

Report On
“Logistics Management of A. P. Moller Maersk Bangladesh”

By

ANINDA SAHA
Student ID:18164007

An internship report submitted to the Graduate School of Management in partial
fulfillment of the requirements for the degree of
Master of Business Administration

Master of Business Administration
BRAC University
June 2021

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Declaration

It is hereby declared that

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

Student's Full Name & Signature:



ANINDA SAHA
Student ID: 18164007

Supervisor's Full Name & Signature:

SM PARVEJ ISLAM
Adjunct Lecturer, Graduate School of Management
BRAC University

Letter of Transmittal

SM Parvej Islam
Adjunct Lecturer,
Graduate School of Management
BRAC University
66 Mohakhali, Dhaka-1212

Subject: Submission of Internship report on “**Logistics Management of A.P. Moller Maersk Bangladesh**”.

Dear Sir,

It is my pleasure to present the internship report titled “Logistics Management of A.P. Moller Maersk Bangladesh” which was assigned to me as a partial requirement for the completion of Master of Business Administration degree. Throughout the study, I have tried my best to accommodate as much information and relevant facts as possible to make this report as enlightening as possible.

I am grateful for your guidance and kind cooperation at every step of my endeavor on this report. I trust that the report will meet the desires and have tried my level best to make it a comprehensive one.

Sincerely yours,



Aninda Saha
Student ID: 18164007
Graduate School of Management
BRAC University
Date: June 10, 2021

Non-Disclosure Agreement

This agreement is made and entered into by and between Maersk Bangladesh and the undersigned student at BRAC University Student Aninda Saha.

Executive Summary

This internship paper discusses how A.P. Moller Maersk has been leading the logistics operations together with its other wing to shipping line globally. The focus has been on the logistics operations and challenges the company faces in Bangladesh and how it has been the back bone in the country's trade as well as a general outline to show how they are thriving in the local market. I have tried to put forward some general knowledge about some logistics management activities performed by Maersk. There are certain factors that perpetuate the organization as one of the leading integrated logistics industry, Maersk group has the largest operating unit in Maersk Ocean with the most number of container ships globally, the supply chain department provides almost all different logistics solution to their customers and with its great network the company is still in the driving seat of logistics business. As a Senior Executive in SCM department I have witnessed how Maersk is always keen on continuous improvement and with its core values the company is very customer centric. I have highlighted focusing on how the overall logistics is operated in Bangladesh, some of its core activities, the constraints, some findings, and an overall recommendation.

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List of Acronyms

SCM	Supply Chain Management
LL	Lead Logistics
TEU	Twenty Foot Equivalent Units
FEU	Forty Foot Equivalent Unit
HSSE	Health Security and Safety
FMCG	Fast Moving Consumer Goods
GOI	Global Operational Index
KPI	Key Performance Indicator
QSHE	Quality Safety Health and Environment
PO	Purchase Order
CFS	Cargo Freight Station
EDI	Electronic Data Interchange
C&F	Clearing & Forwarding
IBS	India, Bangladesh & Sri Lanka

Chapter 1

Overview of Internship

1.1 Students Information

Name of student: Aninda Saha

ID: 18164007

Program: Master of Business Administration (MBA)

Major: Operations and Supply Chain Management

1.2 Internship details

1.2.1 Name of the organization and department

Company- A.P. Moller Maersk

Department- Lead Logistics

Business Unit- Customer Experience (SCM)

Address- Plot# 76/A (4th Floor), Road# 11, Block# M, Dhaka 1213, Bangladesh

Upon joining Maersk back in January 2019, I am continuing my journey in this organization as Senior Executive. The journey in logistics is very thrilling and exciting however quite a bumpy ride as well. Sometimes it's a matter of seconds in making heavy decisions and sometimes it's a matter of patience when it comes to aligning suppliers and ensuring on time cargo to customers. End of the day what lifts the spirit of each employee here at Maersk is the work environment along with the multicultural and diverse nature of the organizational structure.

1.2.2 Designated Supervisor details

Name of Supervisor- SM PARVEJ ISLAM

Designation- Adjunct Lecturer, Graduate School of Management, BRAC University

1.2.3 Scope of the job

As a senior executive in the export logistics I was mainly in charge of taking full responsibility for customer experience by managing the end-to-end shipment process in compliance with all company procedures and regulatory requirements for Import area. Along with that be fully responsible for customer satisfaction, own & manage all customer facing activities. As part of Commercial Intelligence, I also had to build strong relationships with customers, gain an understanding for their business, service needs, drivers and desires and leverage this to engage in discussions about new business opportunities and competitor/market intelligence. Furthermore, it is essential to ensure smooth execution of the whole shipment lifecycle, by working closely with customers and internal support groups to achieve customer satisfaction goals through pro-active resolution handling. Other responsibilities include upselling, working on various global projects and any other ad-hoc work as per requirement.

1.3 Outcome of the Internship

1.3.1 Contribution to the company

While working at Maersk I have taken up challenges at extreme levels and got the chance to deliver the best. Over the time as my work was globally appreciated by our customers and management, I was assigned various projects and to handle tougher customers to deliver excellence. I was the first to achieve a GOI score of 5 out of 5 for various clients which was never done before, I have worked on some global scale

projects and appreciated by customers, improved vendor KPI and onboard new customers within a small time frame. All these did not just happen, it was based on the performance and outcome of my overall achievements.

1.3.2 How working at Maersk is beneficial

As I have been working at Maersk as full-time employee, I had the scope to go beyond my objectives and KPI to take on new challenges. With new challenges came new inspiration to dig deeper into the work we do and seek new areas of development for the organization. This gave me the platform to demonstrate my skills and knowledge on a global scale to a wider audience. Over the time I was able to discover a new me, a more competent and more confident to take on any challenges. Working alongside renowned customers I was able to enhance a lot of skills which we do not find in bookish knowledge. With experience in logistics I was tested on extreme levels of patience and focus as situations would always be unpredictable. Being ready always and delivering the best even during my hardships singlehandedly made me ready for the real-world challenges. I am truly thankful to the organization for bringing out the best of me and it has helped me to discover more of what I am capable of, as days go by I expect to grow more and more so that I can contribute my knowledge to the betterment of the organization. I look forward to being an example to the organization and share best practices which would enlighten many more to bring out the best in them.

Chapter 2

Overview of A.P. Moller Maersk

2.1 Introduction

The core purpose of this study is to uncover the underlying facts and figures of the overall logistics industry and how Maersk Bangladesh through its global shipping network and its supply chain activities been exceeding customer expectations over time. The industry of containerized shipping started during the late 1950's with the development of the standard container. Containerized shipping is the movement of shipping products from one place to another using containers. A shipment incorporates one or more containers on the same journey. Containerized shipping almost always involves both land and sea transportation but not by air due to standardized containers incompatibility with airplanes. Movement of goods through shipping involves supplementary modes of transport, for example trucks to move the goods on land, and container vessels to transport the goods at sea. So, logistics is a crucial part of the supply chain activities and the standardized containers ease intermodal operations through avoiding the manual loading and unloading of goods, instead leveraging dedicated equipment, such as cranes and dedicated transport equipment. Furthermore, the containers serve as storage facilities for the goods while they wait for next mode of transport. The standard container has revolutionized trade through gained efficiency and subsequent lowered costs. Since its introduction, the use of this method of transport has grown. Today, containerized shipping accounts for approximately 80% of traded non-bulk goods. Due to containerized shipping's reliance on transport by sea, utilizing container vessels, it is considered part of the maritime industry. However, containerized shipping, as an industry, struggles with low reliability and inefficiency, resulting in high costs and high risks. Digitalization of processes through IT applications are increasingly drawn on to curb these issues and cope with increasing number

of containers, however despite the success of many of these improvements and initiatives wide adaption remains to be seen. The detailed analysis of the effectiveness and efficiency of the existing Supply Chain Management process will give Maersk Bangladesh an outsider's perspective of the strengths and weaknesses of their internal process and will help them to improve.

2.2 Company Overview

A.P. Møller – Maersk also known as simply Maersk, is a Danish business conglomerate with activities in the transport, logistics and energy sectors. Maersk has been the largest container ship and supply vessel operator in the world since 1996. Maersk is a Danish family shipping company headquartered in Copenhagen that went public and operated globally. Maersk operated one of the largest container shipping services worldwide. As of 2018, they had a diversified global portfolio with business units in container service (50% of revenue), exploration and development (25% of revenue), container terminal operation (15% of revenue), drilling (10% of revenue), and other businesses such as supply service, logistics, towing and salvage operation, and more. Maersk was the largest company in Denmark comprised of 1,000 companies and they operated in 130 countries with more than 110,000 employees also served approximate 343 ports. In September 2016, Maersk Group announced that it was splitting into two separate divisions: Transport & Logistics, and Energy. The company's 2018 annual revenue was US\$39 billion. The largest operating unit in A.P. Møller–Maersk by revenue and staff (around 25,000 employees in 2012) is Maersk Line. In 2013, the company described itself as the world's largest overseas cargo carrier and operated over 600 vessels with 3.8 million twenty-foot equivalent unit (TEU) container capacity. As of September 2015, as the largest container fleet, it held 15.1% of the global TEU. Maersk wanted to be the industry leader in providing transparency and environmental information to customers. In January 2012, Søren Skou took over as CEO of Maersk Line from Eivind Kolding. Later that year, the company

ceased its business in Iran to prevent potential damage to the company's business with Western countries, particularly the US, due to the sanction's regime led by those countries. There are several sister concerns exists within Maersk. Some renowned are:

- Maersk Lead Logistics
- APM Terminal
- Svitzer
- Sealand – A Maersk Company
- Safmarine (Acquired by Maersk)
- HamburgSud
- Maersk Oil
- Maersk Drilling
- Maersk Ocean

Various Business units are involved in the total shipment process, Maersk Ocean is responsible for the shipping and containerization, Maersk Lead Logistics takes care of the basic booking and PO handling along with any sort of communication required with buyer, APM Terminals globally handle the containers to load and unload on the ships, the CFS are consolidation centres where factories send their cargo and is stored for a limited time before consolidating in the containers at port. In this way all stakeholders have specific roles in a full shipment cycle and each are very crucial since a delay or mishap in any of the step will ultimately delay the whole shipment. Overall all individual units work in sync and in a controlled manner so that the buyer/ client in the end has no complains. Below is a simplified figure which shows a how each business unit plays its role in the shipment and the basic stakeholder responsibilities.



Figure 1: Stakeholder responsibilities for a shipment and various business units involved

2.3 Management practices

Maersk has been serving the business in Bangladesh to link to the world since 1996. With its core offices in Dhaka and Chittagong, the company ensures regular and reliable shipping services to and from anywhere in Bangladesh. Maersk Bangladesh is currently registered under APM Global Logistics Bangladesh and has its wings under this group. Initially other groups under the Maersk umbrella such as Sealand, Safmarine, Damco and MCC have all been acquired under the same Maersk Group. The overall Bangladesh management is combined of 03 countries known as the IBS (India, Bangladesh and Sri Lanka) as a result the overall top management is in charge of these three regions who finally report to Area Director in UAE. This is the current structure but with time there are changes in the structure and new leaders with new positions emerge. Currently in Bangladesh all managers' report to a Country Manager and based on each department there are departmental managers under him.

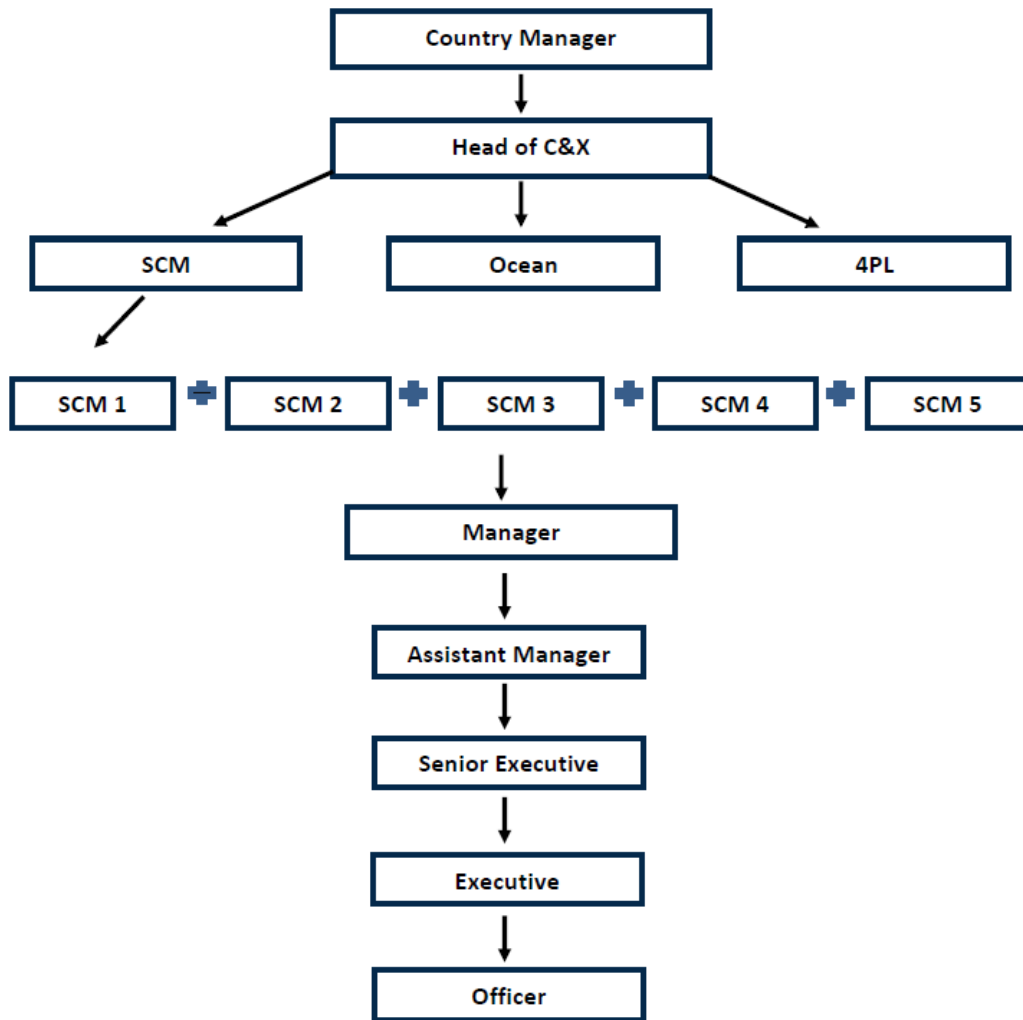


Figure 2: Hierarchy of the Organization (General overview)

2.3.1 Maersk Values

➤ **Constant Care:**

- Take Care of today and prepare for tomorrow
- Forward thinking, planning and execution
- Being informative & seeking new ideas

➤ **Humbleness:**

- Listen, learn, share and give space to others

- Showing trust and giving empowerment
- Attitude of continuous learning
- Don't underestimate competitors

➤ **Uprightness:**

- Our word is our bond
- Honesty and accountability
- Being trustworthy
- Fairness, decency, and respect others

➤ **Our Employee:**

- Building the right team by recruiting right people
- Providing opportunities for continual development
- Rewarding performance and promoting for potential
- Embracing diversity

➤ **Our Name:**

- Passion and pride for what we do and how we do it
- Our image in the eyes of our customers and the world
- Respecting and building on our strong heritage
- Professionalism and dedication

2.3.2 Various Departments within Maersk shipping and logistics

Logistics: Maersk Logistics, previously known as Damco which has now been globally renamed as Maersk Lead Logistics under Maersk Group in the year 2020. Amidst growing competition and rapidly changing market conditions, customers need a lead logistics provider to manage all their supply chain partners. Maersk's 4PL logistics services take away the complexity of supply chain from clients regular routine so that

they can focus better on their core business. Maersk 3PL solutions or better known as the Maersk Supply Chain solutions has provided full supply chain solution to its global buyers. By merging modern technology with its operational excellence Maersk Lead Logistics is destined to provide first-of-its-kind solution which covers their clients physical and digital logistics world to give them end-to-end transparency, control, and decision-making capabilities. Backed by Maersk's expert supply chain advice they welcome their customers to a true paradigm shift in the supply chain industry.

Shipping Line: The Carrier or Shipping Line of Maersk has been also renamed as Maersk Ocean who are the other group of superheroes constantly handling the main container shipping to ensure their customers receive their cargo on-time. Maersk Ocean has brought various service solutions/ packages for their customer to handle any type of cargo whether it is special cargo, refrigerated cargo, dry cargo or even dangerous cargo. Based on buyers requirements they can provide instant solutions to handle their cargo, this could be through spot booking solution, door to door service or even port to port services and these will all vary based on customer requirements.

Customs House and Brokerage solution: Maersk also provides various C&F or trucking services which are some necessities to complement the export and import. In Bangladesh due to heavy requirement to arrange trucking for cargo to move from factory to port and customs clearance activities, this comes with a full package from Maersk to their local customers.

Continuous Improvement Department: This is another essential department within Maersk since the organization is always thriving to serve its customers the best in class services along with providing the most effective working atmosphere for their employees, the continuous improvement team is always actively seeking the best solutions. The team is always updated with the modern technologies and trying to

always bring in the best developments which are beneficial to both customer and their employees. This not only provides effective solution to customers but also improves workability of the company's employees through finding the best possible solutions.

Commercial/ Sales Department: This department is mainly concerned with sale activities, container sales and account handling. The sales team is crucial towards the organization's growth and long-term sustainability as it is one of the key revenue generators.

Human Resource Department: This department of Maersk Bangladesh is involved in organizing, staffing, leading and finally controlling the Human Resource of the Maersk Bangladesh at Dhaka and Chittagong office. The Human Resource Department of the Maersk Bangladesh is doing its job in chronological order as Human Resource marketing, Staffing & Administration, Training & Development and Compensation & Benefit and finally execution. From the very beginning Maersk have served its customers at a satisfactory level based on clients need. This is why the organization has achieved ISO9001:2000 and ISO:14001 certificate by BVQI in Bangladesh for fulfilling of the ISO requirement for International Standard and Quality Safety Health and Environment (QSHE) on International Forwarding, Contract Logistics, Overland Transportation.

There are many other concerned departments within Maersk that are consistently driving the company forward such as the Health Safety and Security Department (HSSE) which are constantly concerned with the safety and security their employees, Legal department who are concerned with any sort of claims or legal aspects and many more. Maersk has always taken extra care of their employees wellbeing and customers so based on need they had necessary departments set-up for specified services.

2.4 Marketing Practices

For a managerial definition, sales or marketing most often has been described as “the art of selling products or services”. But for many it is quite surprising when they hear that the most important part of marketing is not selling, selling is only a part of whole marketing world. It is to be said that the art of selling is the main art of a private company’s operations.

The aim of marketing is to know and comprehend the customer so well that the product or services offered is the right fit based on necessity. Ideally, marketing should result in a customer who is ready to buy. In general terms there are mainly two types of sales, Product and Service Sales. Every service has respective business field in which the company’s sales specialists use their skills in business development.

In this way Maersk sells its integrated transport and logistics services, Maersk is striving to be a true integrator of container logistics connecting and simplifying our customers’ supply chain through global end-to-end solutions. They are able to manage the entire product journey for them including Inland Services, Maersk Customs Services, Ocean Freight, Warehouse Management and Distribution to name but a few. Whether it is Fashion & Lifestyle, Retail, Automotive, Chemicals, FMCG or even electronics, Maersk has end to end solution which can satisfy any sort of customer needs. Maersk is committed to ensuring that their business practices are safe, responsible and transparent.

2.4.1 Pricing Structure

Maersk is always offering various packages to assist its customer find the best possible service. They offer a very competitive rate to their customers considering the commodity and ensuring that the price is aligned with the local market situation. They have various rate offers such as Block Space Allocation rate, spot booking and Ad Hoc rate.

2.4.2 Going Paperless

Maersk is always concerned with the environment and how to contribute the community. As one of such approach Maersk has developed certain paperless solutions which are Electronic Data interchange (EDI), which sends necessary details to customers digitally, e-booking system, e-documentation and many more which the organization is willing to develop further.

2.4.3 Promotion

Maersk has always put employees and their faces forward when it came to promoting their brand value, whether it's a new service or even if it's a new scheme for customers. On all platforms Maersk has been actively promoting the brand over the years and they would also have various contests globally which would be advertised globally.

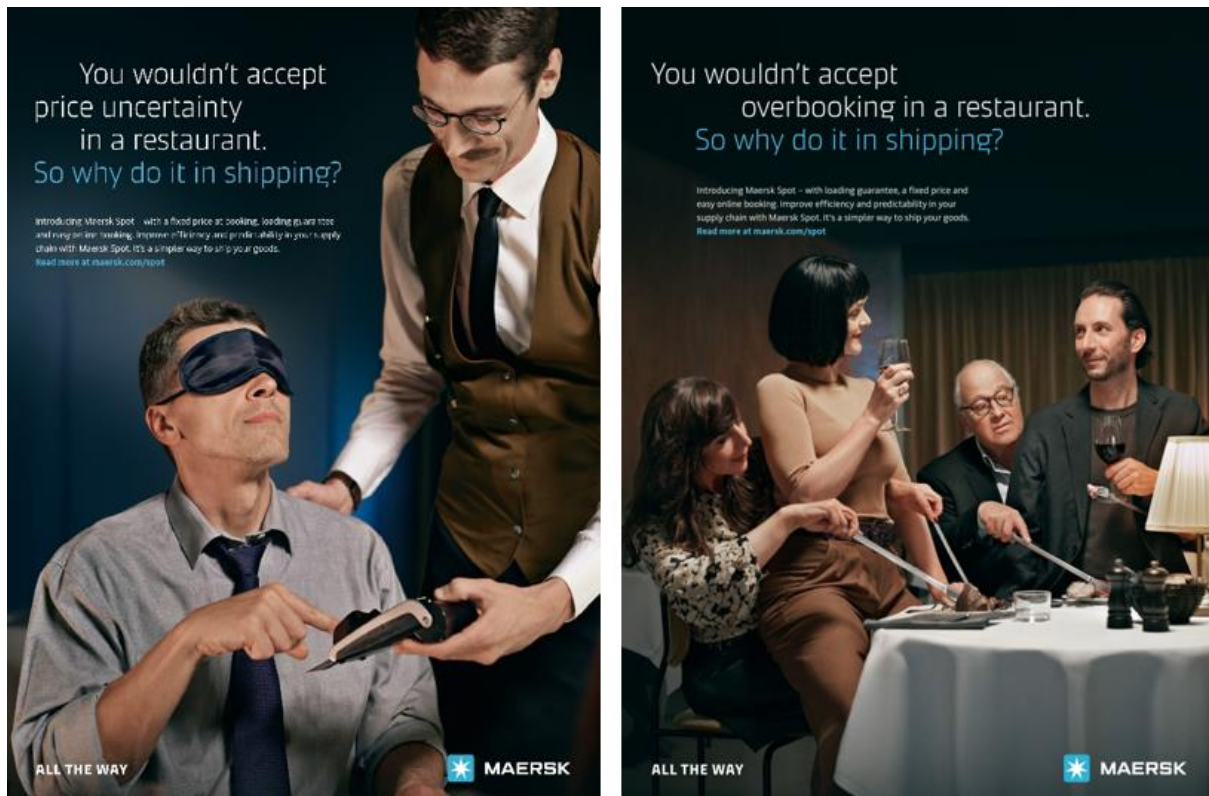


Figure 3: Some of Maersk's unique Ad's which pose a strong message

2.5 Long term strategic planning

Maersk has a unique attitude to develop and adopt itself to the local situation and act accordingly as a result it has proven very successful in almost all countries. It was able to achieve this value through certain strategies such as:

Trade Development – Effective development of trade procedures, ensuring efficient transport time, the ability to penetrate other markets such as the way it has developed the CHB business in Asia.

Education – Maersk is very cautious about providing necessary trainings and educating in the developed markets, providing tools and necessary equipment's for the development of skills and capacities. Maersk believes in 70-20-10 approach which basically means 70% learning through hand-on work, 20% through trainings from peers and 10% through various online trainings.

Environment – Maersk has taken great initiatives in contributing to the reduction of CO2 emissions and has already taken various measures to reach their target in the long run, they are also able to optimize the overall transport chain to ensure efficient costing hence leading to lower fuel consumption. It has been contributing largely to helping clean ocean, decarbonizing attempts through lower fuel consumption and many more. Maersk remains completely committed to their ambition of eliminating greenhouse gas emissions, they continue to work towards net-zero emissions from their ocean activities in 2050; a 60% relative reduction in emissions from shipping by 2030 in comparison to 2008. These are some of the great initiatives the company is eyeing on in the long run.



Figure 4: Maersk-Towards a zero-carbon future

Similarly, in Bangladesh Maersk has been working with local forwarders and developed container stock for various nominated customers. They are registered under the name APM Global Logistics and has been a great contributor to the local export and import section of the country. As days progress we see new innovations from the company and they have been jointly progressing this service sector partnering with many to ensure best services to their clients.

2.6 Industry and Competitive Analysis

2.6.1 Some competitors of Maersk

Maersk leading in this market still has competitors which are thriving to increase their market share globally. Maersk is leading the industry and having over 17% market share with a large shipment capacity roughly about 4.1 million TEUs, not only that having a massive 708 vessels in operation globally. Many other competitors are still trying to grow in terms of capacity however Maersk group having the upper hand as the Ocean liners along with logistics is under the same umbrella which many other container shipping companies do not have except a few such as DSV and Panalpina, APL logistics and CMA. Some of the close competitors of Maersk in the global market are mentioned below:

- Mediterranean Shipping Company (MSC) – This is an Italian Shipping Company that was founded in 1970. It has more than 500 container ships & TEU capacity of over 3 million approx. They cover almost 16.2% share of total market capacity.
- CMA CGM Group (CMA) – CMA is a French Shipping Company founded in 1996. It has more than 400 container ships & TEU capacity of over 2.5 million. It covers almost 12.4% share of total market capacity.
- China Ocean Shipping Company (COSCO) – This is a Chinese Shipping Company which was founded in 1961. It has over 300 container ships & TEU capacity of about 2.0 million. It covers almost 12.3% share of total market capacity.

2.6.2 SWOT Analysis

A SWOT analysis has been done on Maersk and some of the key findings have been highlighted below:

The following are the strengths of Maersk:

- **Company culture:** Maersk is a company that has operations across global borders and thus deals with a vast variety of stakeholders from several cultures, ethnicities, and racial groups. It is a multicultural company, dynamic, and focused a lot on performance and value proposition.
- **Strong brand value:** The company has its presence in almost all core sectors such as transport, energy and logistics. Through all the core businesses such as Maersk Ocean, APM Terminals, Maersk LL, Svitzer and Maersk Containers they handle end to end supply chain needs of all customers. Through their energy business, they are ensuring that their roots are firmly embedded in the world of business. It has established itself very highly in all its core sectors.
- **Network:** The company has operations in over 130 countries across continents such as America, Africa, Asia Pacific, and Europe. The company caters to all kinds of customers irrespective of the size of their businesses. Their presence in the foreign trade and energy have guaranteed that their network is spread to even the remote corners of the globe.
- **Core values:** The company's business relies a lot on its core values like humanity, upright attitude, unity, constant care, and the right environment for the right people. The core values of the business are reflected on all aspects of operations and in the guidelines established by the business.
- **Strong connection with customers:** The customer centricity and strong bonding of Maersk along with the engagement levels between the company and the client are very

high. The company develops innovative solutions to satisfy end to end solutions for supply chain management and thus the customer need not approach any other business for their supply chain needs.

- **Strategy:** Maersk strategy looks at value creation for stakeholders at all stages of their business. They are always years ahead in terms of planning and decision making through judging the current market for future actions. Though they have the presence in a number of sectors such as energy, transport, and logistics the three operate in synergy. The company focuses on agile strategies which aim at enhancing the growing top line of their clients and identification of unforeseen business opportunities for their clients.

Some of the key weaknesses of Maersk are:

- **Decreasing cargo volumes:** The competition in the transportation and logistics sector has grown abundantly in the last decade and thus the volumes of business have significantly gone down. This is mainly because of current pandemic due to COVID-19 and various shifts of order to other regions such as Africa, Ethiopia and other countries. The unit cost of operation has been increasing consistently and the commercial challenges were also evolving throughout the time.
- **High operational cost:** With a growing network the costs of operations of the company poses a critical challenge to the business. As more and more business is setup with new levels of expansion the operational expenses also level up.

Opportunity includes:

- **Merging logistics with new technologies:** In the logistics sector there are a number of new technologies and innovation and Maersk is fully trying to utilize the best possible to provide the most effective results. These technologies not just help the customers to

reduce their costs but also help the logistics companies streamline their operations. Some of the technologies include are RFID, logistics outsourcing, new blockchain and trade lens system and many more.

Some of the threats identified are:

- **Massive competition:** There are millions of logistics companies globally trying to be providing service to clients with lower price than the market. These tend to attract customers but mostly the larger volume customers reply more on full package solution with visibility. Maersk might be the market leader, but its close competitors are peeking through with newer innovations in the market.

2.7 Summary and Conclusion

Maersk has proven to have a customer centric approach and with the prolonged years of operation in Bangladesh they have accustomed very well to the local environment. Being one of the leading multinational company in Bangladesh the company is committed to provide excellent service to its valued customers. The management of Maersk Bangladesh always gives special efforts to uphold the interest and trust of their customers. The focus of Maersk Bangladesh was to concentrate on the customer's demand, which differentiates Maersk Bangladesh from other the companies, has been successfully created a brand image and maintains a strong position in the market place. But still it had some weakness, which could be easily overcome. Maersk Bangladesh has much more potential to explore the existing market. The company cannot be able to reach the goal until it makes the customer satisfied by providing services as much as the customer needs. In this report I was focusing on operational documentation part of the Supply Chain Management Department. After preparing this report it becomes very evident to say that there should be a goal to make the customer always happy

and satisfied with the service, only then the company run its business safe and soundly in this competitive era. Maersk Bangladesh have an efficient and effective team with performances in an excellent manner. So, considering all the services, Maersk Bangladesh should become more conscious to deal with its customers as the customers have now more choice to the company with others.

Chapter 3

Research, Findings and Recommendation

3.1 Introduction

This chapter is more focused on the approach which Maersk has on its logistics operation and future business perspective in Bangladesh. Despite how big history the organization has and its big brand value in the market, the business approach and mode of sustainability differs greatly from country to country. Over the years Maersk has been developing its working methods and structure in logistics and all other units but certain areas do not just rely on technological development, rather it develops on area based strategic approach with good local relation to sustain in such a competitive market. The company has undoubtedly developed a great working environment for its employees which no one can disagree, and it is always seeking better use of modern technology and how that can be used in daily work. In this chapter I have tried to highlight some promising areas in the organization which is a big reason for its success in sustaining the top position in the global market. I have also tried to put forward some challenges within the organization and in the local market which is ultimately impacting their logistics business and finally provided some recommendations which the company could take into consideration.

3.2 Challenges in local market

Logistics and shipping in Bangladesh, in other words handling the whole Supply Chain varies greatly from many other regions. There are a lot of challenges various forwarders face in terms of exporting goods from Bangladesh. Statistics suggest that Maersk has been growing its business globally and in Bangladesh as RMG and other commodities export is also booming, Maersk is taking a big part of that share in this region through winning more and more customers. However, this is just the external news, when it comes to the local market Maersk cannot simply rely on cargo shipping and winning more customers to sustain in the market of Bangladesh, there are other challenges which they need to focus on.

Customs House & Brokerage – In order to sustain in the local market, they need to take a leap into the local business. Some of the greatest challenges the company faces in Bangladesh is winning local business with factories. This business refers to as Clearing and Forwarding (C&F), Trucking and various other customs work which almost all factories need to avail to send their cargo. Maersk has been trying to penetrate this market but due to too much of uncontrolled syndicate and local pricing structure Maersk being a compliant organization is still struggling to evolve this market.

Limitation of CFS capacity – Other challenges involve the use of CFS where there is storage limitation and allowed free time storage. Since Maersk do not own any CFS in Bangladesh rather they have partnered and lease these services so one way or the other the organization is bounded by various rules and regulations. There is less freedom to capitalize the CFS services rather there are various issues the organization face yearly regarding cargo mishandling or any other mishaps which become tough to negotiate with the CFS owners. Not just that since there are limited number of CFS as number of buyers increase Maersk is already having a hard time allocating cargo of more and more buyers for storage and consolidation.

Timely outstanding collection – It has been seen that the company suffers in terms of collecting the outstanding money from the factories which are the local business such as trucking services or C&F services which the factories buy from Maersk. Mostly when factories take these services from any local vendors, they get various facilities such as delay payment due to good relations with vendors, penalty waiver and many more totally based on local relation. These practices are non-compliant by Maersk hence they cannot offer these sorts of facilities to the factories who purchase their services. In the same way most customers delay in the payment leading to huge outstanding from month to month. These tend to hamper regular business and since Maersk has strict rules and regulation, they cannot facilitate their customers providing them too long to make the payment, as a result the company needs to push for quick payment clearance.

3.3 Recommendation

Upon working at Maersk for almost three years there has been certain observation which I have analyzed over time trying to figure out how Maersk could overcome these grey areas to develop its business further in Bangladesh.

Reduce revenue leakage – It has been observed that Maersk has been handling a large number of customers providing logistics support but there are various billing criteria's which are billed to clients. Now since as per Maersk rule, they do not collect any freight related charges locally, so all is billed to buyer at destination through internal billing system. Finance team or the Business Controller is in charge of billing these charges, in certain situations it was seen that there are few charges which are not billed correctly resulting in revenue leakage. This is purely due to manual error or miscommunication between client coordinator and Business Controller to update them about the charges on time.

Emphasize more on local sales – In order to sustain business in Bangladesh Maersk must develop and emphasize more on their local sales. These are through providing customs clearance and trucking solutions to factories to move their cargo effortlessly. Maersk has been driving this initiative for quite some time but with not much positive return, hence they need to strengthen their CHB team and equip them with proper tools to dig deeper in to this business and prepare more competitive rates and support which will attract more customers to avail their services in the long run.

3.4 Conclusion

A.P. Moller Maersk is a legacy and has developed year on year leading the world of containerized shipping. The company has been very keen towards providing their customers the best possible solution and service. They have utilized technology to the fullest and still developing better system to make lives easier for all stakeholders. Many customers have been seen at least keen Maersk as one of their option even if they are using other logistics, this is mainly because customers realize good services come with good prices. As more and more customers are starting to take Maersk logistics services the company also needs to be more focused to raise its local business. In Bangladesh the company does have a stronghold but when it comes to the matter of local business the organization has a very limited share. I believe overtime they will provide more focus on the areas which still need development and lead the local market in the same way as they do in the global market.

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