

**Internship Report**  
**On**  
**Benefits of Implementing SAP Software System**  
**at Rahimafrooz Superstores Limited**

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## **Letter of Transmittal**

July 3, 2012

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### **Subject: Submission of Internship Report**

Dear Madam,

It is indeed my pleasure to submit the internship report titled '*Benefits of Implementing SAP Software System at Rahimafrooz Superstores Limited*' to you for your kind appraisal in due time. I have completed my internship at the Head Office of Rahimafrooz Superstores Limited, under Rahimafrooz Group. During my internship, I got huge amount of support from the officials for preparing my report in time. The experiences I have gathered will be very helpful in the professional life.

I believe, this report will be quite interesting and fulfill your expectation. I have tried to give my best efforts to prepare a comprehensive report. I will be grateful if you accept my report and your kind consideration will be highly appreciated.

Sincerely Yours,

Shibly Sauhard  
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## Acknowledgement

An internship report cannot be completed without significant help from others. Firstly, I would be grateful to Almighty Allah, for giving me the patience, knowledge and courage to complete this report. I also gratefully acknowledge the help and support from my parents, teachers, friends and others, whose support has been invaluable for me. I would like to thank the following people for their contribution in this report:

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- Mohammad Mohibul Islam, Senior Officer- Finance and Accounts, Rahimafrooz Superstores Limited
- Mohammad Zane Alam, Senior Officer- Finance and Accounts, Rahimafrooz Superstores Limited
- Md. Mozibul Hoque, Manager- Procurement, Rahimafrooz Superstores Limited
- Md. Shahidullah Iqbal, Senior Officer- Procurement, Rahimafrooz Superstores Limited
- Md. Sarwar-E-Alam, Senior Officer- Quality Assurance, Rahimafrooz Superstores Limited
- Ahmed Inam, Senior Officer- Human Resources, Rahimafrooz Superstores Limited
- Mohammad Muyeed, Senior Officer- Human Resources, Rahimafrooz Superstores Limited
- I also express my gratitude to the employees of Rahimafrooz Superstores Limited who have directly and indirectly for this report

## Executive Summary

Rahimafrooz Superstores Limited is a subsidiary of Rahimafrooz Group and the owner of Agora, the first retail chain store in our country. They are a trusted name in the business and have enjoyed huge market despite tough competition. However, the competitors have responded with wide range of products, more shops and lower price. Therefore, Rahimafrooz Superstores have planned to expand their business by offering more products to customers and opening newer shops. In order to expand and streamline their business operations, Rahimafrooz Superstores have decided to implement SAP software system. With the SAP system, they would be able to increase both the quality and quantity of their business. After six months of preparation, Rahimafrooz Superstores have implemented three modules of SAP system. The modules are: Financial and Controlling, Material Management and Selling and Distribution. This report looks into the benefits that will be received by Rahimafrooz Superstores because of this implementation. Rahimafrooz has high hopes of their new SAP software system. Whether their SAP implementation will be successful or not, it will be seen in future.

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# **Chapter: 1**

## **Background of the Report**

## 1.1 Background of the Report

During my internship at Rahimafrooz Superstores Limited, I heard that they were going to implement the new SAP software system. The top management at Rahimafrooz thought that by implementing the new SAP software system, it would be a turning point for Rahimafrooz Superstores Limited. The SAP software system would allow them to provide better services, defend their position, analyze their competitors and provide other benefits. Because the implementation of SAP software is quite interesting and it does not take place often. I thought that it would be quite interesting if I did a report on “Benefits of implementing SAP at Rahimafrooz Superstores Limited” and would give us an insight. The report is an integral part of my internship and I have tried my level best to collect all the direct and indirect data in order to provide a complete overview. I have put my best efforts to be able to focus strongly on the topic so that the benefits of implementing SAP software system could be clear to us. I am grateful to my academic supervisor for allowing me the work on the topic.

## 1.2 Objectives of the Report

The report has broad and specific objectives to follow.

### **Broad Objective:**

The main or broad objective of the report is to find and describe the benefits of implementing SAP software system at Rahimafrooz Superstores Limited. Because SAP implementation is a big decision for any organization, we want to know about the benefits wanted by Rahimafrooz.

### **Specific Objectives:**

Besides the main or broad objective, the report has some specific objectives, which are given in the following:

- To know about the problems faced by Rahimafrooz Superstores Limited with the old system.
- To know how these problems are solved by implementing SAP system.



### 1.3 Scope of the Report

This report is made only for academic purpose and to fulfill the requirement for internship. This report has covered the direct and indirect aspects of SAP software system, including the benefits and challenges. In addition, the report is focused only on Rahimafrooz Superstores Limited and the modules of SAP that are being currently implemented by them. Any more modules of SAP implementation that may take place at Rahimafrooz Superstores Limited in future has not been included in this report.

### 1.4 Methodology

For this report, information has been gathered from both primary and secondary sources.

#### **Primary Sources:**

For primary data, several face-to-face interviews have been conducted with officials from different departments. Information provided by them has been very important for this report.

- Mohammad Mohibul Islam, Senior Officer- Finance and Accounts, Rahimafrooz Superstores Limited
- Mohammad Zane Alam, Senior Officer- Finance and Accounts, Rahimafrooz Superstores Limited
- Md. Mozibul Hoque, Manager- Procurement, Rahimafrooz Superstores Limited
- Md. Shahidullah Iqbal, Senior Officer- Procurement, Rahimafrooz Superstores Limited
- Md. Sarwar-E-Alam, Senior Officer- Quality Assurance, Rahimafrooz Superstores Limited
- Ahmed Inam, Senior Officer- Human Resources, Rahimafrooz Superstores Limited

#### **Secondary Sources:**

To understand SAP software system, data has been gathered from the internet and different articles, and their sources have been given in the references part.

## 1.5 Limitations of the Report

While gathering information, analyzing and representing them I have faced some limitations. However, despite the limitations I have tried hard to prepare a comprehensive and rather interesting report. The overall limitations of the report are mentioned below:

- Some statistical and qualitative data that were needed were not fully obtained. The Finance and Accounts officials, along with the Supply Chain officials were part of core team for SAP implementation. Because they were very busy, I had difficulties in meeting and gathering information from them.
- Because I was not an intern at the Finance and Accounts department, I could not see the disadvantages of the old system myself. In addition, if I were at the Finance department, then advantages of implementing SAP software would have been much clear to me.
- Because of organizational confidentiality, I could not put or disclose some information in the report.

# **Chapter: 2**

# **The Organization**

## 2.1 An Overview of Rahimafrooz Superstores Limited

Rahimafrooz Superstores Limited started out as a Strategic Business Unit (SBU) of Rahimafrooz Group. The group itself is one of the renowned business houses of our country, founded by a man gifted with entrepreneurial sense, Late A. C. Abdur Rahim. Originally, Mr. Abdur Rahim's family used to live in India. However, in time, the family settled in Bangladesh and Mr. Rahim started Rahimafrooz group as a small trading house in Chittagong in 1973. And the group continued to expand in scope and nature as time went along. Today the group operates in a diverse sector of power and energy, solar power, vehicle units, electronics and retail industry. And employs a big workforce.

Mr. Abdur Rahim always believed in ethics, honesty and integrity, because of his dedication, and of the people who came after him Rahimafrooz group is one of the most respected business groups. Besides doing business, Rahimafrooz group also established the Rural Services Foundation. The foundation works in the rural parts of the country to bring power to communities by means of solar, and to places where they need power but electricity has not reached yet. The foundation also helps to continue the studies of poor but meritorious students, it not only pays for books and clothes but meals. Recently upon the Government's request, the group installed solar panels at Prime Minister's Office and The Bangladesh Bank in an effort to promote green and renewable energy sources.

The name Rahimafrooz was given after Mr. Abdur Rahim's eldest son, Mr. Afroz Rahim. In 2000, Agora was launched as the first super shop chain in our country. The first outlet was in Dhanmondi at Rifles Square and their mission was to fulfill the everyday shopping needs of the urban peoples through fair price, right assortment, and best quality. The success was immediate as there was a demand for such business in the local market. Agora's state-of-the-art technology and creative strategy gave it an edge over its competitors at local market. And over time the number of outlets increased and currently there are nine outlets at Dhaka and one outlet in Chittagong.

Many people thought that the name of the company is Agora. But actually, Agora is just the Brand Name. Agora is a Greek word, which means a marketplace where the people would meet together and talk. The name of the company is Rahimafrooz Superstores Limited. The

company thought the environment at Agora should be nice and clean so that people will not only shop there but also want to stay and meet with other peoples there. And so they named the shops Agora. Their logo has a very interesting appeal and it contains the benefits being offered to the customers. The name is written in green color which is the color of freshness (Reminds of fresh vegetables and trees, does not it?). A woman presumably a homemaker has happily finished all her shopping from under one roof is seen too. The statement says- everyday quality shopping. We think it is very well thought out and gives a summary of what Agora is all about.

The Managing Director is the top post at Rahimafrooz Superstores Limited and it is held by Mr. Niaz Rahim, he is the third eldest son of Mr. Abdur Rahim. And the next position is of the Chief Executive Officer and it is held by Mr. Ranjan Di Silva, who is from Srilanka. The next position is of the General Manager. These are some of the top officials and under their leadership; Agora has become the most respected, valued and reliable super shop chain despite much competition from others.

## **2.2 Vision, Values and RSL Aspiration**

### **Vision:**

“To be the most admired and trusted organization through excelling in everything we do by following ethical business practices and adding value to stakeholders.”

### **Values:**

- Integrity in all our dealings.
- Excellence in everything we do.
- Total commitment to customer satisfaction.
- Thinking ahead and taking new initiatives
- Valuing and inspiring people.

### **RSL Aspiration:**

“To consistently provide a remarkably satisfying and valuable shopping experience through a business that improves the quality of life for customers and team members.”

## 2.3 Products and Services

Agora mainly focuses on food items - ranging from a wide variety of fish, meat, vegetables, fruits, bakery, dairy, and grocery - it also carries a vast array of other household, grocery, personal care, and miscellaneous products. At any point in time, there are nearly 1000 different products available at the outlets. Agora is committed to sustaining and growing as the most trusted, loved and frequented retail chain. Agora products are mainly classified into food and non- food items. And the food items are classified into perishable and non-perishable items.

### Perishable food items are:

- Meat and Beef
- Vegetables
- Fruits
- Dairy and Eggs
- Fishes
- Fast Foods

### Non-perishable items are:

- Dry food items
- Household items
- Cosmetics
- Personal Care
- Kids wear and Toys

The main benefit offered by Agora to its customers is better quality service. They are offering various types of products to its customers while maintaining high quality. Quality service and product offering is the main reason for them to target customers with higher income than Tk. 40,000. Economy is also their concern. They are also advocating convenience shopping to the masses. Agora has been the pioneer of chain superstore in our country and they always talk about getting everything you need under one roof. From fresh vegetables, fruits to medicine and light consumer electronics-you will not need to go anywhere else if you are shopping in Agora. Their service is also fast enough to satisfy busy people who come for shopping in their tight schedule. People are very much concerned about the fresh fruits and fishes

containing harmful chemicals, however at Agora the quality is the top priority. Products bought from Agora do not contain harmful chemicals. For instance during mango season, Agora starts selling mango a little late. Because the mangoes have been, ripen naturally and no chemicals have been used. In order to bring quality products to customers Agora lets go of the profit that it may have made by selling mangoes early. However, because of high quality the Agora products are quite expensive compared to other shops.

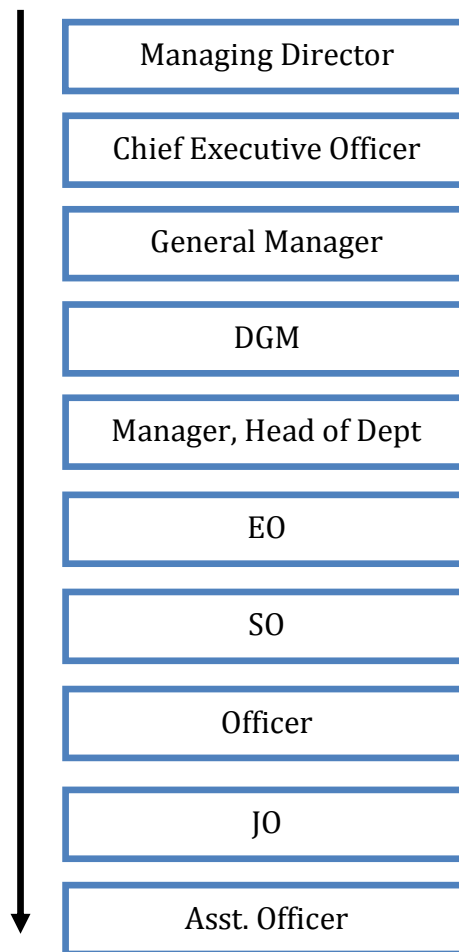
## **2.4 Management at Rahimafrooz Superstores Limited**

To achieve the mission and objectives in a competitive manner, any organization should employ experienced and talented human resources so that the task can be fulfilled accurately and effectively. An experienced, well-educated and enterprising workforce is needed for the continued growth and progress of any organization. Agora is directed and operated by a team of sound professionals. It is managed by a team of professionals having long-term experience in the industry at home and abroad.

The Executive Committee is responsible for setting the management objectives and policies, the management is instrumental in providing the inputs and implementing the strategies set by the committee. The policy and decisions made by policymakers are followed by the top level of management who break down the policy or decision into easily perceivable way.

Agora believes in providing very good service to its consumers. And for this it takes some initiatives to train it employees so that they can cooperate with the customers in a better way that is more comfortable for everyone. Generally, this training process takes 2 weeks but it can be shorter depending on the capability of the selected candidates. Effective ways of communication process are taught under this training program.

## 2.5 Management Hierarchy of RSL



The management hierarchy descends from Managing Director to Asst. Officer. The Managing Director's post is held by Mr. Niaz Rahim; he is the third eldest son of Late A. C. Abdur Rahim. And the Chief Executive Officer's post is held by Mr. Ranjan Di Silva; he is from Srilanka and has huge experience in the industry.



## **2.6 Departments of Rahimafrooz Superstores Limited**

There are different departments at Rahimafrooz Superstores Limited. All these departments look after some very important functions and they all work together to achieve organizational goals and provide a better service to customers. The departments are the following:

- Commercial (Category and Marketing)
- Supply Chain
- Finance and Accounts
- Information Technology (IT)
- Business Development
- Projects and Properties
- Compliance
- Quality Management System (QMS)
- Security and Administration
- Human Resources

## **2.7 Target Market of Rahimafrooz Superstores Limited**

As a renowned and trustworthy retail service provider, Agora has carefully pointed their target market in today's business environment and maintained its product quality, customer relation and service excellence. All kinds of market segmentation approaches have been considered promptly to ensure customer satisfaction and organizations' development. Though the superstore culture is not established in our country, Agora got overwhelming response from its target market comparatively in a short period.

Agora measured its customers based on social class, personality, location, income, age, lifestyle, attitude, work, belief and some other facts. Different types of branded quality products are available in considering the upper mentioned facts.

Their main customers are those people who earn Tk. 40,000 or more per month and solvent enough, the upper-middle class in most cases. People, who have to work long hours and do not have enough time to visit local markets or shops, can easily and comfortably find their

necessary commodities under one roof. Some people dislike the hassle and crowded environment of local market, especially the women; they can get their demanded goods in a modern and decent atmosphere. The target market is expanding with the high volume of customers day by day.

## **2.8 Competitors of Rahimafrooz Superstores Limited**

After starting superstore business, the competitors of Agora have increased rapidly as like as its customers. Being an old and famous superstore, it is struggling to hold the top position amongst the competitors around. Meena bazaar, Nandan and Swapno are tough competitors who are trying hard to outrun Agora on different sides. They are also providing lucrative offers to attract customers. So, Agora conducts research and modifies their strategy according to the actions of competitors. These shops like Family World and Prince Bazaar are causing great competition because they are forming up on a particular area and trying to attract the customer group of that area. Thus, sometimes making customers interested to buy products from their nearest place rather than going to Agora, which is far from home. All sections of Agora are working relentlessly to hold target market. Even though, Agora recently bought PQS, one of its competitors despite the competition.

Agora on the other hand is constantly advocating about quality. The reason for asking a little higher price from the customer is the quality factor, which they are so concerned about. We think this care for the quality has given Agora a big competitive advantage. This is somewhat a unique selling approach taken by Agora.

## **2.9 Supports for the Suppliers**

The suppliers and Agora work together to provide services for the consumers. Agora thinks of its suppliers as partners of its business. Agora is dedicated in providing the suppliers the profit they deserve. Agora became the guarantor of the suppliers whenever they needed bank loans and created brands like Bengal Meat and Greenfield, which is for food grains and cereal division, to provide support for sales and in case of new products Agora ensured producers that if needed Agora itself will buy products and the suppliers need not to fear. For example,

strawberry was grown in Panchagar and Agora took all the responsibility for sales and it made a profit. After all these, Agora honored the producer for the hard work done and for having the faith in Agora.

## **2.10 SWOT Analysis of Rahimafrooz Superstores Limited**

A SWOT analysis of Rahimafrooz Superstores Limited will show the internal and external factors. Some of these factors affect positively while some of them effects negatively. Important decisions can be taken after SWOT analysis.

<p><b><u>Strength</u></b></p> <ol style="list-style-type: none"> <li>1. Established brand name</li> <li>2. Pioneer in the industry</li> <li>3. Quality products are offered</li> <li>4. Enjoys a big market share</li> <li>5. Experienced top level management</li> <li>6. Wide product range</li> </ol>	<p><b><u>Weakness</u></b></p> <ol style="list-style-type: none"> <li>1. High price of products</li> <li>2. Poor financial position</li> <li>3. Less number of shops</li> <li>4. No or very less advertising</li> <li>5. Lower amount of CSR activities</li> </ol>
<p><b><u>Opportunity</u></b></p> <ol style="list-style-type: none"> <li>1. Providing sponsorship to emerging agricultural business</li> <li>2. Introducing new shops</li> </ol>	<p><b><u>Threat</u></b></p> <ol style="list-style-type: none"> <li>1. Fierce and unhealthy competition</li> <li>2. Threat of new competitors</li> </ol>

**Chapter: 3**  
**Internship**  
**Experience**  
**&**  
**Job Description**

### **3.1 An Overview of Internship**

My internship experience at Rahimafrooz Superstores Limited started at their Head Office, located at Mohakhali C/A. Their office is on the seventh floor of Paragon Tower and peoples of different designations work from 08:30 am to around 08:30 pm of the night. The office is very spacious with state-of-the-art interior design and has a launch room and conference room. The weekends at Rahimafrooz Superstores Limited are alternate. On the first week of a month, there is only one-day weekend and on the next week, the weekend is of two days. In addition, over time the same pattern is continued.

After joining the office in the morning, the Senior HR Manager received my appointment letter warm-heartedly and introduced me as a new intern from BRAC University to the others. It was remarkable that I also met with our Managing Director; Mr. Niaz Rahim and Chief Executive Officer; Mr. Ranjan Di Silva. They told us about the history of Rahimafrooz Group and RSL. In addition, later the Head-of-the-Departments introduced themselves and shared some of their opinions and experiences with us.

I started my internship from 1<sup>st</sup> March 2012 and ended on 31<sup>st</sup> May 2012. In addition, as time passed on my relationship with the officials and other interns became deeper. I can confidently say that I tried to become a professional, hard working, responsible, honest and amiable person at my workplace. Finally, the officials complimented me upon completing the internship and it made me feel that as an intern I am successful. My work responsibilities and experiences will be explained in the following parts below.

### **3.2 Receiving Process at the Agora Outlets**

The officials thought it would be better for me if I had seen the receiving process at Agora outlets. Receiving process mainly refers to the collection of fresh fruits, vegetables, beef, chicken, eggs, fish, dairy and fast food items at the different Agora outlets. In addition, generally receiving process starts early in the morning and within 07:30 am they are completed.

I had the opportunity to visit two of the outlets. One of them was the Gulshan-2 outlet and the other one was the Dhanmondi outlet situated at the Rifles Square. I had to start very early in the morning so I could reach the outlet in time and the transportation were provided by Rahimafrooz Superstores Limited (RSL). I first visited the Gulshan-2 outlet and within a few days time the Dhanmondi outlet was visited. At the Gulshan-2 outlet, there is an open space at the back of the outlet and there the receiving process takes place. Different kinds of vegetables, fruits and fishes were brought in and they were all checked before they were taken inside the outlet. The receiving process is considered very important because if quality of the products are not ensured here; then the customers will not be satisfied with the products sold at the outlets. The people working at the receiving process are given clear instructions on what kinds of products they should be receiving. Each of the fruits and vegetable are checked to see if they have the right shape and size, color and there are no insects. In addition, there should be no marks or damages on the fruits and vegetables. After collecting the fruits and vegetables they are washed and if needed they are cut and stored on the shelves at the outlet. In the Gulshan-2 outlet, I mostly saw the receiving of fruits and vegetables. In addition, I saw how each of the fruits and vegetables were checked to ensure quality.

The Dhanmondi outlet at Rifles Square is the first Agora outlet and one of their biggest. The outlet is on the first floor of Rifles Square however, the receiving area of this outlet is situated below at the parking and it is the biggest receiving area of an Agora outlet. There were officials with me on this visit. On this visit, we mainly saw the receiving of fish, beef, meat and some fast food items. Different types of fish were brought and they were already kept in ice. The people at the receiving area checked the freshness of the fishes and they took the formalin test. The formalin test ensured that the fishes were free from harmful chemicals. The fishes were tested and it was seen that none of the fishes contained formalin. Then the fishes were put on display in the outlet, and they were separated as freshwater and saline water fish. However, for fishes, which were alive, they were brought in boxes having water and because they are alive and fresh, they were placed on the outlet in special boxes having water so they would remain alive. Therefore, in the outlet there were fresh and alive fishes; and fishes in ice, which were divided into fresh and saline water fishes.

The meat and beef were received and put on display based on different types of cuts and the parts of beef. Before putting them on display, the beef are accurately weighed and with each display the total weight, cut and type of the beef is mentioned for the convenience of the customers. Usually the vegetables, fish and beef are received early and the fast foods are received a little later, around 09:00 am. However, we did see some fast foods being received. Before receiving fast foods, the manufacturing and expiry dates are checked and the quality of packaging of the fast foods is checked. Moreover, we were told other fast food items would be arriving later, as they are made in the morning and within 10:00 am, they will arrive.

There is a storage facility at the Dhanmondi outlet and mostly dry food items, cosmetics and household items are stored. There are long shelves arranged and the products are stacked in big boxes or cartons. The food items like biscuits, tea, coffee, milk and cereal are placed in one area, beside them the rice, flour, salt, sugar and spice powders are stored. The different types of cosmetics, creams and skincare items are arranged in one section and finally household items and utensils are stored together. Even though so many things were kept together, they were arranged and there were enough light and space at the storage area, which allowed people to get any items easily they needed to put on display at the outlet. We were told that a First in First out (FIFO) method for inventory was followed at the storage. This allowed earlier products to be used within their expiry date.

At the outlet, we were told that always the outlets are cleaned at first and then new products are brought in and arranged for display. In addition, we were shown some decorated shelves of different companies with their items on. These were part of their advertising and Agora receives some percentage for allowing these companies to use the floor space. By visiting the outlets I was able to understand the receiving process of Agora, how the quality were checked, how much Agora focuses on quality and about the ways in which Agora stores its inventories. At the outlets, there is a wide variety of products and some of them, especially foreign products could only be found at Agora. However, surprisingly some popular local products and new products to arrive in the market, both foreign and local were not available.

### 3.3 Translating slides for Supplier Development Program

Rahimafrooz Superstores Limited is planning to increase its number of outlets over the next few years. They have a target of establishing more than forty branches all over the country including presence in every major city. Currently they have nine outlets in Dhaka and one outlet in Chittagong. As the number of outlets will grow, the business will also grow. Therefore, the suppliers of Agora can also see a big growth in their business.

The suppliers of Agora include big companies like ACI, Unilever, City Group and many small and medium businesses. Agora knows the big suppliers will be able to meet the increased demand easily but it will not be so easy for the small and medium businesses. Moreover, many of these small businesses have been doing business with Rahimafrooz Superstores Limited since the starting of Agora. Therefore, RSL thought if these suppliers could be made aware of the opportunities they would have if their business grew and given training, it will be good for both these suppliers and RSL. For that reason, RSL developed training modules, which would help the small businesses to grow. These training modules were made with the help of foreign and regional experts; however, these modules were developed in English. However, the suppliers of Agora come from a diverse background and many of them will not be able to understand the contents of the modules completely if the training were given in English. Therefore, the modules had to be translated in Bengali.

Rahimafrooz Superstores Limited wanted to help the small and medium enterprises and so started the Supplier Development Program. Training materials for the suppliers were developed, however they were in English and had to be translated into Bengali. Translating the training materials into Bengali was the main responsibility of me. I had never before used Bengali on a computer and so at first it was a big problem for me. However, I was helped by Senior Officer Mr. Sarwar who showed me how to use the software Avro. And after some time I was able to write in Bengali, in the beginning I faced difficulties with spelling and some of the translations. However, as time passed with help of the officials and my efforts I was able to translate quite well the materials and I was complemented by the officials.



The suppliers would be trained on different subjects, which were thought to be important for their business growth. The training materials were developed by experts of the relevant subjects and some of them were quite lengthy. The training materials covered the following subjects:

- Human Resource Management
- Interaction with Customers
- Quality in Transportation System
- Premise Quality of Suppliers Business
- Strategic Management for Suppliers Business
- Importance of Leadership in Suppliers Business
- Importance of IT in Suppliers Business
- Importance of Accounting in Suppliers Business

Each of the modules introduced the subjects, informed the suppliers about the best practices and mentioned the advantages of growing a business. The modules were designed in such a way that the suppliers would easily know about the best practices, understand in which areas they need to improve and also how they could improve in those areas. Agora wanted to inform its suppliers that in order to grow their business they should be following the best practices. Because if the best practices were followed then the quality of products produced will be improved and it will be easier for the suppliers to conduct business with Agora. The training modules also informed the suppliers about the important factors in their business, and if they improved on these factors then they at first would be getting the advantage. In addition, it will be good for both Agora and themselves. Moreover, they can increase their business.

After translating each of the modules, I would give them to the officials and they would often make some changes and tell me to correct them. After translating each of the modules for quite a few times then they would be completed. However, as time passed I was able to translate much better and it would take fewer attempts to complete a module. In addition, I was complemented by the officials for completing all the modules.

### 3.4 Taking a Questionnaire Survey

Agora conducted a survey on some of its small and medium suppliers in order to understand their current position. The survey consisted of questions on different subjects like HR, procurement and production process, history of the business, plans for the business, accounting etc. It was quite a lengthy questionnaire and took a few hours to complete. Based on the answers given the suppliers would get a total score. I went to two surveys and both of them were fast food producers. Usually within 09:30 am the production of fast foods are complete and then they are sent to the shops. So we had to start early in the morning and the transportation were provided by Rahimafrooz Superstores Limited. In addition, there were officials with me in the survey. Together we went to the suppliers and we saw their production process at first. We were shown how different kinds of fast foods were being made, how after mixing all ingredients they were made. We were also told from where and how the ingredients were bought and how some ingredients had to be cut much earlier to make ready for use. At our survey, we saw the production area to be quite clean and were told some of the workers worked in shifts. After the fast foods were made, they would be delivered to Agora and other shops.

After we saw their production process, we started to fill out the questions, as mentioned before it was a lengthy questionnaire and it took some time. The owner of the business gave us enough time for all the questions and one of the employees were also asked some questions. We asked the owner about how the business was started and if there are any plans for increasing the business. We asked about how long the employees have to work and how much they are paid, how they are treated etc. We also asked about the total sales volume, about the profits made. However, because the owners do not want to tell the actual amount, we asked them to give their answers in ranges. We also asked about other shops they were selling their products beside Agora, what features of Agora did they like, the payment system and if they had some problems with Agora. The owner answered the questions with patience and shared opinions. They did face some problems with some of the outlets; like the products were not received in full amount and their products were not put on display properly. After getting the answers, the officials later on gave score to the suppliers.

Before starting the survey questionnaire the owners were assured that the information provided will not be shared with anyone and be only used to understand their current position. In addition, the score will be shared individually only. The owners could easily give us their information and would not have to worry about those. I helped to fill out the questions, helped in discussions and was not involved with scoring. Scoring was done later by Agora officials and their scoring criterion was kept secret. However, I did know the total score was of 5.0 and out of that score Agora expected the businesses to score at least 2.0. The questionnaires would help Agora to understand the current situation of the small businesses and design the training modules accordingly.

### **3.5 General Office Responsibility**

From time to time, the officials would give me some work like to arrange many documents together, to photocopy documents and arrange them in order, arrange different forms together and send them where needed. Sometimes they gave me some hand written papers which I had to type for them and at times I had to see if some forms had been filled up correctly or not. At times, a big number of photocopying was needed to be done and then I had to spend hours to copy the documents and arrange them together. However, I did perform the general tasks quite well and were complimented by the officials.

## **Chapter: 4**

# **An Overview of SAP Software System**

## 4.1 What is SAP

SAP is a German company that develops business software and it started its operations in 1972. It is the world's largest vendor of standard application software, the third largest software vendor in the world, and one of the market leaders in enterprise applications software. ERP stands for Enterprise Resource Planning, and the term is used to describe an integrated software solution that incorporates the key business functions of an organization.

"SAP ERP" is the marketing-driven rebranding of SAP R/3 as "SAP ERP", based on the original interpreted kernel developed in 1967. The most current version of R/3 utilizes client server technology and contains over 30,000 relational data tables that enable a company to link its business processes in a real-time environment.

SAP ERP consists of several modules including utilities for marketing and sales, field service, product design and development, production and inventory control, human resources, finance and accounting. SAP ERP collects and combines data from the separate modules to provide the company or organization with enterprise resource planning. SAP ERP systems effectively implemented can have cost benefits. Integration is the key in this process. "Generally, a company's level of data integration is highest when the company uses one vendor to supply all of its modules."



Although there can be major benefits for customers of SAP ERP, the implementation and training costs are expensive. Many companies experience problems when implementing SAP ERP software, such as: failing to specify their operation objectives, absence of a strong commitment or positive approach to change, failing to deal with organizational differences, failing to plan the change to SAP ERP properly, inadequate testing. All these factors can mean the difference between having a successful implementation of SAP ERP or an unsuccessful one. If SAP ERP is implemented correctly, an enterprise can go from its old calculations system to a fully integrated software package. Potential benefits include efficient business process, inventory reduction, and lead time reduction.

## 4.2 Areas where SAP ERP provides solutions

SAP ERP, a closely integrated suite of components included in SAP Business Suite software, delivers the following solutions. "SAP ERP" is the marketing-driven rebranding of SAP R/3 as "SAP ERP". The "R" was for "Real-Time data processing and the 3 was for 3-Tier. The full form of SAP is "Service Application Products".

### SAP ERP Financials:

- Accounts Payable
- Accounts Receivable
- Accounting and Financial reporting
- Risk management, regulatory compliance, and cash flow monitoring
- Travel management

### SAP ERP Human Capital Management:

- HR and Payroll
- Recruitment and Training
- HR Reporting

### SAP ERP Operations:

- Procurement and Logistics
- Product development and manufacturing
- Sales and service
- Operations analytics

### **4.3 What does SAP Software deliver?**

- A complete view of the customer, available throughout the organization
- A coordinated, integrated system with the flexibility to support the changing organization
- Support for supply chain management and demand planning to improve shelf stock productivity and reduce stock-outs
- Supply and demand planning capabilities that enable quicker responses to changing customer buying patterns and sell-through tracking to meet reporting requirements
- Integrated business processes across logistics, sales, and finance for all franchisees within the business network

### **4.4 What are the benefits?**

- Improved on-shelf availability and forecast accuracy to capture spontaneous customer demand to improve cost management and defend against the competition
- Faster response times to market changes and operational events – from shifts in demand to supply chain disruptions – and improved global price maintenance
- Flexibility to exploit opportunities for growth through mergers and acquisitions, geographic expansion, or new business models or channels
- Reduced inventory cycle times – with corresponding reductions in inventory levels, sell-offs, write-offs, scrap, loss, or supply disruptions
- Integrated data management from order fulfillment to invoicing and inventory management – resulting in streamlined processes and improved customer experience

## 4.5 SAP for Retail

Retailers are operating in a world of constant change that creates significant challenges and opportunities. A slowing economy, rapid globalization, abundant supply, and enhanced access to information have triggered a shift of power to shoppers – who are looking to spend less than usual. Intensified competition means that every retailer must find new and powerful ways to innovate and differentiate as quickly and efficiently as possible.

SAP for retail provides an end-to-end retail management solution that supports demand management, merchandise management and planning, store operations, and base finance and HR functions. SAP will help you understand your business better, anticipate your business needs, and inspire your customers, employees, and shareholders by delivering results.

By using SAP in retail enables one to:

- Build on shopper insight- Achieve a single, unified understanding of shopper demand to ensure business decisions are in line with shopper expectations.
- Optimize ones inventory life cycle- Streamline one’s inventory management environment to better understand shoppers and anticipate trends.
- Streamline supply chain operations- Manage and maintain visibility into your supply chain to optimize delivery, replenishment, warehouse and transportation management, order fulfillment, and inventory management.
- Differentiate the shopping experience- Enhance your store operations and revenues by delivering an outstanding shopping experience.
- Improve corporate operations- Deliver shareholder value and mitigate risk with streamlined financial and human resource solutions.



## 4.6 SAP Features and Functions for Supporting Business

SAP supports ones business activities in the following ways:

- Accounting and financial closing: Helps to comply with and maintain international accounting standards while producing accurate quarterly and yearly financial reports.
- Treasury and financial risk management: Helps to manage the corporate treasury tools that work for financial risk management, regulatory compliance, cash flow and liquidity monitoring.
- Invoice to pay: Streamlines ones accounts payable process, monitor payment status, and ensure payment compliance with end-to-end invoice management system.
- Receivables management: Helps to improve accounts receivable management with sophisticated customer credit analysis, streamlined debt collection, and seamless integration.
- Shared services for finance: Get more value from administrative resources with a financial shared services framework and improve organizations control, visibility, and regulatory compliance.
- Travel management: Standardize corporate travel processes with a single travel management solution, to ensure efficiency and savings.
- Inventory management: For optimal inventory management processes, users need robust functionality for managing logistics facilities. Support for inventory management helps to record and track materials on the basis of both quantity and value. Inventory management functions cover internal warehouse movements and storage.
- Price optimization: Price optimization models help to calculate price elasticity, which is how demand varies with different price levels. Organization can then combine that data with information on costs and inventory levels to recommend prices that will improve profits. These models simulate how customers will respond to price changes – supplementing managers' instincts with data-driven scenarios. It will help to forecast demand, develop price & promotion strategies, control inventory and improve customer satisfaction.
- Warehouse management: To help organizations, maximize the use and productivity of warehouse workforce, SAP provides labor management

functionality to track employee performance. Organization can measure employee activities by tracking direct and indirect labor and providing an accurate overview of all warehouse employee activities. These processes can help to minimize duplicate goods movements within warehouses, optimize flow of goods inbound to outbound and shorten routes within warehouses, optimize internal movements and storage of goods within a warehouse, plan and execute physical inventory.

- **Sales order management:** An organization can manage the complete sales-order management cycle and handle post-sales activities with sales management and service functionality with SAP software. The SAP ERP application addresses a wide range of customer-focused processes – from selling products and professional services to handling aftermarket processing of warranty claims, service orders, and returns. In addition to accelerating the order-to-cash process and improving customer service, you can increase revenues and profit margins, reduce the operating cost of sales, improve productivity, and reduce total cost of ownership. User can manage the complete order-to-cash process – including inquiries and quotations, order generation and order processing, contract management, pricing and billing.
- **Store management:** Store management systems need to cater to the fast-changing needs of customers today. These systems must quickly gain fast and reliable, accurate, and insightful customer information in many ways, including quick receipt of payment, kiosks where customers can view information on products or store services.
- **Point of sale software:** The SAP point of sale application can help a retail business by reducing the operating costs of store systems, while delivering an enhanced customer experience. The SAP POS application can help to reduce operating costs with a flexible, easy-to-modify system that runs the POS process that user stipulate. Administrative and sales staff can quickly change inventory and pricing rules, apply new discounts, add promotions, apply tax changes, and efficiently perform many other functions with SAP POS.
- **Supplier relationship management:** The SAP supplier relationship management (SAP SRM) application automates, simplifies, and accelerates procure-to-pay processes for goods and services. With SAP SRM, user can reduce procurement

costs, build collaborative supplier relationships, better manage supply bases, and improve your bottom line with innovative offerings and a faster time to market.

- Customer relationship management: Companies want to retain their best customers and maximize the effectiveness of every customer interaction; it could be sales, service and marketing. The SAP customer relationship management (SAP CRM) application, part of the SAP Business Suite, not only helps to address short-term imperatives it reduce cost and increase decision-making ability but can also help a company to achieve differentiated capabilities in order to compete effectively over the long term.
- Human Resource management: The Human Resource module (SAP HR) consists of all master data, system configuration, and transactions to complete the Hire to Retire process.
- It includes the following information and processes:
  - Personnel
  - Personnel management
  - Recruitment
  - Compensation management
  - Personnel development
  - Travel management
  - Time management
  - Payroll

# **Chapter: 5**

## **Project Part**

## **5.1 SAP Implementation at Rahimafrooz Superstores Limited**

The SAP product ranges for retail companies can take on different forms depending on the company's needs. At its heart lies the SAP ERP retailing system, which is accompanied by a range of software solutions, each with its own specific purpose. To keep up with the constantly growing demands of the market, every company must pay attention to the fundamental principles of success and take action accordingly.

The fundamental principles of success are:

- The customer is only happy if the goods are available in the right place at the right time and for the right price.
- A company must be able to respond flexibly to changes in demand patterns to retain its customer base and win new customers.
- It is only possible to respond promptly to delivery delays if they are known in good time.
- Working capital can only be freed up for important investments if stock levels can be reduced through shorter lead times and procurement cycles.

SAP software system helps its customers to meet all of the above-mentioned challenges with innovative technology so they can operate as part of a complex economic network and respond effectively to market demands.

Rahimafrooz Superstores Limited used Flexiv retail software system from the starting of their business. However, as Rahimafrooz planned to expand their business they found that the expansion would not be possible with their old system. So in order to expand their business and defend their market position they decided to go for SAP ERP, which is integrated software.

## **5.2 SAP Modules Implemented by Rahimafrooz Superstores**

SAP ERP consists of modules like product design and development, utilities for marketing and sales, production and inventory control, human resources, accounting and finance etc. Depending upon ones requirement and type of business an organization may choose the

modules that suit them the most. Initially Rahimafrooz Superstores Limited implemented three modules, which are integrated with one another.

The modules are:

- Finance and Controlling (Accounts payable, Bank reconciliation, Costing, Budgeting)
- Material Management (Inventory, Purchase order, Material)
- Selling and Distribution (Supply chain, Lead time)

In order to implement SAP ERP, Rahimafrooz Superstores Limited established SAP implementation project, which continued for six months. After six months of work, the SAP was implemented and the SAP ERP was BI enabled. BI stands for Business Intelligence and it means that the new system can automatically generate reports. In the previous system, the reports and calculations had to be done manually. For the SAP implementation project Core Teams were formed, with members from the Finance and Accounts and the Supply Chain department. These people were chosen because they were experts in their field, knew business process of the organization and the user requirements. Based on their requirements the SAP engineers tried to determine if executing such requirements were possible or not, and this was known as functional requirements. After requirements were set the core team members had to pass different tests to ensure whether the software worked or not. For the tests they needed to collect and combine data for the different modules from related departments. And the following processes were followed:

- Development Server: Before an organization can go live with SAP, testing and practicing needs to be done. They are all done at Development Server.
- Master Data: At Master Data all the data needed for each of the modules is combined to create a layout. Like, a vendor accounts on SAP is known as vendor master data record. This vendor master date records all purchasing and financial data for vendors.
- Quality: The layouts, which have been made according to the requirements, are checked here to see if they are functional or not.
- Pre Production: Also at pre production, the testing is done.
- Production: At production, tests are conducted to see if the outputs are effective or not. If any changes are required, then they are made at this point.

- Solomon Server: After developing the layouts, if one wants to make a change or add a new layout, then it is done here. However, after going live with SAP if any such changes are needed, then it has to be made valid by validation team of SAP.

### **5.3 Benefits of Implementing SAP Software System**

Rahimafrooz Superstores Limited started its operations using the Flexiv Retail Software system. With the help of this system, they could keep track of their inventory and monitor financial activity as well. However, this was not a fully integrated system. Flexiv software did allow tracking the inventory adequately but for financial activities, there were some problems. The system could only record the transactions that had happened and all the calculations had to be calculated manually using Microsoft Excel. In addition, reports could not be generated by using this system. So often, the peoples at the Finance and Accounting department had a big workload on them. After Rahimafrooz Superstores began to offer more products and opened new shops. Then more problems began to appear. More transactions were taking place every day and it was getting very difficult for the Finance and Accounting department to prepare reports. In addition, inventory and accounts receivable information was getting in late, so payments to the suppliers were taking much more time now. Because more volume of goods were now transacted, maintaining proper stock of goods at different outlets was getting more difficult. Often, products at one shop were sold out and there was a big stock at other shop.

Rahimafrooz Superstores Limited also faced a critical problem with the Flexiv Software system. The old system had a limitation of recording different types of products. This meant that information of only a certain number of products could be recorded on the system and not more than that. Therefore, Rahimafrooz could not offer new products or increase the product line at all with the old system. It was the main reason behind why Rahimafrooz could not offer newer products of the market to the customers. In order to expand their business, offer newer products, streamline business operations ensure ease of reporting Rahimafrooz decided to implement SAP.

With the implementation of the SAP Software System, Rahimafrooz hopes that now decisions would be taken much quickly, offer more products according to customer's demand. This would increase the profitability and help maintain the market position of Rahimafrooz Superstores Limited.

### **5.3.1 Inventory Management:**

At inventory management, SAP implementation will have a big impact. Because SAP is an integrated system, the demand for a product could be easily calculated by monitoring the stock of that product. If a product is needed to be purchased, supply chain would be notified quickly. For products that have been purchased before, data like purchasing amount, the time of purchase, unit price, VAT calculations, requirements etc will be provided by SAP system. Because of these purchase orders could be made easily. SAP can also connect with its other modules so there will be no need to do functions separately. Therefore, the purchase ordering could be completed within less time and stock outs could be avoided.

With the help of SAP system, employees can easily manage the warehouse. Employees can monitor the total quantity and calculate the total value of inventory in stock, perform physical inventory etc. Most importantly, there are options to track inventories and see if the stock in hand is less than the required amount as calculated. Therefore, SAP can help replenish stocks that are needed immediately.

Using the SAP system, users can create a list of items that could be suggested to customers as an alternative if their choices of products are not available. The substitute items are based on similarity of the products, unit price and quality. In addition, SAP system can create a report, in which different supplier's products are compared to each other.

Using the SAP system, users can create an unlimited number of price lists for products that have been entered in the SAP software system. These price lists could be newly created or be based on an existing price list. SAP also automatically includes all the items those have been entered in the system. Price lists can also be grouped together and different users can have



access to different pricelists. With the SAP system, all the price lists can be updated by users, except for the last purchase price and last calculated price lists. SAP automatically updates these price lists by the transactions made and by inventory valuation. Users can also create special price lists for customers and they can be updated accordingly.

SAP system can provide a detailed report of the company's inventory.

- According to criteria defined by the user, a full list of items, enlisted in the SAP can be generated.
- The last purchasing and sales price of an item can be generated.
- Some of the items in inventory take some time to be sold. Users can define such items as inactive and set different times for them. SAP will display the list of such items.
- If any specific item is selected then details of that item will be provided.
- Information of stock in hand, quantity ordered etc of any specific products are shown.
- Information of stock at different shops of any specific products is shown.
- Users can hide the transactions, which have affects on cost of products but not on their quantity.
- With SAP system, users can use it to evaluate all of or part of the inventory, at a selected date by using specific calculation method.

### **5.3.2 Offering More Products to Customers:**

Rahimafrooz Superstores Limited wanted to increase its product line for the customers. This meant newer products would be available and there would be more variety of products. Introducing new products is a very good way to attract new customers and gain market share. However, Rahimafrooz Superstores faced a big problem; with their old system, they did not have the capacity to introduce any new products. Because their old Flexiv software was operating at its maximum capacity and no more products could be entered in the system. If the item is not entered in the system then it is not possible to sell the item at the shop.

With the SAP software system, there would be the capacity to enter newer products in the system. This would enable Rahimafrooz Superstores to increase their product line, which they have wanted to do for a long time, because they were losing customers to their

competitors and other big shops. Rahimafrooz also planned to open new shops in every major city and this expansion could not be supported with their old system. In addition, for continuing smooth business operation with increasing number of shops, a more advanced software system would be needed. Therefore, with these reasons, Rahimafrooz Superstores decided to implement SAP software system.

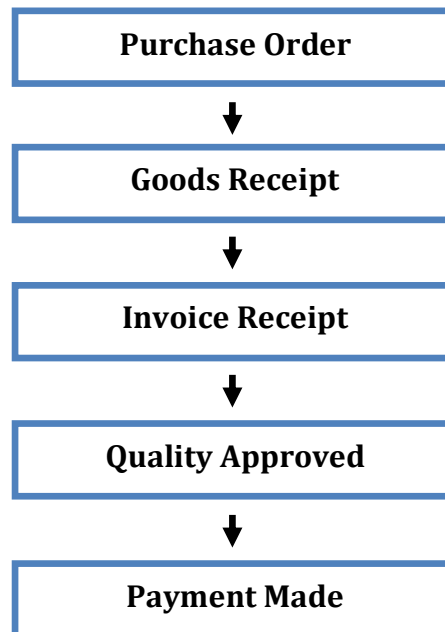
Most of the shops at the neighborhood do not use a software system, focuses on some specific types of products but they easily start selling newer products because they keep all the records manually. However, for Rahimafrooz Superstores, which already has a large number of products to sell, introducing new products is not very easy at times. At first the supplier or importer will be enlisted, the item will be approved by quality assurance; the item will be given a code and then the product will be sold at shops.

### **5.3.3 Accounts Payable:**

Rahimafrooz Superstores Limited generally paid its suppliers within 30 days of supplying products. Information about inventory like, amount of products, unit price, purchase date etc was maintained by Flexiv software system. However, information on purchase orders and returns especially for fresh produces had to be processed manually and high numbers of transactions were causing much stress on the employees.

With SAP system, no calculations would have to be done manually because it is integrated software. Information regarding purchase and purchase returns would be instantly available and any quality approval reports would be updated. SAP will monitor purchase orders, returns and quality approval reports automatically and generate accounts payable automatically. With SAP, the entries will be more accurate, maintain international accounting standards. These will help the accounts payable process to be efficient.

The Accounts Payable Process:



#### **5.3.4 Budgeting:**

At Rahimafrooz Superstores Limited, they used Flexiv software system for mainly the accounting purpose only and had no other software for budgeting. Therefore, for making budget information had to be gathered from all the departments like, marketing, supply chain and data about sales target had to be known. For budgeting, overhead expenses of administration, marketing and distribution, and sales target had to be known. Nevertheless, it was a lengthy process and meant huge workload for the employees. However, the prepared budget was not very effective and management wanted budget that would give better results. With SAP software system, an effective budget could be made. Because with SAP there is already an Income Statement formant, and as SAP is integrated system, information on marketing and distribution, administration overhead, which have already occurred are updated and entered in the system. Only the sales information will be needed to make the budget and it will be much easier for the employees to prepare the budget.

### **5.3.5 Control:**

With the old Flexiv system, Rahimafrooz Superstores had no option to control costs, like if there was an increase in any overhead expense, it could not be controlled. However, with SAP users could set limit for different expenses. Like if, travel expenses were set at TK 12000 and if the expenses exceeded the limit, then SAP would not take an entry. Rather it will show where the cost has increased and after the budget has been adjusted accordingly, only then SAP will take the entry. Therefore, with SAP, there are options to monitor and control costs; it helps to follow the budget and there is transparency in the costs incurred.

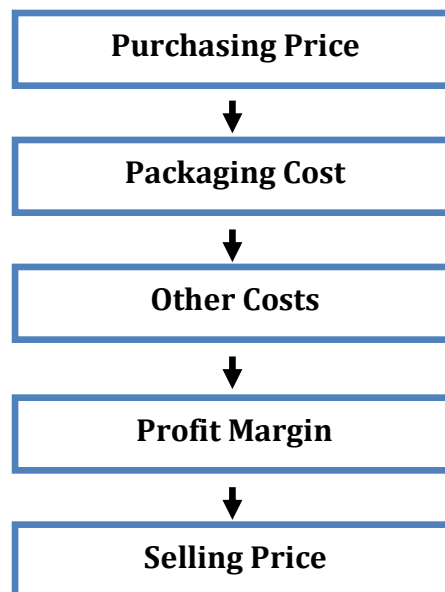
### **5.3.6 Reporting:**

With the old system of Rahimafrooz Superstores Limited, reports could not be prepared. As a result, the employees had to manually perform the calculations and make the reports. Often, making reports would be stressful and take a long time, because so many information regarding, total sales, profit percentage, unit price etc would be needed and had to be consolidated. However, SAP is enabled with Business Intelligence and very suitable for report preparation. Management reports by SAP are very organized and allow the management to see the current position of their company clearly. In addition, management can have access to different modules of SAP and look at the summary of transactions for themselves.

### **5.3.7 Costing:**

Rahimafrooz Superstores Limited is not a manufacturing company; it is an intermediary that brings product to the customers. However, costing is still involved here and very important for the company. For costing, add the purchasing cost of items with other costs, and finally add the profit margin. For pricing its items, Rahimafrooz had to know its competitors' price also. However, the old Flexiv system could not perform these calculations and they had to be done manually. The SAP software can easily perform these calculations, because the functions needed for costing are given along with a format in the SAP. Users just have to give the entries and SAP will perform the calculations and connect to other modules automatically. So the process of costing becomes quicker and accurate.

The Costing Process:



### **5.3.8 Security:**

Flexiv system used by Rahimafrooz Superstores had less security, it did have passwords but anyone knowing the password could access the entire system. Any small mistakes like a wrong entry in purchasing quantity or accounts payable could have significant effect. However, it would be very tough to find out who did the mistakes. SAP is very secure and for different modules, there are different passwords and each module can be accessed by specified employees only.

## 5.4 Recommendations

The SAP software implementation at Rahimafrooz Superstores Limited is a significant step for them. However to get the proper benefits from SAP it will be important that the employees are well trained, change management was smooth, etc. So, based on the information I have received so far, some recommendations have been made. I hope that if these recommendations are implemented, they will enable Rahimafrooz Superstores Limited to increase their market share, streamline their business and increase profitability.

- SAP is a tough software system to understand and work with. The employees should be given more training, so they could get familiar with the system. During SAP implementation, the employees faced huge workload and had little time for training. Therefore, employees should be given proper training and only then, they will be able to understand the SAP system and work with it better.
- Rahimafrooz Superstores Limited should implement the module for marketing also. The marketing module should provide a more customer focus and allow effective customer promotions to be run. It will also help Rahimafrooz to target its valuable customers and run special promotions for them.
- Rahimafrooz should also launch the Human Resource module. Because this module contains all the layouts and transactions to effectively complete the recruiting to retiring process and maintains well arranged data of salary and benefits.
- The SAP implementation cost is quite expensive and strong commitments to the changes being made are needed. Therefore, Rahimafrooz should specify the goals of implementing SAP and encourage employees to adapt to the change. These are very important for the SAP implementation to be successful at Rahimafrooz.

## 5.5 Conclusion

SAP implementation is a significant and rare event for any organization. Though the implementation costs of SAP is huge, if properly implemented the benefits are huge also. Rahimafrooz Superstores Limited has implemented SAP to differentiate itself from the competitors, bring new products to the consumers and this system will be the starting point for future expansions. With the new system, initially employees will face some problems but soon will be able to adapt to the changes and as a result, the employees will become more efficient. In conclusion, the report has shown the benefits of implementing SAP software system at Rahimafrooz Superstores Limited and how these changes affect their market position in future will be seen over time.

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Appendix

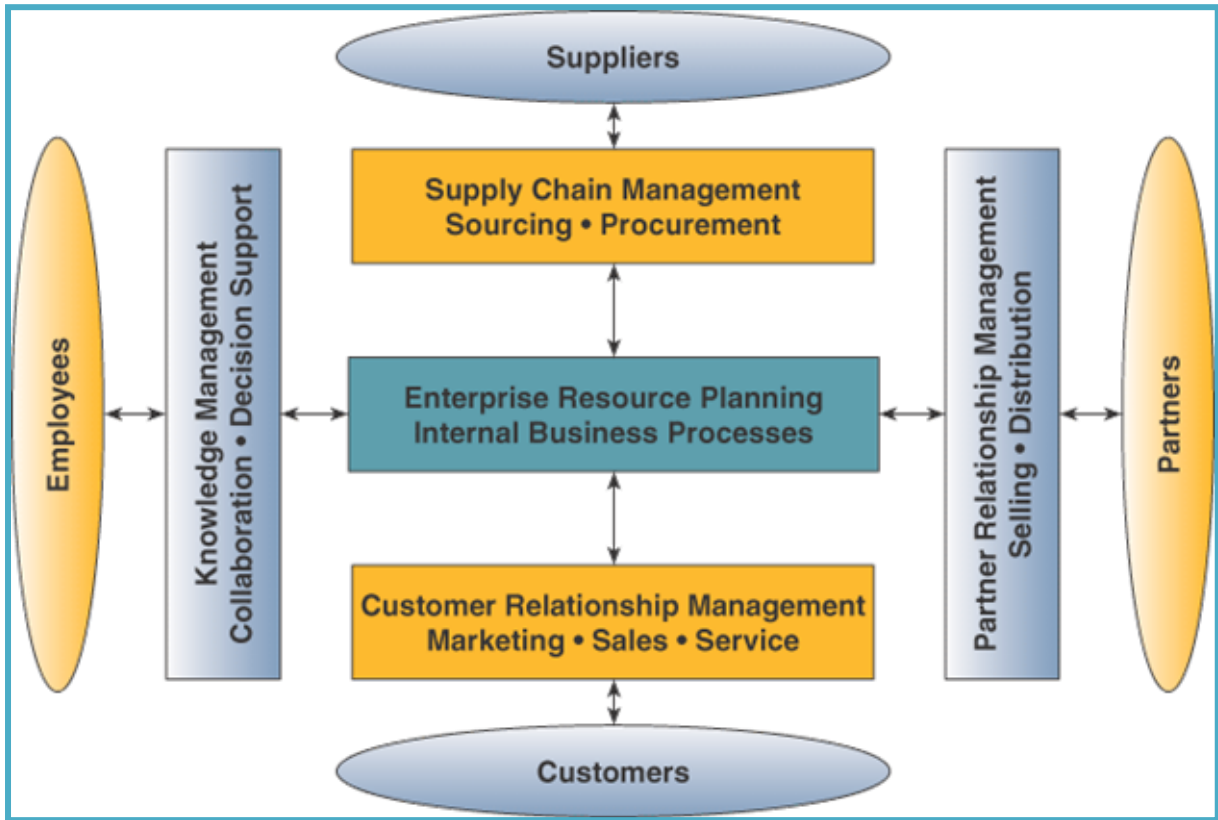


Figure: - Enterprise Application Architecture

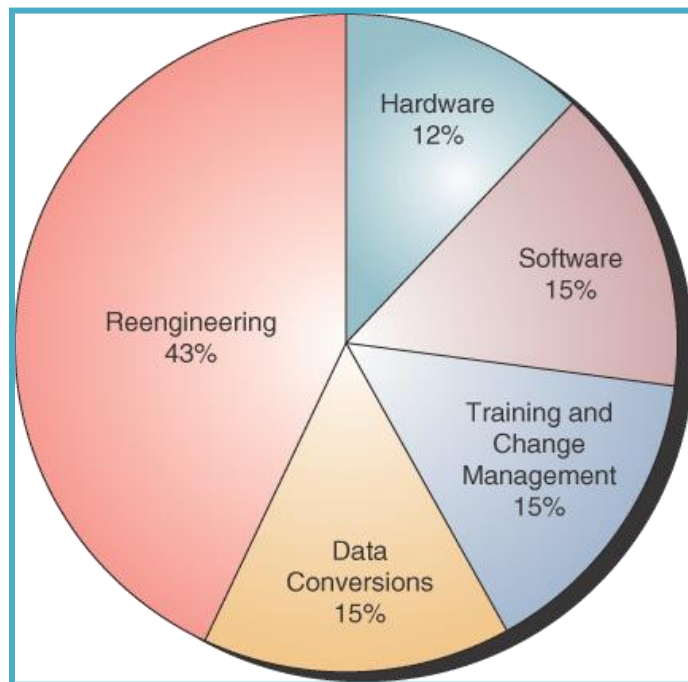


Figure: - ERP Cost Allocation