

Report On  
Analyzing the Business Prospects of ABC Globals Limited in  
Bangladesh

By  
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An internship report submitted to the BRAC Business School in partial fulfillment of the  
requirements for the degree of  
**Bachelor of Business Administration**

BBS  
BRAC University  
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## **Declaration**

It is hereby declared that

1. The internship report submitted is my 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 have acknowledged all main sources of help.

### **Student's Full Name & Signature:**

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**Nafis Tanzeem Hossain**

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### **Supervisor's Full Name & Signature:**

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**Md. Shezanur Rahman**

Lecturer, BRAC Business School

BRAC University

## Letter of Transmittal

Md. Shezanur Rahman

Lecturer

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of Internship report on “Analyzing the Business Prospects of ABC Globals Limited in Bangladesh”.

Dear Sir,

This is my pleasure to submit the internship report on “Analyzing the Business Prospects of ABC GLobals Limited in Bangladesh” to you as per the requirement of BUS 400 course.

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 have prepared my report according to the guidelines and tried to make it as informative as I can.

However this report is not free from flaws, I urge u to accept it with thankful consideration.

I trust that the report will meet your expectation.

Sincerely yours,

---

Student Full Name: Nafis Tanzeem Hossain

Student ID: 14204015

BRAC Business School

BRAC University

Date: AUG, 03, 2019

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between ABC Globals Ltd. and the undersigned student at BRAC University whose name is Nafis Tanzeem Hossain.

## **Acknowledgement**

This is Nafis Tanzeem Hossain wanting to express my heartiest appreciation to all those individuals who have helped me to finish my internship report on the topic “Analyzing the Business Prospects of ABC Globals Lt”. In any case, I am grateful to Allah for making this intern report conceivable. Also, I need to offer my gratitude to my academic supervisor Mr. Md. Shezanur Rahman, Lecturer, BRAC Business School, for helping me with counseling to prepare my report. Moreover, I would like to thank Mr. Murad (Managing Director), Mr. Ayoub Hossain (Controller of Accounts), and Mr. Mohitosh K.Das (General Manager) of ABC Global Ltd., for giving me all the fundamental information and help me during my Internship Period. Also, I am moreover, appreciative to all the employees who upheld and empowered me all through the range of my activity period reliably. Ultimately, I feel blessed for getting the help, supervision and direction of my educators, associates and companions who have helped me through my temporary job. I apologies for any omitted names Lastly, I solemnly thank the Almighty Allah for everything.

## **Executive Summary**

In my opinion, the most salient skill for doing an internship is adaptation to the corporate environment. The actual tasks are the key practical knowledge that will facilitate our career. In this report the topic ‘Analyzing the Business Prospects of ABC Globals Ltd’ is being covered by using information gathered from practical experiences during my internship at ABC Globals Ltd.

The report consists of information of operational activity of a typical Freight forwarding company. This report studies the firm’s true potential in the near future. The salient features are the noticeable aspects of the company which has been described in details during the (SWOT) analysis. Furthermore, this report provides an in-depth internal and external analysis which established the recommended steps of overcoming problems and face challenges. The challenges are mainly those obstacles that the company faces during its business process. Furthermore, the business prospects have been analyzed by assessing the true potential of air and ocean shipping business. The prospects are followed by the challenges which the company faces which are also being analyzed. I have studied the (SWOT) analysis of ABC Globals and given thorough information for (PESTLE) analysis and did establish the recommended steps of overcoming problems and face the challenges.

During the course of my research an honest and authentic depiction of the prospects and challenges faced by this company has been given.

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## List of Acronyms

FF	freight forwarding
C&F	clearing and forwarding
Ltd	Limited
DCH	Dhaka Customs House
IGM	IMPORTS' GENERAL MANIFEST
CCH	Chittagong Customs House
EGM	Exports General Manifest
AYCUDA	Automated System for Customs Data
FMCG	Fast Moving Consumer Goods
B/L	Bill of Lading
RMG	Ready-made Garments
LCM	Land Customs
HR	Human Resource
P.I	Proforma invoice
LC	Letter of Credit
F.O.B	Leg Before Wicket

C.I.F	Cost of insurance and freight
HAWB	House Air Way Bill
D/O	Delivery Order
GH	Garments Hanger
BAFFA	Bangladesh Freight Forwarder Association
VAT	Value added Tax
QC	Quality Control
ERP	Enterprise Resource Planning
C.F.R	Cost and freight
SWOT	Strength, weakness, opportunity, threat

# **Chapter 1**

## **Introduction**

### **1.1 Rationale of the Report**

This report is composed to portray the true potentials of the (C&F) and (FF) firms in Bangladesh and also the challenges faced by them as the country moves forward with a consistent economic growth. The internship period is a time where we apply our theoretical business knowledge and use it to execute tasks which has been given by the organization. Therefore, this knowledge application in return gives us the essential practical experiences. As a matter of fact, this two essential elements is what makes the internship procedure and the report to come into fruition.

As a business student, familiarity with all the different forms of transactions between clients and shipment firms, business strategies and administrative activities is needed. The main intention for composing this report is to create awareness of the prospects of freight forwarding (FF) and clearing and forwarding (C&F) agency in Bangladesh. This is a field which is not being analyzed widely by researchers in Bangladesh. Freight forwarding industry is an important commercial activity which allows the industrial sector growth with import of capital machineries and raw materials. At the same time this activity helps to export the goods produced by industry which produces exportable goods such as FMCG (FAST MOVING CONSUMER GOODS), pharmaceutical products, automobile, electronic, leather, etc.

This report is composed to portray the true potentials of the (C&F) and (FF) firms in Bangladesh and also the challenges faced by them as the country moves forward with a consistent economic growth. The internship period is a time where we apply our theoretical business knowledge and use it to execute tasks which has been given by the organization.

Therefore, this knowledge application in return gives us the essential practical experiences. As a matter of fact, this two essential elements is what makes the internship procedure and the report to come into fruition.

This report will facilitate those who wants to know the prospects of (C&F) agencies and freight forwarder business in Bangladesh. Furthermore, they will gain an in-depth knowledge about the surrounding business environment and the likely information of the potential of their rival firms. ABC Global Ltd. is well renowned firm dating back to early 20<sup>th</sup> century. They have trusted and reliable service and have good rapport with its clients and shipment firms. This study will help the interested readers to straightforwardly understand the roles of (C&F) agencies like ABC Globals Ltd. Moreover, business prospects will consist of national views of services which are provided across the globe.

## **1.2 Objectives of the Report**

### **Specific Objectives:**

- ❖ Understand the external environment of Freight Forwarding Industry
- ❖ Understand the competitive structure of the industry.
- ❖ Analyze the prospects of ABC GLOBALS LTD.
- ❖ Identify the challenges faced by ABC GLOBALS LTD.

## **1.3 Methodology**

This report is mostly based on primary research which has been done through interviewing employees in different departments (Ocean freight, Air freight, Courier Express) to answer the Internal & External Analysis of ABC globals ltd. The interview was regarding the challenges they face. Furthermore, information has been collected regarding the prospects and challenges of the firm. The report also comprises of some literature review of relevant research and official

statistics. The customers' feedback has been also assessed to gain any positive or negative ideas regarding the firm's service. Secondary data is being used to analyze its likely influence on the overall development of the country's business and economy. Buyers and consignee are also being interviewed to know the basic of operational activity. Furthermore, to know about the company's rivals and the structure, employees of marketing department and the manager's has been interviewed for information.

To address the Business prospects and to identify the challenges, articles are being searched from google scholars. However, regarding the private annual reports, the company decided not to display the exact figures. The report consist of a blend of both primary and secondary research data. This makes the data to be more authentic consisting a relation of practical experiences backed down by expert's opinion.

## **1.4 Limitations**

The company officials had given me optimum information by utilizing their time gaps between work intervals. This detailed information may not be enough to give a perfect idea of the business.

- ❖ Moreover, the company did not disclose perfect information due to their confidentiality policy. They have strict policy for not to disclose any financial information. As a consequence financial analysis is not being made to further asses the business prospect. This constraint is also of the core drawbacks during preparation of this report.
- ❖ In addition, this report covers only the local and specific country's aspect when judging and analyzing the business prospect. As a result a nationwide analysis is being made. However, ABC Globals has different agents across the globe who operates and assess this export process. Their information about the logistic solution is not available and the company chose not to disclose their information.

## Chapter 2

### Company Overview



### LOGISTICS THROUGH INNOVATION, DEDICATION & TECHNOLOGY

ABC Globals Ltd. was shaped in 2008 with a dream to pass on the best logistics solution for make their client's beneficial. The company have confidence in making value for their customers with a solid supposition of duty, uprightness and straightforwardness.

The company bearing amazing admiration in the coordinated efforts advance by excellence of their magnificent past record and keep up a staggering affiliation with major air lines and shipping lines, guaranteeing that they have sufficient space even in crucial occasions.

The voyage began in 1983 when a small travel agency named ABC Travels Ltd. was molded. It was assigned recruiting agents of two famous Korean construction companies; Hyundai Engineering and Construction Co. Ltd. likewise, Hanil Development Co. Ltd. besides, in a scope of 3 years, ABC Travels wound up a standout amongst the best 5 travel experts in Bangladesh and gave abroad work to more than 20,000 workers of various aptitudes and trades.

In 2008, a need was felt by different individuals of their clients to give them balanced payload sending strategies thusly ABC Globals Ltd. appeared. Their inside aptitudes are in Air and

Ocean Freight, Air Cargo Charters, Customs Clearance in the two Imports and Exports, Small Parcel Package and Documents Shipping.

It is the entrepreneurial skills, the individual honesty of the owners and the authority given by its talented, experienced and solid and steady delegates that has been the spine and nature of ABC Group.

**Mission Statement:**

To realize their vision, the company will use entrepreneurial skills, the personal integrity of owners and the expertise provided by its skilled, well-trained employees. So that, they can better muster their core competencies which are in Air and Ocean Freight, Air Cargo charters, Customs clearance in both imports and exports, small package and document shipping.

**Vision Statement:**

ABC Globals ltd. has the vision to deliver the best logistic solution to make their customer successful.

**Core Values of ABC Globals Ltd.:**

- ❖ Integrity
- ❖ Operational excellence
- ❖ Transparency in all transactions
- ❖ Business Ethics
- ❖ Totally Customer focused
- ❖ Empowering the employees to excel

**Some Key Salient Features of ABC Globals Ltd:**

- ❖ Export Air & Sea Freight
- ❖ Import Air and Sea Freight
- ❖ Prepare and process documents for Customs Declaration & Customs clearances
- ❖ Professional door-to-door service to customers



## Chapter 3

### Job Description

#### 3.1 Details of Job Description

I was assigned to work in the finance and accounting department of ABC globals Ltd. by the Human Resource (HR) Department of the company. During my internship period I was helping the clearing and forwarding (C&F) and freight forwarder team of the company. I have learned various operational, financial and administrative activities of the company which increased my knowledge level of a very important department of Import and Export activity as a part of supply chain. I had to perform some of the duties on a regular basis during my tenure internship period as below.

- ❖ The first and foremost responsibility of mine is to provide information to various shipping lines with whom ABC Globals made rapport and had been doing business with them for quite a long time. The documents depends on the Proforma Invoice (P.I) which is being made when LC (letter of credit) is made. The invoice consists of information whether the goods will be transported in the form of F.O.B (freight on board) china, C.F.R (cost and freight) excluding insurance, (C.I.F) cost, insurance and freight.
- ❖ **For the process of import** by the firm's client, I have to create a document containing shipper details, attach the receiver consigning letter and also documents of declaration of contents. Furthermore, I also attach the papers of the client's VAT (value added Tax) certificate, Trade license of the relevant client. Essential information like ZIP codes, valid phone number is also needed. Moreover, as the company has their own unique aspect of managing shipping line and airline for transporting goods, the firm's client also forward's exporter's documents like the Commercial Invoice, Truck Challan, Packing List and

Insurance Certificate, which I attach all of them which will be sent to the custom office at the airport or sea port. Overall I compile all these documents which are then thoroughly checked by the officer in charge and later approved by the manager so that it can be sent to the Customs Office.

- ❖ **For export activity**, these documents are also separately made and if are already made by the client, I verify and attach the files which in turn gets approved by the manager in order to be finally be sent to the shipping lines. Moreover, I compose the house bill of lading which will be stored by the firm. It consists of Shipping line's address, Consignee address or order, Notify party address. The most vital information which I need to verify is the Booking reference number which should certainly match with the Master B/L (Bill of lading), the Vessel Reference, the Port of delivery and Port of discharge. In addition I also need to mention the particulars declared by the shippers but not acknowledged by the carrier. The Table consists of Shipping marks, Number and kinds of package, Description of Package & Goods, Gross weights, Measurements.
- ❖ Similarly, there is also **House air way bill (HAWB)** which can be composed electronically for air freight services. These services are more costly for the clients yet very effective and efficient regarding saving time. Here similar information from documents are needed such as Consignee name and address, accounting information, Airport of destination, insurance (if any), Handing information, Description of goods, Shipper's certification. These information are needed to be fulfilled to make a valid house air way bill (HAWB).
- ❖ In addition, I also did **reconcile the various party ledgers** with our ledgers for the year starting from the beginning of January and up to July. I had to match the ledgers of DHL, FedEx, Aramex which are previously been made and trace down those transactions which are not accurate. The reasons for some transactional mistakes are:

### **3.2 Problems Regarding updating the accounts**

As the ABC Globals acts as a wholesaler marketing agent for these companies, from time to time the firms and ABC Globals discusses about a negotiable rates on bulky goods which are transferred to another location. If the location happens to be at a similar location, the freight forwarding companies gives certain allowance at prices of goods being delivered which turns out to be as fruitful income for the local company ABC Globals Ltd. There are also various promotional offers from the freight forwarding companies which can be availed for a certain period of time. Moreover, there are also rates being offered if a target sales have been achieved. Sometimes those target sales are achieved or not achieved for which the accounts will be needed to be updated accordingly. These rates are not anticipated and these rates are negotiated and are offered at random occasions, thereby, hampering the accounts procedure as these rates may take effect at any times in a certain month. As a matter of fact, reconciling with party ledgers are crucial for portraying a true picture of proper transactions.

## Chapter 4

### Literature Review

- ❖ Over the years developing countries have initiated autonomous reforms of customs and procedures. The primary objective is to streamline the procedure and trade. So as to streamline customs procedure, the World Customs Organization (WCO) has embraced various significant activities. Among others, it has suggested and made guidelines on goods customs procedure. This guidance is accessible from the WCO's International Convention on the Simplification and Harmonization of Customs Procedures. (Uzzaman and Yusuf, 2011). There is automation and simplification of documentation initiated in Dhaka Customs House (DCH), Operation of Import General Manifest (IGM) and Export General Manifest (EGM). These automations is significant as it shows the main business process of C&F agencies to be that much more feasible than before. The latest version of The Automated System for Customs Data (ASYCUDA), that is, ASYCUDA++ has been in place in Dhaka Customs House, CCH, Benapole Customs House, Monga Customs, Dhaka ICD, and the Export Processing Zone. The tariff structure has been modernized and simplified. Bangladesh has eliminated excise duties on all domestic produced goods and services, with certain exclusions. For instance, services rendered by banks or financial institutions are subject to a tax on each savings, current, loan or other account with balances above defined levels, and certain taxes apply to airline tickets (U.S Embassy, 2018). As freight forwarder company depends on export and import activity, this illustrates that the C&F agencies and freight forwarders has huge potential as they continue to expand and also further streamlined the business process of Clearing and forwarding agencies.

- ❖ However, the C&F agencies explain that delays in import-export business happen due to the manual system of operation, employee movement and bribe culture. Warehousing facility is also significantly lacking in Benapole port and other LCM (land Customs) stations. This implies that although there are improvements in documentation but still the main corruption and ordinary system of operation means that there are trade delays which suggests that C&F agencies are facing obstacles in the external environment (Uzzaman and Yusuf, 2011).
  
- ❖ The logistics and freight industries in Bangladesh have been thriving for years in line with the steady growth of exports and imports, according to sector players. Some recent figures of exports and imports (imported goods worth about \$52.84 billion in fiscal 2017-18 and exported products worth about \$36.67 billion, according to data from the Bangladesh Bank.) indicates significant growth in Bangladesh. This is significant information for freight forwarders as more export and import activity means more transaction of goods across country and global trade. (Chakma, 2018). In 2018-19 till May the import export tax collection was less than target collection by 20% (M. Al amin, 2019).
  
- ❖ Due to the fact that there are frequent increase in shipment of garment & leather products, the freight forward industry is thriving. For instance, from the perspective of the freight forwarding industry, MGH Group represents seven freight-forwarding agencies and six shipping lines. In 2006 and 2007, MGH and other potential companies are reaching other foreign countries like Sri Lanka, China and Europe and has productively reached its objective (Sarkar, 2008).

- ❖ Since then, MGH pays attention on the European market to provide its quality services across the Pacific. MGH has 30 %( percent) volume share of export sea freight in Bangladesh and 55 % (percent) of European exports. The rest of the percentage are shared by numerous other firms like ARC Limited, Xpo, Active Cargo service ltd., ABC Globals ltd which provides air freight, ocean freight, warehousing, trucking, import clearance, distribution and custom (Sarkar, 2008).
- ❖ The process and procedures through which Export and import activity happens and which also differs for different products. Almost all exporters and importers depends on C&F agency to make their products being successfully assessed in customs house. There are roles of logistic firms for the growth of RMG sectors in Bangladesh. Large container carrying trains, increase of cargo handling and storage facilities came into activity. This illustrates that freight forwarders and C&F firms are growing becoming more efficient at given freight services. Furthermore, the RMG (ready-made garments) sectors roles also facilitated Clearing & Forwarding agents, freight forwarders to earn more revenue. The related earnings of the Shipping businesses due to RMG sectors operations in forms of port charges, C&F Agents' commissions, freight charges, forwarding charges, etc. (Bhattacharya Rahman and Raihan, 2002)

## Chapter 5

### Internal & External Analysis of ABC Global Ltd.

#### 5.1 Basics of Sea & Air freight Operations:

- ❖ Besides all these tasks, knowledge is being gathered on some basics of sea freight activities from the operations department's executive officers. As the core competency of ABC Globals Ltd. is timely delivery and appropriate space management for goods in ships, the operations department always keeps thorough contact with the shipping lines and monitors the status of goods, the appropriate space given in shipment, and monitors whether the product is delivered to the right agent. The steps given below is the way through which service is being given and payment is made to ABC Globals Ltd. regarding shipment across Asia.
- ❖ The company have various agents working for them across the world, who ensures whether the payment is made. The agents ensures whether the correct documents are given to them by verifying delivery order and the bill of lading. The agent is given a bank document by the client as per the Letter of Credit (LC) clause and the agent will check for authenticity.
- ❖ The agent then gives the prescribed D/O (Delivery Order) and B/L to the specific custom clearance office of that region. Then the client can finally have possession of goods. The agent is being paid by the client which is then transferred to the ABC Globals Head office through the business's bank. The payment is also made for the shipment by freight forwarding companies as per the negotiation.

The **Air Freight** operation process is exactly similar except the fact that for air freight, house air way bill (HAWB) and master air way bill (MAWB) is handled instead of bill of lading. The

house air way bill is a bill made by ABC Globals Limited which consists all of the reference number, shipment information, consignee names, cargo contents, etc. Whereas the master air way bill if made by the Shipping Company which has similar information but with a different master air way bill reference number.

There are four major container types which are: 1) 20G 2) 40G 3)40HC and the 45 foot container which is only used for occasional emergency to carry abnormal loads or for special other cases only. I have also gained information on the typical containers being utilized on the highway all around the world.

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

### **First Stage of sea freight:**



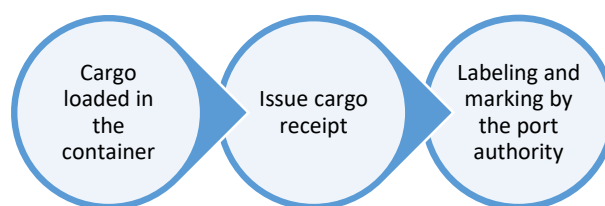
*Figure 1: 1st stage of Shipment*

❖ **Booking:** The Company receives the booking from the clients. Then documentation begins which depends on the Proforma Invoice (P.I). The P.I is being made when LC (letter of credit) is made. The invoice consists of information whether the goods will be transported in the form of F.O.B (freight on board) china, C.F.R (cost and freight) excluding insurance, (C.I.F) cost, insurance and freight.



- ❖ **Non-negotiable agreement:** A non-negotiable agreement is being issued. This is an agreement made in between the client and the freight forwarding company. These are the terms and conditions which both the party cannot change during the business process.
- ❖ **Ask for customer approval of booking received by foreign counterpart:** Approval is being asked for the other end or the foreign client who will receive the product. The foreign client can either be importer or exporter who gets this approval document from ABC Globals limited.
- ❖ **All the documents are then sent to Sea-freight carrier:** They asses this and create a master B/L and the house B/L is made by ABC Globals Ltd.
- ❖ **The shipping company receives the shipping docs and sends notes to port authority:** The master bill of lading is being sent to the port authority where the actual cargo will be stored.

## Second Stage:



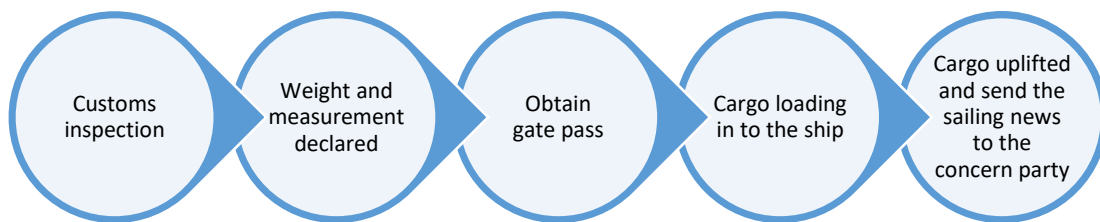
*Figure 2: 2nd stage of shipment*

- ❖ **Cargo is loaded in the container:** After it has been sent to the port, the port official checks whether the correct reference no. matches with the containers reference number.

Cargo is then loaded in the container ship which are basically feeder ships. They transport the goods to the receiver.

- ❖ **Cargo receipt:** Cargo receipt is being issued by freight forwarder which is composed by shipping company. This receipt serves as a certification that the consignor will take full responsibility of the cargo. The freight forwarder is the ultimate consignor of this business process.
- ❖ **The cargo is being labeled and marked by the port authority:** After all the documentation like (cargo receipt, B/L, MAWB/HAWB) is being made and is transferred to the intended user, the cargo is being labeled by the Customs House and being checked with reference numbers. This is where the **Customs House of Bangladesh** comes into activity. They all these documents of both Shipper Company & freight forwarding company.

### **Third Stage:**

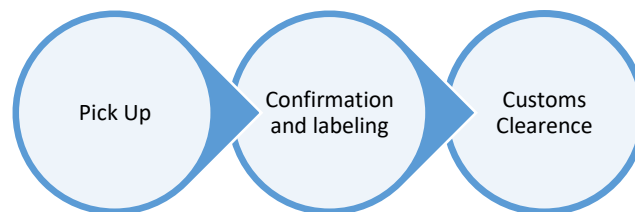


*Figure 3: 3rd stage of shipment*

- ❖ After the Container ship lands with the intended cargos, Customs House inspects whether the right kinds goods are present by checking the document and reference numbers of cargos.
- ❖ Weight and measurement of cargos are also made to authenticate whether the quality of the cargo is according to the agreement made.
- ❖ The shipper companies obtains a gate pass from the customs house.
- ❖ Empty Cargo is being loaded in to the ship
- ❖ Cargo is being uplifted and this confirmation of delivery is being sent to all the concerned parties. (Freight forwarders, exporters, shipping company, importers).

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

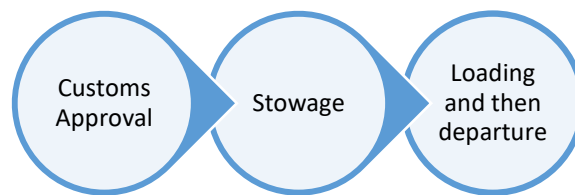
### **First Stage**



*Figure 4: 1st stage of Air freight Operation*

- ❖ The firm orders their own van to pick up the specific item from clients.
- ❖ The freight is being examined and determined the quantity and condition. The freight is then labeled with details and is delivered to a bonded warehouse along with an air way bill.
- ❖ An export declaration is made by the freight forwarding company

## Second Stage



*Figure 5: 2nd Stage of Air freight Operation*

- ❖ If the declaration has no negative or wrong aspects, approval is given by customs. If any doubt is identified, a full inspection of container is deemed to be necessary
- ❖ Cargo with export approval is then stowed and loaded into an aircraft
- ❖ Cargo is delivered to the appropriate airline and then loaded into the aircraft awaiting departure.

## 5.2 PESTEL Analysis

A PESTEL analysis is a system or instrument utilized by marketer to break down and monitor the macro environmental (external market environment) factors that affect a firm or an organization. External factors includes Political, Economic, Social, Technological, Environmental, and Legal factors. These important external elements is being analyzed in terms with ABC Globals Ltd.

### ❖ **Political:**

1. **Foreign Trade Regulations:** Export and import activity cost government tax, VAT, ATB, Customs duty, Regulatory, supplementary duty. There are also landing value assessment

which is done during customs clearance. All these tax rates fluctuates which is determined by the government budget.

2. **Variation in fuel prices:** Various Pickup activities is being done across the nation by ABC Globals. They have a dedicated Truck & Pick-up transportation. The variation of fuel prices of these vehicles will determine their increase or decrease in cost of production. Due to changes in tax rates in imported products like oil, the price of oil changes drastically.

❖ **Economical:**

1. **Exchange rates:** The Exchange rates between critical markets which are basically local and foreign markets is what ABC Global's business largely depends on. The appreciation of domestic currency values means that the firm will incur lower returns as they get service charges from clients in the form of foreign currency and vice-versa.
2. **Interest rates (regarding both for saving & loan):** The business takes loans from banks to finance their future projects and for other activities. Furthermore, the firm have various business accounts, corporate savings account in Mercantile Bank, DBBL (Dutch Bangla Bank), etc. If the rate increases cost of borrowing will be higher and the rewards for saving will also increase and vice-versa. Furthermore, the company has some potential future projects. So the company is in need of investments, and many of the investments are in the form of bank loan.
3. **Economic Growth rates influencing the tertiary sectors (Logistic Services):** A higher Economic Growth means higher standard of living. This means more potential clients who wants to export or import. This increase in business activity will lead firm to incur more revenue.

## ❖ **Sociocultural**

1. **Country's demographics:** Bangladesh's demographics mainly portrays younger aged people to be of more when compare with older aged people. This leads to labor market to be saturated with more supply. The business has the opportunity to select the best suited employee which satisfies the firm's core objectives. The younger aged people are more preferred because the business process regarding shipment is a lengthy procedure and needs constant attention. The cargo should always be tracked and clients should be handled and given information. In addition, for customs clearance active people is needed as the assessment of cargos are a lengthy process.
2. **Perception of people:** The socio-cultural perception about export and import activity tells us that the client wants to be risk free and wants to avoid all the hassles. Furthermore, they want a well renowned agencies and freight forwarder to fully handle their export and import activity.

## ❖ **Technological**

1. **Development of CUSTOMS database issues:** The Customs Office's documentation has been made electronic. However, despite the automation the software still becomes unserviceable like (ASYCUDA) as they do not keep any active maintenance team.
2. **Tracking of goods:** Online Websites of freight forwarder agencies provides tracking of the shipment vehicles through which the good is being delivered. The cargos can be tracked by inputting the track number and cargo reference number in freight forwarding companies website. Such tracking services are offered by ABC Globals 3<sup>rd</sup> party firms such as DHL, FedEx, etc.

3. **Development of more sophisticated Enterprise Resource Planning (ERP):** The business has a standard ERP (Pioneer). This ERP is not efficient as it sometimes crashes and becomes unserviceable.
4. **Information flow process:** The information is being transferred via online. The business has online tracker of shipments and air freight. Additionally, the business information from various department is transferred mainly through WhatsApp, telephone, etc.

❖ **Environmental:**

1. Carbon emissions due to shipments via third party firms (sea freight, air freight). The sea operations and air operations leads to carbon emissions in the air.
2. Transportation via heavy load vehicles affects air, sound pollution.

❖ **Legal:**

1. **Legal documentation of client's information including Contractual Obligations:** The first and foremost stage of the business is that the firm ensures whether the client has send verified information by checking their Trade License, Customs Data, etc. And then they creates a legal contract based on these information. Besides the legal information they also make Contractual Obligation which comprises of shipment agreement, handling of goods, time of shipment and other terms.
2. There are Price discrimination because of damaged products due to natural disasters.
3. Dealing with issues of goods requires inspections in different countries as per the foreign countries policy.

### 5.3 Rival Firms/ Competitors of ABC Globals ltd.

ABC Globals are renowned for the logistic solution it provides. However, among the top 5 logistic solution firms, Expo Freight ltd. is one of the best known and renowned company. The 5 major Competitors are:

- ❖ **Active Cargo Service Ltd.:** One of the renowned companies who excels at providing clients with diversified and variety of services such as: Cargo (Air Freight, Door to Door, Consolidation, Customs Brokerage, Inland Transportation), Container(Cargo & Marine Insurance, Cargo & Container Inspection, L/C Handling both Export & Import.), Textile Auxiliary Chemicals (Supply of Quality Chemicals, Own Delivery Arrangement, On Time Delivery.), Social activity (Irrigation, Sanitation, Mass Education, Child Education, Adult Education, Vocational Education, Public Health Program, Social Forestry Program, Urban Poor Development, and To Ensure Pure Drinking Water etc.), Responsive Design.
- ❖ **ARC Global Freight Ltd:** A profoundly similar company like ABC Globals ltd. Air Freight, Ocean Freight or Road Freight shipments are taken care safely. They manage shipment for individuals or corporation to collect goods all around the world. They specialize also in Road Freight shipping services, Customs Clearance Services, DDP (Delivery Duty Paid), DAP (Delivered At Place) and logistics services
- ❖ **Best Logistics Ltd.:** Best Logistics Ltd is a freight forwarding agency in Bangladesh duly licensed by the government of Bangladesh. It is also eligible to function as Customs Agent anywhere in Bangladesh. Their function is similar Like ABC Globals Ltd.
- ❖ **Bengal Air Lift Ltd.:** Their functions are also similar like ABC Globals. Furthermore, they provide GSA service, Travel Service, Logistics, Garments and Yarn products.
- ❖ **Xpo Freight ltd.:** They provide all kinds of services which are similar to ABC Globals. Additionally, they stand to be one of the renowned firm due to the vast experience including Quality Control (QC) and distribution facility all over the country. They provide state of

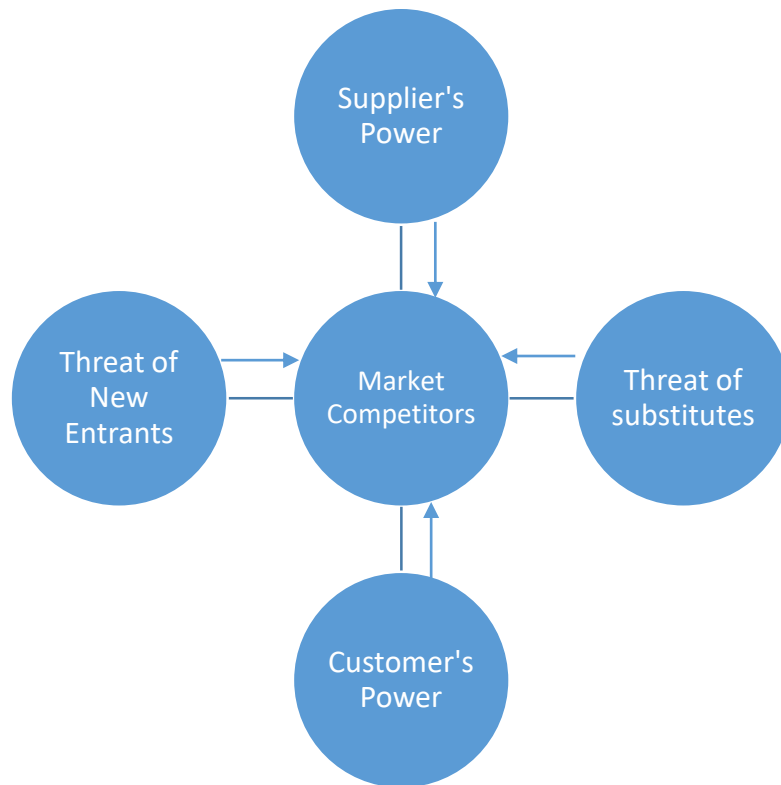


the airport facilities near the airport for air freight services, specialized charter operations and dedicated airport staff at airport departures. Sea freight services include Garments on Hanger (GOH) services by Ocean, option to surrender Master BL at origin, 24 hour operation and online presence, storing and transporting goods stacked on a pallet and buyers as well as direct consolidation.

- ❖ **MGH:** This is the firm which can be considered to be one of the most influential company in freight forwarding industry. MGH represents 6 shipping lines and seven forwarding agencies. MGH has 30 % (percent) volume share of export sea freight in Bangladesh and 55 % (percent) of European exports. MGH offers air freight, ocean freight, warehousing, trucking, import clearance, distribution and custom.

#### **5.4 Porters Five Forces Model**

Porters Five Forces, founded by Michael E. Doorman, perceives and investigates five centered competitive forces that shape each industry, and picks an industry's insufficiencies and attributes. In this report, we have analyzed Porter's 5 Forces in the perspective of freight forwarder Industry in Bangladesh.



*Figure 6: Porters Five Forces Model*

❖ **Threat of New Entrants:**

1. **Barrier to Entry:** Freight forwarder business is a difficult process and needs a good rapport with the clients. New entrants will face a big challenge to get recognized and proving their shipment to be trustworthy will be a difficult task. Barrier to entry addresses the obstacles that determines the factors which the new businesses will face. However due to increased export and import, there is potential for new firms to be able to join the competition to an extent. There is presence of low level of threats. The following are the barriers:

- a. Government policy regarding logistic services
- b. Need for high skilled labor
- c. Captivating and robust brand name
- d. High maintenance cost

- e. Capital requirement is also more
- f. Accessibility of pickup trucks in various location
- g. Geographic factors limits competition

❖ **Bargaining Power of Suppliers:** The bargaining power of supplier is high. The suppliers of freight forwarder are the agents who ensures their products for shipment and receives the service charges from foreign clients accordingly. Considering the fact there are many freight forwarders the number of foreign agents who wants to do business is not that abundant in Bangladesh when comparing with other countries in general. As a matter of fact the bargaining power of agents in various countries is high, the agency who is going to act as agent in foreign countries can negotiate a portion of the service charge from freight forwarders. The freight forwarder need to convince these agents and keep them in terms with the contract which might not be favorable for the company. Therefore the determinants are:

1. A few renowned and effective agents willing to offer their services.
2. High cost of switching agents.

❖ **Bargaining Power of Customers:** In freight industry in Bangladesh, the bargaining power of Customers is very high. Besides there are also main carriers who want to get the product directly from the customers. Due to high competition, the buyer has higher power. Buyers are considered to be the importers whose services are given to get the custom clearance and delivery order. In general the firm helps importers with the payment procedures in general. Furthermore-

1. Customers' purchase of services are a significant portion of logistic companies' annual revenue

2. Industry's products are homogenous, etc.

❖ **Rivalry Among Existing Competitors:** The level of rivalry amongst existing competitors in this industry is quite high, this is due to the fact because of:

1. Large industry size

2. High Competition within industry because they are competing on the basis of shipment price in orders to successfully finish a contract.

3. There are (lots of equal size with strong potential) firms in the market resulting in strong competition within the market

4. Additionally, there are also a few major size competitors who offers additional unique logistic solution. For instance, ABC Globals has the unique feature to do all the bidding for complete shipment procedure and then deliver the goods at the client's doorstep.

❖ **Threat of substitutes:** The export or import activity cannot be done without freight forwarders. There are no options available if you want to incur export or import activity. This is due to the fact that forwarders can only issue air way bill or bill of lading. Additionally they have license to do this activity which the clients don't have.

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

## 5.5 SWOT Analysis

SWOT analysis is an assessment which intends to recognize the key inside and outside factors of an association. It brings a positive change for an association. It offers a noteworthy overview of how you handle the competition with the objective that we can get a high ground by finding the inward and outside components that could affect the business. So SWOT analysis is especially import for an association.



Figure 7: SWOT Analysis

The SWOT analysis of ABC Globals Ltd. is as follows:

❖ **Strength:**

1. **South Asia’s premier logistics service provider:** ABC Globals Ltd. utilizes an expansive worldwide system that stretches crosswise over six landmasses. Their center business envelops integrated logistics, universal cargo sending and express. The firm is one of the main accomplices of WCA World Logistics Partnering extending their stretch far and wide with one stop arrangement in all logistics support from the provider's entryway to the purchaser's entryway for their esteemed customers.



Figure 8 official member of WCA (world cube association)

2. **General Sales Agent:** Both Korean Air and Emirates Air has appointed the firm ABC Globals as General Sales Agent from time to time. In their company truly excelled and also gained reputation for their qualitative services.
3. **Industry Leader:** ABC Globals in 2007 gained recognition from BAFFA and became one of the top 1000 freight forwarders in Bangladesh.

❖ **Weaknesses:**

1. **Flaws in day-to-day Operations:** ABC Globals does have some flaws in the inside management of day-to-day operations. The firm does not have an effective HR (Human Resource) department. There are no official performance appraisal or any specific goals set for the employees. They implement strategies or assign targets when there is a potential business opportunity. There is no preplan or strategy made before. This might create problems in the organization in a sense as employees might not completely understand the strategy or might not be prepared for the rush.
- A. **The firm has low advertising budget:** The firm does not concentrate or invest funds for advertisement or develop a strong social media. They depend upon social networks of managers and executives. There are no fixed procedure or process for quick promotion.

❖ **Opportunities:**

Opportunities will be the outer condition that may indicate explicit new conceivable possible outcomes for development, progress, partnership, growth, technology trend in business, any ongoing cultural characteristics, budgetary or administrative enhancements and so on which may open glimpses of daylight for the organization.

1. **Market scope and growth for More Air freight operations:** During past times, air freight operations was a rare and emergency procedure for transportation. As the economy is strong now with more advanced air vehicles, more clients are now inclined to use Air freight for saving time.

❖ **Threats:**

1. **Missing the timely schedule:** The biggest threat for ABC Globals is missing the timely schedule of mother vessel which docks in Singapore airport due to feeder vessels delays. The goods which are transferred through ocean freight are usually collected in by feeder vessel. The main priority for these third party feeders is to be on time at Singapore airport so that the goods can be relocated to the mother vessel. If due to any circumstances the feeders does not be on time, then the feeder needs to wait for another 4-5 days. This threat is so impactful that it not only leads to customer dissatisfaction but also may create the LC agreement between importer and exporter to be void. This will further impact the firm as they will now have to provide reparation to the customers.
2. **Possibilities of fraud:** Another threat can be possibilities of fraud, if the Delivery order is given to the client which in turn turns out to be invalid due to invalid or mismatched B/L or HAWB. The foreign importer will never accept the goods and the business transaction will never happen creating more discomfort for the customers.

## **Chapter 6**

### **Prospects & Challenges of ABC Globals Ltd.**

#### **6.1 Brief summary of Freight Forwarders in Bangladesh**

Freight Forwarder are the business which provides logistic solution for interested clients in Bangladesh. They also facilitates the client's for payment procedure for their shipment and

ensures payment of products of goods being exported or imported. They also advise their client with directives on the payment procedure for Customs Duty. The agencies also do pick-up of freight and some notable agencies also manage mediums for shipment of goods which are essential for client's business. There are about 1000 businesses who are known to be official freight forwarders in Bangladesh according to Bangladesh Freight forward (BAFFA).

ABC Globals is one of the members of (BAFFA). Some of them involve in domestic freights and others provide Ocean and Air freight and in some cases manage courier express for lightweight goods. Some of the logistic service providers are: ABC Globals Ltd., Active Cargo Service Ltd., ARC Global Freight Ltd., BEST Logistics Ltd, Bengal Airlift Ltd., and Expo Freight ltd.

## **6.2 Business Prospects of ABC GLOBALS LTD.**

ABC Globals Ltd. has a streamlined business process which truly specializes for timely provision of freight services. Furthermore, the firm has the potential to offer services in retail department, industrial and manufacturing logistics and perishable logistics. The prospects of the business are linked with the country's economy.

❖ **Retail logistics:** Firstly, the firm has huge prospects in the near future. They are trying to expand their various offerings of services and has the strategy and business developed for it. The primary anticipated project that **they will likely develop is retail logistics**. Apart from the shipment services, they are on the verge of providing logistics for retail department of other firms. The business has opened a different sector consisting of teams in the operations department. Their work however did not really start as the business did not initiate the activity on a full scale. The project is still dormant and some small scale retail logistics services is provided to known firms. The retail logistics services entails working with wide range of retailers and brands. The firm will first assess the whole supply chain



process by analyzing the current programs such as ERP (Enterprise Resource Planning). Then they will introduce the most favorable solution in terms for current analytics, creative solutions which can enhance inventory management, lowering the cost of shipment and overall reducing inefficiencies in administration. This will lead the firm to achieve a dominant platform and gain a competitive edge. AS a matter of fact, from retail to shelf, the cost effective processes will strengthen the link that the supply chain shares.

- ❖ **Logistics to industrial and manufacturing:** Secondly, the firm's **future project** is associated with providing logistics to industrial and manufacturing. This means that the firm will provide solutions for problems or inefficiencies regarding the manufacturing process. ABC Globals anticipates and assumes that every manufacturing company has the urge to have a 'Just in Time' process. As this is a future project, the firm is still working on the details of the project. Their plan is to ensure the logistic process to be flexible, robust which will enable other firms to handle any risky and complicated manufacturing process.
- ❖ Thirdly, the firm has developed a **solution for treatment of perishable goods** which are being transported by sea covering thousands of miles. This is one of the core challenge that freight forwarder faces as perishable goods without good handling destroys very easily, meaning total customer dissatisfaction. However, ABC Globals stands firmly with its decision and guarantees its client for successful freight of perishable goods. They have strong tie ups with top freight carriers who have 'cold chain solutions' which will protect the perishable goods in the containers. In addition, the firm can provide these perishable goods to be shipped during peak season by enabling the customers to have pre-allocated spaces for their goods in ships.
- ❖ **The firm also provides time critical pharmaceutical products.** They ensure safe freight of medical equipment and other pharmaceuticals. ABC Globals gained expertise on

managing goods to be transported in times of great needs. Due to strong ties with top sea and air freights, the firm guarantees effective supply of medical freights worldwide.

**Due to the vast export and import activities**, the country's economic development is happening very swiftly. People all around the world in majority are really satisfied by the logistic services incurred by the freight forwarders, C&F agencies. Clients of the agencies can be benefited with timely logistic solution (which is in terms of timely shipment of products).

- ❖ Provided that the customers are having a solid business with a moderate potential to be successful, the country's Economic Growth may increase as supply and demand experiences a rightward shift. The country's economic elements are also affected such as inflation, interest rates, productivity, exchange rates, energy costs and availability, the total amount of national payments, etc. Efficiency allows Cost reductions, and lower input costs will mean greater profits for businesses in addition to Country's development. As the country experiences economic growth the standard of living will increase, thus more investments are incurred by clients for their business.
- ❖ Overall, more transaction of products will incur because of the flexible and efficient terms of export and import activity happening in the country. According to the WB's latest Logistics Performance Index (LPI), Bangladesh moved to 79th position in 2008 from 87th in 2007 (World Bank, 2010). As a matter of fact this growth aspect leads to further profitability for the C&F agencies like ABC Globals ltd.

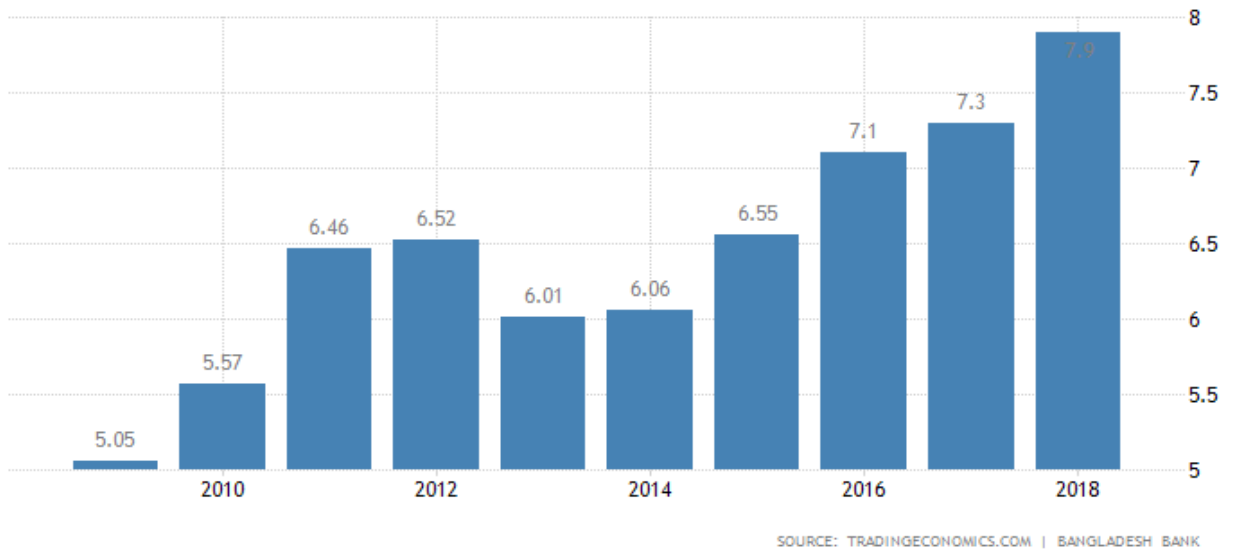


Figure 9: Bangladesh economic growth pattern from 2010-2018

Since 2010, the Bangladesh’s economic growth potential increased. Over the years from 2011, there is minor increase in economic growth which slightly decreased from 2013. However, from 2014, the economic growth pattern changed. The growth rate amplified over the years up to 2018. As a matter of fact, this amplified growth means more potential investors which leads to more trade in and outside the country. This favors the freight forwarding companies as their business largely depends on export and import activities.

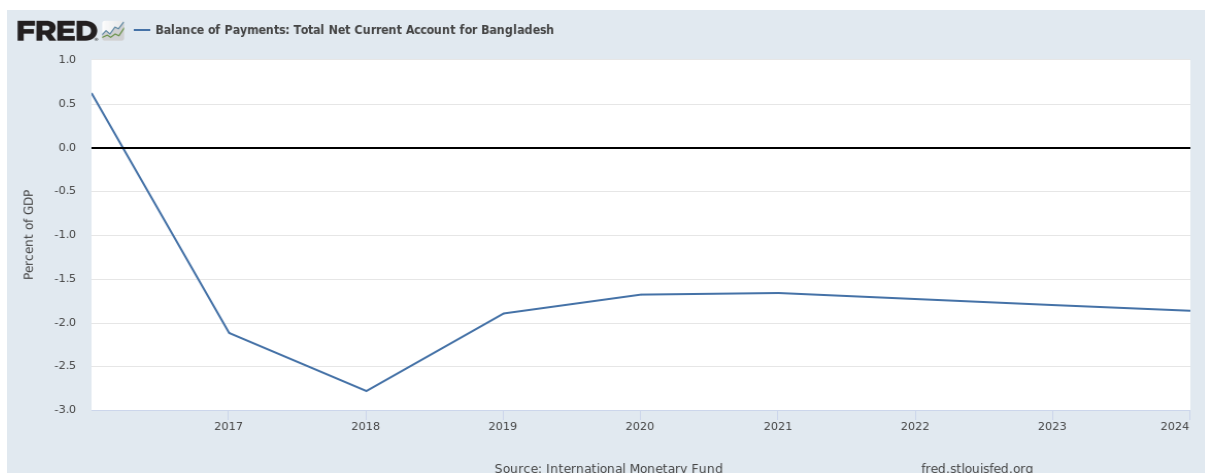


Figure 10: Balance of payments: Total Net Current Account for Bangladesh

Over the years the trend suggests that net current account for Bangladesh has turned to be of negative value. This depicts a large deficit in balance of payments which further shows that the

countries import activities are higher. Due to the fact that the ABC Globals also offers clearing and forwarding services, they have the potential to earn more revenue through providing more C&F services. Overall the increased revenue in this department can compensate the lower revenue earned in air freight and shipment department to an extent.

### **6.3 Major Challenges of ABC Globals Ltd.:**

- ❖ **Erroneous Forecasting:** To be full efficient with day-to-day operations, forecasting is needed which should be close towards actual. The logistics management of the company depends on the airline or ocean freight business's shipment time. If the shipment time projected by ABC Globals does not match with the actual event, then it might turn out to be a hassle for the clients. Accurate Forecasting is important as it will make firms to plan out their business activities and exclude any uncertainties. This time projection also explains the time for revenue generation for the company.
- ❖ **Political Instability:** Political strikes such as hartal, deadly violence, vandalism are all subject to making the business process much more difficult. Foreign clients might not get the goods in time because of this external crisis. Delayed products which are shipped might also get damaged if they are fragile goods. Furthermore, there are also hidden costs like **speed money** payment to the corrupted officials at both airport and sea port. This causes more barrier to the business. C&F firms like ABC also needs to often pay these speed money for entry of goods and customs clearance.
- ❖ **Getting custom assessment done quickly at shipping or airport:** Usually customs department uses ASYCUDA (Automated Systems for Customs DATA) software so sometimes the software becomes unserviceable and it takes more time to get custom assessment done for the imported goods. As a matter of fact the challenges faced for imperfect technology implemented in the Customs department makes the business process

to be lengthy and cost more time. Custom inspection is also a lengthy process also in airport which may take longer time to do the inspection. So it becomes uncertain when we get the goods assessment report.

- ❖ **Customs good's value assessment:** After customs good's value assessment which is called 'landing costs determination' inspection and payment process of customs duty, the whole process becomes lengthy because of inefficient staffing. These time consumption also prolongs the business with clients and payment procedures.
- ❖ **Inventory management:** For providing perfect logistic solution of the ABC Globals Ltd. should have good inventory management. Apparently inventory management technique is still not sophisticated enough. They follow the Just-In-Time technique for managing inventory which is sometimes not effective. Their business process consists of constant risk of delay of shipments by feeder vessels. This might happen because of lengthy port clearance. Furthermore, they also handle bulky inventories. As a consequence, the firm has problems fulfilling the orders on time and also they have to use more time and human resource.
- ❖ **Delays in Document sending:** Generally the commercial invoice are being sent along with the Packing List, Annexure are being generated on the same day when the shipment is dispatched from the port. However, The Bill of lading and other certificates are created after fifteen days after the shipment notice. In case, the document is not given over in time then, then it could lead to a postponement in whole customs clearance procedure. As a matter of fact this further prolongs the business process.
- ❖ **Unknown risk:** country's whole region is susceptible to many natural disaster. As this comprised of low flay lands and high population density, this increases the chances for flood. Moreover, due to Monsoon season the country's region is affected by storms and

heavy rainfall during which the shipment procedure of the firm's 3<sup>rd</sup> party temporarily stops its voyage and then proceeds after storm passes by. This uncertain risk can make prediction to be of value which is not even close to the actual case. In addition, due to high density of population, there is massive traffic congestion which further increase time duration for pickup of items. Moreover, the transportation fuel cost also increases as they do this pick up procedure all around the country.

## Chapter 7

### Findings, Recommendation & Conclusion

#### 7.1 Findings

The following points are the findings extracted from this paper:

- ❖ ABC Globals' Prospects are with respect to the vital projects which the firm will handle.  
The firm has the tendency to further diversify its provision of services by developing new projects. This diversification means spreading their risks. The three forms of services which they want to offer are retail logistics, industrial logistics, and perishable logistics.
- ❖ The firm's true potential of the business is with respect to the growth of export or import growth activity. Currently now in Bangladesh there is true potential for the export and import oriented firms to grow as there is economic growth happening in the country due to more investment of business
- ❖ The potential future projects (retail department, industrial and manufacturing logistics and perishable logistics) which the firm will handle in the near future ensures the firm diversify their risk and also provide variety of services.
- ❖ The firm also provides time critical pharmaceuticals product which is a unique business activity and further diversify their risk. As their core activity is providing sea and air freight, they are expanding their logistic solution so that the losses can be compensated by profit from the other sector in the near future.
- ❖ The firm did build good rapport with other air and ocean freight companies like, DHL, UPS, FedEx, etc. This crucial rapport is being built up by the company's managing director over the years.

- ❖ The firm is a member of South Asia's Premier Logistic Provider. They are one of the prime partners of WCA World Logistics Partnering. They gained this recognition back in 2014. This is when the company truly excelled in providing a perfect logistic solution from the supplier's position of goods to the buyer's door.
- ❖ C&F agency like ABC Globals ltd. has to face bureaucracy and other obstacles when clearing their client's product at the customs house. The customs house sometimes prolongs this process if 'speed money' is not being paid. This is a type of corruption which happens and it affects many C&F agencies in Bangladesh.
- ❖ Due to delays in shipment, documentation or any other external or internal factors, the business suffers from failure to perfectly forecast their completion of provision of various services. Shipment delays by feeder vessels to mother ships may ruin the entire business activity with a client. This is because the firm depends on timely delivery of goods to their customers.
- ❖ The firm has low budgets for advertisements. They do not have extensive strategies for advertisement. The firms' manager and other marketing executives uses their own link ups and social networks to gather clients.

## **7.2 Recommendation**

As the company also provides C&F services, the biggest problem they face is sometimes the long, hectic and bureaucratic procedure.

- ❖ The Customs house has somewhat improved their performance by implementing documentation to be handled electronically. However, sometimes that is not enough as the software sometimes become unserviceable. For the C&F agency, it is crucial to create a **rapport** with customs office employees. The business should get to know the time at which



the software might get unserviceable. This will prevent them from facing Container Traffic Jam.

- ❖ The company should have a dedicated **forecasting team** who can give a (close to actual) predictable time arrival. If any delay is made the business should know about that fact immediately. Therefore, the forecasting team should be active and give updates on the projected shipment arrival for both ocean freight and air after assessing the documentation and custom clearance time.
- ❖ The company should have a **moderate budget for advertisement** to further create awareness of their business to various clients. The firm can build up a strong social media platform and form a digital marketing team. If they do the e-marketing effectively, this will allow them to place quotation for any job to their clients and also to get work order through online which will be more feasible and time saving. In addition, it will allow them to use less paper.

### **7.3 Conclusion**

This report portrays the business prospects of a typical freight forwarding company like ABC Globals Ltd. The main intention of this paper is to uphold the present condition of the freight forwarding company like ABC Globals limited in context of Bangladesh. The report presents the key role, function, business activities and other range of services of a freight forwarder company like ABC Globals Ltd. The report offers recommendations of some crucial challenges which hinders their completion of services and deemed to be as a main subject for inefficiencies. In addition, the findings of some notable situations and elements ABC Globals and other similar C&F agencies and shipment companies face.

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