



Inspiring Excellence

## **Internship Report**

### **Topic**

#### **Analysis of Promotional Program**

**Square Food & Beverage Limited and Square Toiletries Limited**

#### **Submitted to:**

**Respected Faculty: Mr. K.M. Nafiul Haque**

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**Semester: Fall 2017**

**Submission Date: 20<sup>th</sup> December, 2017**

# *Title*

*Analysis of Promotional Program:  
Square Food & Beverage Limited and  
Square Toiletries Limited*



# *Letter of Transmittal*

19<sup>th</sup> December, 2017

Mr. K.M. Nafiul Haque

Lecturer, BRAC Business School

BRAC University

Dear Sir,

With great pleasure, I am submitting to you this internship report which was assigned to me as an important requirement of completing “Bachelor of Business Administration” program at BRAC University. I have completed this report titled as “Analysis of Promotional Program” of Square Food & Beverage Limited and Square Toiletries Limited by the knowledge that I have gathered during my 3 months’ internship at Square Toiletries Limited in the Auditing department under Accounts & Finance operations.

I have tried my best to make the work as per following your guidelines and my level of experience and capability. Moreover, I am extremely thankful for the opportunity that you gave me to express my ability and I intently hope that you will like the work that I have done. Any difficulties or flaws may arise as because of my learning aspects. I shall wholeheartedly accept any suggestion or opinion regarding my report.

Sincerely yours,

.....

Safa Khanum

Student ID: 13204001

BRAC Business School

BRAC University

## *Letter of Endorsements by the Supervisor faculty*

This is to certify that Safa Khanum, ID-13204001, Student of Bachelors of Business Administration (BBA) under BRAC Business School, BRAC University has successfully completed her assigned Internship Report on “Analysis of Promotional Program” of Square Food & Beverage Limited and Square Toiletries Limited.

She was placed in Square Toiletries Limited for 3 months for completing her Internship which is a requirement for the completion of the Bachelors of Business Administration (BBA).

The BBA Internship Report that she has submitted on the topic is up to the mark in terms of the quality and the organization.

I wish her every success in life.

.....

Faculty Supervisor

Mr. K.M. Nafiul Haque

Lecturer

BRAC Business School

BRAC University

## *Acknowledgement*

This report has been completed with tremendous amount of work, research and dedication. But, it would have been incomplete if I did not have the support of many individuals and organization. Therefore, I would like to spread my sincere gratitude to all of them.

Firstly, I am grateful towards Almighty Allah for giving me the opportunity, strength and ability to complete the internship report.

Secondly, I would like to thank my academic advisor Mr. K.M. Nafiul Haque, Lecturer of BRAC Business School, BRAC University, for providing me with necessary guidance and sharing superior knowledge concerning report completion. I am also thankful for his patience to let me complete this paper in an efficient way and to enhance my basics in developing each part of the report.

Thirdly, I would like to thank Mr. Golam Kibria, Director, Accounts and Finance (A&F) Department, Square Toiletries Limited, for helping me tremendously with such an important project and giving me the opportunity to work independently along with required support. I would also like to thank my direct supervisor in Square Toiletries Limited, Mr. Razzakul Haider, Executive, Accounts and Finance (A&F) Department for his brilliant and excellent guidance and assistance to complete this report.

Fourthly, I express my gratitude toward my families and colleagues for their kind co-operation and encouragement which helped me in completion of this report.

## *Executive Summary*

Being an intern of Internal Auditing team of Square Group, I have chosen the topic base on my job responsibilities and practical knowledge which is titled as “Analysis of Promotional Program” of Square Food & Beverage Limited and Square Toiletries Limited. These two are one of the largest and leading Fast Moving Consumer Goods (FMCG) Companies in Bangladesh. This report provides an in-depth analysis and interpretation about their different types of promotional programs (Trade Program, Gift Program and CP Program). Moreover, details about pre requisitions and planning of programs, budgeting and implementation of program, accurate auditing and disbursing rewards for filling up targeted sales are explained through the levels of arranging promotional programs for Company’s business customers and final consumers. After analyzing the overall “Promotional Programs” with its actual outcomes, I have found some issues, those are associated with the levels of these programs. And based on those issues, I have pointed out some actions, which can decrease the possibility of occurring such on-going issues. Therefore, I have tried to apply my theoretical and practical knowledge of finance, accounting, marketing, Human Resource Management and Management information system to prepare the report and to explain the problems in term of benefitting Square’s promotional programs in case of Square Food & Beverage Limited and Square Toiletries Limited.

# *Key Terms*

SFBL: Square Foods & Beverages Limited

STL: Square Toiletries Limited

Square Group: Square Foods & Beverages Limited and Square Toiletries Limited

Business Customers: Distributors, Retailers, Wholesalers, Primary and Secondary Customers.

Consumer: Final Consumer

CP Program: Consumer Product Program

Slab: Targeted Sales Amount, Contract Paper of Program or “Card and Invoices”

Trade Price: Initial Price without adding MRP

MRP: Maximum Retail Price

TSO: Territory Sales Officer

R & D: Research and Development

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# Part 1

## 1.1 Organization Overview

From the beginning of 1958 to today, Square Group has flourished into one of the top line conglomerates in Bangladesh. Till now, it has developed diverse national business in the field of Pharmaceuticals, Toiletries, Garments, Textile, Information Technology, Health Products, Food Products, Hospital, etc. it does not remain limited only in the development of national business, but also has started global trading. Though Square Pharmaceuticals Limited is the flagship company of Square Group, major contribution in financing of the Company is also coming with the consumer products and services of Square Toiletries Limited and Square Food & Beverage Limited.

<b>Square Group</b>		
<b>Square Pharmaceuticals Ltd.</b>	<b>Square Food &amp; Beverage Ltd.</b>	<b>Square Air Ltd.</b>
<b>Square Textiles Ltd.</b>	<b>Square Agro Development and Processing Ltd.</b>	<b>Square Hospitals Ltd.</b>
<b>Square Toiletries Ltd.</b>	<b>Aegis Services Ltd.</b>	<b>Square Securities Management Ltd.</b>

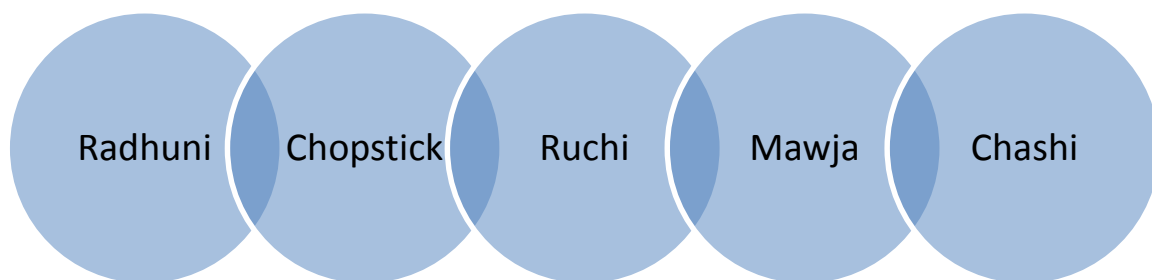
*Figure 1. Different Companies of Square Group*

## 1.2 Brands under Square Toiletries Limited

With a single product as a distinct division of Square Pharmaceuticals Limited, Square Toiletries Limited has started its journey in 1988. In 1994, Square Toiletries Limited turns into a Private Limited Company. It has become the country's leading manufacturer of international quality cosmetics and toiletries with over 50 products. The major brands of Square Toiletries Limited are Jui, Meril, Meril Baby, Supermom, Revive, Chaka, Chamak, Senora, White Plus, Magic, Kool, Xpel, Spring, Sepnil, Zerocal, Select Plus, Shakti, Total Clean, Maxclean, Madina.

### 1.3 Brands under Square Food & Beverage Limited

On the other hand, Square Consumer Products Limited has started its journey in 2000 as a member of Square Group but at present, it has been renamed as Square Food & Beverage Limited and has started its operation as an individual company. Within a short period of time, it has been able to create a durable position in the market through its quality products and customer services. It has a huge range of products but they are basically divided into 5 brands, they are:



*Figure 2. Brands of Square Food & Beverages Limited*

Currently, Square Toiletries Limited and Square Food & Beverage Limited are carrying out its production in its two automated plants at Rupsi and Pabna. They use raw materials from the world renowned suppliers like Dragoco, Firmeuich etc. Square Group always follows international standard production process which executes the Good Manufacturing Practice (GMP).

# Part 2

## 2.1 Origin of the report

For completing all the credits of “Bachelor of Business Administration (BBA)” program, writing up this report was assigned to me by BUS-400 level course from BRAC Business School, BRAC University. And, it has been prepared from the perspective of my internship in Square Toiletries Limited. I was appointed as an intern of Square Toiletries Limited in the Auditing department under Accounts & Finance operations. After completing my three month times of internship at Square Toiletries Limited successfully, I have come up with a report on, “Analysis of Promotional Program” of Square Food & Beverage Limited and Square Toiletries Limited and this report has been set up under kind supervision of Academic Supervisor, Mr. K.M. Nafiul Haque from BRAC University and Organizational Supervisor was Mr. Razzakul Haider from Square Toiletries Limited.

## 2.2 Objectives of the report

For any manufacturing organization, their products and services are the vital components in carrying out the business successfully. Moreover, promotional programs are the methods of establishing the Company in the marketplace nationally and internationally. So, for proper operation and implementation of these promotional programs, it is required to maintain necessary guidelines. As Square Group is conglomerate institution, there may have chance to creation of mismanagement and other problems in the steps of processing promotional programs for their distributors, retailers and consumers. So, the main objective of the report is:

- To get aware of some issues involving in trade program
- To give probable solution for those problems in Promotional Programs’ level
- To clarify about auditing procedures of the Company through involving in practical platform in case of “Promotional Programs”
- To acknowledge about the strategies of audit department

## 2.3 Scope of the Study

This report may give idea of internal auditing mechanism of promotional program. Again, during the internship period, I face some issues which are mentioned in the report, these will help the Company to take necessary steps and also my university to improve their process of studying method. If anyone is interested in doing internship at Square, this report will also help them to know the methods for auditing procedure of programs or offers.

## 2.4 Methodology

### Primary source

Data of the promotional programs are collected from experience, rules and regulation, manual procedure.

### Secondary data

The secondary data are collected from the company and its annual report.

## 2.5 Limitation

Despite of knowing all the limitations while preparing this report, I have put my full efforts and energy to make my internship successful as well as my report.

For me, the main limitation was time limitation. As three months' internship is not enough to learn vast and get experience in different sections of Auditing department, as well as Finance & Account department.

Moreover, most of the renowned organizations do not disclose their internal information to others. It is obvious that they want to keep their information secrete and Square also wants the same. Most of the time, I was facing some problem of data availability. In this case, it's a bit difficult to make my report informatics but as I was involved in my responsibilities at the company, I got some information that was enough to make my report relevant.

I would like to mention that to maintain confidentiality, some of the examples and numerical data given in this report are not exact as actual amount though the scenario is at appropriate.

# Part 3: Actual Project

## 3.1 Introduction

This internship report is mainly based on the information of Square Food & Beverage Limited and Square Toiletries Limited of Square Group. They have numerous consumer-products which are reached to final consumers through different sources. The final products and services of Square Food & Beverages Limited and Square Toiletries Limited of Square Group are given to people from their own warehouse and through distributors and exporting to other countries. Subsequently, the products are handed over to retailer and whole sellers from the distributors' warehouse and thereafter, general people buy for consumption. To serve in Bangladesh, Square organizes yearly or quarterly Program for their business customers and final consumers. Through the programs, along with commission, they provide different gifts items, discount or free products after fulfilling certain sales portion. Among those programs or offers, three main Sales Promotion Programs have been occurring traditionally which are termed as trade offer, Gift program and CP program.

### 3.1.1 Background of Promotional Programs

Square Food & Beverages Limited runs the programs from last 10 years approximately and Square Toiletries Limited does it from last 7 years. But, the whole process of the auditing of the programs has been started from last 3 years. Previously, sales team used to make a list of verified list of the distributors and retailers which are accounted as final list. After that, budget had been calculated for providing the gift items. In budgeting, all the different related costs are included such as transport cost, delivery cost, gift cost, labor cost and R & D cost. Therefore, the most crucial point has been come when there occurred field auditing. In that auditing, it has been found that, there are discrepancies among the verified list and actual list. This measures that many Territory Sales Officers and some of sales people did not fulfill their responsibilities according to rules and regulation of the Square Group. As, Square has huge market segments and distributors' point, it is quiet challenging to find out the discrepancies, but which has been done by the Company. For example, in "Trade Offer Program" among various cases, one is that, when the auditing team has gone for field visit, they did not find the listed distributor in the market. In reality, there was not any such market as mentioned in the list given by sales team, but the scenario was presented such as the

distributor has got the gift. After those incidents, there is strict rules of inspection has been implemented before providing the gift items. The Company gives priority to the accuracy of the inspection so that deserving individual gets the reward. On the other hand, to do so, it requires huge time to disburse the gifts, manpower, labor cost and other costs. For example, each division has thousands and thousands retailer points, so the programs which are arranged for them, become hard to disburse the reward within standard time period after proper inspection. There is required of some solutions to minimize that duration.

### **3.1.2 Mission**

Square Group wants to get recognized as world-class consumer products Manufacturer Company in Bangladesh by ensuring quality products and client services with technology and motivated employees. On the other hand, the aim of arranging various programs for the distributors, retailers and consumers is not only to let the Square brand known nationally, but also to become the top brand among the competitors.

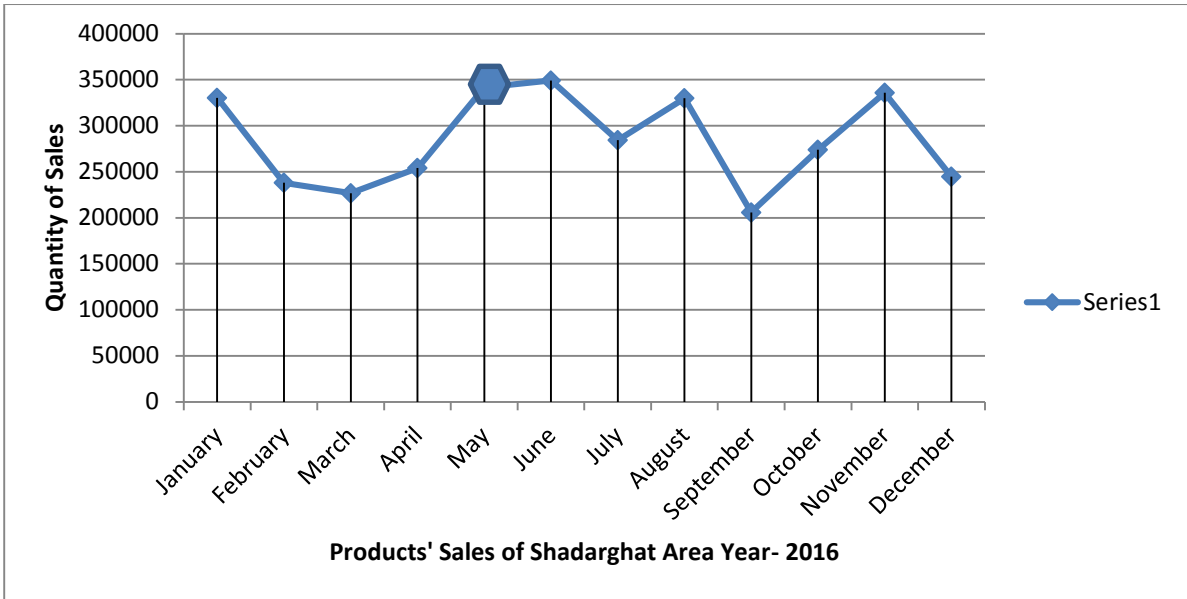
### **3.1.3 Vision**

It is important for Square Group to build a friendly relation with distributors and retailers as they are the main business customer of Square Group's products and services. Arranging programs and offers play vital role to gain customers' satisfaction and build a pleasant relation for long term in comparison with other brands.

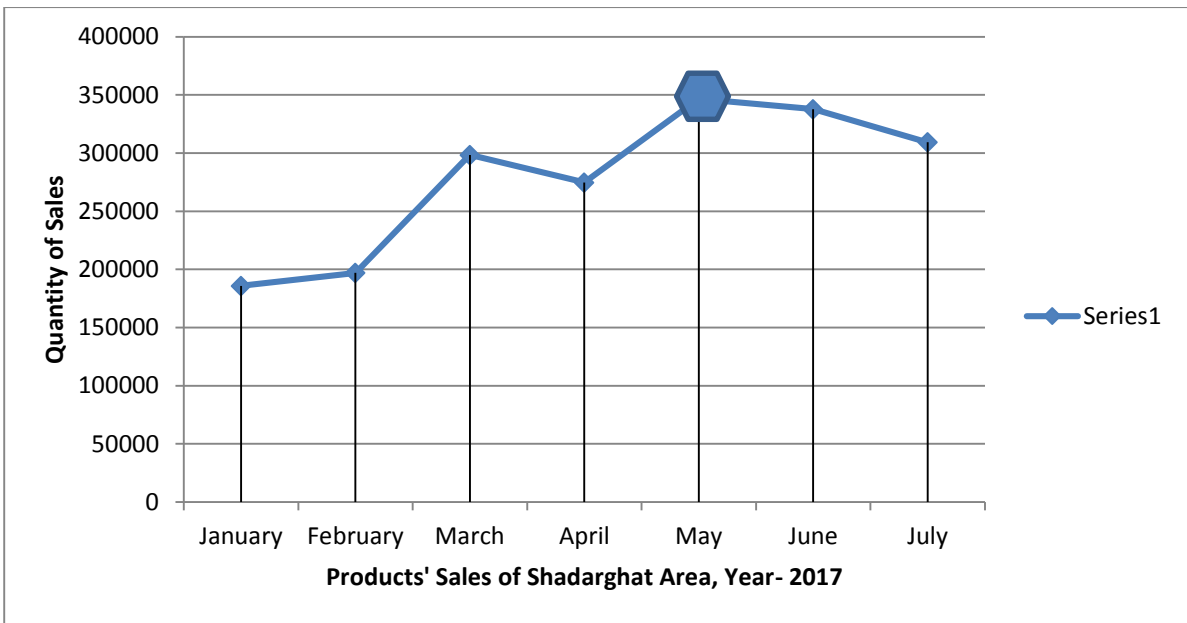
### **3.1.4 Objectives of Promotional Programs**

- **To increase the sales**

Sales has significantly increasing trend during ongoing of programs. According to the data analysis of 2016 and 2017, it has been found that, in the season of trade offer and gift programs sales volume increases (March to May) compared to other months of the year. While the demand increases, there are chances of getting new market because of the increasing demand.



**Figure 3. Increase of Sales in May during Summer Program 2016**



**Figure 4. Increase of Sales in May during Summer Program 2017**

There are some fundamental effects of these increasing sales. Such as,

- Exploring new segments of market
- Identifying consumer needs and providing it to them
- Expanding distribution network to make the products available at customers' doorsteps
- Increasing growth both in domestic and global markets



- **Motivating customer to increase investment apart from regular**

With time being, Square is becoming popular for its product and services of Square Food & Beverage Limited and Square Toiletries Limited. Major portion of sales volume is coming from these two subsidiaries. Moreover, distributors and retailers are the key sources to sell their products and send to the final consumers. So, by emphasizing on the offers, programs and other benefits are becoming crucial way to get Square's business customers' satisfaction. Basically, some ways are being followed by the Company to get customers satisfaction level. Such as,

- By selling at trade price

According to the table mentioned here, distributors, retailers buy the products from square at Trade Price which is unit TP. Even after giving, taxes and vat to government, they can make profit through buying bulk amount of products from Square Group.

Product Name (2015)	Pack Size	UNIT TP in TK	MRP in TK
Radhuni Turmeric Powder	50 gm	13.25	15.00
Radhuni Turmeric Powder	100 gm	23.00	26.00
Radhuni Turmeric Powder	200 gm	42.50	48.00
Ruchi Chanachur (Hot)	85 gm	14.50	17.00
Ruchi Chanachur (Hot)	170 gm	28.5	32.00
Ruchi Chanachur (Hot)	350 gm	54.00	60.00
Chashi Aromatic Rice Katarivough	5 kg	475.00	500.00
Chashi Aromatic Rice Kataribough	2 kg	192.00	210.00
ChashiMinicate Rice	5 kg	260.00	280.00
Chashi Aromatic Chinigura Rice	1 kg	113.00	125.00

**Figure 5. Ultimate Profit of Retailers at Maximum Retail Price (MRP)**

- By arranging programs

Through the programs, distributors and retailers are encouraged to fulfill a certain portion sales of products and to get the gifts accordingly.

Slab Amount/ Targeted Sales in TK	Gift Item
250,000	Walton Air Cooler
200,000	Huwei Smart Phone
150,000	Ramadan Dinner Set 32 pcs (Farr)
100,000	Dinner Set 24 pc (Farr)
80,000	BRB Ceiling Fan 56 inch
60,000	Kiam Non-sticky Frying Pan 28 inch
50,000	Bed Sheet with Pilow Cover- Home Tex
40,000	RFL Garden Chair
30,000	Atlas Umbrella
20,000	RFL Bucket (25L)

**Figure 6. Variation of Gift options according to Certain Sales Portion or Slab Amount**

- By giving free products

There is a process to get free product items which are applicable only for retailer and not for distributors or general consumers. Here, Square Group delivers the free items to distributors. Therefore, retailers deal with distributors to get those free product and Square Group has no liability thereafter informing to retailers. It occurs such as, if a retailer buys a product or multi-product with quantity of 1000 units, they will get 2 free products with purchase.

SL No.	Sales Quantity	Free Product Quantity (in 2017)
1	1000	2
2	2000	5
3	4000	7
4	10000	23

**Figure 7. Free Products for Distributors According to Sales Quantity**

After getting gift, they feel motivated and satisfied to participate in the next program. It not only helps to increase the sales but also inspire them to be committed with Square's products and services.

- **To get business customers' satisfaction**

Another most important objective of arranging the trade offer and gift program is to get business customers' satisfaction through disbursing the gifts. As mentioned in early, accuracy and inspection of information get the most priority in Square Group, which take huge time, manpower and cost. Each time Square Food & Beverage and Square Toiletries Limited try to make a frame work and standard time period, so that the gifts can be reached to specific individual within that standard time frame.

## **3.2 Analysis of Sales Promotion Program: Financing & Audit Mechanism**

### **3.2.1 Sales Promotion Program**

For any consumer-product manufacturing company like Square Food & Beverage and Square Toiletries Limited, Sales promotion programs are vital components of comprehensive marketing strategies to gain market share and financial growth from competitors. In Square Group, Sales Promotion Program means organizing programs or offers for business customers, distributors, retailers and final consumers to make a healthy relationship with them and to entice their own sales in an increasing trend. It can be successfully done through various techniques such as by using the appeal of lower prices, cash bonus, trade programs, gift programs, rewards and free items.

To avoid confusion, it is mentioned that there are some major difference between Promotional Program and Promotional activities. In case of promotional program all departments- Finance, Accounts, Commercial, Procurement and Marketing department are included and involved for completing the procedure of "Sales Promotional Programs". Also, it is launched with specific period of time, sales target and incentives policies. On the other

hand, marketing department basically plays important role to carry out promotional activities such as campaign, field work, advertisement, market research and survey etc.

### 3.2.2 Chain of Key Stakeholders of Programs

As being manufacturing Company, Square needs to clutch up lots of promotional program and activities. To accomplish their mission, vision and objectives, they do continuous analysis to come up with different program for primary, secondary business customers and final consumers. The goal of any promotional program is to stimulate demand upward by offering competitive options that customers cannot refuse. Promotions can entice customers to make a shift from their preferred brands and convince them to buy products and service of new brands. In the chain of “Promotional Programs” of Square Food & Beverage Limited and Square Toiletries Limited, distributors, wholesalers, retailers play the role of key stakeholders as they can influence the final consumer to take the decision of purchasing the items of Square Group from store.

- **Distributor and wholesaler**

Distributor and wholesaler are the personnel who buy noncompeting products or product lines, warehouse them and resell them to retailers or direct to the end users. Most distributors provide strong manpower and cash support to the Company’s promotional efforts. Such as, product information, estimates, technical support, after-sales services, credit, vehicle cost to delivery product, store products in clean and safe place etc. services are provided by distributors of Square Food & Beverage Limited and Square Toiletries Limited. Later, Company adjusts the cost as Company’s own expenses. There are around 300 distributor channels in Square Food & Beverage Limited and Square Toiletries Limited who only buys from Square Group and resell to retailer points.

While selecting distributors and wholesaler, Square Food & Beverage Limited and Square Toiletries Limited follow some criteria and policies, so that they can ensure the product quality, increasing sales. Among those criteria, having strong experience of trading, having own warehouse, own vehicles, product delivery transport and good amount of investment capacity are essential issues for being a distributor of Square Group. Distributors purchase the bulk amount products at trade prices and even through participating in different Program with enjoying extra benefits. Though they have to sell at trade price to retailers again, but they get huge commission on sales.

- **Retailer**

Retailer is the individual that offers products straightforwardly to clients through different conveyance channels with the objective of settling benefits.

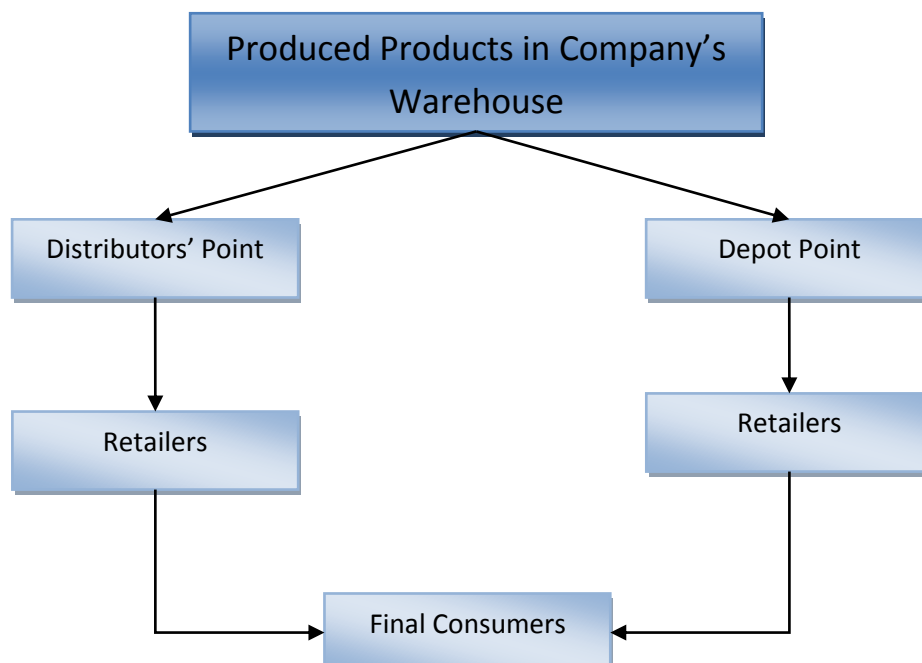
It is hard to find out any retail point, where there are no products of Radhuni and Ruchi of Square Group.

Along with Territory Sales Officer, Distributors are liable to make sales to the retails points. After purchasing from the Company's warehouse, distributors resell the products to retailers at Trade Price. Here, retailers are the ultimate profit maker out of the circle of distribution channels.

- **Consumer**

Consumer is the final customer who purchases goods and services for personal use or consumption and not for resale, in exchange of values. They help in ultimate financial growth of Company by making demand fluctuations.

Chain of Product Distribution through Key Stakeholders



*Figure 8. Sources of Distribution of Products and Services*

### 3.2.3 Details of Different Promotional Programs

Different types of “Sales Promotion Program” give reminder to Square’s business customers and end consumers to search for programs’ deals and benefits through buying their products and services.

Types of Promotional Program of Square Food & Beverage and Square Toiletries Limited



*Figure 9. Types of Promotional Programs*

- **Trade program**

Trade program is the program which is directly linked up with sales to distributor, wholesaler and retailer. Here, distributors, wholesalers and retailers can enjoy the extra benefits through having and buying products and services from Square Group. Trade program can be divided into two approaches.

By product: In this approach, Company decides to give free products with certain range of sales. It is given to retailers through distributors’ warehouses and is a powerful way to grab retailers’ attention towards Square’s product. Later on, distributors are given the adjusted products which they have given from store to the retailers as per Trade program policy.

Cash Bonus: Square offers volume discounts to encourage distributors to stock up on particular products. For example, Company gives a percentage of discounts for a certain

portion of sales amount. Cash bonus is offered to the distributors when they purchase large quantity of products. Also, it offers price discounts for paying off business-to-business credit accounts early.

For example, if the business customers pay the sales value within 10 days of purchase date, they may enjoy 20% discount on the payment. The discount percentage starts decreasing with increasing time duration.

- **Gift Program**

Gift program is a kind of “Sales Promotional Program” that organizes by Square Group to focus on the sales of retailers’ points. Square Food & Beverage Limited and Square Toiletries Limited arrange mainly two Gift offers for their retailers. Here, distributors play the role of third party even though products are reached to retail points through distributors. One is Summer Offer and another is Winter Offer.

Summer Trade offer duration- (March to May)

Winter Trade offer duration- (October to December)

The main differences of these programs are that, the budgeting and forecasting are depended on the variation of products. Such as, in winter program, the aim is to enhance the sales of seasonal demands like body lotion, petroleum jelly etc. There are similarities in the policies and procedure of these programs.

Retailers are being communicated about the programs.

Retailers are given “Cards and Invoices” where policies and conditions are being mentioned.

Retailers will have options to choose among different range of targeted sales. The rewards will also vary according to the slab or targeted sales.

They have to buy from distributors and meet up the targeted sales within given time duration to get the particular reward.

Unethical practices and practice against the mentioned condition will be direct rejection of the contract of the program between retailers and company.

- **Consumer-Product Program**

In this program, the benefits and freebies are enjoyed by the final consumers. Specially, to increase the sales and to get the satisfaction of customers, Square Food & Beverage Limited comes up with such program. The motto of this program is to create a profitable impact that causes consumers to choose one brand over another.



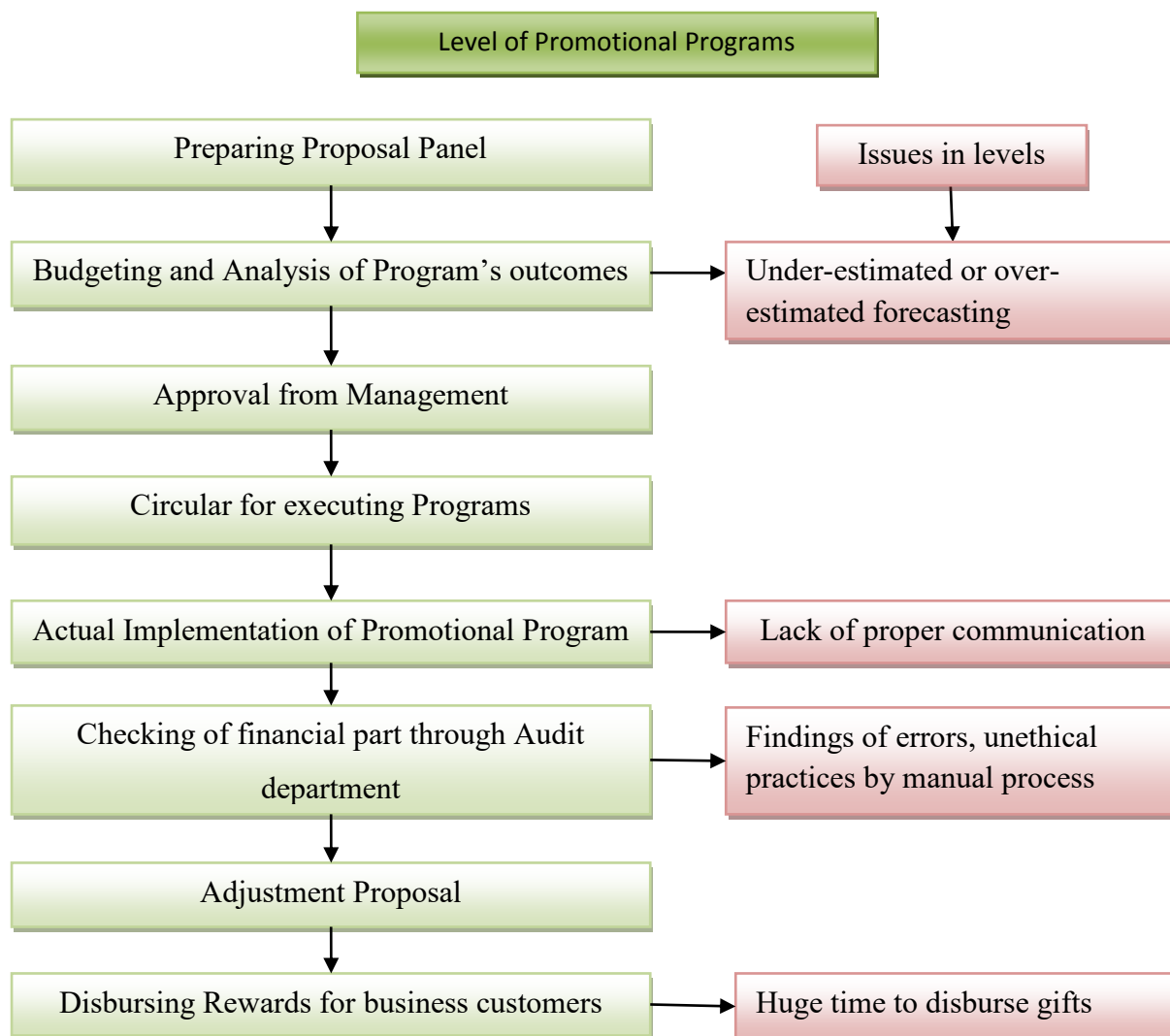
**Figure 10. Example of Consumer-Product Program**

For example, recently Square Food & Beverage is providing free small sized Tiffin box with their product “Chopstick Instant Noodles”, free glass bowl with Chilli 350gm Sauce. These free products are packaging in such a way that only each final consumer will get those free items rather than distributors or retailers.

### **3.2.4 Level of Arranging Promotional programs and Findings**

To conduct Trade Program and Gift program, Square Food & Beverage and Square Toiletries Limited follow necessary levels to carry out the whole process smoothly and successfully. In case of successful completion of these programs, all departmental heads and other employees are involved intensively. As these programs need continuous analyzing, monitoring and auditing, there arise some significant errors, mistakes and mismanagement which hamper satisfaction level of stakeholders.





**Figure 11. Levels of Promotional Program**

### **1. Preparing Proposal Panel**

The first level of any “Sale Promotion Program” is preparing proposal. In this phase, marketing department goes through deep market analysis, research and survey of the demand and possibilities of the program. After that, they prepare a Proposal outline where the background, objectives, about products and services, policies, controlling procedure is being mentioned. Proposal of “Sales Promotion Programs” are planned base on some environmental impacts and demand of the region. The forecasted budget is constructed by focusing on the value out of those products. Proposal involves with some key factors.



**Figure 12. Variables of Making Objectives of Proposal Panel**

Occasional: Proposal panel is being prepared as per on-going occasions, festivals, celebrations and events. Example: Eid Offer, Ramadan Purchase offer are mainly focused on selling the product of Radhuni-spices, Radhuni Firni Mix, Falooda Mix, Jorda Mix etc as on the occasion of Eid or Ramadan time, people cook more rather than usual time being.

Seasonal: Winter offers and Summer offers are created based on environmental factors of Bangladesh. The title of the program is also given by keeping similarities of the seasonal impact.

Market Analysis: In market analysis, marketing department tries to find out market growth and tries to find out new market. For example, before distribution points for Radhuni and Ruchi brand were same. Because of having huge market growth, in 2016 the distribution points of Radhuni and Ruchi Brand have been separated. Therefore, business customers of Square Group have been increased.

Distributor Point: Sadarghat, Cittagong	2017	2016	2015
	Sales Quantity	Sales Quantity	Sales Quantity
Sadarghat-Radhuni	1,145,593	1,759,518	5,168,341
Sadarghat-Ruchi, Chashi & Chopstick	804,410	1,654,640	
Total	1,950,003	3,414,158	5,168,341

**Figure 13. Finding and creation of new market because of huge sales in 2015**

Product Analysis: Depending on the season and occasion, sales are focused more on those product categories. For example, in winter the expectation of sales of Meril Baby Lotion,

Meril Lip Gel, Meril Petroleum Jelly will be more. So, revolution and evolution of those type of products are occurred in the previous period of implementing the program.

Mapping Program: In the proposal, it is mentioned clearly that how the program will be monitored and who will be liable for mistakes. It is also written that how business customers and final consumers can get the benefits that being offered in the programs.

Proposal Note			
Sales Ref.	SFBL/2017		
Subject	Summer Program Proposal		
Background:			
Proposal:			
Objective:			
Tentative Duration:			
Details of Program, targeted Sales and products:			
Control and Adjustment modality:			
Proposed By	Checked By	Recommended By	Approved By

*Figure 14. Proposal Letter Format of Promotional Programs*

## **2. Budgeting and Analysis of Program’s outcomes**

After getting the proposal form, Accounts and finance department start their part of task. From previous data analysis, necessary calculation of profit and cost, ratio analysis, benefits measures, related information collection, Square Food & Beverage Limited and Square Toiletries Limited prepare forecasted budget for each program.

Budgeting constitutes of high-level management who represent the major department of the organization. There major responsibility is to ensure that budgets are realistically established and that they are co-ordinate correctly. Such as, the Budget committee of Square Food &

Beverage Limited prepare the winter Program Budget. The committee includes personnel from Department of Sales and Account & Finance.

Budgets of these Gift program is prepared between two Divisions:

- Division 1: Dhaka, Chittagong and Mymensingh
- Division 2: Shylet, Rajshahi and Khulna

In this level, there may have significant differences between forecasted results and actual outcomes. According to the sales data of Square Food & Beverage Limited, the difference can be seen.

#### Trade Offer Winter Program Budget of **October 2016 to December 2016**

Division: Dhaka, Chittagong and Mymensingh

SL NO.	Revenue (Budgeted)	Revenue (Actual)	Cost (Budgeted)	Cost (Actual)
1	18,000,000	14,100,000	750,000	587,500
2	40,000,000	30,750,000	1,680,000	1,291,500
3	64,000,000	38,000,000	1,120,000	665,000
4	117,500,000	67,200,000	2,175,000	1,244,544
5	125,000,000	99,800,000	2,875,000	2,295,400
6	127,500,000	92,100,000	1,785,000	1,289,400
7	112,500,000	94,650,000	2,025,000	1,703,700
8	120,000,000	87,160,000	1,245,000	904,285
9	105,000,000	85,410,000	1,330,000	1,081,860
10	180,000,000	66,140,000	1,060,000	3,895,646
Total	1,009,500,000	675,310,000	16,045,000	14,958,835

**Figure 15. Gap in Forecasted Budget and Actual Result of Winter Program 2016**

## Findings

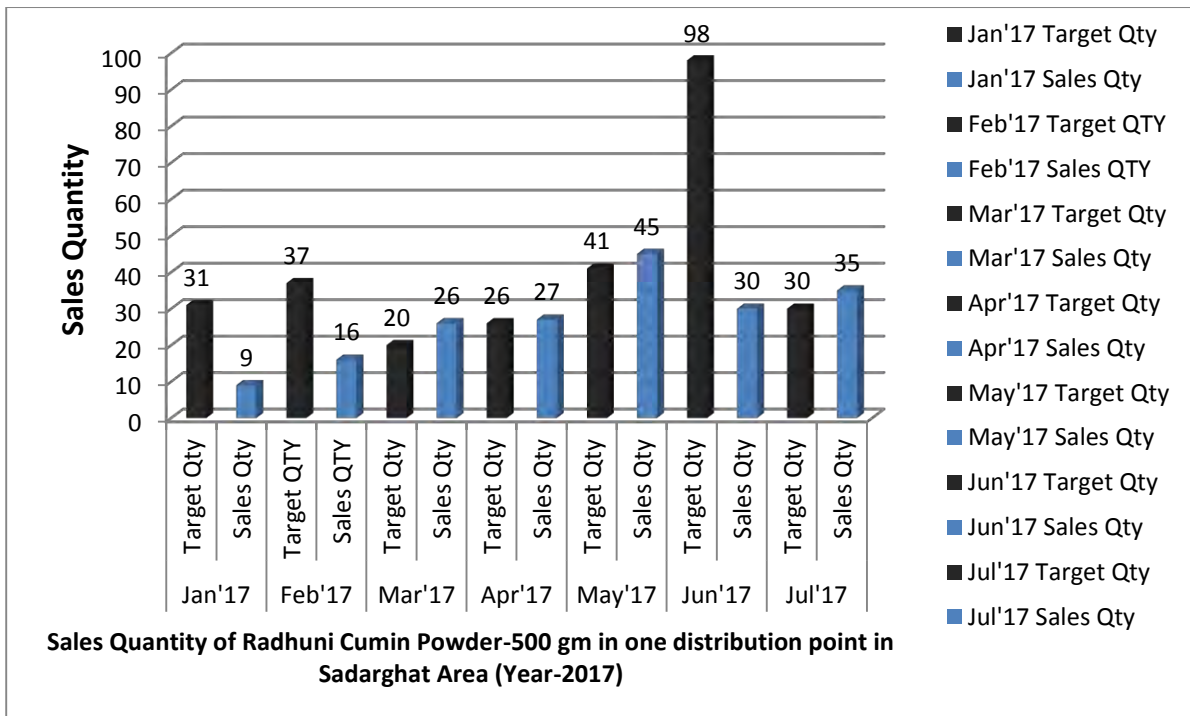
### Reasons behind the variation of forecasted results and actual outcomes:

- Faulty assumption in the Budget figures
- Unrealistic Budgeting
- Errors in the calculation of the actual results
- Insufficient Product supply to the distributors
- Gaps between Budget preparation Implementation & control.

As Square Group is a huge organization with lots of subsidiaries, it becomes quite difficult to have error free forecasting for the sales. Again, wrong information and miscommunication among finance, accounts and sales team drive the whole chain into less improvement of the Company.

### **3. Approval from Management**

Though there are huge gap between forecasted and actual sales in 2016 in “Winter Program”, sales team is trying to accomplish sales volume through market research, product innovation and revolution. After budgeting and analyzing of Programs, it is presented to the higher management. If the program is presented as profitable and fulfills the major expectations with logical arguments, then the program is ready to launch with next procedures with the approval of Director. Though there are many errors in forecasting, but there are also some products which have high demand and sales. The demand of those product even exceed beyond forecasted quantity. Approval is given based on those logical issues.



*Figure 16. Approval of Program Because of Individual Product's Sales During Program (May)*

#### **4. Circular for executing Programs**

Till the previous level, all details calculation and policies have been analyzed with keeping high level of confidentiality and only available to high-level management. Circular is prepared with mentioning specific policies which will be followed by stakeholders and department to carry out the program with proper guidelines and ethically. Circular is basically given to communicate the Program's process, terms and conditions with all departments and business customers.

Such as, the terms and conditions of "Summer Program 2017" are as following:

- Targeted sales or slab will be counted after deducting any discounts which are not included in Summer Program.
- Sales representative will ensure spot that cash discount against the sales. It will be written in a single memo and one copy will be given to retailer and another copy is to submit to distributors for ensuring deliveries.
- While making order respective Senior Sales Representative or Sales Representative must fill the mention area like, Name of distributors point, Route name, Name of retailer or Wholesaler, Address, Mobile Number and Signature; Order receiving and

delivery date, name of the Sales Representative, Signature and Mobile Number; Mention the slab option in value.

- While delivered instant cash discount to retailer all delivery man will get signature & cell number from retailer and send back to distributors for keep in file with seal & signature for adjustment purpose.
- Respective Assistant Sales Supervisor, Senior Sales Representative or Sales Representative will check and verify with seal & signature daily basis all entitle invoice under current program status while visiting distributor's point.
- After closing this program will send to Corporate Head Quarter concern person for final adjustment purpose.
- Respective area head will send Distributors point weekly cumulative program sales report with Corporate Head Quarter specified format to concern person at Corporate Head Quarter through e-mail.

## **5. Actual Implementation of Promotional Program**

Program runs through following up the mentioned policies and laws. It follows the time duration for which it has been prepared. Before participating in the program and making purchase, retailers are provided with "Cards and Invoices". "Cards and Invoices" work as contact paper or proof where business customers can choose option for making investment and gaining rewards. Invoices are the delivery notes which signify that the products' quantity with price that have been sold out to retail points. In Cards and Invoices, all rules of gaining rewards are mentioned clearly as well. Gifts will be given after matching "Muri Page" or coupon which is kept with retailers as proof page.

"Cards and Invoices" are attached with the subsequent information-

- Party name
- Owner name, address, contact number, signature
- Distribution point
- Distributor name, address, contact number, signature
- Total sales amount within time duration
- Terms and conditions



Figure 17. Sample of "Card & Invoice" (Hand Written)

Again, there may need of extension of the particular program for reasons. Such as, Summer Program 2017 which supposed to be 1st March to 1st May, but due to heavy rain, it has been extended till 10th May. So that, distributors and retailers can make the targeted sales which they could not able to fulfill within given time period for huge rainy weather.



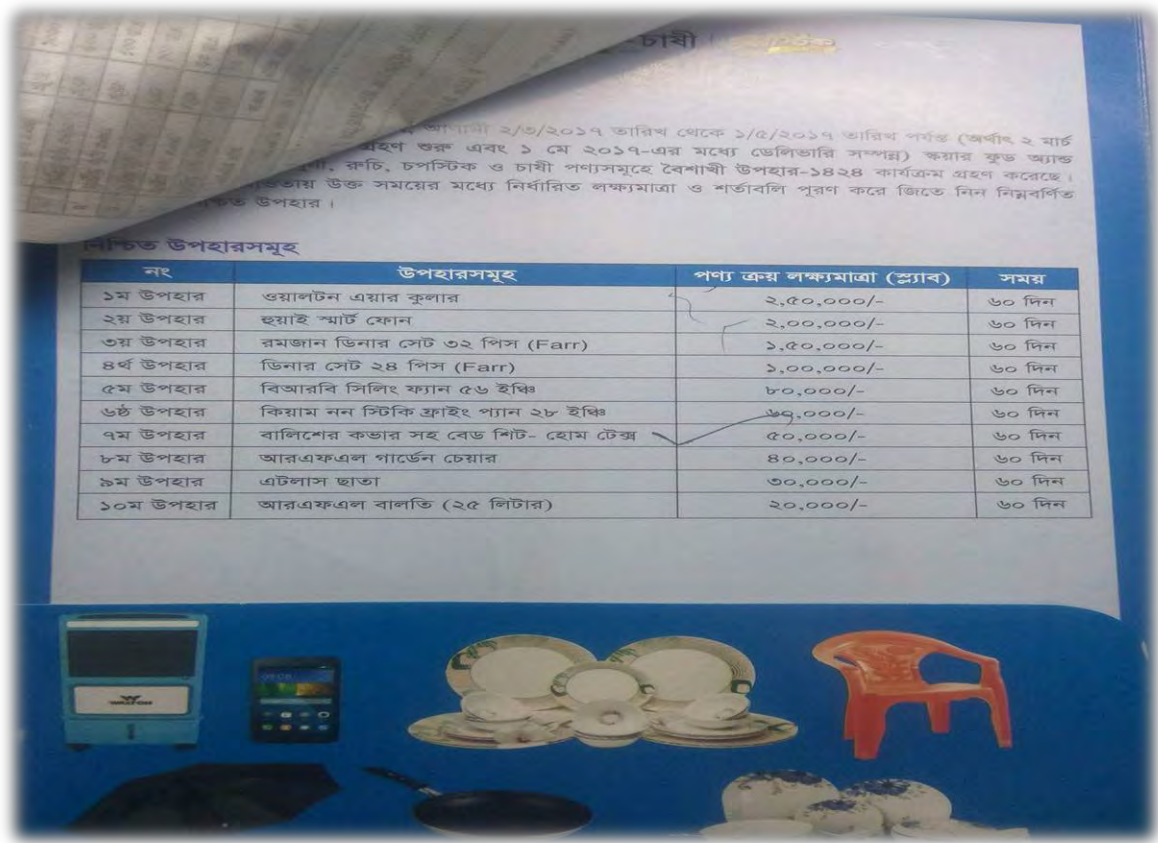


Figure 18. Targeted Sales Options in Summer Program

## Findings

During the program running session, proper control and monitoring are required highly. Sometimes, there is a communication gaps among the management level and their distributors and retailers. As a result, they do not understand the policies and conditions as mentioned in the contract of getting rewards. Later on, they claim for their gift without following the rules. Thus, it drives towards dissatisfaction of Company's key stakeholders (Distributors and Retailers).

## 6. Checking of financial part through Audit department



**Figure 19. Steps of Auditing Promotional Program**

When the program duration ends up, all the Cards with Invoices come for auditing in the audit department through sales team. In the audit level, Promotional Program is being rechecked to find out whether marketing department and business customers have fulfilled the targeted sales fairly with proper procedure, rules or not.

In this step, there are thousands and thousands “Cards and Invoice”. Thus, auditing department takes huge time to check the Cards and Invoices as, it is done manually. Base on the audited cards and accurate result, rewards will be given to business customers. It is important to check up in depth, because the program is related with Company’s sales, supplies, revenue, costs. To check those properly, huge time and manpower are required. Again, severe mistakes and unfair practices have been found out which are done by the business customers and sales team. Because of this reasons, slabs are got rejected and employees get warning and even can lose jobs.

**Actual reasons for rejection of Slabs by auditing department:**

- Giving the same number invoice twice:

There are always two invoices on same identity. One copy should go to the distributor and another should come to the Company through distributor. But while auditing, both the copies

were found having same invoice number. That is the reason, the distributors are not getting their expected commission and while auditing retailers are counted as having double sales as of the sales of invoices. In such cases, card gets rejected.

- Overwrite-Date or postdated:

Regarding any special offer, top management specifies the date or time duration in the contract or in card which is a very important issue to consider. So whenever the company finds out any existence of overwriting, postdated and fluid on written date, it is regarded as rejected invoice.

- Not classifying or separating the invoices for special offer:

While implementing any offers or programs such as Gift program, the distributor is supposed to attach and classify the individual retailer's purchasing amount together as one bunch, so that it can be identified easily and can separate from regular previous purchase. If there is sign of not classifying or separating the invoices for special offer, then, invoice will be rejected.

- Errors in the proper value

The reward is provided based on the total amount of sales in the given time duration. While auditing, it has found that sometimes the retailers show the wrong sum calculation to get rewards, but in real they have not make the sales.

- Incomplete information

If there is unfilled information in the cards, that is required as per the policy of the program, then, the card will get rejected.

Apart from these reasons, if retailers are unable to send cards within deadline or missing of cards, using of old invoices as new to cover up slab value and sending of photocopy of invoices cause rejection of the contract to distribute rewards.

Summer Program 2017: Mymensingh Division Summary				
Sl. No.	Slab Amount	Gift Item	OK Card	Problematic Card
1	250,000	Walton Air Cooler	10	0
2	200,000	Huwai Smart Phone	23	2
3	150,000	Ramadan Dinner Set 32 pcs (Farr)	28	6
4	100,000	Dinner Set 24 pc (Farr)	93	11
5	80,000	BRB Ceiling Fan 56 inch	210	29
6	60,000	Kiam Non-sticky Frying Pan 28 inch	219	35
7	50,000	Bed Sheet with Pilow Cover- Home Tex	382	40
8	40,000	RFL Garden Chair	444	40
9	30,000	Atlas Umbrella	571	56
10	20,000	RFL Bucket (25L)	619	53
			2599	272

*Figure 20. Summary of Audited and OK Cards for Disbursing Gifts and list of Rejected Cards of Mymensingh Division*

## **Findings**

### **Manual auditing and updating of sales and stocks**

All the sales as well as stock related transactions are updated manually to the main server. Each business customers have to send their daily purchase values to the MIS Department by e-mail and manually it has been updated by the executives of MIS Department in the server. It needs a lot of time to update those data in the server.

However, recently they have started a digital system in some areas where a distributor uses a specialized application in their tab, which are provided by the company. They update their transactions in that application and it is automatically updated in the main server.

But the auditing of the “cards and invoices” are still done manually which has chance of having not 100% error free auditing.

## **7. Adjustment Proposal**

Because of the difference forecasted and actual situation, there is requirement of adjusting procedure. Audit department makes the actual summary and list to disburse gifts and rewards to the business customers. Budget is given to commercial and procurement department to buy the gifts in case of “Gift Program”. On the other hand, in “Trade Program” direct adjustments are made by the Company for “Cash bonus” and for “By Product”.

For example, in “By Product” program, if the bonus or free items are such as- “with buying 1000 products, retailer will get 2 free products” then, the extra quantity is provided from the warehouse of the distributors. Later on, Company makes adjustment with distributors’ transaction.

## **8. Disbursing Rewards for business customers**

After adjustment in “Gift Program”, rewards are sent to the business customers through regional Territory Sales Officer and marketing department. It takes huge time to provide the gifts which drives into distributors’ and retailers’ dissatisfaction to purchase more from Square. Post auditing takes place after that to ensure that, their distributors, retailers have got the exact gift items. It is important to go through investigation so that, Company can

- Measures satisfactory level of their business customers,
- Utilize the objectives and achievement
- Minimize unethical practices

## **Findings**

Here may have the issue of using unethical practices. In a case, it is found Territory Sales Officer has claimed that retailer has got appropriate gift after filling targeted slab or sales of TK. 50,000. But in actual, the retailer has been served with a different gift items. Auditing department has found out this and has taken action against the faulty person.

In another case, claiming of sales team was, reward has handed over to retailer. As, there are always supporting documents or slip of payments, it is found out that “Dinner Set” bill has been bought from a wedding accessories shop which is a confusing point without any doubt. After investigating properly, it has found that, the retailer does not get any gift and the payment slip was invalid.

The situation was resulted into losing job of faulty person. But, it is one case of unethical practices, there may have chances and possibilities of not getting 100% errors that are occurring in these promotional programs.

## Recommendation

To deal with the issues that are occurring in some of the levels, here are suggestions to change some of their monitoring processes and overcome the situation and make improvement in increasing sales as well as revenues.

After analyzing the budgetary gap of having under- estimated or over-estimated forecasting, I have pointed out some solutions.

- Information for forecasting should realistic rather than assumption

While preparing budget raw materials costs are calculated based on assumptions. In such cases, in depth analysis of costing should be done by discussing with their suppliers. Company can use “Derivative” process. Derivative is a financial term and a contract paper where buyer and seller can exercise the trading at a price as mentioned in the contract, even the price increases in future. So, company can analysis and make a deal when the price is lowest and can buy in future.

- Analyzing past history of target and achievement

To make appropriate target and forecasting, in depth past history should be explored to know about on-going scenario.

- Prepare budget on the base of market demand and capacity of productivity and supply.
- Proper feasibility Analysis should be done before implementing Budget.
- Build the awareness at monitoring level

To boost the sales, promotional programs should be properly established to the Company representative, Distributors and Retailers. And the rules and regulations must be described in a easy way so that, distributors, retailers can understand the overall idea successfully.

Most of the retailers are so much eager to fill up the mentioned targeted sales that, sometimes they do a lot of overwriting in their sales invoice, make fake sale invoices and do unethical practices to be enlisted for getting the gifts or bonuses of the promotional programs. It becomes quite challenging for the auditors to identify these offenders and hence they have to give them expensive gifts or bonuses. This is a huge expense for the Company which needs to be considered more carefully while monitoring the audit process. Also the Company

should give proper training or information about the promotional offers to the retailers and distributors. So they do not continue with the unethical practices in future promotional programs.

Because of rejection of slabs or cards, creation of dissatisfaction among distributors, retailers are usual as it causes of losing incentives. But, it is a great barrier in term of business expansion. As I have talked about the reasons of rejected invoice, these reasons arise due to negligence or unethical practices or communication gap of sales representative or sales team. A team leader should be given suitable time (neither much nor less) to carry out the whole sales instructions properly.

- Increasing of Manpower

As I have mentioned earlier that the audit team of Square Toiletries Limited has to execute audit for some other sister concerns of Square Group which is quite difficult to maintain for a four people audit team. As audit team has to confirm every slight to big issues made by these concerns of Square Group and sometimes it takes very extensive time to complete auditing. So, they should consider hiring more qualified people to distribute the work evenly so that number of mistakes can be reduced and the verifying time of a transaction can be quicker.

- Digitalized Auditing Procedure

Digitalized auditing procedure can minimize both the workload and time duration to disburse the gifts to business customers. Company can give such requirement of software to Management Information System department. MIS department can build such a mechanism that actual data can be stored in the software immediately after each sale. And this mechanism should be cleared to business customers as well.

## Conclusion

Square Group is one of the local Bangladeshi Company, which maintains international standards in term of maintaining quality products and services and also for having standard corporate environment. To be the market leader, higher authority should give priority in every small and big issue that spotting the growth backward. Being a consumer-product manufacturing organization, sales promotions assists Square Food & Beverage and Square Toiletries Limited to achieve a great revenue and profit. So, this report will help them to overcome those issues and generate revenues.



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