

# **Internship Report on Supply Chain of Nestlé Bangladesh**

# **Overview Of the Supply Chain Function of Nestle Bangladesh**



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## **Letter of Transmittal**

December 7, 2017

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Subject: Submission of Internship Report on Nestlé Bangladesh

Dear Sir,

As per the requirement of the esteemed course Bus 400, I have successfully completed my Internship tenure in Nestlé Bangladesh. As to this, I crafted my Internship report regarding the Overview of the Supply Chain Function Of Nestle Bangladesh.

It was an extremely interesting and challenging journey to experience and view the phases of practical work practices that are conducted in such multinational organizations. A handful of real-world illustrations aided me to enrich my competencies and experiences. It is really a great honour of your co-operations and collaborations that actually helped me extensively throughout my entire write up. I am certainly very thankful for all your support and inspiration without which it was not at all possible for me to proceed.

Lastly, I would be really gratified once again if you could kindly share your judicious advice of my exertion.

Sincerely yours,

Tahmid Masud Zaman

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## **Acknowledgement**

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In addition I am really very grateful to Nestlé S&IM (Service & Indirect Material) team of Supply Chain for their endless co-operation and help. Each individual shared their pool of knowledge to provide enough enriched write up for my Internship Report. Furthermore I am obliged to my line manager Ms. Mahmuda Afra who for her continual collaboration, assistance and guidance that led me to have a very insightful write-up. This report is not only for the purpose of my Internship completion rather it will also be used to present to the authority of Nestlé Bangladesh which, I believe, will bring about enough significant value in the relevant field. I am really gratified to all the individuals – my team, co-workers, colleagues, friends, teachers and especially my line manager and advisor who infinite support dragged me to present an excellent intuitive report.

## **Executive Summary**

One of the leading Nutrition, Health and Wellness company, Nestle, strives to serve its customers with the best quality products. Thus, its story of excellence is not limited to product sales solely, rather it also concentrates in providing brilliance consistently for every group of stakeholders. Being a part of Nestlé S.A, Nestlé Bangladesh also shares the similar vision of continuous excellence and growing together concept. It focuses not only to nourish its employees, distributors, retailers and other stakeholders but also to nurture its respective vendors' businesses also.

Accordingly, its internal structure is designed in an organized and systematic manner so that stakeholders can contribute efficiently. An open platform is created by the internal organizational culture where every member are allowed to exhibit their extraordinary views and opinions that ultimately help Nestlé Bangladesh to be competitive at all of its operational phases. Thus the description of the internal department, mainly Supply Chain, gives a well-defined picture through this report that explains the process and also showcases the inner relation and operational procedure.

Thus, the objective of the report basically demonstrates NBL and its specific Supply Chain department along with the key roles, duties and responsibilities of an intern of that particular department.

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# 1 Overview of Nestlé

## **1.1 About Nestlé global:**

Nestlé is the world's leading Nutrition, Health and Wellness Company that boost and enrich lives with science-based health and nutritional solutions for almost all ages of people, in every stages of life. The company sells its products in almost 197 countries, having 436 factories positioned in 86 countries and overall it employs over 335,000 people globally, with its headquarters that is located in Vevey, Switzerland. This Swiss corporation often ends up being known as the “multinationals among multinationals” because it ended up acquiring a global sales of CHF 88.8 billion in 2015 and again proves itself to be the world's leading Nutrition, Health and Wellness Company. Nestlé is a public limited company which has more than 250,000 shareholders, enabling no single shareholder holding more than 3% of the stock and around one third tend to be Swiss. It is the worldwide leader in various product categories like soluble coffee, infant nutrition, bottled water, condensed and evaporated milk, ice cream, chocolate, malt drinks as well as culinary. The shareholder value of Nestle is upsurged by means of sustainable, efficient and profitable long-term growth.

## **1.2 Globally recognized Brands of Nestlé:**

Nestle manages a wide array of brands, including almost every type of food and beverage categories. To serve consumers by providing the tastier and healthier commodities that they can enjoy upon at every stage, every occasion of their lives is their utmost motive. A very noticeable and interesting fact is that, Nestlé manages around more than 2000 brands to best serve its consumers' need, demand and expectations. However, some of them can be demonstrated in Fig: 01 where Nestlé's product categories and the corresponding brand extensions against can be pointed out.

<b>Baby foods</b>	Cerelac, Gerber, Gerber Graduates, NaturNes, Nestum
<b>Bottled water</b>	Nestlé Pure Life, Perrier, Poland Spring, S.Pellegrino
<b>Cereals</b>	Chocapic, Cini Minis, Cookie Crisp, Estrelitas, Fitness, Nesquik Cereal
<b>Chocolate &amp; confectionery</b>	Aero, Butterfinger, Cailler, Crunch, KitKat, Orion, Smarties, Wonka
<b>Coffee</b>	Nescafé, Nescafé 3 in 1, Nescafé Cappuccino, Nescafé Classic, Nescafé Decaff, Nescafé Dolce Gusto, Nescafé Gold, Nespresso
<b>Culinary, chilled and frozen food</b>	Buitoni, Herta, Hot Pockets, Lean Cuisine, Maggi, Stouffer's, Thomy
<b>Dairy</b>	Carnation, Coffee-Mate, La Laitière, Nido
<b>Drinks</b>	Milo, Nesquik, Nestea
<b>Food service</b>	Chef, Chef-Mate, Maggi, Milo, Minor's, Nescafé, Nestea, Sjora, Lean Cuisine, Stouffer's
<b>Healthcare nutrition</b>	Boost, Nutren Junior, Peptamen, Resource
<b>Ice cream</b>	Dreyer's, Extrême, Häagen-Dazs, Mövenpick, Nestlé Ice Cream
<b>Petcare</b>	Alpo, Bakers Complete, Beneful, Cat Chow, Chef Michael's Canine Creations, Dog Chow, Fancy Feast, Felix, Friskies, Gourmet, Purina, Purina ONE, Pro Plan

Exhibit: 01 – Brands of Nestlé

There are also certain brands that are identified as “Billionaire Brands” by Nestlé. The title was received by them as 70% of Nestlé’s total food and beverages arise from certain particulars that generate over CHF 1 billion, each, in sales. These brands can be exhibited in Fig: 02.



Exhibit: 02 – Billionaire brands of Nestlé

### 1.3 Nestlé's history and its evolution:

Henri Nestlé (10 August 1814 – 7 July 1890), was a pharmacist's assistant from where he became the founder of the world's leading nutrition, health and wellness company. The story began in 1867 when Henri Nestlé, a 53 year old entrepreneur, came up with an infant formula (Nestlé's Milk Food) and marketed the product in the small Swiss town of Vevey. The business flourished after 1905 when it merged with the Anglo-Swiss Condensed Milk Co., founded in 1866 in Cham, Switzerland and turned to be a great successful company. Basically, Henri Nestlé recognized a necessity in society and thus applied the latest scientific discoveries to combat the furious infant mortality occurring at that time.



Exhibit: 03 - Henri Nestlé

The highlighted pioneering years in Nestlé's history (Nestle Global):

#### 1. 1866 – 1905:

- 1867 – Henri Nestlé launches '*Farine Lactée*' (flour with milk) in Vevey, Switzerland that actually was targeted for the infants who cannot be breastfed. Since then the iconic logo of 'Nest' was used.
- 1904 – For the very first time Nestlé started selling chocolate, where Henri Nestlé played a key vital role for the development of chocolate from 1875.
- 1905 - Nestlé and Anglo-Swiss merged and formed Nestlé & Anglo-Swiss Milk Company who previously was rivals.

## 2. 1914 – 1938:

- 1934 – The world favourite malt chocolate drink *Milo* was first launched in Australia and was exported to other concerned markets after its success.
- 1938 – *Nescafé* was launched as ‘powdered extract of pure coffee’ and can be prepared by adding simple hot water.

## 3. 1940 – 1957:

- 1947 - Nestlé & Anglo-Swiss merges with Alimentana, founder company of *Maggi* soups, bouillons and seasonings developed by Julius Maggi, which was renamed as Nestlé Alimentana.
- 1948 & 1957 - US Nestlé Alimentana came up with *Nestea* that shared the manufacturing method that can be served both hot or cold. Also, *Nesquik* was launched in US and turned out to be the top seller brand. Besides, in 1957 under the brand name of *Maggi* canned ravioli was marketed and its immense success drove Nestlé to launch more canned foods.

## 4. 1960 – 1980:

- In 1960, increased number of household buying freezers caused Nestlé to acquire German brand Heudebert-Gervais to exploit such growth, and added Swiss brand *Frisco* in 1962.
- In 1976 Nestlé took over US frozen food company Stouffer Corporation and canned food producer. Interestingly, in order to diversify their product lines and categories Nestlé took a minority stake in global cosmetics brand L’Oréal in 1974.

## 5. 1981 – 2005:

- 1981 - Nestlé included *Carnation* and *Coffee-Mate* and also pet food brand *Friskies* in its product portfolio.
- In 1986 *Nespresso* came across with the intention of a perfect coffee cup similar to barrista. Accordingly in 1988 world renowned brands like *KitKat*, *After Eight* and *Smarties* joined Nestlé’s line of brands.
- 1991 – A joint venture with General Mills, cereal partners worldwide, was created to manufacture and market breakfast cereals globally. Also, with Coca-Cola Nestlé established a joint venture to produce and market *Nestea* and also to create beverage partners worldwide.

- In 1992 it bought France's Perrier group and accordingly in 1993 separate water business was formed naming Nestlé Sources International and renamed as Nestlé Waters in 2002.
- 2001 is the year where Nestlé concentrated in pet food business by acquiring an US company Ralston Purina and intended to be the market leader in pet care naming Nestlé Purina Petcare. Accordingly, Nestlé expanding its ice cream business and bought the licensing right to premium producer Häagen-Dazs in the US and Canada and also acquired Mövenpick and Dreyer's Grand Ice Cream.

#### 6. 2006 – Present:

- In 2007 Nestlé acquired Novartis Medical Nutrition along with buying baby food company Gerber and Swiss mineral waters concern Sources Minérales Henniez.
- Wyeth Nutrition was acquired for USD 11.9 billion to strengthen and its position in infant nutrition in 2012. In addition, the oldest surviving Swiss chocolate brand was launched as a super-premium global chocolate naming *Cailler*.

## 1.4 Celebration of 150 years:

Nestlé's history and success stories contain a varied range of activities and excellent performances that drove the brand to move towards brilliance. It was successfully and effectively able to complete a whole 150 years through magnificent performance since its inception till now, that is 2017. Therefore, across the globe '150 years of Good Food, Good Life' is celebrated.



Exhibit: 04 – 150 years of Nestle

The celebration was more of a great focus in its origin landmark Vevey, Switzerland. To deliver acknowledgment to consumers and all related stakeholders for their incessant loyalty and trust, especially to the employees for their effort, hard work, commitment and determination to Nestlé was the main motto of the festivities. Few initiatives include, like, in honouring Henri Nestlé a commemorative stamp in Swiss Post started selling which includes his portrait and signature. Preparation for publishing a history book naming 'Nestlé – The Leading Nutrition, Health and Wellness Company' is going on and it will include historical material covering the last century especially on the last ten years. In addition, Nestlé's Art Collection, which includes the work of major artists of the 20<sup>th</sup> Century, will be available at a new exhibition at the Jenisch Museum in Vevey. Thus, certain interactive and seemingly interesting initiatives are being adopted by keeping the celebration of Nestlé's '150 years of Good Food, Good Life' at centre and focus.

Nestlé Bangladesh (NBL) also initiated many projects. For the 150 years' celebration keeping this joyous event in the center, for example, a new 150 years logo was launched and is used every products of Nestlé and all NBL employees were awarded with special gift pack hamper. In addition, new ID cards with this celebrating logo was distributed for all internal employees and staffs. There are also many considerable projects taken over for making event more joyous.

## 1.5 Nestlé Bangladesh (NBL):

The first commercial production was started by Nestle Bangladesh (NBL) in 1994. Accordingly in 1998, Nestle S.A owned Nestle Bangladesh as a fully owned subsidiary. The only factory is located in Sreepur (55 km North of Dhaka), Gazipur, which focuses on producing, infant cereals, noodles, seasoning and also repacks soup, milk, infant nutrition products and powdered beverages. Nestlé is one of the strongly positioned organizations in Bangladesh at present. Through the policy of constant innovation, concentrating on its core competencies, the company is constantly growing and its commitment towards high quality food for the people of Bangladesh.

One of Nestle Bangladesh's aspirations is to be recognized as the leading Nutrition Health & Wellness (NHW) Company in Bangladesh. It looks to generate sustainable, profitable growth and continuously improve results to become a billion CHF company.



## 1.6 Product Range of Nestlé Bangladesh:

<u>Category</u>	<u>Products</u>
Baby Foods	BABY&ME Maternal Nutrition Supplement CERELAC Stage1 CERELAC Stage2 CERELAC Stage3 CERELAC Stage4
Beverages	COFFEEMATE NESCAFE FRUITA VITALS MILO NESTEA NIDO FORTICHOCO
Breakfast Cereal	NESTLE KOKO CRUNCH NESTLE CORN FLAKES
Nutrition	NAN LACTOGEN NIDO 1+ NIDO 2+ NIDO 3+
Dairy	NIDO FORTIFIED NESTLE EVERYDAY
Culinary	MAGGI NOODLES MAGGI SOUP SHAD E MAGIC

## **2 Nestlé Supply Chain**

## 2.1 About Supply chain:

Supply chain management (SCM) is the system of people, organization, activities, technology, information and resources combined together to transfer a particular product or service from manufacturer to customer. It basically transforms the natural resources, raw materials and components into finished products and delivers it to final consumers. Supply chain is mainly a dynamic process that involves the constant flow of information, product and funds within different stages of an organization and also with other organizations. It is a chain of process that ensures steady flow of products or services moving from suppliers to manufacturers to distributors to retailers and lastly to end consumers. Supply chain, within its array of networks, include not only manufacturer and supplier but also engrosses warehouses, transporters, retailers and sometimes customers also.

Supply chain management in every business is crucial as, an optimized SCM chain will enable a cost minimization along with fast production process. It is such a network that allows companies to produce and accordingly distribute through this particular framework. SCM is based on mainly two core ideas, first being the fact that normally every product that do reaches to its end consumers represents the collective effort of multiple organizations, and these firms are jointly refer as the supply chain. However, the second fact is that most organizations, for a long time, paid attention to those activities that actually occurred within their territory. On the contrary, few companies understood this entire chain and as to that the result was disjointed and ineffective supply chain.

The Global Supply Chain Forum identified eight key processes that make up the core of supply chain management (Croxtton, Dastugue, & Lambert, 2001, p. 14):

- Customer Relationship Management
- Customer Service Management
- Demand Management
- Order Fulfillment
- Manufacturing Flow Management
- Procurement
- Product Development and Commercialization
- Returns.

The Supply Chain Management Program integrates topics from manufacturing operations, purchasing, transportation, and physical distribution into a unified program. Successful supply-chain management, then, coordinates and integrates all of these activities into a seamless process (Zigiariis, January 2000). SCM, therefore, falls under the active management to exploit customer value and also to achieve sustainable competitive advantage. Thus, it covers all the activities ranging from development of product, sourcing, production, logistics and also includes the information system and other related works needed to coordinate and manage these actions effectively. In simpler terms, SCM deals about what to manufacture and process in-house along with the roles that supplier and buyers play within each other's business decision and operational activities.

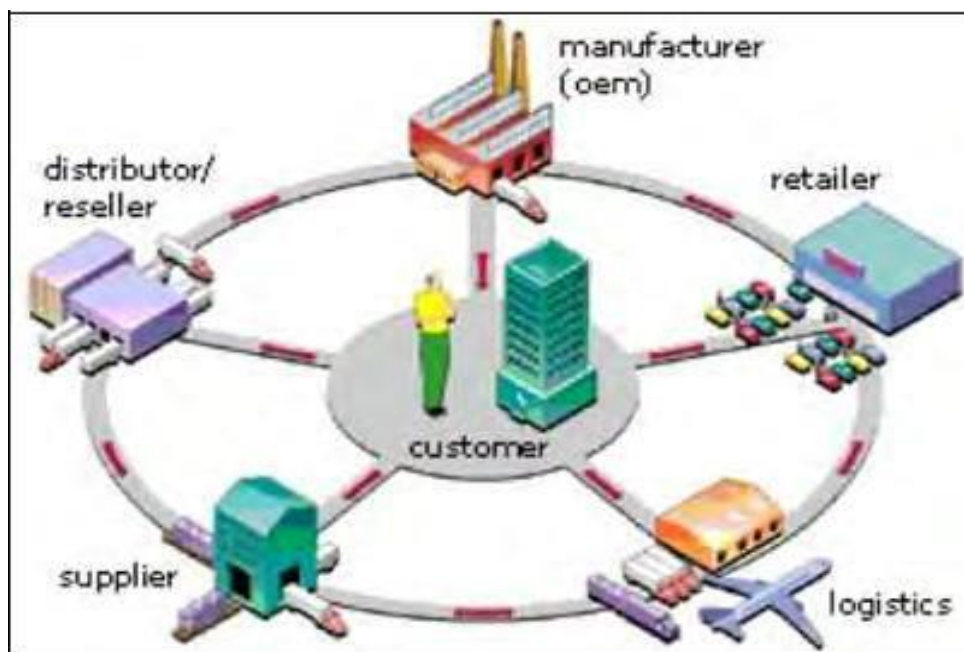


Exhibit: 05 – Components of SCM

In general, SCM comprises of five parties to complete its value chain that is used to create value of products right from its manufacturing till its delivery to the hand of final end consumers. In order to complete the entire process (the chain) the sixth important aspect is the customer to whom actually all the initiatives are targeted. However, these components include:

- Manufacturer
- Distributor/reseller
- Supplier
- Logistics
- Retailer
- Custom

### **Primary objective of Supply Chain:**

Like other business activities' goals, the basic core goal of supply chain is ultimately to ensure that the manufactured products or services reach safely and in sound condition to target customers' hands and also to satisfy them. In addition to this, another important motto it shares is the profit it can generate for the organization. Hence the ultimate motive is to maximize the overall value it creates within its chain. Thus, the greater is the profit extent the more successful the supply chain is.

The prime goal of any supply chain is to ensure its manufactured product or service is produced and distributed-

At the right quantities

To the right locations

At the right time

Satisfying service level requirements while minimizing overall system-wide costs

## **2.2 About Nestlé Supply Chain:**

Supply chain is the heart of Nestlé as Nestle is the leading nutrition, health and wellness company. Thus, even though it has a sophisticated chain, Nestle keeps customers at the center with the motto being the leader in supply chain in its industry. Hence, every component of the supply chain exerts heavily on strong interpersonal relationships with other related areas that formulates a community of people who are very co-operative. It creates such a team that shares strong ethos where each individual makes their best way to aid each other deliver. Thus, no exaggeration is contained to explain that its aptitude to manage such a huge sophisticated process in a timely and effective manner is where Nestlé's actual success relies.

## 2.3 Organogram for Supply Chain Function Nestlé Bangladesh:

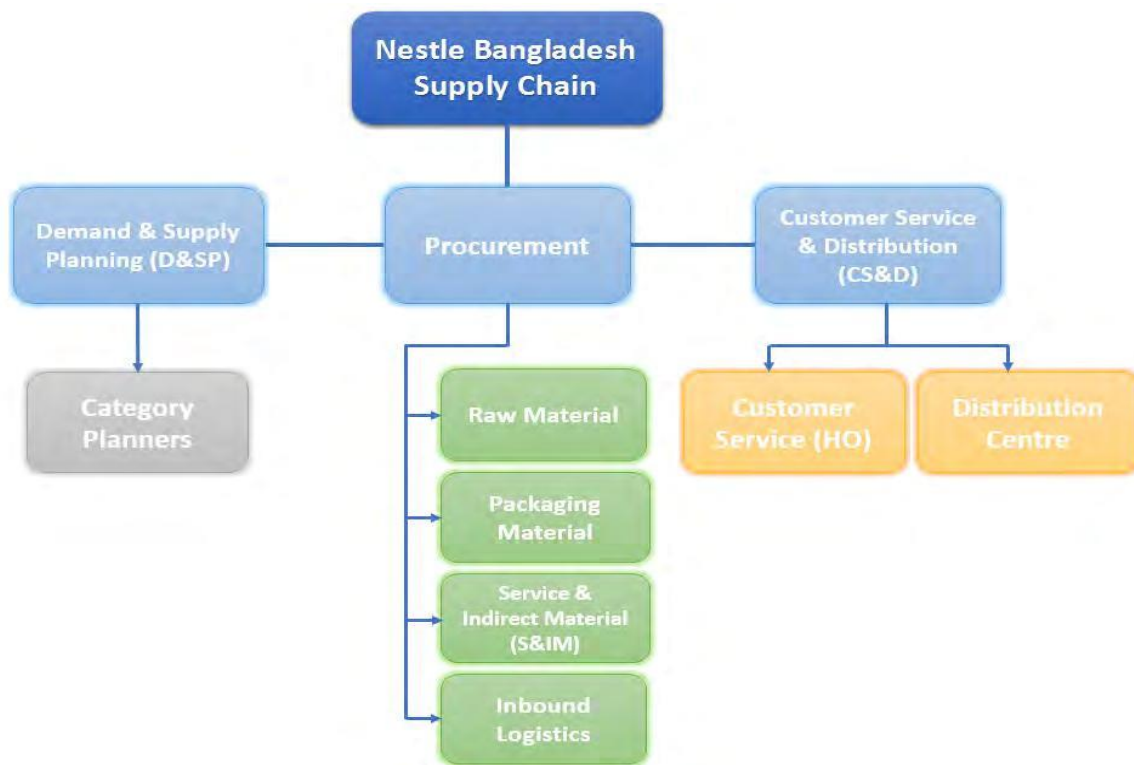


Fig: 06 – Organogram for Nestlé Bangladesh Supply Chain Function

The supply chain function of Nestlé Bangladesh is basically divided into three distinct departments:

1. Demand & Supply Planning (D&SP)
2. Procurement
3. Customer Service & Distribution (CS&D)

From these departments onwards, there are six more sections which are:

1. D&SP - Category Planners
2. Procurement - Raw Material, Packaging Materials, Service & Indirect Material (S&IM)
3. CS&D - Customer Service (HO) and Distribution Centre

## 2.4 Demand & Supply Planning (D&SP):

This department mainly focuses on the planning of demand and supply of Nestlé's products' range by properly executing and utilizing resources, budget and time. Thus, it deals with many sophisticated stages for creating the approximate demand charts at national level, in basis of which supply is decided and accordingly production is executed.

This section basically does the national Consensus Demand Planning (CDP) and National Supply Planning, for each product, for eighteen months period. To associate their findings with actual production, they do share their activities with factory supply chain and production department on weekly basis. The team of D&SP also deals with Material Requirement Planning (MRP) for the imported raw and packaging material to be used. Maintaining Inter Market Supply Planning (IMSP) with related Nestlé inter-market subsidiaries and also ensures regular participation and facilitation of Monthly Business Planning (MBP) that are related with other internal stakeholders like finance, brand, sales, etc.

Monthly Sales Review (MSR) is regularly checked every month and meeting is organized with sales department for planning the eighteen months period's forecasted demand. To identify any lag in budget, meeting with finance department is also initiated naming Monthly Gap Review (MGR). By this meeting it is checked that whether the associated budget will fix with the forecasted demand and supply planning.

After all these, the D&SP team organizes the Monthly Forecast Review (MFR) with all other department directors to finalize the Consensus Demand Planning (CDP) that came through MSR and MGR meetings. In addition D&SP also arranges a monthly based meeting naming Monthly Operational Review (MOR) with all department directors and also factory head to identify that if there is any operational issue present while implementing the forecasted figures. The D&SP team ensures the maximum freshness possible for Nestlé's products by enhancing that right product is available at right time to right location to best serve the target consumer. The ultimate motive of this team is not only to utilize but also to optimize the inventory of raw and packaging material and also finished goods.

## 2.5 Customer Service & Distribution (CS&D):

The CS&D department deals with primary sales of Nestlé with its distributors. Nestlé divides Bangladesh into 6 regions to sale its products, known as sales region, and in addition appoints 109 distributors around the country. These regions are:

1. Dhaka North
2. Dhaka South
3. Chittagong
4. Bogra
5. Khulna
6. Sylhet

However, sales are categorized into three categories:

1. Primary sales – products that are sent to distributors throughout the year.
2. Secondary sales – products sent from distributors to assigned outlet.
3. Tertiary sales – products sent from outlet to the target consumers.

Customer Service involves with primary sales only. For each of Nestlé's products monthly target is set and for that there is CDP (Consensus Demand Planning). Customer service ensures that monthly CDP is properly handed over to all distributors.

There is a norm present for each product for the distributor coverage, that is, they cannot keep any particular product over the norm. This distribution norm is managed by Customer Service by assessing current stock and new stock as per order. The use of the well-known software SAP is used to carry out all the procedures of this section smoothly. Nestlé Bangladesh shares a policy – “at first they take the payment and then deliver product”. Customer Service also maintains shipment planning and also truckload plan to ensure the extent of product to be carried out.



## **2.6 Procurement:**

The procurement department comprise of four distinctive category naming – Raw Material, Packaging Material, Service & Indirect Material (S&IM) and Inbound Logistics. Thus, the functions of each of these sections can be precisely discussed as follows:

### **2.6.1 Raw Material:**

The vital activity of raw material section is to receive raw material requirement for Nestlé's products for a horizon of 1-2 years period and procure supplies based on lead time and quantity. They manage both the imported and local raw materials. They do follow SAP for collecting orders generated by Purchase Requisition (PR) for raw materials from D&SP. Accordingly they also creates Purchase Order (PO) to confirm the ordering quantity, as per accepted lead time, for the enlisted suppliers. For imported materials, in return for PO Proforma Invoice (PI) is received that includes, description of goods, price, quantity, bank details of supplier, shipment date, invoice number, etc. Accordingly, LC is opened against authorized bank and is forwarded to suppliers. Necessary shipping documents including Commercial Invoice, Packing List, Certificate of Origin, Shipping Documents, etc are also collected for further processing requirement in port. This team deals with all the activities related with raw materials from the scratch.

### **2.6.2 Packaging Material:**

The packaging material also is a vital part of Nestlé supply chain as packaging is the utmost important material needed to preserve Nestlé's products. Thus ensuring its quality and standard is of a great vital issue as it keeps the proper balance of nutrition and health characteristics. Due to this, compared to other competitive brands, Nestlé Bangladesh is more concern and careful about selecting right vendors for its packaging materials. For packaging, seven distinct categories are used:

1. Flexi laminate – for noodles packs
2. Case Corrugated – for shipping carton
3. Solid Board – for Cerelac, Nido

4. Metal tin – for Nido
5. Rigid Plastic – for spoon given in Nido
6. Adhesive – for gluing
7. Flexible accessories – for tapes.

Based on requirement, appropriate packaging material is utilized to help preserve the nutritional balance and also freshness of the products as Nestlé offers all edible products in Bangladesh.

### **2.6.3 Service & Indirect Material (S&IM):**

The Service & Indirect Material (S&IM) team basically deals with the requirement of all the indirect materials and services required for smooth flow of Nestlé Bangladesh's operations. It procures all the indirect items and services needed in head office, factory and distribution center. The functions of supply chain are spread in 10 specific categories. They are:

01. Advertising:
02. Marketing & Sales:
03. Point of Sales Assets (POS)
04. Utilities, Environment & Facility Management
05. Fixed Assets, Equipment. & MRO
06. Administration & HR Services
07. Other Professional Services
08. Contract Manufacturing
9. Logistics
10. IS/IT & Telecommunication

### 2.6.3.1 Organogram for S&IM:

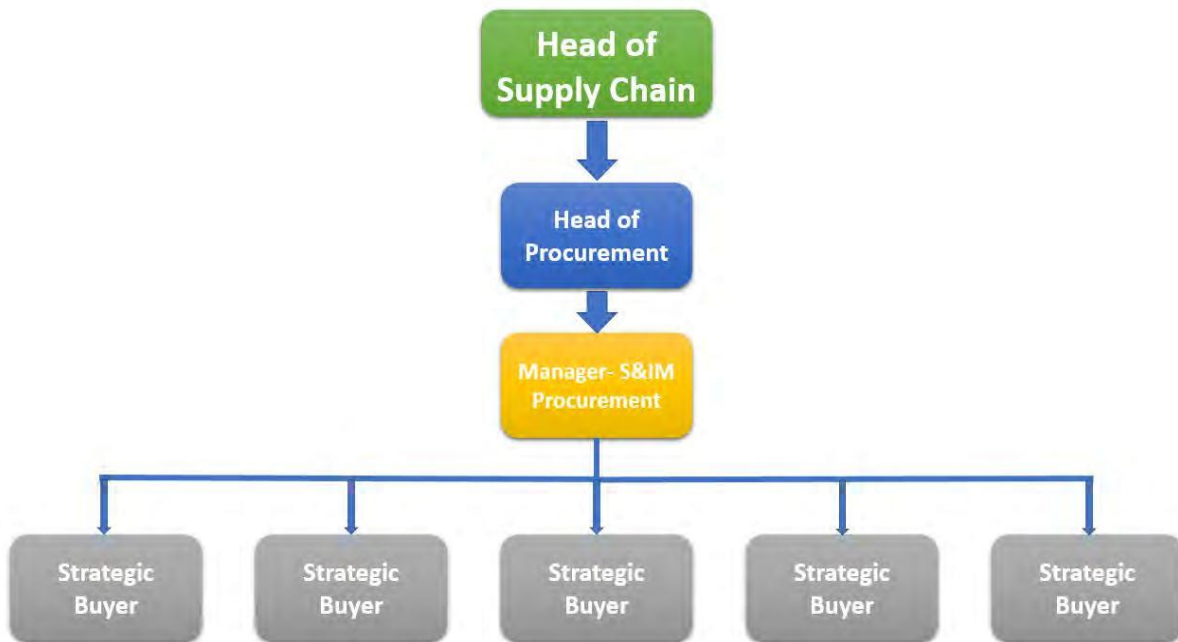


Exhibit: 07 – Organogram for Service & Indirect Material (S&IM)

The 10 components of S&IM is split among five category buyers who are responsible either individually or combined. The role of these category buyers are defined in two specific terms naming category Strategic Buyer (SB) and category Operational Buyer (OB).

The head of all the five buyers is the Manager of S&IM and accordingly the Senior Manager is the head of all raw material, packaging material and S&IM teams. At the top is the Head of Department (HOD) or the director of Supply Chain who is a member of Management Committee (MANCOM).

### 2.6.3.2 Strategic Buyer & Operational Buyer:

#### **Strategic Buyer**

A Strategic Buyer is a purchasing employee who, either independently or with input from cross-regional or cross-functional sourcing teams, defines a spend category strategy that specifies:

Nestlé's approach towards the supply market for a given spend category;  
Nestlé's approach towards the internal users of a given spend category.

Based on the defined spend category strategy, the Strategic Buyer initiates and maintains all supplier relationship management activities.

#### **Strategic Buyer Responsibilities:**

Reduction of total cost of ownership through:

- Fact-based negotiation with suppliers
- Leveraging of spend on regional / global level
- Specification and supplier reduction
- Challenging usage patterns
- Improving supply

processes Reduction of supply risk

Increasing supply flexibility

Leveraging supplier's know-how to improve Nestlé products and processes

Leveraging spend category

knowledge of operational buyers and internal users, through cross regional / cross-functional sourcing teams.

#### **Operational Buyer**

An Operational Buyer is an employee who is authorized by his/her manager to order goods and/or services from external vendors on behalf of Nestlé.

An Operational Buyer can belong to any department within Nestlé.

#### **Operational Buyer Responsibilities:**

The Operational Buyer has the responsibility to assure delivery of goods and services to the internal user:

- on the requested date;
- at the requested place;
- in the requested quantity and quality;
- with all the required documents;
- preceded by all the requested confirmations and acknowledgements.

Operational Buyers should, as much as possible, create purchase orders that reference a contract negotiated by a Strategic Buyer. In case of repetitive purchases from a vendor, they should inform a Strategic Buyer if a contract with that vendor is not in place.

### 2.6.3.3 Workflow of S&IM:

- Purchase Requisition (PR) is received by category buyers that follows a system generated number
- Based on the requirement, vendors are short selected
- Request for Quotation (RFQ) is then accordingly circulated with a due deadline
- Suppliers submit their quotation
- The quotation received is further analyzed and based on the scope available a revised final offer is asked
- To further evaluate the final quotation, a comparative statement (CS) is prepared that includes a summary of the entire supplier's bidding price along with necessary information related to delivery. It also includes a short summary that defines everything from the beginning.
- Based on the CS, the lowest bidder gets the order. However, for Nestlé it not always the situation that the lowest quoted price gets the deal it is also based upon the potentiality of the vendor, their capability to align with Nestlé's requirement and their field of expertise.
- Finally, again a system generated Purchase Order (PO) is received by the specific buyer who hands over the PO to the final short selected vendor confirming the deal.
- In response, the supplier acknowledges the receipt of PO and a timely delivery is ensured again.
- Buyer, on specific intervals, makes regular follow up and after final delivery supplier needs to submit proper documentation to head office.
- After final assessment of those given documents finance department settles down the payment.
- This entire process is also maintained in a common shared file among the category buyers, which includes every step of this procedure. That particular file needs to be filled out with specific date and description and an average evaluation phase is assigned there to calculate the HIT or MISS target for every order.

#### 2.6.4 Inbound Logistics

Another section of NBL supply chain is the Inbound Logistics that actually deals with all the related tasks after final shipment documentations are received from Raw Materials section. The role of Inbound Logistics team is to release imported goods from Chittagong port or Dhaka Airport or Benapol port. The mainly settles the duty payment to government and after the goods are released they also ensures the transportation from port to factory. Their roles can be precisely defined as follows:

- **Ensuring Supply:**  
Inbound logistics basically ensure supply of products that are imported and also confirms its transportation to factory. NBL usually imports Raw Materials and Finished goods and Inbound Logistics takes care of importing the required item at right time and at right place. Thus its operations lie with monitoring and following up the imported items so that a constant supply is ensured without any breakdown.
- **Customs clearance:**  
Another vital role of Inbound logistics is to take care of custom clearance and import duties as per compliance, ensuring proper commercial value, duty and taxes with H.S. Code (Harmonized Coding System). It facilitates all customs activity getting the important materials within a specified lead time.
- **Sea -Transport:**  
For imported materials to be shipped through sea, Inbound logistics need to dispatch country of origin, invoices, packing lists, other related import document for the goods to be released in a timely manner. This team deals with shipping agents who ensure transportation of goods from one country to another.
- **Inland Transport:**  
Inbound logistics maintain inland transport services carrying the goods from different ports to warehouse.

- Legal activity:  
Inbound logistics also accomplish legal activities such as resolving disputes at customs for any variations of imported goods' documents. It settles all disputes as per import Policy order, Valuation rules, Customs Act and NBR (National Board of Revenue).
- Claim Settlement:  
Furthermore, inbound logistics facilitates insurance claims of imported goods if any damages occur. It also carries insurance as act retrieved all imported damaged shipments and also any other damage shipment. These all occurs as per Insurance norms defined for each and every condition.

# **3 Key Responsibilities**



### 3.1 Roles, duties and responsibilities:

I am assigned in the Service & Indirect Material (S&IM) section of Procurement Department, Supply Chain Function of Nestlé Bangladesh. Thus I deal with various aspect of the workflow explained in earlier section. Accordingly my area of concentration goes below:

### 3.2 Preparing & Circulating RFQ:

Once my line manager receives the Purchase Requisition (PR), who is a category strategic buyer, she forwards me the entire detailing of requisition and the list of suppliers with whom to communicate for this purpose. Based on the requisition, I prepare the Request for Quotation (RFQ) first. There is a fixed format and accordingly I need to need to ensure certain inputs and also put the appropriate information. Thus the RFQ must contain:

- Nestlé logo
- Nestlé head office address
- RFQ Reference number
- Date – the day the RFQ will be circulated
- Item name – the name of the required products or service
- Specification - it contains all the detailing that comes to clarify the requirement properly like model numbers, features, etc
- Quantity
- Payment terms: Nestlé shares a declaration about its Payment terms.
- Price – the price clause defines that “Price mentioned in the quotation should be inclusive of Material cost and delivery cost and it should be shown as single unit price. No break up is allowed for unit price and delivery cost.  
**VAT amount should be mentioned separately in the quotation”.**
- Delivery time and place – by when Nestlé Bangladesh (NBL) requires delivery and where to deliver – to head office, factory or distribution centre
- Offer validity, warranty and last date of quotation submission
- Bill submission – as NBL do not deal with cash so after delivery the supplier is required to submit the following copies:
  - Bill Invoice
  - Copy of Purchase Order
  - Delivery Challan

- VAT Challan

If any of these is not submitted, it is then considered as incomplete and payment is not proceed unless the proper authentic document is received.

- Once the RFQ is complete, it is signed by the strategic buyer and a space is kept blank for the receiver which also gives space for sign and seal.

Ensuring all these information properly RFQ is circulated to enlisted vendors or suppliers. Sometimes, as part of RFQ there is also Bill of Quantity (BOQ) which shares the list of items required, if requirement if for higher category and quantity. The RFQ is a one page document and along with a formal e-mail it is transferred.

### **3.3 Enlisting new vendors:**

However, it is not always the case that RFQ is forwarded only to enlisted suppliers there is also chances that new suppliers are also approached along with the existing one. If any new party receives the confirmation or gets the PO then that particular vendor needs to be enlisted first that takes few working days to get included in NBL's internal system or vendor database. Thus the enlistment procedure also includes certain documentations that need to be filled out to make sure that the particular supplier is aligned in accordance to the codes and requirements of Nestlé. This includes:

1. Application for enlistment on letter head pad
2. Valid Trade License
3. Certificate of Incorporation (if limited company)
4. Introduction letter from bank
5. TIN certificate
6. VAT registration certificate
7. Partnership Deed/Memorandum
8. Photograph of Proprietor
9. Major client list
10. Nestlé Supplier Code – a code, that defines all the dos and does that a Nestlé supplier can follow and also defines the activities that needs to be prohibited, duly signed and sealed by the owner or any individual from equivalent post.

After all these documentations are submitted properly, a particular vendor enlistment form is to be filled out by me which contains the registered name of the supplier, address, contact details, bank details and other payment information. Then the form needs to be signed by six individuals – Data Provider (my line manager), business approver, system analyst, requester, VM data entry – Procurement and VM data entry – Accounts payable. Once the form is duly signed, it then gets the approval to get included into system and vendor database. Therefore, any deal cannot be initiated unless vendors get enlisted first.

### **3.4 Comparative Statement (CS):**

After floating RFQ to selected vendors, quotation is received and I also need to keep the track that it is received within the given deadline. Then based on further scope, I usually do further negotiation to provide us a final revised offer. Thus, taking both the offers into consideration as Initial Offer and Final Offer a Comparative Statement (CS), also refers as purchase approval, needs to be made. The CS contains:

1. Date of Statement
2. Purchase approval - the name of the item or service that will be purchased
3. Purchase Requisition (PR) number
4. Description of goods containing all detailing and quantity
5. In separate columns the offers provided by each vendor is represented in a landscape view so that the entire document fits in one page and can easily be differentiated and learned about.
6. A comment section – It also includes the summary of the entire negotiation right from floating of RFQ to final selection of vendor. This précised summary should not only clearly explain the entire scenario only but also shows reasoning regarding why the deal is closed against the selected vendor. It is not always the case that a selection is made only because of lowest quotation rather the supplier should be potential enough in aligning with Nestlé codes and ethics and also demonstrate enough expertise in its field of operation.
7. Decision – this section is a line that dictates the name of the supplier on behalf of whom the order is closed.

8. Lastly it contains space for sign for three individuals – Strategic Buyer, Manager – S&IM, Senior Procurement Manager. Thus the document needs to be signed to get the purchase approval. Once it is approved, the concern buyer is responsible to create Purchase Order (PO) in the system that automatically generates a PO number and a three page copy including all the information of the dealing.

### **3.5 Organizing Documentation:**

The CS cannot be signed off unless it is ready with the bunch that shares all the related documents that witnesses the entire dealing procedure. This includes:

1. Document regarding requirement
2. RFQ and RFQ Issue Document
3. Initial Quotations along with all the related communications
4. Final Quotations along with all the related communications
5. Regret Letter – if any vendor regrets to quote
7. Decision Supporting Document – any communication that was exchanged with the prospective users or department regarding Procurement Decision or regarding any alteration or variation from their given requisition. Also feedback from approvers is also attached with this documentation.
8. Purchase Approval or CS
9. Purchase Document

Following this pattern the entire bunch of document is prepared. The significance of this booklet is that while taking approval from the manager and senior manager the entire scenario needs to be explained verbally and it is matched against this document. Once they are satisfied with the process and related negotiation they do give approval. This document is later preserved as while auditing if the audit committee finds any discrepancy they do then use this as a matter of evidence, followed by a certain PR and PO number, to identify the actual scenario.

### 3.6 PO handover and ensuring delivery:

Right from floating RFQ till the successful delivery within due time requires a continuous interaction, communication and follow up with the vendors to learn about the current state. Being the S&IM intern, I need to maintain this on interval or sometimes regular basis. However, once the approval is done, concern strategic buyer creates PO in the system and then the final copy is then handed over to the selected vendor and delivery time span is also ensured. Accordingly, I constantly need to follow up regarding delivery unless they do dispatch the goods or services within due time. Once the suppliers deliver, I also need to update a shared excel file that contains the PR number and name of the PR of all the concerned category buyers. This file mainly describes the time horizon taken for converting a PR to PO. For every phase or stage, including negotiation, there is a lead time given and if any of this is not within that lead period, a remark column puts a MISS and if done within due time then a HIT. In this way every stage, right from PR to PO, needs to be updated with proper due date and description.

# 4 Achievement

## 4.1 Business Partners' Meet 2016

Nestlé Bangladesh recently organized “Business Partners’ Meet 2017” program. The Services and Indirect Materials Procurement team arranged for a half-day long interactive session for their key suppliers on November 15<sup>th</sup>2017 at the Head Office in Tejgaon, Dhaka. The event was focused on the aspects and importance of responsible sourcing, and highlighted how such practices can be beneficial for both parties and ensure a sustainable partnership in the future. Representatives of the organizations across multiple categories were introduced to how Nestlé is geared towards mutual development, and how Nestlé’s growth can translate to growth for their businesses as well. The program also covered different aspects of Safety, Health and Environment practices for business partners of different categories and shed light on the undertaking they have all provided to abide by the Nestlé Supplier Code. In addition to that, the Procurement Process, which covered Quality Assurance, KPIs, and the Vendor Payment Process, was discussed and the issues faced by various vendors were brought up by them in discussion and were clarified by the concerned people.

Thus, for being a part of this very successful event I was awarded with the “**Nestlé GreatNes Card**”. Along with my team members, I was also assigned with many vital task and responsibilities for the great completion of the event. Through this program, I gained significant amount of competencies in organizing corporate events. My learning was from every single step from the scratch and I observed a great team synergy that derived us toward more precision and increased collaboration in every phase of preparation. The outcome was really fruitful as the ultimate motive of the event was achieved. Overall I acquired a lifetime experience that will aid my strongly in my upcoming future prospects.

## 5 Findings

- Nestle Bangladesh Supply Chain is one of the best Supply Chain department of Bangladesh. As most of the raw materials are import based the overall process in supply chain is much complex and lengthier. This is why along with the product development function and Marketing function Supply Chain should strive to explore local sourcing options more.
- Food and Beverage business in Bangladesh is becoming very competitive day by day. Price is becoming the most important determinant for consumers. Considering this the high price product offerings are becoming so risky to survive. In order to raise Marginal Contribution (MC) of product and also to charge an affordable price the sourcing strategy need to be reviewed by searching for local suppliers and developing them to meet Nestle standard.
- Nestle Supply Chain always emphasizes to make Nestle a Lean organization. As already shared in the report Lean means no wastage (money, time or anything). For Nestle Bangladesh Supply Chain department this is a continuous Journey to be Lean.



## 6 Recommendation

- **Local Supplier Development:** Nestle Bangladesh need to develop local suppliers of our country to gain benefit in longer period of time. For this they should teach the local raw materials suppliers about the cultivation methods. Now-a-days in terms of quality products and materials our local companies are also doing well. Especially for Milk Powder, Spices or Oil items they can develop local supplier. This will save huge amount of money and time for Nestle and also will be beneficial for our country too.
- **Import Lead time reduction:** At present most of the raw materials are imported and for most of them the lead time (Order to Factory arrival time) is very high. Average lead time is 2 months to 4 months. Here Nestle Bangladesh need to reduce lead time by negotiation with international suppliers or Nestle inters market subsidiaries.
- **Regional Distribution coverage:** Nestle Bangladesh need to set up some regional distribution warehouses at least in the major Divisions like Chittagong, Khulna and Barisal so it will be beneficial for quick product supply in the political unrest situations.
- **Setting more alternate Supplier:** Setting more alternative suppliers will help during the crisis period especially when one supplier failed to supply materials on time, they can quickly get the materials from another supplier.

# 7 Conclusion

## 7 Conclusion

Nestlé is one of the Leading Nutrition, Health and Wellness Company that focuses on the core factor of benefiting and satisfying its consumers by serving the best quality products. Thus its operations do not focus only for internal gains and growth rather it moves with the vision of benefiting every other stakeholder involved with it. Nestlé Bangladesh always shares the view of growing together where it supports not only its internal members but also the external ones to flourish with good growth degrees. In Nestlé Bangladesh, every employee and staff is considered to be a part of the Nestlé family where they work as a team sharing the similar objective of ensuring continuous excellence. Like all other departments, Supply Chain possesses the most structured and mannered systems so that its members can operate with great efficiency.

This particular report gives an overall view of my internship journey I completed within the stated time period. The key roles, duties and responsibilities I followed are well defined here with proper detailing. I gained a handful of great new experiences that escalated by core competencies to new heights. I am more of interested, right now, to explore further potential opportunities in the Supply Chain sectors. Thus, all such skills I gathered from NBL actually changed my perception towards this supply chain field which grew more curiosity within me to work for this sector, undoubtedly.

# **6 Supplementary Part**

## 6.1 Bibliography

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