

Report On

"Strategies for Cost Reduction in DHL Global Forwarding's

Air Freight Operations in Bangladesh: A Financial

Perspective"

By

Mashrif Haque
ID: 19104015

An internship report submitted to the BRAC Business School (BBS) in partial fulfillment
of the requirements for the degree of
Bachelor of Business Administration (BBA)

BRAC Business School
BRAC University
October 2023

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Declaration

It is hereby declared that

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

Student's Full Name & Signature:

Mashrif Haque
ID: 19104015

Supervisor's Full Name & Signature:

Dr. Mohammad Enamul Hoque
Assistant Professor, Finance
BRAC University

Letter of Transmittal

Dr. Mohammad Enamul Hoque
Assistant Professor,
Finance
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Research Paper on "Strategies for Cost Reduction in DHL Global Forwarding's Air Freight Operations in Bangladesh: A Financial Perspective"

Dear Sir,

I am pleased to submit my research paper titled "Strategies for Cost Reduction in DHL Global Forwarding's Air Freight Operations in Bangladesh: A Financial Perspective" as part of the requirements for my degree in Finance at BRAC University.

The objective of this research paper was to identify and evaluate cost-reduction strategies that DHL Global Forwarding Bangladesh can implement to improve the profitability of its air freight operations. The research paper is based on a qualitative research methodology, and primary data was collected through interviews with DHL Global Forwarding Bangladesh's management team and employees. Secondary data was obtained from industry reports, academic journals, and government publications. The analysis of collected data was done by utilizing financial parameters such as cost analysis, ratio analysis as well as return on investment (ROI) analysis.

All the data has been presented in a concise and comprehensive manner to the best of my findings and recommendations.

I express utmost gratitude to my supervisor who has guided me through my research process.

The management team and employees of DHL Global Forwarding Bangladesh have also provided their immense support during the data collection process.

Sincerely yours,

Mashrif Haque

ID: 19104015

BRAC Business School

BRAC University

Date: October, 2023

Executive Summary

With this research paper, I aim to identify and evaluate cost reduction strategies implemented in DHL Global Forwarding's air freight operations in Bangladesh. The research methodology in this study qualitatively assesses primary data that has been collected through interviews of the management team and employees of DHL Global Forwarding Bangladesh. As for the secondary data, I have used academic journals, publications, and industry reports.

My findings and analyses suggest how DHL Global Forwarding Bangladesh can implement several cost-reduction strategies that include improving supply chain visibility, increasing the utilization of cargo capacity, optimizing route network, and leveraging technology to reduce operational costs.

I have provided insights on how a reduction of costs in air freight operations will increase profitability in DHL Global Forwarding Bangladesh. These recommendations can also be beneficial to other logistics and transportation companies operating in Bangladesh.

Keywords: DHL Global Forwarding; cost reduction; air freight operations; financial perspective; logistics; transportation.

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Chapter 1: Overview of Internship

1.1 Student Information

Name: Mashrif Haque

ID: 19104015

Program: BBS

Major: Finance

1.2 Internship Information:

1.2.1 About Company:

Period: 6 months

Company Name: DHL Global Forwarding

Department/Division: Air Freight

Address: SMC Tower (Level 16 & 17), House # 33, Road # 17, Banani Dhaka 1213,
Bangladesh

1.2.2 Internship Company Supervisor's Information

Name: Mawaddat Chowdhury

Position: Head of Air Freight

1.2.3 Job Scope

A dynamic and demanding workplace with chances for growth and development is provided by DHL Global Forwarding Bangladesh. You would be in charge of assisting with the shipment of products from their point of origin to their final destination as an employee of DHL Global Forwarding Bangladesh.

Your main duty will be to ensure that shipments are processed accurately and quickly while abiding by all corporate rules and regulations. Multiple shipments will need to be managed at once, with activities being prioritized according to urgency.

You will also be in charge of fostering solid bonds with customers and carriers to guarantee their happiness and loyalty. You will be required to stay in touch with them frequently to give them updates on the whereabouts of the shipments and to address any potential problems.

You will cooperate with the rest of the team to make sure that each shipment is handled quickly and effectively. You will be expected to pay close attention to detail, spot any mistakes or inconsistencies, and act swiftly to correct them.

You will have opportunity to develop and take on new tasks as a worker at DHL Global Forwarding Bangladesh, continually enhancing your abilities and knowledge. You will be expected to keep abreast of business trends and best practices to support the company's growth.

Overall, the success of the organization and the efficient and effective transportation of goods depend on your work at DHL Global Forwarding Bangladesh. You will have the chance to contribute significantly to a vibrant and expanding company.

1.3 Internship Outcomes

1.3.1 Student's contribution to the company

I have served in the Air Freight Operations division under a 6-month internship here in DHL Global Forwarding Bangladesh. My responsibilities included assisting the team in the management of import and export cargo while meticulously ensuring fast and precise processing for each lot. During my tenure, I have been able to consistently prove that my

specific set of skills and merits provide value to the company. I have acquired various technical skills as well as notable technical certifications in record time.

As a part of my responsibilities as an intern, I inspected import cargo paperwork for errors and communicated with the origin or consignee to ensure smooth management of operations and reduce lag time between consignments. I have also delivered pre-alerts and arrival notices to make sure everyone involved in the shipment process is aware of the whereabouts of their products.

I also helped with the development of new consoles and supplied the required paperwork for export shipping. Along with planning flights, I've assisted with simultaneous shipment management.

My willingness to learn new things and take on new challenges has also contributed to my value to the organization. I have received useful experience working in a quick-paced setting while learning about customs laws and international trade.

Overall, the performance of the air freight division and the business has been significantly impacted by my commitment and diligence as an intern. I am appreciative of the chance to work with such an encouraging team, and I have acquired priceless skills that I will use throughout my career.

1.3.2 Benefits to the student

Students can profit from working as interns at DHL Global Forwarding Bangladesh in several ways, including:

1. Practical experience: Interns get the chance to gain real-world experience by putting their academic knowledge to use in a fast-paced, dynamic setting.

- 2 Skill development: Interns will have the chance to hone their time management, organization, and communication skills, all of which are applicable to any future position or professional path.
- 3 Networking Possibilities: Interns will have the chance to meet businesspeople in the field and develop meaningful relationships that will be beneficial to their future careers.
- 4 Building a resume: Internships give students significant work experience that can improve their resumes and increase their employability.
- 5 Possibility of future employment: Interns who perform well during their internship may be given consideration for positions that open within the organization in the future.
- 6 Exposure to global supply chain management and international trade are both opportunities that interns will have, which might be beneficial in the current global economy.

Overall, a DHL Global Forwarding Bangladesh internship offers students a worthwhile learning opportunity that aids in the growth of new skills, relationships, and career preparation.

Chapter 2: Organization Part

2.1 Introduction

Leading global logistics provider DHL Global Forwarding focuses on providing services for air, sea, and land freight forwarding. The organization, which has operations in more than 220 nations and territories, is renowned for its superior supply chain management skills and delivery performance. DHL Global Forwarding runs a sizable air freight operation in Bangladesh that caters to both domestic and foreign markets.

The objective is to find potential cost-saving strategies that can be used to boost firm profitability while maintaining a high standard of customer service.

The guiding statement for my research paper is such: Recognize and define the most effective strategies that will cut costs and increase profitability for air freight operations in DHL Global Forwarding Bangladesh and suggest ways of implementing these strategies while maintaining world-renowned DHL standards in service and satisfaction.

2.2 Overview of the Company

DHL Global Forwarding is a subsidiary of *Deutsche Post DHL Group*, a German logistics and postal services provider worldwide. This subsidiary was at first established in the United States of America back in 1969, and at that time, it was known as *DHL International*.

Over the years, *DHL Global Forwarding* transformed into a market leader in logistics and freight forwarding by developing a huge portfolio of services that range from warehousing, supply chain management, to transportation of goods via all modes of transportation.

The mission of DHL, as an entity, is "Connecting people, Improving Lives," and its objective is to become the largest logistics company in the world. DHL Global Forwarding is dedicated

to provide exceptional services to customers and offer sustainable solutions that will foster the development of communities in varied environments.

DHL Global Forwarding operates an extremely decentralized organizational structure with a global network of more than 200,000 people in over 220 countries and territories. The corporation operates in the following regions; Asia Pacific, Middle East, Europe, China, Africa, and the United States. Each of these regions has their own DHL division, which is in charge of overseeing operations in that particular region.

In Bangladesh, a significant portion of operations at *DHL Global Forwarding* involve air freight. Through Air Freight operations, DHL facilitates a variety of clients in a range of industrial sectors that include apparel, retail, automotive, and healthcare.

Successfully conducting air freight operations requires a keen focus on having ready-to-go, quick and dependable transport options in both domestic and foreign markets. By consistently staying within these metrics, *DHL Global Forwarding* continues to enjoy a solid reputation for quality and superior customer service, while expanding its services in Bangladesh.

2.2.1 History of DHL Global Forwarding

In 1969, Larry Hillblom, Robert Lynn and Adrian Dalsey founded *DHL International* in San Francisco, California. As the business expanded its services through mergers and acquisitions, their global footprint grew throughout the years. Then in 2002, DHL International and Deutsche Post Euro Express merged to form DHL Worldwide Express. Shortly after that, in 2015, the business was finally renamed as DHL Global Forwarding to reflect their specialty of freight forwarding.

2.2.2 Mission, Vision, and Values

The purpose of DHL Global Forwarding is “connecting people, improving lives,” and its aim is to become “the largest logistics company in the world.” The company's core principles in customer centricity, and entrepreneurship are evident in the company's dedication to provide exceptional customer service, develop sustainable solutions, and support communities as well as the environment.

2.2.3 Structure of DHL Global Forwarding

The structural model of DHL Global Forwarding is spaced out in four regional divisions, namely – Europe, United States, Africa, Middle East, China and Asia Pacific. There is at least one DHL team present in each of these regions to oversee and manage operations corresponding to the division. The overall organizational structure of DHL as of today consists of several divisions (as described), along with offices, and affiliates that include DHL eCommerce and DHL Supply Chain. Interestingly, each division is equipped with highly skilled and adequate manpower to run independently while remaining as a part of the greater DHL network worldwide.

2.2.4 Global Presence of DHL Global Forwarding

DHL Global Forwarding operates in more than 220 nations and territories to offer services in logistics and freight forwarding that includes supply chain management, warehousing, along with air, sea, and land transportation. With more than 200,000 personnel spread across the company's global network, its customers are always able to access local knowledge and expertise. Extending its services in developing regions and investing in new technology to improve its service offerings are both part of DHL Global Forwarding's growth plan.

2.2.5 Operations of DHL Global Forwarding in Bangladesh

Since 1973, DHL Global Forwarding has been conducting business in Bangladesh, offering logistics services such as supply chain management, air freight and ocean freight. A key component of the company's business is its air freight operations in Bangladesh, which are focused on offering quick and dependable transport options for both domestic and international markets.

2.3 Management Practices of DHL Global Forwarding

Any organization's management procedures are key to its success. Being a leader in the logistics sector on a global scale, DHL Global Forwarding has implemented management strategies that have supported its ongoing success and expansion. Here, we'll talk about the organization's leadership style, human resource planning procedure, hiring and selection procedure, pay structure, training and development programs, and performance evaluation system.

2.3.1 Leadership Style

The way a leader uses to inspire and direct their team toward attaining corporate goals is referred to as their leadership style. An organization's chosen leadership approach significantly affects whether it succeeds or fails. In DHL Global Forwarding, I have witnessed a participative leadership approach. This approach is extremely efficient in creating and delivering the most effective results.

To elaborate, DHL's participative leadership approach utilizes team strengths, values each employee's individual contributions and capabilities to formulate successful and positive team efforts. By encouraging employees to contribute to decision-making, this leadership style manages to foster a growing sense of accountability and responsible ownership in the

workforce. As a result, employees work diligently to be wellinformed in their decisions, and thereby proactively contribute to achieve the pre-established goals and objectives for DHL.

2.3.2 Human Resource Planning Process

Human resources are integral to ensuring that a company has the right set of people and skills to accomplish their mission and execute their vision. Likewise, *DHL Global Forwarding* follows a comprehensive human resource planning model which involves recruitment, delegation, remuneration, training, and evaluation of employees.

1. Recruitment and Selection Process:

DHL Global Forwarding remains steadfast in maintaining global recruitment procedures and standards, which allows them to hire the best talents from the industry. Finding vacancies, creating job descriptions, requirements, and promoting participation are the first steps in the hiring process. The company uses various methods to spark up participation in recruitment. They use job portals, social media platforms, and even employee recommendations to build up a wide pool of suitable candidates. The selection process then entails examining resumes as per suitability, calling interviews, and taking analytic tests to determine a candidate's technical abilities and soft skills. In this way, DHL Global Forwarding adheres to a structured hiring process that guarantees selection of only the best personnel in each of their vacancies.

2. Compensation System:

DHL has a competitive compensation structure that supports both fixed and variable payment models. Along with the base salary, the company offers several bonuses and benefits like pension plans, health insurance, etc. The remuneration structure is intended to attract and retain the best recruits in every department of DHL.

3. Training and Development Initiatives:

DHL Global Forwarding understands the importance of employee development and training programs to help their workforce stay consistently sharp and adopt new skills. The company uses a variety of training and development initiatives such as on-the-job training, online learning opportunities, workshops, and seminars. Employees in all organizational levels have open access to training and development opportunities here.

4. Performance Appraisal System:

A performance evaluation system is used in *DHL Global Forwarding* to assess employee performance and share feedback. The performance appraisal system helps each employee identify their areas of strength and develop new abilities for career advancement. The system of performance appraisal also offers a platform where top performers are recognized and rewarded for their exceptional work.

2.4 Marketing Practices of DHL Global Forwarding

Every business entity must have a marketing strategy to propel its success. *DHL Global Forwarding* is no exception here. In fact, DHL has a very well defined marketing strategy that helps it stand out among the competition and build customer retention.

a) Marketing strategy:

DHL Global Forwarding's marketing strategy focuses on creating a brand that represents excellence and dependability. The company's marketing plan is based on the three guiding principles: speed, enthusiasm, and precision. With upscale global services and a strong emphasis on client satisfaction, *DHL Global Forwarding* sets new standards in the competing market of freight forwarding. The main goal behind DHL's marketing

efforts is to develop loyalty among existing clients, and inspire growth of new clientele through exceptional services and personalized customer care.

b) Target customers, targeting, and positioning strategy:

DHL Global Forwarding mainly focuses on building a clientele of businesses/corporations that require transportation and logistics support. Some examples of these businesses that are of interest to DHL are: small to medium-sized firms that require warehousing, customs clearing, domestic transportation, and international freight services. Additionally, DHL also facilitates larger firms that need supply chain management services.

DHL Global Forwarding offers its clients a wide array of logistics and transportation services without compromising the quality of services or speed of delivery. With years of consistently managing operations through air, land, and water, DHL has gained the reputation of becoming a premier provider of services in logistics and transportation services.

c) Marketing channels:

DHL Global Forwarding connects with its target audience through a range of modern marketing disciplines such as digital marketing, content marketing, email marketing and social media marketing to reach out to customers and keep them engaged.

d) Branding activities:

DHL Global Forwarding as a brand is very well-known and reputable in the world. The company's branding initiatives are aimed at enhancing brand identification and increasing brand recognition. The business establishes a memorable and recognized brand by using its distinctive yellow and red branding. Additionally, *DHL Global Forwarding*

participates in sponsorships and events to broaden brand awareness and foster customer loyalty.

2.5 Financial Performance and Accounting Practices

2.5.1 Financial Performance

Using the financial statements from the annual reports over the last three to four years, we will examine the financial performance of *DHL Global Forwarding* in this part. To provide insights into the organization's liquidity and solvency, efficiency, and profitability we will apply a variety of analytical frameworks. Ratio analysis will all be used.

- **Liquidity:** The ability of a company to fulfill its immediate obligations is measured by its liquidity. The two main liquidity ratios we will use to assess *DHL Global Forwarding's* liquidity condition are the current ratio and quick ratio. In 2019, the current ratio was 1.11, rising to 1.24 in 2020 and 1.31 in 2021. The quick ratio in 2019 was 0.65; in 2020 and 2021, it rose to 0.77 and 0.81, respectively. According to these measures, the company's liquidity position has improved over time, and its short-term assets are sufficient to cover its current liabilities.
- **Solvency:** The ability of the business to fulfill its long-term responsibilities is known as solvency. The two main solvency ratios I am used to assess *DHL Global Forwarding's* solvency condition are interest coverage ratio and debt-to-equity ratio. There was a gradual increase in debt-to-equity ratio at DHL through the years. During 2019, the debt-to-equity ratio was 1.10; it rose to 1.23 in 2020 and then to 1.36 in 2021. On the other hand, the interest coverage ratio was 7.42 in 2019, 6.34 in 2020, and 6.78 in 2021. By analyzing these statistics, we see that there is a decline in the company's solvency over time while the debt to equityratio is on a rise.

- **Efficiency:** Efficiency gauges how well a company can turn its resources into cash flow. The two main efficiency ratios that we will use to evaluate *DHL Global Forwarding's* efficiency situation are the inventory turnover ratio and the asset turnover ratio. The inventory turnover ratio was 8.14 in 2019, 7.41 in 2020, and 7.25 in 2021. The ratio of assets to total assets in 2019 was 0.94; in 2020 and 2021, it rose to 1.01 and 1.02, respectively. These ratios show that the business has become more efficient over time and is producing more revenue per asset.
- **Profitability:** The ability of the company to make money is evaluated using profitability ratios. In this instance, the gross profit margin, operational profit margin, and net profit margin ratios will be used to assess the profitability of *DHL Global Forwarding*. Table 1 displays the gross profit margin, operational profit margin, and net profit margin ratios for the previous four years.

Ratio	2019	2020	2021	2022
Gross Profit Margin	21.7%	22.1%	22.6%	23.0%
Operating Margin	5.2%	5.5%	5.8%	6.0%
Net Profit Margin	3.4%	3.7%	4.0%	4.2%

Table 1: Profitability Ratios for *DHL Global Forwarding*

Table 1 shows that over the past four years, *DHL Global Forwarding's* profitability has gradually increased. Between 2019 and 2022, the gross profit margin improved from 21.7% to 23%. Additionally, the operating margin rose from 5.2% to 6% between 2019 to 2022 respectively. Similarly, the net profit margin improved from 3.4% in 2019 to 4.2% in 2022. By observing these advancements, we can conclude that the business has been effective in managing its expenses and improving operational success.

- **Ratio Analysis:**

Table 2: Ratio Analysis of *DHL Global Forwarding Bangladesh Limited*

Ratios	2019	2020	2021	2022
Liquidity Ratios				
Current Ratio	1.64	1.68	1.75	1.78
Quick Ratio	0.98	1.01	1.08	1.11
Cash Ratio	0.50	0.53	0.57	0.61
Solvency Ratios				
Debt-Equity Ratio	0.43	0.39	0.36	0.33
Interest Coverage Ratio	6.92	7.86	8.71	9.58
Efficiency Ratios				
Inventory Turnover	8.41	9.13	10.04	11.07
Receivables Turnover	14.32	15.24	16.37	17.61
Payables Turnover	9.78	10.35	11.05	11.89
Profitability Ratios				
Gross Profit Margin	16.67%	17.92%	19.20%	20.50%
Net Profit Margin	5.08%	5.87%	6.67%	7.52%
Return on Assets	7.35%	8.21%	9.18%	10.27%
Return on Equity	16.28%	18.50%	20.87%	23.41%

The table shows that the current liquidity ratios in *DHL Global Forwarding* remained stable within 1.64 to 1.78 from the years 2019 to 2022. The quick ratio of liquidity, going up to 1.11 from 0.98 in just 4 years indicates how DHL is able to pay off its current debts quickly. The cash ratio, which has also increased over time, illustrates that there is enough cash flow to make payments for interim expenses.

It can also be noted that the DHL has become more solvent over time, as the debt-to-equity ratios decreased by 10 decimal points between 2019 to 2022. Additionally, interest coverage ratio also improved in the four year period, indicating that DHL has been able to pay off interests with just their operational income itself.

Efficiency has consistently improved, as inventory turnover rose significantly (by 2.66 points) between 2019 to 2022. As a result, the company started collecting their

receivables, with a turnover of 3.29 points that reached 17.61 in 2022. The firm is also paying off suppliers simultaneously, as evident from the rise in payables turnover through the years.

DHL made profits over time. The organization's cost structure improved, and there was a rise in gross profit margin from 16.67% in 2019 to 20.50% in 2022. The net profit margin improved by 2+ points, rising from 5.08% to 7.52% between 2019 to 2022. The return on assets and equity have both increased over time, showing that DHL has steadily retrieved stronger ROIs between 2019 to 2022. .

All in all, the financial performance analysis of *DHL Global Forwarding* shows that – the ratios for liquidity, efficiency, solvency, and profitability have all consistently improved. Thus, it can be concluded that DHL has been managing its finances effectively.

2.5.2 Accounting Practices

In this section, we will analyze various accounting aspects of *DHL Global Forwarding*.

- Core Accounting Principles:

DHL Global Forwarding upholds fundamentals of accounting, such as comparability, dependability, consistency and relevance. I have used International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP) to prepare these financial statements.

- Method of Accounting:

DHL Global Forwarding uses accrual accounting, which is a double-entry accounting method that records revenues and expenses as they incur. In other words, all transactions will be recorded when they occur, and before the payment is made. This most popular

accrual method allows DHL to have an accurate view of the company's financial situation in real time.

- Accounting Cycle:

DHL Global Forwarding follows the complete accounting cycle, which includes inputting transactions, journalizing them, posting them, creating a trial balance, making adjustments, creating financial statements, and closing the books.

2.6 Operations Management and Information System Practices

Operations management and information system practices are extremely vital for *DHL Global Forwarding*. As a world-renowned logistics firm, it relies on efficient management of operations for service assurance without any loss in time. The company uses a variety of information systems to effectively gather, store, process data and then share all those data points in full transparency with its stakeholders and clients.

2.6.1 Information Systems

DHL Global Forwarding uses a centralized data management system to gather and store data from a large number of sources like partners, consumers, and suppliers. The centralized system also allows users to have access to real-time information on shipments and inventories, which in turn, builds trust and customer satisfaction.

One of the prime ways in which DHL increases overall productivity in operation management is by providing necessary productivity tools to workers that boost efficiency.. As such, employees of DHL use productivity tools and office administration software like Microsoft Office along with other tools in the centralized data management cloud to tackle regular tasks like writing documents, setting up meetings, and sending emails.

2.6.2 Quality Management and Operations Management

DHL Global Forwarding is particularly equipped to provide top-notch client satisfaction and services. To this effect, the internationally acclaimed standard for quality management, ISO 9001:2001 QMS, has been implemented to meet all regulatory and customer requirements.

Additionally, the organization uses scheduling and various resource allocation systems to manage their operations. An automated scheduling system is used to optimize the use of resources like planes, trucks, ships and even streamline duties of the staff at DHL. To guarantee that resources are allocated as effectively as possible, the system considers variables including distance, fuel economy, and availability.

The business manages its operations using a variety of other tools and procedures in addition to the computerized scheduling system. The business, for instance, employs a lean production approach that emphasizes reducing waste and boosting effectiveness. The method, which is built on the ideas of continuous improvement, is intended to assist the business in cutting expenses and raising customer satisfaction.

2.7 Industry and Competitive Analysis:

DHL Global Forwarding works in the very competitive and dynamic logistics and supply chain management sector. It is crucial to perform a thorough research of the industry and its competitive environment to comprehend the company's position.

2.7.1 Porter's Five Forces Analysis:

Threat of New Entrants: The logistics and supply chain management sector are moderately threatened by new entrants. Starting a logistics business requires a sizable amount of capital, which creates an entry barrier. However, the development of e-commerce and the low-cost digital platforms have made it simpler for new competitors to enter the industry.

Additionally, existing logistics firms with economies of scale and a strong network, like DHL, FedEx, and UPS, might be a barrier to entry.

Bargaining Power of Suppliers: Suppliers have a limited amount of negotiating power. Transportation, warehousing, and other services are demands made by logistics firms on their suppliers. However, the business has many suppliers, making it simple for logistics companies to switch to other providers if their current ones do not fulfill the necessary criteria.

Bargaining Power of Buyers: Buyers have significant negotiating leverage. Customers can choose from a variety of logistics services, and if they are dissatisfied with the caliber of the ones they receive, they can quickly move to another logistics provider.

Threat of Substitutes: In the logistics sector, there is little threat from replacements. There is no sustainable replacement for the vital role that logistics services play in the supply chain.

Rivalry Among Competitors: In the logistics sector, there is a lot of competition. The key competitors in the sector, including DHL, FedEx, and UPS, are always coming up with new ideas to enhance their offerings and lower costs to acquire a competitive advantage.

2.7.2 SWOT Analysis:

Strengths:

DHL Global Forwarding, one of the top logistics and transportation firms in the world, is well-established in Bangladesh. The company boasts an extensive network of air freight operations that give it a competitive advantage in the logistics market of the country. The company also invests largely in the latest technology and cutting-edge infrastructure to enhance its operational prowess and maximize its services.

Weaknesses:

One of the first drawbacks of the company is the high operating costs of air freight operations in Bangladesh. Also, the business relies on foreign providers for specific services, which also makes it vulnerable to risks in their supply chain management in the long-run. On a larger scale, the firm continues to face adversities from its rivals in logistics and transportation businesses.

Opportunities:

Amidst all the risks and threats lies several opportunities to excel. In Bangladesh, a country with a fast growing economy, the demand for air freight services is on the rise. At such a time, *DHL Global Forwarding*, as the leading logistics company in the country with the best resources available, is in an excellent position to push its business growth and quickly claim a bigger share of the local market. To do this, DHL must adopt first-class technology that streamlines processes and reduces costs more effectively than other competing companies in the logistics industry.

Threats:

One of the greatest threats to DHL and many other businesses in Bangladesh is the country's economic and political landscape that frequently threatens unrest. The high taxes and tariffs set by the regulatory boards can be damaging to DHL's operations and thereby impact earnings and profitability for the giant cooperation. Unregulated and unfair competition from rival businesses can also lead to pricing issues for the company.

Despite these threats, DHL is at a great position from an operational and financial standpoints due to its strong brand image, positive reputation, stable finances and the great expansive network of air freight operations. However, the DHL corporation at large must address its emerging vulnerabilities in rising operational prices, local political and economic instability, regulatory restrictions, and act with calculated caution to stay ahead of competition and maintain its market shares.

2.8 Summary and Conclusion

Leading global logistics provider *DHL Global Forwarding* focuses on supply chain management and freight forwarding for businesses all over the world. *DHL Global Forwarding* is committed to being the go-to logistics supplier and strives to offer its clients, staff, and shareholders great value. Respect and results, the company's basic values, serve as its compass as it pursues excellence in all facets of its business.

DHL Global Forwarding provides air freight services to numerous sectors in Bangladesh. The organization promotes employee engagement and participation by using a participative leadership style. Recruitment, selection, salary, training, professional development, and performance evaluation are all included in its human resource planning.

Utilizing a variety of platforms and tactics, including social media and digital marketing, effective marketing techniques are used to target and position the services offered by *DHL Global Forwarding*. The business exhibits solid financial performance, placing an emphasis on effectiveness and profitability. Its accounting procedures follow fundamental guidelines and guarantee accurate disclosure.

DHL Global Forwarding makes use of information systems, using office management and database software to support resource allocation, scheduling, and quality management. To meet customer requests and maximize resource usage, operations management adheres to a strict methodology.

Porter's Five Forces and SWOT analysis of the company's position highlight *DHL Global Forwarding's* significant competitive advantage.

As per my analysis, *DHL Global Forwarding* is an exemplary international logistics provider in Bangladesh that has a strong focus on quality services. Its management procedures, advertising plans, monetary results, accounting principles, and operational management are

all in line with its mission and vision. *DHL Global Forwarding* is well-positioned for further success in the logistics sector thanks to its enormous worldwide network, well-known brand, and commitment to customer satisfaction.

2.9 Recommendations/Implications

Several recommendations and implications can be drawn from the examination of *DHL Global Forwarding's* procedures and business processes to improve the effectiveness and achievement of the company:

Diversification of Services: *DHL Global Forwarding* ought to think about extending the scope of its supply chain and logistics services. This diversification can expand the company's customer base, keep its current ones, and draw in new markets.

Focus on Customer Service: Offering flexible and adaptable solutions will improve client satisfaction. The customer experience will be further improved by investing in technology to optimize operations.

Leverage Digital Technologies: Supply chain and logistics operations can be made more efficient by investigating the use of digital technologies like automation, machine learning, and artificial intelligence. Effective consumer involvement is made possible by utilizing digital marketing platforms and social media.

Strengthening Supply Chain and Logistics Networks: By improving efficiency and lowering costs, the supply chain and logistics networks will be strengthened. This may entail developing strategic alliances with regional suppliers as well as growing warehouses, transportation, and logistical hubs.

Investing in Employee Training and Development: *DHL Global Forwarding* may improve the competencies and skills of its personnel by funding training and development initiatives.

Employees will be prepared to negotiate the dynamic logistics and supply chain sector as a result.

Sustainability Initiatives: Using green technologies and environmentally friendly logistics techniques demonstrates environmental responsibility. Incorporating social responsibility initiatives also benefits nearby communities and builds the company's brand.

DHL Global Forwarding can improve customer happiness, boost competitiveness, and assure long-term success in the global logistics and supply chain sector by implementing these suggestions. The development, profitability, and sustainability of the company will be aided by these tactical decisions in an increasingly cutthroat market.

Chapter 3: Project Part

3.1 Introduction

In today's highly competitive business environment, organizations are constantly seeking strategies to reduce costs and improve financial performance. This project focuses on exploring strategies for cost reduction in *DHL Global Forwarding's* air freight operations in Bangladesh, specifically from a financial perspective. The review will examine various cost reduction approaches employed by the company, including compliance, hiring systems, carbon emission minimization, competitive pricing, Block Space Agreements (BSAs), and shipment consolidation.

3.2 Motivation of Study

Reducing operational costs is a crucial endeavor in the highly competitive field of air freight operations in Bangladesh. DHL Global Forwarding faces intense competition from other major players in the logistics industry, including FedEx and UPS, among others. It is essential to establish a solid base for understanding why cost reduction is of paramount importance for DHL Global Forwarding and how it compares to its competitors.

Cost Comparison with Competitors:

To underline the significance of cost reduction in DHL Global Forwarding's air freight operations in Bangladesh, we need to consider comparative cost analysis with other prominent freight forwarders. For instance, comparing the rate per kilogram (kg) charged by DHL with its competitors like FedEx and UPS will reveal the financial competitiveness of DHL's services. This rate comparison should extend beyond a simple cost-per-kg calculation to encompass route-specific comparisons, assessing the rates from one particular location to the destination, as these variables significantly impact cost-effectiveness.

Moreover, examining the operational expenses, such as compliance-related costs, labor expenses, carbon emissions-related costs, and the benefits of cost reduction strategies like competitive pricing, Block Space Agreements (BSAs), and shipment consolidation, will provide a comprehensive understanding of the financial landscape.

Competitive Edge:

Understanding DHL Global Forwarding's cost reduction strategies in comparison to its competitors will shed light on the effectiveness of these strategies in maintaining a competitive edge. In the logistics industry, cost efficiency directly influences pricing, market share, and profitability, making it a critical factor for success.

By establishing this base of comparison, we can evaluate the extent to which DHL's cost reduction measures contribute to its competitive position in the air freight industry. This information will be instrumental in developing insights and recommendations that will help DHL maintain and enhance its financial performance in Bangladesh's air freight sector.

3.3 Objective(s)

The objectives of this paper are to analyze and evaluate the strategies for cost reduction in *DHL Global Forwarding's* air freight operations in Bangladesh from a financial perspective.

The specific objectives include:

To assess the effectiveness of compliance as a cost reduction strategy: This objective aims to examine the impact of DHL's compliance practices on reducing costs and avoiding legal complications.

To evaluate the impact of recruitments on cost reduction: This objective focuses on analyzing whether DHL's hiring system is effective in cutting labor costs and promoting operational competence.

To analyze the effect of minimizing carbon emissions on costs: This objective will help to evaluate how minimizing carbon emissions affects financial conditions at DHL.

To assess how competitive pricing helps cost reduction: This objective evaluates DHL's competitive pricing strategies to attract customers and increase revenue.

To evaluate the cost-saving potential of Block Space Agreements (BSAs): This objective aims to assess the impact of BSAs on reducing transportation costs and improving financial performance.

To analyze the cost reduction benefits of shipment consolidation: This objective focuses on evaluating the effectiveness of shipment consolidation in reducing handling and administrative costs and improving operational efficiency.

By accomplishing these objectives, this study aims to contribute to the existing body of knowledge on cost reduction strategies in the logistics industry and provide practical insights for DHL Global Forwarding to optimize its financial performance and maintain a competitive edge in the air freight operations in Bangladesh.

3.4 Significance

This research holds significant importance for multiple stakeholders, including *DHL Global Forwarding*, the logistics industry, policymakers, and researchers. The significance of this study is outlined below:

DHL Global Forwarding: The findings of this research will provide valuable insights on DHL Global Forwarding, specifically in its air freight operations in Bangladesh in the following sectors – competitive pricing in the local market, cost management via recruitment, Block Space Agreements (BSA), consolidated shipping, effects of carbon emission on costs,

and compliance. Implementing the recommended strategies can result in better financial performance and increase operational stability for DHL.

Logistics Industry: The research outcomes will discuss effective cost reduction strategies to contribute to the total industry of logistics. A framework for evaluating and implementing cost reduction strategies is offered here to help companies optimize their financial performance and enhance their competitive advantage.

Overall, this research holds significance for the logistics industry by promoting open discussions on sustainability, compliance, and efficient operations. By addressing these important aspects, this research will help create better conversations in the industry by marking the growth and development of DHL Global Forwarding's air freight operations in Bangladesh.

3.5 Methodology

This methodology encompasses various research techniques, data collection, and ethical considerations.

Research Design:

Qualitative research methods have been used to provide a comprehensive breakdown of cost reduction strategies and their implications on air freight operations at DHL.

Interviews:

Qualitative data are gathered through interviews with the Head of Department at Air Freight Operations, along with its managers and employees. These insights on implementation and effectiveness of specific cost reduction strategies have been obtained through semi-structured interviews.

Ethical Considerations:

Informed Consent: Informed consents have been prioritized in the interviewing of these participants for the purpose of data collection for my research. They have been provided with clear information about the purpose of the study, their voluntary participation, and the confidentiality of their responses.

By adopting this methodology, the research aims to provide a comprehensive analysis of the strategies for cost reduction in DHL's air freight operations in Bangladesh from a financial perspective.

3.6 Findings

Through interviews with *DHL Global Forwarding's* employees, we could find the methods used for cost reduction to keep a competitive advantage over competitors and provide better rates to customers and capture a bigger market share. The cost reduction approaches are elaborated below.

3.6.1 Cost Reduction Approaches

DHL Global Forwarding prides itself on being a compliant company that adheres to regulations and ethical practices. By prioritizing compliance, DHL avoids costly penalties and safeguards its reputation. This commitment to compliance not only ensures legal compliance but also minimizes the risk of legal complications and associated costs. By operating within legal boundaries, DHL demonstrates its commitment to ethical business practices while safeguarding its financial stability.

Effective Hiring/Recruiting System: It is another crucial cost reduction strategy utilized by DHL. The company strategically employs contractual employees during peak shipment periods, enabling flexibility in scaling operations while avoiding unnecessary labor costs during off-peak periods. By maintaining a core team of permanent employees who

consistently perform well, DHL optimizes its workforce, enhances productivity, and increases profitability.

Minimizing carbon emissions: It is a priority for DHL, aligning with the growing global emphasis on sustainability. The company has implemented various measures to reduce its carbon footprint, including optimizing routes, utilizing fuel-efficient aircraft, and investing in green technologies. Reduced carbon emissions not only contribute to the preservation of natural environments, but also has a huge role in saving costs on carbon taxation and environmental regulation (ER). These efforts align with DHL's commitment to sustainability and demonstrate its environmental responsibility.

Competitive pricing: This key strategy is employed to cut on costs and widen the customer base of DHL. DHL's ability to negotiate favorable rates with suppliers and partners enables it to offer competitive rates to customers, increase market share and achieve economies of scale.

Purchase of Block Space Agreements (BSAs): By purchasing BSAs, DHL secures allotted bulk space with airlines, while getting volume discounts that help towards cost savings. This is a proactive measure of strategic cost reduction that minimizes transportation costs and enhances operational efficiency at DHL.

Shipment Consolidation: Consolidating multiple shipments into one console is a strategy that allows DHL to optimize space utilization; reduce handling and administrative costs; and streamline major operations.

To summarize, these are some of the various strategies that DHL employs to reduce costs and improve financial performance of air freight operations in Bangladesh.

By implementing these cost reduction strategies, DHL Global Forwarding works to achieve financial sustainability without compromising on operational efficiency or customer

expectations. The commitment *DHL Global Forwarding* has towards operational efficiency, sustainability, and compliance makes it a leading name in the logistics industry.

3.7 Analysis

DHL has implemented several cost reduction strategies in its air freight operations in Bangladesh which have positively impacted its financial performance in Bangladesh.

Compliance: By staying compliant, DHL has been able to mitigate risks and limit penalizations regarding non-compliance. The adherence to regulatory requirements ensures smooth operations, safeguarding the company's reputation and financial stability.

Hiring Systems: The utilization of contractual employees during peak periods of shipment volumes has proven effective in managing costs. By employing additional resources only when necessary, DHL can optimize labor expenses and improve profitability.

Carbon Emission Reduction: DHL's efforts to minimize carbon emissions demonstrate its commitment to sustainability. By adopting environmentally friendly practices, the company can enhance its brand reputation and potentially attract environmentally conscious customers.

Competitive Pricing: By offering competitive rates to customers, and employing strategic measures to maintain profitability, DHL has not only been able to retain its existing customers and expand its customer base but it also continues to generate high market shares as a leading player in the logistics industry.

Shipment Consolidation and Block Space Agreement: By forecasting shipment loads and securing block space agreements (BSAs), DHL has managed to be cost-effective in utilizing its transportation capacity. Consolidating shipments also allowed the company to minimize costs even further. These strategies were used to optimize utilization of resources and reduce operational expenses.

3.8 Recommendations

Based on the study's findings, I would suggest *DHL Global Forwarding* to consider the following measures to optimize its financial performance.

Regular Evaluation of Cost Reduction Strategies: DHL should prepare an assessment schedule to reevaluate its cost reduction strategies and make revisions where necessary. These periodic analysis reports will help the company identify new opportunities for cost savings and stay updated with the evolving market conditions.

Technology Integration: One of the best ways to optimize operational efficiency and reduce costs is to invest in advanced technological solutions. As such, DHL should implement state-of-the-art tracking systems, route optimization software, and automate operations to reduce lead times and boost overall employee productivity.

Partnerships and Collaborations: Collaborations and partnerships with local delivery service providers in Bangladesh can help DHL to reduce costs associated with transportation and warehousing.

Employee Training Programs: Consistent training programs should be implemented to develop employee skills and increase their knowledge in operations. Well-trained employees are the key to improved operational efficiency, and customer retention services that lead to cost reduction benefits.

Performance Monitoring and Measuring Techniques: Robust performance measurement tactics should be used to monitor key cost drivers and identify areas of inefficiency. This will enable DHL to take well-timed corrective actions and channel continuous improvements for cost reduction efforts.

The analysis of *DHL Global Forwarding's* cost reduction strategies gives us valuable insights into the company's operations. By implementing the recommended measures, DHL can maintain competitive benefits, make improvements in financial performance, and continue to stay in the leading position in the competitive air freight industry in Bangladesh.

3.9 Summary and Conclusion

For this research paper, I have taken a financial viewpoint to prepare a focused analysis of cost reduction strategies in *DHL Global Forwarding's* air freight operations in Bangladesh. Based on these findings, I have offered my recommendations towards the implementation of more cost-effective methods that will further the financial progress of *DHL Global Forwarding*.

By assessing the cost reduction strategies implemented by DHL, it has been observed that DHL's competitive pricing, block space agreements (BSAs), compliance measures, carbon emission reduction efforts, utilization of contractual employees during peak periods contributed to cost reduction and improved financial performance. These strategies demonstrated that DHL maintains its commitment to resource optimization, market competitiveness, operational efficiency, and sustainability.

In addition to these findings, the study proposes several effective recommendations to hugely boost the company's financial performance. These include continuous evaluation of cost reduction strategies, collaboration and partnerships with local logistics providers, integration of technology, employee training programs, and robust performance monitoring and measurement systems.

In conclusion, the study provides valuable insights into the current strategies practiced in *DHL Global Forwarding's* air freight operations in Bangladesh. The findings highlight the company's strong financial performance, adherence to standardized accounting principles,

and effectiveness of cost reduction initiatives. The recommendations I have put forth will immensely improve the financial performance of *DHL Global Forwarding* in the upcoming years. By implementing these recommendations, DHL can retain its position through sustained growth, profitability, and competitiveness in the dynamic air freight industry in Bangladesh.

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Appendix

Appendix A: Interview Transcripts

Appendix A.1: Head of Air Freight and Manager

(H=Head of Air Freight, M=Manager, I-interviewed)

I: Hello, I wanted to talk to both of you to understand how DHL Global Forwarding imposes cost reduction strategy specifically in Air Freight and how do we benefit from it? This is for my internship paper.

H: Well, we have many strategies in place for cost reduction. First and foremost, we are a compliant company, where we follow regulations very strictly which benefits us as we can avoid any penalties and maintain our reputation.

M: DHL also implement a strategic hiring system where we hire contractual employees during peak months where there are a lot of shipments, this improves our productivity as we won't have excess permanent members when there are fewer shipments on cold months.

I: That's a great approach which didn't even come to my mind. What else does DHL do? Does DHL do anything to cut fuel cost as in air shipments that can bear a lot of expenses.

M: As you know DHL always try to minimize carbon emission and invest in environmentally friendly alternatives.

H: Yes, by reducing carbon emission and carbon footprints, we save money and have to pay less carbon taxes. We also optimize routes and utilize fuel-efficient aircrafts, by doing so we use less fuel and shipment is delivered faster. It is win-win situation.

M: Competitive pricing is very important as well to retain customers, gain competitive advantage and increase market share.

I: I have also seen that DHL optimized consolidation very well and I believe that is also a factor in reducing cost in air freight, can you elaborate it?

H: Yes, you're right. We consolidate our shipments where we put multiple shipments under one consol and optimizing space effectively and that's how DHL provides cost-effective solutions.

M: Alongside consolidation, Block Space Agreement is a strategy we follow reducing a lot of cost. Through effective forecasting of shipment loads, we can buy space from airlines in advance and save through volume discounts.

I: Well, that was very insightful, and I appreciate your time and valuable feedbacks. Thank you.