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**An Internship Report on
Cash and Credit collection Policies of FedEx Bangladesh**





21st August 2014

Letter of Transmittal

Mr. Mahmudul Haq
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BRAC Business School
66 Mohakhali, Dhaka – 1212, Bangladesh

Subject: Submission of Internship report on “Cash and Credit Collection Policy of Federal Express Bangladesh”.

Dear Sir,

This is to inform you that “Cash and Credit Collection Policy of Federal Express Bangladesh” accompanies with this letter.

I have put my utmost ability and honest effort to cover all the aspects related with the topic. This report includes all the materials and the contents those I have covered in my BBA program and also gives a view of the financial activities of FedEx Express in Bangladesh.. The report is prepared using secondary data. However, there might be some areas of limitation those are not considered by me for my constraints.

I believe that the report will meet your expectations and I will be always available if there any queries or amplification arise about the report contents.

Thank you.

Sincerely,

Rubaiyet Kabir

ID: 10104018

Acknowledgements

The internship paper entitled “**Cash and Credit Collection Policy of Federal Express Bangladesh**” has been prepared for the partial fulfillment of my BBA Program of Brac University, Dhaka. I would like to offer my wholehearted gratitude and respect to a good number of people who offered encouragement, data and information, inspiration and assistance during the course of constructing this paper.

It would be difficult to prepare the paper and to present it in a lucid manner within stipulated time without the help of my course advisor Mr. Mahmudul Haq, Assistant Professor. His utmost care, constant support and meticulous supervision guided me through the process.

My complete gratification goes to Mr. Md. Tanveer Madar, Managing Director and Mr. Bashir A.K. Chowdhury, Executive Director of FedEx Bangladesh. I am also very thankful to the entire company and staffs who have helped me a lot with support, concepts and information of the company.

I am very thankful to the BRAC University authority for helping me out in completing Internship program and helping me to finish my BBA program successfully.

Executive Summary

This report was basically prepared on the company which is the world's largest Express Transportation Corporation known as FedEx Express. This report is confined with the Global operations of the company but more focused on the Bangladesh Context of FedEx where they are being represented by the Joint venture and licensee of Federal Express Corporation named FedEx-Bangladesh Express co Ltd.

The main objective of the report is the company's cash and credit collection policies/methods. FedEx does 90% of their business on credit. So credit customers are the most important aspect of their business when it comes to revenue earning. The credit customers have their profile account in FedEx and are invoiced with a monthly bill. They do their monthly transactions and pay the bill to FedEx for their service at the end of the month. There are special customers who are provided with discounts by the approval of the senior management team according to the amount of business they give to FedEx. This part of the topic is not covered in the report as the information of the clients and the discount rates are confidential. The sales personnel of the company plays a key role in approaching potential customers and also collect the due payments at the month end from them. The finance and accounts department makes the invoice and does the billing every month and keeps track of the receivables. FedEx is a service company, so their main functions are customer service and satisfaction. The financial aspects of the company are not as critical as other non-service companies. I was mainly appointed to work in the finance department and hence provided as much information that was provided by the head of the department. The various departments, operational overview, sales and marketing overview and other important areas of the company are concisely shown in the report.

Finally I have also suggested various probable recommendations, those I feel can be of help in order to improve the situation and recommended various other options to develop the overall credit collection strategy.

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1. The Organization

1.1 Overview of FedEx Express:

When the FedEx Corporation (from herewith to be referred to as “FedEx”) was founded by Frederick W Smith in 1973, it was called “Federal Express”. He started Federal Express with funds of over \$80 million, making it the largest company of its time ever funded by venture capital.

Today, FedEx has over 143,000 workers worldwide, and delivers more than 3 million express packages to 220 countries daily. FedEx provides both document and freight deliveries as well as additional supporting services. Based in Memphis, FedEx Corp. provides a portfolio of transportation, e-commerce and business services through several divisions including FedEx Express, FedEx Ground, FedEx Freight, and FedEx Office (formerly Kinko’s).

FedEx Express, the largest segment of FedEx, is the worldwide leader in the global air express industry at the moment. The worldwide network of transportation and information system of FedEx Express set the industry standard for time-definite delivery, shipment processing and tracking technology, logistics management, reliable service and customer management.

FedEx live by their ‘Purple Promise’- where they try to “make every FedEx experience outstanding”. This is the foundation of their business. Having such values has helped FedEx maintain strong reputation in the market, receiving awards such as FORTUNE’s “Top 10 World’s Most Admired” and “100 Best Companies to Work for” (source: 2009 Annual Report). Additionally, FORTUNE magazine recognized FedEx for its commitment to diversity and women among the "100 Best Companies to Work For." FedEx is the largest company (by number of employees) and the only transportation company on that year's list.

Following from the above overview, FedEx was at one points called FDX Corporation, FedEx Corporation was founded in January 1998 with the acquisition of Caliber System Inc by Federal Express. Through this and future acquisitions, FedEx sought to build on the strength of its famous express delivery service and create a more diversified company that included a portfolio of different but related businesses. With the purchase of Caliber, FedEx started offering other services besides express shipping.

In January 2000, FDX Corporation changed its name to FedEx Corporation and rebranded all of its subsidiaries. Federal Express became FedEx Express, RPS became FedEx Ground, Roberts Express became FedEx Custom Critical, and Caliber Logistics and Caliber

Technology were combined to make up FedEx Global Logistics. A new subsidiary called, FedEx Corporate Services was formed to centralize the sales, marketing, and customer service for all of the subsidiaries.

FedEx History Highlights:

1975-First profit

1977-Bigger Aircraft

1978-New York City Stock Exchange

1984-Operation in Europe

1985 - Service Contractors

1989 – Flying Tigers

1994 – Change of Logo KSA market

1994 – ISO 9001

1995 – Subic Bay Hub

1996 – India operation

1997 – Dubai Facility

- Benetton Team

- Caliber System

1999 – CDG Hub

- SEP Launch

- Ferrari Sponsorship

2000 – Remaining Acquisitions

- “ FedEx Ground

- “ FedEx Trade Networks

- “ FedEx Customer Critical

- “ FedEx Services

- “ FedEx Home delivery

- “ FedEx Express

- “ FedEx Freight

2002 - FedEx-BMW F1 Team Sponsorship

FedEx Mission Statement

FedEx Corporation will produce superior financial returns for its shareholders by providing high value-added logistics, transportation. Requirements will be met in the highest quality manner appropriate to each market segment served. FedEx Corporation will strive to develop mutually rewarding relationships with its employees, partners and suppliers, Safety will be the first consideration in all operations. Corporate activities will be conducted to the highest ethical and professional standards.

FedEx Facts

Description – World's largest express transportation company

Began operation – April 17, 1973

Worldwide headquarters – Memphis, Tennessee, U.S.A.

Founder-Fredrick W.Smith

Principal Officer – David J.Bronczek, President & CEO

Annual revenue - \$ 15.5 billion

Employees – 140,000 Worldwide

Countries served -215

Worldwide airports served – 365 worldwide

Worldwide aircraft fleet – Total of 664

Ground fleet – More than 46,000

FedEx world service centers – Approximately 3.2 million daily

Daily global fleet capacity – Approximately 26.5 million pounds

Airfreight volume – More than 7 million pounds daily

Average call volume – More than 500,000 calls daily

Global Service Participants (GSP) worldwide – 152

Worldwide WEB address – <http://www.fedex.com>

FedEx Worldwide divisions:

US and Canada –Headquarter in Memphis

Asia Pacific – Headquarter in Hong Kong.

Latin America and Caribbean –Headquarter in Florida

EMEA – Headquarter in Brussels

FedEx Products and Service Offered in Bangladesh:

Product/ Services	Description	Main Features & Benefits	Restrictions
International Priority Service (IP)	Highly reliable, express, time-definite, customs-cleared, door-to-door service in more than 220 countries around the world.	<ul style="list-style-type: none"> • Total shipment weight containing many individual packages is unlimited. • Delivery commitment time is 72 hours depending on the origin and destination of the shipment • Envelop, Pak, Tube, 10kg & 25kg Box are available depending on the type & weight of the packages. • Maximum declared value for carriage is \$50,000 and \$100 for FedEx Envelope/Pak 	<ul style="list-style-type: none"> • Individual packages may weigh as much as 68 kg • Each shipment can contain up to 10 different packages.

FedEx Packaging:

- FedEx Letter
- FedEx Pack
- FedEx Boxes
- FedEx Tube
- FedEx 10 Kg Box
- FedEx 25 Kg Box
- Customer Package

FedEx Regions of the World:

FedEx has divided its service regions of the world into 11 different regions. They are Africa, Asia Pacific, Australia, Canada, Caribbean, Central America, Europe, Indian Sub-Continent, Mexico, Middle East and South America.

Values of FedEx:

FedEx operates globally according to the following key values:

People: We value our people and promote diversity in our workplace and in our thinking
Service: Our absolutely, positively spirit puts our customers at the heart of everything we do
Innovation: We invent and inspire the services and technologies that improve the way we work and live.

Integrity: We manage our operations, finances and services with honesty, efficiency and reliability.

Responsibility: We champion safe and healthy environments for the communities in which we live and work.

Loyalty: We earn the respect and confidence of our FedEx people, customers and investors every day, in everything we do”

FedEx Express 5-Point Strategy:

Federal Express has five strategies that govern business tactics. These are as follows:

1. To improve service levels
2. To lower unit costs
3. To establish international leadership and sustain profitability
4. To get closer to the customer, and
5. To maintain the People-Service-Profit Philosophy.

In 'People-Service-Profit' philosophy 'People' goal is the continuous improvement of management's leadership, 'Service' standard is 100 percent customer satisfaction and 'Profit' goal is much like any other company's goal. This philosophy governs how FedEx runs its business, and defines strategies.

First-Mover Advantage of FedEx Express:

Federal Express has had first-mover advantage in several areas, including:

- Being a global express transportation company.
- Advanced technology and communication throughout the company's operations.
- Incorporating smaller companies with similar operations under its belt to synergize and control more of the market.

In 1994 Federal Express officially shortened its marketing identity to FedEx; a term that has become a synonym for "to ship overnight" FedEx was first use the web with a online package tracking service in November of 1994. Strategic use of Information Technology and online package tracking systems, reliability, and faster service helped Federal Express gain market dominance in express market

worldwide. In January 2000 FedEx Express became FedEx Corporation by acquisitions of FedEx Ground, FedEx Trade Networks, FedEx Customer Critical, FedEx Services, and FedEx Home delivery, FedEx Express, FedEx Freight.

Though the company did not show a profit until July 1975, it soon became the premier carrier of high-priority goods in the marketplace and the standard setter for the industry it established. In the mid-1970s, Federal Express took a leading role in lobbying for air cargo deregulation that finally came in 1977. These changes allowed Federal Express to use larger aircraft (such as Boeing 727s and McDonnell DC-10s) and spurred the company's rapid growth. Today FedEx Express has the world's largest all cargo air fleet, including McDonnell-Douglas MD-11s and Airbus A-300s and A-310s. The planes have a total daily lift capacity of more than 26.5 million pounds. In a 24-hour period, the fleet travels nearly 500,000 miles while its couriers log 2.5 million miles a day the equivalent of 100 trips around the earth.

The company incorporated in June 1971 and officially began operations on April 17, 1973, with the launch of 14 small aircraft from Memphis International Airport. On that night, Federal Express delivered 186 packages to 25 U.S. cities from Rochester, NY, to Miami, Fla. Company headquarters were moved to Memphis, Tennessee, a city selected for its geographical center to the original target market cities for small packages. In addition, the Memphis weather was excellent and rarely caused closures at Memphis International Airport. The airport was also willing to make the necessary improvements for the operation and had additional hangar space readily available. Today FedEx is the world's largest all-cargo airline, with over 600 aircraft linking together a truly global network. Everyday, 9 major sorting centers or hubs worldwide feed 39,500 delivery vehicles that cover an amazing 2.5 million miles around the globe. Over 140,000 employees at FedEx provide services in 215 countries, offering some of the

fastest delivery. Providing on-time delivery builds reputation for FedEx. Everyday FedEx successfully delivers over 26.5 million pounds of freight and nearly 3.2 million packages worldwide. FedEx's service reputation helped fuel its growth from small beginnings in the US back in 1973 to today's global turnover of more than \$ 15.5 billion. The company entered its maturing phase in the first half of the 1980s. Federal Express was well established. Competitors were trying to catch up to a company whose growth rate was compounding at about 40 percent annually. In fiscal year 1983 Federal Express reported \$1 billion in revenues, making American business history as the first company to reach that financial hallmark inside ten years of start-up without mergers or acquisitions.

Being a "first" company resulted in many firsts for awards and honors, too. In 1990, Federal Express became the first company to win the Malcolm Baldrige National Quality Award in the service category. It also received ISO 9001 registration for all of its worldwide operations in 1994, making it the first global express transportation company to receive simultaneous system-wide certification.

FedEx's commitment, use of technology and innovation strategy has proven to be a key part of its success through the past two decades. FedEx was first to operate a hub and spoke distribution system and first to introduce full shipment tracking. FedEx maintain control of customer's shipment by scanning it at several stages of transit using hand-held computers, Super Trackers, so that where the shipment is can be easily and exactly known. Through the Internet customers can have access to on-line tracking, transit time estimates, country specific information, and many other on-line features.

In January 2000, FDX Corporation changed its name to FedEx Corporation and rebranded all of its subsidiaries. Federal Express became FedEx Express, RPS became FedEx Ground, Roberts Express became FedEx Custom Critical, and Caliber Logistics and Caliber Technology were combined to make up FedEx Global Logistics. A new subsidiary called, FedEx Corporate Services was formed to centralize the sales, marketing, and customer service for all of the subsidiaries.

1.2 Overview of FedEx-Bangladesh Express Co. Ltd:

Bangladesh Express Company Limited (BANEX) was established in 1991. It is a private limited Company – registered in Bangladesh. The company is the exclusive licensee of Federal Express Corporation of USA since May 1991. BANEX is the Global Service Participant (GSA) of Federal Express. The company, with its 18 world service centers and about 295 staff offers express export and import services assisted by electronic communications system. BANEX currently has access to around 368 airports in 214 countries through the operations of its principal, FedEx. The company maintains online communication system for faster shipment trace and tracking.

BANEX uses Electronic Communication System for faster shipment tracing & tracking and also for the integrated communication with all the FedEx service centers worldwide. The company has to follow the rules and regulation of FedEx that is reflected by the monthly SRG (Service Reference Guide), but can take sales and marketing plan independently. Like FedEx, BANEX's top priority is to achieve service excellence and 100% quality. Customer satisfaction is the

ultimate goal of BANEX. Keeping this in view, BANEX created a vast network with its customers by visiting every week and providing solutions to their problems. Also through online, Customer Service Agents are always keeping track of shipments of customers. BANEX is totally committed to provide quality services that always meet the needs and expectation of customers for reliability, safety, economy and on-line delivery of shipments. The company exercises Quality Management System (QMS) and continual improvements of its services, that can be comply with the requirements of ISO 9001-2000.

Mission Statement of BANEX:

Bangladesh Express wants to be acknowledged as the market leader in the express transportation solutions and services. They shall continuously strive for excellence by using their dedicated team of professionals and the development of the infrastructure; they will set them apart from the other. BANEX shall adapt to the latest technical know-how in enhancing productivity and creating a truly world class customer friendly organization.

We will ensure that everyone across the organization understands our mission. It will be like a beacon of light that will show us the way and take us from one year to another and also allow us to reaffirm that we are not only the right path but also the path we had exactly planned to take. We will be leaders through business excellence, clearly of operational process and the value and quality of our service. Above all, our growth strategies will be defined and clear to all our workers and associates. We will always have the all-for-one mentality”

Quality Policy of BANEX:

A quality policy describes the total plan of a company for providing the features and characteristics of a product or service that bear on its ability to satisfy most of its customers. The Managing Director of BANEX adopted a quality policy. The quality policy is as follows:

“BANEX is totally committed to provide quality services that always meet the needs and expectation of customers for reliability, safety, economy and online delivery of shipments. To achieve this objective, BANEX provides all the necessary resources to ensure a well equipped, adequately trained and experienced manpower to take proper care of customer requirements.

BANEX emphasizes that quality is the shared responsibility of its entire staff. The company ensures that all the personnel are familiar with and work to the company’s work policies as well as in conformity with the legal and other obligatory requirements and are determined to comply with the requirements of ISO 9001, 2000 and continually improve its services and Quality Management System (QMS). This QMS has brought the unique opportunity for BANEX to review the quality objectives and achieve business excellence through continual improvement. Customer satisfaction is the company’s ultimate goal.”

1.3 Objectives of the Report

The report contains the following broad objectives:

- Orient the reader with FedEx in brief.
- Gathered an idea about the function and operation of Bangladesh Express Co. Ltd (BanEx).
- Analysis the current outbound and inbound practice of shipments in BanEx.
- Analysis the policy guide lines of F&A department of BanEx.

1.4 Report Preview

The report is divided into three major parts. The first part describes the Federal Express Corporation in brief followed by an overview of Bangladesh Express Co. Ltd. In the second part. In the third and final part, current outbound and inbound practice of shipments in BANEX Co. Ltd. is described and recommendations are made.

1.5 Type and Sources of Information

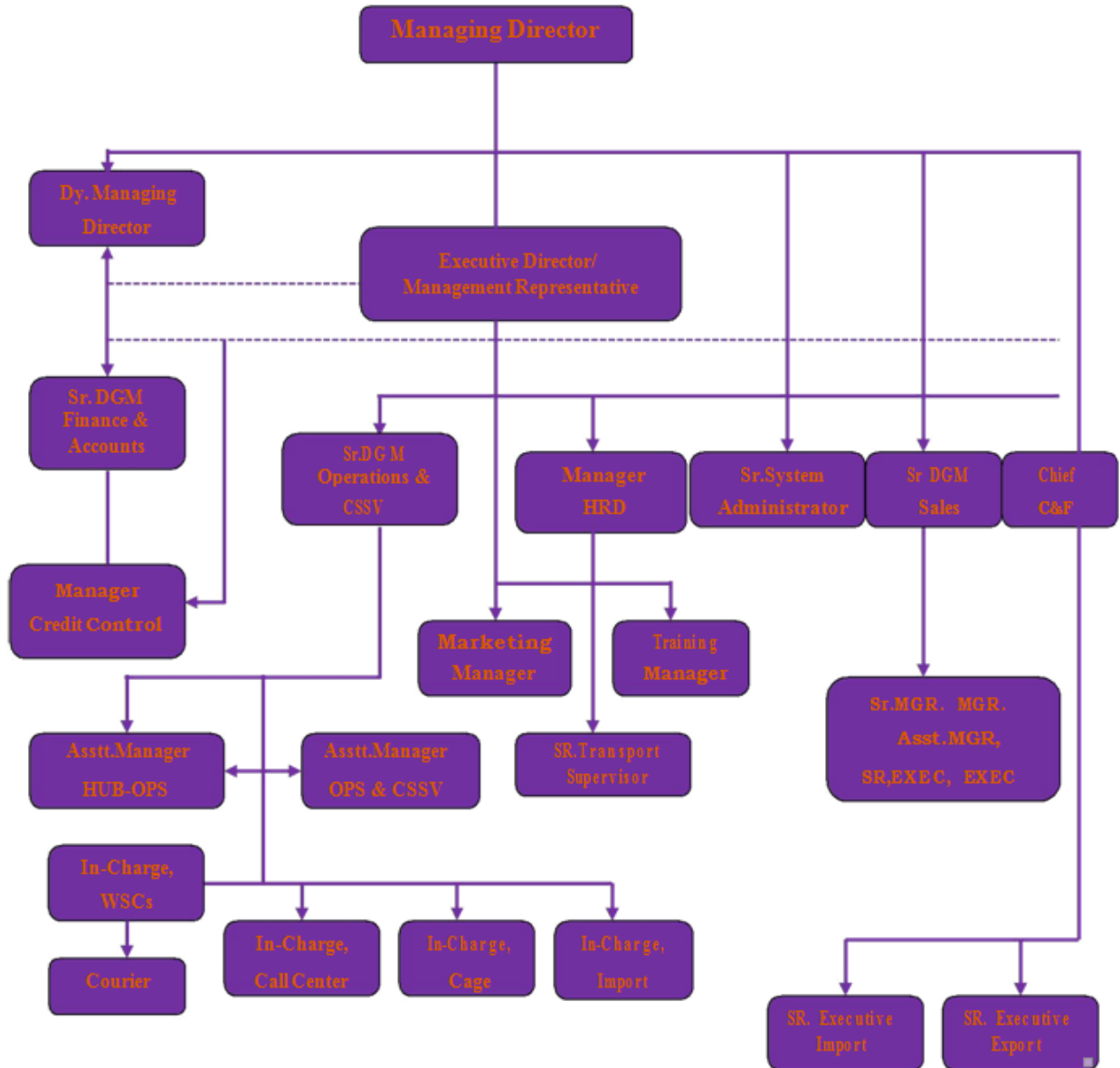
Only secondary data has been used to formulate this report. For the organizational overview, information were collected from various sources that includes previously carried out research works, interview with the respective authority of BANEX, inter office notice boards, publications that includes monthly SRG, GSP News, the Internet and other prospectus of FedEx, and the personal experience of the writer during the Internship.

1.6 Limitations

- For collecting information regarding the organization, the report writer mainly depended on personal experience during Internship
- All the minor details of the company's information may not be possible to cover or to recommend. Only major sectors are covered through the report.
- Some information from secondary sources may not be possible to gather due to company's business secrecy

1.7 ORGANIZATIONAL CHART OF BANEX:

The detail organ gram of the organization structure is given at figure.



Abbreviations / Acronyms used:

C & F = Clearing and Forwarding, SrDGM = Senior Deputy General Manager, CSSV = Customer Service; SR = Senior; WSC = World Service Centre; HRD=Human Resource and Development; Asstt = Assistant; HUB-ops= Hub Operation; Mgr = Manager; Exec=Executive; Biz = Business

CORE MANAGEMENT TEAM



BASHIR A. K. CHOWDHURY , EXECUTIVE DIRECTOR



S.I.M. KHALED
Sr. DGM CSSV &
OPS



NADIM ANIS
DGM IT



ABU SAYEED KHAN
CHIEF, C & F



TAPAN KUMAR BANIK,
SR. DGM F & A



MD. ZAKIR HOSSAIN
SR. DGM SALES



AMINA AFROZ
TRAINING
MANAGER



ASRAAR HOSSAIN
MARKETING
MANAGER



M.A. MANNAN
SR. MANAGER
HRD



SK. HAFIZUR
RAHMAN
MANAGER CFSD

2. Job Description and Responsibilities

DEPARTMENTAL REVIEW OF BANEX:

2.1 Customer Service & Operations (CSSV & OPS) Department:

The customer service & operations department works under the supervision of both Managing Director and Executive Director of the company.

The department also has a DGM, two Assistant Managers for Hub-Operation and CSSV & OPS, four In-charges, some couriers and dispatchers. Front counters, Customer Service Agents of Call Center, Senior Executives of Import and Export and Chief C & F are also included in this department.

During the Internship period, the report writer observed that, officials of this department remain extremely busy for coordination with the customers and processing of shipments. The people of this department also entertain the new comers-for example; conduct of the newly recruited employee and internship program was the responsibility of this department. The most important job of this department is all the necessary formalities of outbound and inbound shipments. Therefore, this department is the backbone of the company.

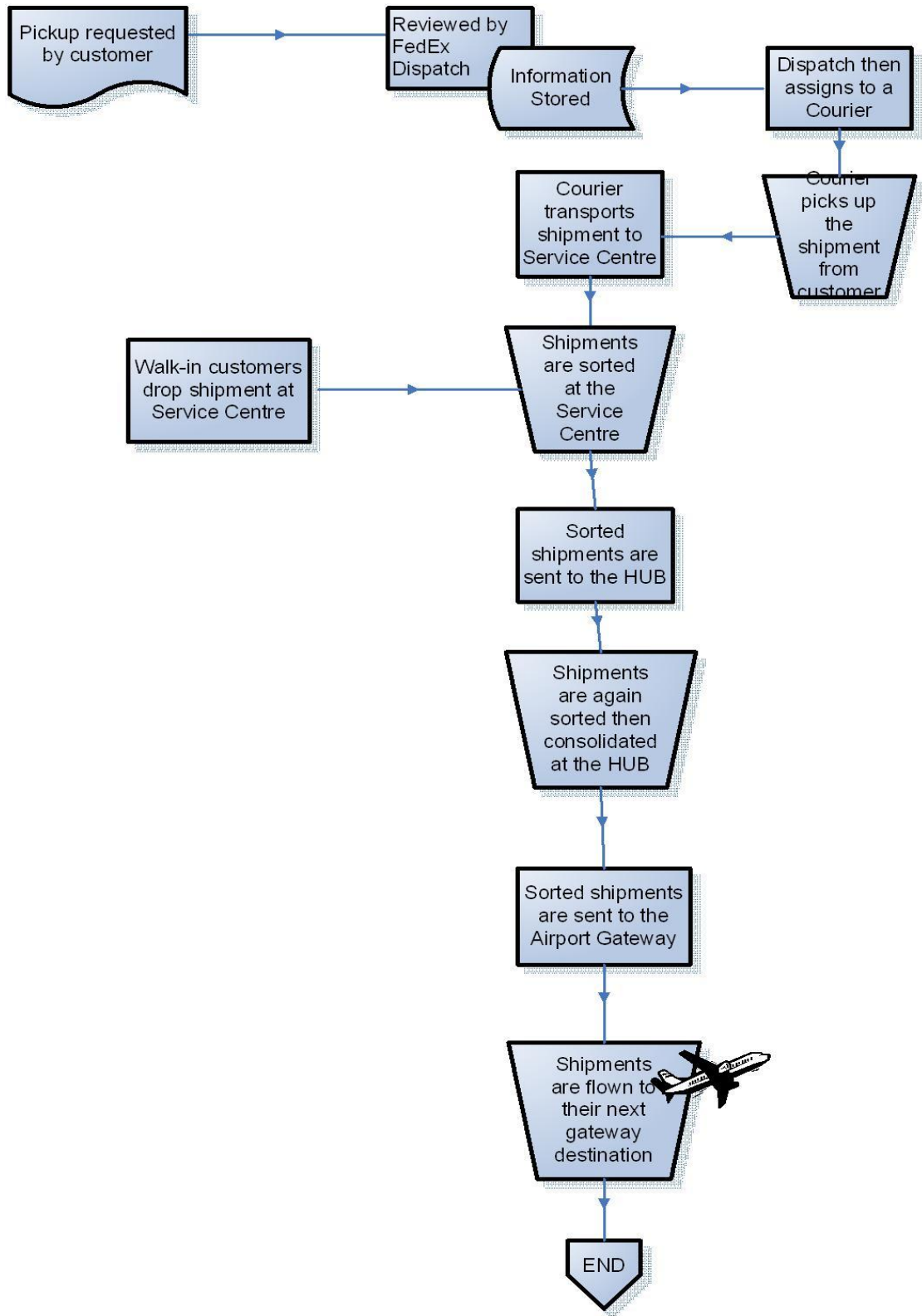
Operations of CSSV & OPS in brief as follows:

- Operations of Outbound Express of CSSV & OPS (Document & Non-Document)
- Welcoming walk-in-customers and receiving shipments directly from them
- Receiving of customers call, recording it into pick-up sheet and assigning of courier to the attend customer
- Receiving of shipments form customs and bringing it to WSCs
- Verifying, processing of shipments and forwarded to central hub.

- Tally with transfer challenge for checking, verification and sorting of shipments at hub
- Consolidation, manifest, and dispatching to airport
- Receiving of shipment at airport, addressing airport formalities, and handling over the shipments to airlines
- Sending pre-alert to all gateways-Dubai, Singapore and Hong Kong.
- Operations of Inbound Express of CSSV & OPS (Document – DOX)
- Receiving pre-alert from Dubai, Singapore and Hong Kong and passing the pre-alert information to senior executive import
- Collecting of MAWB form freight import at airport for customs release of documents console bags
- Bringing document shipments to freight transit area for scanning and then to BANEX cage
- Examination and release of documents shipment and bringing to hub
- Scanning & sorting at hub and forwarding to WSC for delivery
- Tally with shipment challenge and starting delivery
- Proof of Delivery (POD) scan and preparation of non-conformity.
- Operations of Inbound Express of CSSV & OPS (Document – NON- DOX)
- Receiving pre-alert from Dubai, Singapore and Hong Kong and passing the pre-alert information to senior executive import
- Collecting of MAWB form freight import at airport for customs release of non-documents console bags
- Bringing non-document shipments to freight transit area for scanning and then to BANEX cage for Received In Country (RIC) reporting, sorting, miss-routed, shortages and overages.
- Preparing of Shipment Arrival Notice and delivery of it to consignees
- Clearing of NON-DOX shipments from customs if consignee authorize
- Consolidation of cleared NON-DOX and transportation to import dept. and then forwarded to XSCs
- Delivering of shipments by respective XSCs

- Proof of Delivery (POD) scan and preparation of non-conformity report if applicable
- Investigation of customers complain in case if non-conformity.
- Prohibited Items for shipment within the U.S:

The following flowchart shows the process flow of a typical shipment moving through the FedEx Express system from origin to destination:



The following items are NOT acceptable for transportation via any FedEx Express USA service (package or freight)

1. Cash, currency, collectable stamps, and coins
2. Live animals, including birds, reptiles, fish except via our Flying Tigers Air Cargo Service. Edible seafood, such as live lobsters, crabs or other types of shellfish for human consumption are acceptable, provided the shipper is in compliance with state and federal laws.
3. Animal carcasses will not be accepted. Animal heads and other parts for taxidermy may be accepted but must be properly packaged. Restrictions do not apply to materials intended for consumption.
4. Human corpses or body parts, cremated or disinterred human remains
5. Shipments which require us to obtain a federal state or local license for their transportation.
6. Shipments, which may cause damage or delay to equipment, personnel other shipments.
7. Lottery tickets and gambling devices where prohibited by federal state or local laws.
8. Hazardous waste, used hypodermic needles and / or syringes or medical waste.
9. Packages/shipments those are wet. Leaking or emit an odor of any kind
10. Packages that are wrapped in Kraft paper
11. Shipments whose carriage is prohibited by law, status or regulation of any state in which the shipment may travel
12. Shipments whose carriage is prohibited by applicable federal, state or local law.

2.2 Call Center

One of the busiest departments of the company is call Center. Customers call at FedEx Call Center for the status of shipment, complain, credit balance, rate, etc. and highly efficient and expert Customer Service Agents (CSA)

Provide complete solutions with a you-view-point, “Hello, FedEx Call Center, how may I help you?” Accessing the FedEx international package information system, COSMOS, agents can quickly advice customers about such things as paperwork Requirements, packaging, customs procedure and acceptable commodities. Call Center is open 24 hours. There is an In-Charge of Call Center who coordinates and assists CSAs.

Operations of Call Center in brief:

- Tracing and tracking of shipments 24-hour basis
- Customer complains, claims, inquire handling
- Reporting on service failure to Dubai
- Addressing non-conformity and report to Dubai.

2.3 Sales

The responsibility of Sales Department is to sell BANEX / FedEx Products / Services and enhance company's image in the market by understanding and reviewing customers needs and requirements at different levels. The Deputy General Manager, Sales fixes a sales target for all sales personnel at the beginning of BANEX financial year based upon the decisions of management. A weekly planning of sales activities is also done and discussed in the weekly meeting of the sales department for its effective implementation.

Sales people have to make minimum seven sales calls daily including two new and five existing customer through face-to-face sales and also through Tele sales. The sales people also evaluate the credit worthiness of the clients and the amount of credit is approved by the DGM, Sales.

Vision statement of Sales Department of BANEX:

- Maintain year over year IP growth by at least 15%-20%
- Identify new customer segments and develop them according to their projected growth
- Develop the existing accounts further
- Increase the number of agents in strategic locations to tap new business and ensure our presence across the country.
- Introduce various FedEx products in the Bangladesh Market
- To meet the future demands of the market we will devote ourselves to introduce and sell various FedEx products in the Bangladesh market such as IXF, IPF, IPD and IEF.
- Invest in the development of Sales professionals
- Effective training for the sales professionals in FedEx products, services, and solutions, self-development and motivation to make them tremendously

competent and the best in their field. Create conviction, commitment and passion in selling FedEx

- Provide logistical support to the sales force like access to computers, Internet and FedEx related information that can be used as a selling tool
- Access to customer data to analyze customer behavior, patterns, trends and customer segmentation for future business strategies.

The department accomplishes the following sequentially tasks:

- Search & target prospects and plan for sales call (weekly sales planning through internal, external and other sources)
- Set primary & alternative call objective and face-to-face calls daily (7calls daily including 2 new and 5 existing)
- Access business needs of customers and offer BANEX services
- After negotiation with the customer propose rates and services for approval through the Area Sales Manager
- Prepare offer letter with net rates and obtain acceptance (verbal or written) from customer
- Signing service contract with credit customer and open profile account
- Distributing account profile among concerned dept.

2.4 Finance and accounts Department

The major objectives of Finance & accounts Department are as follows:

Verification of the physical existence of all company's assets and thus ensuring custodianship. Monitoring as well as assessing proper IT requirements pertinence to the activities of the company and there by facilitate accounting procedure and achieve financial growth. To implement the financial policies of the company and to revise the policies as per needed. In Accounts parts of this department have ----

Billing section: This sector monitoring all the prepaid accounts postpaid accounts preparing monthly, fortnightly, weekly and export miscellaneous invoice for exporting shipments and importing shipments with their duty and taxes.

Sequentially the activities of billing section are following:

- Airway bill entry in to computer system and storing.
- Validation sheet checking.
- Discount brand.
- Customer profile for new customers including customer instruction (if any).

Miscellaneous sector: This sector controlling the cash in flow and out flow Like walk in customer payment, credit collection from profiled customer and internal and external expenses. Sequentially the activities of imprested accounts section are following:

- Checking time period.
- Storing vouchers, getting approval
- Verifying figures with summary statement
- Posting accounts into imprested accounts.
- Maintaining staff recorded on attendance recruitment transfer, interest and promotion.
- Preparing/verifying salary statement–paying /transferring bank accounts.
- Consideration of income tax.
- Payment revied with documents and making payment. Posting of accounts as per accounting standers.
- Providing and distributing different report as required. Implementing /attending internal and other financial audits and addressing issues of any.
- Assessing / paying VAT, income tax –as per regulatory requirements.
- Submitting return to government authority in time.

2.5 Marketing

Marketing Department works under the supervision of the Executive Director. This department consisting of Marketing Specialist whose main job are planning and implementing of marketing activities such as advertising, promotional campaigns, public relations, providing market information to Sales department and communication with FedEx. BANEX present advertising includes billboard ads, brochures & booklets and directories. Presently BANEX is not using media

like television, newspaper for advertising. Promotional campaigns include festival bonus, complimentary gifts, and discounts. BANEX also sponsors sporting events, fairs, trade shows, etc for keeping relation with public as its marketing strategy.

The major activities of this department can be listed as follows:

- Develop marketing plans and strategies to maximize FedEx
- Brand awareness and visibility in Bangladesh
- Take care of FedEx brand promotional activities
- Carry out market research, customer satisfaction survey
- Collect and review information on market, top competitors.

2.6 Electronic Data Processing (EDP) and Information Technology (IT)

Information Technology Department of BANEX acts as a bridge between management team and operation. A software named COSMOS, developed by IBM, used by FedEx worldwide as well as BANEX. The major job of IT dept. is to provide 24-hour trouble-free operation of BANEX communication system.

The department accomplishes the following tasks:

Electronic data processing for manifestation AWB, credit cash, AFR, credit PP, etc.

- MIS related activities, report producing, and data backup and system security.
- Planning and executing maintenance activities of IT and net work equipment
- Software programming, system support, system design and analysis.

2.7 Human Resource department and Administration:

Sequentially the activities of human resource department are following:

- Develop and implement HRD policy
- Select and higher staff
- Assess executive training need, if decided by the management
- Schedule and executing training
- Evaluated training effectiveness
- Staff administration.
- Year performance evaluation of staff
- Plan and schedule training on monthly /six monthly basis.

3. Project:
Cash and Credit Collection
policy

3.1 Introduction

This part of the report is prepared as a guideline for the operating activities of Finance & Accounts Department of the company. This will lay the foundation for a system of internal financial controls.

Airway bill (AWB) is a ticket similar to airline ticket. AWB is mandatory for the movement of any shipment within the FedEx System. This is the ticket where the customer first comes in contact with the company. They have to fill up a procedure form. It is a contract between shipper and FedEx. Every phases of AWB should be completed accurately, otherwise the delivery would be delay, billing would be inaccurate and even losing of shipment may occur. The sender is responsible for completing the whole AWB information including the signature. This AWB is necessary in all departments to process with their operations. Under one AWB, 999 packages and 10 commodities can be shipped. In an AWB there are –

- Sender's name. Company, phone, addresses
- Recipient's name, company, phone, addresses,
- Shipment information
- Express package service
- Packaging (envelope/pak/10kg box/25 kg box/other);
- Payment options
- Transportation charges (sender/recipient/third party/credit card/cash Check / cheque)

A twelve-digit number is also included in AWB, which is called AWB number SRG (Service Reference Guide) is designed to enhance employees,

workers, managers and all the people who work for the FedEx customer efficiency, accuracy and productivity all over the world where FedEx service is available. All the necessary things for shipment are included in this SRG like, country codes, zip codes, cities served, countries served, countries not served, country wise necessary export documentation requirements, weight limit, service availability, country wise prohibited items, items for extraordinary value and so on. Couriers, dispatchers, executives, in-charges, managers have to follow the SRG. The idea of SRG is to bring all the employees and workers under the same rule. SRG is published monthly.

3.2 Types of payment

1. Cash – Shipper pays for shipment in cash on pre-paid basis, which is direct payment. When a pick up is made shipper or sender pays the bill.

2. Credit: - Customers can pay on credit basis. This credit can be monthly, weekly and fortnightly. Customs must have credit agreement with FedEx for the credit facilities. After agreement FedEx open a profile for the customer. Duration and amount are specified in the agreement. If the customer failed to pay in due time, credit facility would be stopped until the customer pay full amount

3. Charges collect (CC) / AFR (AIR FREIGHT ORIGIN OF BILL RECIPIENT) :
In this type the consignee at where the shipment will send will make payment.

C.C. shipment can be made by two ways :

i) Profile – Credit profile customers can also enjoy AFR / CC shipment. For credit client to use AFR / CC shipment.

- A valid FedEx account number, and
- An undertaken on 150Tk stamp between FedEx and customer is required.

ii)Non-Profile- Non profile customers can use AFR / CC shipments by two ways –

- have to deposit the same amount of the actual shipment, or
- collect the routing order from the destination FedEx through consignee
- Third Party – Payment can also be made by third

CASH

Cash is received through company's money receipts. Each WSC is responsible to collect the cash payment and deposit along with the respective money receipts to the corporate finance and accounts department. In addition to corporate finance and accounts department, Chittagong and Khulna offices are authorized to receive the cash but they are to follow the instructions of corporate finance and accounts department. Each Collection in the designated offices is required to deposit to the respective bank account. No cash receipts can be used for expenditure.

In corporate finance and accounts department, each deposit must be entered into a collection register manually. After the entry, the receipts are handed over to the concerned revenue section for posting to match against revenue. Collection register will generate cash collection report and this report is required to submit to the designated authority with 10.00 am in the following month.

Cash Disbursements

Cash disbursements should be controlled strictly as this is a liquid asset. Basic control of cash disbursements should be as follows;

1. Management will approve payment vouchers;
2. All payments especially vendor payment must be made through cheque;
3. The signatories of the cheque will be top management and top level staff if authorized
4. No cheques should be prepared without the approval of payment vouchers.

Advances

There is some advance payment required in day to day business operations. They are listed below:

- Advance for Custom Forwarding – Export;
- Advance or Custom Clearances – Import Non Dox;
- Advance for Custom Clearance – Import Dox

The above advance is imperative for clearing & forwarding of shipments. The procedures of this advance will be as follows:

1. Advances will be made available to the clearing and forwarding operational people at airport after the approval competent authority;
2. The payment made as advance will be charged to person received in the general ledger;
3. The vouchers for which advance is made will be forwarded on the predefined time frame to the finance and accounts department;
4. The respective section of the department will process the vouchers for approval from the authority concerned;
5. If any discrepancy is found on examination will be notified to the concerned party;

6. On approval of the vouchers they will be posted to the respective head of the accounts and the advance accounts should be adjusted;
7. The accounting interval process will be within the first week of the following month of the expenditures;
8. Measures should be taken to minimize the time lag of adjustment.

Credit

- Only profiled credit customers will enjoy the credit facility
- The invoice will be raised centrally from the finance and accounts department on period basis.
- Invoice is prepared by the first week of every month and the customer has to settle full dues within the invoice submission month (1-3 months)
- On receipt of the documentary information such as copy of bill of entry, air waybills, etc from operations, the clearing billing section of the department will put the information in the data base spreadsheet.
- At the end on the agreed time lag, invoice is to be issued from the data base information to the respective customers.
- The collection information such as money receipt should be placed in the data base in accordance with customers to know the receivable status of the customers concerned.
- At the end of the month batch posting is to be made to the respective accounts in general ledger in respect of revenue as well as collection.

Credit Screening

Credit is provided to customers after determining few information about the customer. The sales people of the company are responsible of this screening process. In case of profile customers the establishment of sales profile may be initiated after a number of cash sales have been completed. The sales profiles should be reviewed periodically. Obviously, the level of the credit limit or rating that is set depends upon the financial stability and reputation of the customer, the customers' previous payment record and the eagerness of your company to do business with the client. Credit references from banks (if possible) or from other suppliers doing business with the particular customer are useful sources of information in determining a credit limit.

Invoicing and Collection

Preparation of an invoice should take place according to the agreement with the customers or the set policy for the specific service. Controls as a reconciliation of invoices to the revenue documents such as air waybill, bill of entry should be implemented to ensure that all services rendered are invoiced. Cancellation of an invoice or adjustment of the amount due is formalized through a money receipt or credit note, a copy of which is to be sent to the customer.

3.3 Average Collection period:

The average collection period is the average number of days between 1) the date that a credit sale is made, and 2) the date that the money is received from the customer. The average collection period is also referred to as the days' sales in accounts receivable, also known as the days sales outstanding(DSO) of the company is as follows-

$$\begin{aligned}
 \text{ACP OR DSO} &= \frac{\text{Accounts receivables}}{\text{Average daily sales}/360} \\
 &= \frac{111,833,059}{504,697,523} \\
 &= 79.77 \\
 &= 80 \text{ days approximately}
 \end{aligned}$$

Therefore, the average collection period of the company is approximately 80 days.

*the figures are taken from the annual report of the company, which is provided in the appendix of the report.

3.4 Steps of credit realization policy

step-1: Friendly reminder within a time period of 3/4 days (based on time limit)

step-2: Intimation to sales for their recommendation/advice and follow-up accordingly. We send request to zonal sales manager with copy to concerned authority and members.

step-3: Issue the last request letter as per the visit by the head of Credit Collection and follow up.

step-4: Credit profile is converted to cash after last request if not paid

step-5: If required list of the customers are provided to the Executive Director for their visit

step-5: Issue the DISCONTINUATION letter after the visit by head of Credit Collection

step-6: Intimation to client before issuing the legal notice and follow-up

step-7: Handed over to the legal advisor for issuing the legal notice

step-8: Head of Credit Collection prepare a letter to Executive Director for seeking his permission for filing case if not paid after issuing the legal notice.

Step-9: File a case if still not paid after issuing legal notice and follow-up.

Future Plan

The company is going to invest to make the department fully automated through the establishment of GL based Integrated Software. When this will be in place, the department will be able to generate different types of reports in addition to mandatory ones on daily basis. The ensuring program will ensure the followings:

- a) Daily Financial Position / statements;
- b) WSC Wise Daily Profitability Status;
- c) Department Cost Status;
- d) Different Cost Statements;
- e) Implementation of Master Budget;
- f) Different types of managerial statements / reports.

3.5 Recommendation:

The success of the express companies is largely depends on reliability, faster service, and 100% accuracy. Express companies have to engage themselves into more strategic decisions to keep the business sound. FedEx uses innovation

strategy and strategic use of information Technology and online package tracking systems, reliability, and faster service helped Federal Express gain market dominance in express market worldwide. Bangladesh Express Co. Ltd. also practices the strategy being the part of FedEx. BANEX is offering such a service that has a unique value in our day-to-day busy life. There is little scope to recommend. Because, BANEX is practicing FedEx operation very effectively and efficiently. The recommendation below only depends on the personal experience of the report writer during the internship period.

The recommendations are:

- Couriers need to be more careful for the processing of shipments and executing Air Waybills. It may reduce time as well as miss routing. All the necessary export documents should be attached with the shipment accurately.
- The sales people should be given more training on communication for effective sales and faster credit collection
- The company should enhance advertising and promotional campaigns like exclusive TV ads, more billboard ads. Though FedEx is renowned name worldwide as well as in Bangladesh, exclusive TV ads may result more market growth.
- Cost is a major factor in Bangladesh. If there is any scope to reduce cost, the company should do so. Because, competitors like D H L is gathering more market share in Bangladesh by reducing cost.
- Proper trend manpower add for different sectors like to attend inbound call, out bound call to provide and receive e-mail, fax and tracking in the present position of shipments in call center
- Current situation of Hub cross the label of satisfactory but there is a lot of opportunities for improvement—like addition of skilled manpower to perform the work more effectively by efficient work force.

3.6 Limitations

- For collecting information regarding the organization, I mainly depended on my personal experience during Internship
- All the minor details of the company's information may not be possible to cover or to recommend. Only major activates / sectors are covered through the report.
- I have given much information, which was provided us by the concerned personnel of the organization, and the various persons who are involved in the company's relevant activities. They have helped us by their knowledge and practical experiences. But for their tight schedule and workload it was not possible for me to get more information from them which would surely helped the report to earn more.
- I am doing the report by my limited knowledge over various things in business research and regarding the express transportation and logistics industry.
- Time limitation in preparing the report was there.

3.7 Conclusion:

Banex service in Bangladesh, is the strong brand of Federal Express Corporation of USA, has been tested by the people from all profession but the highest numbers of consumers who have tested BANEX services are from the ready-made garment industries. From the consumer survey it is clear that US exporter switch over strong brands Europe base exporter are generally hard core loyal to their brands DHL and UPS. Banex service is the highest selling of Fed Ex brand in Dhaka Metro in non-document market .It has 55% weight shear of the non-document market of Dhaka metro no other brand of FedEx has a constant trended of sales in non-document market. So it can be said, Banex service does not face any tough competition from other brand. The sale personal play an important role in motivating a consumer to purchase a strong brand.32% of the consumer were attracted by Banex /FedEx service for its image building capability. It was also found that Banex attracted 35% of the consumers by its modern concept. They think this brand gives them separate value for money from other competitors.

Bibliography:

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<http://about.fedex.designcdt.com/> (Accessed: 15th July, 2011)

<http://en.wikipedia.org/wiki/Courier> (Accessed: 14th July, 2011)

<http://fedex.com/ch/shippingguide/package3.html> (Accessed: 12th July, 2011)

<http://www.accountingformanagement.org/average-collection-period/>

Appendix:

Abbreviations:

GSP= Global Service Partner

SOP= Standard Operating Procedure

POD= Proof of Delivery

ATL= Above the line Promotion BTL= below the line Promotion HAL= Hold At Location

BCN= Bill Consignee

IP= International Priority Services

IES= International Economy Services

COSMOS= Customer online screen for manually operated service

BANGLADESH EXPRESS CO. LTD.

Ibrahim Chamber, 95 Motijheel C/A, Dhaka-1000.

INCOME STATEMENT

For the year ended June 30, 2013

PARTICULARS	NOTES	TAKA 30.06.2013
A. NET INCOME : (Schedule - B)	9.00	<u>504,697,523</u>
B. EXPENSES :		
Operational Overhead	10.00	331,535,969
Communication	11.00	11,130,047
Salary & Allowances	12.00	99,085,666
Sales Promotion	13.00	5,087,205
Transportation	14.00	3,351,290
Admin. Overhead	15.00	32,577,840
Depreciation		5,033,736
		<u>487,801,753</u>
OPERATIONAL PROFIT (A-B)		16,895,770
<u>Add</u> : Non Operating Profit	16.00	<u>982,580</u>
NET PROFIT BEFORE TAX		17,878,350
<u>Less</u> : Provision for Tax	17.00	<u>6,878,157</u>
NET PROFIT AFTER TAX		11,000,193
<u>Add</u> : Balance as per Last Account		<u>156,734,140</u>
BALANCE AS ON 30.06.2013		<u><u>167,734,333</u></u>

Accompanying notes form the integral part of this Financial Statement.

As per report Annexed

Director

Managing Director

G. Kibria
G. KIBRIA & CO.

Chartered Accountants



ADVANCE & DEPOSIT :

Taka 134,821,738

Break up of above amount are given below:

Particulars	Amount in Taka
Security Deposit with Sonali Bank Ltd.	150,000
Security Deposit with Agrani Bank Ltd.	3,000
Security Deposit with UCBL	5,000
Security Deposit with BTL	43,737
Security Deposit with T & T	87,000
Security Deposit with Biman	221,283
Security Deposit with ULC	77,849
Security Deposit for Mobile Phone	45,157
Security Deposit with BEPZA	15,020
Security Deposit with BEPZA for Comilla Office	25,000
Security Deposit with IBBL	34,020
Security Deposit with T & T	20,000
Security Deposit for Mobile Phone	18,000
Security Deposit for Mobile Phone	7,000
Security Deposit with ULC	155,616
Security Deposit with Biman	130,680
Security Deposit for Banani Office Space	472,500
Security Deposit with Islami Bank Ltd.	1,000
Security Deposit for Mobile Phone	4,000
Security Deposit with Agrani Bank Ltd.	100,000
Security Deposit with Janata Bank Ltd.	100,000
Security Deposit with Adamjee EPZ	46,620
Security Deposit with Prime Bank Ltd.	10,000
Security Deposit for Mobile Phone	4,000
Security Deposit for Gazipur Office Space	200,000
Security Deposits for Baridhara Office Space	44,000
Security Deposits with ULC	94,389
Security Deposits with Islami Bank Ltd.	25,000
Security Deposits with T & T	10,160
Security Deposits with Agrani Bank Ltd.	200,000
Security Deposits for mobile phone	3,000
Security Deposits to Adamjee EPZ	62,100
Security Deposits to Ishwardi EPZ	38,267
Security Deposit for Office	1,450,000
Security Deposit for Chittagong Office	1,000,000
Security Deposit for Joydebpur Office	100,000
Security Deposit for Fakierpul Warehouse	280,000
Security Deposit for Kawran Bazar Office	1,500,000
Security Deposit for Mobile Phone	5,000
Security Deposit for City Cell Zoom	21,000
Security Deposit for Baridhara Office	200,000
Security Deposit for Sylhet Office	300,000
Security Deposit for Mirpur Office	100,000
Security Deposit for Gulshan Office	400,000
Security Deposit for C-EPZ Office	21,000
Security Deposit for Mouchak Office	300,000
Security Deposit for Khulna Office	200,000
Receivable	111,833,059
Collection Accounts	14,658,281
Total Taka	134,821,738



FEDERAL EXPRESS :

Taka 1,100,464

Details are given below:

Particulars	Amount in Taka
Balance	24,335,189
<u>Add</u> : FedEx Charges during the year	399,671,130
	424,006,319
	299,473,040
Less: Service Charge	239,522,370
Source Tax	59,950,670
	124,533,279
<u>Less</u> : Payment Adjustment	123,432,815
Balance as on 30.06.2013	1,100,464

CURRENT LIABILITIES :

Taka 17,759,566

Details of above Current Liabilities Tk. 17,759,566/- is given below:

Particulars	Amount in Taka
Rent for the month of June, 2013	853,897
Staff Salary & Directors' Allowance including P.F.	6,217,517
Telephone	127,581
Internet	195,102
Audit Fee	150,000
Electricity	249,389
Freight Consolidation & Handling Charges	6,355,449
VAT and Duty & Taxes (i)	1,013,456
Liabilities for Goods & Services	2,388,605
Tax Payable (ii)	208,570
Balance as on 30.06.2013	17,759,566

(i) **VAT and Duty & Taxes**

Particulars	Amount in Taka
Export VAT for the month of June, 2013	873,927
Import (Cage) VAT for the month of June, 2013	111,380
Duty & Tax against Document Import for June, 2013	28,149
	1,013,456



Tax Payable

208,570

Particulars	Amount in Taka
Provision for Income Tax as per Income Statement	6,878,156
Less: Payment during the year	6,669,586
	208,570

NET Revenue :

Taka 504,697,523

Details is as under:

Particulars	Amount in Taka
Outbound Shipments - VAT applicable [Schedule-B]	80,087,367
Outbound Shipments - VAT exempted	430,614,747
Inbound shipments	7,068,840
Total Including VAT	517,770,954
Less VAT	13,073,431
Net Revenue	504,697,523

OPERATIONAL OVERHEAD :

Taka 331,535,969

Particulars	Amount in Taka
FedEX Charge including TDS	160,148,761
Freight Consolidation	127,650,469
Warehouse Charge (FT Charges)	1,771,014
Loading & Unloading Charges	647,313
C & F Charges including Docs Customs Duty	36,305,695
Handling Charges	1,056,069
Box, Cartoon & supplies Import exp.	3,719,013
Fooding & Lodging	237,635
Total	331,535,969

COMMUNICATION EXPENSES :

Taka 11,130,047

Particulars	Amount in Taka
Fax Expenses	55,961
Postage & Stamp	296,631
Telephone Expenses	1,494,967
Mobile Phone Expenses	2,672,868
Internet Bill	2,305,218
Courier Mail	4,304,402
Total	11,130,047

