

Report On
Inventory Management impact on Total Quality Management
of SMC Enterprise Limited FMCG Goods

By
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An internship report submitted to the BRAC Business School in partial fulfillment of the requirements for the degree of Masters of Business Administration (MBA)

BRAC Business School
BRAC University
25th June 2024

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Declaration

It is hereby declared that

1. The internship report submitted is my/our own original work while completing degree at Brac University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Letter of Transmittal

Dr. Md. Shamimul Islam
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Subject: Submission of Internship Report

Dear Sir,

SMC Enterprise Limited, a renowned company in Bangladesh, has provided me with the valuable opportunity to complete my internship, and it is with great pleasure that I present this report. At the head office of SMC Enterprise Limited, I completed my internship.

During my internship, I gained valuable experience and information, which I appreciated because it will benefit me in my professional career. Despite the fact that we are still learning, this report has provided me with an overview of my organization.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible. I trust that the report will meet the desires.

Sincerely yours,

Arshadul Hoque
ID: 21364014
BRAC Business School
BRAC University
Date: 25th June 2024

Non-Disclosure Agreement

This agreement is made and entered into by and between **SMC Enterprise Limited** and the undersigned student at BRAC University..... **Arshadul Hoque...**

Acknowledgement

First, I want to sincerely thank the Most Merciful and Benevolent Almighty for giving me the courage and direction to work hard on the report and for enabling me to advance in spite of the difficulties.

Without certain people's assistance, this report would not have been possible. I am grateful for the honest guidance, advice, and collaboration from diverse individuals, it is a great blessing. Without reliable data, it was impossible to adequately evaluate and present the report in a detailed manner.

A profound gratitude and wholehearted respect to the honorable Faculty and academic Supervisor Md. Shamimul Islam, Assistant Professor, BRAC Business School and Co-Supervisor Dr. Abdul Hoque, Professor, BRAC Business School for his illuminative guidelines, valued suggestions, formative criticism, and unwavering help throughout the study work and in formulation of this report.

I want to thank Mr. Abdur Rauf (GM, SCM), Mr. SM Rabiul Islam (Commercial Manager, SCM), Ms. Shafinaz Sarwar (Sr. Officer, SCM) and Erfanul Hasib (Executive, SCM) for their prompt responses, guidance, encouragement, and support throughout my internship. They also gave me valuable information about the systems and procedures that the SCM department at the company employs. On various occasions, they have also given me valuable advice on a variety of work-related issues, which has helped me comprehend the company's standard operating procedures.

Executive Summary

This report, which is produced in the form of a report, summarizes the intern's work experience in SMC EL's overall Supply Chain Management activities. The main objectives of the program are to get practical experience in the area of supply chain management and to apply academic knowledge to the actual world of business. The other objective is to comprehend SMC EL's marketing plan for providing clients with customer service. The study is given in a descriptive manner, and the information was acquired from the personnel as well as from a number of books and business reports. There were a number of limitations when creating the study, with time being the primary one. This internship report goes into depth on the SMC's founding, history, array of products and services, mode of operation, etc. The mission and vision are also introduced briefly. Based on customer surveys utilizing the "Consumer Satisfaction of SMC PLUS" questionnaire and observations of their services, several strong aspects and some weak points have been discovered. SMC EL distinguishes itself from the competition by providing a wide choice of enticing offers and products that are beneficial for clients. This company is very technologically advanced, swiftly embraces new technology, and fosters a culture that is highly motivating for all of its employees. Additionally, SMC EL must focus on employee and customer satisfaction in order to stay up with the changing economic situation.

Keywords: Supply Chain Management, Consumer Satisfaction, Human Resource Department, Quality Control Department

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Chapter 1: Overview of Internship

1.1 Student Information

Name: Arshadul Hoque

ID: 21364014

Major: Operations Management

Program: MBA

1.2 Internship Information

1.2.1 Organizational Information

Company Name: SMC Enterprise Limited

Internship Period: 7th June 2023 to 7th September 2023 (3 months)

Department: Supply Chain Management

Division: Commercial

Address: SMC Tower, 33 Banani C/A, Dhaka-1213, Bangladesh

1.2.2 Internship Company Supervisor's Information

Name: SM Rabiul Islam

Position: Manager Commercial, SCM

Mobile: +880 1700-701777

E-mail: r.islam@smc-bd.org

1.2.3 Job Scope/ Responsibilities

- i. PI (Pro-Forma) invoice screening: After negotiation with the supplier or beneficiary about the price and terms of conditions a final document send to the buyer by the

supplier. And few terms must be written in that document. The following information must mention:

- Product particulars
- Invoice number
- PI Validity
- Total price
- Currency type (USD, EURO, CHF)
- Beneficiary name and address with company letter page
- Buyers name and address
- HS Code (Harmonized Commodity Description and Coding System)- is a code for identification of goods. Each product has its own code and by this code, a product can be globally recognized.
- Port of Loading
- Port of Discharging
- Delivery terms (CFR, CPT)
- Country of Origin
- Transshipment- An intermediary point from one destination to another destination. Bangladeshi ports have no direct connectivity with so many countries. So we mostly use Singapore or China ports as intermediary points. For example, SMC Enterprise Limited recently wants to import a juice processing machine from Switzerland but there has no direct connection between any Bangladeshi port with Switzerland port. So, SMC Enterprise Limited has to import that shipment as a transshipment through Singapore.

- Partial Shipment- Partial shipment is all the products or goods are not shipped at a single time. Sometimes buyers are not prepared to take full shipment or in some cases, sellers have also some limitations. So that if any buyers want partial shipment then Allowed or if not then Not-Allowed.
 - Beneficiaries' bank account information with a swift number
 - Payment terms (AT sight, UPAS)
 - Quantity Tolerance (% of defect)
- ii. LC (Letter of Credit) opening: A letter of credit or LC is the most famous way to Import goods. It's assured sellers that the buyer will be paid the amount by the bank. If any buyer is unable to pay then the bank takes full responsibility and paid.
- Some necessary documents have to submit while opening an LC which are the following:
- Forwarding Letter on company letterhead pad.
 - Bank's LC form with an authorized signature.
 - A declaration form provides by the bank
 - PI or proforma invoice as a commercial invoice.
 - Purchase order provide by company.
 - Proposal approval form by company authority.
 - Indent form.
 - Approval form by the Directorate General of Drug Administration (DGDA) for pharmaceutical items.
 - Insurance coverage certificate.

- iii. TT (Telegraphic Transfer) opening: TT is an electronic way of fund transfer and also a fast-transferring method. Usually, 4/5 days are needed for payment. For short amounts or emergency goods, SMC Enterprise Limited opens TT. A few documents have to attach are-
- TT application forwarding
 - Advance Payment Application Form
 - TT form for Undertaking
 - PI (Proforma Invoice)
 - Proposal Approval
 - PO (Purchase Order)
- iv. Retirement Letter: After manufacturing and shipment of goods seller send all original documents to the beneficiary bank and then the beneficiary bank contact with buyer's bank to pay at sight and then the local bank notified SMC Enterprise Limited to pay. For payment clearance, SMC Enterprise Limited writes a retirement letter to the bank for the payment discharge and takes all responsibilities.
- v. Amendment Letter: If any changes are needed in H.S. Code or sometimes the seller delays shipment then changes needed in LC (Amount, Date of expiry, Latest day of shipment) then SMC Enterprise Limited has to write an Amendment letter in the company letterhead pad for necessary changes and the bank will change and charge a percentage of fine.
- vi. Guarantee letter: After shipment arrival at the airport/seaport/road SMC Enterprise Limited needs to submit the following copies to the port authority through the C&F agent.

- An application to LC opening bank in SMC Enterprise Limited letterhead pad.
 - PI (Proforma Invoice)
 - Detailed packing list
 - Certificate of Origin- A certificate from the beneficiary country's Chamber of Commerce.
 - Certificate of Analysis- A certificate from the beneficiary that declares standard quality.
 - Air waybill or Bill of Lading
- vii. Freight rate analysis in CS Sheet: In the commercial department, SMC Enterprise Limited open a tender and ask for a requisition from a few carrier vendors. Then those vendors send their quotation through email with their prices, transshipment points, transit time, exchange rate in Bangladesh, etc. After receiving all proposals from vendor the lowest price bidder will get the order for the carrier of containers from the seller's port to Chattogram port. Usually, prices vary from loading point to destination point. Shipment can be done in two ways. One is FCL and another is LCL. For example-FCL (Full Container Load), SMC Enterprise Limited pays USD 575 (estimated) for a 20" container from Qingdao Seaport China to Chattogram Seaport. Another one is LCL (Less Than Container Load) here for the same route SMC Enterprise Limited pays according to per CBM (Cubic Meter). CBM (cubic meter) is calculated by the length*width*height. Such as a 20" size container CBM size is 5.87*2.35*2.38 (meter) or 33 CBM. SMC Enterprise Limited pays USD 12 (estimated) per CBM from Qingdao Seaport to Chattogram Seaport.

A few vendors are-

- DSV Air and Sea Ltd.
 - Badal And Company
 - Union Consortium Limited (UCL)
 - Dart Global Logistics (Pvt) Ltd.
 - Top-Star Global Logistics Limited
 - YSR
 - Support Logistics
- viii. Customs documents for clearance: Usually SMC Enterprise Limited can not clear directly any shipment from the port. They can clear only through the C&F agents. Here, C&F agents represent SMC Enterprise Limited and pay all duties and taxes. Such as-
- Bill of entry- A form of detailed information about the import.
 - Port authority bill- Bangladesh Port Authority charges a fee for using port space.
- ix. C&F bill clearance procedure: SMC Enterprise Limited has seven fixed C&F agents those are (Badal and Company, Moral Enterprise, James International, Padma Trading Corporation, Ancient Steamship Company Limited, Moriom Enterprise, Islam & Sons). And after every fiscal year, the agreement between SMC Enterprise Limited and C&F agents is renewed with negotiated terms. Some highlining terms are-
- SMC Enterprise Limited pays 4000-6000 (as per agreement) Taka for each document handling.
 - C&F agent commission, which is 0.15% - 0.20% (as per agreement) of the invoice value.
 - Terminal handling charges will pay C&F agents.
 - Transportation costs are as follows:
- Chittagong port to Comilla factory 25,500 (estimated) Taka.

Benapole port to Comilla factory 27,000 Taka. (estimated)

- Other costs like- Examinee products, labor charges, and other fees.

1.3 Internship Outcomes

1.3.1 Contribution to the company

As a commercial and import operations intern my role is essentially important in SMC Enterprise Limited. Through this internship, I gained practical experience in a number of import-related areas, such as logistics planning, document management, and supplier relationship management. I participated in strategic decision-making, work with cross-functional teams to guarantee the efficient flow of imported commodities, and obtain important knowledge about global trade norms.

- Import documentation, such as purchase orders, invoices, bills of lading, and customs clearance forms, may be prepared and verified with assistance. Verify the correctness and thoroughness of all import-related documentation. Work with shipping and freight forwarding businesses to keep tabs on delivery timetables and track shipments.
- Coordinating Logistics: Assist the supply chain and logistics teams in planning the transportation of imported items from their place of origin to their final destination. Assist in tracking and improving delivery schedules, shipping costs, and transportation routes.
- Customer relationship management: Talk to suppliers, vendors, and international partners to make sure that items are sent promptly and accurately. Maintain a positive rapport with global stakeholders and assist in resolving any import-related problems or anomalies.

- **Compliance and Regulations:** Become familiar with import laws, customs policies, and trade compliance requirements. assist in ensuring that the import activities of the organization comply with legal and regulatory standards.
- **Management and Reporting of Data:** Keep thorough records of all import transactions and accompanying paperwork. help in the creation of reports and analysis for management review.
- **Cross-Functional Collaboration:** To guarantee efficient communication and coordination of import activities, closely collaborate with the finance, procurement, sales, and other departments. Attend team meetings, provide suggestions, and support departmental objectives.

1.3.2 Benefits of Learning

Depending on the organization and its regulations, benefits for a Commercial (Import) Intern may change. As an intern in this position could get the following advantages:

- **Learning Opportunities:** Access to seminars, workshops, and training sessions that can improve my understanding of import procedures, logistics, market research, and other pertinent skills.
- **Networking:** Make connections with experts in the import and global commerce sectors to develop important contacts for potential future employment prospects.
- **Mentorship:** Seek out seasoned individuals who can mentor me and provide advice on my career growth.
- **CV Building:** Improve my CV with an internship that demonstrates my aptitude for working in a fast-paced, international business setting.

- **Company Culture:** Get a feel for the organization's culture, beliefs, and working environment to determine whether it corresponds with my career objectives.
- **Problem-Solving Skills:** By tackling issues with logistical planning, legal compliance, and customer interactions, I may hone my critical thinking and problem-solving skills.
- **Evaluation and comments:** Get frank comments about my performance, which can help me pinpoint my areas for development.
- **Flexible Work Environment:** Depending on the business, I may be able to work remotely or with flexible hours.
- SMC Enterprise Limited uses the DSS ERP system in their organization. So as an intern, I get access.
- Learning how to make a Performa Invoice (PI).
- Practical knowledge of textbook studies.
- Letter of Credit or LC-related activities.
- Corporate process of procurement, follow-up and bill process.

1.3.3 Personal Development

One of the most important lessons I took away from my internship program was how to operate under pressure. When I am interacting with SCM team members, I have seen it. Demand Planning and Packaging teams are managing many projects at once while adhering to the deadline maintaining lead time and creating Indent, On the other side Procurement team continuously purchase from local and foreign source as per indent and raise purchase order (PO) and I believe that this knowledge will be useful to me when I eventually organize my professional activities under time constraints. Keeping my cool has also taught me how to

prioritize my tasks successfully. Also, commercial activities are now-a-days getting more upgraded and faster, which gives me more interest on my internship period.

1.3.4 Difficulties During Internship

There have been several restrictions that I have seen as an intern during the program:

- In order to maintain secrecy, it is understandable that managers are wary of sharing valuable corporate information with interns. As a result, getting a precise image is never easy.
- The SCM department did not want to provide sensitive information, such as Prices of raw materials, Suppliers' identity, Shipping agreements between C&F agents, and Tender price of freight charges, etc.
- Lack of time management between the internship program and report writing is another drawback I've discovered.
- SMC EL uses the DSS ERP system. So, it's difficult to understand and also time consuming. And after knowing user manual of DSS internship duration is in the end period.

1.3.5 Recommendations

- An organization should increase the duration from three months to six months. That will impact more accurately and also gives advantage in future career growth.
- SMC EL should conduct a week during orientation or training session to understand DSS for both intern and new joiner.
- As an industry leader SMC EL should follow proper international standard ERP system like (Oracle, SAP, IBM)

- Also, SMC EL should focus on more FMCG goods such as (cookies for kids with vitamin)
- More focus on innovation and R&D rather than outsource.

Chapter 2: Organization Part

2.1 Introduction

Social marketing is the use of tools and concepts from economic marketing to persuade individuals to act in ways that are advantageous to themselves and their communities. While commercial marketing's main objective is to maximize profits, social marketing seeks to alter consumer behavior for the greater good.

The Social Marketing Company, Bangladesh, or SMC, started up as a project in 1974 to deal with the nation's explosive population boom. It was established by Population Services International (PSI), an INGO with a US basis, in accordance with a deal with the Bangladeshi government and USAID. The project was transformed into a not-for-profit private limited corporation with a voluntary Board of Directors in 1990 after experiencing viral popularity. In order to distinguish lucrative activities from charitable ones, SMC created SMC Enterprise Ltd. in 2014 as a totally owned for-profit subsidiary.

With the ability to provide contraceptives to more than one-third of all users, SMC today has the potential to be a sizable, hit-free social venture that makes a substantial contribution to Bangladesh's national planning program. It sells ORS (Oral Rehydration Salts), a whole range of planning products, and has expanded into food, nutrition, reproductive health, and feminine hygiene. It runs the nation's most significant ORS production facility. SMC enjoys dazzling goodwill among its stakeholders and beneficiaries. SMC was recognized as the second largest contraceptive social marketing program globally in terms of CYPs (Couple Years of Protection), according to 2016 Contraceptive Social Marketing Statistics published by DKT International. Since its commencement, SMC operations have prevented 163 million DALYs, 1.7 million infant deaths under 5, and 18.6 million unwanted pregnancies.

According to SMC's mission, program operations are carried out to promote social good. They are funded by donations, grants from organizations in the private sector, and excess funds generated by the company's for-profit subsidiary activities in other economic sectors. Through a number of networks, including 7,000 Blue Star providers, 3,500 private health care providers, and 700 obstetricians and gynecologists, SMC collaborates with graduate and non-graduate non-public sector health care suppliers across the nation in several public health priority areas, such as generative health, maternal and child health, nutrition, TB, etc. nation make up the core experience of the SMC program (SMC, 2020).



Figure 1: Key Partners of SMC EL

2.2 Company Profile

2.2.1 Vision

SMC's vision is to be a world-class social enterprise recognized for its contribution to the advancement of social marketing thoughts, principles, and practices that aim to better the health and well-being of women, children, families, and society.

2.2.2 Mission

In partnership with the government, development partners, and the private sector, SMC's overall mission is to improve the health and wellbeing of women, children, and families through social marketing of products and services in family planning, maternal and child health, nutrition, and other socially beneficial areas.

2.2.3 Core Values

SMC Enterprise Ltd.'s goal is to assist SMC in becoming a successful social company by making extra money from lucrative operations accessible for program activities that advance the common good.

- Our organizational interest comes first, according to our core values.
- We challenge ourselves every day to accomplish better and achieve more.
- We hold dear our principles of honesty, respect, and fairness for everyone.
- We never compromise on quality and meeting our customers' demands.

2.2.4 Product lines or services

Food & Beverage:



Figure 2: Food and Beverage of SMC EL

SMC Plus is a brand of dairy goods manufactured by SMC. It includes milk, yogurt, cheese, and butter. These products are renowned for their excellent quality and freshness, and they satisfy the dairy requirements of Bangladeshi customers.

Taste Me is an SMC product that sells a variety of food items, including snacks, spices, sauces, and canned foods. The brand aims to provide individuals with easy and delicious meal alternatives.

SMC Honey is a natural, pure honey product supplied by SMC. It is acquired from local beekeepers and subjected to strict quality control processes to assure its purity and authenticity. SMC honey is renowned for its rich flavor and health benefits.

SMC produces ORSaline-N, an oral rehydration solution (ORS) that helps resupply and regenerate sodium and potassium in individuals suffering from dehydration, such as diarrhea. This product encourages hydration and stops dehydration-related illnesses.

Hygiene, Maternal, Child Health & Nutrition:



Figure 3: Hygiene, Maternal, Child Health & Nutrition of SMC EL

SMC is well-known in Bangladesh for its diverse range of hygiene, maternity, child health, and nutrition goods. Here are specifics about some of their main offers in these categories:

1. Hygiene products: • Savlon: SMC sells Savlon goods including antiseptic liquid, hand sanitizer, soap, and other personal hygiene essentials. Savlon is a trustworthy company recognized for its germ-fighting powers and commitment to cleanliness.

2. Maternal and Child Health Products: • Pregnancy Tests: SMC provides pregnancy testing kits that allow women to properly and conveniently verify their pregnancy status. • Maternal Supplements: SMC provides nutritional supplements to pregnant and breastfeeding moms to help them keep their health and the growth of their young children. • Child Nutrition: SMC produces and supplies fortified food items, such as micronutrient powders and readily available therapeutic diets, to combat malnutrition in kids.

3. Child Health Products: • Vaccines: SMC performs a significant role in vaccine distribution campaigns, ensuring children receive essential vaccines to stop various diseases. • Oral Rehydration Salts (ORS): ORSaline-N, as mentioned earlier, is an example of SMC's efforts to combat dehydration and diarrhea, which are common health obstacles for children in Bangladesh. • Nutritional Supplements: SMC offers nutritional vitamins for children, including vitamins and minerals, to support their growth and development.

4. Other Health Products: • Family Planning: SMC encourages family planning processes and provides contraceptive products to empower individuals and couples to make updated options about their reproductive well-being. • Water Purification: SMC may also distribute water purification items or promote safe water procedures to prevent water-related diseases and improve overall health outcomes.

Contraceptives:



Figure 4: Contraceptives of SMC EL

SMC offers a variety of contraceptive options, including condoms and pills for oral contraception, to promote family planning and a healthy reproductive system.

Pharmaceutical Products:



Figure 5: Pharmaceutical Products of SMC EL

SMC in Bangladesh also provides a wide range of pharmaceutical items to satisfy the country's various healthcare demands. While I cannot provide a complete list, the instances above are some of the medicinal medicines that SMC generally offers. SMC's pharmaceutical products are frequently provided via a variety of channels, including pharmacies, clinics, hospitals, and programs for community health. They play a vital part in enhancing Bangladeshi citizens' access to critical healthcare services and pharmaceuticals.

2.2.5 Corporate Division

- Finance & Accounts
- Sales Department
- Marketing Department
- Human Resources Department
- Quality Control Department
- Production Department
- Distribution Department

- Commercial Department

2.2.6 Network Project in Bangladesh

Table 1: Network Project of SMC

Types of Network	Districts Covered	Upazilla/ Wards	Providers/People	Remarks
Blue Star	64	492	10,300	Public health service.
Green Star	64	492	4,300	For primary health care & sell those products.
Pink Star	54		502	Provide Long Term Reversible Contraceptives by Graduate doctors.
Rose Star	7		104	Provide Nutrition service among Under 5 years kid.
Gold Star (Rural)	32	104	3,048	Develop women entrepreneurs for create demand and sell health products.
Gold Star (Peri-urban)	4	23	184	Develop women entrepreneurs for create demand and sell health products.

2.3 Supply Chain Management Practices of SMC

SMC supply chain management covers all activities necessary to guarantee on-time shipping and widespread product availability up to the level of retail outlets. It entails obtaining completed goods and raw materials for one's own produced goods from domestic and foreign suppliers, followed by warehousing, logistics, and delivery to the 12 SMC Area Sales offices, and then distribution to retail and wholesale pharmacies, supermarkets, and other businesses.

The supply chain management SMC supply chain management covers all activities necessary to guarantee on-time shipping and widespread product availability up to the level of retail outlets. It entails obtaining completed goods and raw materials for one's own produced goods from domestic and foreign suppliers, followed by warehousing, logistics, and delivery to the 12 SMC

Area Sales offices, and then distribution to retail and wholesale pharmacies, supermarkets, and another [SCM] team at SMC Enterprise Ltd [SMC EL] collaborates to guarantee on-time supply in response to marketing and sales demand as well as widespread product availability up to the level of retail outlets. The Supply Chain Management (SCM) division now has five teams operating under it: Demand Planning and Inventory Management, Procurement - Pharma, Procurement - FMCG, Commercial, and Logistics & Distribution. NGOs and more channels.

SCM is involved in acquiring completed goods as well as raw materials and packaging from domestic and foreign suppliers for both internal use and contract manufacturing. Additionally, it provides items to 24 Area Sales offices (12 for FMCG and 12 for Pharma), 24 warehouses totaling about 4 lac square feet, retail and wholesale pharmacies, grocery stores, non-profit organizations, and other channels.

SMC developed local-level distribution facilities around the nation in April 2018 to improve rural and non-pharmacy coverage of domestic goods. (SMC, 2022)

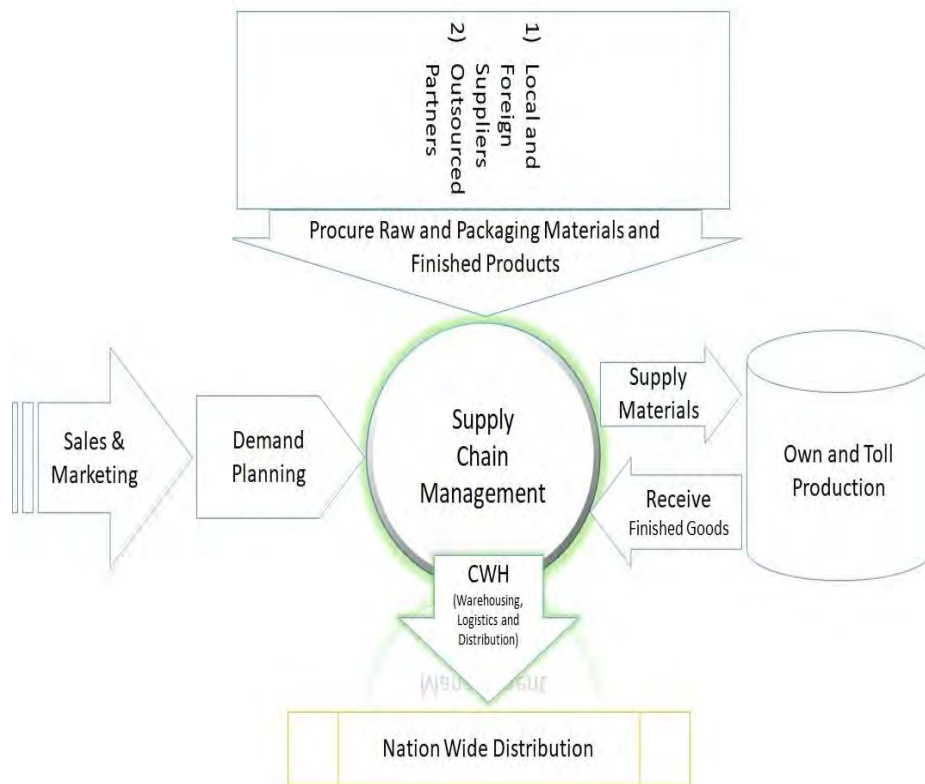


Figure 6: Supply Chain Management Process of SMC EL

2.4 Finance & Accounts Practices of SMC

The main responsibilities of this department are to manage all cash and check-related activities, prepare payment notes, monitor receivables and payables, establish yearly objectives, manage bank accounts, prepare vouchers and journal entries, and prepare financial statements, among other things.

2.5 Marketing Practices of SMC

2.5.1 SMC Social Marketing Model

Social marketing refers to the advertising and marketing of goods and services that specifically benefit the general public at prices they can afford. The main goal of social selling is to make high-quality health products and services widely accessible and affordably priced. Three essential components make up the SMC social marketing model:

- (1) demand generation and behavior modification through a multifaceted communications strategy;
- (2) private sector access to high-quality, affordably priced goods and services that clearly benefit health; and
- (3) financial prudence through cross-subsidization from more expensive goods and services to subsidize low-income segments.

2.5.2 Social Distribution Networks of SMC

One of Bangladesh's oldest, largest, and most effective distribution networks (owned and dealership) is owned by SMC. There are twelve offices spread among the major district and division cities of the nation, below four regional offices. This makes it possible for SMC's 143-person sales staff to deliver items on schedule and on time to distant places. Each year, SMC directly services a median of 267,674 outlets, including pharmacies, grocery shops, and kiosks. Of these, pharmacies account for around 40%. The SMC's regional warehouses or its headquarters warehouse in Bhaluka regularly provide supplies to the sales offices. To guarantee widespread distribution, the sales staff dispatches delivery vehicles around the region. Due to the company's wide distribution network, SMC's products are available in stores across the whole nation.

According to a recent study on product accessibility, the majority of Asian retail pharmacies stock at least one SMC complete contraceptive pill (OCP), 85% stock at least one SMC safety, and 98% stock SMC complete of ORS. In an effort to expand accessibility and availability, SMC presently distributes ORS and condoms through non-pharmacy stores. A SMC complete of ORS is present in roughly two out of every three non-pharmacy stores nationwide, and an SMC complete of safety is present in one out of every four non-pharmacy businesses.

The company now sells a range of tablets and condoms that are catered to different market segments and are backed by advertising and marketing that is brand-specific. The SMC approach continues to include significant amounts of market segmentation, strategic positioning, brand development, and brand marketing efforts. In order to accomplish the twin objectives of offering affordable goods for the less fortunate and enhancing the financial standing of the company, SMC has developed a strategy that divides its brands into a range of rating classes.

Social marketing in Bangladesh has drawn attention from across the world and evolved into a best practice model as a result of its amazing success and sheer scope. Two of the top graduate business schools in the US include a case study on social marketing initiatives in Asia in their curricula. Furthermore, Philip D. Harvey's well-known book "Let Every Child Be Wanted: How Social Marketing Is Revolutionizing Contraceptive Use Around the World" has a whole chapter on social marketing in Bangladesh. The "Asian Marketing Casebook" by Noel Capon and Wilfried R. Vanhoenacker also details SMC's successes. In 2008, the business was given the International Star Award for Leadership in Quality by Corporate Initiative Directions (BID), a Madrid-based corporation that works to improve businesses' reputations all over the world (SMC, 2022).

SMC distribution channel:

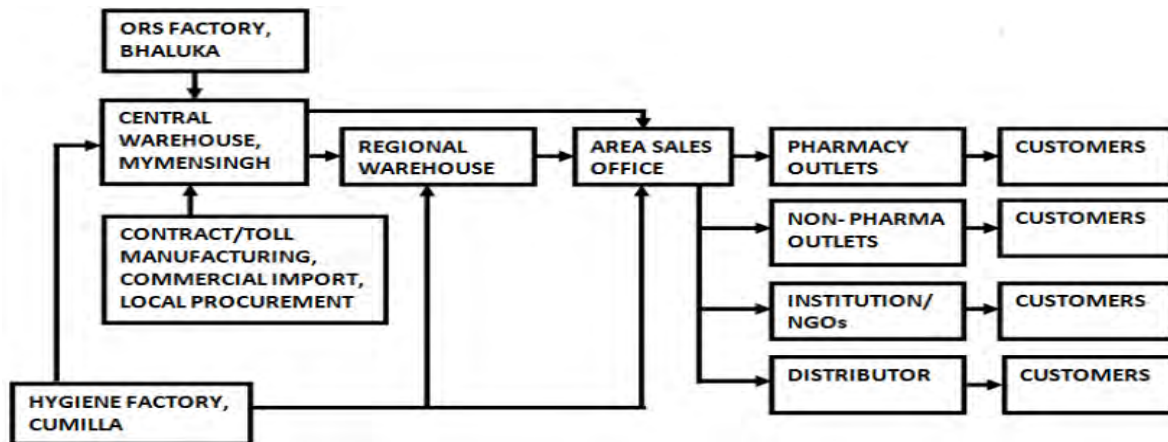


Figure 7: Distribution Channel of SMC EL

2.5.3 Activities of Marketing Department

The marketing division is primarily in charge of SMC's promotional activities, including developing all promotional initiatives, creating budgets, coming up with ideas that will appeal to the market, organizing events for distributors and clients, sending gifts, and so forth. This department oversees PR and provides client support as necessary. Packaging and pack designs are also made by the marketing department.

The marketing department has four activities.

- i. **Product creation-** Though product creation is not only the responsibility of the marketing department, it does require other departments to collaborate. Marketing is primarily responsible for the research component of product creation. They acquire information about the market situation and then decide what sort of product may be made to best serve the market. The new product design is then created in collaboration with other departments. The product development section is also involved in product packaging.
- ii. **Promotion-** One of the most common and important actions of the marketing department is promotion. One of the Ps in the marketing mix is promotion. This is a critical job of the

marketing team because it is the sole way to communicate any form of message to end consumers. Promotion encompasses all forms of communication with end consumers. Promotion is one of the fundamental methods for branding and hence falls within the purview of the marketing department.

- iii. **Brand Equity-** The worth of a brand in the perspective of its customers is referred to as brand equity. Building strong brand equity is critical for creating a positive brand image, which will subsequently transfer to the newly manufactured product and make it simpler to sell. Creating high brand equity is thus one of the primary operations. Many little acts are carried out in order to reach the ultimate aim of strong brand equity.
- iv. **Market Research-** Market research means researching in the market and among the customers about the condition of the market and the perception of the market about the company's product. Many decisions regarding the existing product line and the planning of new products come up with the result of the market research.

2.6 Human Resource Department (HRD) Practices of SMC

Planning and monitoring staff actions are the main areas of HRD's attention in SMC. One of HR's main duties is career development, which is accomplished through the distribution of circulars and applicant interviews, but the Managing Director of SMC ultimately has the final say. HR also takes the initiative to introduce a new hire to everyone when they join.

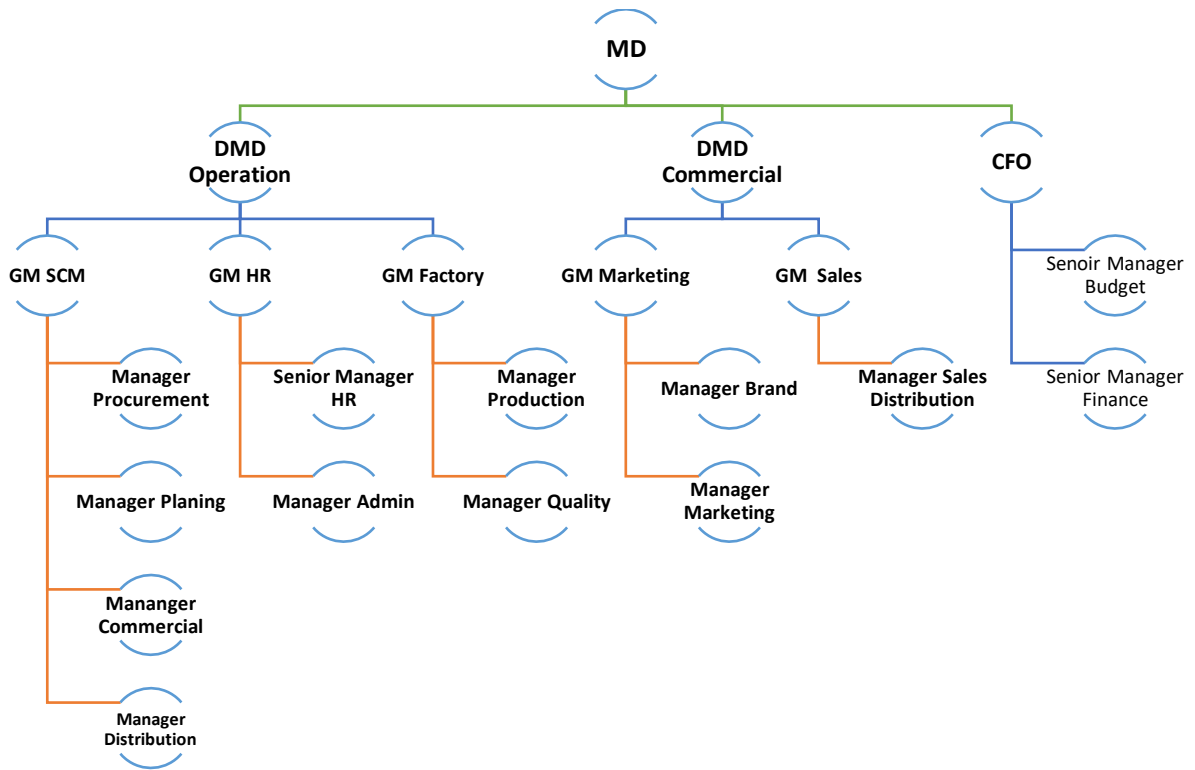


Figure 8: Organogram of SMC EL

2.7 Production Department of SMC

In response to orders, the manufacturing division mostly produces commodities from inside the country and outside. When making items, the policies of the PD department are followed. Local products are supplied to the Distribution division after production, while imported products are transferred to the warehouse at the Chittagong port, where they are held until they are ready for shipping.

2.8 Quality Control Department (QC) of SMC

Prior to packing, this division's main objective is to inspect the goods for quality. To ensure that they are all edible and continue to be of the greatest level, all goods are subjected to quality control (QC) testing. Furthermore, QC carefully inspects exported goods and certifies that each one complies with international standards and is ready for export.

2.9 Industry and Competitive Analysis of SMC

A SWOT analysis is a comprehensive assessment of an organization's strengths, weaknesses, opportunities, and threats. This analysis takes into consideration both internal and external factors. While external factors are often beyond an organization's control, internal factors can be identified and managed by the organization's management team. A positive SWOT analysis can help an organization grow and progress, while negative findings may highlight areas for improvement and present challenges to the organization.

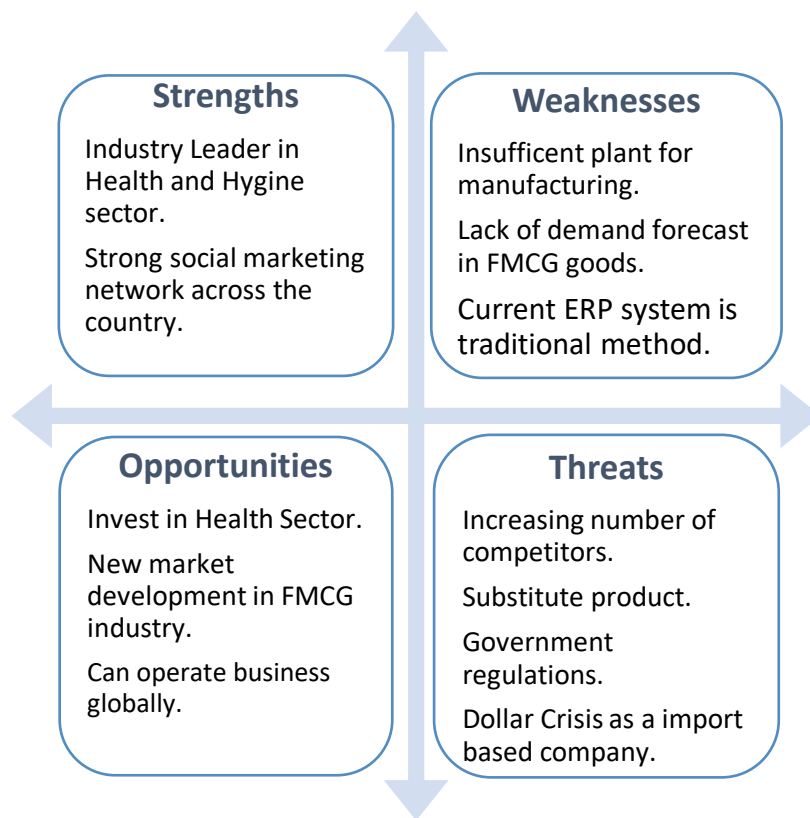


Figure 9: SWOT Analysis of SMC EL

2.10 Conclusions

I feel grateful for having had the opportunity to gain practical experience as an intern at SMC. The internship program is a crucial part of the MBA curriculum, and my primary objective was to provide an overview of SMC's Total Quality Management. Although I didn't have enough

time to perfect the entire approach, I gained a lot of knowledge about banking administration. Skilled individuals are vital to an organization's long-term success, and my internship experience has significantly increased my knowledge and skills, making me more perseverant and dedicated in my efforts. The internship experience is essential before starting to work for any company after graduation since it offers practical life experience that enhances and develops my inner skills in a more optimal manner. I am confident in my experience.

2.11 Recommendations

- Setup more distribution channel for reaching rural point.
- FMCG items are more demandable so that SMC EL can establish a factory.
- Product variation can increase customer number and develop new product.
- SMC EL should need few own transports.
- Need aggressive marketing for FMCG items.
- Proper use of market leader position for improve existing products and innovation.
- SMC EL should use colorful and attractive packaging.

**Chapter 3: Inventory Management impact on Total
Quality Management of SMC Enterprise Limited
FMCG Goods.**

3.1 Introduction

The main focus of this report is Total Quality Management in FMCG goods of SMC Enterprise Limited. During this three-month internship period, I gathered so much practical knowledge based on Supply Chain Management activities. Such as demand forecasting and planning, procurement and import of raw materials, quality assurance, and inventory management of SMC EL. This is relevant to my post-graduation studies, where I have completed Supply Chain Management and Logistics, Total Quality Management, and Project Management courses in my major. From using my academic study, I found some major problems of SMC EL in FMCG goods (ORSaline, SMC Plus, Taste me) inefficient Inventory management system, defective products, and inaccurate lead time management. And also gave some findings and recommendations for overcoming those issues. Meanwhile, the SMC EL team also continuously tries to improve more to achieve organizational goals and achieve sustainable growth.

After completing three months in Supply Chain Management department at SMC Enterprise Limited, I was working with each of the teams such as Demand Planning, Procurement, Commercial and Quality. During this period, I found couple of issues. But the biggest issue I have identified that is inefficient inventory management of ORSaline. SMC Enterprise Limited is known for their ORSaline and also market leader of this product. Also, SMC EL earns their major of the revenues from ORSaline. So, this problem should identify and mitigation is the goal of this report. And I also have tried to use my academic knowledge to analysis of the problem. Finally, I have chosen to apply Cause and Effect Matrix or Fishbone Diagram tool for solve this inventory problem.

3.2 Literature Review

Total Quality Management (TQM) is a systematic approach to ensure the highest level of quality in an organization's products or services. It involves creating a culture within the organization that supports the continuous improvement of processes, procedures, and training to achieve customer satisfaction. TQM programs are designed to operate as a system with the ultimate goal of achieving 100% customer satisfaction. In simpler terms, TQM is a set of activities that aim to produce satisfied customers, motivated employees, increased revenue, and reduced expenses (Himanshu, 1999).

TQM is systematic analysis, but the emphasis is shifting from a process driven by external controls via procedure compliance and enhancement to a process of habitual improvement in which control is integrated inside and driven by the organization's culture (V.TAMILSELVI, 2021).

Price and Chell argue that Total Quality Management (TQM) is a strategy for long-term success in business. It aims to achieve customer satisfaction, staff contentment, and product quality at every stage, resulting in continuous improvement and innovation in overall quality. TQM should be viewed as a journey rather than a destination (Smriti Chand, 2023).

TQM is a management approach that engages all members of an organization to focus on long-term success through customer satisfaction and benefits to all stakeholders. Total Quality Management is the process of managing quality throughout a company. Management is the process of planning, organizing, directing, controlling, and ensuring. Total quality is named by its two components: quality of return to shareholders and quality of products (Beyondlean, 2024).

3.3 Objectives of the internship work

- **To identify problems and root causes of inventory management.**
- **To identify potential solutions to the inventory problems through literature review.**
- **To suggest the suitable tool to overcome the problem.**

3.4 Significance

This report gives me a clear understanding of FMCG industry-related problems and causes. And the scope of the FMCG industry and how necessary to continuous improvement. In supply chain management functional departments are interrelated. And it gives me an altogether supply chain idea. For demand planning how to forecast future demand and how should be managed inventory, for procurement how to make good relations with suppliers, for quality management how testing and specification of goods be measured and how cost can be minimized by reducing waste and lead time.

I'll be able to utilize the information in this report to have a better understanding of what it's like to work in a real-world environment and to monitor my professional progress going forward. There are several methods for handling diverse job processes in the professional office. It is impossible to learn all of those things merely via theory. Learning is made easier when practical abilities are connected to previously learned theory.

3.5 Methodology

A systematic method of testing is required for this report, beginning with the topic selection and ending with the compilation of the final analysis. The report involved the identification and collection of the essential data sources. The following procedure was used for this report:

a) Topic selection: My supervisor specified the topic for the assignment. To guarantee that this internship report is well-organized and of high quality, my supervisor gave me helpful ideas and recommendations on the topic.

b) Identifying information sources: To run the study and make this report, we selected necessary sources, including both primary and secondary data sources. The material for this study has been collected from both primary and secondary sources.

For conducting my internship report I used both source Primary and Secondary methods:

Primary Source- During my three-month internship period I gathered necessary data about SMC EL from the demand and planning department, procurement department, commercial department, sales department, packaging and printing department, and quality assurance department. Overall, some data is collected formally receiving hard copies and some data is collected informally such as through interviews.

Secondary Source- I also have collected some data from secondary sources such as the SMC website, Articles, journals published about SMC in newspapers and magazines, and the Annual sales report.

c) Data Collection: Primary information was collected from direct interviews with exceptional SMC Quality Management Department team members.

3.6 Findings and Analysis

3.6.1 Steps of Create Cause and Effect Diagram

For identify the problem the following steps are important to create Cause and Effect Matrix.

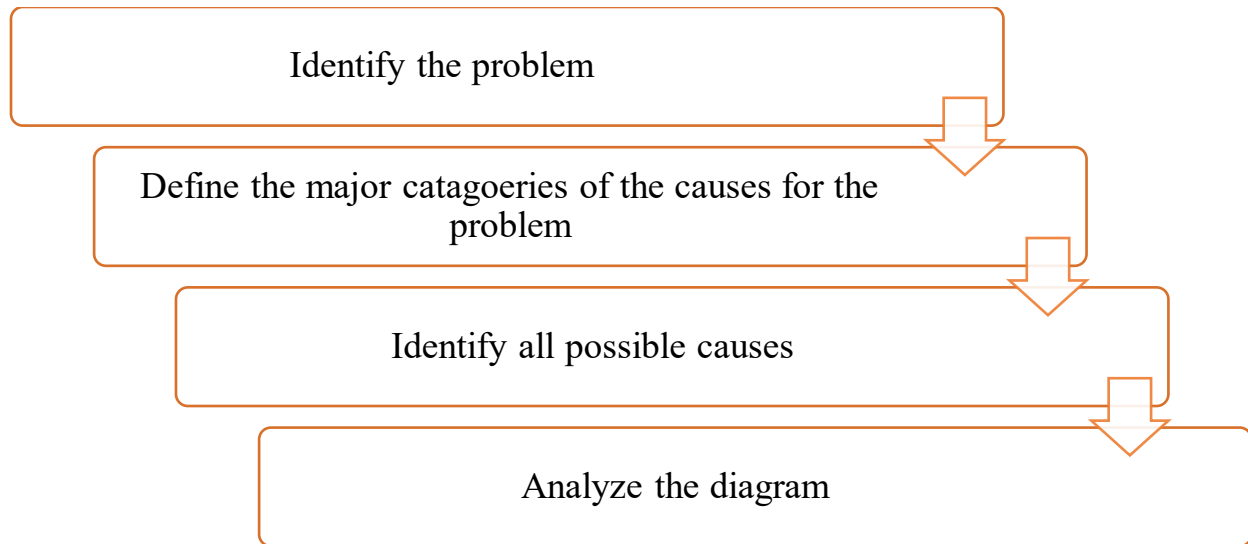


Figure 10: Steps of Create Cause and Effect Diagram

Step 1: Identify the problem: First of all, the main problem I have identified is inefficient Inventory Management of ORSaline. The cause-and-effect diagram's primary impact is illustrated in the figure below.

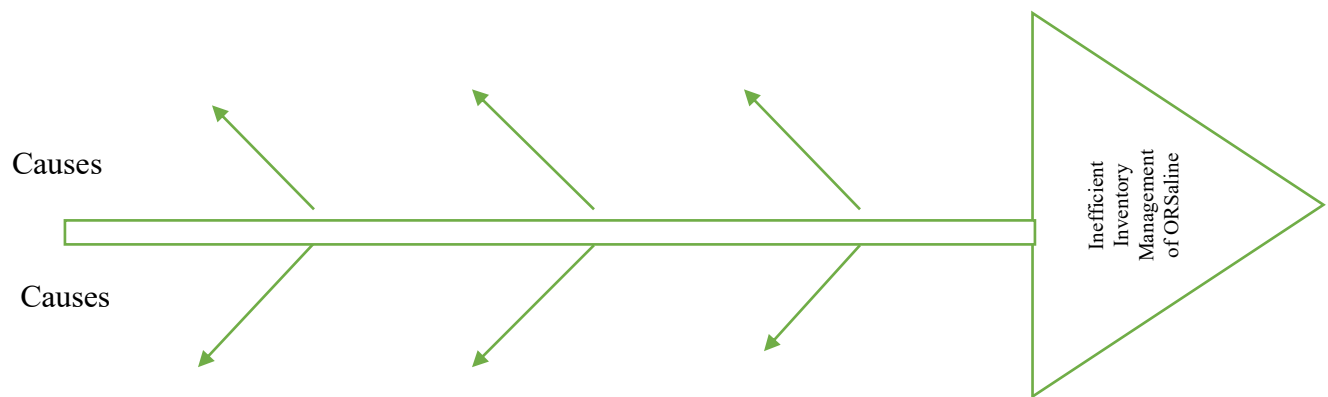


Figure 11: Identify Inefficient Inventory Management of ORSaline

Step 2: Define the major categories of causes for the Problem: Using brainstorming tools, the problem's root causes are narrowed down in this stage. These reasons are frequently divided into groups like people, things, materials, and outside forces. The 4M's of manufacturing (machine, method, material, and manpower); the four S's of the service sector (environment, suppliers,

systems, and skills); the five M's (measurement, maintenance, money, management, and Mother Nature); and the eight P's of marketing are some of the frequently used primary causes, but they are not the only ones (product, price, place, promotion, people, process, physical environment and productivity).

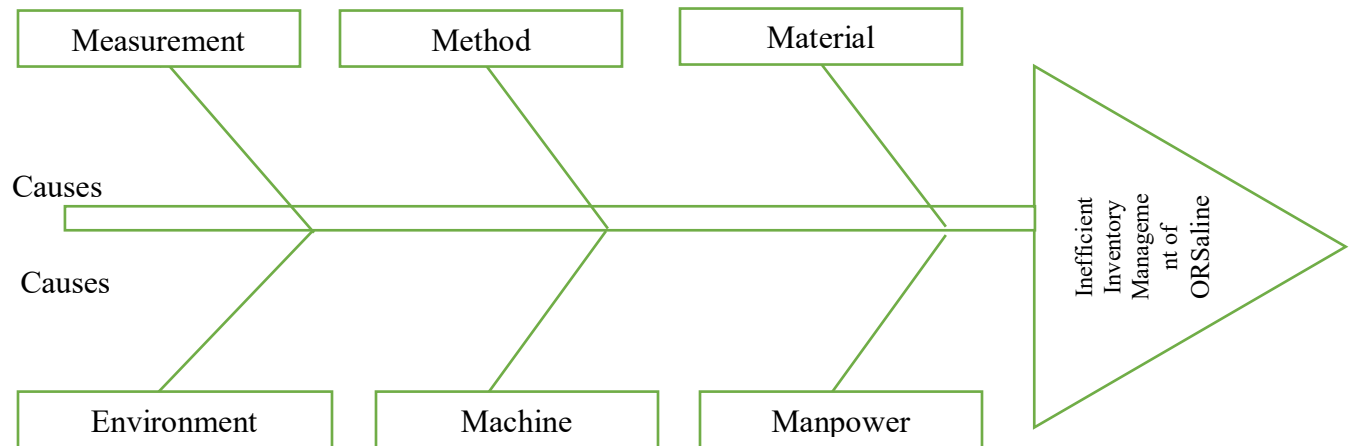


Figure 12:3 Identify Causes for inefficiency Inventory Management of ORSaline

Step 3: Identify all possible causes: Based on brainstorm at this phase some through causes can be the reason of inefficient Inventory Management. While coming up with ideas, consider "Why does this happen?" Then make a note of the response. On the appropriate places on the fishbone, write the causes horizontally. If the reasons fall under many categories, you can list them in numerous locations. With each reason, ask "Why does this happen?" once again. List causes that branch off of the cause branches.

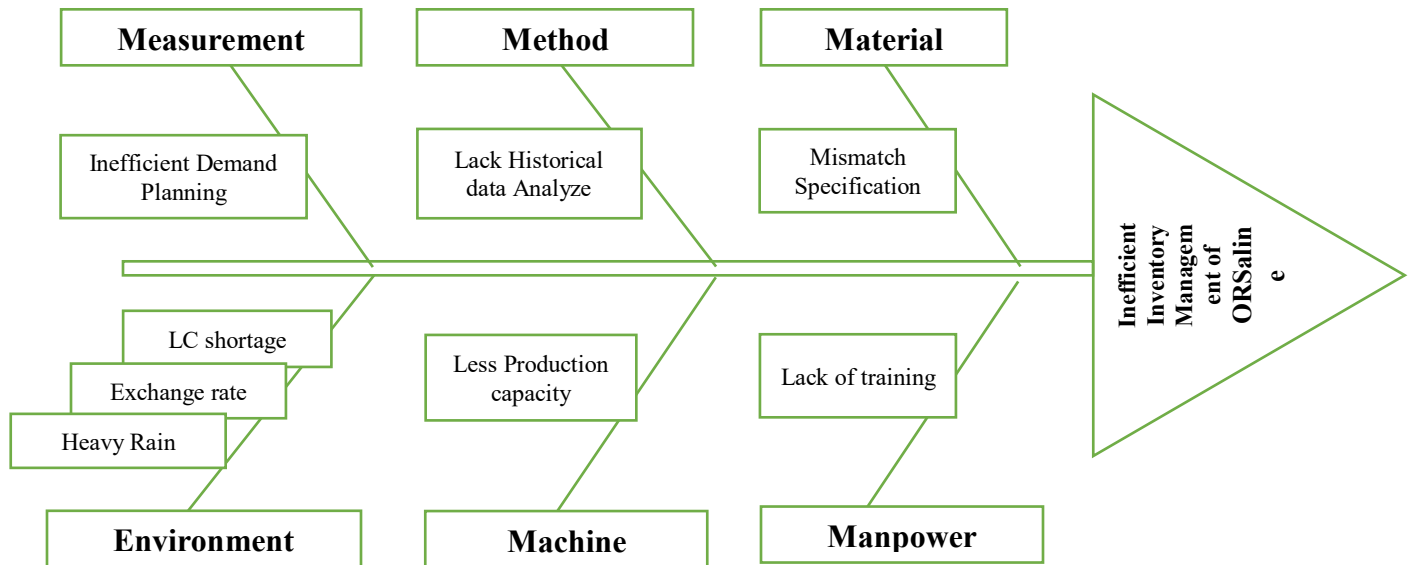


Figure 13: Analyze the causes of inefficiency Inventory Management of ORSaline

Step 4: Analyze the diagram: Once the fishbone is finished, now the whole organizational scenario is open and thoroughly discussed with data. Now organizations can use different strategy and operational activities to resolve the inefficiency of inventory management.

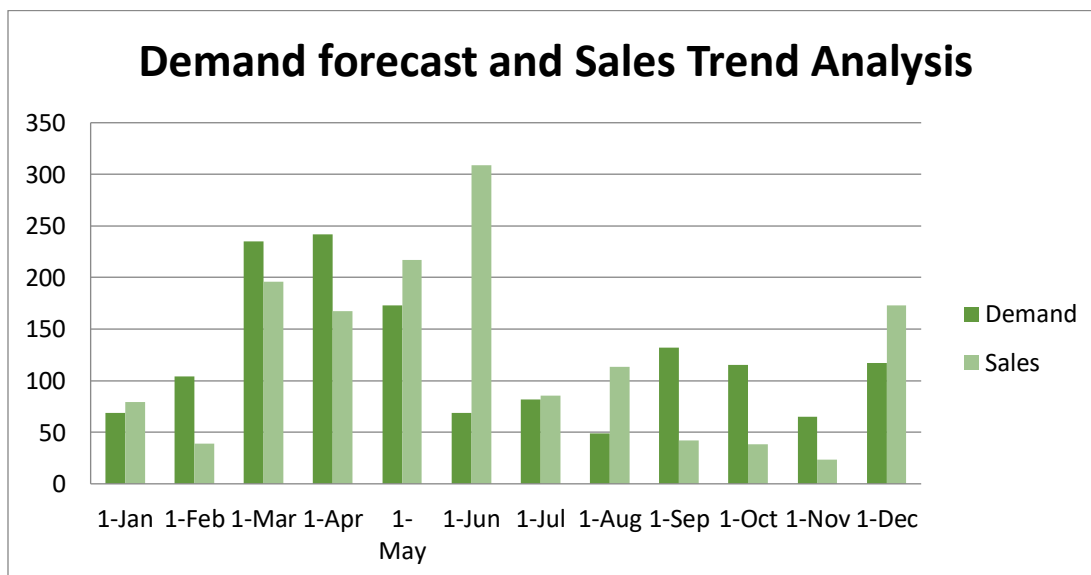
3.6.2 Causes of Measurement

- **Inefficient Demand Forecasting-** In SMC Enterprise Limited, for over demand forecasting sometimes sales can not meet the target and excessive surplus increase companies inventory cost. Meanwhile, less demand estimation can increase customers dissatisfaction due to stock out of ORSaline. Here, I have given an trend analysis of SMC Enterprise Limited's demand forecasting verse sales from July-22 to June-23 fiscal year (SMC, 2022).

Table 2: Demand and Sales of 2022-2023 fiscal years

(In Million Sachet)

Months	Demand Quantity)	Forecast (In	Actual Sales (In Quantity)
July-22		82	85.5
August-22		49	113.7
September-22		132	42.3
October-22		115	38.1
November-22		65	23.2
December-22		117	172.8
January-23		69	79.3
February-23		104	39.1
March-23		235	196
April-23		242	167.2
May-23		173	216.7
June-23		69	309

**Figure 14: Trend Analyses of Demand Forecast and Sales**

3.6.3 Method Cause

- **Lack of historical data analyze:** Due to lack of information from ground level (Sales Team) demand planning cannot forecast proper demand. And also previous historical data trend are also ignored by Sales department.
- **Seasonal demand:** March to May is the summer season in Bangladesh. In this period many kinds of water related diseases are common in Bangladesh. And demand are also high than other season.
- **Number of Dengue patient increase:** In recent times, dengue is rapidly increased and doctors are suggesting having more ORSaline for speed recovery. This trend is also ignoring by the demand planning department. That is also another reason of inefficient inventory management.

3.6.4 Material Cause

- **Discrepancy Specification:** SMC Enterprise Limited follows world class plant and raw materials for ORSaline production by importing raw materials from China, India, Singapore and USA. And also follow all the WHO standards. But the external packaging material is purchase from local sources. Due to high price of packaging material SMC accept the supplier's specification. So that, many of the finished goods are unsold due to poor packaging.

Table 3: Specification of Packaging for ORSaline

TESTS	SPECIFICATIONS
Description	Printed dispenser made of paper board using specified color & shape with bottom locking and top open and bilingual text (English & Bangla) having pack size of 1x25 sachets. The top of the inner carton consists of two side flaps and a front locking flap.
Dimension	Length: 13.5 +/- 0.2 cm (inner) Width: 7.5+/- 0.2 cm (inner) Height: 8.3 +/- 0.2 cm (inner)
Weight per square meter of board	300 gsm to 320 gsm
Total weight	20 gm to 24 gm
Type of paper	White-coated duplex board (Korean)
Color	Bi-Color (Black and Orange)
Printing details	Printing details must comply with the parameters of SMC Enterprise Limited. As per the attached specimen.
Text & Design	As per standard
Pack Size	1x25 sachets
Cutting/Creasing	As per standard
Gluing	Must be satisfactory
Drop Test	The dispenser must be remained intact after drop testing.
Packing	All boxes are to be supplied by wrapping with brown paper (200 pcs in each packet)

3.6.5 Environment Cause

- **Lack of foreign currency:** LC for ORSaline is decreased significantly. It impacts directly in the production unit as well as maintaining proper inventory management.

Table 4: Number of LC Open

SL No.	Particulars	No of LC 2023	No of LC 2022
1	Sodium Chloride	11	16
2	Potassium chloride BP	6	10
3	Trisodium Citrate Dihydrate BP	12	17
4	Anhydrous glucose	48	62
5	Printed aluminum Foil	24	37

- **Currency exchange rate:** fluctuation also has a great impact on importing raw materials and packaging materials. In recent years currency rate fluctuation has been out of control. Suppliers do not accept Bangladesh Bank's proposed currency exchange rate and also give a new rate for every shipment. Which also delays the lead time for production and the overall supply chain process. (Bangladesh Bank, 2023)

Table 5: Currency rate

Month	Currency rate
September 2023	110.00
August 2023	109.50
July 2023	109.48
June 2023	108.50
May 2023	108.00
April 2023	106.95
March 2023	109.00
February 2023	109.50
January 2023	105.35

- **Wastage in packaging:** material is also a reason for the shortage of ORSaline in the market. July and August month is usually a rainy season. In very recent times SMC Enterprise Limited has experienced a huge loss of finished goods due to the heavy rainfall on 5th and 6th July 2023 at Cumilla warehouse. Cumilla warehouse is one-third of the total 300,000 sqr.feet area.

3.6.6 Machine Cause

- **Lack of Production capacity:** Lack of production efficiency is also a cause of inventory management inefficiency.

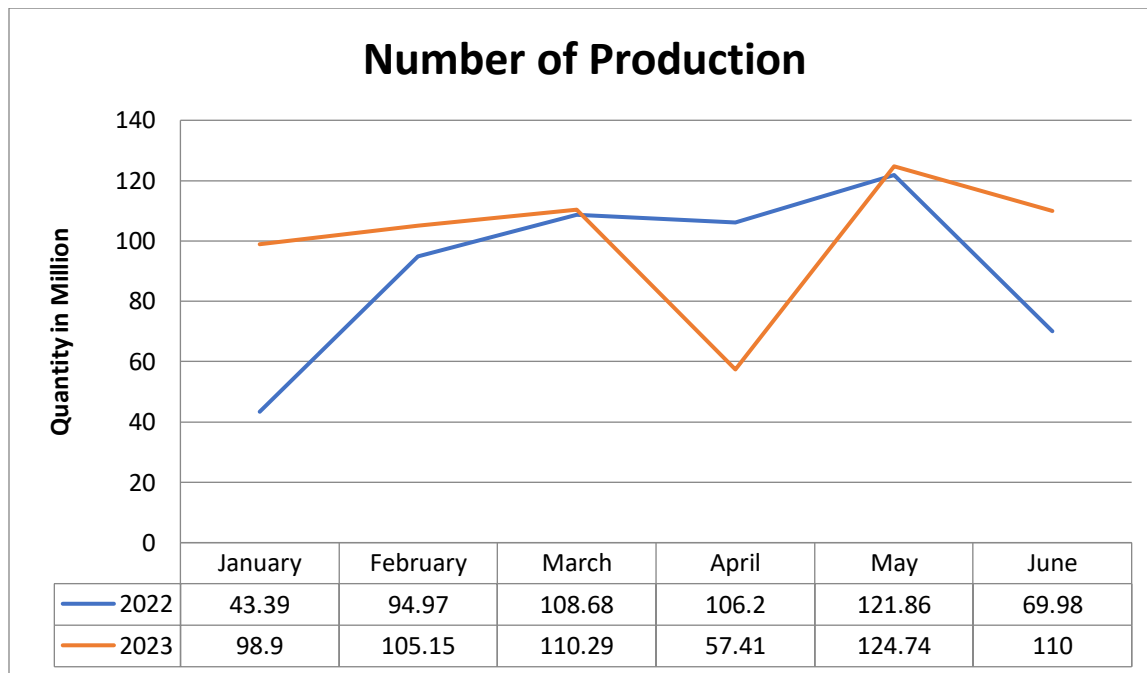


Figure 15: Analysis of Production Capacity

Manpower Cause:

- Lack of employees training and development facility is also a cause of people's productivity.
- Lack of communication between suppliers end and SMC factory to receive packaging materials in lead time.

- Sunday is a holiday at SMC Factory. Friday is factory open day, which is unusual in Bangladesh.

3.7 Conclusion

Through my internship at SMC Enterprise Limited, I have gained important knowledge about the intricacies of logistics coordination, import operations, and international trade compliance. I have gained practical experience in supplier management, documentation, and cross-functional cooperation, which has improved my comprehension of global commerce and supply chain operations. My capacity to oversee import operations effectively, maintain compliance, and cultivate enduring relationships with stakeholders has improved as a result of this experience. All things considered, this internship has been a rewarding chance for me to put my academic knowledge to use in a real-world situation and make a significant contribution to the management of the business.

In this analysis, I have identified Inefficient Inventory Management of ORSaline as a problem. To minimize the costs and inefficiency I have used the famous Japanese Tools Cause and Effect Diagram. Which is also known as the Fishbone Diagram. In every step, I have thoroughly discussed and specified the real causes during my internship period. ORSaline is doing business monopoly in market and also life-saving product. So that inventory and proper supply in necessary.

3.8 Recommendations

- Implement an Inventory Monitoring System: The most important step is to spend money on sophisticated software or an inventory monitoring system that gives you real-time access to your inventory levels. As a result, you can successfully estimate demand,

establish reorder points, and check stock levels. A solid tracking system is the cornerstone of better inventory management.

- JIT inventory and demand forecasting: Put your attention on demand forecasting to properly predict future demands. You may improve inventory levels by comprehending market trends, historical data, and seasonality. Consider using a Just-in-Time (JIT) inventory system to place orders for goods only when it is required, which lowers carrying costs and the chance of overstocking.
- Build trusting connections with your suppliers through effective supplier relationship management. Strike a deal that gives you benefits like bulk savings, flexible payment arrangements, and quick turnaround times. In order to ensure you have the correct inventory at the right time, effective supplier relationships may considerably lower holding costs and improve supply chain efficiency.
- Using Artificial Intelligence for production units. Which will be more accurate than human error and the capacity of production is high.
- External factors like Currency for importing raw materials can be minimized by sourcing domestic vendors, there are few vendors developed in the local market. For example, Food-grade or Pharmaceutical Sugar, Glucose is now produced in Bangladesh.
- Currency fluctuation can minimize by using another currency instead of US Dollar. For ORSaline, Aluminum foil is import from India by paying Dollar which can possible by accept Rupee.

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