies like Kuehne+Nagel have a great effect on the environment and greenhouse gases in the atmosphere. When a ship leaves the border, it also leaves a huge amount of carbon dioxide in the environment. So Kuehne+Nagel always keeps these things in mind while doing business. Mobility has increased and brought about indisputable advantages that must be weighed against social, environmental, and economic costs that it causes. Countries release legislation that forces companies to lessen emissions.
Chapter 5

Learning from the internship period
Suggestions and recommendations
Summery and Conclusion
5.1 Experience and learning from the workplace

I have worked three months in Kuehne+Nagel Bangladesh Limited as an intern. As a part of my undergraduate program, this internship was a prerequisite for getting the degree. Working in such a big multinational company was a great experience for me. The working environment was so friendly and the employees were so gentle and they treat everyone equally. Another big thing for me was getting introduced to a new field. As a student of Marketing and Accounting, freight forwarding industry was never an option to me but after working in Kuehne+Nagel, I am now finding this field very exciting and challenging.

I have learnt a lot of things and gained some valuable knowledge from Kuehne+Nagel. I have summed up some of the knowledge I have gained from working there. They can be described as below:

1. **Speak up:** While doing my internship at Kuehne+Nagel, many times I would be sitting at my desk with endless questions about what I was supposed to be doing. This is such kind of office where if you stay quiet are too afraid to walk around or bother anyone or to talk with anyone, you cannot learn a single thing. At beginning, I rarely moved from my desk, but then I thought of roaming around and ask my superiors questions about the work. To my surprise, when I did so, they were so happy. The thing I learned is, if you don’t speak up at your workplace, you won’t learn anything.

2. **Taking as much as I can:** Internship is all about gaining experience and finding new opportunities. I was ready to take as much work as I get from my superiors and this kind of attitude helped me a lot in these three months. If one doesn’t have this attitude, the whole procedure becomes more suffocating and painful and at the same time meaningless.

3. **Knowledge of the field:** Working in the freight forwarding field was completely a new experience for me. At first, things were very unusual and new for me as I didn’t have any idea when I started working here but slowly things got easier and at the same time interesting also. I loved working at Kuehne+Nagel and the knowledge I have gained in these three months is remarkable.

4. **Understanding of your future career goals:** Before starting my internship at Kuehne+Nagel, working in a freight forwarding company never came to my mind. This is because I didn’t have any idea about it. After entering into this field, now I know its vastness and how big this industry is. The whole procedure was very fascinating and exciting. Now I can even think of setting my future career in this industry.
5. **Workplace environment:** This internship tenure made me realize the importance of workplace environment. Many of my friends who are doing their internships in other organization keep on complaining about the work environment. Luckily in Kuehne+Nagel Bangladesh, the workplace environment was so satisfying which also helped me to enjoy my internship period.

These were some of the valuable things that I learned while working at Kuehne+Nagel Bangladesh Limited. These three months were an amazing journey for me and it is a great achievement for me to work for such a big company. I hope I can use this knowledge in my future career.

### 5.2 Suggestions and recommendations

Kuehne+Nagel Bangladesh Limited is so far doing very well in the business. In 2017, the company has completed its 20 years in Bangladesh and leading the industry. During my internship period I have gone through many tasks. Like every other organization, Kuehne+Nagel Bangladesh also has some flaws. According to me there are some possible suggestions against these flaws. The suggestions and recommendations are mentioned below:

1. **Emphasizing more on branding:** Branding is an essential part of any organization. The revenue of an organization sometimes depends on how much the organization is spending in their branding and marketing. As per the company rules, it doesn’t allow Kuehne+Nagel to spend much on branding. According to me, the growth can be much higher if the company spends a little bit more on branding and other promotional activities.

2. **System update:** Though the system software used for sea-export (CIEL) is quite fast but it is not as advanced as the one used for import (Salog). The company should look into this and make necessary updates as soon as possible.

3. **Maintain a stable growth:** A strong presence in emerging and untouched markets would be a great source for earnings. Moreover, by leveraging dominant positions in domestic freight Kuehne+Nagel could be able to manage a better growth without compromising revenues.
4. **Custom regulations flexibility**: Flexible customs regulations must be there to ensure a smooth movement and process. Custom regulations play an important role in freight forwarding business.

5. **More public relation**: The scenario of freight forwarding industry is not as like as in the developed countries. People in Bangladesh hardly know about this industry. The company should focus more on public relations so that people can know more about this industry.

6. **Cargo and ship management**: Sometime getting space on ships is a big issue for freight forwarding companies. Even though space on ships may not be the issue, but the ability of ports, truckers to clear cargo often is equally important. Kuehne+Nagel is influential in this field and have the ability to manage these more effectively and efficiently.

Kuehne+Nagel is already leading the industry. If the company makes some little modifications, it can perform even in a more efficient way. Above mentioned are some suggestions which might help Kuehne+Nagel Bangladesh to reach a better position amongst the other freight forwarders in Bangladesh.
5.3 Summery and Conclusion

I can honestly say that my time spent while the internship period with Kuehne+Nagel Bangladesh Limited resulted in one of the best experience of my life. Not only did I gain practical skills and knowledge but I also had the opportunity to meet many fantastic people. The atmosphere at the Dhaka office was always welcoming which made me feel right at home. Additionally, I felt like I was able to contribute to the company by assisting and working on projects throughout the internship period.

Secondly, my tenure in Kuehne+Nagel Bangladesh was amazing and full of learning. As a market leader, there are many things to learn from this organization. Be it organizational behavior or the corporate norms. Since sky is the limit, the organization is still evolving every day striving to provide its customer and others with the best possible service. Kuehne+Nagel Bangladesh gives greater emphasis on process automation and on finding the right balance between volume commitments and spot buying—a strategy that enables them to achieve competitive rates in the most important trade lanes. And they have been enthusiastic adopters of shared services, not just for internal processes but also to improve customer services and supply chain management.

Finally, my internship at Kuehne+Nagel Bangladesh Limited has been a success. I was able to gain practical skills, work in a fantastic environment, and make connections that will last a lifetime. I could not be more thankful.
References


   nts/2013/annual_report/en/2013/kuehne-nagel-group-key-data.html, Retrieved on February 15,
   2015.

   • https://home.kuehne-nagel.com/

   from • https://www.kn-portal.com/about_us/media_relations/news/


   Irwin.

   Index and Its Indicators 2010, The World Bank
   from http://info.worldbank.org/etools/tradesurvey/model1b.asp#ranking

   Transportation journal, 24 (3), 26-36

   http://bangladeshchronicle.net/2014/03/bangladesh-bad-performer-in-trade-facilitation/)