

Report On
Procurement Delay and Impacts on Business

By

Jabir Al Ahad

19304118

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

Brac Business School
Brac University
January 2023

© 2023. Brac University
All rights reserved.

Declaration

It is hereby declared that

1. The internship report submitted is my 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 have acknowledged all main sources of help.

Student's Full Name & Signature:

Jabir Al Ahad

19304118

Supervisor's Full Name & Signature:

Md. Hasan Maksud Chowdhury

Assistant Professor, Brac Business School

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 Procurement Delay and Impact on Business.

Dear Sir,

This is my pleasure to share the internship report I have prepared by your direction while working in Akij Resources Limited for my Bachelor's degree at Brac University.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,

Jabir Al Ahad

19304118

Brac Business School

Brac University

Date: January 22, 2022.

Non-Disclosure Agreement

This agreement is made and entered into by and between Akij Resources Limited and the undersigned student at BRAC University for the attention of the unlawful exposure of the organizational confidentiality.

Jabir Al Ahad
19304118

Acknowledgement

I want to thank my internship supervisor, MD Hasan Maksud Chowdhury Sir, for his direction to complete my internship report.

Secondly, I would like to thank Mr. Avishek Barua, Officer- Procurement, who supported and guided me at Akij Resources Limited and got all necessary information for the report. Besides, my sincere appreciation to all colleagues at Akij Resources Limited for their guidance and help.

Thank you.

Sincerely,

Jabir Al Ahad

19304118

Executive Summary

This report contains the facts and overview of the internship, including responsibilities, outcomes and challenges faced throughout the internship. It highlights the functions of Akij Resources Limited operating, history and organizational practices. Along with that it incorporates a study of the project in the organization which shows the current practices in their procurement. Depending on that the study finds out lacking in their operations, reasons behind those failings and possible solutions to overcome those lacking.

Keywords:

Procurement; distribution; logistics; supplier management; purchase; supply chain.

Table of Contents

Declaration	1
Letter of Transmittal	2
Non-Disclosure Agreement	3
Acknowledgement	4
Executive Summary	5
Keywords:	5
List of Tables	9
List of Figures	9
List of Acronyms	10
Chapter 1: Overview of Internship	11
1.1 Student Information:	11
1.2 Internship Information:	11
1.2.1 Period, Company Name, Department/Division, Address.	11
1.2.2 Information of Line Manager:	11
1.2.3 Job Scope:	11
1.3 Outcomes of Internship:	12
1.3.1 Contribution to the company	12
1.3.2 Benefits to the student	12
1.3.3 Difficulties	12
1.3.4 Recommendations	13
Chapter 2: Organization Part	14
2.1 Introduction	14
2.1.1 Objective	14
2.1.2 Methodology	14
2.1.3 Scope	14
2.1.4 Limitations	15
2.1.5 Significance	15
2.2 Overview of the Company	15
2.2.1 About Akij Resources Ltd.	15

Figure 2.1: Akij Group Structure.	17
2.2.2 Mission, Vision, Core Values & Core Competencies	18
2.2.3 Business Model Canvas	18
2.3 Management Practices	20
2.3.1 Organizational Structure	20
2.3.2 Human Resources Management	20
2.4 Marketing Practices	21
2.5 Financial Performance & Accounting Practices	22
2.6 Operations Management & Information Practices	23
2.6.1 Foreign Procurement	23
2.6.2 Local Procurement	23
2.6.3 Store and Factory management	23
2.6.4 Quality Control	24
2.6.5 Information System Practice	24
2.7 Industry and Competitive Analysis	25
2.7.1 SWOT Analysis	25
2.7.2 Porter's Five Forces Model	26
2.8 Summary and Conclusions	27
2.9 Recommendations	27
Chapter 3: Project Part	29
3.1 Introduction	29
3.1.1 Background	29
3.1.2 Objective	30
3.1.3 Significance	31
3.2 Literature Review	31
3.3 Methodology	32
3.4 Findings and Analysis	33
3.4.1 Purchase order and Billing Gap	33
3.4.2 Reasons behind procurement delay	34
3.4.3 Impact on Business	36
3.4.4 Scopes for Development	37
3.5 Summary and Conclusion	38

3.6 Recommendations	39
References	41

List of Tables

Table 3.1: Purchase order and billing gap.	33
--	----

List of Figures

Figure 2.1: Akij Group Structure.	17
Figure 2.2: Mission, vision, core values and core competencies.	18
Figure 2.3: Business model canvas.	19
Figure 2.3: Organizational structure.	20
Figure 2.4: SWOT analysis.	25
Figure 3.1: Procurement process.	30
Figure 3.2: Reasons behind procurement delay.	34
Figure 3.3 Impact on Business.	36
Figure 3.4: Scopes for development.	37
Figure 3.5: Fishbone diagram on procurement delay.	38
Figure 3.5: Fishbone diagram on procurement delay.	40

List of Acronyms

PR	Purchase Request
PO	Purchase Order
CS	Comparative Statement
LC	Letter of Credit
TVC	Television Commercial
MRR	Material Receiving Report
QC	Quality Control
HR	Human Resource
AGM	Assistant General Manager
DGM	Deputy General Manager
GM	General Manager
R&D	Research and Development
ARL	Akij Resources Limited

Chapter 1: Overview of Internship

1.1 Student Information:

- Name: Jabir Al Ahad
- ID: 19304118
- Program: Bachelor of Business Administration
- Major/Specialization: Operations and Supply Chain Management.

1.2 Internship Information:

1.2.1 Period, Company Name, Department/Division, Address.

- Period: 01/11/2022 to 31/01/2023
- Company Name: Akij Resources Limited.
- Department/Function: Local Procurement.
- Address: Akij House, Bir Uttam Mir Shawkat Sarak, Dhaka 1208, Bangladesh.

1.2.2 Information of Line Manager:

- Name of Supervisor: Md. A. Kaium Khandaker
- Position: Assistant General Manager, HR.

1.2.3 Job Scope:

- Analyzing the market and Scouting vendors according to factory requirements.
- Making competitive statements from vendor quotations.
- Negotiating with the suppliers for the best price and value..
- Creating PO for the selected vendors and ensuring proper delivery of products.
- Register bills of the suppliers.

1.3 Outcomes of Internship:

1.3.1 Contribution to the company

I have performed a variety of strategic and operational tasks during the time of my internship in Akij Resources Ltd. which includes checking intends to purchase necessary items for factories and offices, communicating with suppliers, creating purchase orders, as well as clearing the bills after the supply process ends properly. I also have attended meetings with the suppliers to make the purchasing and supply process more efficient. In addition I have to visit the market several times to get a clear idea about their products and offerings which made the purchasing process more efficient.

1.3.2 Benefits to the student

The most valuable thing I have achieved from this internship is the chance of working with some skilled and experienced individuals of a large Group of Company in Bangladesh. . I have gained knowledge about how a large company runs and the importance of a proper administration to complete operations effectively. Internship at Akij Resources Limited introduced me to a disciplined environment which made me more driven and punctual and focused on work which will be necessary in my working life. Also It helped me to gain practical knowledge about supply chain which will help me to be a better and competitive decision maker in future. The environment of the company was so friendly and helpful which also supported earning knowledge from here the employees helped me to face the challenge which I possibly can face in job involvement and how to work on those challenges. In addition, this internship helped me to connect with different kinds of people from a variety of backgrounds which made me more adaptive and connected. To sum it up, this internship has given me a glimpse of a professional environment which will contribute to my growth in my career.

1.3.3 Difficulties

Firstly, the problem I have faced in Akij resources Limited Was to communicate with everyone because I do not consider myself excellent at Communications and it took me a while to get connected with everyone. Secondly, I was the only intern at the supply chain department so the process to start my work there was a bit lengthy because it took a few days to provide me all the necessary resources to start working there. As I was very excited about

my internship and could not wait to get involved in some practical work, this situation became a bit frustrating for me. But it did not take that much time to cover everything with everyone's support and friendliness to lose my frustration. In addition They allocate a fixed number of resources for interns to use. For example, interns do not get regular devices like calculators, sim cards etc but the tasks entrance Gate from supervisors has use of these items regularly.

1.3.4 Recommendations

The environment of Akij Resources Limited was extraordinary which made interns feel right at home. Everyones is friendly and cooperative behavior helps interns to connect with them easily. Therefore I will suggest that they will create a fixed number of positions and resources for them which will help to get interns to become involved in the company easily and effectively. Also it will increase the productivity of their internship program.

Chapter 2: Organization Part

2.1 Introduction

2.1.1 Objective

Objective of the study is to understand how operations and performance are going in Akij Resources Limited and describe their day to day activities with various figures such as SWOT analysis, porter's five forces model. This report will help to understand about the culture of the company and how the company management ensures balance and efficiency among their staff to achieve their organizational mission. This chapter of the report reflects the internal organizational practices done by management to keep the administration running smoothly. Also, this chapter points out the problems into the organizational practices which can be a thread for the administration.

2.1.2 Methodology

This chapter has mostly used the primary data which has been collected by personal observation in the organization and interviews from different employees of the organization. To create this chapter my supervisor also helped me greatly and played a vital role to get information about the company culture. To contact the report I also had to have conversations with employees from different departments and take their feedback about the organizational practices. Also I have to collect data from secondary sources from different research and depend on online sources about the organization. However,

2.1.3 Scope

This report is conducted to get an overview of management practices in akij resources Limited. To conduct this report, several employees of the company from different departments participated and provided necessary information according to the need of the project. In addition, my internship in this company was for 3 months which was from November to January and my posting was in MIL House, Tejgaon. To collect data to conduct the internship report, I have to interview the employees of MSIL house and Akij House also. I have avoided some informations in this report which is marked as confidential by the company

2.1.4 Limitations

To prepare this report, the major problem I have faced is difficulties in collecting data from organizational sources as it is a private company and keeps most of its organizational information confidential. The company has restrictions about sharing data publicly. Thus, I had to conduct interviews among employees. In this case, many of the employees also maintained limitations to providing information about the organization and tended to maintain privacy of their interview. In addition, I was in the supply chain department which was located in a different place and all other departments located in the headquarter. As a consequence, it created difficulty to collect information from employees of other departments.

2.1.5 Significance

The course significance of this report is to get a clear idea about how the management is administering this large conglomerate with a balance. It also reflects the current organizational culture and practices which they maintain to reach their organizational goal. This report brings out the strength, weakness and how they keep balance to suppliers, customers and competitors. This report I have tried to find out the lackings and gaps in their management practices and suggested how they can overcome these problems. These recommendations can be effective for the organization to make their management more efficient and other organisms also if they have similar kinds of gaps in their company .

2.2 Overview of the Company

2.2.1 About Akij Resources Ltd.

Akij Resources Ltd. is one of the largest conglomerates in Bangladesh Which was founded in April 2020 with a mission to ensure quality of service and products with a continuous improvement to the customers. It is a part of the Akij group which was founded in 1950 by Sheikh Akij Uddin. He started his business with tobacco items and then he expanded his business with founding Akij Jute Mill, Akij Printing and Packaging Limited, Akij Transport Agencies Limited Navaran Printing and packaging Limited in the 80 th decade. In 1992, after realizing the huge demand of matches to tobacco buyers and sellers he established Akij Match Factory Limited with his son and launched Dolphin match brand at the market. In

1993 Sheikh Akij Uddin added his own hardboard mill into his business empire. In 1997 with the advice of his son Basir Uddin he established particle and board mills. Along with, after seeing the expansion of the RMG sector In Bangladesh after 1982 they started to plan to start a textile mill in 1992 And after research of severals they finally established Akij Textile Mills in 1998. In 2001, they established Akij Food and Beverage Limited.

The 90s were the golden age of growth for the real estate sector in Bangladesh and Akij Group started their cement factory in 2002 to meet the need of quality Cement in the market because at that time most of the top cement manufacturers used to add fly ash in their cement. The Akij Cement Factory launched their product with authenticity and quality which does not contain fly ash in their product. After establishing the Cement factory Akij Uddin was looking to expand his business in the construction sector and as a result he set up their tiles industry in 2006.

The founder of this business Empire, Akij Uddin died in October of 2006 and his sons took the charge of Akij Group and started their activities by launching Akij Ceramics in 2012. Akij Uddin had an immense impact in the business sector of Bangladesh. He always focused on the best quality of products more than making profit. He believed marketing and supply chain was the key to survive in the market and that is why he always kept his eyes open for modern marketing and supply chain strategies. Along with developing business industries he also had focus on Charity activities as a result he founded the Ad-Din Foundation in 1980.

After the death of Sheikh akij Uddin all of his sons got involved in his business and they kept expanding their product and services which resulted in 31 entities by now. To keep the market growing flawlessly his five sons divided all the brands among them and Archies resources Limited is one of those which is being led by Sheikh Jasim Uddin.

Akij Resources Ltd. currently has 9 brands under 4 different business entities such as, Akij Building Solutions Limited To provide the human need of living and shelter, Akij Essential Limited for food and commodities, Akij Shipping Lines Limited to operate Bulk cargoes and logistics and BluePill Limited to provide IT Solutions, consultancy services and supports.

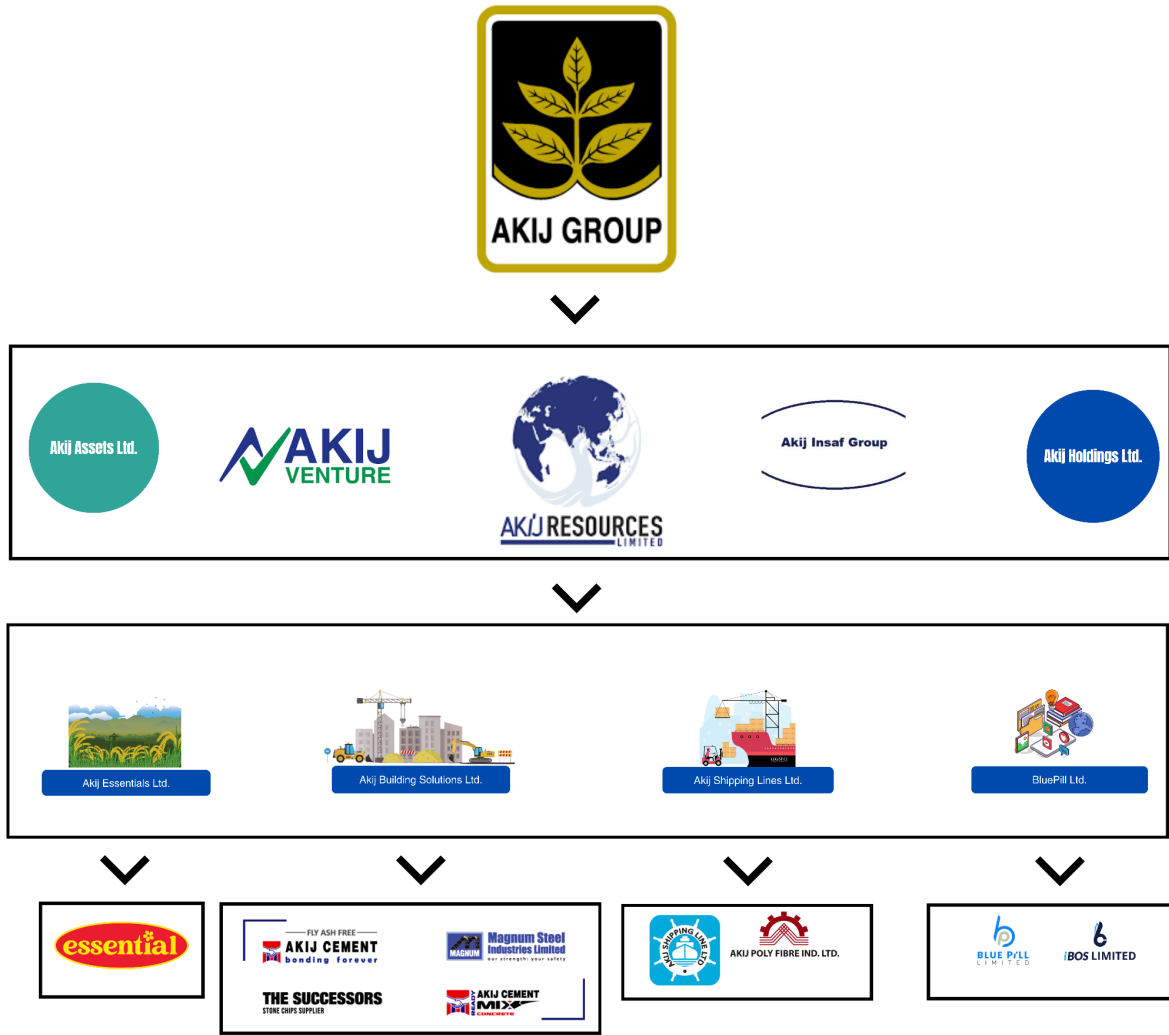


Figure 2.1: Akij Group Structure.

2.2.2 Mission, Vision, Core Values & Core Competencies

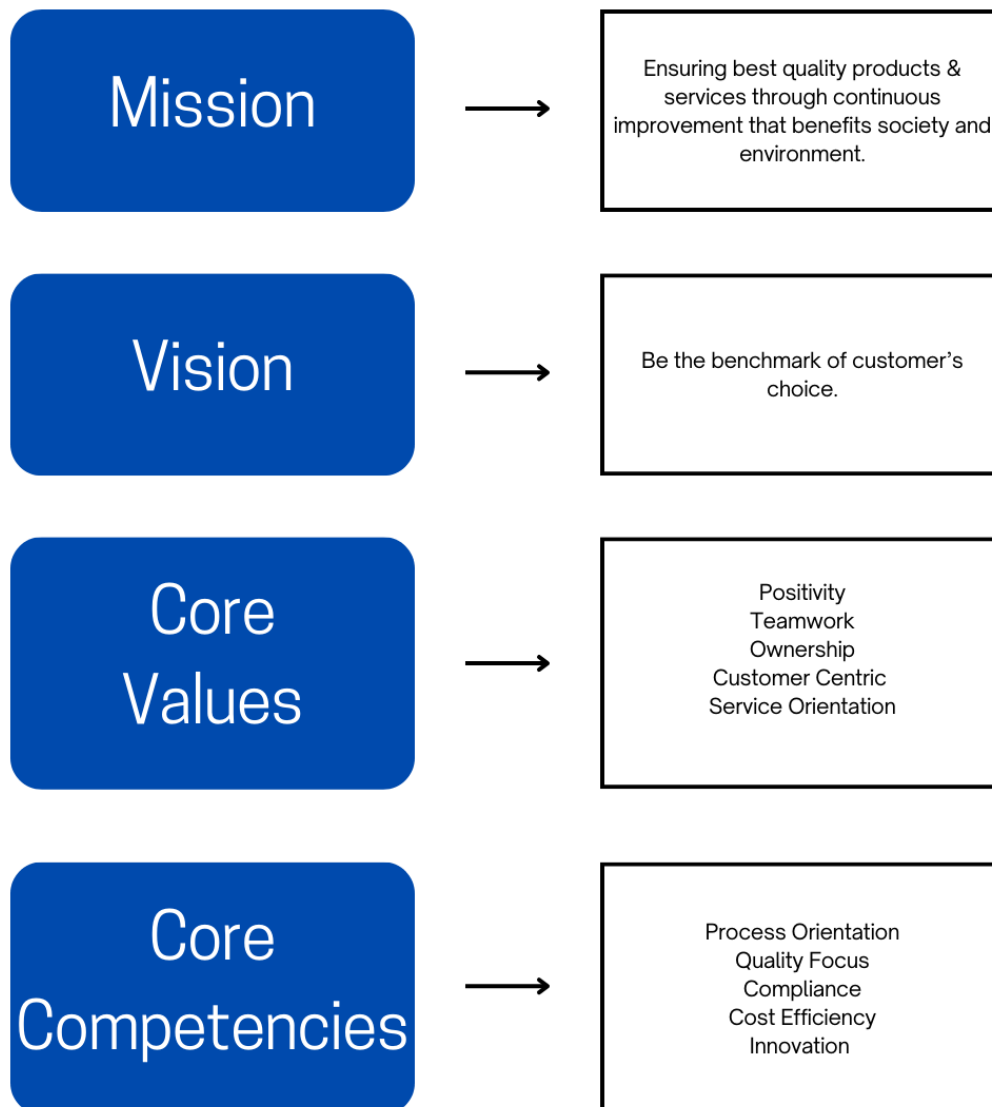


Figure 2.2: Mission, vision, core values and core competencies.

2.2.3 Business Model Canvas

Business model Canvas is a tool which is used to visualize all the building blocks of a business to get an overview of its functions. These blocks include companies value proposition, key activities, key resources, key partners, customer relationship, customer

segments, channels, revenue streams and cost structure. Here is the business model canvas of Akij Resources Limited-

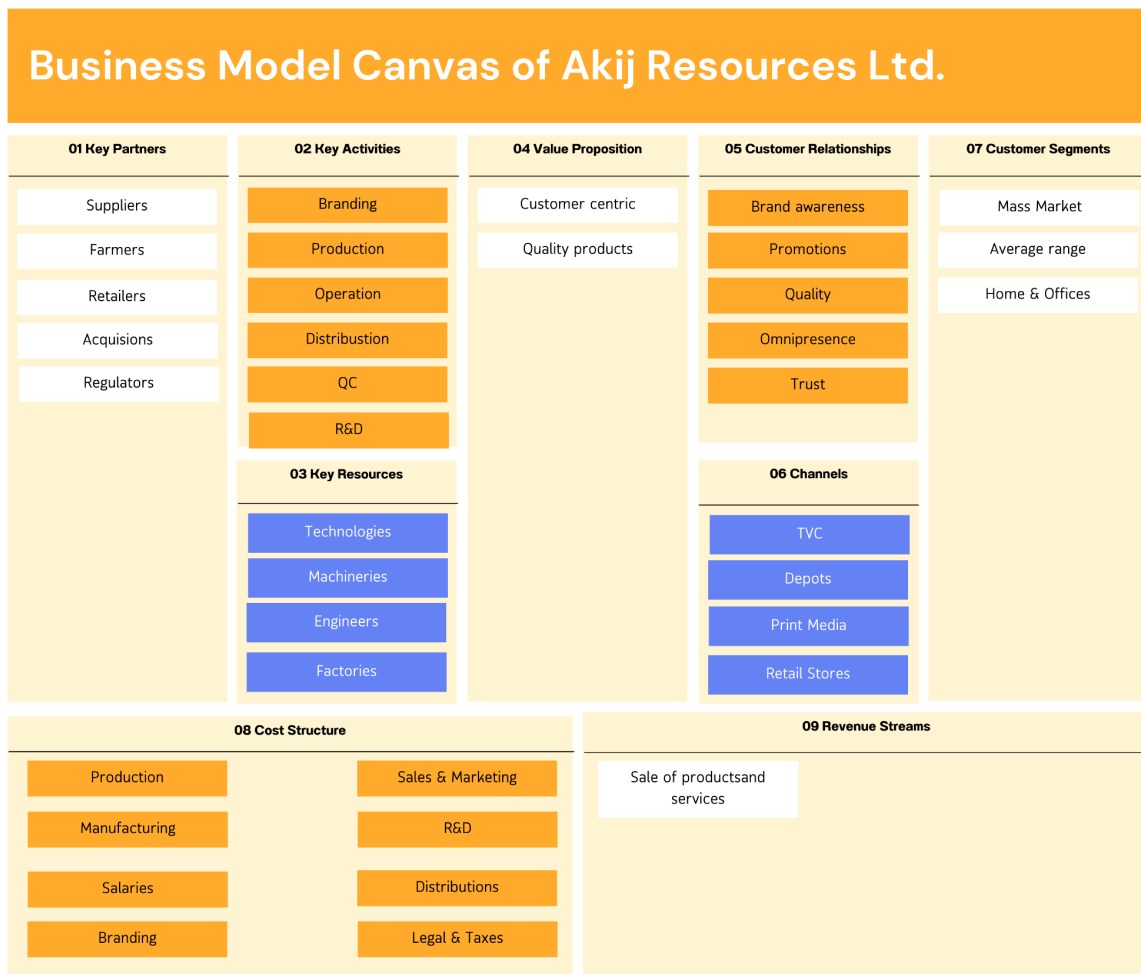


Figure 2.3: Business model canvas.

2.3 Management Practices

2.3.1 Organizational Structure



Figure 2.3: Organizational structure.

2.3.2 Human Resources Management

Human resource plays a vital role when it comes to managing the employees. In Akij Resources Limited human resource runs the administration and ensures all the facilities for an employee. To keep the business growing, the Human Resource team keeps their eyes open to keep the balance among all their employees and fulfill their needs. They put high value on

improving the environment of the office to increase productivity, providing all the necessary requirements of resources to enhance the productivity and skills of an employee. HR stays engaged with all the employees so that no problem arises in between employees and they can bring their maximum output for the growth of the company.

In Akij Resources Ltd. the HR team is responsible for recruitment and selection, salary and compensation management, promotions training And development of the employees. To recruit an employee for the company, HR creates the job description and evaluation system for them. Besides, they keep track of the KPI, employee performance and participation to evaluate their promotional requirements, bonuses or compensations if employees fail to do their required job. In addition, orientation and socialization of the new employees to make the ownership of the workplace is also the responsibility of the HR team. Also they conduct trending development sessions for the employees to overcome their weakness and develop their career growth.

2.4 Marketing Practices

Akij Resources Ltd. is more focused on branding instead of focusing on rapid marketing. Different marketing approaches according to different products. They are more interested in direct marketing on retailer stores and product placement which helps to sell products by their vast brand image. They market a statement, “Quality first” by Sheikh Akij Uddin, which is the foundation of their branding. Also, for consumer goods they get involved in some classic marketing approaches like online media marketing, print media marketing, TVC and infrastructure advertising. They spend a large portion from marketing budget to advertise on buses, road dividers and buildings. Besides, they place banners, sticker on retail stores which helps to attract the attention of consumers.

They also invest in sponsorship where they mostly provide supporting goods and services to the programs. On the whole, AKij Resources Ltd. runs their marketing operation with an objective of keeping the users aware and updated about their products. Whereas they keep a sincere focus on their branding which helps to sell their products in the market.



Marketing practices of ARL

2.5 Financial Performance & Accounting Practices

This study does not show any financial and accounting information of Akij Resources Ltd. because it is a private company and for that reason they keep their financial and accounting information totally confidential.

2.6 Operations Management & Information Practices

Operation management is an integral part for a manufacturing company. This department covers everything starting from production to development of products to information systems. Akij Resources Ltd. divided their operations department into four distinct teams.

- Foreign procurement or commercials;
- Local procurement;
- Store and factory management;
- Quantity control.

2.6.1 Foreign Procurement

Foreign procurement department is responsible for importing inventories and raw materials according to the demands and forecasts. Commercials play the most crucial role of a manufacturing company because manufacturing depends on machinery and raw materials. Proper flow of raw materials keeps the production running smoothly. A company gains their maximum sales capacity when they are able to gather and store their needed raw materials according to the forecasted demand. Every product that comes to the market is a result of the effort of supply chain management. The commercial team of Akij Resources Ltd. plays their responsibility with a great effort to keep up the pace of the production. Based on their operation the company is still a growing company in the manufacturing industry in Bangladesh which is expanding their operations rapidly in the market.

2.6.2 Local Procurement

This team is responsible for purchasing all the local items including office materials, inventories and raw materials. Including daily used office products for the company, such as pens, calculators, electric items etc. they also purchase factory machinery and raw materials for the factories. Also, they are in charge of domestic supply chain logistics. Delivering products from suppliers to factory stores and depots are operated by the local procurement team.

2.6.3 Store and Factory management

Restaurant factory management teams are responsible for receiving products from the Logistics. This team capacity and arrangement of stores and distribute goods according to the

requisition. This team works in every factory and also in the headquarters to manage raw materials and inventors. They are responsible to check all the requisitions of good delivery and keep track of them. Besides, they create regular purchase orders by forecasting the demand of goods.

2.6.4 Quality Control

Quality control is placed in every factory with the responsibility to check the quality of samples and deliveries. They are responsible to maintain the quality which is needed to get the expected level of production. The job of this team is vital because if the supplies are not checked properly it has a direct link to production and production will get the standard level outcome which will have an effect on brand image. Akij Resources Limited operates their business depending on their brand image and thus, the quality control team has to play a vital role to the operation of the company .

2.6.5 Information System Practice

Akij Resources Limited uses their own app iBoss to maintain all the information among the organization which is also being used to operate all the central activities of the organization. Daily attendance, employee meal entry, creating PR, creating PO, checking bills, inserting KPI, employee profile maintenance, employee performance evaluation everything is done by these applications. iBoss application regulates and sorts all the information of the company and helps to take decisions to the management.



2.7 Industry and Competitive Analysis

2.7.1 SWOT Analysis

SWOT ANALYSIS

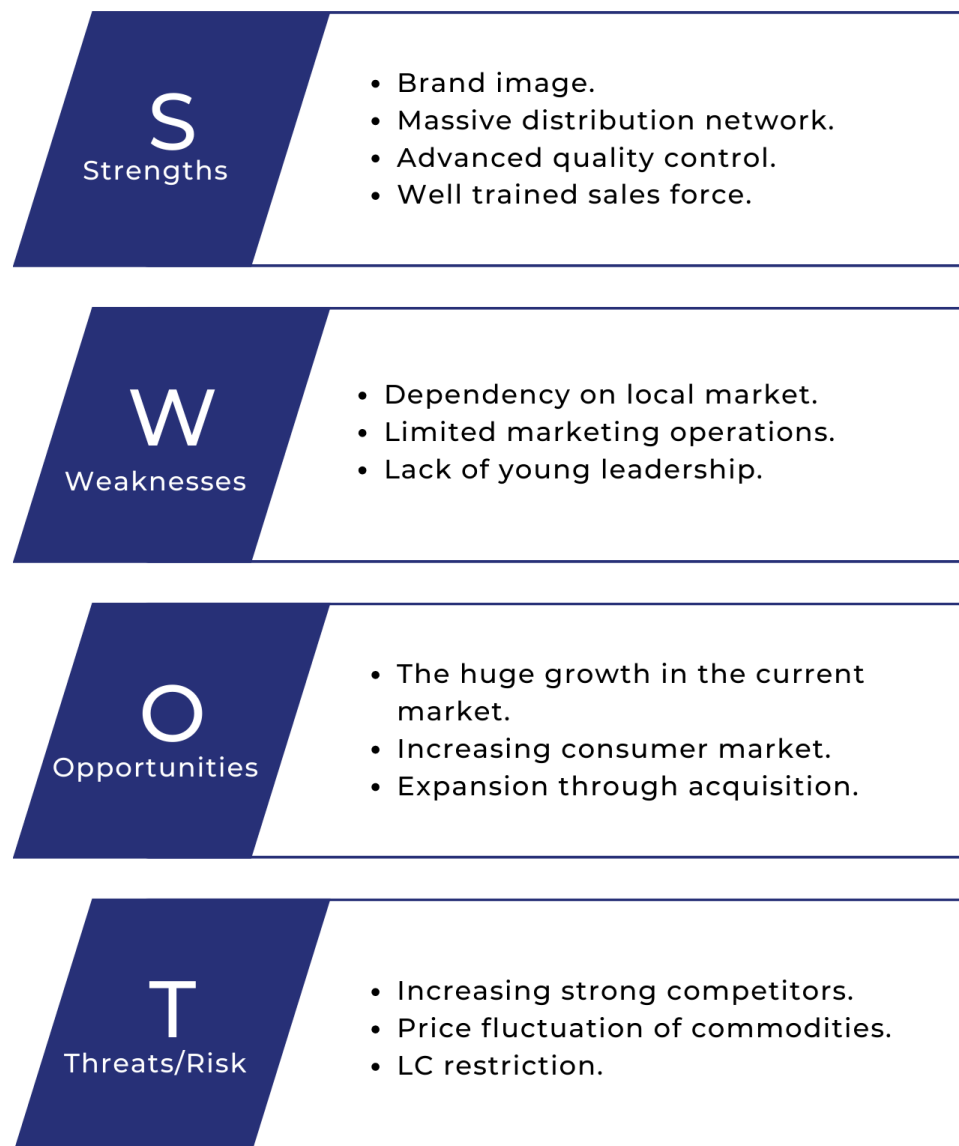
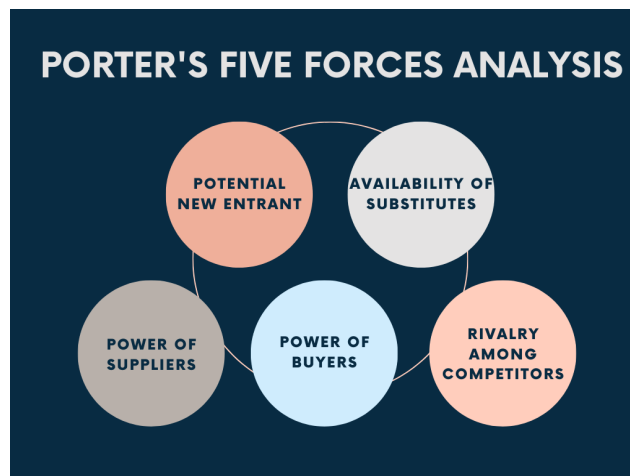


Figure 2.4: SWOT analysis.

2.7.2 Porter's Five Forces Model



1. **Threat of New Entrance:** Threat of new entrants is higher because Akij Resources Limited does not offer any unique product which will differentiate it from others. They only produce regular products for the mass market which are usually consumer goods, construction goods, and IT products and services. The products they are offering have been in the market for a very long time. Thus, anyone can step into the market with similar types of products which makes new entrance risk higher.
2. **Power of Suppliers:** The company imports most of the products from the international market. It depends on the local market for very few raw material and electricity products. Most of the raw materials they buy are in a bulk quantity. In addition, machinery items are bought from the local market with proper market analysis and getting price from different suppliers. Thus, the power of suppliers is low for both raw material and machinery purchasing.
3. **Threats of Substitute:** Threat of substitution is high because of lack of uniqueness in their product. Many companies, such as Bashundhara Group, Pran- RFL Group, City Group are offering many similar types of products which create options for the buyers.
4. **Power of Buyers:** Akij Resources Limited provides products at a moderate price. Most companies in the industry also offer their products in similar price ranges. Besides, MRP is printed in the products package which leaves no chance for bargain. Thus, the power of buyers is low.

- 5. Rivalry among Competitors:** Competition is high due to the presence of many competitors. Also, rivals are increasing in all the sectors Akij Resources Ltd. is operating. As it is one of the market leaders, many companies want to beat its standard which makes the rivalry high.

2.8 Summary and Conclusions

To Summarize, Akij Resources Ltd. was founded in 2020 but many of its products, especially building materials, have had a strong footprint in the market for more than 20 years. They have a vibrant product line from building materials to daily needs people. Overtime, the company showed its growth in almost every sector they are operating in. Their new investments and regular bonuses to employees reflect their operational excellence with a very good financial performance.

For the employees it is an excellent workplace with good job security, smart salary and four profit bonuses per year. Also, The company has a focus on developing employees knowledge and skills by regular training programs. After two years of Covid-19 where most businesses faced pressure from the situation, Akij Resources Ltd. provided a 100% profit bonus to their employees which reflects their financial sustainability as an organization.

2.9 Recommendations

I am gratefully indebted to Akij Resources Ltd. for giving me the opportunity to work as an intern in their company. As an intern of supply chain management I was privileged to get a chance to work with some of the senior management of the company and keep a contribution to their supply chain operation which also gave me a great chance to gain practical knowledge about supply chain management. Though I was in the local procurement team they have also given me a highlight about the global supply chain including how to open LC, about shipments and transportation etc. The internship helped me to learn about organizational practices, attain skills which will help me in my career growth.

However, in the past few months in Akij Resources Ltd. working as an intern I have seen some scopes to improve which can increase their employee participation. The company manages a tight administration in which everything runs by central management. Most of the decisions of the organization comes from the higher management and senior managers lead

employees to achieve that goal. It is a very positive side, they are able to keep most of the employees motivated to work but this motivation breaks at any time. Following decisions by higher management keeps the administration strong and runs the company according to need but it reduces the ownership of the employees. Employees do not feel them as a vital part of the company for which their work enthusiasm decreases. Thus, I will suggest higher management should reduce that gap between them and employees and make them participate in more decisional matters. Besides, they can arrange office parties and trips to create more bonding and understand between employee to employee and higher management. This makes employees feel like a family and grows a belongingness among them. As we know, belongingness is the first key to ownership and ownership brings the best output of an employee.

Chapter 3: Project Part

3.1 Introduction

3.1.1 Background

For the procurement department of any manufacturing organization it is very important and crucial to handle these suppliers properly. To keep up the production and supply of the goods to consumers hand the very first need for a company is to maintain the supply chain flawlessly. And, suppliers are the key to continue the flow of the supply of raw materials inventories and machineries. Thus, to keep the business ongoing companies have to maintain the connection with their suppliers properly and the procurement departments always put an effort to maintain this connection. However, There is always a conflict between the companies and suppliers that suppliers do not receive their payments in expected time which causes difficulties in their business operations. This conflict sometimes makes the suppliers unhappy which causes interest to business with those companies. In addition, these conflicts can create larger impacts, such as, interruption at production which can affect the revenue margin of the company. Also sometimes suppliers do not want to sell products to the firms if their previous bills are not completed. The main reason behind this conflict is procurement and payment delays make the dealing prolonged and make the suppliers unsatisfied. In my internship I have faced this problem several times. Suppliers sometimes did not want to sell products because their previous payments were not paid. This resulted in a massive way when the supply was needed urgently and sometimes productions had to stop due to unavailability of supplies. In those cases the procurement department had to find alternative suppliers immediately, which was not tested properly and provided bad quality products. This situation hampers the whole system and it was one of the common problems for the procurement and supply chain department.

Thus, this topic about delaying procurement processes on businesses should be researched because maintaining supplier relationships is very important for the procurement department to operate business properly. According to me the processes of supply chain and procurement should be unblemished To keep operations on going. The process should avoid unwanted and unpredicted situations which can harm companies operation for this reason I

have chosen this topic as my project to find out how these difficulties can be minimized.

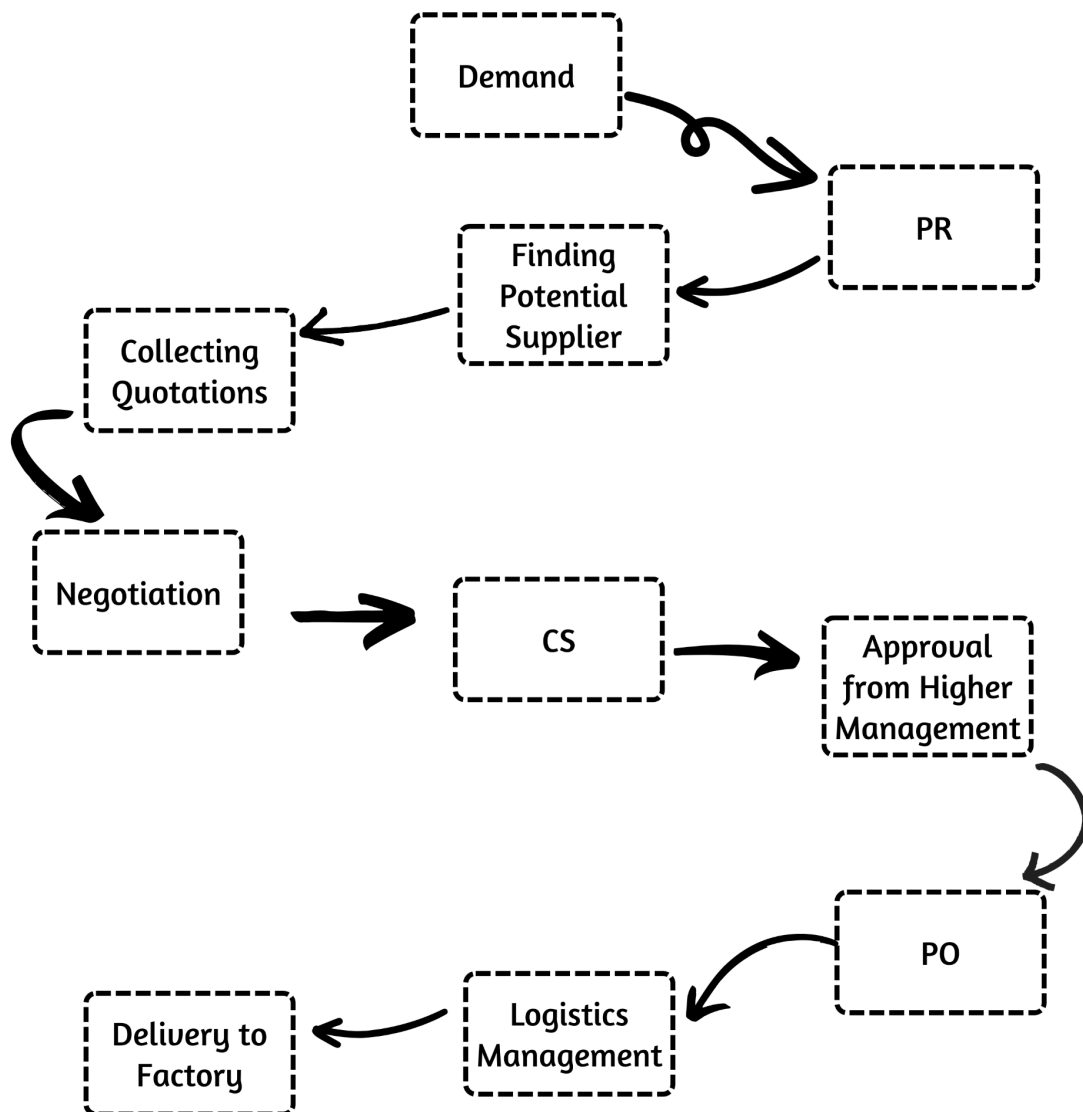


Figure 3.1: Procurement process.

3.1.2 Objective

The primary objective of the study is to find out the impacts of procurement delays and how businesses are being affected by those.

To achieve the primary objective there are some specific objectives which have to be attained. The specific objectives are-

- The reasons behind occurring procurement delays.
- Finding out the root causes of creating such situations.
- Impacts on business operations.

3.1.3 Significance

This study will find out the reasons behind procurement delays in Akij Resources Ltd. which will also help to find out solutions for those. With this study the procurement process of the supply chain team in Akij Resources Limited will be able to find out the core problems of their procurement delays. It will help them to solve the problems effectively which will make the procurement process more efficient. In addition, this study will help to save time in procurement operations by reducing the errors. Additionally, it will increase the employee's participation to work with more enthusiasm because of efficiency in the operations. Also, the company can develop the connection with their suppliers with more understanding. Furthermore, other companies can learn and implement the ideas to develop their procurement also.

3.2 Literature Review

Procurement is a process which extends to all the people related to the supply chain including who are responsible for maintenance and operations. This process includes acquiring new products and services, crafting strategy for contract, documentation and selection of contractors (Bower, 2003). Procurement is the incharge of an organization's purchasing decision to make this process in an efficient manner because purchasing bears a large portion of companies budget. Thus, it is also the responsibility of procurement to be effective and economic. To run this operation they have to keep a regular connection with the suppliers and maintain that properly. Supply chain management theories focus on the importance of managing the relationship between suppliers and organization (Forkmann et al. 2016). Without a smooth connection with supplier procurement as well as the whole supply chain operation gets affected. A well built up connection with supplier management makes the company's expense more efficient and operations run faster than ever. Supplier relationship management has a crucial role in the reduction of organizational cost by optimizing the performance in manufacturing companies (Mettler & Rohner, 2009). These companies need to minimize its purchasing cost and keep power over its suppliers. Frequent communication with suppliers, various forms of supplier accommodation, quality of product and geographical closeness between suppliers facilities and customers buying location helps minimize the cost of the company (Cannon & Homburg, 2001). Regular communication and providing a warm environment to suppliers can help the purchasing process further. Nowadays, all the operations of business have become fast paced as well as supply chain

procurement also. Thus, these functions also need to be faster which will make the production faster and bring more sales and company growth. Implementing advanced information technology in business operations can minimize the gap between company and supplier and make the business more efficient (Naegele & Joseph, 2005). Automation is the future of all kinds of industries and the supply chain is not out of that. Thus, companies also have to adopt technological advancement in this sector for further growth.

3.3 Methodology

To contact the project two types of primary data have been used here. Firstly, a data set for billing registry has been used which has shown the time gap between POs and billing entry. Data set we can understand that The time of PO has been registered and the time when invoices have been forwarded to the accounts department. Primarily, we can find out the orders which have large gaps, such as more than 2 months, between creating the order and forwarding it to the accounts department usually Akij Resources Limited gives priority to clear the payments and complete the process as soon as possible. Thus, these orders have been marked with problems Because according to the process of the company payment should not take such a long time.

To get more specific data a survey has been conducted later which determined why these gaps are being created according to the employees of the procurement department. It also added in which level the miss management had been created and how they think this problem can be resolved.

3.4 Findings and Analysis

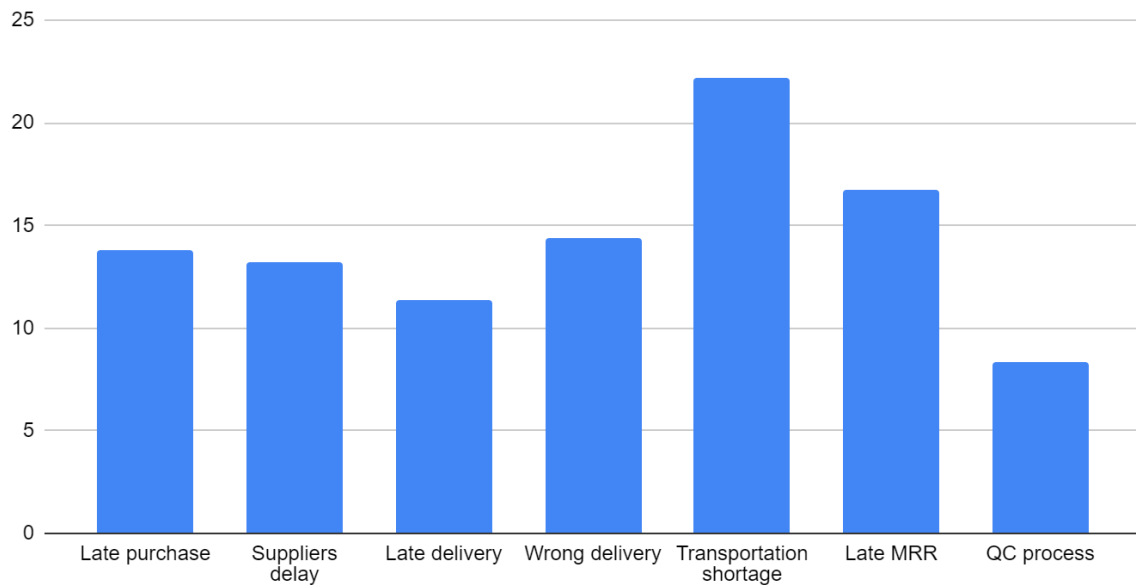
3.4.1 Purchase order and Billing Gap

SI No.	Suppliers Name	Time of PO	Billing Date
1	A	December, 2022	22-12-2022
2	B	December, 2022	22-12-2022
3	C	August, 2022	22-12-2022
4	D	May, 2022	22-12-2022
5	E	December, 2022	22-12-2022
6	F	August, 2022	22-12-2022
7	G	December, 22	22-12-2022
8	H	May, 2022	22-12-2022
9	I	June, 2022	22-12-2023
10	J	November,22	22-12-2022

Table 3.1: Purchase order and billing gap.

This chart shows some of the billing data in which the gap between PO time and Billing shows the delay they have made to pay their suppliers. Company name has been removed from the chart because Akij Resources Ltd. considers it confidential information of the organization. The past data of purchase billing gap show that 27% payments of total purchasing take more than two months to proceed to payment.

3.4.2 Reasons behind procurement delay



3.2: Reasons behind procurement delay.

The survey shows that in Akij Resources Limited, there are numerous reasons behind procurement delays, such as late purchase, suppliers' delay to deliver product, late delivery by logistics, delivery to wrong factory, shortage of transportation, late MRR and QC process but most common of those are late purchase, inefficient inbound logistics to factory and late MRR.

According to the employees of Akij Resources Limited almost 14% delays happen because of late purchasing. Late purchasing occurs when the procurement team can't initiate purchasing due to any reasons. There are several kinds of difficulties that arise when they initiate purchasing. Employee shortage is the biggest reason for this in this company. A few employees have to take on the bulk workload of procurement which results in piling up all the work to do later which makes the whole process slow at the very beginning. Besides, Some of the quotations from the suppliers don't contain full information or provide confusing information from the perspective of the standard. In this case, the procurement team has to collect quotations again with valid and understandable information and this process keeps going until the exact information team gets which takes a long time to contact the supplier again and again to get the accurate information for the product. Additionally, sometimes product samples can be provided to the factory specialist on time. Starting a purchase operation it is required to the company that the procurement team should send a

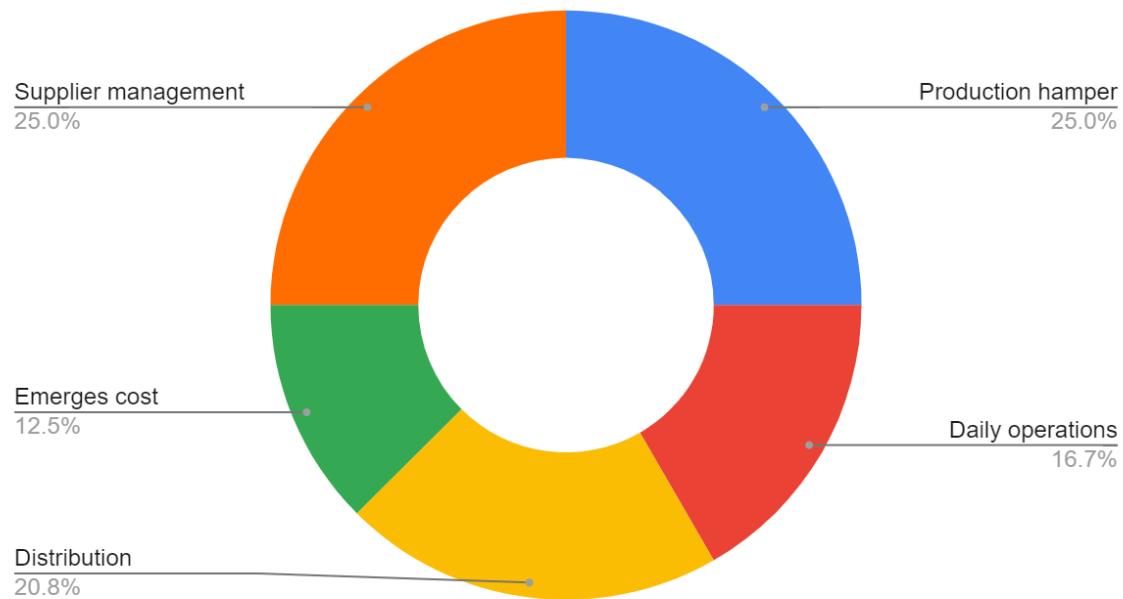
sample to the specialist so that he can determine if the product is right or wrong for the operation. Sometimes collecting product samples and delivery become difficult which creates difficulties to initiate the purchasing.

Secondly, if the supplier has any own transportation system then Akij Resources Ltd. gives the liability to the supplier to deliver the product to the factory. In this case, sometimes they deliver products late which is the reason for 13% of procurement delay. Also, inbound logistics is a vital reason for 22% of procurement delay because in Akij Resources Limited there is a transport shortage to supply goods to the factories. Therefore, whenever the company needs to deliver the supplies by their own transportation it creates the delay. Due to shortage of transport service trucks cannot move the product in time and companies have to wait when the transports will be free which creates late delivery and hampers the production. Moreover, Delivering products to other factories instead of designated factories is another common problem to create MRR delay. 14% procurement delay occurs for this reason. Factory incharge has to find out the product and he has to return the product so that it can be delivered to the designated factory which takes a huge amount of time and causes problems which can hamper the production.

In addition, late to MRR the delivered supplies is a very common problem in this company and to the employees it is the reason behind 17% of delays. This delay occurs for various reasons. Sometimes the product gets delivered but the store does not receive the goods due to mismanagement. Besides, QC processes take longer than usual which is another reason for 8.5% of delay. Also a store receives the products but they do not complete the MRR process due to the huge workload in the factory which is another cause of procurement delay.

3.4.3 Impact on Business

Impact on Operations



3.3 Impact on Business.

According to the view of employees in the procurement team, procurement delay has its impact on supplier management, production hamper, cost increasing, distribution and daily operations. The survey shows that according to employees supplier management and product process has the most impact for this delay which is 25% for each. If procurement operations of a company don't operate properly the whole organization suffers for that and 16.7% employees think this is another reason for procurement delay. It affects the whole procurement operations but it also has a very large effect. Whatever the problem occurs if the product can't be delivered in proper time factory operations get stopped which affects the whole supply chain. Only supply chain but also it has an impact on production because with raw material or machinery parts production will be stopped which has a direct effect on sales. If the company produces goods, timely products cannot be distributed to retailers in time which creates difficulties for the sales. According to the procurement team, 20.*% of delay has a direct impact on distributions and 12.5% on rising costs. Besides, if the factory does not receive their needed machinery part they try to continue producing with the resources they have which make the machines more damaged and as a result the machine gets defected. Then, buying a new machine increases the cost expense of the company.

Procurement delays create problems which not only have an impact on supply chain but also it has a vast impact on companies revenue margin.

Supplier relationship management is a major responsibility for procurements which gets vastly affected by procurement delay. Akij Resources Ltd. buys most of its products on accounts and plays after the delivery so payments cannot be cleared within time if the product is not received by the factory. Before clearing the payments, the procurement team checks the MRR which shows the product has been received appropriately. Thus, If the MRR delays procurement, procurement can not process payment which unsatisfies the suppliers and creates conflicts with suppliers. As a result, suppliers do not agree to deliver goods sometimes which leads to risk in production.

3.4.4 Scopes for Development

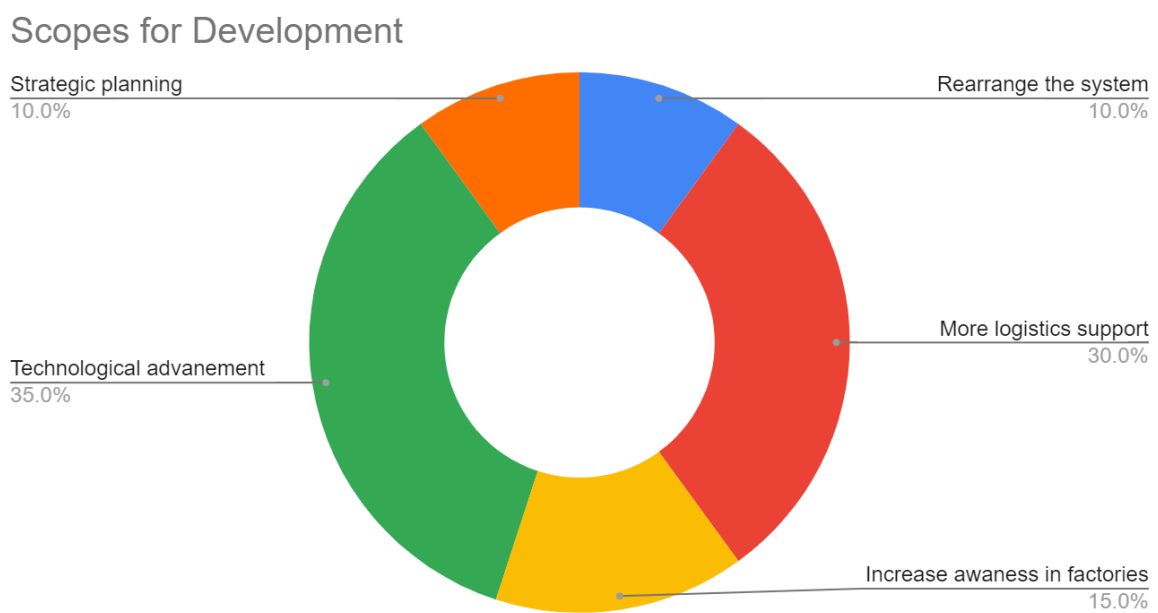


Figure 3.4: Scopes for development.

This survey also includes the suggestion to the scopes for development of the current situation of Akij Resources Limited. 10% of them think strategic planning can change the situation. Another 10% think that rearrangement in the system can possibly minimize the delay. In addition, 15% employees among them suggested that if the factory incharges become more aware to complete the process faster that will decrease the procurement delay. One of the largest portion of employees which 30%think more logistics support to make the process faster. Moreover, most of the employees think they need a more advanced

technological system. According to 35% of employees they need technological advancement to solve the problem.

3.5 Summary and Conclusion

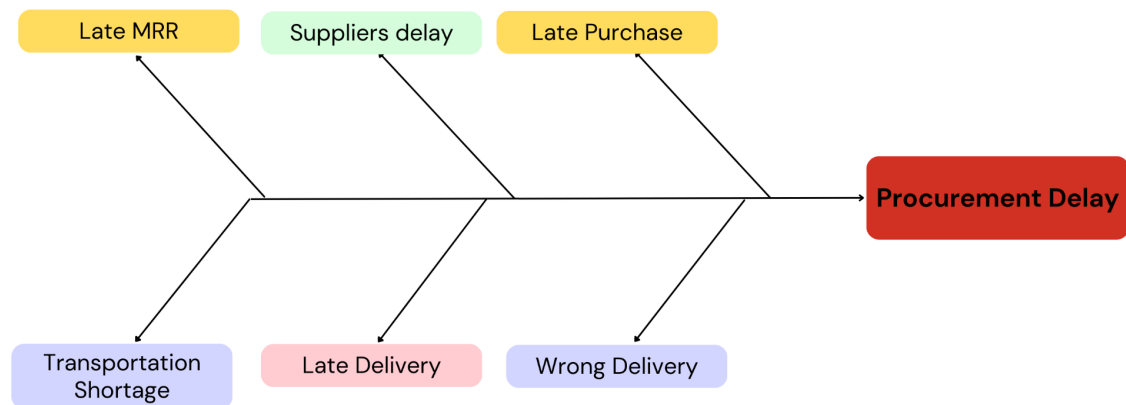


Figure 3.5: Fishbone diagram on procurement delay.

To conclude, the procurement department of Akij Resources Limited is facing procurement delay mostly because of transportation shortage, late MRR from factories, delivery to the wrong factories and late purchases which has a direct effect on supplier management, production hamper, distribution process, daily procurement operations and also its emerging production costs.

The procurement department is one of the crucial departments for a company. As it is one of the important areas of a company, any problem or difficulty that happens in this department has an impact on the whole organization. If the organization is a manufacturing company the impact is very large which has an effect on the whole organization. Manufacturing company depends on his sales and if the factory stops its factory operations anyhow, production gets stopped which also stops the selling activities. If sales stop anyhow it affects the revenue margin and as a result the company faces difficulties to maintain its overall cost management. Procurement and supply chain problems can take the company at its lowest. Thus, the procurement team should run smoothly which means the logistics raw material and production runs smoothly also. This is why to keep up the company growing Procurement Team should not face any delay and run its operations as smoothly as possible.

3.6 Recommendations

The problem of resources Limited can be solved by implementing technology and more transport services. initially they can use a data related system at a low cost. In this process they have to add automation in their system which will maintain a database which can be easily accessible from every stage of supply. For instance, barcodes. Whenever the procurement team will get a PR they will update it to the database and create a barcode object PR. These barcodes will update all the information, such as quantity, amount of packages, identification of each package, product destination, and information about the product if needed to the database. Barcode will have the option to sign in as supplier, logistics, factory to update the necessary data from that side.

After choosing The supplier procurement team will send the barcode with the PO and the supplier will catch the barcode with the delivery. When the logistics will receive the product for delivery they will scan the barcode and get all the necessary information such as quantity of products, how many packages are in the delivery and destination of the product. It will also update the database with drivers name, ID and vehicle number on which product is on the delivery.

At the next step when the factory will receive the goods they will immediately scan the barcode which updates the database that product has been reached to the factory. If the product does not need to QC check, procurement will be able to process for beal immediately. But if the product needs QC checking the team must keep the supplier aware of that and how much time the process can take beforehand which will keep the understanding intact between supplier and procurement.



- Product Quantity.
- Identification of packages.
- Total Quantity of packages.
- Destination.
- Product Info.

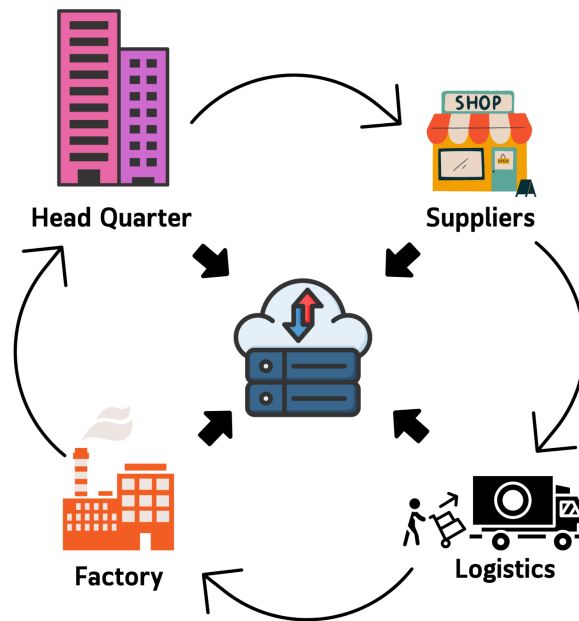


Figure 3.6: Database included procurement system.

In addition, companies should manage more transport services for their logistics to deliver products on time and ensure that drivers come back immediately after delivery. In this case, they can go for partnership with some logistics company which develops the situation immediately with least cost.

References

- *Akij*. (n.d.). Akij Resources LTD. Retrieved January 18, 2023, from <https://www.akijresources.com/about-us>.
- Bower, D. (Ed.). (2003). *Management of Procurement*. Thomas Telford.
- Cannon, J. P., & Homburg, C. (2001, January). Buyer-Supplier Relationships and Customer Firm Costs. *Journal of Marketing*, 65, 29-43. <https://www.jstor.org/stable/3203404>.
- Forkmann, S., Henneberg, S. C., Naudé, P., & Mitrega, M. (n.d.). Supplier relationship management capability: a qualification and extension. *Industrial Marketing Management*, 57(N/A), 185-200. <https://www.sciencedirect.com/science/article/abs/pii/S0019850116300074>.
- Mettler, T., & Rohner, P. (2009). *Supplier Relationship Management: A Case Study in the Context of Health Care*. University of St. Gallen, Institute of Information Management. <https://doi.org/10.4067/S0718-18762009000300006>.
- Naegele, A., & Joseph, J. (2005). *Who's Who in Supplier Diversity*. US Black Engineer and Information Technology. <https://www.jstor.org/stable/43690029>. *Sheikh Akijuddin Success Story: History of Akij Group*. (2021, March 23). Business Inspection BD. Retrieved January 17, 2023, from <https://businessinspection.com.bd/sheikh-akijuddin-success-story/>.
- Scott, G. (n.d.). *Porter's 5 Forces Explained and How to Use the Model*. Investopedia. Retrieved January 26, 2023, from <https://www.investopedia.com/terms/p/porter.asp>.
- Uzialko, A. C., Fallon, N., & Guide, S. (n.d.). *SWOT Analysis: Definition and Examples* - *businessnewsdaily.com*. Business News Daily. Retrieved January 26, 2023, from <https://www.businessnewsdaily.com/4245-swot-analysis.html>.