



“THE RELATIONSHIP BETWEEN THE DEVELOPMENT OF FREIGHT FORWARDING ORGANIZATION AND EXPORT-IMPORT ACTIVITY AND IT’S IMPACT ON THE ECONOMICS DEVELOPMENT OF BANGLADESH”

Internship Report on Kuehne+Nagel Ltd

“The relationship between the development of freight forwarding organization and export-import activity and it’s impact on the economics development of Bangladesh”



Inspiring Excellence

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BUS 400

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Letter of Transmittal

August 29, 2017

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Subject: Submission of Internship Report for the completion of BUS-400

Dear Madam,

With due respect, I would like to state that I have completed my Internship Report on **“The relationship between the development of freight forwarding organization and export-import activity and its impact on the economics development of Bangladesh”** as a part of my BBA program. It is great pleasure for me to get the chance to utilize my academic knowledge in complex real world. I have written the report based on the theoretical and practical learning from three months of internship program in Kuehne+Nagel Ltd. at the Head office located in Banani.

With the careful efforts, I have tried to prepare this report with a view to deliver you a brief picture in regards to the topic. That will also illustrate the valuable experiences that I have acquired through the internship program under your thoughtful supervision.

Thank you for your approval to work on this interesting topic for my internship report. Please kindly accept my internship report and oblige thereby.

Sincerely Yours,

Md.Tusher Mia

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At first, all credits go to Almighty Allah for everything. With the help of Almighty Allah, my parents and Kuehne+Nagel managements finally I have completed my three months long internship program. Now at the moment, I am greatly thankful to the management of Kuehne+Nagel Ltd. for their huge support and inspiration. With my robust indebtedness, I would like to admit a few individuals for their great support, inspiration and supervision in the accomplishment of my report. At this instant, I would like to thank my respective University supervisor Ms. Tanzin Khan Madam for her valuable instruction to write up the report effectively. Whenever I went to my respective faculty's room I always found her available, helpful and provided me proper guidance, support and advice throughout the semester, without which my paper work would not be possible to complete properly.

I cannot stay without giving thanks to my Sea-freight Department Manager Md.Masud Karim (My supervisor), Paul Gomes. (Asst. Manager) and Masoud Alam Bhuyan (HR & Admin). They really help me a lot by providing the required information and co-operation.

Last but not the least, I am really thankful and proud of my university for which I am standing over here and going to earn my bachelor degree successfully.

Executive Summary

In this competitive world, it is very crucial to have both theoretical and practical knowledge. As a student of Bachelor of Business Administration it is a requirement to work in an organization to enhance my capabilities and experience actual field of practical arena. In this report I had tried to focus my both theoretical and practical knowledge regarding the development of freight forwarding organization and export-import activity and its impact on the economics development of Bangladesh. The report mainly consists of two broad parts- organization and project part. In the organization part, I have discussed about the company (Kuehne+Nagel) I worked at during my internship period. Besides, I have also focused on my job responsibilities as an intern in the organization. In the second phrase, the report illustrates major challenges facing by logistic services in Bangladesh, and also some major marketing elements in order to evaluate the business and overall industry condition including SWOT, PESTEL, and Porter's 5 Factors. Later on, I have come up with some findings and recommendations for eliminating the lacking in the sector they are facing. After all, it has been seen that the freight forwarding companies, both domestic and multinational, are conducting businesses with profitable manner and logistic market has become lucrative for new comers which increase competition in Bangladeshi logistic sector.

Table of Contents

Letter of Transmittal	i
Acknowledgements.....	ii
Executive Summery.....	iii
Chapter 1 Organizational Part	1
1.1 Rational of the study.....	2
1.2 Objectives of the report.....	2
1.3 Methodology.....	3
1.4 Company Profile.....	4
1.5 Kuehne+Nagel Bangladesh Ltd.	3
1.6 Job Description.....	3
Chapter 2 Project Part	9
2.1 Introduction	10
2.2 Objective & Methodology.....	11
2.3 Limitations.....	11
2.4 Overview of Freight Forwarding Industry in Bangladesh	11
2.5 Major Competitors of Kuehne+Nagel Bangladesh Limited	12
2.6 Major Challenges of Freight Industry in Bangladesh	12
2.7 PESTEL Analysis	15
2.8 PORTER's 5 Forces.....	16
2.9 SWOT Analysis.....	19
2.10 Logistic Industry's Performance and Future Prospects in Bangladesh.....	21
2.11 Finding & Recommendation	23
Conclusion.....	24
References	25

Chapter 1
Organizational Part

1.1 Rational of the study

I am proposing this Report based on my study and working experience at Kuehe + Nagel Ltd. as an intern. The company is a multinational freight forwarding organization working as a third party logistics service provider worldwide. I think this report or study will help me and other to gain depth information about freight forwarding business and the connection between the development of export-import activity and economics development of Bangladesh.

As a student of marketing major I should be acquainted with all of the business strategy, import-export process and its economics integrations in the arena of freight forwarding business. This report is prepared for the internship program comprising of a depth and broader study of the Sea-freight business of Kuehne+Nagel Ltd. Internship program is really a system where we could accustom ourselves with the practical situation through the application of theoretical knowledge into our real life, the gap between those two, could be bridged up through this internship procedure.

This report will help them a lot who want to pursue their carrier on freight forwarding Industry or who want to establish freight forwarding business in future.

Since, the Kuehne+Nagel is one of the top most freight forwarder in the world, so if anyone wants to know about the freight forwarding process , this study will help them to have better knowledge on Sea-freight department operation process and its importance. Besides, by reading this report properly anyone can realize that, the relationship between the development of freight forwarding business, export-import activity and economics development of a country.

1.2 Objectives of the report

Broad objectives:

- To know the relationship between the development of freight forwarding organization and export import activity and its impact on our economy.

Specific objectives:

- To know about freight forwarding activity
- Identify the barriers of the freight forwarding organizations.
- To know the export-import activity.

- Identify the economic impact of freight forwarding activity.

1.3 Methodology

To prepare this report I am taking help from the employees of the organization and their recorded files on which they have to work on regular basis. The analysis in this report is based on a literature review of the relevant research and consultancy reports and official statistics. Beside this I have collected some information through survey over the satisfaction of the customers about the organizations service which they are providing. In the survey questioner I have also included some questions to know the customers opinions about the importance of freight forwarding organizations activity and its impact on the overall development of the countries business and economics. I have also take interviews some of the junior and senior employees of the organizations, buyers and consignee to know the internal and external operational activities of the company. As because it is quit impossible to know about the company properly without secondary sources of information so I have taken help from the annual reports of the company, various articles , journals and Google scholars. For each and every research activity primary research process is more time consuming, costly, complicated and quite difficult to find out the appropriate result which is required. On the other hand secondary research process is quite good, less time consuming, less costly and mostly it provide quite appropriate result. But the combination of both primary and secondary research able to provide the accurate result and for this to prepare this research report I have used both primary and secondary data so that the report can provide the accurate result as well as the purpose of the report can be meet.

1.4 Company Profile

The name the organization from where I have completed my internship is Kuehne+Nagel Ltd which is a multinational freight forwarding logistic company. Mr. August Kuehne and Mr. Friedrich Nagel founded the company in 1890 at Bremen, Germany. The company's Headquarter is located in Feusisberg, Switzerland.

The organization is, as of now, evaluated as world leading logistic freight forwarder which is involving in sea freight and airfreight forwarding services, contract logistics, and overland businesses with focused on IT-based logistics service throughout the world which helps the company to become the world leading freight forwarding service provider.

Sea Freight is an important part of global freight and the company Kuehne+Nagel limited is the world's leading sea-freight service provider. Through partnership with the leading carriers, Kuehne+Nagel Ltd. is able to guarantee a suitable and easily freight forwarding service to adapt with the growing trade volumes for the key benefits when it comes to managing global supply chains.

In the line with the growing demand, the organization is continuously developing its selection of sea freight and related special services to offer optimal sea-freight service for each and every individual customers and industry.

Kuehne+Nagel Ltd. has evolved from a conventional international freight forwarder to a number one global freight forwarding supplier for the integrated supply chain management for a thorough array of industries. Currently, they are operating their business with over 70,000 employees at significantly more than 1300 locations in over 100 countries.

The company currently providing services in the area of –

Sea freight:

- ✓ Top global sea freight forwarder
- ✓ Maintaining yearly double digit growth in managed freight
- ✓ Strong partnerships with an widespread array of preferred ocean carriers

Airfreight:

- ✓ Ranked at 2 in global air cargo forwarding company
- ✓ Front-runner in innovative cargo management concepts
- ✓ Global Cargo iQ Phase 2 certification

Contract Logistics & Integrated Logistics:

- ✓ Number 2 in global ranking for contract logistics
- ✓ Universal network of warehouse and distribution facilities
- ✓ Top global logistics service provider
- ✓ Having more than 7 million square feet warehouse space facilities, worldwide

Overland:

- ✓ 3rd largest European freight forwarder
- ✓ Pan-European overland transportation including dedicated and individual delivery services
- ✓ Close partnerships with the finest carriers

They are providing logistics services to virtually in all key industry including:

1. Aerospace
2. Automotive
3. FMCG
4. High Tech
5. Industrials
6. Oil & Gas Logistics
7. Pharmaceutical & Healthcare
8. Retail

Kuehne+Nagel (Asia Pacific) Management is wholly owned subsidiary of Kuehne+Nagel International AG, one of the world's leading logistics companies, which was established in Hong Kong in 1961 and incorporated in 1965. In March 2010, they re-located the Asia-Pacific regional headquarters to Singapore from Hong Kong. Over the years, the company has advanced to be one of the most successful market players in the region. Today its widespread networks extends around 150 locations in 21 countries through the regions, including Australia, Bangladesh, Colombo, China, India, Hong Kong, Japan, Korea, Malaysia, New Zealand, Singapore, Sri-Lanka, Thailand, Vietnam and Pakistan etc. The total workforce in this

region is around 7000.

Kuehne-Nagel in Asia-Pacific emphasizes on several business sectors, including automotive, high-tech, industrial goods and chemicals, pharmaceuticals & healthcare and FMCG & consumer durables. Additionally, the organization offers the specialized solutions in the region of hotel and aviation logistics and is engaged in a number of niche sectors such as the global transportation of perishables, beverages logistics, aid and relief logistics in addition to oil & gas logistics. Two of the very dynamic markets in the Asia Pacific region China and India have now been expanded in the recent years.

Fact Sheet:

- ✓ Name of the Company: Kuehne+Nagel Ltd
- ✓ Types of Company : Service oriented
- ✓ The Founder of the company: August Kuehne and Friedrich Nagel
- ✓ Year of Founded: 1890
- ✓ Nationality: Germany, Bremen
- ✓ Slogan: The Global Logistics Network
- ✓ Initial Services: Acting as a forwarder of different types of glass and cotton as well as product repair by those ingredients.
- ✓ Current Services: The Sea Freight logistics, Air Freight logistics, Rail and Road Logistics as well as Contract logistics.
- ✓ Current President of the company Kuehne +Nagel: Klaus - Michel Kuehne
- ✓ Current Chief Executive Officer (CEO): Klaus Herms
- ✓ Number of Offices World – Wide: 1300
- ✓ Number of Employees: Over 70,000
- ✓ Headquarter: Schindellegi, Switzerland
- ✓ Website: www.Kuehne+nagel.com

International Affiliations:

1. International federation of Freight Forwarders Association (FIATA)
2. International Air.

Other Activities: Insurance Brokerage, E-Commerce Solutions, Financial Services, Seaworthy Packaging.

Regional Offices: The regional offices are divided into six 6 Regions and they are,

1. Europe
2. Africa
3. North America
4. South America
5. Middle East
6. Asia Pacific.

1.5 Kuehne+Nagel Bangladesh Ltd.

Kuehne+Nagel Bangladesh Ltd. started its journey in 1997 and from then the company is working with confident and continuously improving it's image in Bangladesh as an international freight forwarder. In Bangladesh their head office located at Banani, Dhaka-1213 along with that there are also 3 branches in Chittagong, Gazipur and Uttara model town Dhaka. In Bangladesh the company has airfreight and Sea freight as well. The tasks of these departments are same as it is in 100 countries. From analyzing the company's annual reports and other important documents I learnt that, their main purpose is same as it is in other countries but some technological working tools might be different from each other. However, In Bangladesh the company is surviving with dignity and especially through its promise to its consumers. In Bangladesh the company has a good relationship with carrier, shipper and consignee. In our country Kuehne+Nagel also have contract logistics and integrated logistics departments who are also continuing their operation. In airfreight department the company has 300 offices worldwide and in the sea-freight department the company has more than 1300 office locations and these offices are actively working almost 24/7 for achieving their goal and also have a cost effective strategy for the consumers. On an average each week the company makes over 60,000 shipments near about 18,200 tons weight. And for the sea-freight department the yearly volume is about 4.7 millions of TUES (1 TUES=21.75 Tons) has also Standardized IT and operational systems. The company provides Door to Door shipment monitoring service. At present, Kuehne+Nagel has become one of the largest airfreight forwarding specialists by offering a complete scope of worldwide air load arrangements and great levels of client benefit. Now let's move on something else is about Sea freight of Kuehne+Nagel Bangladesh. In airfreight department the company also has many facilities one of them is highly flexible service

through its leading carriers and over 7500 Sea freight specialists. Now- a- days the supply chain has become more complex and fragmented , markets are volatile ,competition is intense , customers are more demanding than ever so having this situations Kuehne+Nagel continuously working for its customers and always try to meet all the demands of customers through its integrated and contract logistics systems (Annual Report, 2013) .

As an intern in this company I had to do perform some duties. I have achieved some knowledge through my works. However now let's move on to my responsibilities there. The internship position I hold is with the sea-freight department. I was helping with initial documents that sea-freight department needs to make shipment. I got some real life working knowledge about sea-freight forwarding and it helps me to know about sea-freight forwarding process of Kuehne+Nagel Ltd. In my learning process I came to know about basic documents and sea-freight operation process.

Fact Sheet: From the company's annual report (2013), I have obtained the following information-

- Year of Founded: 1997.
- Type: Service oriented.
- Founding Managing Director: Mr.Rafi Omar.
- Current Managing Director: Mr.Tarun Patwary.
- Number of employees: 138.
- Branches: Chittagong Branch (CGP).
- Warehouse: 2 Warehouses at Gazipur and Uttara.
- Partnership: Baghera Print Shop, Sweden.
- Controlling Region: Asia Pacific Region.Service Provided: Only Seafreight and Airfreight.
- Address. H#74, R#18 Ext, Bl# J, Banani, Dhaka, Bangladesh.

1.6 Job Description

In Kuehne+Nagel Ltd., I was assigned to sea-freight operation department by HR (Human Resource Department) of the company. The company has some noteworthy retailers who used to engage in sea and air export- import activity. At the period of my internship I was helping with importing and exporting team of the company. During that time I have learn a lots of valuable operational activity which made my internship valuable beside this the work experience which I gained also increased my knowledge in the sea freight operation process on supply chain and it's economics effects. Now I am writing about the works that I had to perform on regular basis during the internship time in the below-

✓ **Writing the files**

My first and main responsibility was to write the files which are very important for the sea-freight operations departments. At that time first of all I have to learn how to write the files which are very essential part of operational work and this file must be written correctly otherwise it may cause a big problem for which there can be change of the sailing schedule of the ship, change the cargo load-unload schedule, change the destination, payments related problem as well as ownership related problem. During work with the file activity I had to write the Shippers name (the exporter's name), consignee names (the importers), Feeder vassal and mother vessel's name as well as their voice numbers, the amount of cargo, destination, mood of shipments, carriers, customs brokerages name and the shipping depots name accurately. After all this activity the file work has done.

✓ **Working with the CEAL**

After making the files I had to work with the CEAL .It is a software which is used for Kuehne+Nagel operations activity and this software is very secured because only the employees of the organization can access and the software and this software is only accessible from the Kuehne+Nagel office place only. This software is prepared by IBM and for security purpose this software is updated by the IBM on every Thursday. The software CEAL is a specialize software used for freight forwarding activity by Kuehne+Nagel Ltd. throughout the world. In this software I had to write all the information's which are recorded in the files. To

record all the files I had to follow the staffing reports, shipment advice and the invoices. Then in the file I had to insure the house reference number is accurate, bank details is updated and then write all the description in the system. Then I had to check whether the updated information's are pure matches with the existing documents. This time I had to check the total CBM, Gross weight, the H.S Code, Cartons Quantity etc. Then in the software I had to update the booking number, warehouse information, country of origin and the final destinations. After all this updates activity I Had to work with the Master B/L number .If master B/L was not created yet then I had to create it first in the system through some special procedure and then I had to link all the houses with the master number. To identify different shippers and buyers house is used but this house is linked with a master to reach the specific destinations. After completion all this process I had to do another task in the software and it is known as C.S through which sailing news of the ships are sent to the shipper as well as to the buyers. During the internship time my responsibility was up to this.

To work with the CEAL activity I had to work on several others activities and they are-

- **Making the required documents:**

I understood that even to move something a very small stationary items like a piece of pin or stapler from China to Bangladesh documentation of what is being shipped is very important for avoiding critical situation during the customs activity. So during the documentation it is necessary to mention how much is being shipped, which product is being shipping, does the country fall in the certain category of place that Bangladesh can ship from and more questions should be answered for this small item before to enter into Bangladesh. The three main documentations required to check if the items in a shipment are going to the right place with the right item and the required documents that I have to checked are Commercial Invoice, Packing List and FCR (Forwarder's Cargo Receipt). I use all these three documents to make sure the purchase order numbers in these copies provided by the exporters are the same. If the numbers are same, I used to write the purchase order numbers into the Kuehne+Nagel's very own computer program. If the purchase order numbers seems are not same or if some documents do not have the matches with the purchase order numbers or if one or two

documents are missing from the exporter, I had to note it down. And then I had to inform the Problem to my respective supervisor and he sends the exporter an e-mail requesting them for the new purchase order numbers or the required documents necessary for the shipment to be delivered at the right place with the right quantity. There are other documents that are very important for shipment like the Certificate of Origin, Certificate of Manufacture, Certificate of Inspection, Certificate of Analysis, Certificate of Free Sale, Import License and Certificate of Insurance. Kuehne+Nagel is a Non Vessel-Operating Common Carrier which means they do not own any modes of transportation but issue its own bill of lading and acts as a carrier. The bill of lading is very important for an international transaction for three major reasons. Firstly, it is a contract between the shipping company and the shipper based on the Inco terms they agreed on. Second, it is a receipt for the goods. Once the shipping company signs for the goods, they ensure everything is in good condition. Every day, I had to work for such documentation process for the Office Depot account, and sometime when there was huge shipments pressure, on that day I needed to work on an average of 20 files.

- **Sea-freight operations activities**

During the sea-freight operation activities my main objectives was to know what type of equipment's and containers are actually used during the sea-freight operations activities and there is another very important elements of sea-freight operation and that is to know which vessel is selected for which shipment. There are four major container types and they are the 20G, 40G, 40HC and the 45 foot containers and only for special purpose the 45 foot container is used. During my internship period I have seen that which container is used while shipping. While using these containers on the U.S highways, a 40 HC container cannot have more than 44000 Pounds of cargo weight to operate on the highway. A 20G container can have no more than 45,000 Pounds of cargo weight to operate on a highway.

The following flow-chart shows the operational process of sea-freight logistic services-

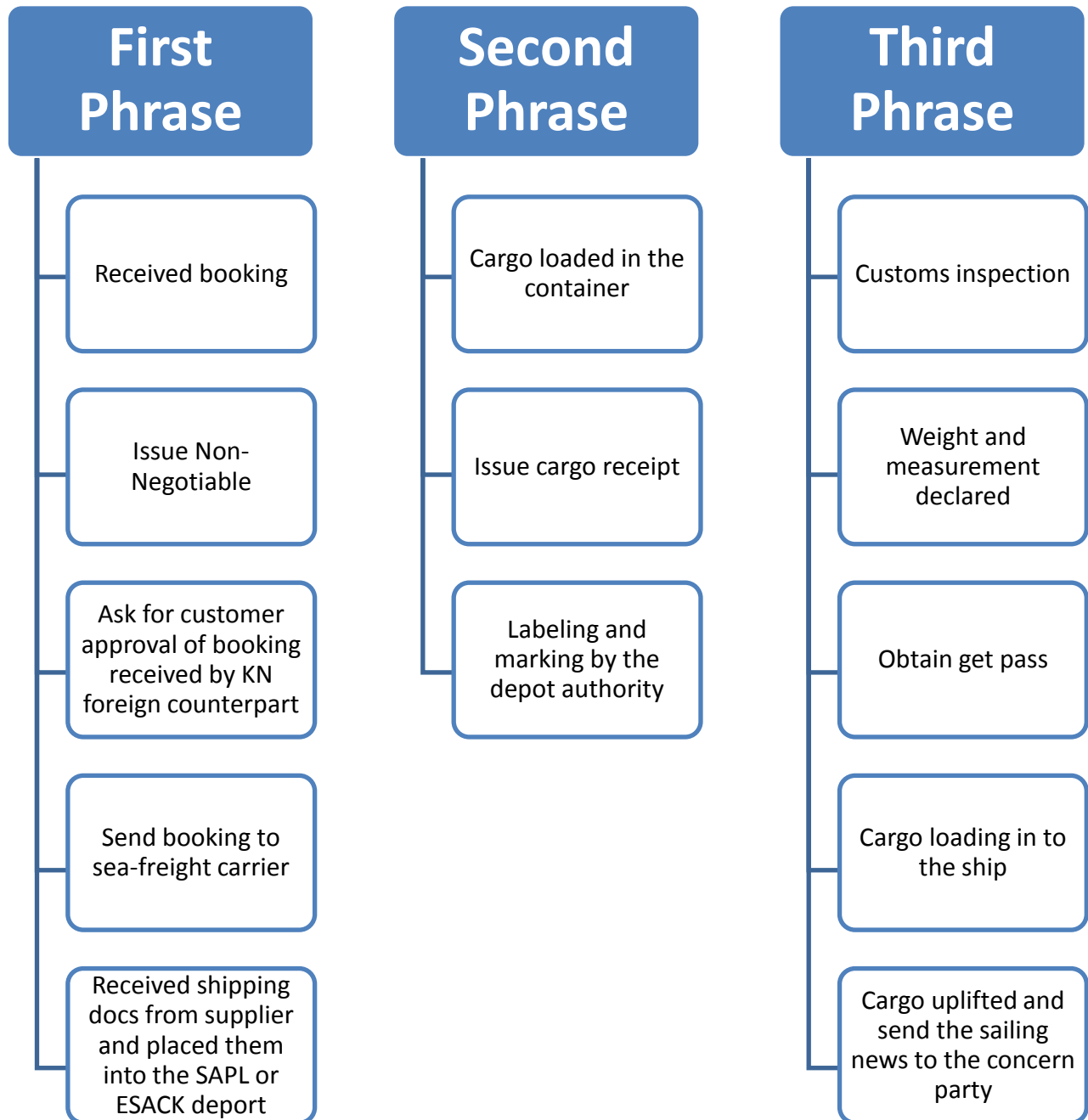


Chart: Sea-freight operation processes

Now, the Sea Freight common container sizes are as follow-:

CONTAINER TYPE	WEIGHTS GIVEN TO THE CUSTOMER	MAXIMUM VOLUME
20ft standard container	16300kg	28cbm
40ft standard container	19000kg	55cbm
40ft High Cube container	19000kg	65cbm

- **Control-sea freight transportation**

In the sea-freight transportation process the parties engaged such as carriers, freight forwarders and logistics service providers for international sea-freight transportation process. In this process we have to involve with the importer and the exporter as well as other people involved in the supply chain but the different carriers and the people that makes sure the importer's product gets to him/her safely without any accident. The major carriers are Hapag Lloyd, Maersk Line, OOCL, China Shipping agency and other carriers are very essential for the movement of cargo. Kuehne+Nagel generally choose for carriers which gives them the up-to date information of a container or shipment. The office Depot shipments of Kuehne+Nagel keep track of the every shipment by themselves to provide accurate information about the cargo location to the concerned authority. For exam, there is cargo delivery from Bangladesh to Canada on, estimated time, 23rd of September, 2017, you can go the Kuehne+Nagel and see where the container is. By this process, they actually control the sea freight transportation process.

- **Customs brokerage**

In the operation process there's another important task that I need certainly to learned to keep the smooth transactions of goods without the obstacles and to utilize the customs brokerage .In this technique each time a cargo is imported or exported, the importer and the exporter must certainly be under compliance of the countries customs rules .The next objective is always to cover the paper work which is necessary to clear the customs before importing and exporting of products. The interesting simple truth is that in this technique, there are also other agencies in this process. When importing a consumable item into a country, they examine that it is in high quality, and may be imported from the nation of origin.

The employees of Kuehne+Nagel Ltd. check the purchase order numbers, the amount of items and documentations prior to the shipment reaches the ports. Therefore, once the cargo are at the port, there's no delay in doing the customs brokerage related activity and for this technique they need certainly to involve in and monitor all this technique through the operations.

- **Checking documentations**

During the documentation checking process, at first, I have to check the HS code of the product. Hence, the HS code insures the products category which is very important to identify the products which are exported or imported. Moreover, the documentation checking is essential in order to know the supplier, origin of the products, certification of the products, delivery notes, etc.

- **Weight**

Most of the export-import business are directly and indirectly depends on sea transport system because of its cheap transportation cost. For that reason this goods are transported by Sea and now a days the cargo are exported with containerized. This sending process to consignee (The actual owner of the goods) with taking more time than Air Freight but it forwards heavy weight and quantity and it saves the greater the reduction in capital costs. Measuring the actual weight of the cargo is very important because each and every transport vehicles, loading and unloading cargo Crain have limited capacity. If the proper weight is not measured, then any time any types of coincidence may happens that could be a financial loss. That's why , checking of the weight is very important and I have to check all the documents to ensure the actual weight of the cargo.

Chapter 2
Project Part

2.1 Introduction

Freight forwarding logistic service companies are known as forwarding agent involving in shipments of goods for individuals or other business institutions, from one destination to another or final point of distribution. They not only engage in domestic export-import activities, but also deal with international or multi-national import and export services. In freight forwarding logistic services companies act as the intermediaries between the clients and transportation services. While sending products from one place to another, it involves a multiple carriers, requirements and legalities. The freight forwarding service at that point attempts the obligation of arranging the transport from point of origin to destination.

The impact of logistic service on country's economic development is vast. People around the country are widely benefited with the services provided by the logistic service company. Customers can get their desire products & services and increase their wealth within proper time period. With the economic stability of customers, a country's productivity also goes high by maintaining the order of supply and demand. It may swiftly affect economic components- for example inflation, interest rates, productivity, exchange rates, energy costs and availability, the total amount of national payments, unemployment figures and so on. Advancements in logistics operations allow goods to be delivered punctually more frequently, efficiency allows cost reductions, and lower input costs will mean greater profits for businesses in addition to country's development.

2.2 Objective & Methodology

The main objective of the project part is to find out the relationship between the development of freight forwarding organization and export-import activity and its impact on the economics development of Bangladesh. In addition, we have analyzed some of major marketing frameworks such as PESTEL, Porter's 5 Forces, and SWOT analysis, in order to examine the level of competition within an industry and business strategy development and identify of various external and internal factors that affecting company's future performance.

In this report, I have used mostly of Secondary data, obtained from online publication, journals, magazines etc. Besides, I have applied my learning from marketing courses in BBA, in this report. The report is also incorporated with practical knowledge that I got from working in Kuehne+Nagel Ltd where I have had several discussions, interviews with departmental employees, supervisors. Importantly, valuable instructions and feedback from my academic supervisor also helped me to complete the report properly.

2.3 Limitations

While writing the report, I have given my best effort to set up the report effectively. However, still there were a few disadvantages. First of all, the main constraint was the time limitation. The time given to me to write the report was not adequate. The representatives of the logistic company (Kuehne+Nagel) were excessively occupied with their works, making it impossible to help me here and there. Besides, the company management did maintain the confidentiality of company's information with me. Because some information was very sensitive and confidential which cannot be shared with outside, this constraint was a big limitation during writing the report. The information about Bangladeshi logistic sectors is not widely available on internet. At the same time, research articles regarding this topic were not adequate enough.

2.4 Overview of Freight Forwarding Industry in Bangladesh

Freight forwarding company transport large volume of goods and products from one destination to another, using most efficient routes such as rail, road, air and sea in cost efficient way. For the pick-up of freight and the organization of transport between destinations, excellent organizational skills are essential for the job. However, currently, in Bangladesh, more

than 50 companies are operation their business. Some of them involve in domestic freight and others are providing international freight forwarding services. Besides, some international largest logistic service providers like- DSL, Kuehne+Nagel, Green Bangla, Global Freight, etc. are conducting their operations in Bangladesh with success.

2.5 Major Competitors of Kuehne+Nagel Bangladesh Limited

Kuehne+Nagel Bangladesh Limited is the leading logistic service company in our country. In sea freight logistic service, they are in the top position. However, in air freight sector, they are in the second position in Bangladesh. In addition, they have to compete with some global and domestic freight forwarding service providers to maintain their market share. Followings are some major competitors of Kuehne+Nagel Ltd-

- **DHL:** One of the top international freight forwarding company is providing services through air, sea, road and rail, with a global network in over 220 countries and territories across the globe.
- **FedEx:** The world's largest express transportation company is conducting logistic services in Bangladesh having Headquarter in Dhaka, and 4 other regional offices in major cities in Bangladesh.
- **UPS:** The company mainly emphases on Shipping, Tracking, Billing, International Trade, Contract Logistics, Integrating UPS Technology, Sustainability, Customized Customer Solution and E-Commerce.
- **MGH Group:** MGH group is one of the leading Bangladeshi logistic service provider established in in 1992 concentrating on Supply Chain Solutions, Airlines GSA representations etc.
- **Green Bangla Shipping Limited:** Another Bangladeshi freight Forwarder Company providing Cross Trade Shipping Services, Ship Agency and other logistic solutions.

2.6 Major Challenges of Freight Industry in Bangladesh

- **Inaccurate forecasting:** Forecasting of getting orders from the stakeholders, suppliers, and foreign consignees is one major challenge for the logistic companies in Bangladesh. Forecasting is very importance because of having multiples layers in distribution of the

products. Most of the times, logistic companies depend on 3rd party's shipment. Accurate forecasting is important for minimizing the cost as well as for the customer demand fulfillment. Inaccurate forecasting may lead to shortage or surplus of the particular demanded product.

- **Political Instability:** In Bangladesh, political strikes such as hortal, deadly violence, vandalism etc. are very common scenarios which are very disturbing for the growth of the logistics industry. And for this reason, the foreign buyers cannot get their desired goods in time and they have to incur huge losses. At the same time, for delaying during delivery, products may get damaged.
- **Port Capacity:** Ports capacity in Bangladesh has not been increased with the demand and time. We do not have any 'Deep Sea-Port' for which we have to depend on Colombo, Singapore, and Malaysian Deep sea port to catch the 'Mother vessel'. For lack of Deep Sea Port, our shippers as well as buyer have to incur extra costs in exporting and importing of products.
- **Changes of Customers' Demand:** Changing in customers need could be a big challenge for the logistic companies in Bangladesh. Sometimes customers want to have on-time delivery of the products which are very difficult for the logistic companies because of social, political, geographical constraints. Besides, customers demand for full transparent delivery of the products which is very challenging.
- **Security in Logistics Service:** Day by day, security has become a growing concern for the logistics industry in every aspect of delivery such as- moving products one client to another, transportation to the warehouse. At the same time, Materials handling and inventory management are very important and challenging.
- **Unknown Risks:** There are some unknown risks during transportation of goods such as natural hazards, and others potential disruptions in the away. Bangladesh is very prone to natural disaster where flood, cyclone, seasonal excessive rainfall etc., are very common which cause great financial damages for the logistic services in Bangladesh.
- **Delay in document sending:** Another challenge in Logistic services is the delay in document sending. Sometimes, the documents are being sent so late that it directly affects the sales

and company revenue. Normally the commercial Invoice, Packing List, Annexure are being generated on the same day when the shipment is dispatched from the depot. The Bill of lading and certificate of origin is generated after fifteen days after the shipment dispatch. In case, the document is not handed over in time then, then it could lead to a delay in whole customs clearance procedure and consequently the company faces port and container demurrage.

- **Inventory Management:** In logistic solutions, inventory management is essential because the need to handle and operate lots of warehousing services around the globe that really needs a sound capacity, scientific improvement, and knowledge to handle both professional and retail inventories.
- **Red-category tag in Air Shipment:** Explosives assessment is now required for strong shipment companies to the EU. Recently, Air freight costs for shipments from Bangladesh to EU nations have gone up after the country was put in a list of “high-risk countries” under new security regulations. For that reason, from now on, we need to 100 percent search in the cargo belt, and a complete scanning of cargos. Therefore, if it restriction of double checking of our cargo remains, it will increase the cost as well as the shipment time.
- **Lack of market research:** For not having sufficient market research in logistic sector, false situation may arise in terms of forecasting demand supply chain. This problem gets worse especially for the developing countries like Bangladesh. This happens because most of the logistic companies are new to this country in conducting their business. For them, lack of market research, they may experience misleads to faulty forecasting, and in experience workforce which could put their business in danger.
- **Authority Overflow in the system:** Another big challenge faced by logistics service companies is – Too much signing authority that makes the whole process of the purchasing delay. Sometimes, it takes several days for getting one signature that are required for a particular support in the critical demanded product. Too much authority makes too much query and it leads to time delay. The effectiveness and the responsiveness are not present in this situation.

2.7 PESTEL Analysis

PESTEL is a marketing tool that deals with macro-environmental external factors like- Political, Economic, Social, Technological, Environmental, and Legal factors that might affect a business operation. To analyze freight forwarding industry of Bangladesh, we have gone through those factors in order to find out the elements impacting the logistic services.



Figure: Factors of PESTEL Analysis

- **Political:**
 - ✓ Implementation of Tax Reforms in Bangladesh
 - ✓ Variation in commodity prices due to political reasons
 - ✓ Fuel prices variations, oil rates
 - ✓ Political inferences and instabilities
 - ✓ Goods and service Tax

- **Economical:**
 - ✓ Relationships between variable economic factors and transportation costs
 - ✓ Fluctuation in commodity prices
 - ✓ Economic growth rates, Manufacturing sectors, Industrial Environment
 - ✓ Commodity rates in Different geographical regions.

- **Social:**
 - ✓ Social impacts on Purchasing
 - ✓ Discrimination for minority suppliers

- ✓ Labor use, Transportation
- ✓ Social issues with drivers
- ✓ Warehousing
- **Technological:**
 - ✓ Development of Common and Consistent Database Systems, ERPs
 - ✓ Adaptation to technological Advancements
 - ✓ Real Time Data management
 - ✓ Tracking of goods
 - ✓ Information flow process
- **Legal:**
 - ✓ Price Discrimination
 - ✓ Compliance of Legal Documentation and Contractual Obligations
 - ✓ Dealing with Issues of goods which are restricted in different countries
 - ✓ Merger and Acquisition Regulations
- **Environmental:**
 - ✓ Transportation via heavy load vehicle affects Air Quality, Create Noise, Global Warming effects
 - ✓ CO2 emissions during transportations, warehousing and material handling
 - ✓ Oil spills: Impacts on the ocean lives
 - ✓ Introducing Eco-friendly vehicles
 - ✓ Paper less Systems for mode of transportation

2.8 PORTER's 5 Forces

Porter's Five Forces, coined by Michael E. Doorman, distinguishes and examines five competitive forces that shape each industry, and decides an industry's shortcomings and qualities. In this report, we have analyzed Porter's 5 Forces in the perspective of freight forwarding Industry in Bangladesh.



1. **Barrier to Entry:** Barrier to entry can threaten market share for the current companies in freight-in Industry. This barrier can make it difficult for the new comers to enter into the industry.

Followings are the analysis of barrier to entry for logistic industry-

- **Threat of New Entrance:** The freight forwarding industry in Bangladesh has *moderate to high* level of the threats of new entrance because of-
 - ✓ Required High economies of scale
 - ✓ High Capital requirement for logistic business
 - ✓ Switching cost is very high
 - ✓ High maintenance cost
 - ✓ Strong distribution network required
 - ✓ Regulated industry environment
 - ✓ Requirement of highly skilled labor
 - ✓ Government policy regarding logistic services
 - ✓ Geographic factors limit competition
 - ✓ Strong brand name is big factor in logistic service

2. **Bargaining Power of Suppliers:** The bargaining power of suppliers decides the depth of competition within a market. However, there is a few numbers of big suppliers in Logistic industry. But they possess the high bargaining power. The suppliers for the freight forwarders either shipping lines, airlines, ware house provider or Logistics Company's

provide services to the freight forwarders. These shipping lines and air lines are dominating in the market. Cargo forwarder, with large sizes, may bargain with the shipping and air lines. For instance, the bargaining power of the large suppliers are extremely high. Besides, some other factors determining high bargaining power are-

- ✓ Competitive Environment
- ✓ A few large users of the industry and companies
- ✓ Low cost of switching suppliers, etc.

3. Bargaining Power of Customers: In freight in industry in Bangladesh, the bargaining power of customers is very high. Other than forwarders the main carriers are also competing to get the business direct from the customers. Besides, they need to convince the buyers and offer more value for their money. Because of high completion along with small market, the buyer power high within the industry. Moreover-

- ✓ Customers transport bulk amount of products through logistic service companies
- ✓ Customers' purchases are a significant portion of logistic companies' annual revenue
- ✓ Industry's products are undifferentiated, etc.

4. Threats of Substitute Products: Threats of substitute products in Logistic Industry is moderately low, due to-

- ✓ The industry is highly customer oriented with multiple vendor options available to customers
- ✓ Limited number of substitutes in logistic Industry
- ✓ Substitute services (e.g- Airlines, Shipping, Overland etc.) costs may vary because of service quality

5. Rivalry Among Existing Competitors: The level of rivalry amongst existing competitors in this industry is quite high, because of some factors including the followings-

- ✓ Large industry size
- ✓ Large industries allow multiple firms and produces to prosper without having to steal market share
- ✓ High Competition within industry because they are competing on the basis of price in orders to win a contract. On the other hand, the industry is already matured, and there

is standardized and there are high exit barriers.

- ✓ There are lot of equal size competitors in the market resulting in strong competition within the market
- ✓ Additionally, there are also a few major size competitors

Verdict: After evaluating the above points, it can be said that the logistic industry in Bangladesh is very attractive.

2.9 SWOT Analysis

SWOT analysis aims to identify the key internal and external factors of a company. It brings a positive change for a company. It offers an important overview of how you tackle against the competition so that you can get a competitive advantage by finding out the internal and external factors that could influence the business. So SWOT analysis is very much import for a company.



Figure: SWOT Analysis

The SWOT analysis of Kuehne+Nagel Ltd is given bellow:

Strength

Strengths are company's resources and capabilities that can be used as a basis for developing a competitive advantage by showing the favorable internal factors for achieving the organization's goals. It also comprises of analyzing the factors like- competitive position, core

competencies, unique resources, Identifying the most valued assets, intangible assets etc. In Kuehne+Nagel, we have found out the following strengths-

- ✓ **Industry Leader:** Currently, Kuehne+Nagel is the first in Sea freight and second in Airfreight and also the leader in market.
- ✓ **Vast Accessibility:** They have, roughly, more than 1200 offices in over 100 countries.
- ✓ **Intensive workforce:** At present, they are employing nearly about 70,000 workforces worldwide. So, it can be said a huge number of people are working under this organization.

Weakness:

Weaknesses can be seen as the lack of competitive competences, including inadequacies in skills, organization, financial position, technology etc. Followings are some weaknesses of Kuehne+Nagel Ltd.

- ✓ **Having low advertising budget:** Kuehne+Nagel has low budget on advertising their service.
- ✓ **Inadequate suppliers in market:** Another weak point is they have a very few supplier available on the market. That is a great weakness of KNL.
- ✓ **Not having quick promotion process:** Another important flaw is their advertising process. Employees get unsatisfied with this process and sometimes leave the company. In this way they are behind in many trained employee. The HR department should create more position and they must fasten the promotion process.

Opportunities:

Opportunities will be the external environment that might show specific new possibilities for development, progress, alliance, growth, technology trends in business, any recent cultural traits, financial or regulatory improvements etc. which may open windows of opportunity for the company.

We have come across with following opportunities of Kuehne+Nagel Ltd-

- ✓ **Global Airfreight Market Growth:** The global the freight forwarding industries are increasing day by day and airfreight market as well. So many companies are importing and exporting their products and for moving their product through air is becoming

popular day by day

- ✓ **Value Drivers:** The important thing is that freight forwarders are value drivers focusing on improving customer services through value addition.

Threats:

Threats are external atmosphere that will adversely influence their efficiency or achievement of their goal. Threats contain new and existing rules, new and existing opponents, new systems which could produce services and products or companies obsolete, volatile political and legal system in international areas, and financial downturns. But, threats could be converted into an opportunity.

Some of the threats of Kuehne+Nagel Ltd are as follows-

- ✓ **Strong Global Competition:** Threat for freight forwarders all over the world is increasing the number of freight forwarding company that's why competition is very high. Currently, more than 30 freight forwarding companies are operating their business in Bangladesh and if we think about globally then the number of freight forwarder are huge.
- ✓ **Volatile oil price:** Another point is volatile the oil price. For transporting the goods, freight forwarders need to depend on airline but the problem is the increasing price of the oil. This SWOT analysis is not only for the KNL but also for other freight forwarder. However, after implementing the SWOT analysis it can be assumed that Kuehne+Nagel Ltd has a strong position in market and they are in viable position. Hope they will find a way to solve their weaknesses.

2.10 Logistic Industry's Performance and Future Prospects in Bangladesh

According to the World Bank, to judge the efficiency of Logistics service, a number of index has been created where the logistic areas of numerous aspects are weighed against one another. This index rates countries based on the following criteria:

- Efficiency of the customs clearance processes
- Quality of trade and transport-related infrastructure

- Ease of arranging competitively priced shipments
- Competence and quality of logistics services
- Ability to track and trace consignments
- Frequency with which shipments reach the consignee within the scheduled or expected time (Argyrou, 2014).

Bangladesh obtained just underneath the world average while some countries like South and South-West Asia, for example India and Turkey, scored higher than the average. Along with the Logistics Performance Index the World Bank also displays the ease of doing business in 189 countries. Some aspects are broken down into some activities including- quantity of papers, the price, time and energy needed to transfer and export the products (Argyrou, 2014).

In this rating, Bangladesh is ranked number 130 of the 189 countries when it comes to trading across borders in 2014. The only other South Asian countries that are ranked higher are Pakistan (position 91) and Sri Lanka (position 51). Another factor pertaining to the overall performance of the Bangladeshi logistics sector is the quality level of service. Between 2006 and 2011 the time to export and import decreased but the costs to export and import increased. According to the Agility Emerging Market Logistics Index (AEMLI) Bangladesh is considered one of the 45 major emerging markets of the world. This index identifies the attributes that make an emerging market attractive for logistics companies such as air cargo carriers, shipping lines, freight forwarders, and distribution property companies. In the ranking of major logistics markets for the future, Bangladesh climbed 13 places from 25th to 12th position in 2013. The Bangladeshi market provides significant opportunities for logistics providers but also exposing businesses to some threats (Argyrou, 2014).

2.11 Finding & Recommendation

After analyzing the freight forwarding industry in Bangladesh, I have depicted some findings which are given below-

- Bangladesh is a developing country and the logistics concept is still emerging.
- Many logistics companies are not familiar with the cost saving aspects.
- They use multiple providers for different services.
- Lack of developed infrastructures
- Deep-Sea port facilities is not available in Bangladesh
- Problems seen in Customs for clearance of import-export activities for which the business organizations or individuals have to incur extra cost.
- Documentation processing problems
- Lack of expertise personnel and institutions for export-import activities
- Political situation is not stable in Bangladesh

However, I have come across some recommendation for the freight forwarding industry in Bangladesh to improve current condition of logistic business-

- ✓ More investment in information technology, e-freight services, electronic data interchange technology, technology in customs clearance and cross-border trucking
- ✓ Improvement of warehousing and distribution channel
- ✓ Most importantly, addressing of the above mentioned findings, properly and efficiently.

Conclusion

Every year the logistic services in Bangladesh are contributing more and more to economic development directly and indirectly. Many important sectors in Bangladesh including readymade garments, leather products, ceramic industry, and some rare export-import products that are greatly impacted by freight forwarding industry. So, the importance of economic development and freight forwarding industry is positively related to each other. However, even though we are facing numerous challenges in the area of logistic service, but the economy of Bangladesh is increasing so is the country foreign trade and logistic services are growing smoothly. The logistic companies, including Kuehne+Nagel Ltd, are still evolving every day in striving to provide its best possible service to their clients.

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