

Internship Project on

“How to create a self-sustaining business model for promoting NESCAFE”



Prepared for:

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Date of Submission: 22th June 2014

Letter of Transmittal

10th June, 2014

Mr. Saif Hossain

Lecturer, BRAC Business School

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Subject: Submission of internship report.

Dear Sir,

With the passage of time, I am student of BRAC Business School standing on the other entity of my course completion, hence are finalized with my internship report naming as **“How to create a self-sustaining business model for promoting NESCAFE”**. Vividly enough, my research comprises adequate endeavors. But no doubt, my contribution will be best evaluated on your sharp scale of acceptance & analytical remarks.

Consequently, I am submitting my report on your very concern. Hopefully, you will discover my well-researched, informative approach as a hallmark of hard work. Rather, in case of any further clarification or elaboration as to my report, I would welcome the opportunity to consult with you to explore how my findings could best meet your needs.

Thanking You.

Sincerely,

Md. Rafiqul Islam Mithil
ID: 10104143
BRAC Business School
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Declaration

I hereby declare that the report namely “**How to create a self-sustaining business model for promoting NESCAFE**” is completed by me which is based on my practical work experience and a comprehensive study of the existing activities of Nestlé Professionals department of Nestlé Bangladesh Ltd.

I also declare that this report is my original work and does not breach any existing copyright. This particular report has not been previously submitted to any other University/College/Organization for academic qualification/ certificate/ diploma or degree.

I have prepared it for the academic purpose of Bachelor of Business Administration degree which requires practical work experience.

Md. Rafiqul Islam Mithil
ID: 10104143
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Supervisor's Certification

I hereby declare that the concerned report entitled in **“How to create a self-sustaining business model for promoting NESCAFE”** is an original work by **Md. Rafiqul Islam Mithil, ID: 10104143, BRAC Business School, BRAC University.**

He has completed his internship under my supervision and submitted the report for the partial fulfillment of the requirement for the degree of Bachelor of Business Administration.

I also certify that I have gone through the draft report thoroughly and found it satisfactory thus forwarded for presentation.

Mr. Saif Hossain
Lecturer, BRAC Business School
BRAC University

Acknowledgement

Firstly, I would like to thank my academic supervisor Mr. Saif Hossain, Lecturer of BRAC Business School, BRAC University, for providing me all the necessary helps for the completion of this report. Thank you very much Sir for guiding me to start and complete successfully of this report. I am also thankful for your patience that you have shown during the project.

Secondly, I would like to thank, Masum-Uddin Khan, Country Director Nestle Professional Bangladesh, Nestlé Bangladesh Ltd, and my Official Supervisor, Sakib Ahmed Chowdhury for entrusting me with such an important project and allowing me scope to work independently, providing all required support. I also thank Istiaq Ahmed, Brand Executive Beverage, Nestlé Bangladesh Ltd. for providing me with the information required to conduct my report.

I also apologize heartily for any omitted name whose contribution was also complementary for any possible aspect. Lastly, I solemnly thank the Almighty.

Executive Summary

Nestlé is world's largest health, nutrition and wellness company with a mission of "Good Food, Good Life" which actually drives the company to provide consumers with the best tasting and most nutritious food choices in a wide range of food and beverage categories and eating occasions. Although globally it is twice in size of its nearest FMCG (fast moving consumer goods) competitors, in Bangladesh its journey is comparatively new. Nestlé Bangladesh Limited, a wholly owned subsidiary of Nestlé S.A., started its commercial production in 1994. Today Nestlé Bangladesh Limited is strongly positioned to grow through its policy of constant innovation and renovation, concentrating on its core competencies and commitment to high quality, with the aim of providing the best quality food to the people of Bangladesh.

The report is based on a working project and the aim of the report is to figure out how to develop a sustainable self-sustaining business model to promote Nescafé and the perception of people about street selling of Nescafé. This report is designed in six major chapters. Initially the opening words about the report were described in the first segment titled "Introduction". The next segment "Company Profile" contains the history of Nestlé, Product/service offerings, Operational network organogram, Nestlé Bangladesh Ltd. and Visions & mission for the future.

Next chapter is about my job and major responsibilities; where i have tried to describe my job and some of its drawbacks. Then comes the project that i was assigned in.

In the following part of this I have discussed about the project "Amra Korbo Joy" in details like how to develop a project, its financials and possible future etc. The last & final part contains the concluding part. Before drawing any conclusion based on this report it may be noted that there might be lack in data, but still it may be useful for designing any further study.

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Chapter 1: Introduction

1.1 Background of the study

Knowledge and learning become perfect when it is associated with theory and practice. Theoretical knowledge gets perfection with practical implication. As the concerning parties; educational institution and the organization substantially benefit from such a program namely “Internship”, the sole purpose of internship is to train the students and prepare themselves for the real life in job markets. I have developed this internship report as a partial requirement to acquire the BBA degree under direct supervision of Mr. Saif Hossain, I have tried my level best to make this report informative and enriched so that the real things can easily be displayed.

1.2 Origin of the study

This report is a requirement of the internship program for my BBA program. My supervisor Mr. Saif Hossain assigned me the topic “**How to create a self-sustaining business model for promoting NESCAFE**” I have tried my level best to make it as an excellent one. I used all the latest data and information. I have been serving this company as an intern under Nestle Professional department for last Four months. This is an internship project study on So, I am getting the opportunity to be very close to activities of Nestlé Bangladesh Ltd. My supervisor Sakib Ahmed Chowdhary guides me time to time to make this report fruitful.

1.3 Objectives of the study

General Objective:

The objective of the study is to focus on one broad issue that is “How to create a self-sustaining business model for promoting NESCAFE” This paper also covers some other factors related to the marketing and distribution functions of Nestlé Bangladesh and its effectiveness which are included under the heading of specific objectives.

Specific Objectives:

- ❖ To know about Nestlé Global and Nestlé Bangladesh Ltd.
- ❖ To know about the company’s current mission, vision, objectives, and goals.
- ❖ To have a very practical idea and over viewing the marketing functions and their performance in Bangladesh.
- ❖ To find out that what all strategies a company makes and follows for their products.
- ❖ To understand the Bangladesh food market for Nestlé
- ❖ To find out the efficiency and effectiveness of existing Marketing system.

- ❖ To analyze the strength of Nestlé in the Baby food segment.
- ❖ Defining their marketing mix, market segmentation, target market and product positioning and key marketing areas.
- ❖ To identify the distribution strategy and its effectiveness.
- ❖ Find out their strength, weakness, opportunities, threats.

1.4 Scope of the study

This paper talks about the current business operation of Nestlé Bangladesh Ltd. There is only detail description of the marketing function of the company because of the availability of information to me as I was working in one of the marketing function at Nestlé Bangladesh Ltd. Moreover in the project part I will try to identify the overall marketing functions of Nestlé Bangladesh Ltd.

1.5 Methodology

The study is conducted on a systematic procedure starting from selection of the topic to final report preparation. I presented this report on the basis of my experience as an intern in Nestlé Bangladesh Ltd. during these four months. I have conducted descriptive research and most importantly I have used my practical experiences that I got from the actual market. The overall process of methodology followed in the study is explained further.

Selection of the Topic:

My supervisor assigned me this topic of the study. Before the topic was assigned it was thoroughly discussed so that, a well-organized internship report can be prepared.

Sources of Data:

Primary data: Several discussions with the different person of Nestlé Bangladesh. Moreover at the time of doing different task, from there different information is collected by me.

Secondary data: Along with the primary sources information would also be gathered from the intranet and the files of Nestlé Bangladesh.

1.6 Limitations of the study

- ❖ The collection of primary data is always a difficult thing because it is hard to ensure the authenticity of the data.
- ❖ It is likely that managers might be sceptical about sharing certain company information with the interns.

- ❖ Therefore, getting the exact picture is always a challenging task.
- ❖ As it is 1st experience in corporate world, there was always scarce of knowledge and experience of mine.
- ❖ There was short of time. It is difficult to understand the overall marketing strategies of a giant company like Nestlé Bangladesh in two months.

Chapter 2: Company Profile

Since its founding, Nestlé's business practices have been governed by integrity, honesty, fair dealing and full compliance with all applicable laws. Nestlé employees worldwide have upheld and lived this commitment in their everyday responsibilities ever since, and Nestlé's reputation remains one of the Company's most important assets today.

The Nestlé Corporate Business Principles prescribe certain values and principles which Nestlé has committed to worldwide. This Code of Business Conduct specifies and helps the continued implementation of the Corporate Business Principles by establishing certain nonnegotiable minimum standards of behavior in key areas.

The nature of this Code is not meant to cover all possible situations that may occur. It is designed to provide a frame of reference against which to measure any activities. Employees should seek guidance when they are in doubt about the proper course of action in a given situation, as it is the ultimate responsibility of each employee to "do the right thing", a responsibility that cannot be delegated.

Employees should always be guided by the following basic principles:

- avoid any conduct that could damage or risk Nestlé or its reputation;
- act legally and honestly;
- put the Company's interests ahead of personal or other interests.

For the purposes of this Code, references to employees" include employees, associates, officers and directors of Nestlé S.A. and its subsidiaries.

2.1 Brief history of Nestlé

Nestlé is more than just the largest ***Food and Beverage Company*** in the world. Increasingly, Nestlé is becoming the world's leader in nutrition, health and wellness. From the start, nutrition has been at the core of our business. However, today we place far greater emphasis on it – and on health and wellness. It's Corporate Wellness Unit and the individual business units are driving forces in bringing Good Food, Good Life to all our consumers.

Nestlé S.A. is a Swiss multinational food and beverage company headquartered in Vevey, Switzerland, founded by the **Henri Nestlé** (10 August 1814 – 7 July 1890). It is the largest food company in the world measured by revenues. Their products include baby food, bottled

water, breakfast cereals, coffee, confectionery, dairy products, ice cream, pet foods and snacks. Nestlé has around 450 factories, operates in 86 countries and employs around 328,000 people. According to their website, Nestlé is the world's leading Nutrition, Health and Wellness Company. In the food industry Nestlé is the most trusted name with high quality products. —Good food Good Life is the mission of Nestlé, which drives the company to provide consumers with the best tasting and most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night. The vision of —creating shared value and the very own —Corporate Business Principles —shaped the company culture and made them a reliable investor over 86 countries of the world. Today Nestlé employs around 280000 people and have factories or operations in almost every country of the world with a total equity of CHF 62.60 billion.

Our vision and values

To be a leading, competitive, Nutrition, Health and Wellness Company delivering improved shareholder value by being a preferred corporate citizen preferred employer preferred supplier selling preferred products.

Global Brands of Nestle

The brand portfolio delivers the message once again how big Nestlé in the food industry. It is the trust and effort of the Nestlé professionals which created the win wining scenario. Today Nestlé covers almost every food and beverage category – giving consumer's tastier and healthier products.

Category	Products
Baby foods	Cerelac, Gerber, Gerber Graduates, NaturNes, Nestum
Bottled water	Nestlé Pure Life, Perrier, Poland Spring, S.Pellegrino
Cereals	Chocapic, Cini Minis, Cookie Crisp, Estrelitas, Fitness, Nesquik Cereal
Chocolate & confectionery	Aero, Butterfinger, Cailler, Crunch, Kit Kat, Orion, Smarties, Wonka
Coffee	Nescafé, Nescafé 3 in 1, Nescafé Cappuccino, Nescafé Classic, NescaféDecaff, Nescafé Dolce Gusto, Nescafé Gold, Nespresso

Culinary, chilled and frozen food	Buitoni, Herta, Hot Pockets, Lean Cuisine, Maggi, Stouffer's, Thomy
Dairy	Carnation, Coffee-Mate, La Laitière, Nido
Drinks	Juicy Juice, Milo, Nesquik, Nestea
Food service	Chef, Chef-Mate, Maggi, Milo, Minor's, Nescafé, Nestea, Sjora, Lean Cuisine, Stouffer's
Healthcare nutrition	Boost, Nutren Junior, Peptamen, Resource
Ice cream	Dreyer's, Extrême, Häagen-Dazs, Mövenpick, Nestlé Ice Cream
Pet care	Alpo, Bakers Complete, Beneful, Cat Chow, Chef Michael's Canine Creations, Dog Chow, Fancy Feast, Felix, Friskies, Gourmet, Purina, Purina ONE, Pro Plan
Sports nutrition	PowerBar
Weight management	Jenny Craig

Table 1: Global Brands and Product



2.2 Nestlé S.A

Nestlé with headquarters in Vevey, Switzerland is the world's leading nutrition, health and wellness company. The Nestlé story began when the company became known with the first milk based foods for babies. Today Nestlé is the world's largest food company, employing around 276,000 people at 481 factories in 87 Countries and operating in almost every country in the world. Nestlé has divided its worldwide operations into three zones:

❖ Europe

- Regions (Adriatic, Benelux, Iberian and Russia + Eurasia)

❖ Americas

- 4 Regions (Austral-America, Bolivarian, Caribbean and Central American)

❖ AOA

- 3 Regions (Asia, Africa and Oceania)

In the mid-1860s Henri Nestlé, a trained pharmacist, began experimentation in an attempt to develop an alternative source of infant nutrition for infants who had been unable to be breast fed. Nestlé's first customer was a premature child, who was eventually saved by Nestlé's landmark infant formula. People quickly recognized the value of the new product and since then it had been a successful journey for Nestlé.

In 1905, Nestlé and Anglo-Swiss Milk Company merged, not before producing fierce competition between them. By the early 1900s, the company was operating factories in the United States, Britain, Germany and Spain. In 1907, the Company began full-scale manufacturing in Australia, its second-largest export market. World War I created new demand for dairy products in the form of government contracts. By the end of the war, Nestlé's production had more than doubled.

Nestlé found itself in crisis after the end of World War I in 1918. Wartime contracts finished and civilian consumers who had adapted to condensed and powdered milk during the war switched back to fresh milk. However, new products appeared steadily: malted milk, a powdered beverage called MILO in 1934, and, in 1938, NESCAFÉ. It became an instant success and was followed in the early 1940s by NESTEA.

Ironically, World War II helped accelerating the introduction of the Company's newest product, NESCAFÉ. After the United States entered the war, NESCAFÉ became a staple beverage of American servicemen serving in Europe and Asia. In 1947, Nestlé merged

with Alimentana S.A., the manufacturer of MAGGI seasonings and soups. The acquisition of Crosse & Blackwell, the British manufacturer of preserves and canned foods, followed in 1950, as did the purchase of Findus frozen foods (1963), Libby's fruit juices (1971) and Stouffer's frozen foods (1973)

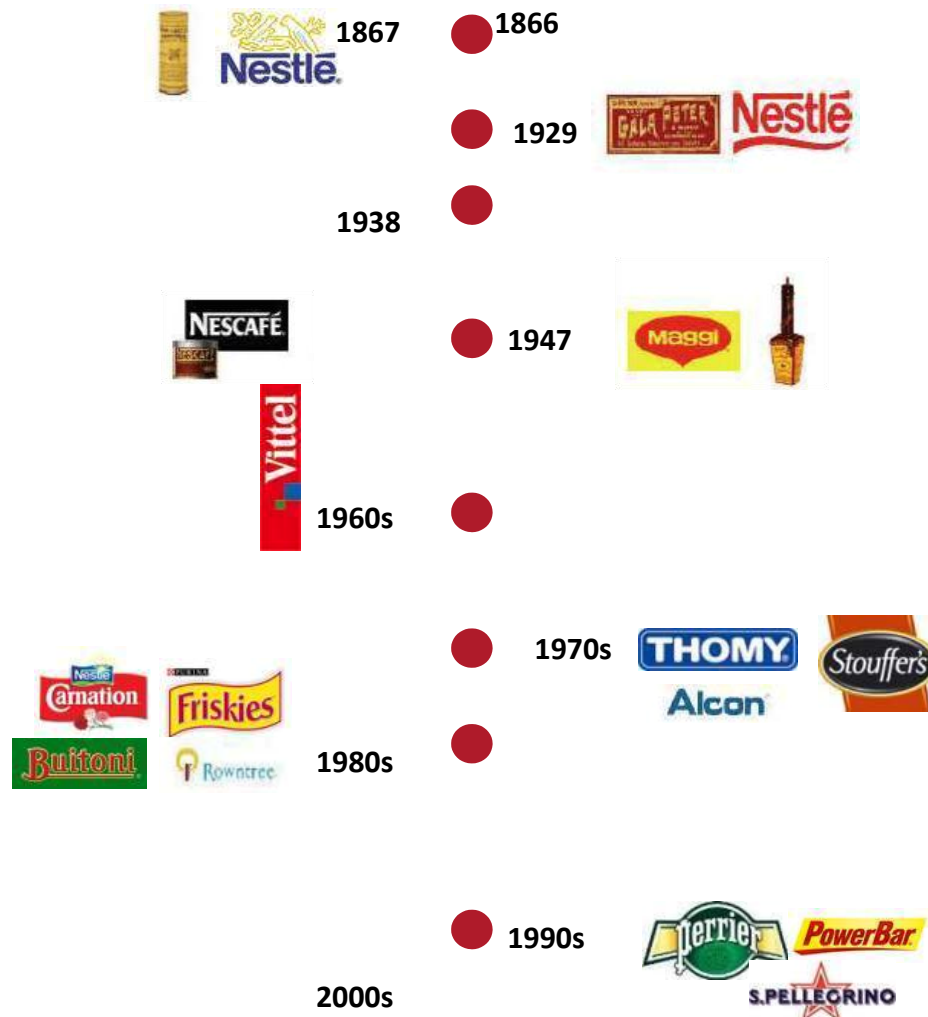


Figure 1: Chronicles of Nestlé

Meanwhile, Nestlé management decided to diversify outside the food industry for the first time. In 1974, the Company became a major shareholder in L’Oreal, one of the world's leading makers of cosmetics. After this diversification endeavor, its overall financial condition deteriorated drastically. Its rapid growth in the developing world partially offset a deceleration in the Company's traditional markets; however it also carried the risks of unstable political and economic conditions. To address this, Nestlé made its second venture outside the food industry by acquiring Alcon Laboratories Inc., a U.S. manufacturer of pharmaceutical and products ophthalmic in 1977. In the same year the group took its current name, Nestlé S.A

Chapter 3: Nestlé Bangladesh

Nestlé Bangladesh at a glance

Popular Nestlé brands entered this part of the sub-continent during the British rule and the trend continued during the pre-independence days of Bangladesh. After independence in 1971, Nestlé World Trade Corporation, the trading wing of Nestlé S.A., sent regular dispatches of Nestlé brands to Bangladesh through an array of indentures and agents, and some of the brands such as Nespray, Cerelac, Lactogen, and Blue Cross etc. became household names.

- ❖ **Type of business:** Fast Moving Food and Beverage Company with local manufacturing facilities, reporting to regional business groups for innovation and business results
- ❖ **Operations:** Foods and Beverages
- ❖ **Constitution:** Fully owned subsidiary of Nestlé S.A.

- ❖ **Product categories:** Nutrition, Culinary, Dairy, Beverages, Breakfast cereals, confectionaries
- ❖ **Brands:** Lactogen, Cerelac, Maggi, Nido, Nescafé, Corn flakes, Coko crunch, Munch.
- ❖ **Manufacturing Facilities:** The Company has a Manufacturing and Packaging Factory situated at Sreepur, 55 km north of Dhaka. The factory produces instant noodles, cereals and repacks: milk, soups, beverages and infant nutrition products.
- ❖ **Employees:** Nestlé Bangladesh provides employment to over 10,000 people directly and through its dedicated suppliers, distributors and service providers. 99.5% of NBL employees are locals and they have equal number of Bangladeshis working abroad in other Nestlé companies as expatriates

In the early eighties Transcom Ltd. was appointed the sole agent of Nestlé products in Bangladesh. In 1992 Nestlé S.A. and Transcom Ltd. acquired the entire share capital of Vita Rich Foods Ltd. Nestlé S. A. took 60 percent while Transcom Ltd. acquired 40 percent. Nestlé Bangladesh Limited started its first commercial production in Bangladesh in 1994. In 1998 Nestlé S.A. took over the remaining 40% share from our local partner when Nestlé Bangladesh became a fully owned subsidiary of Nestlé S.A.

1992	Nestlé S.A (60%) and Transcom Ltd (40%) entered into a Joint Venture Agreement, acquired land at Sripur, Gazipur.
1994	Started commercial operation in Bangladesh; Introduced repacking line; Introduced Condensed milk manufacturing plant
1997	Commissioned MAGGI noodles manufacturing plant
1998	Became 100% owner of Nestlé Bangladesh Limited Commissioned MILO manufacturing plant De-commissioning of the Condensed milk manufacturing plant due to unethical practices of local competitors
2001	Commissioned Can filling line
2002	Commissioned Roller dryer project for manufacturing of infant cereals with local resources.

Nestlé's factory is situated at Sreepur, 55 km north of Dhaka. In addition to the new cereal plant, the factory produces instant noodles and repacks milks, soups, beverages and infant nutrition products. The factory produces the Maggi noodles, Munch and cereals and repacks milks, soups, beverages and infant nutrition products. Today Nestlé Bangladesh Ltd. is a strongly positioned organization. The Company is continuously growing through the policy of constant innovation, concentrating on its core competencies and its commitment to high quality food to the people of Bangladesh. Since the beginning of Nestlé's operation in Bangladesh, the chairman of the company has been Mr. Latifur Rahman, one of the top industrialists of the country, his firm Transcom used to import the products of Nestlé. His business house Transcom is still involved in wide range of business like beverage, pharmaceutical, electronics, newspaper, tea export, fast food franchises etc. Still he remains as an honorary chairman of the company although his group Transcom does not capture any share today as Nestlé S.A. holds 100% share of this company.

Currently, Nestlé has a wide range of popular products in the market like Lactogen, Cerelac, Nido, Maggi Noodles, Maggi Soup, Nestea, Nescafé, etc. Nestlé, through its business partner Kallol Distribution Ltd., also markets malt beverage, confectionery, chocolates etc in Bangladesh.

Vision

In Bangladesh Nestlé's vision is to build Nestlé as the respected and trustworthy leading Food, Beverage, Nutrition, Health and Wellness Company in Bangladesh ensuring long term sustainable and profitable growth. The company is very much focused to ensure that the vision is implemented in every aspect.

Mission

The mission statement that drives Nestlé is "*Good Food, Good Life*". They commit to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night.

Objectives

Nestlé's objectives are to be recognized as the leader in Nutrition, Health and Wellness, trusted by all its stakeholders, and to be the reference for financial performance in its industry. They are seeking to achieve leadership and earn the trust by satisfying the expectations of consumers, whose daily choices drive their performance, of shareholders, of the communities in which they operate and of society as a whole. They believe that it is only possible to create long-term sustainable value for the shareholders if their behavior, strategies and operations are also creating value for the communities where we operate, for our business partners and, of course, for our consumers. Keeping it in mind, the think tank for Nestlé has designed a road map that is intended to create alignment for their people behind a organized set of strategic priorities that will accelerate the achievement of the objectives. These objectives demand from their people a combination of long-term inspiration needed to build for the future and short-term entrepreneurial actions, delivering the necessary level of performance.

Functions of Nestlé Bangladesh

Day by day demand and trust on the Nestlé products are growing. Focusing on the substantial growth and the other business perspective, the company developed its own functional areas. Currently the existing fictional areas are:



Figure 2: Organizational Functions

No matter how many functions are running, their main aim is to gain ultimate excellence. Every function contributes from their end to meet the corporate goal. The General Management take cares of the overall operation of the company and makes the key decisions. Human Resource focuses the management of employees and organizational culture; moreover HR professionals are also responsible for retaining the people who are making the difference with their competitors at the end of the day. Supply Chain ensures the stable supply of the products according to the demand of the customers. Marketing looks after the existing brands, market share and product development of the products. Nestlé is the world’s largest Nutrition Company that is why the importance of the Nutrition products is much more in compared to the other food companies; as a result they created a totally separate team to look after the Nutrition products, such as, CERELAC, LACTOGEN. Finance and control deals with the financial transactions and most importantly they also apply the control mechanism to remain the company complaint financially and procedurally. Finally Sales and Nestlé Professionals are responsible for earning revenue for the company, but sales goes for the retail distributors and Nestlé Professionals looks after the institutional sales.

Products of Nestlé Bangladesh

Globally the product line of Nestlé is very large but in Bangladesh currently there are only 20 products. Nestlé believes all foods and beverages can be enjoyable and play an important role in a balanced and healthy diet and lifestyle; as a result no matter how short the product line may be but it ensures the same quality in compare to the other countries.

Category	Product Name	
Nutrition	Formula:	
	Lactogen	
	Lactogen Recover	
	Pre-lactogen	
	All 110	
	Nan	
	Baby n Me	
	Cerelac (Different Flavours)	
Culinary	Maggi:	
	Maggi Noodles	
	Maggi Healthy Soup	
	Maggi Cube	
	Shad-e-Magic	
Dairy	Nido Fortified	
	Nido Growing up Milk	
Breakfast Cereal	Kokocranch	
	Corn Flakes	
Beverage	Nescafe Classic	
	Nescafe 3 in 1	
	Coffee Mate	
	Nestea (Only available for Vending Machine)	
Confectionery	Munch	

Table 2: Nestle Brands in Bangladesh

Sales Region of Nestle Bangladesh

Nestlé Bangladesh Limited markets its products throughout the country with the help of the distributors. A part from that, Nestlé Professional is a separate function which is responsible for the institutional sale. There are currently 80 distributors of Nestlé Bangladesh products of which 76 are retail distributors and remaining 4 are Nestlé Professional's distributors providing products for the out of home consumptions. The whole country is divided into six regions:



Dhaka North



Dhaka South



Chittagong



Sylhet



Bogra



Khulna

Chapter 4: My Job

Major Responsibilities of the job

- ❖ Search, assess and then assign territory to prospecting operators
- ❖ Seller route assessment
- ❖ Seller training and consumer FAQ management
- ❖ Control of operators and Ensure achievement of operator target
- ❖ Reports to Nestlé on results and issues
- ❖ Responsible for all day to day activities of hygiene / stocks / visual appearance etc.

INTERNSHIP PROGRAM DETAILS	
Internship Project Title	Project Amra Korbo Joy
Internship Program Objective	<p>The intern will be responsible for the following activities of the Project:</p> <ol style="list-style-type: none"> 1. Operator Recruitment <ol style="list-style-type: none"> a. Search, assess and assign territory to prospecting operators 2. Operator and Seller Development <ol style="list-style-type: none"> a. Seller route assessment b. Seller training c. Consumer FAQ management d. Ensure achievement of operator target 3. Asset Management Efficiency <ol style="list-style-type: none"> a. Distributor management b. Keep track of new selling kits and replacement/repair of old selling kits <p>The project will enable the intern to have first-hand knowledge on entrepreneurship and how to manage a startup business.</p> <p><i>*The objectives should justify the business need along with learning requirement of the Institute</i></p>

Different aspect of performance

Basically, the project me and other interns worked with it was completely new project for Nestle Bangladesh. So, they needed to choose the best performer for this challenging project. After assigned as an intern we had to go through a continues assessment. Every week we had a meeting with the country director of the project also we had several meeting with managing director of Nestle Bangladesh. These meeting were part of their performance assessment. We had to attain in various written exam and individual presentation as well. After completion three month I had an interview with my country director and other two supervisors regarding my performance.

At the very beginning they gave us a goal to fill up regarding the project on the basis of that they assess our performance. Also, they are very concern about our way of working.

Observation & Recommendation

- ❖ Firstly the time period wasn't sufficient enough to complete my internship report with the actual outcome since I have been employed as an intern for six months whereas according to my academic schedule I am bound to submit my report within three months so right now it's not possible to display the actual outcome and knowledge I will be gaining throughout the internship period.
- ❖ It isn't certain of what the actual outcome is going to be. We have a mission and that is to spread the consumption of Nescafé in each and every corner of the city and then in the long run to spread it throughout the country but within these three months and with more three months to go it is impossible to declare whether this project is sustainable and will it live up to our vision.
- ❖ Again, it is uncertain that the project we are working on is going to be a success or a failure. Within this short time period, it isn't possible to say how far the project will be going. While working on this project, it has been figured out that it may even take more than six months to fulfill its mission. As time passes by we are facing new challenges and problems arise so it is difficult to say what new challenges are yet left to be faced and whether it is going to be possible to overcome those challenges and meet our goals.
- ❖ As said above everyday on the fieldwork new problems and challenges are coming up and what more is yet to come is uncertain so within the time frame that has been giv-

en by our university isn't long enough to talk about the challenges and problems that is likely to take place and how it is going to be solved.

- ❖ Since I am working as an operator, I am facing problems of seller recruitment and not even sure by the end of six months whether I will still be able to play the role of an operator and how many sellers will I have in the palm of my hand and how far I will be able to expand my territory. As a territory officer currently looking after one operator and is expected to take more under my control but right now it is not possible to say how many of them will I have and how many more territories will I look after and where will I stand at the very end of my internship period.
- ❖ It is an ongoing project; every time a problem is being faced we consult our supervisors and take necessary steps to solve it. We have designed our project quite few times even after launching it in the market after getting a clear picture of the market scenario, customer reactions etc. In the upcoming months a lot of challenges are expected to appear in front of us so we can come up with various ideas and solutions to go across the challenge so due to short period of time it wasn't possible to highlight those in the report. A new concept might be designed to bring more developments in the business, new ideas might be implemented as we are doing further market study on a regular basis on how to increase territory and operations, the entire selling process can change, the project can run successfully in the long run and reach its benchmark or even may stop in the upcoming days for which chances are absolutely low and so on. So how is it going to look after six months is really hard to say now and we have just started so it wasn't possible to highlight the final outcome of our "Amra Korbo Joy" project in the report.
- ❖ Currently I am looking after one operator who in the initial stages went through various problems but right now operating properly and is within my control. I am expecting to bring more operators into this business but right now it isn't possible to say how many I will be able to bring, whether I will be able to reach their vision and if I can how are they going to perform so based on the operation of one operator and three months I had to highlight my skills and knowledge I have gained during the internship period. If there were more operators I would have been able to compare the differences, measure the performance and measure my skills of handling businesses with others thus a proper outcome of my skills and learning throughout the internship period could have been shown in the report.

As one of the project leaders I always suggest to my supervisor to increase the seller's benefits because sellers are the heart of this project. Initially, they do not give too much attention regarding that issue but now after four months of working; everyone those are associated with this project they get to know that we have to have more benefits for the sellers if we want to keep them into the market.

From the customer end; they always demand to reduce the price it's like paradoxical situation because sellers want more but customers agree to pay less. Now, this is the real problem which needs to solve as soon as possible. It's not easy to solve but there is one possibility to reduce the cups price. Its need to discuss with the supplier very soon. Also, formal training needs to provide to the seller to get highly motivated sellers. Sometimes, sellers do not maintain proper cleanliness so they face negative response from customers. Regular monitoring has to ensure to solve these problems.

Chapter 5: “How to create self-sustaining Business model for promoting NESCAFE”

5.1 Nestlé Professional Bangladesh

Vision: “To be an inspiring growth partner that delivers creative, branded food and beverage solutions, enabling operators to innovate and delight their consumers.”

As part of the world’s largest food and Beverage Company with a commitment to Nutrition, Health and Wellness, Nestlé Professional is passionate about supplying you with branded solutions that are creative, customized and commercially viable. In our relentless drive for excellence, we aim to continue to;

Basically, as part of the world’s largest food and Beverage Company **Nestlé Professional’s** vision is to provide custom-made food and beverage solutions in OOH arena. NP is always prepared to meet the demand and need of the customer, whatever outlet they are in. We are ready to serve at any place through channels like full service or quick service restaurant, business and industry, hospital, street, college and university, transportation etc.

50%-60% of the population is going outside daily to earn their livings and to seek knowledge. They spend on an average of 8-12 hours out of home and spend almost half of their food consumption budget. As a dedicated unit of our organization ‘**Nestlé Professional**’ provides global branded solutions that are tailored and commercially feasible for Bangladeshi consumers and customers. NP team is committed to ensure Nutrition, Health Wellness of our customers in their day to day life. We are on a process of setting a strong set of route to market to ensure our service to the arm reach of people within the quickest possible time.

5.2 Project “Amra Korbo Joy”

Amra Korbo Joy or (We shall Overcome) is an important project to sell and promote Nescafé and Nestea through using street channels of marketing. basically it's the project under Nestle professional Bangladesh which is one the strategic business unit of Nestle Bangladesh.

The concept of this project “AmraKorbo Joy” first came from an African market of Nestlé. Basically, in 2010 Nestle Kenya came up with an idea of “MY Own Business” which is known as “MYOWBU” in Africa. This business model developed by Nestle Professional to penetrate the street channel. Thus they can create job opportunity for the least privileged and most importantly promote their brand.

Moreover, according to global trends, coffee is the fastest growing beverage in the world. There are many different ways to consume our favourite cup of coffee like-hot, black, cold, milky, frothy, sweetened and layered; to wake up, to help you socialize and to keep you going. Many of these trends arise in out-of home where coffee sellers continuously try to innovate, differentiate and surprise their consumers. Coffee serves different daily need states and has become part of many daily rituals.

Purpose

To create a self-sustaining business model for promoting NESCAFÉ and NESTEA Iced Tea brand in the street channel. The model must help in creating entrepreneurs in less fortunate social classes (Termed as ‘Operator’).

Background

Lack of visibility and call to action materials of beverages is a problem. Visibility of NESCAFÉ and NESTEA Iced Tea brand should be ensured in a new way that also provides a viable business model for both operator and Nestlé. In short-‘Visibility, Profitability, Responsibility’ throughout Bangladesh.

Visibility: Every person in this nation should be able to see one seller and hear the words “Apni ki cup NESCAFÉ khabe?” At least once every day.

Profitability: Seller wins (Through Increased Income), Operator wins (Through having a profitable business of their own) and Nestlé wins (Through increasing its product consumption). All must be profitable.

Responsibility: We must continue until we have increased the minimum wage of Bangladesh to USD 100 per month level.

Business case

One person (employee of Nestlé distributors, Operators or is self-employed) is equipped by Nestlé with 1 t-shirt, 1 cap, 1- 3-liter flask, 2 plastic containers (For COFFEEMATE & Sugar), 3 spoons and 1 bag to carry it all in the front. Fully equipped, full kit weights in about 6.5 kg. Each person operates 8 hours a day in 2 shifts per day totaling 26 days per month (Fulltime) or 4 hours in 1 shift per day totaling 26 days (Part-time). Each person should sell 1 flask or ~50 cups @ 10 BDT per shift (timing and amount are derived from test marketing).

Project scope

This project includes Nestlé distributors, Nestlé professional employees, Nestlé sales team, Operators (Definition here: Any person or organization who operates commercial or institutional food or beverage outlets as a business in ‘out of home’ and complies with the legal, hygiene and operational requirements of Nestlé)

Operational Objectives

In brief the objectives are below:

- ❖ Perfect Operational Efficiency
 - MOP (Method of Preparation) testing every week through weight-machine
 - 3Ws- Perfecting *Whom to sell, Where to sell and When to sell*. –Time-wise Hot spot based selection and sales management
 - Reporting daily through SMS
 - Collecting weekly consumer feedback
- ❖ Perfect Quality Efficiency
 - Ruthlessly implementing Branding, Hygiene, Safety and control requirements.
- ❖ Seller Focused Approach (Seller MUST NOT be exploited)
 - Timely incentive distribution
 - Timely salary distribution

Project Objectives

1. Visibility of Nestlé beverages throughout Bangladesh
 - a. Will be communicated upon interest
2. Profitability for operator
 - i. Each unit must be self-sustained financially
3. Responsibility towards
 - a. Consumers- Hygiene
 - i. Use Jar water or available water whichever is safer
 - ii. Not reuse unsold NESCAFE mix

- iii. Clean mixing spoon at least once per 5 cups
- b. Society- Include less fortunate social classes
 - i. People living under the poverty line
 - ii. Working class males and females
 - iii. Through Orphanages
 - iv. Through NGOs (Non-Governmental Organizations)
- c. Law- Operate with full compliance
 - i. Self-explanatory

Project Financials

The end cup price is 10 BDT. After deducting for products, paper cup and water & heating, operators have (Gross Profit) ~4.41 BDT for NESCAFE per cup. Summing up to (Net Profit) ~2750 BDT for NESCAFE after deducting all operating cost per month per kit.

Financial Feasibility of the Project:

Summary		Per Cup	Per Month (80 cups)	Per Month (100 cups)
Distributor	Per unit cost	5.49		
	Selling price	10		
	Gross profit	4.51	9,374.98	11,718.73
	Net profit	1.24	874.98	3,218.73
Operator	Per unit cost	5.60		
	Selling price	10		
	Gross profit	4.40	9,149.26	11,436.58
	Net profit	1.13		

			649.26	2,936.58
Nestle				
	NESCAFE Classic 200g	Ctn	0.69	0.87
	Coffee-mate 1 kg	Ctn	0.69	0.87
	NESCAFE Classic 200g Coffee-mate 1 kg	Ctn	1.39	1.73
	NESCAFE Classic 200g	NPS	3226.00	4032.496
	Coffee-mate 1 kg	NPS	2980.52	3725.652667
	NESCAFE Classic 200g Coffee-mate 1 kg	NPS	6206.52	7758.148667

Methodology or (Way to go forward)

The year started like this- Nestlé Professional Bangladesh was looking for a mean to increase presence of NESCAFE brand at street in a new way that also provides a viable business model for both operator and Nestlé. In short- ‘Visibility, Profitability, Responsibility’.

That new way came out from a CWAR initiative called ‘MYOUBU’. Locally named ‘AMRA KORBO JOY’ to best align with the people of Bangladesh. Its purpose is to create a self-sustaining business model to promote and sell NESCAFE brand in the street channel. The model also helps in creating entrepreneurs in less fortunate social classes (Termed as ‘AKJ Operator’) in a country where 68 million people live under \$37.5 per month (43%).

This project works as follows- one person (employee of Nestlé distributors or Operator) is equipped by Nestlé with ‘AMRA KORBO JOY’ kit. Each person operates 8 hours a day 26 days per month (Fulltime) or 4 hours per day 26 days (Part-time). Each person sells 100 cups at 10 BDT or 13¢ per cup.

Visibility: 25 units were initially launched with 25 ‘Brand ambassadors’ approaching ~195x25=~4875 people each day and asking the signature question ‘Vaiya/Apu NESCAFE khaben?’ (Would you like a cup of NESCAFE?) and selling ~78 cups per person per day(40% strike rate) in a 30 days test period.

Profitability: Profitable for Nestlé: A new selling platform for NESCAFE & Coffe-mate.

Profitable for Operator: Put simply - ‘Earn \$300 per month by engaging only 25 people’

Responsibility:Our proposition: Put simply- ‘Earn \$100 per month (\$62.5 more than minimum wage). When you go out to sell remember- whenever you come back, there is warm bed and hot food waiting for you at lowest cost in Dhaka city (\$32 per month for food & lodging where the average is \$40), also if you get sick you get basic medical.’

Project ‘Amrakorbo joy’ has also engaged consumers in key events. The project participated in the map making seminar of Google with the students of Dhaka University as beverage partner. Another significant event was the 5 day ‘SarodioDurgapuja festival’ in Banani, Dhaka; one of the largest of its kind- with 5000 cups sold in total.

With such positive response from all the stakeholders, Nestlé Professional Bangladesh is proud to announce the expansion of project ‘AmraKorbo Joy’ to 100 units within December 2013 and 1000 units within December 2014 in the capital Dhaka city of 20 million residents.

Below is the way to go forward with the project:

1. Find and assess operators. Requirements are-

First. Assess the requirements mentioned in agreement (Attached File).

Second. Ability to collect and manage sellers.

Third. Business ethical background must be sound. Achieve by-

- i.** Talking to shop owners and tea bunk owners close to the vicinity of the operator’s home. They usually can give some background on the guy.
- ii.** Talk to the home owner if the operator is living on rent. Ask if he/she pays rent properly.
- iii.** Collect bank solvency certificate from the operator

2. Communicate with operator on the business model.

First. *Hire people to prepare and sell NESCAFÉ at key locations in the designated territory to earn an attractive margin.* Below are the explanations-

- i. Hire people:** Male or Female over the age of 18. Must not be a drug addict. Offer them a minimum salary (Based on the ratio given in point: IV) per month for at least first 2 months of joining.

Best Practice:

Start with 5 people or less for the 1st month. That way it would be easier to find and root out the glitches in operation without much impact in the long run.

Best Practice (Salary):

The best practice is to give a minimum payment guarantee (BDT 6000) for 2 months of initial joining date. This is **always based on the ratio mentioned in point iv.**(6-2 (6 for seller and 2 for operator) for @15 and 4-2 (4 for seller and 2 for operator) for @12).

For BDT 12 cup:The seller earns minimum**6000 monthly by selling 60 cups** per day (1560 cups per month or 360 cups per week). For all cups above that, he/she earns 4 BDT per cup. Pay the extra amount every day as an incentive. This way the seller will have some cash every day for out of pocket expense. Sit with seller every week to check if balance with target is kept or not. If weekly target is not met, use the week after to recover.

For BDT 15 cup: The seller earns **6000 monthly by selling 40 cups** per day (1040 cups per month or 240 cups per week). For all cups above that he/she earns 6 BDT per cup. Pay the extra amount every day as an incentive. This way the seller will have some cash every day for out of pocket expense. Sit with seller every week to check if balance with target is kept or not. If weekly target is not met, use the week after to recover.

This division is based on 26 days per month, meaning 1 day per week as leave.

ii. *Prepare and sell NESCAFÉ:* 1st week of joining is training period.

During this time do the following-

1. Pay 100 BDT per day as per TA/DA. Minimum salary will start after 1st week.
2. Train properly using weight machines to perfect MOP (Attached Picture)
3. Find **hotspots** for him/her to operate (point iii.)

After that use 1 day per week as a refresher training using weight training.

- iii. **Key locations in the designated territory:** Use the route assessment sheet to assess hotspots (During morning and During evening) (Attached file)

Good to Know:

The definition of HOTSPOT is any place where a seller can comfortably sell his/her minimum target (60 cups @12 or 40 cups @15)

- iv. **Attractive margin:** The hope is so ultimately the seller can earn **BDT 8,000 upwards** and operator **BDT 3000 upwards** every month. For that, maintain at least this ratio:

Cups	Gross Profit (BDT)	Operator Earns (BDT)	Seller Earns (BDT)	Cups per day if seller wants to earn minimum BDT 8000	If so operator earns	Cups per day if operator wants to earn minimum BDT 3000	If so seller earns
@BDT 12	8	2	4	77	4000	58	6000
@BDT 15	6	2	6	51	2600	58	9000

Best Practice:

The best practice is to sell only one type of cup (either @12 or @15). Use the 1st week to assess your territory using the route assessment sheet on which one is effective. Then decide.

Second.

Hire people communicate the financial of the business using minimum investment the operator can make. It is expected the operator will initially use his/her own home for storing products and kits and use the kitchen heater/burner (Chula) available without any additional dedicated costs incurred.

It's better to communicate financials through batches (A batch means 1 NESCAFÉ 200g Jar and 1 COFFEE-MATE 1kg pouch, applicable sugar, cups and any tissue and gloves)

Step	Particulars	@BDT 12	@BDT 15	Comments
1	Initial Investment	2475	2405	Investment Includes 1 NESCAFÉ 200g Jar (460), 1 COFFEE-MATE 1kg pouch (425), 2 kg Sugar(100), 1 NESCAFÉ 50g Jar (165),1 COFFEE-MATE 400g Jar (250), 500 Polithin hygienic gloves*(400), 1 box kitchen tissue (45), 350 (70x5) paper cups (630) for @BDT 12and 280 (70x4) paper cups (560) for @BDT 15*
2	cash inflow	3720	3750	
3	Earmarked for salary	1240	1500	Based on the ratio of point 2 (iv.)
4	Repurchase products	1338	1380	Includes 1 NESCAFÉ 200g Jar (460), 1 COFFEE-MATE 1kg pouch (425), 1.5 kg Sugar(75), 210 (70x3) paper cups (378)
5	Gross profit	1142	870	Expected to come within 5 days of purchase**
6	Cash inflow	3000	3000	
7	Earmarked for salary	1000	1200	
8	Repurchase products	1464	1380	
9	Gross profit	536	420	Expected to come within 5 days of purchase**

3. Standards operating procedure (SOP)

First. If the operator passes the assessment, recruit by signing the assigned agreement and assign clearly marked territory.

Second. List number of hotspots for the sellers to sell based on footfall.

i. Universities

- ii. Hangout spots
- iii. Shopping centers
- iv. Colleges
- v. Medical Institutes
- vi. Bus Stops
- vii. Office (e.g. Embassy, Corporate office arena)

Best Practice:

This is a very important step. The number of sellers your operator can maintain depends on the available hotspots you have.

Third. Print and paste seller recruitment posters (Attached file) near

- i. Slums
- ii. Tea bunks
- iii. Bazars
- iv. Mosques

Fourth. When the potential seller calls, in communication, always maintain the margin ratio of point 3 (IV).

Best Practice:

Keep your cell number instead of the operators' in the poster. This is so that the seller gets to know exactly what is required of him/her.

Always ask the seller where he/she has seen the poster. Remember the location; For further postering, these are the places to focus on.

Fifth. Based on available hotspots, recruit required sellers and start training according to point 2 (ii)

Example:

An operator is recruited in Gulshan 1, 2 and Banani territory. 6 potential hotspots are selected (Gulshan 1 circle, Gulshan 2 circle, Banani bazar, Gulshan 2 DCC market, AIUB in banana, Southeast university in Banani). 50 posters are printed and posted around Karail Slum, tea bunks, DCC market, Notunbazar circle and Bananikacha bazar. Within 1 week, 40 calls came. Of these, based on hotspots, 5 sellers were recruited. First two days were used solely for MOP training using weight machines. Rest 4 days of the week, they were put in these hotspots to assess using route assessment sheet. One of the findings after 1st week-

- In Gulshan 1 circle morning sales are not that high (10-15 cups @15) but in the evening sales go up as much as 50 cups given refilling.
- People gather near Indian embassy near Gulshan 1 from 5 a.m. in the morning and many hold the queue the whole night.

So in light of the finding, this particular seller was assigned Indian embassy in the morning session and Gulshan 1 circle in the evening session, thus taking the sales to 60 cups per day on an average @BDT 15.

Sixth. Weekly audit the operator and seller on maintenance of requirements as per agreement (Attached auditing procedure)

Seventh. Ensure operator maintains ledger accounts and daily sales tracking (As per attached file)

4. Reporting Procedure:

- i. Report daily through SMS (Attached SMS format)
- ii. Report weekly consumer feedback (Attached consumer reporting format)

We hope this manual gives you a brief idea on the Nestlé way of going forward for ‘Amra-Korbo Joy’ (AKJ). On behalf of Nestlé I, Sakib A. Chowdhurywishes you best of luck in your endeavour towards creating history.

Key Success Factors

1. Dedicated distributors
2. Integrate with local business practice
3. Variable incentive of sellers
4. Capture key locations
5. Fully dedicated resources and operators
6. Attractive margins for all stakeholders
7. Effective supervision
8. Training

Following is a brief discussion on how the Bangladesh market is responding to these-

1. Dedicated distributors:

We already have 13 dedicated Nestlé Professional distributors (3 more in process) in Bangladesh. 6 are located in key locations at Dhaka city who will deliver the products required to operators (Figure: 01)

2. Integrate with local business practice

The salary and incentive policy is maintained so that both the operator and seller can earn above average from market. This is implemented as per market study.

- The operator gives the seller a minimum amount as payment keeping the variable incentive ratio intact (point: 03 for the ratio) for the first 3 months only in order to motivate and retain sellers in this probation period.
- Currently this is minimum monthly BDT 7000 for 1167 cups @BDT15 or 1750 cups @BDT12 or 1500 cups with mixed pricing.

3. Variable incentive of sellers

We sell two different cups of NESCAFÉ. One at BDT 15 and the other at BDT 12

- The seller gets BDT 6 and BDT 4 for each cup. This is 75% and 67% of gross profit of each cup.

4. Capture key locations

We have in our database over 1000 unique locations around Universities and colleges to focus on (Figure: 02).

After each seller goes to these locations, 1st week is used to assess the routes (Figure: 03) and find the hot spots and perfect time of the day to focus on. Based on this the seller knows *Where to go When*.

5. Fully dedicated resources and operators:

10 dedicated interns are on the field alongside the project lead to

- Recruit operators

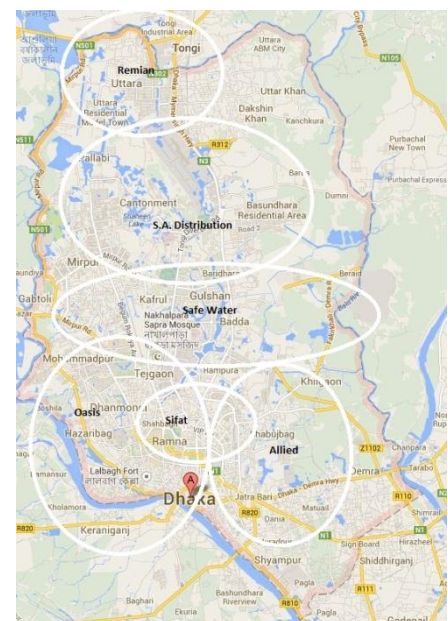


Figure: 03

- Through 5000 posters put around key locations (Point: 04)
- Supervise operators
 - Point: 07
- Train sellers
 - Point: 08

6. Attractive margins for all stakeholders:

Gross margin on each cup is now at 52% and 50% (For BDT 15 and BDT 12 respectively) with a division on COGS: Operator: Seller of-

- For BDT 15, in percentage, 47:13:40 and in BDT, 7:2:6
- For BDT 12, in percentage, 50:17:33 and in BDT, 6:2:4

7. Effective supervision

Supervision is maintained in the following categories

● Branding requirements

Sellers become the brand ambassador, therefore the branding's look and feel must be in line with the guidelines. Items to be always branded include:

- Uniforms (T-shirts, caps)
- The kit (Must be clean and stitched when needed)
- The flask- Washed with hot water daily before operation begins
- Cups- Branded cup
- Hygiene Requirements
 - Shower or bathe daily
 - Must wash hands before handling food
 - Finger nails must be kept short and clean
 - Wear clean clothes
 - Keep hair short or held together properly
 - Use a new glove every day (Figure: 06)
- Food Safety and Operational Requirements
 - Heat clean water to boiling point
 - Strap the flask to the kit
 - Fasten all the straps to ensure the products and the flask is safe before starting trip

- The person operating the kit must ensure his/her clothes, health, behavior and body meet hygiene requirements
- Serve a piece of tissue paper along with each cup
- **Controls / Performance**
 - Daily reporting of sales per operator(Via SMS- see Figure: 07)
 - Monthly review of ACTUAL versus TARGET sales. Apply corrective action where performance is below target (Figure: 08)
 - Ongoing monitoring quality assurance compliance - retraining where necessary
 - Collecting and collating consumer feedback on the product(s)
- **Monitoring**
 - Daily reporting of sales per operator(Via SMS- see Figure: 07)
 - Monthly review of ACTUAL versus TARGET sales. Apply corrective action where performance is below target (Figure: 08)
 - Ongoing monitoring quality assurance compliance - retraining where necessary
 - Collecting and collating consumer feedback on the product(s)

AKJ Assessment Sheet												
Route												
Name of Seller												
Shopkeeper (Fixed)												
Street shopkeeper												
Driver												
Hangouts												
On the way												
AKJ Assessment Sheet												

Figure: 04

8. Training

Initial mandatory training is considered complete if the seller is aware and following-

- Branding, Hygiene, Food safety and operational, control/Performance monitoring requirements stated in point 9.
- Perfects the MOP (Method of preparation) of a cup of NESCAFÉ tested using a weight machine.
- Monthly training on salesmanship arranged by Nestlé.



Figure: 05

Furthermore below is also included the standard operating procedure and division of responsibility-

Day-to-Day Operation

- The operator buys products from an authorized NP distributor.
- The operator recruits sellers from the nearby community to sell.
- The sellers pick up the kit with the flasks each morning and sells NESCAFÉ to consumers in the allocated area.
- The operators as well as the seller earn their living on the number of cups sold per day. Daily operations are supervised by a Nestlé intern.
- This Intern should visit each operator weekly, during the visit he/she does a quality check (As per point: 07), interviews at least 10 paying customers to measure consumer response and recruits new operators.
- This is a self-motivating program and both the operator and seller decide on the daily income they would like to earn, but adhering to a set minimum cups per day to ensure Nestlé's investment is safeguarded.

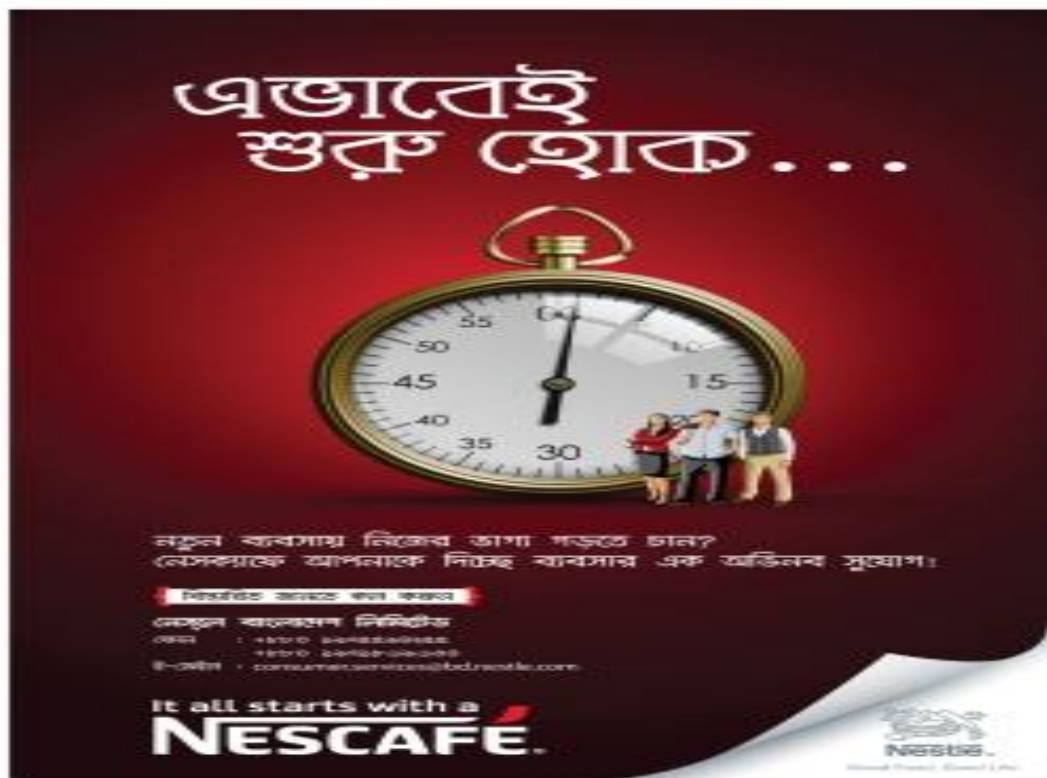


Figure: 06

Amra Korbo Joy seller's daily assessment sheet:

AKJ Assessment Sheet	
Route	
Name of Seller	
Shopkeeper (Fixed)	
Street shopkeeper	
Driver	
Hangouts	
On the way	
AKJ Assessment Sheet	
Route	
Name of Seller	
Shopkeeper (Fixed)	
Street shopkeeper	
Driver	
Hangouts	
On the way	
AKJ Assessment Sheet	
Route	
Name of Seller	
Shopkeeper (Fixed)	
Street shopkeeper	
Driver	
Hangouts	
On the way	
AKJ Assessment Sheet	
Route	
Name of Seller	
Shopkeeper (Fixed)	
Street shopkeeper	
Driver	
Hangouts	
On the way	

Figure: 07

Project 'Amra Korbo Joy' Financials

Please answer these questions to get your own financials

How much does 1 kg Sugar costs for you?	50
What is the cost of water heating for you per 20 ltr?	75
How many sellers will you employ?	10
How many days per month will the seller work for you?	24
How much would you pay your supervisor(if any)?	12000
How much would you pay you seller directly (Salary)?	10000
What is the miscellaneous expenses per seller per day?	20
How much profit do you expect to earn per seller after all expenses?	6000



Be the part of NESTLÉ



Be available everywhere

Upon filling the information above, you will find your financials below

Financials for NESCAFÉ -Per cup

What is the price per cup?	12
What is the cost per cup? (NESCAFÉ, Coffee-mate, Sugar, Cup, Water)*	5.84
What is the gross profit per cup?	6.16
What is the cost per cup associated with labor cost?*	4.07
What is the cost per cup associated with labor cost?*(Excluding supervisor cost)	3.65
What is the net profit per cup?	2.09
What is the break even cups?	79
What is the required cups sold per seller per day to earn the indicated profit?	120
Initial Investment for kerosene heater and metal water container (Deckchi)	1950
Initial cost of product	17930
<i>*please see the additional information below for details</i>	



Delight the consumers

Financials for NESCAFÉ -Your total business

Particulars	Per Day	Per Month
Number of cups sold	1,196	28,701
Sales revenue	14,351	344,416
Gross Profit	7,367	176,800
Net Profit	2,500	60,000



Create moments for the consumers



Engage the consumers

Additional Information

Product related Information

Particulars	Total grammage in each packet	Number of cups made by each packet	Grams/ml in each cup	Cost per cup	
NESCAFÉ 200g jar	460	200	250	0.80	1.84
Coffee-mate 1kg	425	1000	250	4.00	1.70
Sugar	50	1000	200	5.00	0.25
Water Flask	11	3000	43	70	0.25
Tissue	45	800	3200	0.25	0.01
Gloves	300	1000	43		0.01
				What is the cost of each cup?	1.8
				What is the total cost per cup?	5.86

Seller related information

What is the share of supervisor cost borne by each seller?	1200
Total cost per seller per month (salary, contribution of supervisor, miscellaneous expense)	11,680
TOTAL FIXED COST	116,800
Per day expense (labor)	487
Per day expense (Labor total)	4,867

Figure: 08

Operator's Monitoring Sheet:

Name of Month:		Name of Operator:						
Date	Beginnig Balance	Cash Earned	Cash Expensed	Ending Balance	Inventory			
					NESCAFE	COFFEEMATE	Cup	Sugar
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								

Figure: 09

Project 'Amra Korbo Joy'

VISIBILITY, PROFITABILITY, RESPONSIBILITY



Do You Want To Be An Entrepreneur?

Nestlé invites you to build your own business with support from world's number one nutrition, health and Wellness Company

- **Are you a good people manager?**
- **Can you recruit and monitor NESCAFÉ sellers in your locality?**
- **Do you want to be a 'Nestlé Young Entrepreneur'?**

If So, For Further Information Please Contact:

Nestlé Bangladesh Consumer Services:

01730 NESTLE (01730637853)

consumer.services@bd.nestle.com



Figure: 10

Division of Roles and Responsibilities

Nestle Team	NP Distributor	Operator	Seller
Provides the general direction on taking the business forward	Provides stocks as and when required to the operator	Appointed and has signed an agreement with Distributor	Employed by operator
Monitors and controls the operational aspects		Terms and conditions	Normally from the neighbouring community
Provides training and other support		Standard operating procedures	Picks up stocks from operator
Appoints interns to control operations in the field		Invests in a kitchen and space for operation as per Nestle standards	Gets paid in cash for all transactions with operator
Territory division		Recruits sellers for the operation within the neighboring community and with agreement from interns	Sells NESCAFE in key locations as specified
Operator interviewing		Controls the Operation of the MYOW-BU sellers	

Overall sales database creation and status management		Ensures all transactions with sellers	
		Responsible for sales	

Chapter 6: Risks & Constraints

Recommendation

Conclusion

Risks & Constraints

Market test run showed 2 major constraints-

- ❖ Significant turnover of employees is an issue. Control must be maintained so that the equipment (Amar Korbo Joy kit) is retained in such a situation.
- ❖ Refilling on the way. If refilling can be efficiently done, 3 flasks can be sold with~150 cups sold per day.
- ❖ Location is key. Operation must be in places with a lot of people (for example Marketplace, Town square, Transport hub, Commercial & industrial location, people gathering places, hotel and restaurant locations etc.)
- ❖ Must have at least 1 years' experience in running a business or leading people.
- ❖ Working with economically disadvantaged people for at least 1 year.
- ❖ Student group of no less than 3 with experience in business for at least six months

Moreover, NESTEA Iced tea's usage will only be useful effective in summer. So inception will not occur until summer 2015 in Dhaka city.

This study like certain other research is subjected to certain limitations as discussed below.

- ❖ Sellers aren't punctual. In most cases it has been seen they don't show up on time even after regular supervision. It's not the case of all the sellers but few of them does that.
- ❖ By the time we started our operations we found out that sellers were not that active in terms selling coffee, lack of communication skills as they weren't able to interact with the customers properly, used to feel shy and scared the ones who were directly from village and lack of knowledge about the urban life.
- ❖ It is very difficult to find a determined seller for this business and the reasons are hesitation on doing the work which appears to be quite common because they feel shy of wearing the uniform and carry the bag and walk all around the streets and sell coffee throughout the day, criticism from others is another vital reason too. Fear works as a major factor too because a target has been set for the daily sales and if they can't meet the target then the operators will find it difficult to pay their salaries and also a commission has been set if the sales exceed the target if that too doesn't occur then it acts as a de-motivation for them. Some sellers find it difficult to carry a bag and sell coffee throughout the whole day so they tend to walk away. It has also been noticed that few operators misbehaved with their sellers, proper guidance weren't provided to them

and in the streets when they went through criticisms or a clash with any tea sellers or received a threat from people, operators didn't bother to solve it and didn't pay any attention towards that so ultimately the sellers were left with no other choice than to walk away. We also found out proper training wasn't provided to the sellers on the preparation of coffee so product usage was out of measurement which created a huge gap between the targeted number of cups and actual figures, thus cost incurred so operators couldn't cover up at the end of the month and thus the sellers had to carry the blame with a feeling of not using the products properly in the preparation of coffee and were thrown out or the sellers left the job themselves because of not being able to carry the blame on their shoulders.

- ❖ Transportation cost turned out to be another major problem for sellers as the distance between the location they have been placed by their operators and their home might be long so in order to avoid high transportation costs many sellers simply rejected the job offer.
- ❖ Sellers went through many kinds of barriers while selling in specific locations, places, parks etc. in many places like parks securities usually doesn't allow hawkers to enter and sell whereas parks are always jacked with people so this acts as another problem. In specific clubs or in parks, club members threaten the sellers or even ask for bribery in return for allowing them to sell otherwise they don't permit the sellers to sell in those places which are controlled by them.
- ❖ Sellers sometimes don't work according to the contract. They simply leave the job before the end of the period or even run away without informing.
- ❖ It has been seen that operator's break the company rules that is they don't pay the sellers a satisfactory amount of salary so due to low salary seller walks away. Also the operators don't take proper care of them, don't stand beside them if any problem arises thus seller decides to leave.
- ❖ If target is achieved, then per extra sale of a cup sellers receive commission so in order to sell more they don't focus on the quality of the coffee they are serving instead try to sell more in order to increase the number of sales and receive more commission. Customers gets dissatisfied since the quality and taste doesn't remain up to their expectation and thus the words that nestle promised to keep in terms of quality and taste simply becomes meaningless.
- ❖ Criticism by others makes the sellers feel bad and shy thus they don't want to continue with work.

- ❖ Customer complaint about price, quality and quantity are a common scenario but complains on prices tends to be high than complains on quantity and quality. Customers feel prices are too high and not everyone will be able to afford to buy a cup of coffee whereas a cup of tea is sold at five-six taka only and tea is more popular among the people than coffee as when it comes to the mass, tea stands tall.
- ❖ When it comes to customer reaction, in most scenarios it has been seen our sellers created a positive image in the minds of customers through the quality of coffee they have served and many have liked the new concept that nestle have implemented but out of all the customers there have been few who passed negative comments on the sellers, didn't even bought a cup of coffee but still made fun of the sellers or even didn't like the coffee and the new concept of selling coffee but they are very few in number. It has to be kept in mind that every scenario has a pros and cons.
- ❖ Operator sometimes seems to be out of track because we figured out they don't maintain the financial records that takes place, doesn't keep track of the sales figure on daily basis, doesn't keep the costs in mind that incurs and thus at the end of the month when figures don't match like it was supposed to be, they fail to gain their desired profit and thus had to bear a loss and there comes a point when they decide either to rise up by being more active in the upcoming days of running the business and continue with it or they shut the doors and go home.
- ❖ Huge costs associated in training the sellers, setting the sellers on various locations and other variable costs like transportation, water boiling. It may appear that if products are purchased, but sellers leave the job all of a sudden without a notice then products are left idle and it appears to be a sunk cost for the operator as long he doesn't get a seller in hand.
- ❖ Keeping an eye on sellers who are working in various locations is really tough because it appears to be like too many eggs in one basket.
- ❖ In the summer, sales of coffee goes down so sellers don't feel like walking in the street throughout the day and sell less number of cups. They either looks for something alternative or decides to leave thus bring the business to a halt.
- ❖ Even after extensive training it's really hard to make the sellers work perfectly. The amount of sugar, coffee-mate, coffee they put in a cup to prepare a cup of coffee is not always accurate. Method of preparation (MOP) acts a major problem too, thus tends to increase the cost and at the end of the month it turns out to be difficult for operators to match the figures like it was anticipated in the beginning.

- ❖ As said before a target has been set for daily sales but it has also been noticed that some sellers who are quite a bit lazy don't give their best effort to reach the target regularly, thus try to complete a flask of water and go home. Thus it turns out to be difficult for an operator to pay his/her salary at the end of the month since enough revenues weren't gained through the seller.
- ❖ Normally sellers are allowed to take a leave for four days a month but it has been seen they take more leave and doesn't follow the contract properly. Thus at the end of the month it turns out to be difficult for an operator to pay the salary due to lower number of returns from sales.
- ❖ Some sellers has build up a good connection with their regular customers e.g- shop keepers of specific stores or street shop keepers so they ask to add more sugar, cof-feemate, coffee while making the coffee so it is not possible to refuse so again method of preparation doesn't stick to what it actually was supposed to be so it increases cost and target can't be reached.
- ❖ Sellers who came directly from the village find it difficult to get a place to live in the early stage so in fact the operators have to bear the costs of providing them with accommodation.
- ❖ If not properly guided, sellers break the rules and sell according to their wish thus it hampers the business and quality of the coffee.

Recommendations

- ✓ Some of the sellers do not show up on time so operators should be act strictly to bring them to work on time. They may start to deduct money from their salaries which will act as a fear for the employees and thus will show up on time.
- ✓ In most cases it has been noticed that sellers aren't active in interacting with consumers and other people due to lack of communication skills. From the previous experience we have developed their communication skills by providing proper training, teaching them how to approach a customer, standing beside them when they are on the field to monitor whether they are behaving properly with customers and to make them feel that we are there to guide them especially for sellers who are new to the city and find it difficult to adapt the urban culture.
- ✓ Some of the major problems that have been discussed before took place initially at a high rate but as time passed by things started to get under control. Shyness, fear and

difficulties in carrying the kit and walk around the streets are some of the major problems. We convinced the sellers that by making them realize if they work and earn money and at the end of the month when they will enjoy a better living no one will criticize them in fact he will be respected and many will run after him to get a work. There was a fear that used to strike in seller's mind is not being able to reach the daily target so we spoke to them and told them for one month they will be under the training period and if they can't meet the target they will be paid according to the contract and within a month with extensive training they will be skilled enough to do the work properly. Some sellers find it difficult to carry the kit so we have changed the design of the kit and made it lighter to carry. This is what we have been doing for last two months and came across the problems we have been through and kept on doing when these problems are repeated again. Perfect suggestion to solve this while a seller is recruited, the seller should spend a day with an existing seller to observe how that seller is selling coffee, how he is interacting with people, how he is going to hot spots on time so that the new seller will have a snapshot of the tasks he will have to do from the very next day. Also make them dedicated towards the work through motivation, standing beside them in time of needs, be supportive and cooperative towards them, not making them work overtime and make them efficient by training.

- ✓ A huge emphasis to be paid on the preparation of coffee to make sure quality is maintained, hygiene requirements are met, to make sure ingredients are used properly, too much usage may incur costs which the operator will have to bear so extensive training on the preparation of a cup of coffee. Measurements should be done through weight machine to get the exact value on the quantity of ingredients that is being used to prepare a cup of coffee. It will also help to keep the measurement of products. If proper measurements are done on a regular basis, targets will be easier to achieve and costs won't go out of hands.
- ✓ Transportation costs appear as one other major problem so sellers are asked to live near their territory and operators house so they can have easy access.
- ✓ Some problems took place while working at Dhanmodi Lake as mentioned above that local tea sellers and guards prevented the Nescafé sellers to enter and sell so we came into negotiation and solved the problem. But it is strictly advised to sellers that shouldn't misbehave even if they treated badly because they are representing Nescafé and carrying the brand image of Nestlé so any offensive act can hamper the image of the company so the seller should have to keep that in mind too.

- ✓ Operators should be monitored strictly so that they follow the policies set by the company, whether they are treating the sellers properly, are they maintaining the quality and hygiene requirements, whether all the facilities are provided required by the sellers because if not, sellers will walk away, poor quality will create a negative view in the minds of people and so on. It's the duty of al territory officer to keep the entire operators under control by keeping an eye on them. Operators should also be cooperative and supportive towards their sellers.
- ✓ Complaint on price is one of the common scenarios in the market. Since it isn't possible to reduce the price because already we are selling Nescafé at a very low price compared to other fast food outlets and coffee shops and since too many costs are involved with quality, hygiene and people so the only way we can cover it is by maintaining quality and meeting the hygiene requirements to make the customers feel the coffee they are served is safe and thus they will be willing to pay a bit more for it. If prices are lowered then there might be a rise of a negative feeling in the minds of customers about the brand and its quality.
- ✓ Keeping track of operators' financial records is mandatory otherwise at the end of the month results won't meet the target thus operators wrap up the business and go home. It is the duty of the operators to regularly record the transactions in the record book and keep the territory officer updated about daily number of sales and costs that incur.
- ✓ Sometimes it has been seen that sellers don't put their best effort on work and can't meet the daily sales target and at the end of the month, operators find it difficult to pay the salary due the less revenues so it is the duty of both territory officer and operator to strictly monitor he sellers while they are on work and in extreme cases, a reduction in salary will work as an effective tool since sellers aren't willing to give their best effort.
- ✓ By looking at the recent picture, we can see the demand for coffee in the summer has gone down thus lowered the sales figure and sellers are finding it difficult to work under intense heat and due to poor performance they are looking for to walk away so it is to be noted that that during this period, lower sales figures should be considered and operators are asked not anticipate large figures during this time of the year and shouldn't exert any pressure on sellers shoulder to give them higher returns. (see appendix, page 66)
- ✓ Usually four days leave per month is permitted for every sellers but it has been seen they either skip work or they take a leave from work which on the other hand doesn't

give higher returns to operator, so if they take leaves more than four, their salary will be deducted thus this will act as fear for the seller and will prevent them from taking leaves.

- ✓ Sellers should build up their own network in those areas where they are assigned to sell thus it will enable them to sell more.
- ✓ Places where the sellers have created a good connection with customers, they are being asked by the customers to add more ingredients while serving them coffee and it acts as a problem as miscalculation of product thus doesn't allow to reach the target and increases cost per cup. So sellers should let the customers know about the standards that have been set in a good manner so that the customers don't seek for more. Eg- at college gate, shyamoli it has been seen that one of our respected seller named Mr. Abu Taher has build up a good connection with people so when he serve a cup of coffee, people ask him to add more sugar, coffee etc. so he was then shifted to other place with proper training on maintaining method of preparation and another seller was sent to college gate.
- ✓ Sellers who come directly from village find it difficult to get a place to live so in order to keep them in hand, if possible the operator must provide him with accommodation for few days and then find a place for the seller to live.

Customer's quality expectations

With NESCAFE branding, Consumers expect the quality inherent. So hygiene (Water, Spoon cleaning, Fresh mixing) must always be ensured. The cost must not break psychological barrier point of 10 BDT until established fully.

Conclusion

Nestlé has been running for around 200 years and within these years they have made a benchmark as the leading nutrition, health and wellness company. Throughout these years a lot has changed, many competitors entered the market but nestle still holds the top spot in the market because of the positive image it has gained throughout these years and for the commitment they have made to the people and kept it.

The project on which I am working on is ‘Amra Korbo Joy’ and it is a long run vision that one day the entire streets will be filled up with the sellers of Nescafe, and people will get more familiar with coffee. Just an e.g. two decades ago, before the arrival of Nescafe, people in Bangladesh rarely consumed coffee at homes but due to the availability of Nescafe in each and every corner of the market almost many people in the urban area started consuming coffee and got familiar with it, so this gives a clear view that some time in the future the project we are working on is going to be a huge success.

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- ❖ Further information taken from <http://nestle.bdjobs.com/#>
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APPENDIX-



Gulshanlake, Gulshan



College Gate, Shyamoli



National Cardiac hospital, Shere Bangle Nagar



ASA University, Shyamoli



Respected sellers who are working under my supervision.

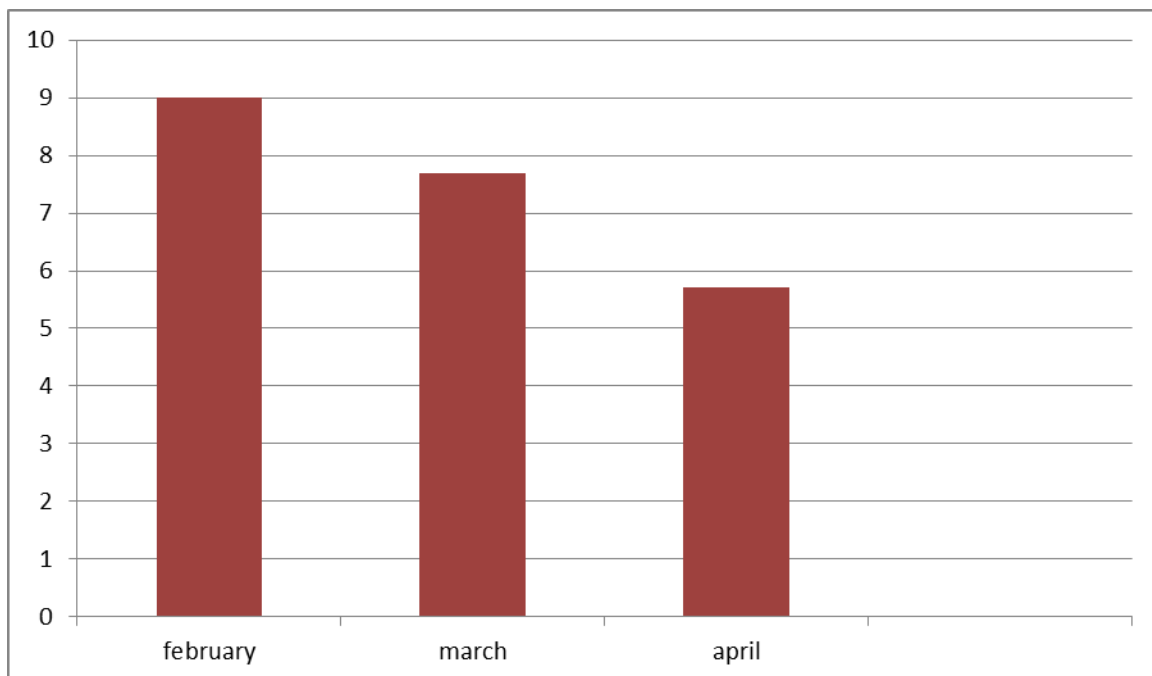


110ml cup and 150ml cup



posters were hanged to recruit sellers

Sales data:



Sales figures were at its peak but due to intense heat and change in the weather the sales figures went down but are expected to rise upwards again as soon as the summer ends. In March, the figures were going upwards but at the very end of the month the figures started to decline. In April, figures were really low compared to first two months due to weather and absence of sellers.

———— **The End** ————