

2014

Internship Report



Submitted To:

Mohammad Rezaur Razzak

Associate Professor,

BRAC Business School,

BRAC University

Md.Ashrafur Hassan Khan

Nestle Bangladesh Limited

11/6/2014



June 11,2014

Mohammad Rezaur Razzak

Associate Professor,

BRAC Business School,

66,Mohakhali,Dhaka-1212

Subject: **Submission of internship report**

Sir,

This is to inform you that I am submitting the internship report on “***Amra Korbo Joy: A self-sustaining business model for entrepreneurs with profitability, responsibility and visibility of Nescafé***” upon completion of my formal internship attachment with Nestlé Bangladesh Limited.

I have tried to discuss all the relevant points of a feasibility study while keeping consistency with Nestlé Bangladesh Limited.

I would be glad to clarify any discrepancy that may arise or any clarification that you may require regarding my project and report.

Sincerely,

Md.Ashraful Hassan Khan
ID:09204130
Department:BRAC Business School
BRAC University.

I hereby declare that the report namely ***“Amra Korbo Joy: A self-sustaining business model for entrepreneurs with profitability, responsibility and visibility of Nescafé”*** 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.Ashrafal Hassan Khan
ID:09204130
Department:BRAC Business School
BRAC University.



I hereby declare that the concerned report entitled in “**Amra Korbo Joy: A self-sustaining business model for entrepreneurs with profitability, responsibility and visibility of Nescafé**” is an original work by *Md.Ashraful Hassan Khan, ID: 09204130, 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.

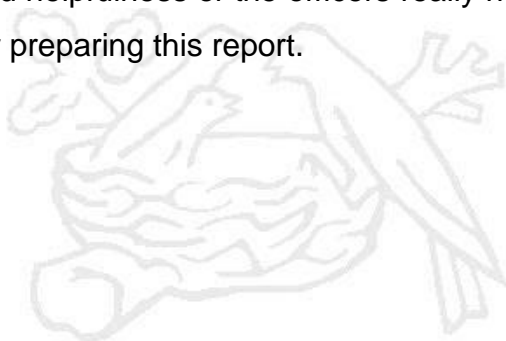
I also certify that I have gone through the draft report thoroughly and found it satisfactory thus forwarded for presentation.

Mohammad Rezaur Razzak,
Associate Professor,
BRAC Business School,
BRAC University



Firstly, I would like to show my sincere gratitude to *Mohammad Rezaur Razzak, Associate Professor, BRAC Business School, BRAC University*, my internship supervisor for constant supervision and guidance. I am also thankful for the patience that he has shown during the project. In addition to this, I also acknowledge my gratitude to Mr. Sakib Ahmed Chowdhury, Officer of Nestlé Professionals, for being my supervisor in the host organization in achievement of my internship program as well as preparation of the study.

I also show my utmost gratitude to all the officials of Nestlé Bangladesh Limited. The speed and helpfulness of the officers really helped me in obtaining the necessary information in time for preparing this report.



Nestlé

Good Food, Good Life



In the food industry Nestlé is the most trusted name for its high quality products. “Good Food Good Life”- the mission of Nestlé, 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.

The wide range of global brand of Nestlé are: Baby foods, Bottled water, Cereals, Chocolate & Confectionery, Coffee, Culinary, Chilled and Frozen Food, Dairy, Drinks, Food service, Healthcare nutrition, Ice cream, Pet care, Sports Nutrition, Weight Management. Currently the existing functional areas of Nestlé Bangladesh Ltd. are: General Management, Finance and Control, Human Resource, Supply Chain, Marketing, Nutrition, Nestlé Professional and Sales. Among the key functional areas Nestlé professional, as part of the world’s largest food and Beverage Company, provide custom-made food and beverage solutions in OOH (Out Of Home) arena. I am working under Nestlé Professional on the project “Amra Korbo Joy” which will be integral to three concepts: Profitability, Responsibility and Visibility.

This report is designed in six major chapters. Initially the opening words of the report were described in the first segment titled “Introduction” that covers the origin, rationale, objective, scope and limitation and methodology of the report. Then Literature Review is given. The next segment is on “Overview of Nestlé” contains the history of Nestlé, Nestlé Bangladesh Ltd, and Organizational structure.

Next three chapters are based on my job experience and the project part where chapter four includes the project details including purpose, operation and execution of the project. At the end I have found out some interpretation of the findings that I have observed from “Amra korbo joy” project and provided recommendation on my study with a short conclusion.

TABLE OF CONTENT

1.1 ORIGIN OF THE REPORT _____	ERROR! BOOKMARK NOT DEFINED.
1.2 RATIONALE OF THE STUDY _____	ERROR! BOOKMARK NOT DEFINED.
<u>General Objective:</u> _____	<i>Error! Bookmark not defined.</i>
<u>Specific Objective:</u> _____	<i>Error! Bookmark not defined.</i>
1.4 SCOPE AND LIMITATION _____	ERROR! BOOKMARK NOT DEFINED.
2.1 DEFINITIONS _____	ERROR! BOOKMARK NOT DEFINED.
2.2 INFLUENCE FACTOR ON THE ATTITUDE TOWARD ENTREPRENEURSHIP _____	ERROR! BOOKMARK NOT DEFINED.
2.3 ENTREPRENEURSHIP DEVELOPMENT AND ECONOMIC GROWTH _____	ERROR! BOOKMARK NOT DEFINED.
3.1 INTRODUCTION _____	ERROR! BOOKMARK NOT DEFINED.
3.3 GLOBAL BRANDS OF NESTLÉ _____	ERROR! BOOKMARK NOT DEFINED.
3.6 VISION _____	ERROR! BOOKMARK NOT DEFINED.
3.7 GOALS _____	ERROR! BOOKMARK NOT DEFINED.
4.1 PURPOSE _____	ERROR! BOOKMARK NOT DEFINED.
4.2 BACKGROUND _____	ERROR! BOOKMARK NOT DEFINED.
4.3 BUSINESS CASE _____	ERROR! BOOKMARK NOT DEFINED.
<u>Project scope</u> _____	<i>Error! Bookmark not defined.</i>
<u>Project Financials:</u> _____	<i>Error! Bookmark not defined.</i>
4.4 PROJECT OBJECTIVE _____	ERROR! BOOKMARK NOT DEFINED.
4.5 PROJECT OPERATION _____	ERROR! BOOKMARK NOT DEFINED.
<u>Recruitment -Operator, Seller, Distributor</u> _____	<i>Error! Bookmark not defined.</i>
<u>Procurement of Kits</u> _____	<i>Error! Bookmark not defined.</i>
<u>Branding</u> _____	<i>Error! Bookmark not defined.</i>
<u>Contract for the Operator and Seller</u> _____	<i>Error! Bookmark not defined.</i>
4.6 PROJECT EXECUTION _____	ERROR! BOOKMARK NOT DEFINED.
<u>Training</u> _____	<i>Error! Bookmark not defined.</i>
<u>Day-to-Day Operation</u> _____	<i>Error! Bookmark not defined.</i>
<u>Roles and Responsibilities</u> _____	<i>Error! Bookmark not defined.</i>
5.1 EMPLOYMENT OPPORTUNITY _____	ERROR! BOOKMARK NOT DEFINED.
5.2 RISKS & CONSTRAINTS _____	ERROR! BOOKMARK NOT DEFINED.
5.3 CUSTOMER'S QUALITY EXPECTATIONS _____	ERROR! BOOKMARK NOT DEFINED.
5.4 RECOMMENDATION: _____	ERROR! BOOKMARK NOT DEFINED.
<u>Acceptance criteria for operator</u> _____	<i>Error! Bookmark not defined.</i>
<u>Controls /Performance Monitoring</u> _____	<i>Error! Bookmark not defined.</i>
<u>Hygiene Requirements</u> _____	<i>Error! Bookmark not defined.</i>
<u>Food Safety and Operational Requirements</u> _____	<i>Error! Bookmark not defined.</i>
REFERENCES: _____	ERROR! BOOKMARK NOT DEFINED.



PART ONE:
INTRODUCTION TO REPORT

Nestlé

Good Food, Good Life

1.1 ORIGIN OF THE REPORT

To obtain the Bachelor degree in Business Administration (BBA) from BRAC University, I was required to complete an internship program and to submit a report on the project. This requirement is designed to give the business students an understanding of the practical world that is necessary to understand the concepts applied by companies. Out of several options of the organizations, I have chosen ‘**Nestlé Bangladesh Ltd.**’ for internship and as a part of the academic requirement I have prepared the report on the project I am assigned with. My topic of the report is: “**Amra Korbo Joy: A self-sustaining business model for entrepreneurs with profitability, responsibility and visibility of Nescafé**”.

1.2 RATIONALE OF THE STUDY

Today Nestlé covers almost every food and beverage category – giving consumers tastier and healthier products. Among the wide range of global brand of Nestlé, Nescafé has its huge market all over the world.

Lack of visibility and call to action materials of Nestlé beverages is a problem. Visibility of Nescafé brand should be ensured in a new way that also provides a viable business model for both operator and Nestlé.

As a dedicated unit of Nestlé, ‘Nestlé Professional’ provides global branded solutions that are tailored and commercially feasible for Bangladeshi consumers and customers. For addressing the problem of visibility of Nescafé, Nestlé Professional has come up with new channel of reaching consumer of Nescafé. The project “Amra Korbo Joy” is such a business model for promoting Nescafé brand in the street channel. The model must help in creating entrepreneurs in less fortunate social classes with ‘Visibility, Profitability, Responsibility’ throughout Bangladesh.

1.3 OBJECTIVE OF THE STUDY

General Objective:

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

Specific Objective:

1. Visibility of Nestlé beverages throughout Bangladesh
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 NESCAFÉ 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



1.4 SCOPE AND LIMITATION

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)

There was great difficulty of finding appointment of the top officials of Nestlé although talking to the officials, interviewing few personnel of top management and talking to personal references was helpful, still we could not cover in depth analysis on the above mentioned topic. Getting relevant papers, documents, information were strictly prohibited. The officers were hesitant to reveal the information in regard of confidentiality.

- ┌ Unavailability of financial data as Nestlé does not publish financial report to the public.
- ┌ For the confidentiality concern, access to some information was not available.
- ┌ Restriction on time and resources of data due to absence of corporate website in Bangladesh.

1.5 METHODOLOGY

Both primary and secondary sources would be used to collect information for this report. Main source of information about the business of the Nestlé Bangladesh and for the analysis is collected from various resources of the company. Most of them can be treated as the secondary data. Furthermore, I do have the direct work experiences gathered from the field.

┌ **Primary data:**

- Direct market observations
- operator management
- personal interview with Nestlé professional.
- Face to face conversations with employees, distributors and consumers.

┌ **Secondary data:**

- Company's reports
- Presentations slides
- Websites

PART TWO:
LITERATURE REVIEW



Nestlé
Good Food, Good Life



A literature review is an evaluative report of information found in the literature related to the selected area of study. It should give a theoretical base for the research and help you (the author) determine the nature of your research.

In other words, A literature review may be defined as a search and evaluation of the available literature in a given subject area.

As my related field is on entrepreneur's development, the literature review available on the topic is given below-

Joseph Schumpeter's vision on entrepreneurs is as follows:

“The function of the entrepreneur is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological method of producing a new commodity or producing an old one in new way, opening a new source of supply of materials or a new outlet for products, by organizing a new industry”

“The entrepreneur organizes and operates an enterprise for personal gain. He pays current prices for the materials consumed in the business, for the use of the land, for the personal services he employs, and for the capital he requires. He contributes his own initiative, skill, and ingenuity in planning, organizing, and administering the enterprise. He also assumes the chance of loss and gain consequent to unforeseen and uncontrollable circumstances. The net residue of the annual receipts of the enterprise after all costs have been paid, he retains for himself”

2.2 INFLUENCE FACTOR ON THE ATTITUDE TOWARD ENTREPRENEURSHIP

There were five reasons that describe why the entrepreneur wants to start an enterprise. **First**, they would like to take a chance in the market. **Second**, they believe their managerial skills are more efficient than those of other people. **Third**, they believe that their specialty could be developed into an enterprise. **Fourth**, they have already developed a product or service and they believe that can find a niche in the market. **Fifth**, this is the only way to start an enterprise and their other options are limited.

Several other reasons for entrepreneurs started enterprises:

- The individual wants personal growth.
- They like the challenge.
- There is more freedom in being a business owner.
- The chance to use one's own knowledge and experience.
- Do not like working for others.
- They are affected by family or friends.
- Family tradition.

Investigation on the determinants of interest in entrepreneurship among university students in Singapore shows that-

- Gender
- Family experience with business and
- Educational level

were significant factors in entrepreneurial interests.

The environment is a comprehensive factor in influencing entrepreneurs to start an enterprise. This includes-

- Economic
- Social culture and
- Policy factors

The environment affects individual entrepreneurial will and ability. The entrepreneurial environment includes all of the training and advisory services to any person that creates a new business. Government organizations can offer training and consultation services to improve the environment for starting enterprises. Therefore, the environment affects the entrepreneur's motivation and the entrepreneur's cognition of this environment would affect the individual's attitude toward entrepreneurship.

The influential factors of entrepreneurial environmental:

- Predisposing Factors: Roles of parents.
- Triggering Factors: Seeking jobs, Unemployment and Job alertness.
- Enterprise's ideas.
- Society, policy and economic changes.
- Changes of the market..
- Rescind the control
- Microeconomic environment.
- The society and political environment.
- Economic chance situation: Three items of economic chance situation, such as-
 - I. fund supplying,
 - II. supply of labor and
 - III. the market scale.
- Government policies.
- The place of starting an enterprise.
- Industrial structure.
- Market situation.
- The fund and labor.
- Attraction of human.
- Site of factory and products.
- The workforce supply.
- Policy stability.
- The industrial structure changes.
- The economic change.
- The changes of the society.
- The government's stability.
- The stability of the political situation.
- The changes of the law.
- Changes of science and technology.

2.3 ENTREPRENEURSHIP DEVELOPMENT AND ECONOMIC GROWTH

Self-Employment has been contributing to economic growth among the counties as stated in OECD Report (Organization for Economic Co-operation and Development). Hector S examined the relationship on entrepreneurship and economic growth on the selected counties mentioned in OECD report. The investigator has used cross-sectional analysis to check on the variables. The result disclosed that entrepreneurship and economic growth were interrelated

The importance of corporate entrepreneurship is to create wealth for organization and individual. The importance of entrepreneurship and wanted to know the relationship between corporate entrepreneurship and wealth creation. Data were collected from 477 Slovenian entrepreneurial firms. They found that the corporate entrepreneurship makes the difference in organization wealth creation thus leveraging the growth and profitability.

Social scientists believe that to combat poverty, entrepreneurship development within low income communities is a viable strategy. Kenneth and co-researcher use the framework by Oldsman and Hallbey (2002) to examine the entrepreneurial outreach initiative, which has spurred economic growth. The result disclosed that entrepreneurial activities in low-income communities have indeed reduced poverty.

Entrepreneurship has been increasingly recognized as a primary engine of economic growth. Jason H examines the entrepreneurs' link between new idea and economic growth, particularly in rural area of Kansas city, United States. The researcher collected data of self-employment and proprietors to analyze the entrepreneurship activity. The outcome showed that new idea has significant relationship with economic growth.

PART THREE:

OVERVIEW OF ORGANIZATION.



Good Food, Good Life



3.1 INTRODUCTION

Today's Nestlé, the world's largest food and nutrition company, founded by the Henri Nestlé (10 August 1814 – 7 July 1890); a German confectioner in Vevey, Switzerland in 1866. 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. 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.

3.2 HISTORY OF NESTLÉ

1866-1905: Henri Nestlé's quest for a healthy, economical alternative to breastfeeding is the important factor that drives the history of Nestlé Company. Henri Nestlé, pharmacist, began experimenting with various combinations of cow milk. His ultimate goal was to help combat the problem of infant mortality due to malnutrition. People quickly recognized the value of the new product, as Nestlé's new formula saved the life of children within a few years. In August, 1867 Charles and George Page, two brothers from Lee County, Illinois, USA, established the Anglo-Swiss Condensed Milk Company in Cham. In 1877 Anglo-Swiss added milk-based baby foods to their products and in the following year the Nestlé Company added condensed milk so the firms became direct and fierce rivals. Henri Nestlé retired in 1875 but the company under new ownership retained his name as Farine Lactée Henri Nestlé. Their headquarters are in Glendale, California, USA.



1905-1918: The Company formed by the 1905 merger was called the Nestlé and Anglo-Swiss Milk Company. Most production facilities remained in Europe, however, and the onset of World War I brought severe disruptions, as a result acquiring raw materials and distributing

products became increasingly difficult. At the same time the war created tremendous new demand for dairy products, largely in the form of government contracts. By war's end, the

Company had 40 factories, and its world production had more than doubled since 1914. Moreover in this period Nestlé added chocolate to its range of food products and also the Condensed-milk

exports increased rapidly as the Company replaced sales agents with local subsidiary companies. In 1907, the Company began full-scale manufacturing in Australia.

1918-1938: The end of World War I brought with it a crisis for Nestlé. Rising prices for raw materials, the worldwide postwar economic slowdown, and declining exchange rates made the situation worst. In 1921, the Company recorded its first loss. Nestlé's management brings Louis Dapples as an expert to deal with the situation; his rationalized operations and reduction of the company's outstanding debt improve the financial condition. On the other hand Nestlé's first expansion beyond its traditional product line came in 1920s by producing chocolates. In the meantime Brazilian Coffee Institute first approached to Nestlé in 1930 to reduce Brazil's large coffee surplus, after eight years of research Nestlé came with Nescafé became an instant success.

1938-1944: in this period World War II were felt immediately upset the business once again and Profits dropped from \$20 million in 1938 to \$6 million in 1939. To overcome distribution problems in Europe and Asia, factories were established in developing countries; particularly in Latin America. As the end of the war approached, Nestlé executives found themselves unexpectedly heading up a worldwide coffee concern, as well a company built upon Nestlé's more traditional businesses.

1944-1975: The graph of growth sets its trends little higher between 1944 and 1975. As a result many new products were added as and outside companies were acquired. In Nestlé merged with Alimentana S.A in 1947, purchase of Findus frozen foods occurred in 1960, Libby's fruit juices joined the group in 1971 and Stouffer's frozen foods in 1973 and finally in 1974 the Company became a major shareholder in L'Oréal, one of the world's leading makers of cosmetics. The Company's total sales doubled in the 15 years after World War II.

1975-1981: In 1920s the economic situation was in challenge due to price of oil rose, growth in the industrialized countries slowed down and worldwide unstable political situation. In 1975

and 1977 price of coffee bean and the price of cocoa tripled. In this situation to maintain a balance, Nestlé went to second venture outside the food industry by acquiring the pharmaceutical and ophthalmic product producer Alcon Laboratories Inc. of U.S; as a result it increased competition and shrink the profit margins.

1981-1995: Improvement of financial situation through internal adjustments and strategic acquisitions are the two important moves in this period. As a result between 1980 and 1984, diversification of several non-strategic or unprofitable businesses occurred. On the other hand Nestlé managed to put an end in the third World to about a serious controversy over its marketing

of infant formula in this period. In 1984 Nestlé acquire American food giant Carnation and became one of the largest company in the history of the food industry.

1996-2002: The opening of Central and Eastern Europe, along with China and a general trend towards liberalization of direct foreign investment was good news for the company. On the other hand in July 2000 Nestlé launched a Group-wide initiative called GLOBE (Global Business Excellence) aimed to simplifying business process. Two more acquisitions took place in this period-U.S. ice cream business was to be merged into Dreyer's and the acquisition of Chef America, Inc. a leading U.S.-based hand-held frozen food product business.

2003-2009: Within this area the acquisition of Mövenpick Ice Cream, Jenny Craig and Uncle Toby's enhanced Nestlé's position as one of the world market leaders in the super premium category. On the other hand Novartis Medical Nutrition, Gerber and Henniez join the Company in 2007. Meanwhile Nestlé entered into a strategic alliance with the Belgian chocolatier Pierre Marcolini at the end of 2009.

2010 to onward: In mid-2010 Nestlé finalized the sale of Alcon to Novartis; at the same time Nestlé bought Kraft's frozen pizza business. Another important move in this period is launch of Special. Tea machine system and the completion of the CHF 25 billion share buyback program.

3.3 GLOBAL BRANDS OF NESTLÉ

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 winning scenario. Today Nestlé covers almost every food and beverage category – giving consumers tastier and healthier 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
- ❑ **Coffee:** Nescafé, Nescafé 3 in 1, Nescafé Cappuccino, Nescafé Classic, Nescafé Decaff, 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
- ❑ **PetCare:** Alpo, Bakers Complete, Cat Chow, Chef Michael's Canine Creations

3.4 NESTLÉ BANGLADESH LIMITED

Nestlé Bangladesh Limited started its commercial operation in Bangladesh in 1994. Its total authorized capital is TK1.5 billion and total paid up capital is TK 1.1 billion. The only factory of the company in Bangladesh is situated at Sreepur, 55 km north of Dhaka. The factory produces the instant noodles 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.

NESTLÉ BANGLADESH AT A GLANCE

- **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:**
Lactozen, 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.

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.

3.6 VISION

The vision of —creating shared value a company for every moment of everyday from Day-Night, Birth- Oldage.

3.7 GOALS

- Sustaining as a world's leading Nutrition, Health and Wellness Company.
- To manufacture high-standard products.
- Reaching consumers through ensuring cost efficiency.
- Promoting Safety is by choice.
- Producing large volume to achieve production cost economies.
- Enabling quality products to be sold out at obtainable prices.
- Enhancing the awerness among people about using water resources.

3.8 SALES REGION OF NESTLÉ BANGLADESH LIMITED

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



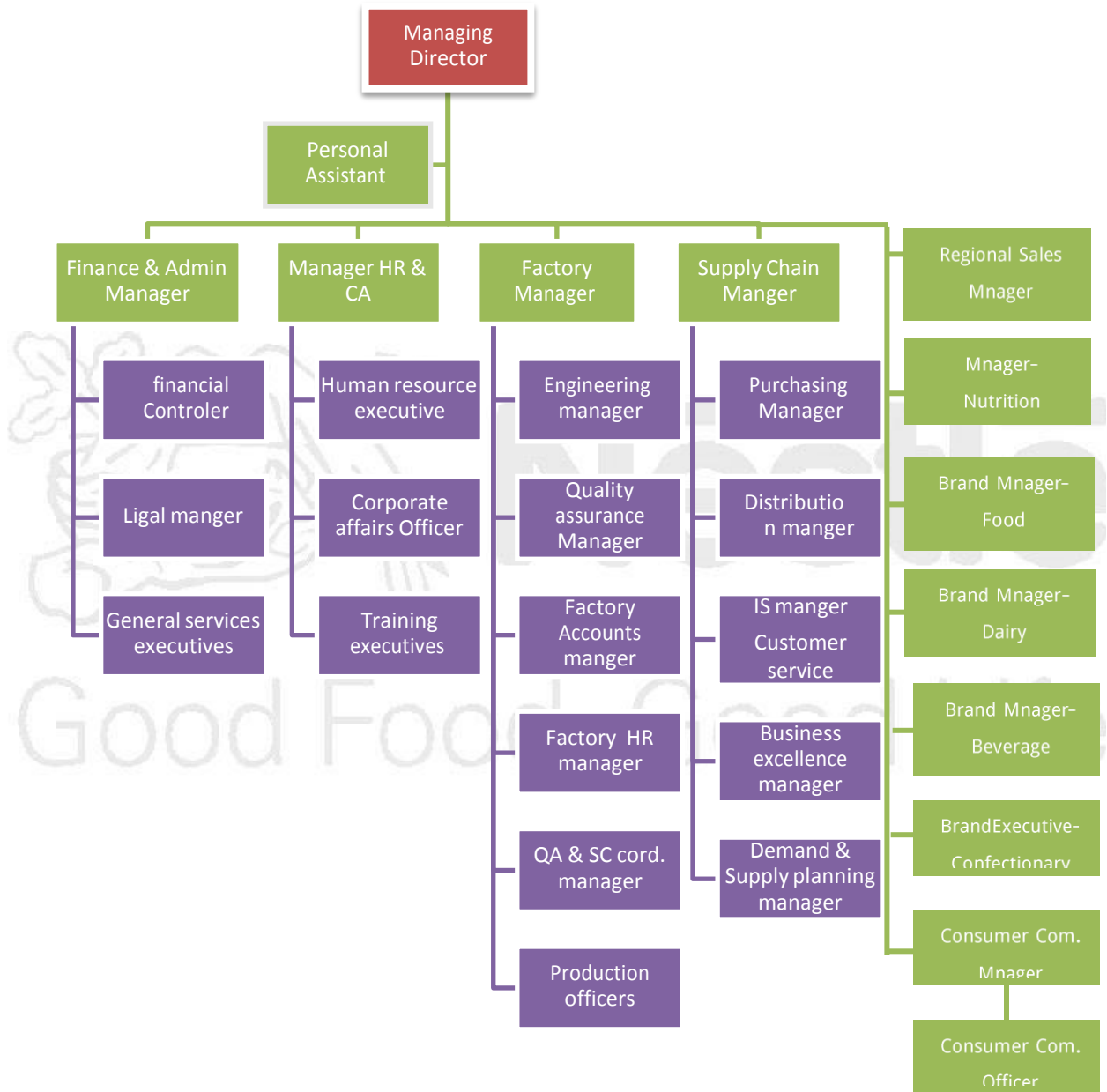
Khulna

3.9 PRODUCTS OF NESTLÉ BANGLADESH LIMITED

Globally the product line of Nestlé is very large but in Bangladesh currently there are only 12 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	Brands
Beverage	<ul style="list-style-type: none"> • Nescafé • Nestea
Culinary	<ul style="list-style-type: none"> • Maggi, Shad-e-Magic
Dairy	<ul style="list-style-type: none"> • Nido • Coffee-mate
Breakfast Cereal	<ul style="list-style-type: none"> • Corn flex • Coko cranch • Huny Gold
Nutrition	<ul style="list-style-type: none"> • Lectozen • Nan • Cerelac
Confectionary	<ul style="list-style-type: none"> • Munch

3.10 ORGANIZATIONAL



PART FOUR:
ANALYSIS OF THE STUDY

“AMRA KORBO JOY”



Nestlé

Good Food, Good Life



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

4.2 BACKGROUND

Lack of visibility and call to action materials of Nestlé beverages is a problem. Visibility of NESCAFE 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.

4.3 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 weighs 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 @12 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)

Project Financials:

Financials for NESCAFÉ -Per cup	
What is the price per cup?	12
What is the cost per cup? (NESCAFÉ, Coffee-mate, Sugar, Cup, Water)*	5.71
What is the gross profit per cup?	6.29
What is the cost per cup associated with labor cost?*	3.93
What is the net profit per cup?	2.36
What are the break even cups?	31
What are the required cups sold per seller per day to earn the indicated profit?	49

Financials for NESCAFÉ -Your total business		
Particulars	Per Day	Per Month
Number of cups sold	49	1,271
Sales revenue	587	15,254
Gross Profit	308	8,000
Net Profit	115	3,000

***The end cup price is 12 BDT. After deducting for products, paper cup and water & heating, operators have (Gross Profit) ~6. 29 BDT for NESCAFÉ per cup. Summing up to (Net Profit) ~3000 BDT for NESCAFÉ after deducting all operating cost per month per kit.



4.4 PROJECT OBJECTIVE

1. Visibility of Nestlé beverages throughout Bangladesh
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)

4.5 PROJECT OPERATION

Recruitment -Operator, Seller, Distributor

When selecting the different players in your value chain, we recommend you ensure the following is in place:

Distributor	Operator	Seller
<ul style="list-style-type: none"> • Cash flow • Micro-Distribution • Storage for kit, etc • Hiring of supervisor • Long term view of the business 	<ul style="list-style-type: none"> • Cash flow • Food handling license • Kitchen & storage facility in line with Nestle standards • Strong focus on managing the sellers 	<ul style="list-style-type: none"> • Trustworthy • Clean • Entrepreneurial spirit • Must be 18 Years! • Food handling license (if needed) • Presentable

The recruitment of a dedicated supervisor is highly recommended if the planned number of kits are over 100 in a given area. This Supervisor is responsible for:

- Recruitment of operators and sellers
- Regular checks on the Operator with regards to: QA, stocks and treatment of sellers
- Be involved in taking orders and product distribution
- Regular checks on sellers on behaviour and individual results
- Reporting to Nestle

Procurement of Kits

Always ensure you get a sample from already operating markets to give a clear idea of how a kit should look. The following must be considered when procuring a kit.

- **Weight:** Recommended material for fabricating the kit is fibre glass material because of its low weight
- **Flask:** Standard flasks used are 3.5 litres. Always consider the total weight of both the flask and kit before purchase. (It must be manageable considering it's used all day)
- **Comfort:** The padding of the kit on the shoulders and the strappings offer comfort when the seller is carrying the kit
- **Practicability:** Identify whether you want to use sachets or tinned product and if so, ensure that there is a place to store all the equipment required to facilitate the selling e.g. the tin /sachets
- The flask needs to be a pumping unit. Seller cannot pour hot water!
- **Life of the kit:** The average life span of a kit is 2yrs
- Have an allocation for damaged kits as buffer stock

Branding

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

- Uniforms (T-shirts, caps, aprons (convenient for holding money), etc)
- The kit
- The flask
- Cups

Contract for the Operator and Seller

The contract acts as a guide to the terms and conditions of the business. This is crucial in any form of business as it shows the level of commitment, involvement and protection of both parties.

4.6 PROJECT EXECUTION

The first impression always lasts which means all efforts must be geared towards a successful launch. Proper training is important as all the stakeholders act as ambassadors of the brand. The sequence below should help to ensure a good start.

Training

The training is conducted for both the seller and the operator on the standard operating procedures and on basic Food Safety and Hygiene as explained later.

Day-to-Day Operation

- The AKJ operator buys products from an authorized NP distributor.
- The AKJ operator recruits sellers from the nearby community to sell.
- The AKJ sellers pick up the kit with the flasks each morning and sells HOT coffee to consumers in the allocated area.
- The AKJ operators as well as the AKJ seller earn their living on the number of cups sold per day. Daily operations are supervised by a AKJ supervisor.
- This supervisor should visit each operator weekly, during the visit he/she does a QA check, interviews at least 10 paying customers to measure consumer response and recruits new operators.
- The supervisor is under the Distributor's payroll and cost can be shared between NP and C&B in exchange for regular consumer feedback. Once a week the findings are reported back to Nestlé.
- This is a self-motivating program and both the AKJ operator and AKJ 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..

Roles and Responsibilities

Nestlé Professional Team	Nestlé or NP Distributor	AKJ Supervisor	AKJ Operator	AKJ Seller
Provides the general direction on taking the business forward	Provides stocks as and when required to the AKJ operator	Is appointed by a 3rd party agency who has been contracted by NP	Appointed and has signed an agreement with NP	Employed by AKJ operator
Monitors and controls the AKJ operation		Paid by the 3rd party agency	Terms and conditions	Normally from the neighbouring community
Provides training and other support		Responsible for all activities of AKJ	Standard operating procedures	Picks up stocks from AKJ operator
Appoints 3rd party AKJ Supervisors to control operations in the field		He / She has control of AKJ operators	Invests in a kitchen and space for AKJ operation as per Nestle standards	Pays cash for all transactions with AKJ operator
		He/ She reports to the Nestle professional on results and issues	Recruits AKJ sellers for the operation within the neighbouring community and with agreement from supervisor	Pays cash for all transactions with AKJ operator
		Responsible for all day to day activities of hygiene / stocks / visual etc.	Controls the Operation of the AKJ sellers	Sells NESCAFE in market as specified

PART FIVE:
FINDINGS OF THE STUDY
&
RECOMMENDATION

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5.1 EMPLOYMENT OPPORTUNITY

Amra korbo joy has unleashed an unbound opportunity of employment. One can lead prestigious and flexible moment with AKJ get up and obviously handsome cash. It can make one able to earn near 5,000 – 10,000 BDT /month even more on.

5.2 RISKS & CONSTRAINTS

Market test run showed some 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.)

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5.3 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.

Acceptance criteria for operator

- 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.

Controls / Performance Monitoring

- Weekly reporting of sales per operator/per kit
- Monthly review of ACTUAL versus TARGET sales. Apply corrective action where performance is below target
- On-going monitoring quality assurance compliance - retraining where necessary
- Collecting and collating consumer feedback on the product(s)

Hygiene Requirements

- Shower or bathe daily
- Must wash hands before handling food
- Finger nails must be kept short and clean
- Wear clean clothes
- Avoid nail polish/varnish and excess jewellery
- Keep hair short or held together properly

Food Safety and Operational Requirements

- Heat clean water to boiling point
- Pour a little hot water into the flask and let it sit for one (1) minute then pour out. This is done to pre-heat the flask Pour the boiled hot water into the flask to capacity.
Close the flask
- Strap the flask to the AMRA KORBO JOY kit
- Carry enough products to serve at least 20 cups
- Carry enough spoons / stirrers and cups
- Fasten all the straps to ensure the products and the flask is safe before you start your trip

PART SIX:
CONCLUSION



Nestlé

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AKJ is such a business model that can bring about massive change for all of its stakeholders. All direct and indirect stakeholders in the value chain have to be benefited from this business. This meets **Profitability**.

For consumer end it will be that same perfect cup of worldwide recognized coffee brand- Nescafe with lower price everywhere- which ensures **Visibility**.

As a part of Corporate Social Responsibility, AKJ is the project that has every aspect to develop entrepreneurs in less fortunate social classes which entails **Responsibility**.

Decisions that negatively impact the seller can have a big impact on the success of the business. Price increases, change of business model, unstable operators, supply issues, etc can leave them demotivated. This can impact cup sales and ultimately result in sellers abandoning the project.

There is however 1 key factor that determines success in Amra Korbo Joy:

“The Motivated Seller”

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APPENDIX

- I. OECD Report (Organization for Economic Co-operation and Development)
- II. NP(Nestlé Professional)
- III. AKJ(Amra korbo Joy)
- IV. Amra Korbo Joy Route Assessment Sheet

AKJ Assessment Sheet																										
Route																										
Name of Seller																										
Shop keeper (Fixed)																										
Street shop-keeper																										
Driver																										
Hangouts																										
On the way																										

V. Amra Korbo Joy Operator monitoring Sheet

Name of Month:		Name of Operator:							
Date	Beginning Balance	Cash Earned	Cash Expensed	Ending Balance	Inventory				
					NESCAFE	COFFEE MATE	Cup	Sugar	
1									
2									
3									
4									
5									
6									
7									

————— THE END —————

