



Import Export Sourcing Process of AYG Sourcing Limited

Letter of Transmittal

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To

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Assistant Professor

BRAC Business School

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Subject: Submission of Internship Report.

Dear Sir,

It gives me great pleasure to submit the report on “Import Export Sourcing Process of AYG Sourcing Limited”, which is a partial requirement of my course. During the service period of my experience, I had a study on the topic and share my ideas and findings through this report.

I am very grateful to AYG Sourcing Ltd. and you for giving me the opportunity to carry out the study.

Sincerely Yours,

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Acknowledgement

At first I want to gratitude to our Almighty ALLAH to help me and provide proper knowledge and strength to prepare this report on “Import Export Sourcing Process of AYG Sourcing Limited” I have pleasure to express my gratitude to the internship and placement committee for arranging such a program from which I have carried a lot of practical experience. At the very outset, I would like to express my profound respect to my honorable teacher, Mohammad RezaurRazzak who is my Supervisor of Master’s program inBRAC University, for giving me valuable time and all necessary guideline. His continuous supervision has inspired me to make a more feasible report on depth analysis.

In preparing the report, I received active co-operations from my colleagues, senior officers of AYG Sourcing Ltd. I sincerely express my heart-felt gratitude to them for their co-operation, which helped me to conduct and complete this report. I extend thanks to Md. ShahadatHossain, Director of AYG Sourcing Ltd.

However this report suffers from many shortcomings. Moreover, I have exerted my best effort in preparing this report. I seek excuse for the errors that might have occurred in spite of my best efforts.

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Executive Summary

The internationally recognized Buyers or clients are looking for those countries for producing their apparel products where different types of mills have established as a one stop source for the global apparel market, satisfy and meet customer's expectation by developing and providing products and services on time, which offer value in terms of Quality, Price, Safety & Environmental impact. And also assure complete compliance with the international quality standards and also to provide the employees internationally acceptable working condition/standards. In Bangladesh, there are different types of Sourcing Companies those are sourcing high quality textile and apparel product. AYG Sourcing Ltd. is one of them. AYG Sourcing Ltd. is a sourcing company who Imports & Exports products for respective clients by assuring quality of products. They import / export different types of products, such as- Denim, Courdroy, Twill, Canvas, Glitter Twill, Fleech, Polar Fleech, Flat back rib, macro-fleech, Yarn, button, zipper, metal plate, garments machineries etc. and they are mostly supplied by mostly China, Pakistan, USA, UK, Germany etc. which are very latest. It is established in 2013 and new in market but has high growth rate for their quality sourcing capabilities and supplies to the clients. The sourcing is controlled by skill persons and mostly done by online marketing. All of the decision makers of sourcing sector in AYG Sourcing Ltd. are graduates. Sourcing are well branded and communication is tightly observed as that is the main part of the business. They source their product for their buyer and client those are coming from both local and international market like China, Pakistan, USA, UK, Germany etc. They use dedicated network and server to communicate with the clients so that there is no hamper while doing business.

In this report, I have tried to explain the sourcing process about AYG Sourcing Ltd. and I have observed that AYG Sourcing Ltd. source high quality garments accessories & supplies and fulfill the special requirements from the different types of buyers by according different internationally recommended standard method.

Origin of the report

Project for three months in private business organizations, government offices, public corporations, Bank or other not- Bank but financial institution is an integral part of the MBA program of the business faculty of the BRAC University. The objective of the program is to expose the students in the organizational work situation. Each student is required to undergo the program & prepare a report according to a format specified by the supervision teacher.

As a regular student of Master of Business Administration (MBA) program, is requires a Project of three months attachment with an organization followed by writing and submission of a report. This report is end result of a Project attachment with one of the growing readymade garments sourcing company. As per the advice & recommendations of the honorable supervisor Mohammad RezaurRazzak, the main concentration of the report is Garment Industry of Bangladesh particular reference to online marketing and Import Export Procedure. This report focuses on the practices of import export system of the AYG Sourcing. This report will obviously increase the existing idea of Import Export procedure rendered by the AYG Sourcing Ltd.

Introduction

The Export Import of Garments Products is a vital matter of a Garments company. It increases the opportunity for entrepreneurship development in garment sector. Thus it helps the unemployed people as well as the government to remove unemployment problem and also play an important role in the economic development of the country.

The overall approach of the report is to focus on the **Export Import Activities of Garments Products** strategy. **AYG Sourcing** is a 100% Import and Export oriented intermediary sourcing company. **Export Import** process provides to increase the reputation of the company.

The domestic market for readymade garment was virtually nonexistent in Bangladesh until the sixties. Large scale production of readymade garments (RMG) in organized factories is a relatively new phenomenon in Bangladesh. Until early sixties, individual tailors made garments as per specifications provided by individual customers who supplied the fabrics.

In addition to economic contribution, the expansion of the RMG industry has caused noticeable social changes by bringing more than million women into labor force.

AYG Sourcing Limited is a 100% Import and Export oriented intermediary buyer for production of fashionable and quality all kinds of woven dress. Our mission is to supply all kinds of garments accessories, fabrics, yarn and all kind of garments equipment to the respective buyer.

Government is sincerely committed to fostering a gradual development of free market economy in the light of GATT agreement. In the interest of export promotion & investment in the country it is necessary to have a long term, stable, facultative & liberal Import Policy.

Now a day the **AYG Sourcing** is facing a lot of challenges because of changing demand of world. Besides this many competitors are also a main factor that makes this sector challenging. So **AYG Sourcing** should take proper step to survive properly in this sector by removing their weaknesses. They should give authority to take independent decision at high level officer. If that, the company can be benefited because of taking decision the work some time delay. They

should justify competitive key factors in the management practices like cost, product quality, image & reputation, distribution & control of resources, capabilities etc.

Objective of the report

The objective of the Project report is to gain practical knowledge about the overall business activities of different divisions of the **AYG Sourcing** with special attention to the Import Export procedures of the organization.

Scope of the study

I assigned to do my Internship program in “AYG Sourcing Ltd”. My research was limited in overall procedure of Export and Import. However I studies all the main function of commercial area of AYG SourcingLtd. I also introduce with company’s service policy and programs also make interaction with GM.

Study Methodology

The study requires a systematic procedure from selection of the topic to preparation of the final report. To perform the study, the data sources were to be identified and collected; to be classified, analyzed, interpreted & presented in a systemic manner & key points were to be found out. The overall process of methodology has been given as below:

Selection of the topic: The topic of the study was assigned by the respected supervisor. While assigning the topic necessary recommendations and suggestions were provided by the supervisor to make this Project report a well-organized and perfect one.

Identifying data sources: Essential data sources, both primary and secondary, were identified that would be needed to carry on the study and complete this report.

The primary data sources:

Face to face conversation with the officers;

Practical desk work;

Relevant file study as provided by the concerned officers.

Secondary data sources:

Company profile of the AYG Sourcing.

Data collection: primary data were collected through direct and face to face interview of the different personnel of the AYG Sourcing.

Limitation of the study:

From the beginning to the end, the study has been conducted with the indentation of marketing a complete and truthful one. However many problems appeared in the way of conducting the study. During the study, it was not possible to visit the whole area covered by the company although the some department information regarding the study have been considered.

An Overview of Product Sourced By Garments Industry

Bangladesh exports a very limited categories of products. The factories in Bangladesh produce shirts, jackets, trousers, and other garments, with high concentration (about 60% of the total apparel exports) in the export of shirts of low price. Bangladesh is the largest exporter of men's and boy's cotton shirts in the US market. In this market, it competes with India, Sri Lanka, Mexico and other Central American countries in the lower price segment. The average price of Bangladesh-made shirts was \$62.74 per dozen in 1998. This price was the second lowest. The Dominican Republic sold the lowest priced shirts of the same category at \$540.79 per dozen. Price of India, Mexican and Sri Lankan shirt were \$81.04, \$76.26 and \$74.77 respectively. Against this, the prices of Hong Kong and Malaysia shirts were \$107.34 and \$134.08 respectively. Exporters from Bangladesh produce mostly those items on which quotas are available. However, there are a few exceptions. Some South Korean firms operating from export processing zones of Dhaka and Chittagong export padded jacket and trousers of higher value. Many firms now export some non-quota items as well. The share of such items in the total quantity, however, is very small. Recently, export of knitwear and sweaters has increased faster than that of woven wears. These indicate that Bangladesh is actively engaged in the process of product Diversification.

Company Profile

Introduction of AYG Sourcing Ltd.

AYG Sourcing Limited is a 100% Import and Export oriented intermediary buyer of Garments supplies and accessories. The company established in 1st April, 2013.

The Company is located at Uttara. AYG Sourcing Limited sourced different kinds of woven, apparel, accessories product from different countries mainly from china.

Mission

Our mission is to source top-quality garments and supply to the respected buyers.

AYG Sourcing product Overview

Type of Garments

AYG Sourcing is *doing almost all kind of imported knitting and Woven fabric and imported trims.*

Below is the product range of AYG Sourcing Ltd.

- 1) All kind of Denim Fabric
- 2) Corduroy (Glitter Corduroy)
- 3) Twill
- 4) Cott/CVC/TC, Y/D
- 5) Cott/Spandex
- 6) Poplin
- 7) Canvas
- 8) Satin
- 9) Ribstop

- 10) Dobby
- 11) Chiffon
- 12) Chambery
- 13) Jacquard
- 14) Oxford (cott/CVC)
- 15) Flannel
- 16) Taslon
- 17) Taffeta (190t/210t)
- 18) Pongee Micro Fiber
- 19) Jersey/pique/ Rib /Interlock all kinds of Knit fabric
- 20) All cotton fabric with or w/o spandex
- 21) Linen & Ramie Fabric and their Blend
- 22) Polar Fleece (Polar and FDY both), Cotton Fleece, and other knitted Fleece
- 23) Double Layer, Fil-On-Fil, FDY Knit PTD
- 24) DTY Knit PTD, FDY Jacquard, FDY Flocking
- 25) FDY Foil, FDY Mettalic, FDY Trans, FDY Coating
- 26) Clinquant Velvet, Tricot Brushed, Loop Velvet, Suede, Mesh etc.
- 27) Y/D, Melange, Viscose
- 28) 2x2 rib
- 29) Interlock etc.

TRIMS:

Trims product range

- 1) All kinds of Button (Metal Button, Plastic Button, Wood Button, Horn Button, Shank Button, Toggle Button, Snap Button, Jeans Button, Snap Button, Sprong Snap Button, Rivet, Eyelets, Hook & Eye, Alloy Button, Buckle, Resin Button, Hangers, Natural Shell

Button, Coconut Button, Claw Button, Fabric covered Button, String Button, Crystal Button Metal Eyelet etc.)

- 2) All kinds of Tie
- 3) Padding (all kinds of underwear)
- 4) Metal Plate and Leather Patch
- 5) Lace
- 6) Label
- 7) Belt
- 8) Plastic Zipper (Normal Teeth Zipper, Thin Teeth Zipper, Reforced Zipper, Triangle Teeth Zipper, Golden Teeth Zipper, Corn Teeth Zipper, Suqare Teeth Zipper)
- 9) Nylon Zipper (Normal Teeth Zipper, Woven-Nylon Zipper, Plated Teeth Zipper, Harmonia Suture Zipper)
- 10) Metal Zipper (Brush Zipper, Anti-Brush Zipper, Anti-Silver Zipper, Golden Teeth Zipper, Silver Teeth Zipper)
- 11) Waterproof Zipper
- 12) Fireproof Zipper
- 13) Invisible Zipper
- 14) Electro-Static Discharge Zipper

Company Business

Importing Process:

Phase 1 – Online Marketing

- AYG Sourcing Ltd has a strong supplier database from that database AYG contracted with the different supplier incase if the supplier of a certain product is not in the database we source them from online market places.
- To contact with the supplier AYG use Email as their tool of communication.

Phase 2 – Import

- When we get the confirmation from the supplier that they can provide us the best quality of respective product we start to communicate with our buyers.
- If the buyer is satisfied with the product quality they gave us their details inquiry.
- Then buyer gave us a target price of the respective product.
- Then AYG contracts with the supplier and ask them to quote their price.
- Then AYG quote their own price by calculating financial benefit and submit the price to the supplier.
- If the supplier agree with the AYG quoted price we confirm the order and starts the necessary documentation process.
- After the final order buyer issue PI to the respective supplier via AYG.
- Here we add our commission in the PI and sent it to supplier to open L/C.
- Then supplier made some bulk product for testing. Then they sent those bulk product to us and we deliver those bulk to our buyer.

Phase 3 – Deliver to Local Buyer

- If the buyer is satisfied with the bulk product we tell our supplier to start the final production.
- After the final production supplier make the shipment and give us the bill of leading. We forwarded those bill of leading and other papers to our buyer and told them to contact with their CnF agent to clear the shipment.
- After receiving the goods buyer submits their acceptance letter to their bank. Then the L/C matures and AYG gets their proportion of income.

Exporting Process:

Phase 1 – Online Marketing

AYG sources for possible contracts in online marketplaces like Alibaba.com or from references. Then they communicate with the prospective buyer via email and starts the process by opening a file for the interested buyer.

The communication and representation of AYG to the buyer is done through email marketing.

Phase 2 – Contact Local Seller

- After getting the order we contracted with a third party garments who can make quality full specific product.
- Then we short out the garments and choose the best one based on their quality of product and price quotation.
- Then we ask the selective factory to make some bulk product to send the sample to our buyer.

- If the customer is satisfied with the bulk we ask our factory to start the final production.
- In the meantime buyer issue L/C and give us the necessary document.

Phase 3 – Export

- When the final production is over supplier ship the product to the buyer and buyer give the bank acceptance copy to their bank and from that day the countdown of L/C matured.
- When the L/C matured AYG gets the final payment.

Our Customers

Our customers stem from local and foreign markets. This has provided us with a significant understanding of how different customers operate as well as the key factors that are important to different customers.

The broad classifications for our import / export products are as follows:

- Promotional Wear
- Corporate Uniforms
- Active wear / Outdoor wear
- High Street Retailers
- Sportswear Companies

Quality Control Services

Many of our customers, when they first start their relationship with AYG sourcing our quality assurance services. In this capacity, we employ third-party to ensure that garments produced for our customer by their appointed factories meet the customer's quality standards.

Communication

To maintain efficient communication, AYG Sourcing adheres to certain practices that it has found to provide effective results.

AYG Sourcing Point of Contact for Customers: all customers are allocated a merchandiser (or account manager) who is responsible for all aspects of your order, from arranging the sampling to the final delivery of goods. Customers can therefore rest assured that whatever information they need, whether it's about documentation, production or delivery, their merchandiser will be able to provide it instantly. (Customers are also able to contact several other individuals within Signet, whether in London or in Dhaka).

Regular Factory Visits: all merchandisers and quality controllers visit factories where AYG Sourcing's supplier production is being carried out. In the case of the latter, quality controllers are required to maintain a constant presence at the factory, to ensure that each stage of the production is meeting buyer standards.

Supplier Quality

We have developed considerable expertise in working with factories of all sizes and types, foreign and local. An intimate awareness of a supplier's strengths and weaknesses is an essential tool in determining in which factory a customer's order should be placed. Once a

factory has been chosen, customers' orders are produced within the specified factory unless there is a reason to change – however, before any change is made, the customer is consulted.

Supplier Relationships

Our supplier relationships are key in enabling us to deliver a strong performance to our customers. We have developed strong relationships with over 50 factories of what 35s are from china and accessory suppliers in Asia; their combined capabilities cover a wide spectrum of products, enabling us to service a wide variety of customers. These factories have several common characteristics which meet our core values of high quality, competitive pricing and consistent performance. In addition, we are always looking to add suitable suppliers to our portfolio.

Export Import Activities of AYG Sourcing

AYG Sourcing Export / Import Procedure

1. Seller and buyer conclude a sales contract, with method of payment usually by letter of credit (documentary credit)
2. Buyer applies to his issuing bank, usually a in buyer's country, for latter of credit in favor of seller beneficiary
3. Issuing bank request another bank, usually a correspondent bank in seller's country to advice, and usually to confirm the credit.
4. Advising bank, usually in seller's country, forward latter to credit to seller informing about terms and condition of credit.

5. If credit terms and conditions confirm to sales contract, seller prepare goods and documentation, and arrange delivery of goods to carrier.
6. seller present document evidencing the shipment and draft (bill of exchange) to paying, accepting or negotiating bank named in the credit (the advising bank usually), or any bank willing to negotiate under the terms of credit.
7. Bank, examine the documents and draft for compliance with credit terms. If complied with, seller's draft is honored.
8. Documents release to buyer draft after payment or on other terms agreed between the bank and buyer.
9. Buyer surrenders bill of lading to carrier (sub case if ocean freight) in exchange for the Bank examine the document and draft for compliance with credit terms. If complied with, bank will pay accept or negotiate.
10. Bank, if other than issuing bank, send the document and draft to the issuing bank.
11. Goods or the delivery order.

Documentation and Shipping

In whole process of export / import, AYG Sourcing makes and collect some require document which are needed to export / import goods. Some are made at the time of sales contract and some are after production. The company shipment finished products to carrier with all necessary documents.

- Document needed in export / import:
 - Pro forma invoice or sales confirmation
 - Commercial invoice
 - Customs invoice
 - Packaging list
 - Certificate of origin and GSP certificate of origin.
 - Product inspection
 - Ocean (Marine) bill of lading or air waybills
 - Road waybills and rail waybills
 - Documentary collection
 - Bill of exchange (Draft)
 - Documentary credit (Letter of credit)
 - Post receipts and carrier receipts
 - Export import cargo(Marine)
 - Consular invoice

Findings & Area of Improvement

The major communication process of the company is via online. But most employees are not tech savvy. The company should train them or recruit more efficient employees to run the online marketing section. Now a day's online marketing is not just bound in email communication. Social media marketing and a good website creates reliability for companies. Especially for the ones who communicates remotely.

Other local low cost competitors who are investing in the country in this sector are also threats for AYG Sourcing's.

Sometimes there are some issues arises like miscommunication. One example is buyer has quoted the best price but order displaces for too much time consuming.

As AYG Sourcing has most of the suppliers in china they can assign a represent of their own or a branch office in china to monitor and communicate with Chinese suppliers.

Recommendations

- **AYG Sourcing** should take their necessary decisions promptly.
- It should appoint efficient marketer to improve the communication process with the clients.
- It should introduce new marketing department for establish the marketing plan.
- It should introduce computer facility for every department.
- It should assign representative in China.
- AYG sourcing should be price competitive with quality and they should diversify their product sourcing from various countries worldwide.
- It should provide transport facilities and entertainment allowances.
- **AYG Sourcing** would have to introduce expert research and development unit to maintain operational control.

Conclusions

It was a great pleasure for me to work in **AYG Sourcing** which provided me a wide range of scope to observe different function of importing goods in industry through the cordial assistance of the employees and seniors. All the employees of **AYG Sourcing** tried to give optimum service.

Now a day the **AYG Sourcing** is facing a lot of challenges because of their growth and changing demand of world. Besides many competitors are also a main factor that makes this sector challenging. So **AYG Sourcing** should take proper step to survive properly in this sector by removing their weaknesses. They should give authority to take independent decision at high level officer. If that, the company can be benefited because of taking decision the work some time delay. They should justify competitive key factors in the management practices like cost, product quality, image & reputation, distribution & control of resources, capabilities etc.

From the learning point of view I can say that I really enjoyed my Project at **AYG Sourcing** from the very first day. I am confident that these three months Project program at this sourcing firm will definitely help me to realize my future carrier in the job.

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