

**Internship Report on,
“Procure to Pay Process of Linde Bangladesh”**





Internship report on “Procure to Pay process of Linde Bangladesh”

Submitted to,
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Submitted by,
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Letter of Transmittal

April 05, 2018

Dr. Mamun Habib

Associate Professor

BRAC Business School

Brac University.

Subject: Submission of internship report.

Dear Sir,

It is an immense pleasure for me to submit my internship report entitled “Procure to pay process of Linde Bangladesh Limited”. I have completed my 12 weeks of internship at Linde Bangladesh Limited and prepared the report under your supervision, as a requirement of completion of BBA program.

I tried to incorporate the theoretical knowledge I have gathered throughout my academic years, with the practical business practices precisely into this report. I hope that you will approve this report and it will meet your expectations.

Sincerely,

Amina Farhad Rifa

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Letter of Endorsement

The Internship Report entitled “Procure to pay practices of Linde Bangladesh Limited” has been submitted to the Supervisor Faculty, Professor Dr. Mamun Habib, in partial fulfillment of the requirements for the degree of Bachelor of Business Administration, Major in Supply Chain Management, BRAC Business School on April 5, 2018 by Amina Farhad Rifa, ID- 14104119.

The report has been accepted and will be presented to the Internship Defense Committee for evaluation.

(Any opinions, suggestions made in this report are entirely that of the author of the report. The University does not condone nor reject any of these opinions or suggestions).

Professor Dr. Mamun Habib
Internship Supervisor

Acknowledgement

At first, I would express my gratitude to the Almighty, for giving me the opportunity, strength and ability to work for the report. Then, I would acknowledge the assistance of my internship supervisor Dr. Mamun Habib for his constant support and guidance, without which it might not be possible to complete the report.

I am grateful to my external supervisor Muhammad Asaduzzaman, Accounting and Treasury Manager of Linde Bangladesh Limited for his cooperation. I am very much thankful to all of the employees of Finance and Procurement department of the company with whom I have worked throughout my internship period, for their supportive behavior. Lastly, my heartiest gratification to my family members and friends, who have directly and indirectly supported me in preparing this report. I really appreciate the people who have always been friendly to me and has briefed every single details I have asked for.

Executive Summary

This report reflects the insights I have gathered in my internship period at Linde Bangladesh. The report summarizes the work I was assigned to and also the Procurement procedures of the company in brief. This internship has enabled me to understand the basic workflow of procurement department, and also the importance of collaboration among Procurement and Finance Department. Throughout my internship, I have gained knowledge about SAP software and the usage of it and tried to incorporate the details of my experience into this report. I have worked in collaboration with finance department for which I was recruited for the last three months and addition to that I have also worked on the company's share department for Annual General Meeting preparations. At the end of my Internship period I have successfully learnt the use of SAP software, general functions of it and many more things related to corporate that I would not be able to, if internships were not mandatory.

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Part-1: About the Organization

1.1. Organization Overview

The Linde Group has a history of over 130 years built on a heritage of innovation with a strong focus on technology. The company's founder, Professor Doctor Carl von Linde, invented refrigeration technology and pioneered a process of air separation. Today, Linde is a global market leader in gases and engineering solutions. The Linde Group is a world-leading gases and engineering company with approximately 64,000 employees working in more than 100 countries worldwide. In the 2016 financial year, it achieved sales of EUR 16.9 billion (2015-EUR 17.9 billion). Linde Group's bequest in Bangladesh- Linde Bangladesh Limited; formerly known as Bangladesh Oxygen company, has been contributing towards the development of the nation as a silent partner.

A strong inbuilt culture with solid work values developed and strengthened Linde Bangladesh over the years which are reflected in the performance of its employees for more than 60 years with continuous expansion in operations and business. Linde Bangladesh sells their products to more than 35000 customers from a wide spectrum of industries running from chemicals and petrochemicals to steel. The team of around 315 trained, motivated and professional members manages 24 hour operations at three major locations across the country to support the customers. Linde Bangladesh Limited is committed to the quality of our product and services. The motto of the company is to ensure optimum conditions in health, safety and the environment for employees, customers and stakeholders. Linde group believes to empower people, innovating for its customer through diversity and pursue the higher standards of excellence.

Vision

The vision of Linde Bangladesh is to be recognized as the leader in all the business sectors in which it operates in Bangladesh (Linde Group, 2018).

Mission

The company aims to ensure optimum conditions in health, safety and the environment for employees, customers and stakeholders (Linde Group, 2018).

Principles

The principles of a company states how the organization will value its external and internal customers and the entire community it's operating in (Linde Group, 2018). Linde Bangladesh holds themselves accountable for the four guiding principles-

Safety - The Linde Group will avoid to harm people and society.

Integrity - The actions of the company are honest, fair and ethical.

Sustainability - Linde Bangladesh is focused on today's success, but accept the responsibility for future generations.

Respect - Every human being deserves to be treated with respect.

1.2. Linde at a Glance

According to Linde group Organizational review (2015.), Linde at a glance states about the overall transformation of the Linde group since 1879 to 2011. It has been specified about the expansions and operations of the company in numerous dimensions. The details are described below:

1879–1890:

Refrigeration pioneer to international technology leader (Chowdhury, 2016)

1891–1934:

From air liquefaction to air separation (Chowdhury, 2016)

1935–1974:

War economy, collapse and economic miracle (Chowdhury, 2016).

1975-2004:

Becoming a global player, acquisition of AGAAB of Sweden which was followed in 2004 with the divestment of the original core of the Linde business - the refrigeration division to Carrier Corporation of the USA (Chowdhury, 2016).

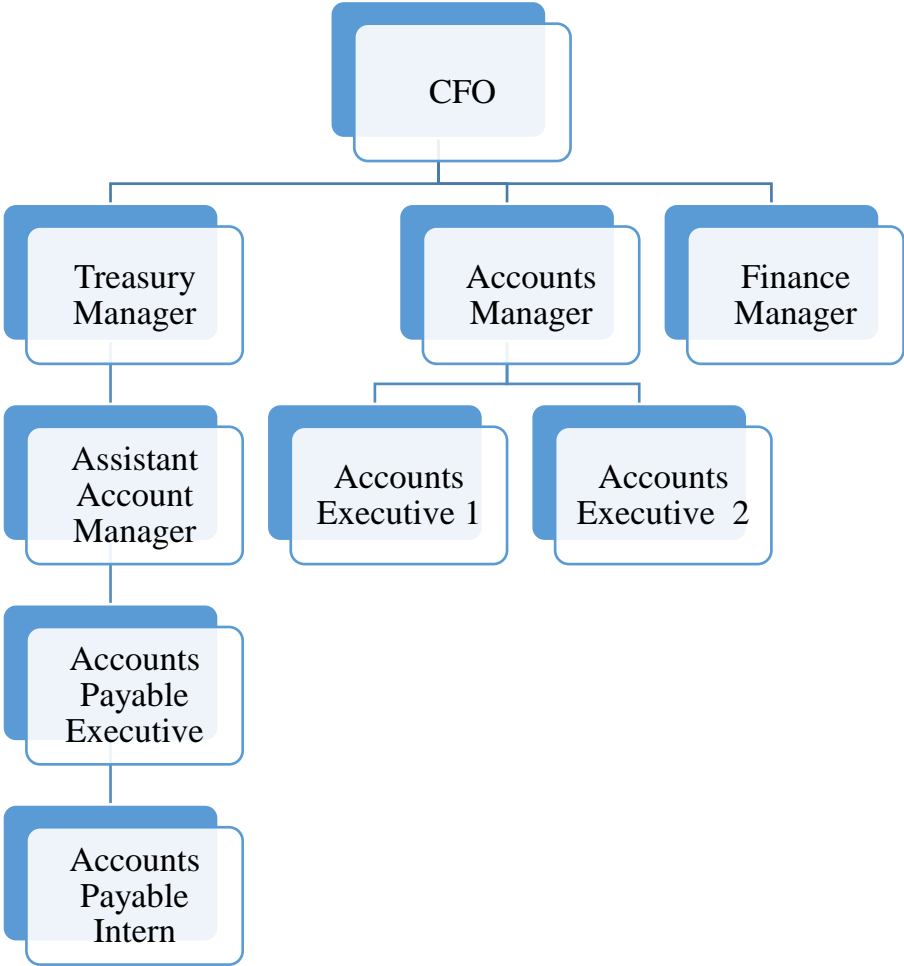
2006:

Acquired The BOC Group for €11.7 billion in cash and Following the acquisition, the combined gas and engineering group was rebranded as The Linde Group (Chowdhury, 2016).

2011:

Linde Indonesia, a subsidiary of the Linde group, announced its plan to build an air separation plant in Cilegon, Banten, to supply industrial gas to PT Karakatau Posco's steel plant (Chowdhury, 2016).

1.3. Organogram of Finance Department



1.4. Products & Services offered

Linde Bangladesh's product portfolio and services include liquids and gases such as oxygen and nitrogen, argon, acetylene, carbon dioxide, dry ice, refrigerant gases, lamp gas and other gas mixtures and medical oxygen. The company sells its products to aerospace and defense, chemicals, construction and infrastructure, food and beverages, laboratories, leisure and hospitality, medical, and mobility and transport industries.

The company offers, compressed and liquid oxygen, compressed and liquid nitrogen, dissolved acetylene, carbon dioxide, dry ice, argon, lamp gases, LPG, refrigerant gases, hydrogen, fire suppression systems, helium, Sulphur-hexafluoride, Sulphur-dioxide, special gases and gas mixtures used in industrial purposes. It also provides mild steel electrodes, low hydrogen/low alloy electrodes, cast iron electrodes, hard surfacing electrodes, stainless steel electrodes, arc welding equipment and accessories, gas welding rod and flux, gas welding and cutting equipment and accessories, MIG and TIG welding equipment and accessories, plasma cutting equipment and accessories, welding training and services, welding equipment repairs, and welding testing and services. In addition, the company offers medical oxygen liquid, medical oxygen compressed, nitrous oxide, Entonox, sterilizing gases, medical gases cylinders, Anesthesia machines and ventilators, oxygen concentrators, resuscitators, and other medical equipment. Further, it is involved in the rental of cylinders; and the installation of vacuum insulated evaporators at customers' premises.

Part 2: Project Part

2.1. Introduction

Internships are opportunity for the undergraduates or potential employees to enter into the real business world and practically explore the terminologies and circumstances discussed in the class lectures. It provides scopes to an apprentice of working into organizations under qualified professional supervision and gain visible experience. The main purposes of internship program and this study is to,

- Gain knowledge about practical business practices
- Understanding job responsibilities of a business professional
- Learn how the processes run
- Compare the academic studies with real scenario
- Fulfill requirement of the internship program

2.2. Objectives

Primarily the report is prepared as a requirement of internship program under a Supervisor Faculty, Professor Dr. Mamun Habib and for the fulfillment of the Bachelor of Business Administration program. The objective of this report is to give a precise briefing about my internship period at Linde Bangladesh and focused on the activities undertaken in its procurement and finance department for purchasing and payment purposes.

2.3. Scope of the report

Since, the internship period was of 12 weeks, the insights of procurement and payment practices is limited to that time. Furthermore, due to the company policy and confidentiality issues detailed information of the internal procedures are not exposed into this report.

2.4. Methodology

The study is conducted following the systematic approach. It includes information mostly collected from the observation of their routine activities in Procurement and Finance department, and casual discussions with the employees working on those departments of Linde Bangladesh. Along with

that secondary source data that has been collected from the annual reports and different websites are also used in some cases.

2.5. Limitations

Due to the confidentiality of internal matters, the critical information associated with the procurement practices are not included in this study. Since, I was assigned to the Accounts Payable division of the Finance department, and worked collaboratively with its Procurement department for the payment purposes, so the report is limited to the understanding of these procedures only.

3. Literature Review

For every business related to production and manufacturing, the importance of management of the procurement is a crucial part. Procurement is the comprehensive function of a business that deals with acquiring of resources required for production. While previously price negotiations of resources were the core issues of procurement, the modern purchasing processes encounter more challenges. Globalization of business organizations, growing marketplace and diverse expectations of customer base has created the need of change in the procurement systems (Yamak, 2011).

The term procure to pay refers to the cycle of activities of procuring goods from the vendors till the payment. In an article published concerning Procurement and Finance collaboration, the author identified budgeting to be the initial stage. Budgets are a compilation of fixed line items across many categories. Procurement can help to ensure the business is spending based on consumption at efficient rates and optimal costs. Managing and refining a budget over a period of time is more of a science than an art. Which may be new to finance, but is something the two departments can collaborate on for the benefit of the organization (Rallu, 2016). So, in order to function properly, manage communication among all of the divisions of the organization and update with the real time needs, implementation of automated and electronic networked systems, the ERP softwares are now essential for the organizations (Borade & Bansod, 2008). ERP softwares such as- Oracle, SAP, Microsoft Dynamics, Sage, NetERP etc. allows organizations to archive all of its operational data and thus create a reliable record keeping system that lets the managers get access to those

information anytime. These softwares also have functions of processing the data inputs and generate insights or statistics for further analysis.

4. Activities Undertaken

As mentioned earlier, I was assigned into Accounts payable division of finance department that has to work with the collaboration of Procurement department. The routine task as an accounts payable intern include,

- Registering bills into excel file as per the date scanned
- Checking the status of scanned bills into SAP software
- Filing the VAT challans that are claimed for rebate
- Checking the documents of cash claims by the employees
- Printing out payment vouchers of paid bills using SAP
- Documenting Duty and Income Tax related files into excel and generating invoices
- Documenting bounced check details
- Printing out documents from SAP related to payment

I consider myself as a privileged intern, because in this short span of time due to the work overload at Share department because of upcoming Annual General Meeting of the company, I had the opportunity to work with its Share division of Finance department also. The general tasks assigned to me in this department was,

- Cross checking Annual Report to be printed
- Checking whether there is any spelling mistake in the report
- Pasting the Addresses of shareholders into envelopes and preparing for sending
- Preparing sets of documents and filing for taking signatures of higher authorities
- Photo copying documents for keeping record

5. The Procure to Pay Process

Linde Bangladesh uses ERP software SAP, to archive the detailed information of purchase and payment. Since, it is a multinational company and controlled from the mother company located in Germany, it maintains proper documentation of each and every documents. The general practices of archiving procurement purchase are described below.

Based on the needs of production unit, procure department generates a shopping cart, that lists the inputs of production with an estimated quantity required and specification. The vendors are then contacted for raising quotation for each item that summarizes the quantity they can supply and the price they will charge. In the year old operation in manufacturing, Linde Bangladesh has over 2000 registered vendors, that provides them with supplies and services, and so more or less for every required supplies they have specific registered vendor. The registered vendors are trusted over the new vendors of marketplace because of the reliability of the quality of the supplies and also the ease and of whole system of generating Purchase Order with them. The creation of a new Vendor is quite lengthy process and requires stages of evaluation and so the existing vendors are given priority.

After the acceptance of quotation Purchase Order is created. A purchase order specifies the vendor from which the supplies will be purchased, the specification of the product, the location of delivery, the amount of quantity being purchased and the total amount to be charged. It has a unique P.O. Number that can retrieve the data of the specific purchase any time needed, from the SAP software it uses. And with the creation of the P.O. No. , the order is forwarded to the vendor and considered as a legal offer of buying.

Linde Bangladesh operates in 3 major locations for installations- Tejgaon, Rupganj and Shitalpur and 18 sales centers in other locations all over the Bangladesh. The goods ordered are delivered in the location mentioned in the Purchase order created and received by the local manager of the plant. The goods upon arrival are checked thoroughly whether those are as the specifications and the quantity equals the ordered quantity. Once the goods are received a Goods Receipt Document is created and a copy is provided to the vendor delivering the goods, acknowledging the receipt.

After this document is issued the vendor is no longer liable for any kind of complaints regarding the delivered goods and so before this acceptance document is issued the goods are inspected very cautiously.

The further procedure is now of the finance department. With the Goods Receipt statement the payment processes start. The vendors are paid according to the agreed payment terms in the contract agreement papers. The finance department's Accounts Payable division sorts the bills of payment according to the dates to be paid and scans the documents related to each purchase, that contains the invoice issued by the vendor, the purchase order issued by the company, and the goods receipt statement. The scanned documents then are uploaded into the SAP and awaits for approval of the authorities for payment.

Approving a payment requires the scanned documents to have proper details. If any of the documents lacks in information, for instance- G.R. No. not specified, proper seals and approval not found, the system requests to re-check and update the information. After sorting out the issues the bills then are sent for further processing. At the end of all of the document clearing the payment is made.

6. Challenges Encountered During Internship

I acknowledge the helpfulness of my external supervisor and other employees of Linde Bangladesh Limited who have helped me to learn from the internship. However, every new place comes with challenges and being my first employment into a structured organization, in the beginning it was tough for me to understand the work or the purpose of it. It took time to understand the procedures or the process of their working. It was my first time using SAP software as well. So, at first it seemed hard to me to work with it however I did overcome the difficulties and now is able to understand it.

Apart from the difficulties using different softwares, there was certain aspects that I needed to go through that were not in our academic curriculum. For instance, it is important for a procurement professional to know Tax Laws and idea about the relative tax issues. The reason is, these ideas help to determine a profitable price during negotiation and allows a procurement manager to make greater profit in negotiation. While purchasing in bulk quantities, it helps to generate a margin over the agreed price and thus decreases the cost of goods sold.

Furthermore, the overall task that are assigned to an intern is not something directly related to the academic learnings so that at the beginning it was difficult for me to relate the procedures with the academic knowledge. The real business world scenario is much more complicated than the ideal situations discussed in the lessons I got from the theoretical classes.

7. Conclusion

The internship at Linde Bangladesh Limited has given me a lot of insight about the procurement process not only for the company but as a general, I can now assume how other company's procurement runs. Before I undertook this project I had a very little idea about the comprehensive process but now the process makes sense. The critical evaluation of the entire process for the report writing has also given me the opportunity to put some of my own opinion on the ongoing process. I have worked in collaboration with finance department for which I was recruited for the last three months and addition to that I have also worked on the company's share department for Annual General Meeting preparations. At the end of my Internship period I have successfully learnt the use of SAP software, general functions of it and many more things related to corporate that I would not be able to, if internships were not mandatory.

To complete my Internship I have taken procurement process as my subject study and I have described all the process in the main body. This is an extended process and I was assigned to perform a certain part of this project, however as I had the opportunity to work there for three months, I have seen the entire process and also spoke to some of the employees who are engaged in this recurring job, for detailed information. So with keen observation and general queries I have gathered all the information that I have discussed in my report.

The difficulties that I have face while working on this project is that insufficient information since most of the employees work on SAP and as a fresh graduate we are yet to be introduced to such software so I faced a challenge because I often did not understand the working Principle on SAP and the interface of it. It took almost two weeks to get a smooth operating ability. However, with the help of my fellow team members and colleague I am able to put together an insightful report on Procurement process. Linde Bangladesh Limited is a multinational organization with high esteemed brand image both in national and International boundaries.

To conclude I would like to say that Linde is really doing a good job in Bangladesh, both as a responsible company supplying healthcare gases and industrial supplies and as a part of share market of our country. My report suggests that Linde Bangladesh is following the standard procurement process to ensure quality and efficiency.

8. References

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9. Appendix:

Logo-



Organogram of Finance dept. of Linde Bangladesh Limited-

