

DEVELOP EFFECTIVE PROCUREMENT PRACTICE, SITUATION & ANALYSIS
IN POULTRY FEED COMPANY SUPPLY CHAIN.
INSIGHT SCM: OVERALL SUPPLY CHAIN MANAGEMENT SYSTEM OF
SUGUNA FOOD AND FEEDS BANGLADESH PVT. LTD.

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A thesis submitted to the Department of Masters in Procurement and Supply Management
in partial fulfilment of the requirements for the degree of Masters in Procurement and
Supply Management

Masters in Procurement and Supply Management
BRAC University
May, 2015

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Ethics Statement

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A handwritten signature in black ink on a light gray background. The signature is stylized and appears to read 'Md. Zahirul Islam'.

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ABSTRACT OF THE THESIS

Reverse supply chain management is a significant issue for sustainable economy, product recovery and green thinking. The purpose of this study is to contribute product recovery management by designing open loop reverse supply chain network. The main difference between open loop and closed loop reverse supply chain is in returning of used products. In a closed loop reverse supply chain, used products are generally returned to original producers. But in an open loop reverse supply chain, used products are not returned to original producers, outsider firms recover them. This paper presents a theoretical model for multi stage and multi period reverse supply chain network, which maximizes total profit of the Suguna. The proposed model determines facility locations and material flows between stages in each period. The concept of closed-loop supply chain management is a very popular direction of research and companies' activities. It is associated with efforts like managing production residues (by-products and waste) in such a way as to minimize the level of waste transferred to landfills or incinerators. This article relates to the use of this concept in the Poultry Feed industry, which by its very nature, generates a lot of challenges for logistics management, also in the area of reverse flows. The article characterizes aforementioned concept and provides examples of its use in the Poultry Feed sector.

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OUTLINE:

Supply Chain Management is one of the most talked topics of the present dynamic world of globalization. Supply Chain Management comprises of the network of amenities and different alternatives which start from the step of acquiring raw materials, processing these raw materials into transitional products and finally into finished goods. Supply Chain Management (SCM) is prevalent in both the Manufacturing Industry and Service Industry. However, the span of SCM vary significantly from firm to firm and industry to industry.

Although in the earlier periods, the different components of SCM such as planning, manufacturing, procurement, distribution, marketing etc were thought of separate parts of the overall supply Chain Management of any organization; actually, these are the most interrelated components of the Chain. Failure to materialize better integration among these components paves the way of conflicts among different stakeholders of the entity in attaining or coordinating between the objectives of the manufacturing and distribution.

Therefore, an well organized and well-used supply Chain Management is considered to be the one of key components in ensuring the overall effective management within and outside of an organization (Cooper and Ellram, 1993).

GOALS OF THISTHESIS:

The primary goal of this thesis is to find out the significance of forward and backward supply chain management in any organization. In today's fast moving completive world, to survive the various internal and external threats in any firm/industry, the reverse/backward supply chain of the organization can never be overlooked!.it is obvious that there is clear difference in backward supply Chain and the prevailing forward supply Chains aren't designed to handle the backward supply Chain (Branch, 2009).

In the present era of globalization, one of the key drivers of success of any organization depends largely on the efficient management of the Supply Chain of that industry. It is worth to mention that, now a day's rivalry between supply chains are more observable than that of the individual firm to firm rivalry. Many renowned organizations such as Wal-Mart is even trying to shrunk their different types of costs tooffer least costly products to its customers. Some organizations are trying to emphasis on the core competencies of that organization along with outsourcing the rests. However, it is to be noted that without effective and efficient supply chain management no organization can take the advantage of outsourcing (Drake, 2012).

As stated above the definition of Supply Chain management consists of the process of planned and efficiently managed system of raw materials, procurement of cost-effective raw materials, work in process inventory, finished goods and two-way flow of proper information between customer and organization for proper fulfilment of customer's requirement. However, the supply Chain Management of any organization isn't only limited to delivering products to the end user but also includes after sales services such as return of products, repairs, spare parts etc.Return of products being very common phenomenon in the backward supply chain had been ignored by many organizations. One of the most common examples include return and

recycle of the soft drinks' bottles. However, now a day's companies have to treat both forward and backward supply chain with equal importance.

PROCEDURE OF THE THESIS:

Any research methodology includes material collection and material evaluation. These steps have been followed in conducting the research on the overall supply chain management of Suguna Foods and Feed Private Limited.

Collection of Materials:

This research has been conducted within the period of September 2016 to October 2016 through different articles which are peer reviewed and available over the internet. To detail further, the materials have been collected in 03 (Three) stages by searching the key words "reverse logistics and closed loop supply chain" in the Google-scholar search engine (www.scholar.google.com). The materials contain updated information within from 2007 to 2013. However, it is to mention here that google search engine is always updated on periodic basis due to new publications, bearing, credentials and others. Therefore, it is a disclaimer that the materials presented in this thesis paper are updated as on the date of publication of this report.

Evaluation of Materials:

The following issues have been considered while sourcing data for this thesis:

The Author's reputation which may include but not limited to his/her background, training, experience, credentials etc.

The classification and nature, reputation of the journal, book, magazine or online sources

The name and fame of the publishers

The time of publication of that materials/articles/books specially for the important fields such as medicine or physics

As long as the sources are collected from the internet, the contents must be evaluated very carefully because there might have arisen questions regarding the authorship and publications.

BACKGROUND:

History of Suguna Foods & Feed:

Suguna Foods & Feed Private Limited, an Indian origin multinational food products company has its headquarter in Coimbatore, India. The organization came into operation in the year 1984 and its business comprises of farming of broiler, hatchery, feed mills and plants for processing and manufacturing of poultry vaccines. It is also involved in the marketing and export of eggs, frozen chickens, broiler etc and captures the largest market share in the poultry business of the country. The company is also a very vital partner with the restaurants of Bangalore whereby it serves quick supply of chickens (Corporation, 2007).

Founder's Information of Suguna Foods & Feed:

The company was founded by Mr. B. Soundararajan and Mr. G. B. Sundararajan. They origin from a village nearby Udumalpet. They are the children of two school teachers. After successful completion of their schooling they entered the profession of Agriculture as well as they started the business of Poultry Farming and Cattle Rearing (Anyo, 2016). In the year of 1986, these two visionaries started their poultry business with 200-layer chicks only at Udumalput. During 1989 - 90, there was a recession in the poultry industry due to over-supply of birds in the local market. Suguna Foods and Feed Limited converted this threat in to an opportunity. They stretched help to the farmers in stress who are suffering from non-settlementsof dues resulted from the credit purchase of feed and medicines, by providing feed and health support in exchange of eggs. This was just a successful beginning of the Integrated Supply Chain Management of Suguna Foods and Feed Limited.

At Suguna Food and Feed Limited, every day basis performance is followed up which starts from the step of visiting different farms by the staffs of the company, checking the health, growth, feed intake etc and ends at checking the mortality rate of the birds and other poultries. Suguna usually starts selling birds at the end of 6th week of the birds and if everything is ok. They also pay the farmers a handsome wage for growing the birds up to the desired level. So, by maintaining such a successful Supply Chain Model, Suguna is ultimately contributing to the implementation of the Country's vision of "Energizing the Rural India by benefitting the farmers, company and as well as the country" (Anyo, 2016). Suguna's such continuous drive has taken it to the height of expansion and growth at such a levelthat it now covers more than 23,000 farmers from 8,000 villages in 16 Indian states. Inspired by the robust success of the Supply Chain Management of the company, Suguna now is being considered one of the role models in the Supply Chain Management system and many government and states are now inviting them to set up the system at their organizations too.

Present Status at Suguna Foods & Feed:

Over the last 25 years, Suguna has stepped in to a RS. 7,840.00 Crore company gradually and has now become the No.1 producer of Broiler in the country. The company stands among the top 10 poultry feed producers in the world. With the fully integrated supply chain management of the company Suguna now is involved in a wide array of services ranging from feed mills, farming, hatcheries, broiler and layer farming, processing plants, vaccines and exports, eggs and frozen chickens. Suguna has also established some of the best retail outlets with all modern amenities (Anyo, 2016).

LITERATURE REVIEW

There are two types of Supply Chain Management System:

- 1) Open-Loop Supply Chain Management System
- 2) Closed-Loop Supply Chain Management System

In the Open-Loop Supply Chain Management/traditional Supply Chain Management, products are not returned to the actual producer for recycling rather are received by such parties who are willing to either recycle the materials/products or to dispose of the same. Thereby, the Open-Loop Supply Chain Management/traditional Supply Chain Management includes a number of

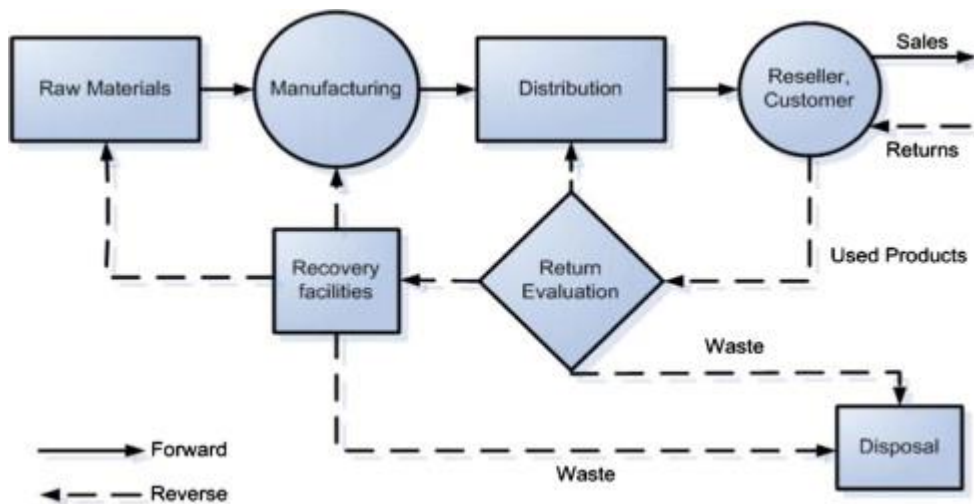
costs centres and costs for holding inventory is one of the heaviest ones. Reverse logistics include the process of transportation for inspecting, sorting and disposing the products. Additionally, there is no rule of thumb for reverse supply chain management rather it should be tailor made for each of the products and should include the economy of the reuse of the products (Harrington, 2010). However, this process can be streamlined if it considers the quality of the return product and uses different updated technologies such as bar codes, sensors and other technologies such as testing, tracking etc If these decisions can be taken at the early stages of the process, majority of the costs in the logistics systems can be eliminated and the process of remanufacturing and marketing can be made faster (Harper, J.B.R.R., 2015).

Selection of suppliers is another vital part of the Supply Chain Management system. It includes identification, evaluation and relationship build up with suppliers. This entire process also involves significant financial involvement of a firm. The firms in return expects highly quality products/services from the suppliers (Society, 2004).

In today's highly competitive business environment, the success of any business depends to a large extent on the efficiency of the supply chain. Competition has moved beyond firm-to-firm rivalry to rivalry between supply chains. Managers in many industries now realize that actions taken by one member of the supply chain can influence the profitability of all others in the supply chain. Companies like Wal-Mart are trying to squeeze more costs out of their supply chain to offer everyday cheaper price to the customers. On the other hand, more and more companies are focusing on their core competencies while outsourcing the rest. But without efficient and effective supply chain, companies cannot benefit from outsourcing (Drake, 2012).

SUPPLY CHAIN MANAGEMENT SYSTEM:

In the earlier stages of Supply Chain Management, main focus had been given on the Reverse Supply Chain Management and Closed Loop Supply Chain Management by way of increased awareness in the public sector. Later on, to make this sector more organized government and other legislations came into action and bound the producers to take care of the products' End of Life (EOL). In the classical form, the supply chain means a combination of the components which fulfil the requests and needs of customers demand and these include all possible stakeholders such as suppliers of raw materials, manufacturers, transporters, warehouses, retailers and customers themselves. When the forward and reverse supply chains are combined together, the result is the closed loop supply chain. The below figure is a generic supply chain for both forward and reverse supply chain Management System. Forward supply Chains are represented by solid lines whereas reverse supply chains are presented by dash lines in the below figure.



SUPPLY CHAIN MANAGEMENT SYSTEM MAINTAINED AT SUGUNA FOOD:

In our selected organization for this thesis, there prevails a very effective and efficient Supply Chain Management as well as has been implementing its dynamically organized principle. Suguna’s primary concern is to ensure effective procurement and supply chain system. One of the key spokes person of the organization stated, “Most of the Suguna’s investments are for the upcoming generations; they don’t do business for expiry” (Anyo, 2016). With a view to fulfil these objectives, Suguna gives it’s efforts in understanding the capabilities and limitations of each of the elements in their supply Chain. He added “We always thrive to partner with our suppliers in order to address and identify both opportunities and risks”.

CLASSIFICATION OF SUPPLY CHAIN MANAGEMENT IN THE COMPANY:

Two major types of Supply Chain Management System are prevalent there:

1. Forward Supply Chain.
2. Reverse Supply Chain.

In the forward system, the process starts from the rearing of grandparent breeds inherited from the breeder farm, distributors, broilers/layer farms, hatchery (consumers of the day-old chicks’), processor, retailers and processors.

Day old chickens are supplied to the distributors towards the distribution to the ultimate producers of the eggs and meat for general people. When these day-old chickens mature, they are sold to the open markets such as restaurants and other processing units. In this whole Supply Chain Management many issues are considered such as social, environmental and economic factors.

On the other hand, reverse logistics include the process of transportation for inspecting, sorting and disposing the products. Additionally, there is no rule of thumb for reverse supply chain management rather it should be tailor made for each of the products and should include the economy of the reuse of the products (Harrington, 2010). However, this process can be streamlined if it considers the quality of the return product and uses different updated technologies such as bar codes, sensors and other technologies such as testing, tracking etc. Although, in real sense, considering the perishable nature there is less chances of recycle of

products, retrieval or reconditioning in this industry, reverse supply chain is relatively a very new concept in this sector. Now a days, by recycling poultry wastage, industries can make valuable products like fertilizers, biogas, pillows, charcoal bakery items etc (Kachitvichyanukul, 2015).

SUSTAINABILITY OF EFFECTIVE PROCUREMENT SYSTEM:

The above review on the literature in this industry shows that earlier there were no empirical evidence on the combined supply chain management on poultry industry such as combination of forward and reverse supply chain. Below are the examples of how Suguna Foods and Feeds maintaining a sustainable procurement system as well as supply Chain Management System.

Forward VS Reverse Supply Chain System for Suguna:

In the Open-Loop Supply Chain Management/traditional Supply Chain Management, products are not returned to the actual producer for recycling rather are received by such parties who are willing to either recycle the materials/products or to dispose of the same. Thereby, the Open-Loop Supply Chain Management/traditional Supply Chain Management includes a number of costs centres and costs for holding inventory is one of the heaviest ones. Reverse logistics include the process of transportation for inspecting, sorting and disposing the products. Additionally, there is no rule of thumb for reverse supply chain management rather it should be tailor made for each of the products and should include the economy of the reuse of the products (Harrington, 2010). However, this process can be streamlined if it considers the quality of the return product and uses different updated technologies such as bar codes, sensors and other technologies such as testing, tracking etc If these decisions can be taken at the early stages of the process, majority of the costs in the logistics systems can be eliminated and the process of remanufacturing and marketing can be made faster (Harper, J.B.R.R., 2015).

Selection of suppliers is another vital part of the Supply Chain Management system. It includes identification, evaluation and relationship build up with suppliers. This entire process also involves significant financial involvement of a firm. The firms in return expects highly quality products/services from the suppliers (Society, 2004).

Some key factors in the Supply Chain Management are the estimated demand for products, value addition process, Current Performance history, interruptions in the process such as delays, system breakdowns, lags in transmission, changes in the stock level, order level frequencies, requisitions for productions etc (Harper, 2015). Strategically, forward supply chain thrives either to be efficient, deliver the products at low costs and responses in a faster manner. However, there is a trade-off between these two classifications of Supply Chain Management. If we search for the low-cost supply chain management system, we would have to forego the faster responsiveness of the supply chain management and vice versa (Harper, 2015).

On the other note, although reverse supply chain can be made more efficient; this system can be structured more or made more responsive depending on the type of the products returned. This method of supply chain management system can also be made economic by making a little delay in the different stages of the returned product cycle such as: sorting, grading, testing unless they are returned to the central locations (Blackburn et al., 2015).

Effective Procurement System:

An effective planning for procurement of raw materials is very important for any organization. At Suguna Foods and Feeds Limited, there exists a very well-planned procurement system. The reasons of an effective procurement system are:

- 1) Saving money, energy and time
- 2) To attain the ultimate objectives of the entity.
- 3) To comply with the regulatory requirements.
- 4) to guide procurement officers in the attainment of their individual tasks and responsibilities.

There are many critics of the effective procurement planning of a supply chain such as it slows the overall procurement time cycle. However, there are some reverse critics in this issue that, if the above factors are disregarded in the procurement process, it might faster the steps of the supply chain process but the ultimate results will be that, the products will be below quality, costly, incompliant with laws, non-durable and not reliable etc. as a result it will be a loss the government and they will rethink in purchasing the same products in the future. So, it will ultimately be a loss to our time, energy and other resources (Thai, 2008).

The planners of an effective procurement system must also consider the impacts the above factors in the procurement process on the ultimate users of the goods, services and works. For example: if the entity is going to establish any road, school, hospital or other infrastructures, they have to ensure higher literacy, durable infrastructure system and overall a healthy society (McNabb, 2009).

Another important advantage of a well-planned procurement system is that, it helps the entity to meet the regulatory requirements at different jurisdictions of the country. Some of the key regulatory requirements include: General Commission's Audit, Post Procurement Audits by Public Procurement & Concessions Commissions post audits etc. these entities' beginning of the year's planned procurement guideline works as the benchmark in evaluating the performance of the procurement system at the fiscal year end (Kachitvichyanukul, 2015).

Finally, a well-planned supply chain/procurement system helps the individuals in attaining their individual tasks and responsibilities. Well planned/effectively organized procurement policy/supply chain management system brings in well-organized organizational goals and objectives. Thereby, the individuals also have organized tasks and responsibilities in lined with the organizational goals and objectives. It also helps the organization in bringing positive changes and growth.

DATA COLLECTION & ANALYSIS:

Supply Chain Management System at Suguna Feeds and Feeds Limited:

Suguna Foods and Feeds Limited stands in the top 10 world renowned poultry companies. Suguna uses the Oracle E Business Suite 12.1.3 as their Supply Chain Management Software. The company constantly updates itself to the latest versions of the software. Through this policy of continuous upgradation, Suguna has already reached to the height of standardized business processes, procurement, inventory management, production and health maintenance of the

poultry across 20,000 farms. to have a better understanding of the internal Supply Chain Management of the company, the following units of the company can be helpful:

- 1) Board of Directors
- 2) Functional Unit and
- 3) Manufacturing Unit.

Departments under the above:

Functional Unit:

- I. HR and Administration
- II. Finance and Accounts
- III. R & D
- IV. IT etc.

Manufacturing Unit:

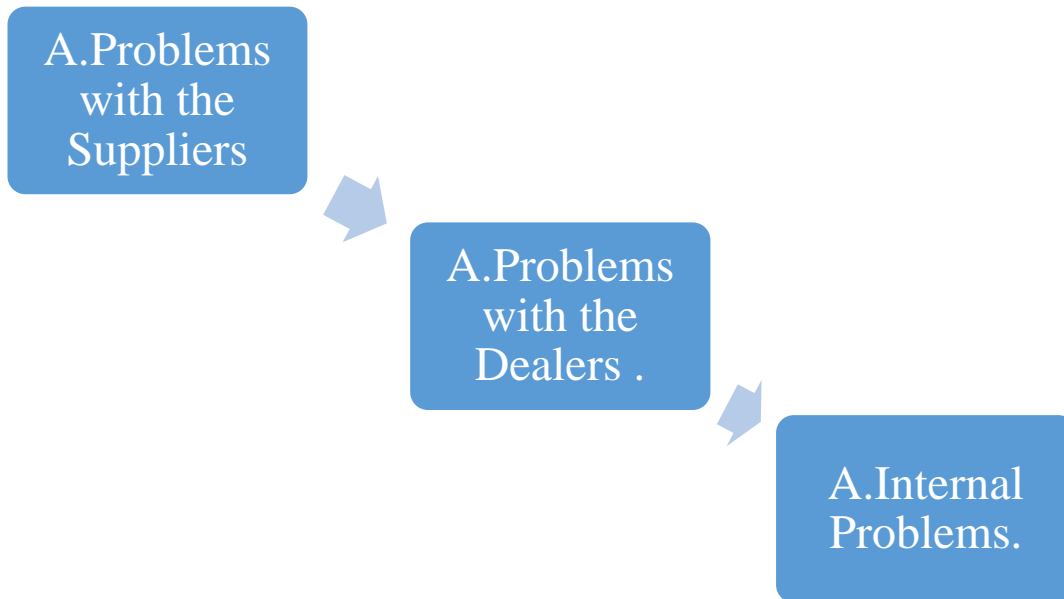
- I. Warehouse
- II. Quality Control
- III. Packaging
- IV. Distribution
- V. Logistics etc

All the above departments/units constitute the total Supply Chain Management of Suguna Food and Feeds Ltd.

THEMATIC ANALYSIS OF KEY WORDS FOUND IN SURVEYING THE SUPPLY CHAIN MANGEMENT SYSTEM:

While surveying the supply chain management system, we prepared a questionnaire and we found some major issues which are thought of as the problems in the supply chain management system. Below is a thematic analysis of those key words along with dissection and critical review:

- A. Problems with the Suppliers
- B. Problems with the Dealers and
- C. Internal Problems.



PROBLEMS WITH THE SUPPLIERS:

Business Risk & Procurement Risk:

Business risk indicates how much a business can provide it’s stakeholders and investors their required returns. Like other companies, Suguna is also prone to financial, systematic, exchange rate fluctuations, liquidity and other country specific risks.

Procurement risks involve improper services, products and resources. Some major procurement risks involve misinformation about costs, fraud, delivery and quality risks. In many cases procurement risks also involve regulatory risks as most of the procurement processes are also governed by governments anti-corruption laws.

At Suguna Food and Feeds Limited, Business risk is associated with procurement risk. So the company needs effective procurement planning to reduce the overall risk factor in supply chain management.

Flexible Operation, Diversified Supplier Portfolio, Global Visibility and scale of option:

Flexible Operation:

This is another type of Supply Chain Management System which is flexible in handling large volumes of Materials in a very cost-effective way. When market demand is very strong, this supply chain can make the optimum use of resources through split between fixed and variable costs of operation (Christopher, 2016).

Diversity of Suppliers:

Another strategy followed in the Supply Chain Management of Suguna Feed is the maintenance of diversified supplier base for the procurement of goods and services. This strategy helps the

company to secure the incorporation of diverse groups in the procurement plans to serve the requirements for all types of entities such as government, non profit organization and private organizations (Christopher, 2016).

Global Visibility:

Enlarged/broader supply chain management networks most of the times create problems in the visibility and coordination of other items. When an organization deals with diversified groups of entities, geographically dispersed partners, an all-inclusive supply Chain Management is very necessary. To achieve an all-inclusive visibility is not an easy task in such cases.

Here at Suguna, Supply Chain Management diversity is seriously maintained along with the provision for keeping flexible SCM Operation. There are multiple suppliers for a single item at Suguna. Therefore, they always keep the option open for global visibility and scale (Christopher, 2016).

Partner Identification, Operational – Financial Risk profiles of Partner, Vendor Rating:

Identification of Partnerships:

Identification of partners is a very vital part of SCM and its objective is to help the localization, evaluation and selection of optimal partners for local poultry companies. A local partner can in many cases be very helpful in fulfilling company's expectations and needs compared to those of foreign market partner (Harrison, 2014).

Operational – Financial Risk profiles of Partner & Assessment:

Another key factor in the selection process of a Supply Chain is the financial health of a supplier. Besides, relationship management is also a very influential factor. In assessing the financial health of a supplier, the following issues should be given emphasis:

- 1) Profitability
- 2) Growth in Revenue
- 3) Debt to Equity ratio
- 4) Cash Flow
- 5) Liquidity
- 6) Any factor influencing the receivables
- 7) Turnover of employees at different hierarchy Service and delinquency quality.
- 8) Ability of producing accurate and on time information.
- 9) Extent of payments made in advances and arrangements for special payments Changes in the supplier and buyer relationships in terms of providing financial services.

The above evaluation parameters must be considered while conducting continuous supplier risk management program. However, for the giant companies where they have more than hundreds or thousands of suppliers, this risk assessment process can be very challenging; one to one cannot be monitored continuously (Harrington, 2010).

Rating of the Vendors:

This is a major variable in the formal system of vendor evaluation. Whenever the vendors can reach to a certain level of performance, they are assigned individuals status, title, ranking etc based on that performance. Some of the key performance variables are: quality of the products/services, price, lead time, delivery etc and/or combination of the variables. The rating of the vendors may range from poor to excellent and/or some other hierarchies as defined by the needs/requirements of the firms. So, the establishment of such rating systems for any firm's Supply Chain Management is considered to be one of the key factors for the objective of ensuring desired standards of the products/services (Drake, 2012).

Raw materials Supply Risk:

There are some risks associated with the supply of raw materials. However, Suguna can reduce these risks by identifying the same and also identifying the ways to reduce these. These can be documented through the establishment of a risk management plan. This is an important portion of the overall supply chain management of Suguna Foods and Feeds Limited.

There are 2 major types of risks involved in the Raw Materials Supply:

External risks –Which are beyond the control of the firm:

There are some sub classifications of the External risks of the Supply Chain management:

- a) Risks with the Demand: Unusual or un-expected demand from customer can affect the overall supply chain.
- b) Risks with Supply: Supply of products can be hampered due to any interruption caused in the Flow of the process of raw materials to finished products.
- c) Environmental risks: Sometimes, the issue / flow of products/services can be affected by regulatory requirements, environmental rules/regulations.
- d) Business risks: The company's financial, managerial or any other factors/changes in the strategies can hamper the overall Supply Chain Management of the company.
- e) Plant risks: Any Plant's physical condition or regulatory requirements can also hamper the Supply Chain Management of the company.

Internal Risks –Which are within the control of the firm

Suguna can easily overcome the internal Supply Chain Management risks which can be categorized as per below:

- a) Manufacturing Risks: Interruptions in the internal operational procedures causes these risks.
- b) Business Risks: The company's financial, managerial or any other factors/changes in the strategies such as changes in reporting line, key personnel, management etc can hamper the overall Supply Chain Management of the company
- c) Risks associated with the planning and control: improper planning and assessments due to inefficient management cause the rise of these risks.
- d) Contingency and Mitigation Risks: when any contingencies are not considered while planning for anything.

- e) Cultural Risks: Any Firm's information sharing/hiding styles also affect Supply Chain Management System (Drake, 2012).

Risks Associated with the Subcontract Process:

In today's world, one of the most commonly used terms and business components is the way of getting things done by sub contract process. It has significant effects on the costs of any project compared to those done by direct engineering and construction projects.

Although in the earlier stages, there were less opportunities for negotiations with price and others; now a days there are cordial relations among the participating contractors. Besides, potential issues are also considered now a days such as engineering interface, construction risk, and waste management etc. Profits are also shared among contractors accordingly (Benton, 2009).

PROBLEMS WITH THE DEALERS:

SOP maintained in the Dealer Selection process:

For any organization, the operating rules that is Standard Operating Procedures (SOP) are very significant contributing factors. Likewise, in the poultry industry i.e at Suguna Foods and Feeds Limited, SOP in the Dealer selection process is very vital. Therefore, Suguna strictly maintains this SOP as they maintain a very well structured and effective Supply Chain Management system.

Importance of SOP:

In any Supply Chain Management System SOP is very important for following reasons:

- 1) Standard Operating Procedures (SOP) play very vital role in assuring the expected quality of the products and services.
- 2) It provides clear guideline to any job where it comes the question of "How to?"
- 3) It varies from industry to industry.
- 4) In the manufacturing industry, for the production lines, step by step operating guidelines are also available.
- 5) Development of SOP requires an integrated and documented process.

Advantages of implementing SOP:

- 1) Increase in efficiency and profitability
- 2) Reliable and consistent production and services
- 3) Less chances for Errors
- 4) Mitigation of conflicts among different stakeholders

Procedures for Screening New Business Partner:

Suguna Foods and Feed Limited maintains a written and verifiable procedure for screening new business partners. They follow a very enrolled system for better selection purpose. They prepare Comparative Statements in selecting among the parties and it ends up with a written contract (for vendors, carriers, manufacturers, suppliers etc) when the selection procedure is complete and finalized.

Importance of Dealer in SCM at SUGUNA:

Like other industries as well as like other poultry and feed companies, at Suguna, the dealers play a very vital role in the following manners (Brindley, 2017):

- 1) Collaboration increases trust and exception handling.
- 2) It also increases reciprocal trust
- 3) Human and Machineries collaboration also increases trust and exception handling

Proper Communication with partners to avoid Information Discrepancy:

This is another vital part of the Supply Chain Management System of the company. Suguna always maintains this system in a proper way. They are always in complete touch with the partners through email, phone, fax etc. The personnel of the logistic department of this company always try to identify proper costing and service requirements to support the decisions of the management in regards to this logistic management and support (Bonev, 2012).

Process to measure Dealer's Performance:

Suguna Foods and Feeds Limited strictly maintains the performance measurement system for its dealers. The Supply Chain Management Department monitors the overall performance of the dealer. They assign different rating system for the following parameters and they identify the strengths and weaknesses of the dealers. Afterwards they assign ranks as well as take corrective measures accordingly.

- 1) Quality
- 2) Service
- 3) Accuracy in quantity
- 4) On-time delivery
- 5) Price/cost of product
- 6) Use of Electronic Data Interchange (EDI)
- 7) Willingness to share sensitive information
- 8) Presence of certification or other documentation
- 9) Flexibility to respond to unexpected demand changes
- 10) Communication skills/systems (phone, fax, e-mail, internet)
- 11) Quick response time in case of emergency, problem, or special request
- 12) Willingness to change their products and services to meet changing needs
- 13) Willingness to participate in firm's new product development and value analysis

Formal Process for Reviewing Contracts:

Suguna always maintains the Formal Contract Review Process very strictly. They follow the following processes:

- 1) When any SCM Contract is signed by the vendor, any agency approver reviews the signed agreement before it is reviewed by the State Agency or final approver.
- 2) In this method, the final approver can add further approvers in the process of reviewing the signed documents.
- 3) It is also recommended that the accuracy of these agreements should be verified strictly.

INTERNAL risks of the Supply Chain Management

There are some major problems which are also considered as the internal risks of the Supply Chain Management, are faced at regular intervals by Suguna Foods and Feeds Limited such as:

1. Weather Condition:

Different natural disasters such as floods, earthquakes and fires pose a massive threat to the Supply Chain Management of Suguna. These affect the production quantity of the company (Klose, 2012).

2. Politics

Political unrest is another major threat for the SCM of this company. It causes raw materials' arrivals at delay and also causes the workers to come at late at the workplaces. It affects the Logistics system greatly (Klose, 2012).

3. Economics

Overall Economics of the country as well firm's crisis hampers the Supply Chain Management. The Great Depression and crisis of 2008 affected the Supply Chain Management of Suguna Foods and Feeds Limited significantly (Klose, 2012).

4. Compliance

This is one of the major influential factors affecting the internal risks of the Supply Chain Management of the company. Regulatory requirements impacts the Supply Chain Management significantly. It causes delays in production, marketing and others because this company has to comply with the requirements before it goes for production and marketing (Branch, 2009).

5. Reputational

In the present reign of globalization, when there are thousands of brands available in the market for a single product or service, reputation of a particular company matters a lot. Suguna, being of the renowned firms in this industry gets advantage of this factor. Suguna has achieved this reputation by delivery quality products through its well organized and maintained Supply Chain Management.

As result it seems the executives must be concerned about the above-mentioned risk factors. A very well planned information management system can easily push down the said risks to a minimal amount.

Dynamic Supply Chain System:

An effective Supply Chain Management (SCM) Leads an organization to reach the extent of a Dynamic Supply Chain System. A dynamic system means where all the components of a Supply Chain Management are systematically integrated. In this system, decisions can be taken in a faster way. It leads to better performance in all the services/products provided by the firm. It also includes flexibility in supply chain structures.

The paper presents a study on the role of different flexibility options (i.e. no flexibility, partial flexibility and full flexibility) in a dynamic supply chain model based on some key parameters and performance measures. Supply chain flexibility has significant potential and needs a greater research attention (Avraham, 2010).

Overall Cost involvement for further improvement in the Supply Chain Management

System of Suguna Foods:

There are Three Fundamental Areas for reduction of costs in the Supply Chain Operation of Suguna:

Transaction costs:

These costs include all sorts of administrative expenses incurred for transforming the raw materials into finished goods and reaches to the end users. Following a work flow, such as the arrival of an order through to the delivery and invoicing, is one way to estimate these costs, although inefficiencies in the work flow may still be more than estimates. In such cases, now a day's e commerce can help a lot in solving such problems although for reduction of costs in the other parts of the supply chain; it is essential that human beings are working together.

Mismatched processes:

If the products produced by the respective vendors do not match with those of Company's requirements, it will create a huge problem in the entire process. In such cases supplier of the products can supply it through different channel such as it's own deliver system.

Uncertainty:

In all the cases, there are some uncertainties associated with a business. In all such cases, case to case basis solution needs to be done for mitigation of uncertainties by taking insurance coverage.

Economies of scale:

For any kind of Business, Economies of scale is a key considering facts. So, the supply Chain Management should be designed in such a way that the greater the volume increases, the lesser is the total costs expensed for that purpose (Brindley,2017).

Smarter use of storage:

In the present era of online businesses and technology dominated business sphere, it is highly recommended that all the information on any business or system should be stored in database which is very huge and realizable. Presently, cloud or drive based data storage is very common in businesses. Besides, for physical items organizations must also consider the utilization of space in such manner which shall bring in good savings

Accelerated movement of supplies:

Supply Chain Management System should be designed in such a way that it reduces holding costs.

An improved Order System:

When accelerated movement of supplies can be ensured, it will also make the ordering system faster and thus reducing the quantity of inventories to hold.

How to improve the overall SCM of Suguna by reducing it's internal problems:

1. Inventory and Transportation Management on Specific Fields:

Suguna needs to put more emphasis on proper production planning and inventory management, as well on time transportation and other logistics support for further development on some specific fields.

2. Developing the Sourcing and Marketing of products:

Sourcing is the first step in a supply chain. To improve efficiency in sourcing and marketing of products Suguna needs to optimize it's production facilities. With a view to do this, it has to find proper sources of raw materials/sub contractors/distributors etc.

3. Green Logistics and Supply Chain:

In today's overpopulated world filled in with huge cyber wastage and other pollutants; green logistics has emerged as one of the direly required pre conditions in any business phenomenon. Green logistics refers to a logistics form which plans and implements green transport, green storage, green packaging, green circulation processing, green recovery, and other activities via advanced logistics technology etc.. It aims to reduce environmental pollution and resource consumption arising from logistics activity to realize a "win-win" consequence in logistics development and eco- environmental conservation. With a view to realizing the sustainable development strategy, promoting other logistics and other relevant aspects, Suguna has to ensure the proper implementation of Green Supply Chain Management (Fahimnia, 2015).

4. Insights and Future Directions

Considering all the above contexts, we can wrap up the followings for the overall development of the supply chain management of Suguna Foods and Feeds Limited:

- 1) Supply Chain Management System should ultimately raise the livelihood of the people of all levels involved in the entire process.
- 2) It should focus on cost effectiveness and proper use of technology.
- 3) Environmental issues should also be given equal importance in designing and implementing each segment of the entire Supply Chain Management etc.

ORACLE Business Process Management System:

Suguna uses the ORACLE E suite supply chain management system. To secure the database and information of the entire supply chain management, this taken has taken the provision of using this technology. It's cloud module is being used for controlling and storing all types of

information on importer, exporter, freight and others. With the default use of Business Process Management (BPM) suite, ORACLE helps different organizations to deliver industry leading and excellent service in the overall process of Supply Chain Management. This software includes the use of optimization tools, user-friendly modelling, tools for system integration, dashboard on business activity monitoring and other capabilities for end users through rich task and case management capabilities. So, an integrated BPM software ensures faster time to value, businesses to IT collaboration, reduce in the total costs, ownership etc. Integrated BPM software includes simple to highly complicated or easily designed, deployed and managed software.

Supply Chain Management In Suguna Foods and Feed and status of Poultry Industry in Bangladesh:

In Bangladesh, the Poultry industry is still at the foundation level. It is still considered s of the one of the most Blue-Collar Jobs in Bangladesh. It will take few more year to get the industry well established in Bangladesh. Suguna Foods and Feed Limited is still thriving in providing further services. Bangladesh can take ideas from shared knowledge by Suguna Foods and Feed Limited. In developing the overall supply chain management of this industry.

RECOMMENDATIONS:

Considering all the issues mentioned above, the following recommendations are made for Suguna Foods and Feeds Limited:

- 1) The Supply Chain Management System of the company should be more systematic, integrated and documented.
- 2) Different components of the Supply Chain Management such as manufacturers, suppliers, stores, warehouses etc should be integrated.
- 3) Effective Training should be imparted to all the members involved in the Supply Chain Management System.

Conclusion

Although in the earlier periods, the different components of SCM such as planning, manufacturing, procurement, distribution, marketing etc were thought of separate parts of the overall supply Chain Management of any organization; actually, these are the most interrelated components of the Chain. Failure to materialize better integration among these components paves the way of conflicts among different stakeholders of the entity in attaining or coordinating between the objectives of the manufacturing and distribution.

Therefore, an well organized and well-used supply Chain Management is considered to be the one of key components in ensuring the overall effective management within and outside of an organization (Cooper and Ellram, 1993).

Supply chain management is typically viewed to lie between fully vertically integrated firms, where the entire material flow is owned by a single firm, and those where each channel member operates independently. Therefore, coordination between the various players in the chain is key in its effective management. Cooper and Ellram [1993] compare supply chain management to a well-balanced and well-practiced relay team. Such a team is more competitive when each

player knows how to be positioned for the hand-off. The relationships are the strongest between players who directly pass the baton, but the entire team needs to make a coordinated effort to win the race.

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