

Report On
Lead Time for Nestle's LC Documentation Arrival from Global
Markets

By

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An internship report submitted to the Brac Business School in partial fulfillment of the
requirements for the degree of
Bachelor of Business Administration

Brac Business School
Brac University
February 2022

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

Student's Full Name & Signature:

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18104173

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Brac University

Letter of Transmittal

MD Hasan Maksud Chowdhury

Assistant Professor,

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship report on Lead Time for Nestle's LC Documentation Arrival from Global Markets

Dear Sir,

I'm feeling ecstatic to present the internship report that I wrote as part of my Bachelor's program at BRAC University while working at Nestle Bangladesh Limited.

The internship opportunity gave me a wonderful opportunity to learn about corporate life. I hope you will find the internship report valuable and reliable.

I'd like to thank for all the support and advice that you provided, and would be hoping that it meets your expectation.

Sincerely yours,

MD Sakiful Islam

18104173

BRAC Business School

BRAC University

Date: February 13, 2022

Non-Disclosure Agreement

This agreement is made and entered into by and between Nestlé Bangladesh Limited and the undersigned student at BRAC University for the commitment of avoiding the unauthorized disclosure of confidential information of the organization.

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Nestlé Bangladesh Limited

.....

MD Sakiful Islam

Acknowledgement

Firstly, I'd like to express my gratitude to my academic supervisor MD Hasan Maksud Chowdhury Sir for helping me out with the completion of my entire internship report as without him I would never be able to write the report. It was only possible for the valuable insights Sir has provided me that I was able to finish it properly.

Secondly, I am grateful to Fahreen Faree apu, my on-site supervisor at Nestle Bangladesh Limited, for providing me with professional assistance and the data I needed to complete my project. Moreover, it is only because of her constant support that I was able to easily integrate into corporate life while maintaining a great balance. Lastly, I'd like to express my honest gratitude to every colleague at Nestle Bangladesh Limited for their endless care and provisions especially Habib Hasan Bhaiya, without whom my entire journey would have been pointless.

Thank you.

Sincerely,

MD Sakiful Islam

ID: 18104173

Executive Summary

This report firstly comprises of data about the internship where it describes the job roles and responsibilities as well as outcome and problems faced during the internship. Secondly, it broadly discusses about Nestlé, its history and different functions, as well as the financial stature of the business. Lastly, it contains the research project on the organization where the existing state of lead time for providing LC documents to the bank is investigated. Based on the aforementioned aim, this research identifies anomalies in managing lead time, conducts wide research on the reasons for a prolonged lead time and all the consequences that occurred due to that. Finally, it proposes potential ways to minimize this problem.

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Chapter 1: Overview of Internship

1.1 Student Information:

- Name: MD Sakiful Islam
- ID: 18104173
- Program: Bachelor of Business Administration
- Major/Specialization: Supply Chain and Finance; Double Major

1.2 Internship Information:

1.2.1 Period, Company Name, Department/Division, Address

- Period: 17/10/2021 till 16/10/2022 (Tentative)
- Company Name: Nestlé Bangladesh Limited
- Department/Division: Demand and Supply Planning
- Address: NINAKABBO Level 4, 227/A Tejgaon-Gulshan Link Road, Tejgaon Industrial Area, Dhaka 1208, Bangladesh

1.2.2 Internship Company Supervisor's Information:

- Name of Supervisor: Fahreen Faree
- Position: Executive, Inter Market Supply, Supply Chain
- Name of Line Manager: Habib Hasan
- Position: Manager, Inter Market Supply, Supply Chain

1.2.3 Job Scope:

- Verifying purchase-related documents from the global market and saving them in the respective folders.
- Updating all relevant information on the Database.
- Verifying Proforma Invoice (PFI); Getting validation on PFI from Finance controller and Demand and Supply Planner before sending LC request.
- Sending a request for issuance of LC; sharing LC to market after issue, saving the respective files, and keeping track of information on all currently issued and prospective LCs.
- Process mapping – which includes the creation of regularly updating performance appraisal reports from information on their database.

- Communicating suppliers' performance appraisal reports to respective markets.
- Communicating with the global market, sending reminders and collecting relevant documents, as well as relevant information on time.
- Attending meetings with global markets on their respective concurrent issues.
- Forecasting cash requirements and sending this information to the treasurer.
- Any other tasks assigned by the Supervisor, Line Manager, and/or Demand and Supply Planning (D&SP) employees.

1.3 Internship Outcomes:

1.3.1 Student's contribution to the company

During the internship at Nestlé Bangladesh Ltd., I used to do various operational tasks like verifying purchase documents, uploading the data from these files in the database, saving the files, verifying PFI, getting go-ahead on PFI, sending LC requests, keeping track of LC information, as well as, various strategic tasks like creating performance appraisal reports, communicating these reports to the markets, attending meetings with the market on running issues, forecasting cash requirement data etc. Completion of these tasks is an integral part of the daily activities for Nestlé Bangladesh Ltd. which help my colleagues to get relieved from some of the pressure from their daily tasks. Also, it brings efficiency within their day-to-day process.

1.3.2 Benefits to the student

The main benefit that I have gained from the internship is the experience of working in an organization with a team of experts. Moreover, I have learnt about the corporate culture as well as the daily routine tasks that are required for the organization to keep it running. Working for Nestlé has taught me to be disciplined and well determined, also, the experience helped me to be a better decision-maker.

Apart from all these, the internship opportunity kept me busy with challenges on the tasks which is developing me daily by enhancing my knowledge and skills. Also, it provides me with a sense of belonging in a group where I am contributing, and it makes me happy and proud of myself. Furthermore, this opportunity is benefiting me by making me socialize with different people from different nations, building networks and connections, and getting help. Lastly, the most important of all would be that the stint of this internship will make my resume stronger for job opportunities in the future.

1.3.3 Problems/Difficulties

The first problem that I faced in the internship is to fit into a new culture, get on to a team and work under a supervisor and a line manager. Some proper guidelines during the orientation program, as well as, communicating with them, asking questions, being friendly and respectful towards everyone helped me to fit into the culture quite easily. Furthermore, during the internship, I had to do a lot of tasks at a time which used to make me feel a bit overwhelmed. Also, the tasks were of various categories, and sometimes I used to forget some detail about those which used to create inefficiency in my work and caused me to make mistakes initially. Time management was just another issue at the start for which I was unable to accomplish all of my tasks in a single day. However, as I started to note down all of my tasks on my notebook, prioritized based on the urgency of each one and kept track, gradually, everything got sorted out. I was able to complete all of the assigned tasks on a single day, and mistakes were reduced to a minimum.

1.3.4 Recommendation

The current working environment of Nestlé is outstanding. The people there makes one feel at home. Everyone is so friendly that it never seems one is working for a company rather they are working for their own business. So, it is highly recommended that the existing culture is nurtured within the organization for future internships as it helps greatly for an intern to open up and flourish in their respective departmental jobs.

Chapter 2: Organization Part

2.1 Introduction (History of Nestlé)

1866 – 1905

Nestlé's origins can be traced down to 1866 with the creation of the Anglo-Swiss Condensed Milk Company. Henri Nestlé invented the unique formula milk for babies in 1867, and his company merged with the Anglo-Swiss corporation to become what we call Nestlé in 1905. During this time, communities grew, cities expanded and product prices decreased due to the invention of railroads and steamboats, leading to an increase in global commodities trading.



1905 – 1913

Nestlé & Anglo-Swiss company had over 20 factories during 1905, and they initiated launching offshore subsidiaries to build a market presence that stretched across Africa, Asia, Latin America, and Australia. As World War 1 was impending upon, the business realized the gains of the Belle Époque, meaning 'Beautiful Age,' and nurtured into a leading dairy multinational.



1914-1918

As the war started in 1914, the need for chocolate and condensed milk rose steeply, and Nestlé' group was unable to meet the demand was hampered due to the scarcity of materials needed to produce them. Also, businesses had restrictions on doing commercial activities cross-border. This problem was then solved when Nestlé' group bought production plants in the United States and Australia, totalling 40 factories with the end of WWI.



1921-1922

Consumption of condensed milk declined for armed forces in the post-war era, stemming in a significant predicament for the Nestlé group. The corporation ricocheted from that, however, the Wall Street Crash of 1929, which lowered consumers' ability to buy goods, quivered it again. Yet, this time was very beneficial for the Nestlé group: the business's management structure was professionalized, research got organized, and pioneering brands like Nescafé commenced.



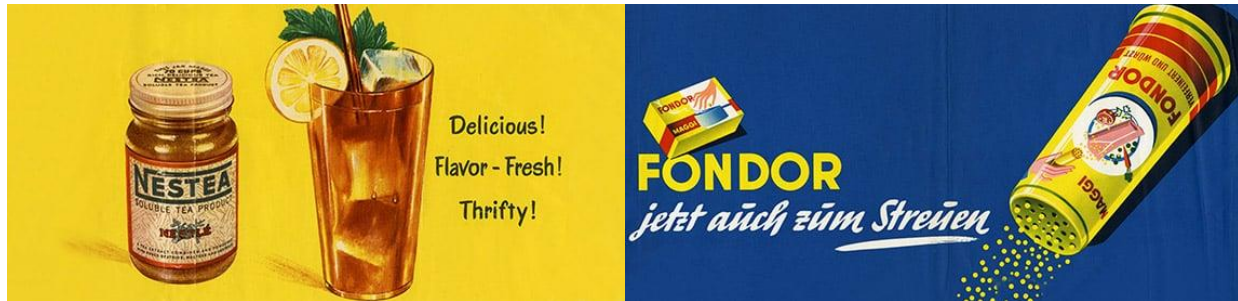
1942-1945

Regardless of the fact that Second World War had erupted, and destroyed every market in 1939, Nestlé group functioned in harsh environments, feeding both normal people and armies. The firm reformed its name to Nestlé Alimentana in 1947 after the addition of Maggi soups and spices to its portfolio of products.



1948-1959

People in the United States and Europe lavished money on appliances that made living comfortably, such as fridges, in the postwar era. They preferred convenient foods as well, and Nestlé Alimentana responded with new brands such as Nesquik and Maggi ready meals.



1960-1980

Nestlé's conventional industries in milk, coffee, and canned products flourished by obtaining businesses in rapidly maturing new sectors such as frozen food products. Nestlé initiated its business in medicine and cosmetics in 1970. During this time activist associations began to complain about Nestlé's apparently unethical promotion of baby products. Then Nestlé went on to be one of the first firms to use the WHO code on breast-milk alternatives across the industry.



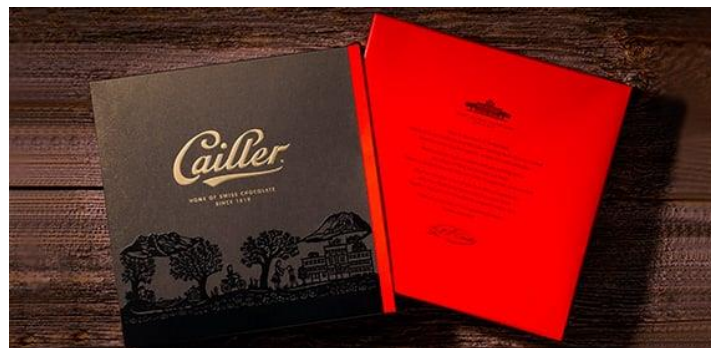
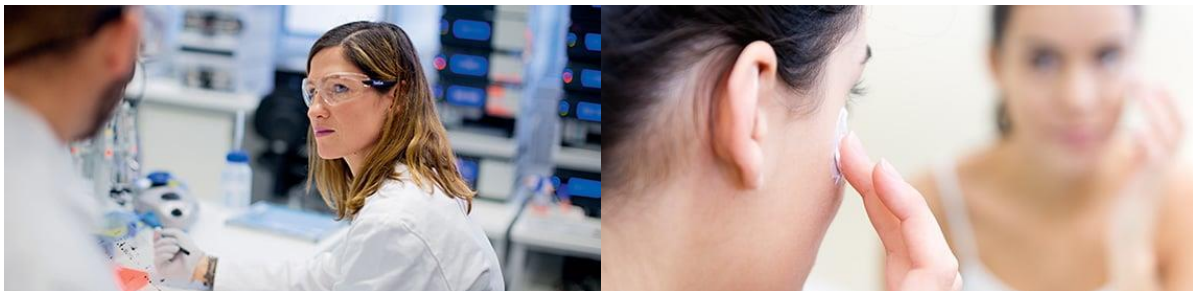
1981-2005

In keeping with its new 'Nutrition, Health and Wellness' objective, Nestlé divested off unproductive brands and emphasized the brands that please customers with concerns about their health. The firm grew throughout the United States, Eastern Europe, and Asia, with the objective of being the forerunner in water, ice cream, and animal nutrition globally.



2006-Present

Nestlé unveiled its Nestlé Cocoa Plan and Nescafé Plan to create sustainable supply chains in cocoa and coffee, outlining its Creating Shared Value philosophy to the industry for the first time. Nestlé is now focused on medical nutrition while maintaining its dominance in conventional categories such as infant formula and frozen foods.



2.2 Overview of the Company

Nestlé is one of the most prominent multinational corporations in the world which commenced in Bangladesh through the joint venture of Transcom Ltd. and Nestlé S.A, Switzerland in 1992. In 1994, Nestlé Bangladesh Limited opened its first factory in Sreepur, and the business began commercial operations in Bangladesh. At present, Nestlé Bangladesh is headquartered in Dhaka's Tejgaon Industrial Area's NINAKABBO building, which employs about 160 people. Moreover, in 1998, Nestlé Bangladesh was spun out from Nestlé S.A. and became a wholly-owned subsidiary.

Nestlé Bangladesh has provided a wide array of products and services for all stages of life for the past 20 years, aiding people in taking better care of themselves and their families. It has worked closely with the communities in which it operates, ensuring farmer training, improving livelihoods, educating children and their families about adequate nutrition, and supporting ecologically friendly operations. Nido, Nescafé, Maggi noodles and soup, Maggi Shad-e-Magic, morning cereals including Corn Flakes and Koko Crunch, Coffee-Mate, Munch rolls, and a variety of other goods are among the company's most popular products in Bangladesh. Nestlé is one of the leading food groups in the world, not just in terms of sales, but also in terms of product diversity and geographic reach. Currently, Nestlé has a global presence on all continents, employing around 230,000 people in 84 countries, operating 466 plants, and employing sales representatives in at minimum 70 other countries.

2.3 Management Practices

2.3.1 Leadership Style

The style of leadership of a leader indicates how he or she leads, inspires, directs, and handles a group of people. Nestlé also follows a specific leadership style and that is democratic leadership. In simple words, democratic leadership is a form of leadership in which the leader consults with his staff before making a decision and then works jointly. The reason for adopting such a leadership style is Nestlé's emphasis on faith and respect. Leaders of Nestlé give importance to the recommendations provided by the subordinates in serious decision-making. Employees at Nestlé are directed and encouraged to maintain a courteous and loyal connection, which enables people to work in an appealing atmosphere while also performing at their best. Nestlé's style of leadership is not only about getting things done; it's about creating a positive learning environment for the employees and thereby grooming the institution's leaders of tomorrow.

2.3.2 Human Resource Practices

For the company's success, every organization needs to have a competent and skilled Human Resources department. A firm's HR department ensures employee happiness while also improving the institution's productivity and effectiveness. Human Resources is in charge of recruiting and assigning the appropriate individual to the right role, retaining a talented workforce through incentives and perks, and boosting the performance of employees through essential training. HR

Department is one of the core functions of Nestlé Bangladesh Ltd. that is aiding other departments by working together, ensuring proper assistance to individuals within the company.

2.3.3 Recruitment and Selection Process

The Recruitment and Selection team is in charge of finding the best talents for the organization in order to improve its staff. The team is always looking for ways to optimize human capital by encouraging individuals. While hiring fresh talent, the team follows the following list of guidelines:

- **Understand and Activate:** As soon as a position gets vacant, the recruitment and selection team must first analyze the skill sets required for the job and the sort of individual that is required. These are the team's initial obligations. This aids in comprehending the important characteristics required to acquire a new employee.
- **Source and Attract:** Nestlé's career page is the primary source for job postings. The job description and other qualifications required are listed there. In order to recruit prospective applicants for certain positions, social media like Facebook also plays an important role for the candidates to quickly locate and apply for the jobs.
- **Screening and Assessing:** To reduce recruitment risks, Nestlé's recruitment and selection team rigorously screen and assess candidates' resumes before shortlisting them. The team gathers and evaluates pertinent data and compares it to job descriptions before moving on to the next phase.
- **Evaluation and Selection:** Assessment is a day-long process where the candidates go through numerous phases, with meetings held with employees of the company before the final applicants are chosen and employed.
- **Placing and Onboarding:** After the ideal applicant has been recruited, the onboarding program commences with the candidate attending the mandatory orientation program.

2.3.4 Compensation System

Employees are the important resources of an organization. Nestlé strives to maximize employee value while adhering to Nestlé's compensation and other incentives policies. The rewards and compensation department constantly ensures that workers are appreciated in order to retain them. These are intended to have a positive impact on employees' productivity. Fixed salary, variable compensation, and employee perks are among the advantages. Employee perks include

insurance, healthcare coverage, gifts, employee sale policy, and leave fare compensation among other things.

2.3.5 Training and Development

Nestlé constantly motivates its workforce to enhance their level of expertise and knowledge base in order to comprehend the dynamic workplace. The training and learning department thus ensure that all workers are well-versed in the company's environment and culture. The training is primarily intended to improve organizational understanding as well as leadership qualities.

Organizational Awareness and Culture training consist of a series of training sessions designed to help employees realize the Nestlé culture as a whole and to become a part of the company's rich culture. This training includes an overview of the Nestlé Leadership Framework, Introductory Training on Nutrition, and Product Knowledge.

Leadership Upskilling programs are centred on the long-term improvement and progress of employees. Everyday Training for Leaders, 360 Degree Leadership Training, Interpersonal Skills and Networking Training, Presentation Skill, Communication Skill, and many more.

2.4 Marketing Practices

2.4.1 Marketing Strategy

Marketing strategy is a means for directing a firm's scarce resources toward the most probable prospects for increasing sales and long-term competitive advantage. Nestlé Bangladesh also relies on specific marketing practices to maintain its position in the food and beverage market.

Nestlé uses a differentiated marketing strategy to reach its target audience. It focuses on diverse segments of the market and creates unique offerings for each. It has released a variety of items in order to increase sales and strengthen its position in the marketplaces within the categories. It has targeted audiences based on ages, family sizes, income, occupation etc. They are also targeting their consumers based on loyalty status.

2.4.2 Market Segmentation

Nestlé has a diverse range of brands that meet a variety of nutritional requirements. So, Nestlé separates its marketing segments in order to provide the best possible service to clients by the following criterion:

Demographic:

Nestlé has introduced a variety of products for people of all ages. Nestlé Cerelac and Lactogen, for example, have been introduced for newborns aged one month to four years. They also have different sizes of Maggi noodles based on the size of the family.

Psychographic:

Nestlé divides its products into categories based on lifestyle and personality. For example - Nescafe 3 in 1 and Maggi instant noodles are for people who don't have much time to prepare their food and are in a hurry.

Behavioural:

Nestlé categorizes their market also based on benefits. Cerelac has a high level of nourishment for infants. Cerelac contains Rice and milk which are 2 fundamental components for the babies' better health. It also contains vitamins, minerals, and all of the essential nutrients for newborns to eat. Thus, Cerelac is made available to consumers who wish to utilize it mostly from the product.

2.4.3 Target Market

Nestlé's primary focus is the socioeconomic class, which serves as the company's overall goal. Nestlé's target customers are the ones who understand the importance of quality in food and, more crucially, someone with the ability to purchase the products. These are mostly the people of middle-class status with an income over 10,000 Taka having a basic level of education.

2.4.4 Advertising and Promotional Strategies

The firm's corporate identity is "Nestlé is all about quality." It provides less emphasis on advertising and publicity since people in Bangladesh generally apprehend that Nestlé provides more emphasis on product quality than pricing. Nestlé primarily focuses on two advertising objectives:

- Advertising that is informative
- Persuasive marketing

As Nestlé is already a renowned company in Bangladesh that is known for delivering high-value food products so it provides less importance now on promotions and marketing. Listed are the factors that need to be considered at Nestlé Bangladesh Ltd. while advertising:

- Nestlé is not permitted to market infant formula.
- Mass marketing is only done for new items.
- Product-specific advertising and marketing are carried out.
- Publicity accounts for 15% of the company's marketing expenditure.

2.5 Financial Performance and Accounting Practices

2.5.1 Liquidity Ratio

	2020	2019	2018
Current Ratio	0.8577	0.857	0.95
Quick Ratio	0.60	0.63	0.74

Table 1 Liquidity Ratio

- The current ratio has been constant from 2019 to 2020 after the dip in 2018. It shows that for every 1 CHF of Current Liabilities Nestlé has 0.86 CHF of Current Asset which is quite good.
- Quick Ratio has been decreasing from 2018 to 2020. It shows that for every 1 CHF of Current Liabilities Nestlé has 0.60 CHF of Quick Asset which means they have a good amount of assets that can be converted to cash within 90 days or less which is also a good condition.

2.5.2 Solvency Ratio

	2020	2019	2018
Total Debt to Total Asset	62.50%	58.68%	57.37%
Total Debt to Total Capital	0.37	0.30	0.31

Table 2 Solvency Ratio

- The total debt to total assets ratio shows how much Nestlé has utilized debt to finance its assets. 62.50% of its assets are financed by creditors, and the rest are financed by shareholders which is a good sign as it is not high enough to get defaulted.
- The debt-to-capital ratio provides insights into whether a firm's economic position and the company is a good investment. Larger the debt-to-capital ratio, the riskier the firm. With

0.37 Total Debt to Total Capital, Nestlé is doing great considering the fact that the market was hit due to the Coronavirus during that time.

2.5.3 Efficiency Ratio

	2020	2019	2018
Asset Turnover Ratio	0.68	0.72	0.66
Inventory Turnover Ratio	4.25	4.99	5.04
Receivable Turnover Ratio	7.88	7.89	8.21
Days Sales Outstanding Ratio	46.31	46.24	44.42

Table 3 Efficiency Ratio

- The asset turnover ratio assesses the efficiency with which a business's assets produce revenue. A higher ratio is usually desired as it implies that the company is effective at producing profits from its resources. A lower ratio implies that a business is not utilizing its resources and might be having internal problems. Having 0.68 of asset turnover during COVID-19 is a good sign that Nestlé is sustainable.
- Inventory turnover is the number of times a firm is capable of replacing the inventory that it has sold in a certain period. A low turnover ratio suggests meagre sales and maybe excess inventory, whereas a quicker ratio indicates high sales. Due to COVID-19, the inventory turnover has dropped, however, it is still going good at 4.25 times.
- A high receivables turnover ratio might imply that a firm's receivables collecting is efficient and that the company has a significant number of very good customers who pay their obligations on time. At 7.88 times, Nestlé has a good Receivable Turnover Ratio.
- A good or terrible Days Sales Outstanding ratio depends on the sort of business and industry in which the organization works. However, a figure less than 45 is regarded to be favourable for the majority of enterprises. It implies that the firm's money is coming in at a reasonable pace and is ready to be put to use in generating new business. With DSO at 46.31 days, Nestlé has maintained quite good DSO over the years.

2.5.4 Profitability Ratio

	2020	2019	2018
Return on Equity (ROE)	26.59	24.41	17.92
Return on Asset (ROA)	9.97	10.08	7.64

Table 4 Profitability Ratio

- ROE is regarded as a measure of a company's profitability and how efficiently it is producing profits. At 26.59 of ROE, Nestlé is efficiently producing profits over the years.
- ROA is used to calculate how well a corporation utilizes its assets to make a profit. A greater ROA signifies that a business is more operational and productive in handling its cash flow to generate returns, whilst a reduced ROA suggests that there is still space for progress. At 9.97 of ROA, Nestlé has been good over the years.

2.5.5 Leverage Ratio

	2020	2019	2018
Total Debt to Total Equity	0.85	0.70	0.69

Table 5 Leverage Ratio

- Based on how much leverage a firm has, its debt-to-equity ratio can correspond to both lenders and investors about the financial condition of the business. For most industries, a debt-to-equity ratio of less than 2.0 is desired. Some also look for a value of less than 1.0 in order to maintain a good position among creditors and shareholders. At 0.85 of Total Debt to Total Equity, Nestlé has been able to maintain it very well.

2.6 Supply Chain and Information System Practices

Nestlé Bangladesh's supply chain is organized into 3 different departments:

- Demand & Supply Planning (D&SP)
- Procurement
- Customer Service & Distribution (CS&D)

2.6.1 Demand & Supply Planning (D&SP)

This department is primarily responsible for forecasting demand and supply for Nestlé's product portfolio by effectively executing and leveraging resources, money, and time. Thus, it deals with

several complicated phases for developing estimated consumption charts at the national level, on the grounds as to which supplies are selected and manufacturing is carried out correspondingly.

2.6.2 Procurement

This department is responsible for procuring, allocation of resources, and handling all raw materials inputs in accordance with the order plan directed from the Demand and Supply planning department, ensuring that raw materials, packaging materials, and finished goods arrive at the firm during the right time, at the proper amount, and at right quality while organization's cost-effectiveness is maintained, resulting in higher returns for the organization.

2.6.3 Customer Service & Distribution (CS&D)

CSD is a critical Supply Chain function that primarily deals with Nestlé's regular Primary Sales with its distributors. Each item has a monthly objective established, and there is Consensus Demand Planning (CDP) in place to assure adequate supply. CSD makes sure that the monthly CDP is distributed appropriately among all distributors. There is a standard for distributor coverage for each product, and they cannot hold a certain commodity more than that standard. CSD handles the distributor standards as well, by reviewing their available inventory and delivering new supplies based on their demands. For every product, there is a stock, an objective, and the amount of inventory that remains after the process. All of these processes are carried out utilizing the SAP software which makes it more convenient.

2.7 Industry and Competitive Analysis

2.7.1 SWOT Analysis

By utilizing the tool SWOT analysis, which is a strategic planning and management technique, a business can be able to identify its strengths, weaknesses, opportunities, and threats in the context of commercial competition or preparation of projects. This procedure is designed to be used in the early stages of decision-making processes and can be used to assess the strategic position of a variety of businesses. The SWOT analysis of Nestlé Bangladesh is depicted below:

Strengths

Brand reputation & trustability- Nestlé is one of the world's most recognizable brands. It has a reputable reputation in the food and beverage industry for providing high-quality products for

everyday use all over the world. Nestlé is one of the world's largest corporations, ranking 69th on the Fortune Global 500 list in 2018.

A diverse product portfolio- Nestlé has over 2000 trademarks globally and has redesigned over 8000 items for nutrition and wellness as per Nestlé's 2017 Annual Review. Nestlé is a multinational conglomerate offering a wide range of products and services. By 2020, Nestlé controls a number of firms that manufacture pet food, frozen meals, infant food, vitamins, and other things. Additionally, it has a substantial Starbucks license partnership.

A vast distribution network- Nestlé's well-developed and diversified distribution network serves not only urban but also rural areas, allowing them to reach a wide range of customers in Bangladesh. To effectively administer the company in each location, it has implemented local distribution channels and a decentralized strategy. Nestlé has tight connections and ties with its suppliers, retailers, partners, and distributors.

Effective R&D system- As the world's largest food and nutrition research company, Nestlé has 21 Research and development labs around the world. One of the company's key competitive strengths is its capabilities for research and development.

Strong ties with well-known brands- Products like Nescafe, Kit Kat, Gerber, Milo and Maggi have become household names because of Nestlé's global reach. Also, among its relationships are some of the world's most famous and important companies, including Colgate, Palmolive, Coca-Cola, General Mills, and L'Oréal.

Promotion of environmental sustainability- As part of its commitment to environmental sustainability, Nestlé makes major investments in research and development and takes innovative efforts to enhance product quality. It maximizes current technologies for reducing waste, excess water wastage, non-renewable energy source usage, and packaging waste, all of which are environmentally harmful. For the first time in 2017, 253 Nestlé facilities created zero trash.

Weaknesses

Organizational structure and control span- Nestlé is organized on a matrix-like framework. This has resulted in a massive number of brands being grouped together under the same banner, which makes it difficult to navigate the vast amount of brand information available. A large

number of distinct brands under management may result in a great deal of controversy and conflict of interest.

Storage issues- Nestlé Bangladesh faces problems in warehouse storage which creates issues managing inventories in stock.

Diversification problems- Nestlé Bangladesh maintains a high level of diversification in its offerings and such diversification in products often affects various procedures negatively. For example- the decision-making procedure of Nestlé Bangladesh can be sometimes time-consuming and lengthy due to the diversified portfolio of products.

Expensive products- Some products offered by Nestlé Bangladesh are a bit pricy compared to its competitors in the market which can affect the process of customer retention. Moreover, the company cannot control the prices of raw materials and that's why it has to demand more prices on some products.

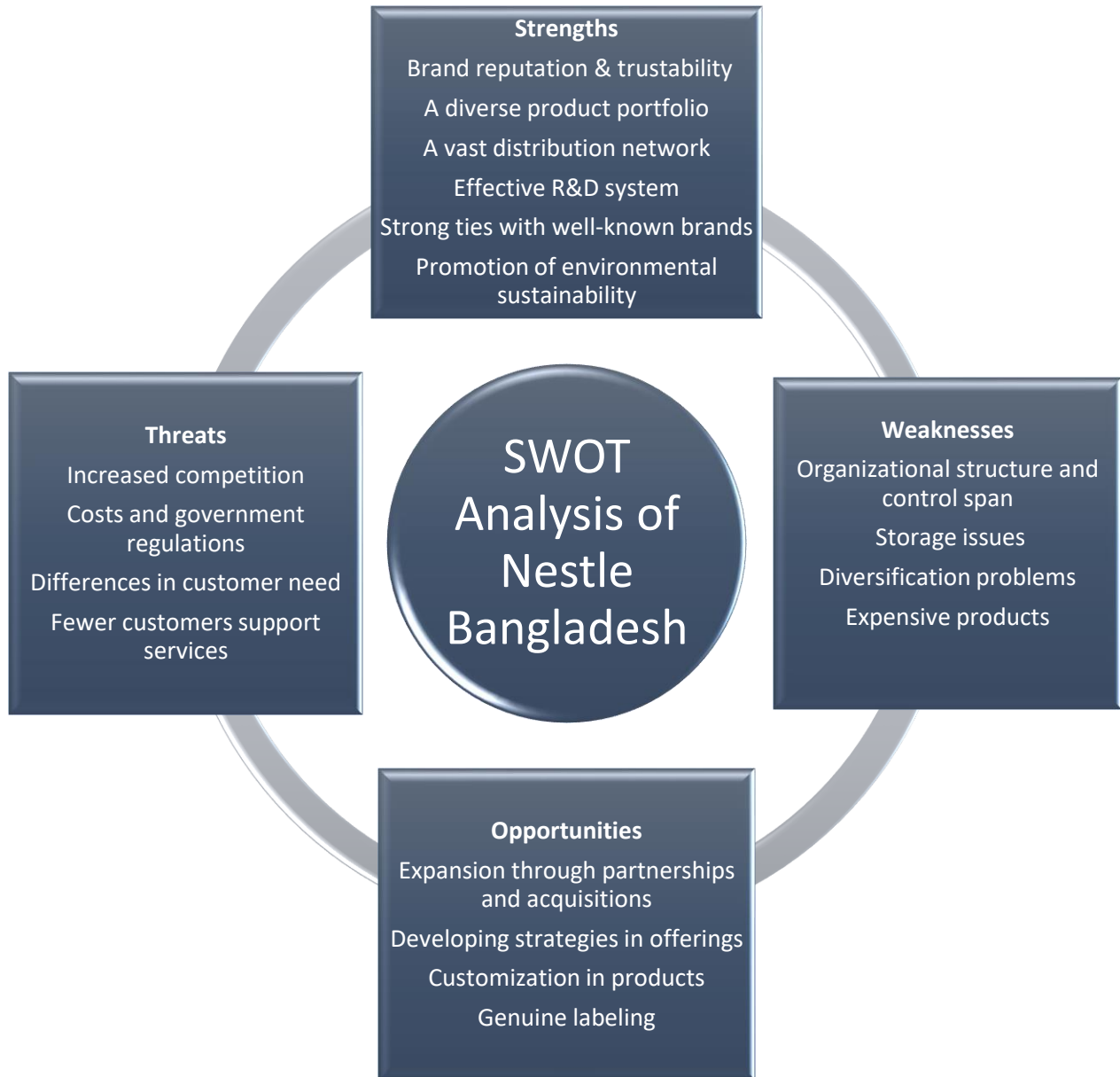


Figure 1 SWOT Analysis of Nestlé Bangladesh

Opportunities

Expansion through partnerships and acquisitions- Nestlé sold some underperforming brands in 2019, such as Herta Charcuterie, and focused on acquisitions in 2020. Zenpep, a gastrointestinal pharmaceutical brand, was acquired by the firm in January 2020, and it is the first of many acquisitions planned for 2020. Nestlé has a lot of room to develop by diversifying its portfolio with high-performing SMB acquisitions. Furthermore, strategic relationships with other food and beverage giants offer the corporation a tremendous way to boost revenues and profits.

Developing strategies in offerings – Nestlé Bangladesh can offer its products more strategically. For example- it can increase the distribution of its Infant Nutrition Products to areas where infants are suffering from malnutrition. Moreover, it should work on developing products that can be offered at lower prices in the market compared to its rivals.

Customization in products- It should focus on developing products that match well with the taste of Bangladesh customers and it should try to combine the social and cultural factors of Bangladesh in its offerings. Such initiatives can accelerate its market share and growth in Bangladesh.

Genuine labelling- Nestlé had previously been accused of presenting nutritional information on its labels that was incorrect. Because of this, there is an opportunity to improve corporate operations by giving accurate information and recognizing the firm's goods.

Threats

Increased competition- Many multinational corporations, such as Unilever, distributes similar food and beverage products. A market where alternative items are easily accessible makes it harder for Nestlé to remain competitive.

Costs and government regulations- There is the possibility that Government legislation will have an influence on Nestlé's business. Furthermore, the firm is being obliged to increase the pricing of its goods as a result of the rise in the price of commodities. Because customers will be free to move to other, less priced brands, sales might suffer as a consequence.

Differences in customer need- Nestlé Bangladesh is conducting its operations in Bangladesh where the company has to deal with customers having different needs, tastes, habits, and incomes. It will be tough for Nestlé Bangladesh to cope with the factors of Bangladesh.

Fewer customers support services- Nestlé Bangladesh offers fewer customer support services compared to needed services. Moreover, the company has fewer human resources than required which can slow its operations.

2.7.2 Porter's Five Forces Analysis

In the business world, Porter's Five Forces Framework is a means of examining the operational environment in which a company is working. In industrial organization economics (IO), five factors have been identified that influence the intensity of competition of an industry and, as a consequence, the attractiveness (or lack thereof) of an industry in general in terms of profitability. Porter's five forces analysis of Nestlé Bangladesh is provided below:

Threat of New Entrants

Threat of new entrants are low because Nestlé is the biggest market leader in the industry and as competition is very high so it would be very tough for newer companies to remain in the business.

Threat of Substitutes

Substitutes pose a significant threat. Competitors are continuously looking for ways to stand out and replace the market with a new offering.

Bargaining power of buyers

The bargaining power of buyers will always be high since they have options.

Bargaining power of suppliers

Nestlé Bangladesh is growing its dealings with local merchants for raw supplies. As a result, they are more reliant on local resources. As a result, the supplier has a lot of negotiating leverage, and the bargaining power of suppliers is high.

Competitive Rivalry

The level of competitiveness is high. Food and beverage markets are always competitive. Because of the increased competition, more companies are joining the market, resulting in harsh pricing competition.

2.8 Summary and Conclusions

Nestlé has long been known for its exceptional quality of food and unrivalled flavour. They are committed to providing consumers with the greatest possible value while closely adhering to its manufacturing style so that it can always provide the highest quality of products to its customers. Nestlé has fierce competition in the industry that they are working, however, the way they pursue their plan that it has allowed them to retain their leadership position globally and is expected to continuously do so in the future.

2.9 Recommendations

Nestlé can devise new marketing strategies to increase brand recognition for newer products. Moreover, they need to bring in new product portfolios to Bangladesh that are available internationally such as ice cream, pet food etc.

Chapter 3: Project Part

3.1 Introduction

3.1.1 Background

Firstly, demand planning for required raw material/finished goods is done. Demand Planning consists of raw material/finished goods that would be procured. Demand planning necessitates a thorough examination of sales, consumer patterns, previous sales data, and seasonality data in order to maximize a company's capacity to satisfy consumer needs in the most effective manner feasible. To meet this target, demand planning blends sales forecasting, supply chain management, and inventory management. To start, it anticipates market expectations based on internal and external data. This projection can then be utilized to influence sales and operational strategy which will determine how much goods to purchase or create to satisfy demand. By assisting firms in striking the correct balance between adequate inventory levels and customer demand, effective demand planning results in profit and customer happiness. That is a difficult aim to achieve, especially when it necessitates collaboration throughout the whole business. However, the ramifications for the business are immense. Excess inventory consumes working capital, increases inventory holding costs, and raises the risk of being stranded with low-value or outdated goods. Poor planning, on the other hand, can cause needless supply chain inefficiencies and leave a firm low on supplies, resulting in backorders, stockouts, or costly raw material scrambles. Each of these concerns might cause delays, resulting in disappointed consumers.

Secondly, in order to go with the procurement procedure, the quantity and dispatch date are fixed and agreed upon by the demand and supply planners. Upon initial agreement, a Proforma Invoice is shared by the supplier which is then used to create an LC so that the supplier side can initiate processing the goods for sending to Nestlé Bangladesh Ltd. A letter of credit, often known as an LC, is a legal statement issued on behalf of the buyer by the importer's bank. The seller is promised that the issuing bank will pay the seller for the trade undertaken between the two parties as a result of its issue. The buyer is the LC's applicant, whereas the seller is the LC's beneficiary. An LC binds the issuing bank for the payment of the specified amount within the agreed-upon timeframe and against provided documentation. One of the principles of an LC is that the issuing bank will pay purely on the basis of the documentation supplied while they are not obligated to verify if the

goods have been delivered or not, which means if the documents are compliant as per LC, the banks can go for a payment. The procedure of an LC is shown below:

Step 1: Requesting a Letter of Credit

The buyer requests an LC from the issuing bank once the buyer and seller have reached an agreement on the conditions of the transaction. The issuing bank sends the LC to the advising bank, which is usually located in the nation of the exporter. The advising bank checks the LC's legitimacy before passing it on to the exporter.

Step 2: Shipment of Goods

The seller verifies the LC and begins the procedure of shipment of goods.

Step 3: Documents provided to the Advising Bank

The seller provides the documentation to the advising bank once the products have been dispatched.

Step 4: Receiving payment from the buyer and taking ownership of the goods.

The advising bank then transmits the documents to the issuing bank. The issuing bank examines the documentation and confirms with the buyer if they would accept the documents if there are any discrepancies. Once confirmed, issuing bank pays the money to the advising bank and then collects the money from the importer and transmits the documentation to the buyer, who uses them to take ownership of the products that have been delivered.

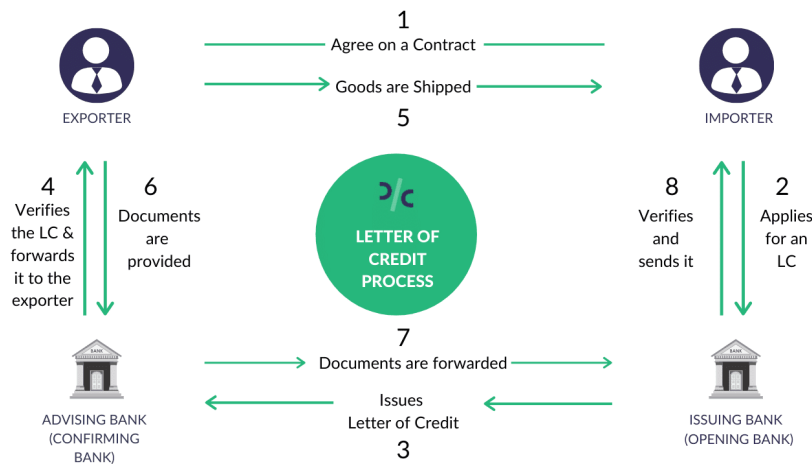


Figure 2 LC Process

Finally, the LC is issued and shared with the supplier for processing the goods and preparing documentation to send it to the Bank authorized by Nestlé Bangladesh Ltd within a specified lead time. The documents are required most urgently when the goods arrive at the port as they would be required for clearance of the goods from the port. Otherwise, a delay in sending the documents lead to more costs as the goods are then on hold at the port which incurs port demurrage as well as carrier detention for holding the container beyond the ‘free time’. The port demurrage charges in Bangladesh are provided below:

Port Demurrage	20 Feet (\$)	40 Feet (\$)
Charge of first 7 days after 4 days of ‘Free Time’	12	24
Charge from 8 th to 20 th day	24	48
Charge from 20 th day onwards	48	96

Table 6 Port Demurrage

Carrier Detention	20 Feet (\$)	40 Feet (\$)
Charge after 21 days ‘Free Time’	15	25

Table 7 Carrier Detention

3.1.2 Objective

The objective of this study is to explore the current condition of lead time for sending LC documents to the bank. In light of the aforementioned goal, this study will try to figure out deviations in standard lead time management, research broadly on the reason for a longer lead time, as well as try to provide possible solutions to mitigate this problem.

3.1.3 Significance

As the report will provide an insight into the reason for longer lead times and try to propose solutions so this would provide Nestlé with a great opportunity to overcome the problem. Moreover, it would provide similar organizations with an insight on how to conduct business practices in these types of markets or whether to source from a different market in order to save cost. Lastly, this will provide its stakeholders with a base point for further research on the topic based on lead time.

3.2 Methodology

The research is mostly based on information collected through primary data. This data is collected through meetings with the global markets' supply chain planning team. Moreover, individual interviews and discussions with the domestic Inter-market supply manager and Inter-market supply executive will also add value to the research. Apart from primary data, the research would also consist of secondary data which would provide a deeper insight about the research on lead times. This secondary data will consist of information on the web, articles, reports, news, and annual reports, also, some non-confidential data from the organization.

3.3 Findings and Analysis

The table below shows 2 recent instances of 2 suppliers that exceeded lead times on both sending documents to the bank and product arrival at Chittagong port. The names of the suppliers had been purposefully disguised and also, data were not used extensively due to confidential purposes.

Supplier	Dispatch to Docx received at Bank	Lead Time	Dispatch to product arrival at port	Lead time
A	59	28	65	57
B	33	21	23	21

Table 8 Documentation and Sailing Lead Time Before Preventive Measure

According to the aforementioned data, Supplier A sent documents at Bank after 59 days, and Supplier B sent documents after 33 days. Similarly, Supplier A sent products at Port after 65 days, and Supplier B sent products at Port after 23 days.

According to Port Demurrage and Carrier Detention charges explained previously, the total cost for Supplier A would be \$0 as products arrived after documents were sent to the bank. Similarly, the total cost for Supplier B would be \$144 as it took 10 days more for the arrival of the document to the bank, and after deduction of 4 days of free time at port, Nestlé Bangladesh Ltd. had to pay \$24 for the first 6 days as port demurrage. As 21 days for container free time has not passed, so no charges for carrier detention for both suppliers.

Nestlé Bangladesh Ltd.'s supply chain is one of the best in Bangladesh and it is their proactiveness that they found out these 2 suppliers were going to have some issues in the future so they set up a

meeting to discuss what were the issues that they would be requiring more time to send documents and products at bank and port respectively. After the meeting, it was found out that Supplier A had some operational problem within their process which had been fixed while Supplier B had a problem to get SGS Certificate as Government imposed that all institutions can only be opened on certain days due to the novel Coronavirus Outbreak.

As this certificate was very vital for the clearance of the products from the port, so for Supplier B, the solution that Nestlé Bangladesh Ltd. provided was that Supplier B would only be dispatching the products after they get all the necessary documents vital for custom clearance. During the period of receiving all the documents prior to dispatch, the products would be held at the supplier’s warehouse which would reduce the holding cost vastly compared to the products when held at Chittagong Port.

Subsequently, the table below shows the data after the action plans have been applied

Supplier	Dispatch to Docx received at Bank	Lead Time	Dispatch to product arrival at port	Lead time
A	25	28	56	57
B	19	21	21	21

Table 9 Documentation and Sailing Lead Time After Preventive Measure

The data above shows that Supplier A has vastly reduced the days taken to send documents at the bank, which was firstly 59 days, and later it took only 25 days. The days required to send products at the port was at first 65 days, then it became 56 days which certainly shows improvement in the operational process of Supplier A as discussed above. Secondly, Supplier B took 33 days to send documents to the bank earlier whereas they sent the documents to the bank within 19 days afterwards. Lastly, it took 21 days to send products at the port in their recent dispatch which is 2 days faster than the previous.

According to these datasets, it can be clearly seen that Nestlé Bangladesh Ltd. has no Port Demurrage or Carrier Detention charge for these 2 suppliers after the preventive measures had taken place.

3.4 Summary and Conclusions

After demand planning, quantity and dispatch date are agreed, and the PFI that is shared by the supplier is used to issue an LC. Subsequently, the supplier delivers the goods and sends the document to the Nestlé authorized Bangladeshi Bank. The documents are sent within a specified lead time that is agreed beforehand, however, it requires to be delivered before the goods are delivered to port. Failure in accomplishing to deliver the documents on time, especially before goods arrive at port, causes demurrage and detention to be incurred as was seen in the findings and analysis. So, it is required for Nestlé Bangladesh Ltd. to be very vigilant in such circumstances otherwise there is a chance that they might incur thousands of dollars in detainment costs which surely lead to a loss in profit for Nestlé.

3.5 Recommendations

Nestlé Bangladesh Ltd. has its own process of detecting any consignments that are incoming will have demurrage and detention charges. So, it is strongly recommended for Nestlé as a conglomerate to be able to apply the same or similar detection tool within their system so that they can proactively detect these changes and apply preventive measures in order to save millions of dollars in losses.

Moreover, it is also recommended that Nestlé Bangladesh Ltd. initiates more factories in Bangladesh for the production of the goods that they are importing from different markets globally. In this way, they can eventually reduce the extra charges incurred at port due to delays in clearance of goods, as well as, increase business efficiencies as it would then create new opportunities for them to export these products to other markets, also reduce their costs by producing it in economies of scale otherwise which would have been costed while acquiring these materials.

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Appendix

PROPOSAL FOR RESEARCH ON INTERNSHIP REPORT

Research On Lead Time for Nestle's LC Documentation Arrival from Global Markets

Objective

The objective of this study is to explore the current condition of lead time for sending LC documents at bank. In light of the aforementioned goal, this study will try to figure out deviations in standard lead time management, and research broadly on the reason for a longer lead time, as well as try to provide possible solutions to mitigate this problem.

Methodology

The research is mostly based on information collected through primary data. This data is collected through meetings with the global markets' supply chain planning team. Moreover, individual interviews and discussions with the domestic Inter-market supply manager and executive will also add value to the research. Apart from primary data, the research would also consist of secondary data which would provide a deeper insight about the research on lead times. This secondary data will consist of information on the web, articles, reports, news, and annual reports, also, some non-confidential data from the organization.

Significance

As the report will provide an insight upon the reason of longer lead times and try to propose solutions, so this would provide Nestle with a great opportunity to overcome the problem. Moreover, it would provide similar organizations an insight on how to conduct business practices in these types of markets or whether to source from a different market in order to save cost. Lastly, this will provide its stakeholders a basepoint for further research on the topic based on lead time.