

Development and Implementation of
Performance Based Salary System for Sales
Force of Coca Cola Bangladesh

Internship Report

ABDUL MONEM LIMITED –
BEVERAGE UNIT



Farzana Rahman Koly

Internship Report

On

Development and Implementation of Performance Based
Salary System for Sales Force of Coca Cola Bangladesh

P r e p a r e d F o r

Noman Hossain Chowdhury

Internship Supervisor

BRAC Business School

BRAC University



P r e p a r e d B y

Farzana Rahman Koly

ID No. : 14364037

MBA Program

BRAC University, Bangladesh



BRAC University
Department of Business Administration
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Letter of Transmittal

April 10, 2017

Noman Hossain Chowdhury
Internship Supervisor
BRAC Business School
BRAC University

Subject: Submission of Internship Report.

Dear Sir,

I have completed this report as part of my internship program. The report has been compiled as per your requirements and those set by the host organization. It gives me immense pleasure to tell you that working on this internship report has given me a wide range of exposure. The report is based on the knowledge, experiences and the skills that I have acquired during my period of internship in Abdul Monem Limited (Beverage Unit).

I am thus submitting this report with the hope that it lives up to your satisfaction. However I would be glad if you enlighten me with your thoughts and views regarding the report. In addition, if you wish to enquire about any of the aspects of the report, I would be glad to answer your queries.

Sincerely,

Farzana Rahman Koly
ID: 14364037
MBA Program
BRAC Business School
BRAC University



ABDUL MONEM LTD.
(COMILLA BEVERAGE UNIT)



Authorised Bottler Coca-Cola, Fanta, Sprite



Winner of 1990 President's Turtle Award.

Date: February 20, 2017

Ref: AML/COM/163/17/0077

Noman Hossain Chowdhury
Senior Lecturer
Faculty of Business Administration
Brac University, Bangladesh.

Sub: Internship

Dear Mr. Noman Hossain Chowdhury ,

We are pleased to accept 1 (One) Student - Ms. Farzana Rahman Koly (ID No. 14364037 - MBA Program) as an Intern as per the request from Brac University, Bangladesh. The student will carry out a study on "Human Resources Practices of Coca-Cola Factory" under the guidance of Mr. Rashed Mosarof, HR & Admin Department at Abdul Monem - Beverage Unit (Coca-Cola Factory), Alekharchar, Comilla.

The duration of the Internship will be 3 (Three) months from the day of her joining for the assignment. The students will be assigned to undergo the internship in factory office & other offices arena. It is noted that she will not be allowed for any financial assistance on this Internship period.

Should the student agree on aforesaid requirements, she is requested to report Mr. Rashed Mosarof, HR & Admin Department, Abdul Monem - Beverage Unit (Coca-Cola Factory), Alekharchar, Comilla on or before 1st March 2017.

Thanking you,


Md. Rashed Mosarof
Head of HR & Admin
Coca-Cola Factory, Beverage Unit, Comilla



Copy to:

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Head of Factory Operations
General Manager - Factory
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Acknowledgement

First of all, I would like to thank the Almighty Allah for blessing me with the strength, aptitude and patience for successfully completing my internship and this report.

I would like to thank my Faculty Advisor, **Noman Hossain Chowdhury** for giving me the opportunity to work with him during my period of internship. I have been able to compile and complete this report in a comprehensive manner due to the guidance, support and counseling that he has provided me with during this period. I have tried my best to implement his constructive suggestions while doing my report.

I would also like to take this opportunity to acknowledge the help provided to me by some personals of the company. My sincere gratitude goes to Rashed Mosarof, Factory Head of HR; Rashel Ahmed Rony, RTM Manager, Manager Md. Rokan uddin Ahmed (MIS), for giving me time from their busy schedule, providing me with information that was required to complete the report, and for guiding me properly throughout the period of my internship.

I would also like to thank all the employees of Abdul Monem Limited (Beverage Unit) who has supported me and co-operated with me during my internship period. Finally my sincere thanks go to each and every one who has helped and supported me significantly in different stages during the period of my internship.

Executive Summary

Abdul Monem Ltd. is one of the leading business enterprises in context of Bangladesh. Incepted back in 1956, Abdul Monem Ltd. has evolved today as one of the biggest group of industries and is a major player in many industries including beverage industry. Abdul Monem Ltd. acquired the license from Coca Cola Company, USA in 1982 and started their operation in the same year. The turnover of this company is 1000 crore.

For many years, Abdul Monem Ltd. enjoyed the privilege of being the lead player of a monopolistic industry since new enterprises begun to join in during the early 90s. The enterprise adopted couple of serious strategic measures to maintain the market leadership and in many cases they succeeded. Abdul Monem Ltd. has successfully created an efficient and loyal distribution channel throughout the nation and has managed to integrate its value chain process both in forward and backward direction. The marketing policy of Abdul Monem Ltd. has always been its weakness which the rivals have always capitalized, but yet, from time to time, Abdul Momen Ltd. showed good level of aggressive moves. Though at current scenario, it is losing its market shares in many fronts to its rivals, it is showing great commitment to its clients and the retailers.

The distribution operation of AML Beverage Unit is currently managed through 262 PSR's (Pre-Sales Representatives) nationally; AML employed them for respective distribution houses. The sales force comprises of PSR (Initially Paid by Distributor and AML provide the bill) and Distributor Sales Representative (Paid by Distributors). AML introduced a standard Salary, Incentive and others benefits for its sales force back in February 2014, which is still maintained without any sort of revision. Company has grown its business by 40% but there was no increment in their salary for last 3 years. PSR attrition rate was as high as 50% in 2016. With this poor retention of qualified people in the field company is struggling to manage its Annual Business Plan – Volume Target Committed to Coca Cola.

To achieve the vision of the beverage unit, it is high time to revise the salary structure of pre-sellers who basically brings money for the company. In addition to the revision, company needs to ensure a pay for performance model to drive the performance oriented sales culture.

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1.1 Introduction

For generations, the simple pleasure of drinking Coca-Cola has been associated with special times, special places and timeless moments but also with the satisfying experience of everyday life. That is the magic of Coke. Coca-Cola, the brand...is the heart of Abdul Monem Group. It has always been and always will be. Coca-Cola, Fanta and Sprite create the magic to provide consumers with special moments. Consumers of all ages want great tasting beverages that also provide nutrients for healthy growth and to make them feel their best. Coca-Cola compliments and shares the best moments of all consumers!

The distribution operation of AML Beverage Unit is currently managed through 262 PSR's (Pre-Sellers) nationally; AML employed them for respective distribution houses. The sales force comprises of PSR (Initially Paid by Distributor and AML provide the bill) and Distributor Sales Representation (Paid by Distributors). AML introduced a standard Salary, Incentive and others benefits for its sales force back in February 2014, which is still maintained without any sort of revision. Company has grown its business by 40% but there was no increment in their salary for last 3 years. Now company has identified the issues which is hampering the business which is evident in declining market share for last one year.

1.2 Objectives

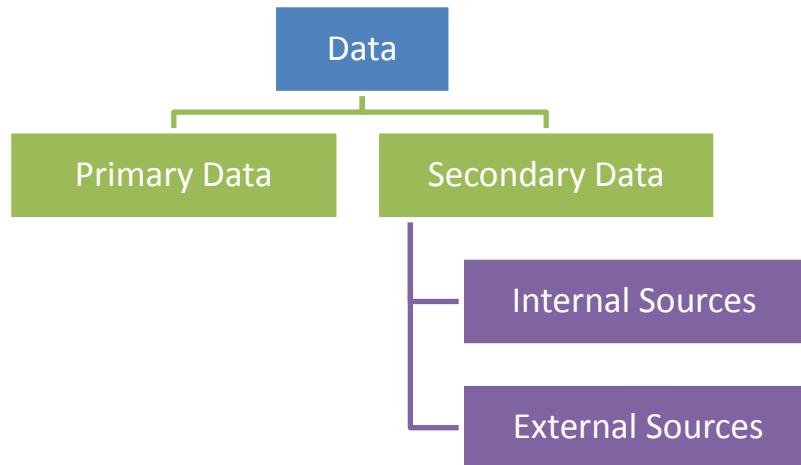
The major purpose of this report is to focus light on one of the oldest and key player of the Abdul Monem and their Beverage unit specially Fanta. The underlying objectives of the report are:

- To know about the inception of the enterprise, as a whole and of its beverage unit as well.
- To know the operations and the management structure of AML
- Put light on the production, distribution and promotion of the beverage products of AML.
- To get an overview of food and beverage of Abdul Monem Group
- To understand the marketing challenges and managing sales force to drive growth
- To understand how to link performance with pay & benefits

1.3 Methodology

The mode of methodology selected for this report is known as Multi-methodology. Also known as Mixed Methods Research, Multi-methodology is an approach to professional research that combines the collection and analysis of both quantitative and qualitative data.

Sources of Information



Different data and information are required to meet the goal of this report. Those data and information were collected from various sources, such as, primary and secondary which is showed below:

Primary Sources: I have had face-to-face conversation with Deputy Manager HR, Route to Market Manager, Head of Sales and employees of this company. I've also used official documents of this company.

Secondary Sources: Necessary information was received from the Web Site and internal reports

1.4 Scope

Due to several unavoidable situation and reality, the extent of this report has been compromised up to certain limit. The boundaries of this report are thus:

- This report focuses on Abdul Monem and the beverage unit especially for sales & distribution team
- This report will focus on the value chain activity of the beverage production unit of AML, from production to promotion, and the key factors affecting those activities.
- The report will also focus on the strong logistic fleet and manpower to ensure the distribution of its beverage product to each corner of the market place.

1.5 Limitations

The extent and limit of the report were constricted due to some of the following considerations:

- The time allocated for the report was limited which constricted the extent of this report.
- AML doesn't agree to provide me their official papers & documents as they are one of the renown in Bangladesh and they are competing with their competitors.
- They don't provide their financial report for some obligations, for which I had to collect it only by personal interview.
- I got the information after a little bit late than I expected. For that, I have to make the report in a very short time.
- Employees of AML were very busy when I made my report thus can't show my report for review

Chapter – 2:

An Overview of Abdul Monem Limited (Coca Cola Distribution)

2.1 Company Overview

Abdul Monem Limited is one of the leading diversified business conglomerates of Bangladesh which was established in 1956. This Company one of the luckiest few to experience change over the Millennium. Today, in the constantly growing and ever changing world of trade and technology, Abdul Monem Ltd. has a new challenge, the challenge to keep it competitive in the Millennium with the leading edge technologies as well as products and services. The company has long experience of more than 50 years in accomplishing that in the past and is sure to be able to meet this challenge in the future as well. Started as a Construction Contractor in 1956 and later diversified to food sector. Abdul Monem Ltd. proudly represents brands like Coca-Cola, Igloo, Novus Pharmaceuticals and Danish Bangla Emulsion that are the milestones to the company's quest to provide the best and quality products to its millions of consumers.

2.2 Corporate Profile

Name of the Company	: Abdul Monem Limited
Year of Establishment	: 1956
Status of the Company	: Private Limited Company
Country of Registration	: Registered under Registrar of joint Stock Companies
Number of Employee	: 5000
Corporate Head Quarters	: Monem Business District 111, Bir Uttam C.R. Datta Road Sonargoan Road, Dhaka-1205
Telephone	: 880-2-9676301-3, 9669570, 8618079
E-mail	: aml@bangla.net
Website	: www.amlbd.com

2.3 Inception and Expansion

The Managing Director and Chairman Mr. Abdul Monem had established the organization in the year 1956 and he still strongly and successfully runs it along with his two eligible sons working as the Deputy Managing Directors (DMD) of the company, Mr. A.S.M. Mainuddin Monem and Mr. A.S.M. Mohiuddin Monem.

Since 1956 and onwards, company has led others to follow. The core strength of this organization is rooted in its capacity to gather the resources to complete infrastructure projects on a grand scale (funded by World Bank, ADB, JICA etc.) thus demonstrating the ability to bear the initial risks associated with such projects and proving sustainability of the company throughout the long development periods.

Over a successful period, AML has not just developed a wealth of experience in infrastructure and development project arena in order to meet the international standards of quality and services, it has also become the bottler of Coca Cola, the producer of number one ice-cream brand Igloo, Igloo milk and dairy products, Igloo food items and snacks, manufacturer of pharmaceuticals, maker of auto bricks, bitumen and other selected construction materials. It also established AM Sugar Refinery Ltd., AM Rice Bran Oil), ServEngine BPO, AM Securities and Financial Services Ltd., etc. In 2015, it was awarded to develop one of the first private economic zones of the country i.e. Abdul Monem Economic Zone (AMEZ) in Daudkandi, Munshiganj on its land of 216 acres. All these strategic units are established with a view to leveraging the strength of the parent company as well as to contribute to the national economy with an intention of generating employment opportunities for fellow citizens. Even though, AML began as a family owned business, it has transformed into a multi-disciplinary modern day business group delivering value to its customers. As such, its priority has been to focus on building capabilities to infuse strength and character in its people, business partners, associates and stakeholders resulting in robust and dynamic growth of the establishment.

2.4 Business Units of Abdul Monem Group



Abdul Monem Limited (AML) is one of the leading diversified business conglomerates of Bangladesh. Our fundamental promise is 'Touching Lives... Building Capabilities...!'

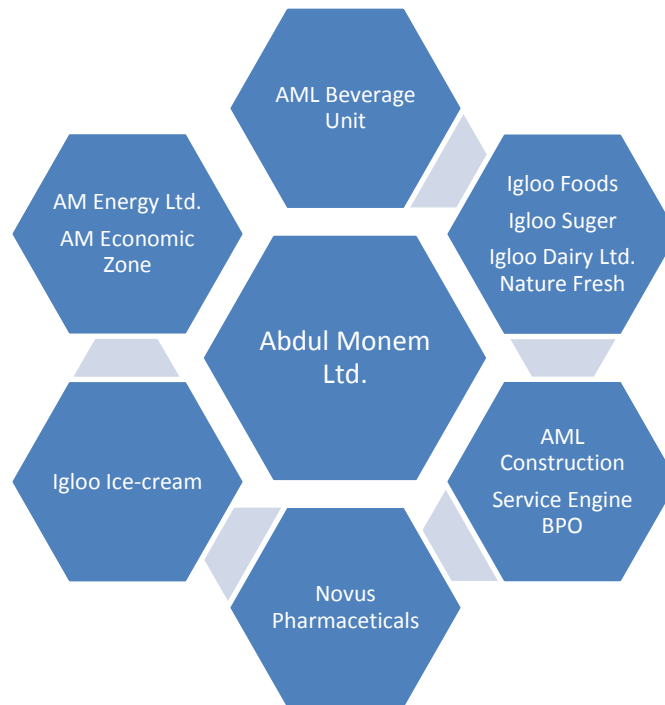


Figure 1: Business Units of Abdul Monem Group

2.5 Beverage Unit – Production Facilities

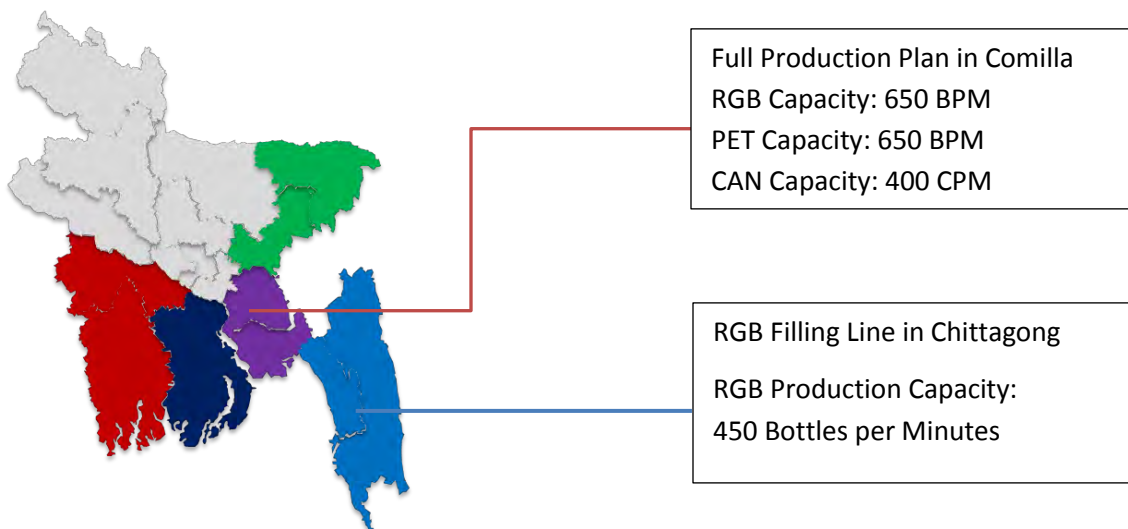


Figure 2: AML Beverage Unit Market & Production Facilities

2.6 Company Vision for 2020

<h3>AML – Vision 2020</h3>
<p><u>Business Objective</u> To Drive Sustainable and Profitable Business in Bangladesh</p>
<ul style="list-style-type: none">● 33 Million Unit Cases : More than 3X of current Business● 20% NARTD share* (+10 pts from 2016)● 28% Sparkling share* (+7 pts from 2016)
<ul style="list-style-type: none">● Most respected and connected organization with the community and Government● To become the most preferred employer in the industry

2.7 Company Values

People

“Our people are our strength”. Hence, our company prioritizes to nurture and provide them with the opportunities to achieve their maximum competence. We also express our preeminent desire to serve the needs of our valued customers, business partners and the society in general by being responsible in creating and delivering our valuable products, services and business practices.

Prosperity

“Prosperity outlook is key to our success”. Our company contributes immensely to the prosperity of the people and the country. Therefore, we ensure to utilize advanced technologies, skills and knowledge of a dedicated, well-trained and motivated workforce in delivering high quality products and services to our esteemed customers.

Progress

“We explore for progress”. Our company believes in sustainable development by investing in the future of our people, our business, our society and our nation as a whole. Thus, we continuously explore ways to progress and elevate our practices, our standards and our expectations.

2.8 Organogram of Beverage Unit

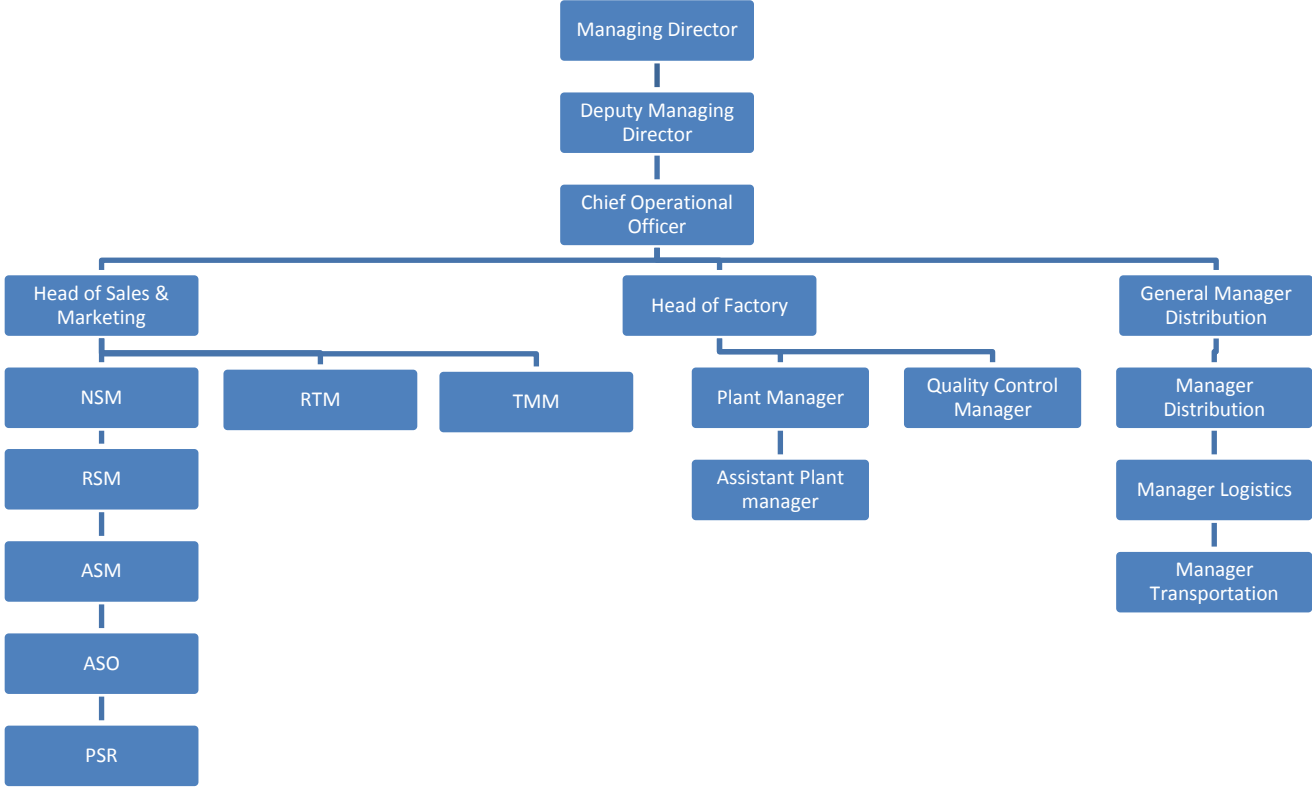


Figure 3: Organogram of AML Beverage Unit

Chapter – 3

Coca Cola Operation in Bangladesh

3.1 History of Coca Cola in Bangladesh

AM Beverage Limited is the authorized bottler of Coca-Cola, Fanta and Sprite. The bottling operation started after acquiring the plant of K. Rahman & Company in 1982. In 1987 the company made an aggressive move to expand the market by establishing a new bottling plant of 450 bottles per minute (BPM) capacity in Comilla. With this move the company immediately gained the market leadership position from the competitors. Strategic planning in further capacity building, investment in logistics and support services as well as aggressive marketing approach rewarded the enterprise with dividends in better market share and product availability across the territory. In 1990 the company was awarded the President's Turtle Award by the President of The Coca-Cola Company in recognition of its contribution to positioning the brand. This is the most prestigious reward for bottlers by Coca-Cola.

In 1997 the company established another bottling plant at Chittagong. This state of the art bottling plant of 650 BPM capacities is the most modern plant in the country, equipped with straight-line technology from Germany. This plant was established to expand the market further and to deliver products at every consumer's doorstep, even to the most remote areas of Bangladesh.

3.2 Strategic Hierarchy of Coca Cola in Bangladesh

The beverage unit of Abdul Monem Limited works under two different managements. The production and quality control of the beverage is maintained and strictly monitored by the international Coca Cola authority headquartered at Atlanta, USA, whereas the local operations are maintained under the supervision of Abdul Monem Limited Beverage Unit Management Board.

International Management of Coca Cola

At the lowest level of the International Coca Cola management team is the local authorized bottler, Abdul Monem Limited. AML is accountable to the Country Manager of Coca Cola Far East Limited (CCFL) office located in Bangladesh. The hierarchy then goes up to the Vice President of South West Asia Regional Office to the President of Coca Cola India to President of Coca Cola EURESIA Group which is directly responsible to the highest authority for the operation of Coca Cola all over the work, the President of Board of Director of Coca Cola at Atlanta, USA.

Local Management for Beverage Operation

The strategies and operations of the beverage unit of AML are maintained under the control of the General Managers of corresponding divisions. The General Managers are supervised by the Chief Operating Officer of the Coca Cola Operations, who is accountable to the Board of Directors composed of The Managing Director and Deputy Managing Directors. The operation and performance of the Coca Cola operations of AML are closely monitored by the International Coca Cola Authority through its regional stations.

A conceptual flow diagram of the strategy making hierarchy of Abdul Monem Limited is given below:



Figure 4: Flow of Strategic Direction of Coca Cola Unit

3.3 Products of Coca Cola in Bangladesh

There are 4 types of carbonated beverage and 1 mineral water products of Coca-Cola, these are:

- Coke/Coca-Cola
- Coke Diet
- Sprite
- Fanta



Figure 5: Products of Coca Cola Bangladesh

COCA-COLA

Coca-Cola is the most popular and biggest-selling soft drink in history, as well as the best-known brand in the world.

200ml / 250ml / 400ml / 500ml / 600ml / 1 L / 1.25L / 2 L

Nutrition Information

100ml	
Calories	44kcal
Total Fat	0g
Total Carb	11g
Protein	0g

* Percent Daily Values are based on a 2,000 calorie diet.

INGREDIENTS

Carbonated Water, Sugar, Acidulant, Colour, Natural Flavors and Caffeine.

SPRITE

Since its inception in 1999, Sprite has not only established itself as a brand which successfully boasts its 'cut-thru' perspective with an authentic, edgy, irreverent, urban and straight forward style, but has also achieved status of an undisputed youth 'badge' brand.

200ml / 250ml / 400ml / 500ml / 600ml / 1 L / 1.25 L / 2 L

Nutrition Information

100ml	
Energy	40kcal
Total Fat	0g
Total Carb	10g
Protein	0g

* Percent Daily Values are based on a 2,000 calorie diet.

INGREDIENTS

Carbonated Water, Sugar, Acidulants, Colour, Preservative and Natural Flavours

FANTA

Over the years Fanta has occupied a strong market place and is identified as "The Fun Catalyst"

200ml / 250ml / 400ml / 500ml / 600ml / 1 L / 1.25L

Nutrition Information

100ml	
Energy	52kcal
Total Fat	0g
Total Carb	13g
Protein	0g

* Percent Daily Values are based on a 2,000 calorie diet.

INGREDIENTS

Carbonated Water, Sugar, Acidulants, Stabilizers, Clouding Agent, Preservative, Colours and Artificial Flavours

Diet Coke

Diet Coke, also known as Coca-Cola light in some markets, is a sugar free soft drink.

250ml

Nutritional Information

100ml	
Energy	0.2 kcal
Total Fat	0g
Total Carb	0g
Protein	0g

* Percent Daily Values are based on a 2,000 calorie diet.

Ingredients

Carbonated Water, Acidulants, Artificial Sweeteners, Preservative, Caffeine, Colour and Natural Flavours

4.1 Beverage Industry in Bangladesh

After independence the food habit of Bangladeshi people has been changed a lot. Besides our traditional food consumer of Bangladesh like to take western food also after 1980s. As a result of global marketing this was not too hard for the consumers. Different foreign food companies were established in Bangladesh. Beverage industry is one of them. But more interestingly we don't know beverage is also our cultural food because beverage doesn't mean only carbonated drinks. Yoghurt, soup and lacchi are also beverage of our own tradition which consumed for the last 100 years in Bangladesh. But carbonated beverage is new in Bangladesh and today our research is on carbonated beverage market in Bangladesh and consumer reaction to it. Carbonated beverage entered into our market in the later part of 1980. At that time there were only few companies in Bangladesh. But by the change of time and western culture influences it's become very popular in Bangladesh. By year 2000 more than 12 Beverage Company operating business in Bangladesh and most of them are foreign companies.

4.2 Major Competition in Beverage Industry

The rivals for the beverage unit of AML range from the rivals producing other carbonated beverages as well as from the producers of other beverages such as Fruit Juices, Flavored Milk, Synthetic Drinks and Pure Drinking Water. Notably, the major rivals of AML are:

Rival Carbonated Beverage Producers

- Transcom Beverage (Pepsi Cola, 7up, Mirinda)
- Pertex Group (RC Cola, RC Lemon)
- AMCL – PRAN (Pran Cola, Pran Up)
- Globe Beverage (Uro Cola, Uro Lemon)
- Akij Food and Beverage Limited, AFBL (Lemu, Mojo, Spa)

Rival Fruit Juice Producers

- AMCL – Pran (Pran Fruit Juice, Fruto)
- Acme Pharmaceuticals (Acme Juice)
- Akij Food and Beverage Limited, (Frutica)

Rival Other Beverage Producers

- AMCL – Pran (Synthetic Lychi Drink)
- Milk Vita (Flavored Milk)
- Arong (Flavored Milk)

5.1 Current Distribution Structure

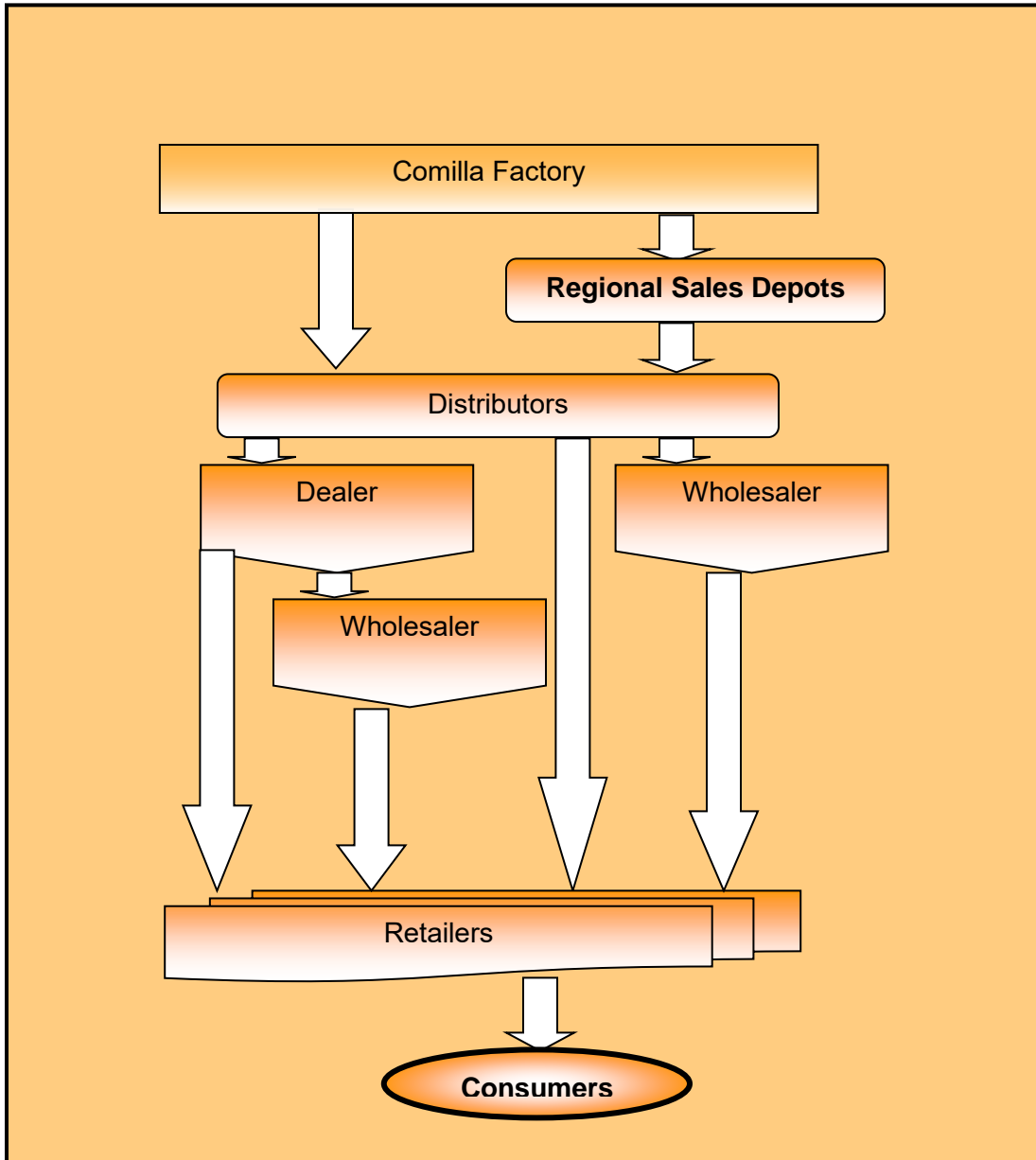


Figure 6: Current Distribution Model of Coca Cola in AML Territories

5.2 Sales Force Role & KPI's

Table 1: Role Profile of Area Sales Officer

Area Sales Officer (ASO)	
<p>Reports to:</p> <p>Primary: Area Sales Manager</p>	<p>Purpose Statement</p> <ul style="list-style-type: none"> ● To lead a designated team of PSRs and supervise their daily works providing on the job coaching as needed. ● Ensure and achieve volume targets.
<p>Principal Accountabilities</p> <ul style="list-style-type: none"> ● Drive volume and ensure targets are achieved ● Have thorough knowledge of the routes and the SRs under him. ● Supervise daily works of the PSRs (reach, OOS, IOQ) through daily market visits and field accompaniment with them and perform post visit briefings. ● Provide on the job coaching to PSRs so that PSRs are well equipped to perform their tasks. ● Develop and follow structured route plan for PSR supervision and perform outlet calls as assigned and submit reports to Sales Manager ● Enhance and maintain relation with trade ● Observe and gather market intelligence on competition activities and ● Ensure right implementation and completion of assigned tasks (by self/team) for cycles as per instruction. ● Allocate daily stocks for PSRs. ● Perform monthly performance evaluation of the PSRs under him. 	<p>Working relationships</p> <ul style="list-style-type: none"> ● Work with PSR to drive volume ● Work with godown keeper for smooth allocation of stock for DSR ● Work with Logistics and Admin Supervisor to ensure that delivery vehicles and fit and readily available for daily service. ● Work with MD's to update on merchandising execution and maintenance
<p>Knowledge & Skills</p> <ul style="list-style-type: none"> ● Good understanding of team dynamics ● Sound communication skills ● Good negotiation & objection handling skills <p><u>Age profile during recruitment:</u> 25 – 35 yrs</p> <p><u>Education:</u></p> <ul style="list-style-type: none"> - Minimum Graduate <p><u>Experience:</u></p>	<p>Key Performance Indicators (KPI)</p> <ul style="list-style-type: none"> ■ Volume ■ Outlet call target vs. actual ■ Right order and OHS information captured by SR in cash memo

Table 2: Role Profile of Pre-Sales Representative

Pre -Sales Representative (PSR)	
Reports to: <ul style="list-style-type: none"> Area Sales Officer 	Purpose Statement <ul style="list-style-type: none"> Ensure right distribution of brands/SKUs to targeted outlets through right order capturing as per the set guidelines of the company. Communicate relevant message(s) to the trade and actively enhance relation with trade.
Principal Accountabilities <ul style="list-style-type: none"> Know all the customers in his route/sections and keep updated list of all the outlets. Sell brands/ SKUs to customers following ideal order quantity (IOQ). Capture orders and OHS rightly in prescribed cash memos for all successful calls. Ensure continuous brand availability & expected in the assigned route as per the company guidelines. Enhance and maintain relationship with trade. Follow security guidelines while dealing with stock and cash Ensure right stock rotation at outlet level to maintain freshness of product. Handle quality complaints promptly or refer to Sales Supervisor Conduct cycle activities (assigned) properly as per instruction. Maintain and update records of sales in prescribed sales statements Feed information to MD's on cooler opportunity/maintenance requirements 	Working relationships <ul style="list-style-type: none"> Work with DSR (where applicable) for right stock and vehicle management Work with godown keeper for stock collection and return Work with Accounts personnel for cash reconciliation Work with MDs to update on merchandising execution and maintenance
Knowledge & Skills <ul style="list-style-type: none"> Know the right techniques of sales call Sound communication skills Good negotiation skills <p>Age profile during recruitment: 20 – 30 yrs</p> <p>Education:</p> <ul style="list-style-type: none"> HSC preferred, minimum SSC pass <p>Experience:</p> <ul style="list-style-type: none"> Prior experience in sales is not mandatory Prior sales experience in relevant industry will be preferred. 	Key Performance Indicators (KPI) <ul style="list-style-type: none"> Numeric Reach – all brand/ SKU OOS – all brand/ SKU

Table 3: Responsibility of Distributors

Distributor	
Reports to: Primary: Area Manager Secondary: Regional Manager	Purpose Statement <ul style="list-style-type: none"> To market (sale & distribute) company's product as the assigned distributor in a defined & demarcated market
Principal Accountabilities <ul style="list-style-type: none"> Arrange for required capital for regular & adequate stock lifting Make necessary investment for the day to day business operation Develop understanding of sales operation as directed by the company Accountable for annual performance of the distribution house & the designated market Develop successor through continuous business involvement Ensure that the key stakeholders of the market are regularly engaged by him or his representative 	Working relationships <ul style="list-style-type: none"> Work with ASM/ASO to get the direction on the overall company business & on the fundamentals of operation Work with Business manager for business progress & updates
	Key Performance Indicators (KPI) <ul style="list-style-type: none"> Sales and turnover Numeric Reach & OOS of the brands Professionalism Overall discipline of the distribution operation

Sales Force Salary Structure (AML & Competition)

6.1 Present Salary Structure of Pre-Sales Representatives (AML)

Monthly Gross Salary: Tk. 5000.00

TA+DA

1. HQ = Head quarter (within 10 km encircle of distributor point) @ Tk. 100/= (Tk. 25 + 75) per day.
2. ExHQ = Ex. Head quarter (10 to 30 km encircle of distributor point) @ 125/= (Tk. 50+75) per day.
3. OS = Out station (more than 30 km distance from distributors point) @ 150/= (Tk. 75+75) per day.
4. If PSR stay overnight Out of his HQ for any company purpose he/she will get additional Tk. 400 (Tk. 150 for food and Tk. 250 for hotel) as night halt allowance.
5. For inter district travelling, PSR will get actual Bus/ Train/ Launch fair in additional with others allowances.

Incentive

- A) Grade point 10 + : Tk. 4000.00
- B) Grade point 9 – 9.9 : Tk. 3000.00
- C) Grade point 8 – 8.9 : Tk. 2000.00

Grade point calculation:

Table 4: Current Grade Point Calculation for PSR Salary

Achievement Scale	Point for Sales Target	Point for Memo Target
100 % +	5.00	5.00
90 – 99%	4.50	4.50
80- 89%	4.00	4.00
70 – 79%	3.5	3.5

- In addition with this PSR will get extra Tk. 2.00 per case for 100% achievement of RGB & CAN target.
- PSRs’ Salary & TA/DA will be paid as per calendar month & Incentive- as per Coca-Cola month.
- With effective from : 1st March’14.

6.2 Comparison of FMCG Industry Salary Structure

Table 5: FMCG Industry Pre-Sales Representatives Salary Structure

Company	Fixed	Variable	Mobile Allowance	Total	TA/DA Policy	RGB/CAN Incentive	Payroll
AML	5000	4000		9,000	BDT 125/Day (Average)	BDT 2/Case on RGB & CAN target Achievement	Indirect through Distributor
Tanscom Beverage	9500	2500	150	12,150	150/Day		3 rd Party Payroll
Akij Beverage	9000	4000 (Inc. DA)	500	13,500	TA Actual		Under Company Payroll
Square Food & Beverage	10000	6000		16,000	150/Day	Quarterly Performance Based Bonus	Under Company Payroll
Reckit Benckizer	9000 (Gold)	5000	500	14,500	100/Day		Under Company Payroll

**All the companies have additional incentive programs in different modality for different period. On an average a PSR/SR get additional BDT 500/Per Month from the incentive program.

6.3 Limitations of Present Structure

1. As salary is paid by the distributors initially PSRs tend to be more dependent on distributors.
2. Low motivation among qualified experienced PSR's as there is no differentiation of salary with the new joiners.
3. Low drive for result observed among PSR's as there is no career advancement opportunity for high performers.
4. RGB & CAN target incentive is market specific. Only the PSR working in urban area are getting the advantage of this KPI.
5. Delay in PSR salary disbursement by certain distributors due to liquidity shortage

Performance Based Salary System for Sales Force

7.1 Regularization of All PSR (Proposed)

To enhance the ownership of PSR towards our business and minimizing the dependency on distributors we will regularize all PSR's under our company payroll. PSR's will be accommodated in company payroll as junior officer grade.

7.2 Performance Based Salary Structure (Proposed)

Performance Based Salary Structure

The *Gross Salary* of a PSR is divided into 3 parts. These are

- **Guaranteed Cash** : (fixed part of the salary)
 - Sum of *Basic Salary*
 - Accounts for 60-70% of the Total Gross Salary based on individual grade
- **Performance Based Salary Scheme** : (based on KPI of individual PSR)
 - Accounts for 30-40%% of the Total Gross Salary (upon 85% onwards target achievement)
- **TA/DA** :Fixed amount irrespective of grade & market

Proposed salary & benefit structure:

Table 6: Proposed Salary & Benefit Structure for PSR

Grade	Basic Pay	Variable	Mobile	TA/DA	Total Package
A	8500	4000	300	3000	15,800
B	7000	3000	300	3000	13,500
C	6000	2500	300	3000	11,800

On top of the above package there will be additional commission sharing modality as follows:

1. *Distributor will share 20% of his Commission to PSR's for additional volume achievement over target*
2. *This commission sharing will only applicable if distribution house has achieved his target*

7.3 Grading Scale

A new Hybrid scale will be introduced to measure the performance and payout ratio of performance based salary structure. The hybrid scale is developed with a combination of qualitative and quantitative judgement. Assessment and grading parameters will be as follows:

Table 7: Proposed PSR Grading Scale

Grade	Selection Criteria	Population Cap.	Implication of the Grade
A	1. Education 2. Market Performance 3. Reporting Capability 4. Communication Capability 5. Integrity	10%	- Highly Qualified Graduate PSR's - Will be considered for promotion as ASO
B		30%	- Experienced group of PSR's with at least HSC - Retaining this group is crucial for us - Assign important routes to this group
C		60%	- Entry level position as PSR - Any new recruitment will be fall under this grade - Qualified new recruit can be promoted in Grade B after completion of his probation (minimum 3 Months)

Payout Ratio and Process:

- PSR will be directly under the payroll of regions and will be paid directly from regional accounts.
- The threshold for earning performance based salary structure for each PSR's will be 85%. The individual will not get his variable portion of a KPI if he achieves below 85% of the target. At threshold level, one will get 85% of his variable portion.
- TA/DA will be given as per the actual attendance of individual PSR. Equal amount of TA/DA will be deducted from the salary for each authorized / unauthorized leave.
- For wrong reporting and integrity issue region can deduct any amount from the actual pay.

7.4 Target Setting & Evaluation Process

Pre-Sales Representative (PSR)

KPI:

- Volume Target (Total P/Cases) (weight 60%)
- Strike Rate (weight 20%)
- SKU Management (Flavor/Pack Call Productivity) (weight 20%)

Target will split into 3 SKU by respective the regions based on their priority. Therefore the calculation will be:

SKU Name	Weight	Calculation
SKU 1	10%	Target will be given as percentage of Memo for each SKU out of Successful Memo Example: If the strike rate target for a PSR is 70% and 500ml Sprite Target is 50%, it means within the 70% successful memo 50% should have 500ml Sprite
SKU 2	5%	
SKU 3	5%	

Target setting process

- Route specific by-flavor volume, strike rate and SKU management targets will be set for each PSR.
- Region will decide the SKU target. It is suggested that minimum no. of SKU management in the target will be 4 (four).

Evaluation process

- ASO will be responsible for evaluating the performance of PSRs. He will collect sales information from sales statements and carry out outlet audit to evaluate strike rate & SKU management.
- For outlet audit, each morning before leaving for market, ASO will select 40 outlets in a section from the PSR summary sheet considering different volume class mix. ASO will visit at least one section of every SR in a week. In this process, ASO will visit each SR at least 4 times in a month. So, total audited outlet/SR will be minimum 120.
- The actual achievement will be divided by the target to calculate percentage achieved under each KPI. The percentage achieved under each KPI should be multiplied by weight-age and then summed up to derive total achievement percentage against target. The total achievement percentage will be used to calculate the variable amount as per hybrid scale.

7.5 Cost Implication & Business Benefit

Cost Implication:

Table 8: Cost Implication of Proposed PSR Salary Structure

Cost Heads	2016	2017 (Proposed)
Total Budget for PSR Salary	35,380,613	36,394,800
CTC/PSR/Month	11,253	11,576
Volume/PSR/Month	1807 P/Cs	2955 P/Cs

- 2.9% Increment in proposed budget
- Proposed amount is based on 70% success rate by PSR.
- 100% TA/DA is considered in proposed budget (TA/DA will be based on attendance)

Business Benefits:

- Lower turnover rate for PSR
- If PSR can achieve 80% of their target it will ensure 26% volume growth in 2017
- The new salary structure will help us to retain qualified PSR's which will help us to drive business
- With the incremental & focused target, new modality of PSR salary will help to ensure distribution in 80% of our target outlets hence will increase the strike rate significantly and impact directly our volume.

Table 9: Business Benefit Proposed PSR Salary Structure

	2016	2017 (Expected)
Strike Rate	40%	80%
Annual Volume/Outlet	163 P/Cs	163 P/Cs
Annual Volume	5,679,967	11,306,071

- New modality of PSR performance based salary structure will also induce line per call (LPC). Currently we have **1.5 SKU per memo** (Approximate). To achieve 20% of his variable PSR needs to maintain **3 SKU/Memo**, which has direct impact on volume.
- Grading system will further motivate the experienced and qualified PSR's to deliver additional business, hence drive competitive environment
- Commission sharing by distributor will drive PSR's to overachieve the target and drive volume growth

Chapter – 8

Findings & Recommendations

8.1 Findings:

- The carbonated beverage industry of Bangladesh is visibly a matured and growth is almost stagnant
- The existing market of carbonated beverage is seriously threatened by the emergence of other substitute beverage products – like energy drinks & flavored juice
- Over the last decade, numerous numbers of new enterprises has entered the industry and eventually have swamped the industry for its volume.
- The major role in selling beverage products even if it is Coca Cola is largely depends of the quality and capability of sales representatives.
- AML with its poor salary structured compared to competition currently not able to recruit & retain quality Pre-Sales Representatives which is hampering their basic business.
- As Pre-Sales Representatives attrition rate is more than 50%, trained PSR's are not available in the market. Mostly fresher's are joining AML for initial experience
- The marketing budget of Coca Cola is only channeled to branding activities, there should be some allocation for sales representatives who actually represent the company to the retail outlets.

8.2 Recommendations:

- Implementation of the proposed pay for performance salary structures for the pre-sales representatives as early as possible. It will drive business positively and will help to recruit quality people and motivate/retain them for long time.
- The big change in PSR's salary structure should be highlighted and communicated in a manner that impacts the market positively. AML should organize regional briefing by the top management for communicating the change.
- To build trust among the PSR's AML should create an example of promotion culture from grade A PSR within six months of implementing the new structure.

- A percentage of brand budget from Coca Cola should be invested in giving branded material to PSR's in regular interval – For Example: Branded T-Shirt, Branded bags for carrying memo & others stuffs etc.
- After completing recruitment of all right PSR's an extensive training on the roles, responsibilities and KPI's of PSR should be organized for uniform understanding of the basics.

Conclusion

AM Beverage Limited is the authorized bottler of Coca-Cola and one of the leading diversified business conglomerates of Bangladesh. The brand Coca Cola is well represented by the company and they have good reputation in maintaining the quality standard of the products. But recently company is in declining trend from 37% market share in 2014 currently they are holding only 22.5% market share. And one of the key reason of this de-growth is the low motivation of their field force and not accepting the change in timely manner.

The top management of AML beverage unit has accepted their shortcomings and started working on the change requirements. Recently they have invested in marketing resources and increased the number of field force in all levels. Now it's high time to review the salary structure of the core sales team – the Pres-sales Representatives. They are the key persons who communicates the brands and earn the revenue for the company. The proposed pay for performance salary structure will drive motivation among the field force and surely help the company to meet the annual targets for 2017. The system is designed in a manner that it will bring focus in key parameters of sales – volume, distribution and availability of target SKU's.

The ultimate success of the proposed structure/change will depend on how the management communicate the change and also drive the business objectives. The big change in PSR's salary structure should be highlighted and communicated in a manner that impacts the market positively. AML should organize regional briefing by the top management for communicating the change. In addition to build trust among the PSR's AML should create an example of promotion culture from grade A PSR within six months of implementing the new structure.

Glossary of Terms

AML	: Abdul Monem Limited
ASO	: Area Sales Officer
ASM	: Area Sales Manager
BPM	: Bottles per Minute
CCI	: Coca Cola India
CSD	: Carbonated Soft Drinks
DSR	: Distribution Sales Representative
FMCG	: Fast Moving Consumer Goods
KPI	: Key Performance Indicators
MIS	: Management Information System
NRTD	: Nonalcoholic Ready To Drink
NSM	: National Sales Manager
PET	: Polyethylene Terephthalates
PSR	: Pre-sales Representative
RGB	: Returnable Glass Bottle
RSM	: Regional Manager
RTM	: Route to Market Manager
SKU	: Stock Keeping Unit
TA/DA	: Travel Allowance/Daily Allowance
TCCC	: The Coca Cola Company
TMM	: Tarde Marketing Manager

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