

**Report On**  
**The Challenges of Procurement Process of ITS Labtest Bangladesh Ltd.**

**By**

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**An internship report submitted to the BBS Department in partial fulfillment of the requirements for the degree of Bachelor of Business Administration**

**BBS Department**  
**BRAC University**  
**January 2020**

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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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**Elezabeth Ritu Rozario**  
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### **Supervisor's Full Name & Signature:**

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Fabiha Enam  
Senior Lecturer  
BBS Department  
BRAC University

## **Letter of Transmittal**

Fabiha Enam

Senior Lecturer

BBS Department

BRAC University

66 Mohakhali, Dhaka-1212

Subject: Submission of internship report

Dear Madam,

It is my pleasure to submit my internship report entitled 'The Challenges of Procurement Process of ITS Labtest Bangladesh Ltd.' as a part of the BBA program requirement of BRAC Business School.

I have completed my 3 months of internship program at ITS Labtest Bangladesh Ltd. Throughout my internship periods I have tried to learn about the functions of the procurement department and incorporate it with the theoretical knowledge I have gathered in my academic years. Finally, I tried to summarize and analyze all that information in my report.

I would like to thank you for your constant assistance and guidance. Hence, I hope that you would be kind enough to accept this report for analysis.

Sincerely yours,

---

Elezabeth Ritu Rozario

15304002

BRAC Business School

BRAC University

6<sup>th</sup> January 2020

## **Non-Disclosure Agreement**

This agreement is made and entered into by and between ITS Labtest Bangladesh Ltd. and the undersigned student at BRAC University named Elezabeth Ritu Rozario for the commitment of preventing the unauthorized disclosure of confidential information of the ITS Labtest Bangladesh Ltd.

.....

ITS Labtest Bangladesh Ltd.

.....

Elezabeth Ritu Rozario

## **Acknowledgement**

First, I would like to offer my thanks to the almighty God for giving me strength to perform my duties as an intern and complete this report within the assigned time.

I am indebted to my Faculty supervisor, Ms. Fabiha Enam, Senior Lecturer of BRAC University, for her kind directions and proper guidance without which this study would have been a total failure. In every phase, from choosing the topic to collecting the data and analyzing them, her supervision helped me to move in the right direction.

I would like to convey my gratitude to my onsite supervisor Mohammad Farhad Uddin, Deputy Manager, Procurement, for his mentorship throughout the internship period. Despite being extremely busy with his work, he took time to assist me in fulfilling my internship objectives and guide me in the correct path to prepare this report at ease. I am also thankful to Mr. Ayatullah Khominee, Supervisor of Procurement, who has shared with me his valuable time, affection and effort in helping me with the daily activities.

Last but not the least; I would like to express my appreciation to the authority of BRAC University for their kind co-operation.

## **Executive Summary**

The report titled “The Challenges of Procurement Process of ITS Labtest Bangladesh Ltd” is based on a study done on a renewed company called ITS Labtest Bangladesh Ltd, a company that started its operation in 2000 in Bangladesh. ITS Labtest has 130 years of history and it has been successfully doing its business in Bangladesh for the last 20 years. Procurement is one of the main departments of this company which is engaged in purchasing items. The department faces huge pressure and several challenges when purchasing products for the company. The objective of the report is to highlight the challenges faced in the process and provide solution to mitigate them.

At first, the study discusses about the origin of the report, the objectives, methodology, scope and limitations of the report. It also mentions the history of the organization, its culture, vision, missions and objectives. The following part contains introduction of the procurement department, their activities and details about the procuring process.

The most important part of the report is the survey data analysis and findings of the study. The survey was conducted through non-probability sampling (convenience sampling) on a sample size of 50 respondents. The results indicated the challenges of the process and highlighted the scopes of improvement. Finally, the report presented a detailed analysis of the challenges faced in procurement process. As a recommendation, steps to be taken to overcome those challenges are also described at the end of the report.

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## **List of Acronyms:**

PO: Purchase Order

RFQ: Request for Quotation

CS: Comparative Statement

GRN: Good Received Note

CFD: Country Finance Director

TIN: Tax Identification Number

BIN: Business Identification Number

EMS: Expense Management System

ERP: Enterprise Resource Planning

OPEX: Operational Expenditure

CAPEX: Capital Expenditure.

# Chapter 1: Generalities of Study

## **1.1 Introduction to the Topic:**

Procurement is the act of acquisition of goods and /or services at the best possible payment terms, through selection and solicitation of sources, preparation and award of contract, in the right quantity and quality, for the direct benefit or use of the organization. An organization needs various kinds of products. From raw materials to services to long term assets, a huge number of products are required in day to day activities of a firm. All these purchases are made through the procurement process.

ITS Labtest Bangladesh Ltd. is a renowned company. They provide assurance, testing, and inspection and certification services. The procurement department of ITS Labtest Bangladesh Ltd. is responsible for purchase facilitation of the company. During the procurement process, many challenges are faced by this department. The challenges start from getting the purchase requisition to the payment of the vendor. These challenges are very crucial and are to be handled with proper solution because a huge part of the company development depends on this process. If procurement fails to purchase raw materials or services for the company, the production will hamper. Again, absence of quality will result in degradation of products made and company will face loss of revenue. Through this study, the challenges are highlighted and solutions to those challenges are suggested.

## **1.2 Objective:**

### **Broad Objectives:**

- Identifying the challenges in procurement process

- Recommending ways to improve

### **Specific Objective:**

- To Have an in-depth knowledge about the procurement process
- To analyze the relation between procurement and other departments
- To measure the efficiency of procurement department of ITS Labtest Bangladesh Ltd.
- Finding out which steps are most challenging, and which are the least
- Ways to improve the steps which hampers the process efficiency

### **1.3 Scope:**

In this report I have attempted to provide an overall idea regarding the challenges faced in procurement process of ITS Labtest Bangladesh Ltd. The sample population consists of internal departments and employees of ITS Labtest who are directly associated with the procurement process. The sample population was chosen at random. Through survey questionnaire their expectations and reviews on the service provided by the procurement department were gathered. The collected response provided sign of the basic strides of the procedure they face and thus helped to identify the challenges of the department operators providing indication to the scopes of improvement.

### **1.4 Limitation:**

One of the limitations of the study is low number of sample population. It is difficult to do a proper research with such a small sample. Another concern is the confidentiality of

information. Since the report is prepared for a reason outside the association, I was not allowed to have access to information related to other departments. I was also not allowed to use any information which is not already published in public websites or journals or magazines by Intertek. Hence, I had to depend mostly on the survey results and my observation of the process for the study. Time constraint is also an issue. 3 months' time is not enough to write a proper research paper. However, I tried my best to consume as much information as possible and analyze them in the report.

Moreover, the report has been written on ITS Labtest Bangladesh Ltd. which is a quality assurance company. Therefore, the report analysis may not be appropriate for firms of other industry or services for example, neighborhood firms or a tele-communication company. Finally, the survey was done only on the customers of ITS Labtest who works in Dhaka. The feedback of customers from Gazipur and Chittagong was not taken for this research.

## *Chapter 2: Research Methodology*

### **2.1 Methods of Research Used:**

A research asks 'why'. The goal of a study is to find out or describe a concept or to explain or clarify a situation or solution to a situation that indicates the type of study to be conducted (Beckingham, 1974). This report is based on descriptive research techniques as it deals with an organization called ITS Labtest Bangladesh Ltd and the challenges of its procurement process where both are known and familiar to everyone. The data were gathered through survey research technique and I took help from secondary data source as well.

### **2.2 Target and Sample population:**

For this research, my target population was the internal customer of Procurement department. Every department at some point needs purchasing or assistance from the procurement department which makes them our customer. As the procurement process is done mostly in EMS, my target population has narrowed down to a small number. The population consists of the people who have access to EMS. It also includes officers from Dhaka, Gazipur and Chittagong. The number of populations is around 150. From the population I have randomly chosen 50 people as my sample for the study

### **2.3 Research Instruments/ Questionnaire:**

In order to collect primary data, I have conducted a survey which consists of 19 questions with the involvement of 50 respondents. In those questions I have used:

- Simple Attitude scale
- Category scale
- 5-point Likert scale
- Semantic Differential Scale

### **2.4 Collection of Data:**

Data can be collected in various ways. Modern days have provided us with many tools to collect data easily and in a short time. For this study I have used Google Form to collect data. The questionnaire was prepared in Google form and with the help of my supervisor, the link of the form was distributed to the sample population through email.

### **2.5 Statistical treatment of data:**

For statistical treatments there are many tools like:

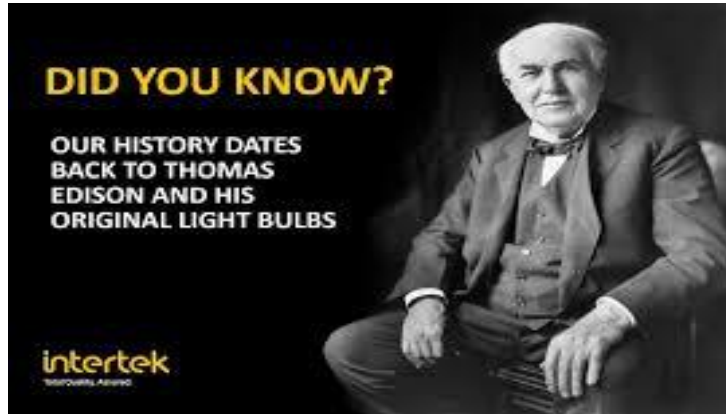
- Excel
- SPSS (Statistical Package for Social Sciences)
- LISREL (Linear Structural Relations)
- AMOS (Analysis of Moment Structure)

In this report I have used Excel and SPSS for analyzing the data collected from the survey. In SPSS I have done the reliability test, frequency of the questions and made graphs accordingly.



## Chapter 3: Company Overview

### 3.1 History of Intertek:



The story of Intertek starts at the initial point of the modern testing industry. The history of Intertek goes back over 130 years and evolves from the combined growth of several innovative companies. The historical backdrop of Intertek returns more than 130 years. The development came gradually from the combined growth of a few innovative companies. It Inchcape, a various global gathering in 1973 enters the testing business by building up 'Labtest' Hong Kong to serve the internal needs of the Dodwell organizations. Labtest started with only three individuals – Raymond Kong, Alfred Yung and Thomas Chan. Labtest initially centered around textile testing, and later expanded over other consumer goods. It was the first consumer goods testing office in Hong Kong. Labtest grew globally, expanding its business in the United States (1975) and building up labs in the Philippines (1979), Taiwan (1982), New York city (1983), Singapore (1984), Thailand (1985) and the UK (1987) and China (1989). Inchcape acquires the Caleb Brett group of companies including the US (Intertek ITS Labtest Testing Services and Intertek Services International (1984-87). The organization was renamed to 'Intertek Testing Services,' framing the present-day Intertek. Richard Nelson, the current CEO of Inchcape Testing Services, becomes CEO of Intertek.

Intertek records on the London Stock Exchange on 29 May 2002, becoming Intertek Group plc. Intertek's stock image became ITRK. After posting, Intertek had around 10,500 workers and around 750 research facilities and workplaces worldwide and produced around £450m income per annum.

In January 2011, Intertek rearranged their operational structure to additionally improve the arrangement of the business lines with those of the clients and renamed certain divisions to better describe their core activities.

In February 2011, Intertek extended its brand image to Intertek: Valued Quality, Delivered, underlining the organization's worldwide strategic banding together with its clients to give quality service that increase the value of their organizations.

In May 2011, Intertek acquires Moody International for £450 million. These results in employees reach the number of 30,000. Intertek completes four acquisitions in 2015 with 2,400 people across 87 locations. At the end of 2015, the total number of workers becomes 41,400. In 2017 Intertek does its brand reinvention, with the Customer Promise spreading the message that Intertek Total Quality Assurance conveyed reliably with exactness, pace and enthusiasm, empowering their clients to move forward securely.

### 3.2 Intertek as a whole:



**Vision:** The vision Of Intertek is be the world’s most faithful associate for Quality Assurance.

**Mission:** To surpass the clients' desires with inventive and bespoke Assurance, Testing, Inspection and Certification services for their operation and production network

**Purpose:** The purpose of Intertek is to bring quality, wellbeing and sustainability to life.

**Values:** Intertek is a worldwide family that welcomes diversity. It believes in doing the right thing and making the best decisions with precision and passion. The company also believes in trusting each other and having fun while achieving the goals. It holds and builds its own future and march towards achieving sustainable growth for all.

Intertek has developed a strong network around the globe. For the ease of their global customers, they have developed more localized and multilingual web sites. These websites highlight the services provided by Intertek and country specializations. These websites are available in the official website of Intertek. Anyone from any country can visit the website and avail information about the services Intertek in other country.

### 3.3 Industry and services:

#### **Industry:**

Intertek is involved with a wide range of industry. From chemical to food and health, Intertek is there. The list of industry is given below:

#### **Industry List of Intertek:**

<b>Industry</b>		
	1. Chemical	Agrochemicals & Pesticides Basic & Industrial Chemicals Dyes & Detergents Lubricants & Greases Nano materials Petrochemicals Polymers & Plastics Specialty Chemicals
	2. Construction & Engineering	Building Products Hazardous Locations Industrial Life Safety & Security Manufacturing
	3. Energy & Commodities	Agriculture Biofuels Coal & Solid Fuels Minerals Nuclear

		<p>Oil &amp; Gas</p> <p>Power Equipment</p> <p>Power Generation</p> <p>Power Transmission &amp; Distribution</p> <p>Solar</p> <p>Wind, Wave &amp; Tidal</p>
	4. Food & Healthcare	<p>Beauty &amp; Personal Care</p> <p>Food</p> <p>Medical Devices</p> <p>Pharmaceutical</p>
	5. Government & Trade	<p>Customs Services</p> <p>Import &amp; Export</p> <p>Public Sector</p>
	6. Products & Retail	<p>Accessories</p> <p>Appliances</p> <p>Batteries</p> <p>Footwear</p> <p>Furniture</p> <p>Housewares &amp; Home Decor</p> <p>HVACR</p> <p>Information Communications Technology</p> <p>Internet of Things (IoT)</p> <p>Lighting</p> <p>Machinery &amp; Tools</p> <p>Medical Devices</p>

		Packaging Retail Sporting Goods Textiles & Apparel Toys & Children's Products Wireless
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*Table 1: List of Industry*

**Services:**

**Assurance:**



**Assurance**

Behind the success of a company and its products, assuring the quality and safety of products plays a very important role. However, Intertek’s Assurance service is not just about testing, inspection and certification in finding out the underlying risks of production process. Intertek provides their clients with a competitive edge by ensuring total certainty on their operating procedures, systems and individual performance in the system. They also allow the customer to make enlightened decisions about their business by intensive auditing, performance benchmarking and supply chain services that provides insight into each side of the operation. Intertek also provides modern systematic and effective training services for workers/ employees to sharpen their skills and increase productivity. Experts around the world also gathers their knowledge in serving the clients to best evaluate the overall performance, the

quality and profitability of research facilities, distinguishing their opportunities, diminishing the potential risks and so much more.

## **Testing:**



Intertek's Testing services provides an opportunity to increase the value and attractiveness of items by evaluating every aspect of the product and services. Testing can be performed on a wide scope of materials, item, product offerings, model manifestations and administrations. Utilizing internationally approved techniques, principles, gear and rules, Intertek tests consumer items, business items, wares, food and raw materials for guaranteeing quality control, vendor consistence and administrative regulations.

## **Inspection:**



Intertek provide a wide range of inspection services to support the client's products, projects and processes. These services can be availed by manufacturers, retailers, plant operators, traders, governments and any other buyers and seller of world market. Professional auditors

help distinguish items and shipments which may contain non-standard or non-compliant components and materials. The inspection is including regular consumer goods like garments, toys, beauty care products, and foods, high-value mass ware cargoes such as agricultural products, unrefined petroleum, synthetic concoctions and refined oil-based goods during basic transportation, care move and capacity tasks, custody transfer and storage operations.

Inspections ensure minimization of the risk of defective products and help them to match both customer standards and industry and government regulations. Intertek guarantees to preserve its client's business advantages, help deal with risk and promise quality items are made and conveyed to their last goal as per customer requirements.

### **Certification:**



Certification determines a company's authenticity in the market. To ensure that validity, Intertek keeps up broad worldwide accreditations and acknowledgments for testing and certification administrations. Intertek expertise in administrative benchmarks and certification keeps client in front of changes and challenges, and abilities and information on the procedure from sourcing to advertise position brings arrangements that are proficient, financially savvy, and meet best industry rehearses.



**GLOBAL MARKET LEADER  
IN ASSURANCE**

AUDITORS      AUDITS  
**3,000+**      **100,000+**

**GLOBAL MARKET LEADER  
IN TESTING, INSPECTION AND  
CERTIFICATION**

LAB AND OFFICES      COUNTRIES  
**1,000+**      **100+**

Intertek has been performing consistently well throughout the past few years. They have captured the market with exceptionally well performance in the service sector. Many organizations largely depend on Intertek for their assurance, testing, inspection and certification services.

**3.4 ITS Labtest Bangladesh Ltd.:**

Over the couple of years Bangladesh has been doing exceptionally well in its export business. Garments industry has consistently been a top performer in this sector. In the year 2018 Garment industry contributed as much as 84 percent of the total export. To help this industry in keeping up appropriate quality and standard, apparel testing institutions rose in business. In Bangladesh now we have different renowned testing Company's. ITS Labtest Bangladesh Ltd. is one of them. Intertek started their journey in Bangladesh in 2000. Their first operational laboratory was established in Dhaka. Gradually they opened their branches in Chittagong and Gazipur. Throughout the years they have grown and became one of the most trusted quality assurance companies of Bangladesh.

Verification and advisory services from Intertek Bangladesh ensure quality and quantity audits, production checks during the assembling process, pre-loading assessments and customized solutions. They give clients the confirmation they need all through the exchanging procedure. They also work as a government appointed provider of pre-shipment inspections to support the companies exporting in Bangladesh. Regardless of the industry, Intertek can provide in Bangladesh, verification services to address customer needs. Intertek inspections protects from unacceptable items, guaranteeing items meet the inspection and certification terms for letters of credit and are acknowledged by insurance agencies for loss-prevention cover. No matter what the location, customers or providers are based, Intertek global network can deliver.

## Chapter 4: Procurement and ITS Labtest Bangladesh

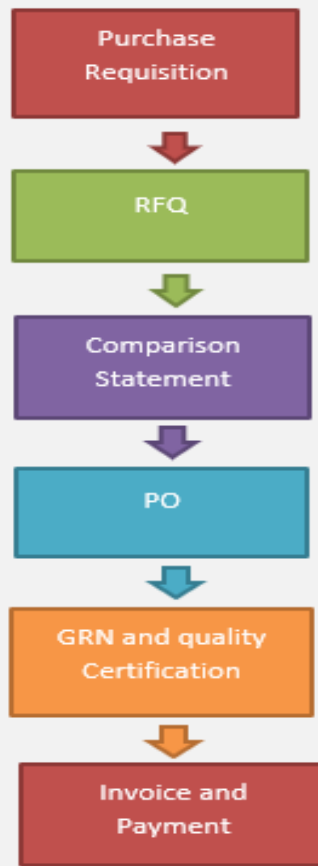
### Ltd.:

#### **4.1 Procurement Department:**

The procurement department of ITS Labtest Bangladesh Ltd. is in charge of the procuring activities. This department is responsible for many functions apart from purchasing items. The department works side by side with other departments by supporting each other and aiding assistance to the company. Procurement department handles all kinds of purchasing for all 3 sites in Bangladesh. The purchasing includes OPEX (Operational Expenditure) and CAPEX (Capital Expenditure) items. Foreign purchase is also done through this department

#### **4.2 The Procurement Process:**

Procurement Process is a series of steps done in order to purchase items. The process may vary from company to company. But the core steps are almost similar in every organization. In ITS Labtest Bangladesh Ltd. the procurement process consists of 10 steps. Details of the steps are given below:



*Figure 1 Flow chart Of the Procurement Process*

1. **Purchase Requisition:** According to the policy, a requisition must be raised to order the purchase of any products or services. The concern department must put forth all the requirements providing complete details of products or services to be procured by raising a purchase requisition (PR). A purchase requisition should be raised at least 15

days prior to the needs by date. Usually two or three persons from each department can raise requisition on behalf of their co-workers from EMS. The final requisition must be authorized by the concern department head, forward by procurement dept. and approved by Country Managing Director.

2. **RFQ:** RFQ stands for Request for Quotation. A request for quotation is a standard business process through which vendors are invited into a bidding process to bid on specific products or services. Once a purchase requisition is approved, respective procurement coordinator obtains prices quotations from vendors. According to ITS Labtest Procurement Policy, at least 3 competitive quotation is mandatory. If three quotes are not available, additional approval is required with adequate justification.
3. **Comparison Statement:** CS or comparative statement is statement where several vendors' price information and specification is compared. Quotations are collected several times by negotiating prices with the vendors. Final quotations are captured in the comparative statement. The final CS is technically recommended by the user.
4. **PO:** The purchase order or PO is the official contract paperwork sent to a supplier for officially purchasing the products or services. The purchase order includes products prices, quantity, delivery terms, payment terms and conditions etc. ITS Labtest's Policy says the procurement coordinator creates a PO on the final selected vendor and submits for approval to Procurement Head and Country Finance Director. Each and every PO must have a unique number and vendor reference number must be mentioned in PO. Procurement team ensures that no PO is issued without an approved PR. This step is also done in EMS
5. **GRN and Quality Certification:** When the material is delivered in the office premise, the security personnel of respective site informs the concern authorized person or team to check the quality and quantity of the product and to receive the product. Once the

product is checked and received by the authorized person or team as per the requirement (PO), the security personnel makes an entry and gives an acknowledgement to the vendor on the duplicate copy of invoice/delivery challan. The original copy is then forwarded to the inventory/warehouse personnel to make the Good Received Note or GRN. GRN is prepared and received by inventory/warehouse personnel. Concerned personnel then prepare the full set of documents including requisition. All quotes, PO, Delivery Challan, GRN and Invoice and forwarded to Finance for processing of Payment.

- 6. Invoice and Payment:** This step includes booking of invoice and making the payment. After receiving the product and checking quality, procurement officer checks if the invoice or bill is made correctly. The bill is then booked in EMS and processed to prepare the payment request. Several approvals are needed for the payment request. When the payment request is approved, a set of documents is prepared. The set includes a copy of PO, VAT certificate, Challan copy, invoice/bill and a copy of payment request. These documents are then submitted to Finance for the processing of payment to the vendor.

### **4.3 Role of Procurement:**

A procurement Department plays a very important role in an organization. This department ensures that the firm makes the right decisions in purchasing. This department has to manage a generous part of the organization's resources. In most cases, a specific amount of money or budget is fixed for purchasing the good or services needed in production field or service sector. So, the profitability of the operations greatly depends on this department.

Hence it is clear that the role of procurement is not just buying products or raw materials. Procurement department of ITS Labtest Bangladesh Ltd. is engaged with a wide variety of activities.

1. **Procurement Planning:** Procurement team executes procurement planning at the beginning of the year/month and seeks inputs from business lines about the estimated procurement. Based on the budget and estimation, master agreement is executed with the suppliers and volume discount can be achieved. All purchase requisition is to be linked with budget material requirement plan.
2. **Managing EMS:** EMS is an ERP or Enterprise resource planning used by this department for more organized and systematic operations. EMS is used for item creation, category creation, for raising requisition, purchase order creation, bill booking, indent summary etc. EMS can also provide monthly or yearly reports. All activities of procurement process are done in EMS. It is a major role of this department to keep the EMS up to date. To ensure proper functionality of the software, it is upgraded regularly.
3. **Vendor Data Base Management:** Procurement team manages a vendor master Database. The access to this data base is only available with the authorized personnel of procurement team. Every vendor needs to be enlisted here otherwise they cannot be awarded any purchase order. To enlist a vendor and creation of code the following documents is mandatory: Vendor Master Creation Form, Trade license, TIN, BIN/VAT, Signed and Stamped Intertek's Compliance policies (Code of ethics), Signed Anti-bribery Agreement and Non-disclosure Agreement, Bank account details, Company Registration certificate, Membership Certificate of respective Industry Association. Any

changes or amendment of an existing vendor, approval from the procurement head is mandatory. Vendor must be reviewed by annually to identify the non-operational/duplicate vendor codes and other irregularities in the vendor records. A role of this department includes doing quarterly review of log report of changes made in vendor master to ensure that no unauthorized changes are being made here.

4. **Vendor Evaluation:** To ensure quality of products and services, Procurement suppliers are evaluated on an annual basis. This gives a timely feedback for improvement to the suppliers. The suppliers are evaluated in supplier's evaluation record on the basis of some key criteria as per supplier's scorecard and pre-defined parameters and agreed KPI's. The weightage is fixed for each criterion, out of which score is given based on services and supplies provide for issued purchase order.
  
5. **Vendor Blacklisting:** Procurement department plays a very significant role in analyzing vendor performance. The Profitability of the organization depends largely on the quality of products. So, it is very important to choose the right vendor. Due to some reasons, a supplier might get blacklisted. Some of the reasons are government order, unethical conduct, malpractice, corruption, bribery, Failure to comply with Intertek's code of conduct, statutory non-compliance, deliberate violation of contracted terms and condition or any reason deemed fit at the discretion of the procurement committee. If any suppliers give consistent poor performance or do not comply with the terms and condition, the vendor is suspended or delisted.



6. **Inventory Management:** A part of inventory management falls under the roles of Procurement. Procurement keeps constant update of the inventory status. It is the function of this department to keep stock available in the store. By keeping track of the inventory, procurement can easily identify fast moving or slow-moving items and place purchase order to avoid shortage of production materials.

These are the major roles of Procurement department. Apart from these, procurement is also responsible for supporting operational requirements, managing the supply base effective and efficiently, developing strong relation with other functional departments, assets counting, etc.

#### **4.4 My Job Responsibilities:**

1. **Database Creation:** My initial duty as an intern in the procurement department was database creation in EMS. From EMS product and services are ordered for purchasing so every item must be enlisted there. Without any item code present in EMS, purchase requisition cannot be raised. I was given a list of items which I had to create in the system within specific category. There were thousands of items and every day new items were needed to be created. I was assigned to create those items and organize the item category so that concerned personnel could easily raise requisition.
2. **Review of Price:** This task was a part of modification process of EMS. In EMS the price was set in default for each item. Every year the price is to be changed according

to the market offer. I was assigned to review the price of items which have been changed due to market demand or cost.

3. **Preparing Comparison Statement:** After a requisition is passed and price quotation is collected, my task was to prepare the comparison statement or CS. In comparison statement, I compared the price list given by each vendor and highlight the lowest bidder. For CS my task here was done. Based on the best price and quality, my supervisor would reward one vendor and send it for approval to the next level. I was only assigned to create CS for regular items. In case of capital expenditure, my task was to only check if the information given on the CS was correct.
4. **Creating Purchase order:** My task also included creating purchase order. EMS is used to create PO. In EMS, there were different sections for information input, for example, vendor's section, receiver's information, line items, terms and condition, quotation, advance etc. My task was to carefully prepare the vendor section, receivers' section, line items and terms conditions with the right. It was a major task because a slight mistake of misinformation may cause the order to get cancelled.
5. **Checking set of the documents:** A daily task of mine was to check documents before sending them for approval. This included checking the information provided in PO, Comparative Statement and the final set of documents of payment.
6. **Booking Invoice and Payment request:** One of my job responsibilities include bill booking. After receiving the goods and having the documents in hand, I had to book invoice for payment processing. The task was done in EMS. With the right invoice number, I had to make the payment document of the vendor. The bill was then sent for approval. Once the bill is approved, I had to print the payment request, make an entry in the Po Log Book and send it to finance.

# Chapter 5: Presentation of data and critical discussion of results

## **5.1 Data Analysis:**

This section represents the analysis of the data which I have gathered through the online survey. In total, the survey had 50 respondents. After preparing the responses, statistical data analysis tool has been used to analyze the data. Most commonly used statistical tools are Excel, AMOS, SPSS, LISREL, PMS Etc., However for this study, I have used only SPSS and Excel. Here I have analyzed the answers gathered from the survey questions and presenting 10 of the survey question analysis.

Before analyzing the six questions, I did reliability test of my survey and frequency analysis for 10 questions.

**Reliability Analysis:** Reliability is described as a random error in measurement and it shows the accuracy of the measuring instrument. It means regardless the instrument consistently measures what it is supposed to measure (McDaniel & Gates 2013:215). It measures the degree to which a test is consistent and stable in measuring what it is intended to measure.

The table below shows the result of the reliability test:

### **Case Processing Summary**

	N	%

Valid	50	100.0
Cases Excluded <sup>a</sup>	0	.0
Total	50	100.0

a. Listwise deletion based on all variables in the procedure.

### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.735	.700	10

*Table 2: Reliability Statistics*

The standard value of Cronbach's Alpha should be more than 0.7. The alpha coefficient for the 10 items is .735, recommending that the items have moderately high consistency and the test is acceptable.

**Frequency Table:** The Frequency table shows the missing values, Standard deviation, variance, minimum and maximum data.

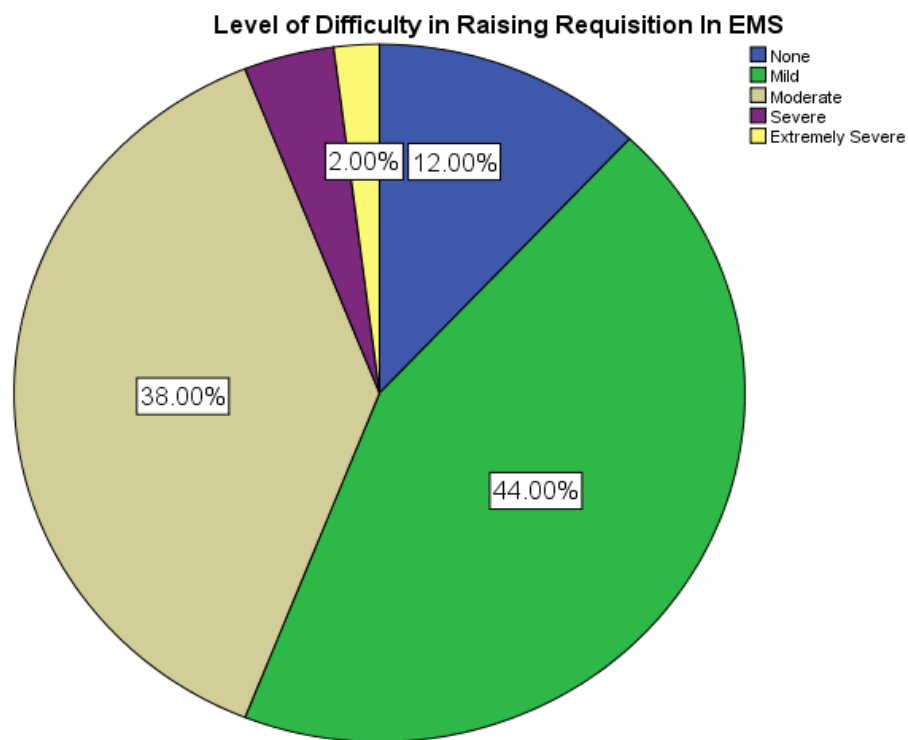
**Statistics**

	Age	Gender	Level of Difficulty in Raising Requisition In EMS	Procurement provides enough price options	Time taken to provide the brand and price options	The vendor provided by them are reliable and authentic	Products delivered on time	How often do you get the expected quality of Product delivered	Have you ever brought any item urgently	Overall satisfaction level
N	Valid 50	50	50	50	50	50	50	50	50	50
	Missing 0	0	0	0	0	0	0	0	0	0
Mean	1.88	1.68	2.40	1.80	1.80	1.50	2.12	1.72	1.12	1.64
Std. Deviation	.627	.471	.833	.808	.782	.580	.773	.497	.328	.663
Variance	.393	.222	.694	.653	.612	.337	.598	.247	.108	.439
Minimum	1	1	1	1	1	1	1	1	1	1
Maximum	3	2	5	3	4	3	5	3	2	4

*Table 3: Frequency Table*

## 5.2 Survey Response:

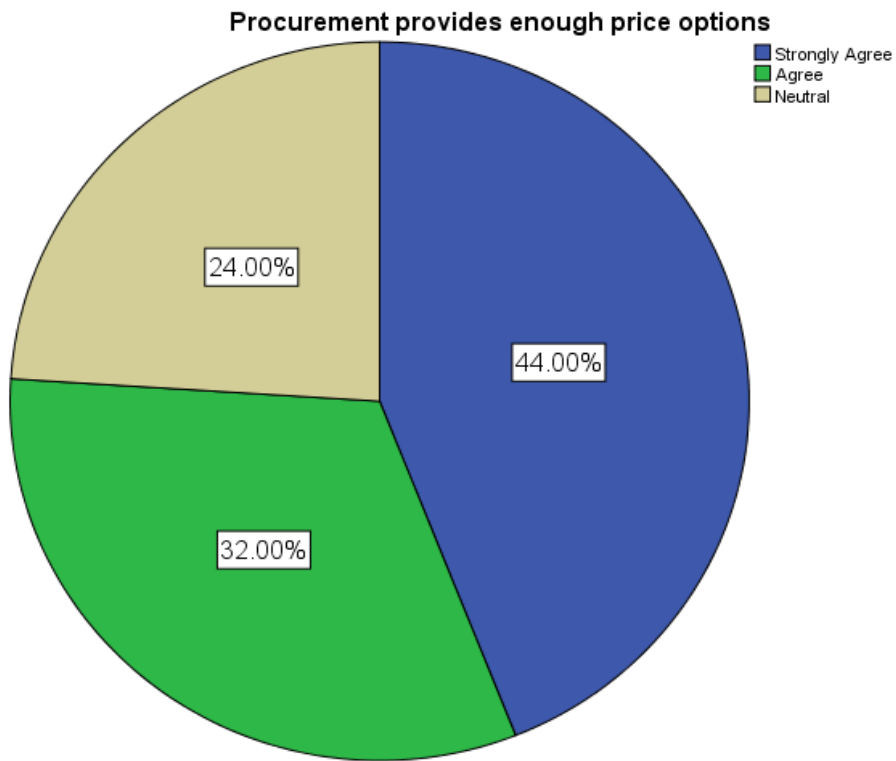
- Level of Difficulty of Using EMS:



*Figure 2: Level of Difficulty in Using EMS*

**Response:** The survey asked the respondents about the level of difficulty they face in raising requisition. 12% of the sample responded that there is no difficulty. On the other hand, 44% votes the difficulty level to be mild and 38% voted the level to be moderate. Again 4 respondents and 2% think the level to be severe to extremely severe consecutively.

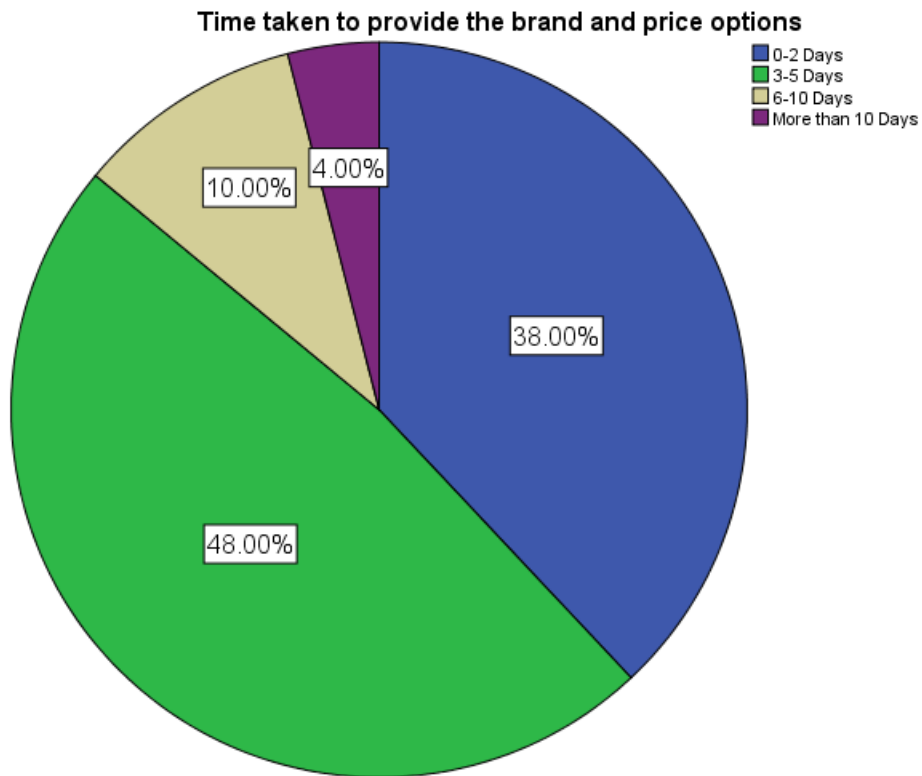
- **Providing Price Quotation:**



*Figure 3: Providing Price Quotations*

**Response:** The survey also intended to find out if the customers were provided with enough price options. In response, 44% strongly agreed and 32% agreed that they get enough price options to choose from. 24% responded to be neutral about the matter.

- **Time taken to Provide Quotation:**

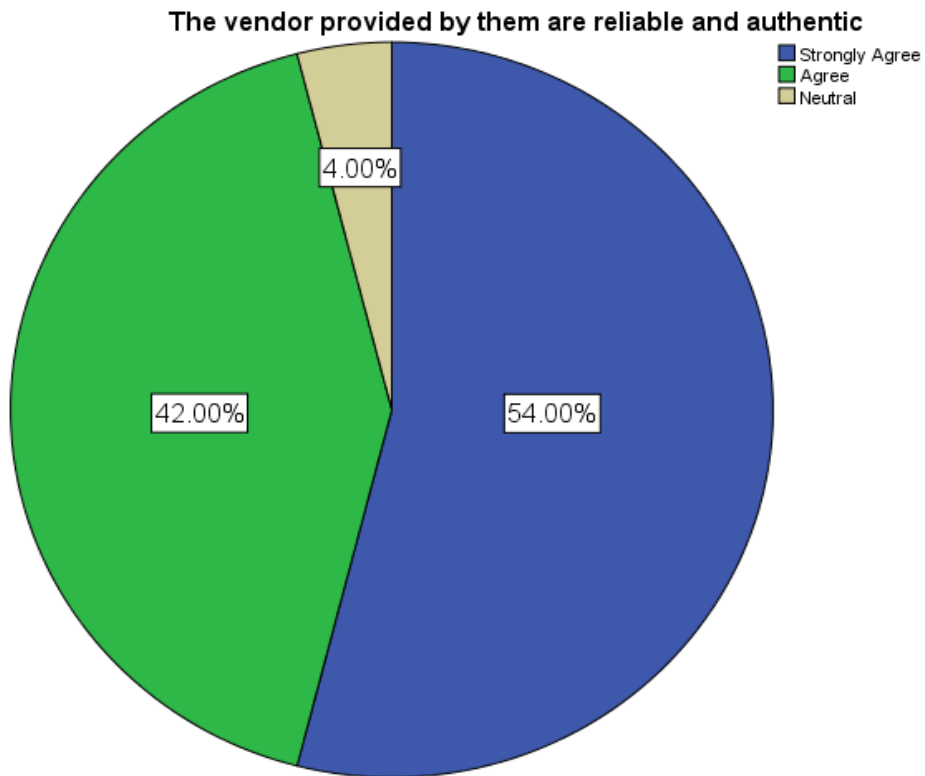


*Figure 4: Time Taken to Provide Quotation*

**Response:** In response to the time taken to provide price quotations, 24 people informed that it takes 3-5 days to get the price options. 38% people agreed the time period to be 0-2 days. However, almost 10% people respondent that the time is 6-10 days and 2 people selected the last option that is more than 10 days.



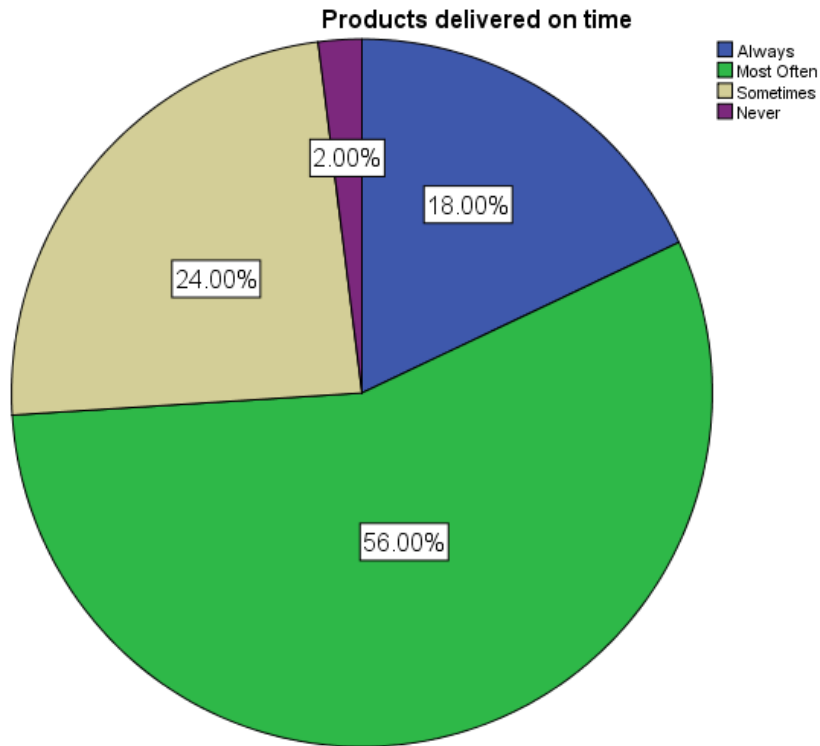
- **Reliability and Authenticity of Vendors:**



*Figure 5: Reliability & Authenticity of Vendors*

**Response:** In the survey, the customers were asked if they were provided with the reliable and authentic vendors by the procurement department. Among the respondents, 54% strongly agreed to the fact that they have received their products from reliable vendors. In addition, 42% agreed that the vendors are reliable. However, 2 respondents expressed their feelings of being neutral about the authenticity of the vendors.

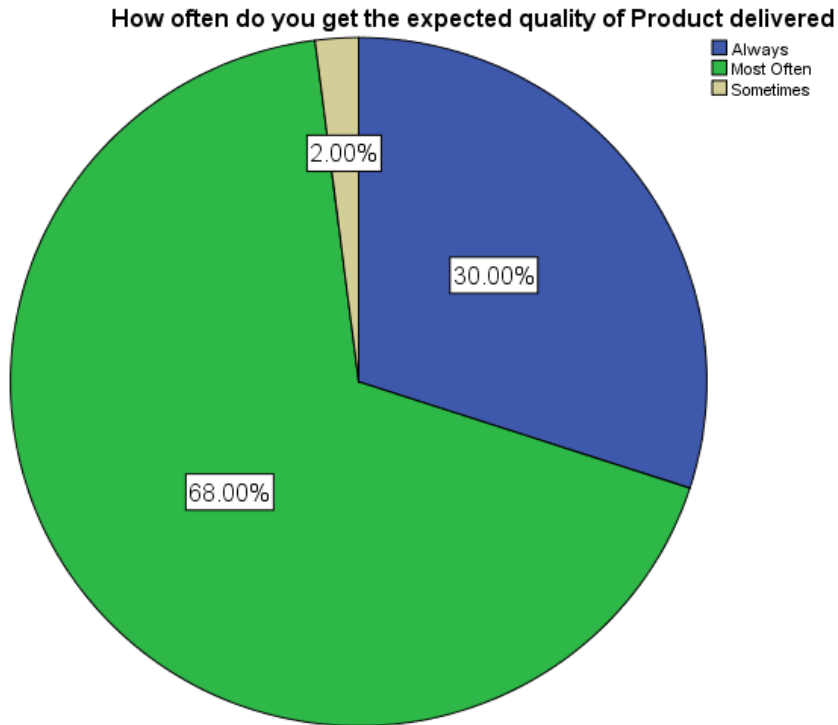
- **Delivery Time Maintenance:**



*Figure 6: Delivery Time Maintenance*

**Response:** To investigate the delivery time, the survey asked the respondent how often they get their products delivered on time. 56% respondents informed that most often they get their products delivered on time. Again 18% people said they always get their product on time. On the contrary, 24% people selected the option sometimes and 2% selected Never.

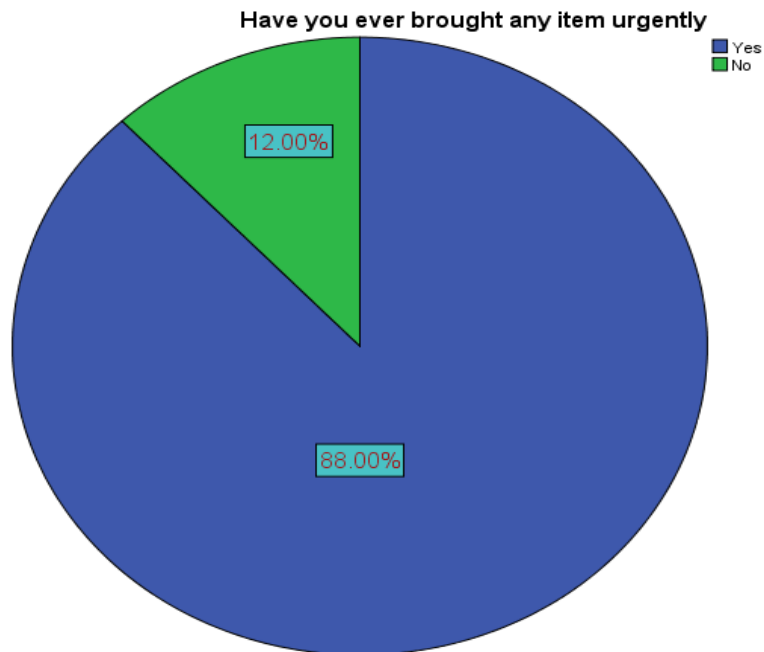
- **Delivery of Expected Quality:**



*Figure 7: Delivery of Expected Quality*

**Response:** The survey also aimed to know if the customers get the expected quality delivered to them. In response to the questions, 68% voted that most often they get the required quality delivered. Almost 30% voted always and 2% said sometimes they get the expected quality delivered.

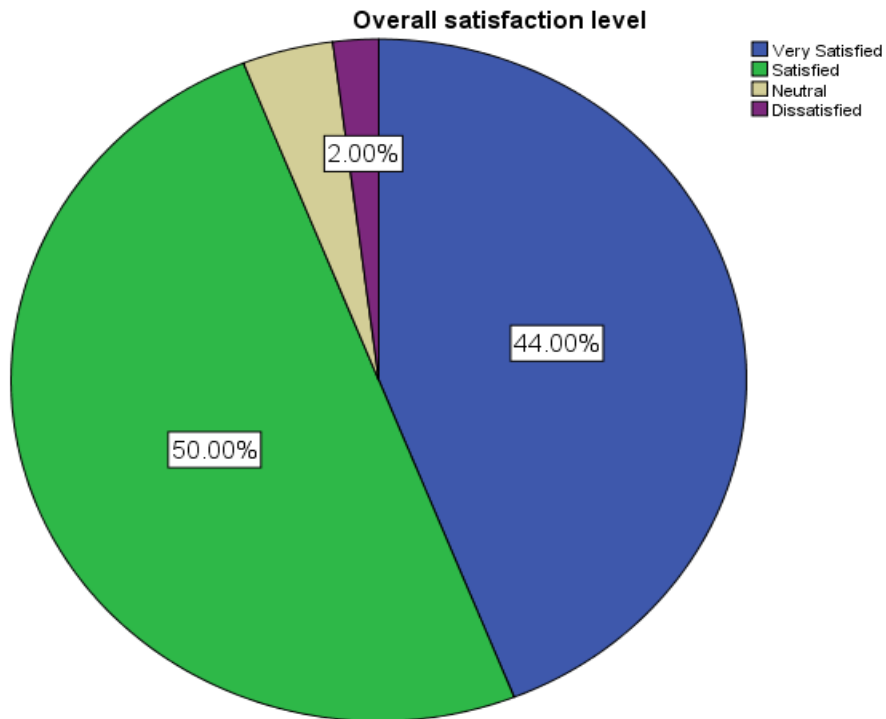
- **Emergency Purchase:**



*Figure 8: Emergency Purchase*

**Response:** With the aim of knowing how many customers needed to purchase items urgently, a survey questions was asked. In response, 88% people said they needed to buy products urgently.

- **Overall Satisfaction Level:**



*Figure 9: Overall Satisfaction Level*

**Response:** The survey aimed to find out the overall satisfaction level of the customers of procurement. The results show that 44% customers are very satisfied with the services provided to them. 50% responded that they are satisfied. However, 2% respondents are neutral and 1% are dissatisfied with the service.

### 5.3 Findings: Challenges of Procurement Process



*Figure 10: Challenges of Procurement Process*

- **Use of EMS:** EMS or Expense Management System is mostly used by the procurement team. Users are given access to EMS to raise purchase requisition. The challenge for procurement occurs when users find themselves in difficulties in raising purchase requisition. In the survey the results show that customers find it hard to raise requisition. They have identified the difficult level as mild to moderate. Customers often fail to raise requisition properly. There are several fields like which is related to accounting journal code for which users get confused and end up providing wrong input. This also takes time to place order and creates problem in bill processing.

- **Collecting Quotation:** A part of procurement process is to collect price quotation from vendors. ITS Labtest policy says at least 3 quotes are mandatory for any purchase. However, the challenge occurs when vendors are asked to provide their price quotation. Sometime vendors do not maintain timeline. In many cases vendors provided price quotation 3 or 4 days later than the requested time. In the survey many customers have responded that they receive the price quotation in 3 to 5 days. Asking for quotations repeatedly is a loss of efficiency of the team. In addition, there are some items which are not common in the market.
- **Vendor Management:** One of the greatest challenges in procurement is vendor management. They play a key role in ensuring that we get the right product at the right time with the perfect/good quality at the right price. A mistake in choosing a vendor may cost a huge loss of products, services, time and money. So, it is crucial to evaluate, onboard, monitor, and optimize the vendors properly. From the feedback of our customer, it can be said that in most cases customers get the reliable and authentic vendor. ITS Labtest Bangladesh Ltd. strictly maintains vendor database. Each and every vendor needs to submit their legal documents and sign the company's anti-bribery policy in order to be an enlisted vendor. Without being enlisted no vendor is allowed to supply products. However, it is a challenge to collect all the legal documents and sign the policy with every vendor. Time and geographical distance become an issue in collecting the documents. Additionally, maintaining a proper evaluation is also a challenge. It is tough to evaluate a vendor if they had limited/small number of transaction history. Hence choosing the right vendor becomes a major ultimatum.
- **Delivery Time:** Getting products delivered on time is undoubtedly a major challenge of procurement process. From the feedback it is clear that customers do not always get their

products on time. ITS Labtest policy mentions the delivery time to be 3 days. However, in some cases the delivery takes more than 3 days. Delays in delivery can happen for several reasons. For example, weather conditions, road blocking or traffic, failed delivery attempt, transportation unavailability etc. For foreign purchases, customs, location, government rules and regulations, paper works etc. may cause delay in delivery. It is a challenging task to ensure on time delivery of products by continuously checking update from vendor.

- **Ensuring Quality:** It is the core responsibility of procurement team to ensure a stable supply of quality products. Procurement team carefully selects vendors who can provide high quality products. The challenge rises in both selecting the vendor for contract as well as checking if the promised quality is delivered or not. The vendor needs to be notified several times about the quality and packaging of the products. In ITS Labtest Bangladesh Ltd, the concerned department or the user checks the product quality when it is delivered. However, in case of spot purchase, procurement officers take the risk to check the quality himself.
- **Emergency Purchase:** Emergency purchasing is also a challenge of procurement process. ITS Labtest policy says a purchase requisition must be raised at least 15 days before the needed date. However, such situation occurs sometimes when a product is needed urgently. For example, chemicals for testing lab often run out before the estimated time period. Without these chemicals production would stop. Usually it takes time for a requisition to get approval.
- **Communication:** Communication is a major challenge for Procurement department in any organization. Communication with vendors and internal customers takes a lot of time and effort. The whole procuring process requires several levels of communications. Starting from purchase requisition. Users often do not specify product details. Procurement officers must call them in or ask them about the details over the phone or email. After that in the



ordering process, asking for price quotations, price negotiation, ensuring proper packaging, checking the delivery status etc. requires several stages of communication with the vendor. In the final stage, requesting the concerned department to check quality and quantity, bill processing and documentations also demand communication. Getting hold of the vendor or the concerned department through phone or email is a time-consuming task.

➤ **Vendor Commitment:** The success of procuring any item largely depends on the commitment of vendor. ITS Labtest Bangladesh Ltd. works with numerous suppliers of goods all around the world and we believe in a trust-based relationship. Ensuring this trust-based relation is a challenge for us. Limited commitment may cause inefficient production. Absence of quality and time management creates wastage of resources and increases error in production. Maintaining confidentiality is also a sign of committed vendor. Private information about products, prices, quantity needed etc. are often given to vendors. Suppliers inability to keep these information's secret may cause harm to the organization in many levels.

➤ **Supporting Documents:** Apart from the challenges mentioned above, having proper supporting documents is a challenge that procurement officers face on a regular basis. Vendors are required to submit some documents with the bill of products. Without these documents no bill is accepted. Often vendors fail to provide these supporting documents.

## Chapter 6: Solutions, Recommendation and

### Conclusion

#### **6.1 Solutions & Recommendation:**

Procurement is a compliance driven and a very complicated process. Every step of the process is crucial and needs error free execution. A properly planned procurement process can take a company to the peak of success. ITS Labtest Bangladesh Ltd. already have a highly effective procurement department. Be that as it may, the best procurement process could utilize some refinement for better performance.

- ❖ The 1<sup>st</sup> step towards a better procurement process can be the modification of EMS. Graphics based EMS may help user to operate EMS more effectively. Users find it easier to understand a graphical based system.
- ❖ Digital Archiving with EMS is a way to avoid loss of documents. This will ensure proper storage of documents as well as reduce cost of keeping hardcopy.
- ❖ Procurement team arranges yearly training for the internal customers. Half yearly or Quarterly training sessions on EMS for the internal customer is a suggestion for smooth procuring process. A short training session for the customers will help them to use the EMS better. This will ensure proper input of item information in requisition resulting in less error and shorter process time.
- ❖ Training sessions for vendors is also of equal importance. Proper knowledge about procurement process, its importance and the company policy will help them to feel like a part of the company and thus ensure increased commitment. Increase in commitment will result quicker response, on time delivery, maintaining quality etc.

- ❖ Currently inventory is updated with different tracking tools. However, Inventory Module in EMS may help in real time tracking of inventory in future. Procurement officer can directly check the status and manage inventory accordingly.

## **6.2 Conclusion:**

Every organization requires a large volume of purchasing every day and procurement is there to help purchase those items. With 130 years of history full of achievements, ITS Labtest Bangladesh Ltd. started its journey in our country and ever since providing us with the best quality assurance services. Among many supporting departments, Procurement department has been one of the top performers of ITS Labtest Bangladesh Ltd. From purchasing raw materials to capex items, it has been supporting the company with purchasing decisions. With daily purchasing decisions, procurement officers face different kinds of challenges. The challenges related to vendors are most crucial and hard to solve. Despite facing these challenges, the procurement officers of ITS Labtest Bangladesh Ltd. continue to overcome them with success and take part in company betterment.

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## **Appendix A.**

### ***Questionnaire:***

- Survey on The Satisfaction Level of Internal customers of Procurement Department, ITS Labtest Bangladesh Ltd.

My name is Elezabeth Ritu Rozario. I currently working as an Intern with The Procurement department. I am doing this survey for my internship report for the fulfillment of my bachelor studies from BRAC University. This survey is targeted to measure the customer satisfaction level of procurement department. The results will indicate the challenges of Procurement Process and identify scopes of improvement. Any information provided here will remain confidential and will be used for academic purpose only. Thank you for participating in this survey.

1. Name :

2. Age : \*

- 20-30
- 30-40
- 40-50
- 50-60
- 60 and above

3. Gender: \*

- Male
- Female

4. Which department are you currently working in? \*

- Analytical Lab
- Assurance Services
- ATIC & Innovation
- Business Assurance
- Business Insights
- Coordination
- Compliance
- Credit Management
- Customer Sales
- Calibration Lab
- Footwear Lab
- Finance
- Facilities & Services
- Human Resources
- IT
- Invoice
- Inspection
- Marketing
- Planning & Development
- Sales & Business Development
- Service Excellence Management
- Softline
- TQM
- Textile Lab

5. Have ever taken any assistance from the Procurement Department? \*

- Yes
- No

6. Have you ever purchased any item through this department? \*

- Yes
- No

7. When purchasing which one do you prefer? \*

- Local Brand
- Foreign Brand

8. Have you ever needed to buy any item from foreign country? \*

- Yes
- No

9. What are your main criteria when purchasing? \*

- Quality
- Price
- Delivery Time

10. Can you raise a requisition in EMS? \*

- Yes
- No

11. Level of difficulty in raising requisition in EMS:

- None
- Mild
- Moderate
- Severe
- Extremely Severe

12. Ease of raising requisition:

Not Easy at all

- 1
- 2
- 3
- 4
- 5

Extremely Easy

13. Procurement provides enough price options to choose from: \*

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

14. In most cases how long does it take for them to provide you with the brand and price options? \*

- 0-2 Days
- 3-5 days
- 6-10 Days
- More than 10 days

15. The sources (vendor) provided by them are reliable and authentic: \*

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

16. How often do you get products delivered on time? \*

- Always
- Most Often
- Sometimes
- Rarely
- Never

17. How often do you get the expected quality of Product delivered? \*

- Always
- Most Often
- Sometimes
- Rarely
- Never

18. Have you ever brought any item urgently? \*



- Yes
- No

19. Your overall satisfaction level on working with the Procurement department: \*

- Very satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very dissatisfied