

**Internship report on Working
Experience at British American
Tobacco**



**BRITISH AMERICAN
TOBACCO**

General Report on Working Experience at British American Tobacco



**BRITISH AMERICAN
TOBACCO
BANGLADESH**

Submitted To,

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Letter of transmittal

19th December, 2015

FeihanAhsan

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BRAC Business School

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Subject: Report on general day to day activities during internship.

Dear Sir,

It is a great pleasure to present to you my internship report on which I have diligently worked on during my internship attachment period with the procurement team of Supply Chain Department at British American Tobacco Bangladesh from 28th September to 28th December, 2014.

I have gained the most interesting & informative experience while working for this report. My endeavor for learning about the procurement system of BATB has not only been fruitful, but it also has given me a new insight about the supply chain system of such industry. As per your requirement I basically made this report on my daily day to day activities. I earnestly hope that the report will meet the standards that the institute has set for us. I am always available for further query and clarification.

Sincerely,

BashiraHarun

11104015

Acknowledgement

In preparing the report on my daily day to day activities in British American Tobacco, firstly I express my gratitude to my academic supervisor FeihanAhsan, without his kind direction and proper guidance this report would have been a failure.

I also want to thank my line manager at British American Tobacco, ArmeenRahman, Sourcing Manager, &MahfuzHaque who provided me with all the necessary information that I required. In every phase of my job their supervision has shaped this general report.

I am also thankful to my fellow colleagues of British American Tobacco who gave me their valuable time and enough information to successfully make this report. I also want to thank my University friends for their encouragement and support while making this report.

Executive Summary

British American Tobacco is one of the leading multinational business firms in the world of Tobacco industry. Over the last few decades BATB has been relentlessly bringing new, innovative and world-class products to satisfy the customer.

At the very first I have given an overview of the tobacco industry my objective, scope & limitations while making the report and then I wrote a brief about BATB. I wrote about the background of BATB and their history and also the product they are offering to the customers.

Then I gave small introduction of the procurement department where I used to work. I discussed some points about the works of my department and the structure of my department. I discussed what the main tasks of my department are and what they basically do.

Next part, I have discussed about my job duties and responsibilities. I wrote there what I have done in these 3 months. Like my work with my department as well as HR department and my volunteering work with them. I have also discussed my different types of projects which I did there during my internship. I gave small descriptions of every task I performed there last 3 months.

After all these I have finished my report with few suggestion like what they should and what they should not which I found while my internship period and felt that they are lacking behind and concluded my report expressing my gratefulness towards the organization and with the references.

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1. Introduction

Bangladesh is considered as one of the largest tobacco consuming countries in the world. In our country many people smoke now a day. The fact is tobacco consumption is not only limited in the male but now a day female also smoke. Approximately 87% of the population of Bangladesh consumes tobacco in some form whether smoked (both cigarettes and biris) or smokeless amongst which with a higher percentage of 58% is men and the other 29% is women. In 2012, an estimated 46.3 million adults used some form of tobacco product, smoked or smokeless. Research says that most smokers are male — 28.3% of adult men smoke manufactured cigarettes and 21.4% smoke biris. In contrast, smokeless tobacco use is substantial across both genders, while women having an upper hand with 27.9% being women and 26.4% of men using some form of smokeless tobacco.

1.1 Origin of the report

This report has been prepared to meet the requirements of the Internship program of BRAC University. This report is an outcome of almost three-month internship program. I worked three months as an intern in British American Tobacco where I gathered experience how procurement department works. I got to know many things of supply chain as well as HR department as few days I worked with HR department. I worked under the close supervision of ArmeenRahman&MahfuzHuq and my university supervisor Mr. FeihanAhsan.

1.2 Objective of the report

- To present an overview of 3 months experience in BATB.
- To get practical experience
- To learn how to adjust with new culture, skill and people.
- Relate academic learning with real life learning.

1.3 Scope

It was an amazing opportunity to work with BATB. I got to learn many things from here. Especially I could see that how supply chain can create so much effect on such organization. I had the chance to see the whole supply chain system from very close and the whole manufacturing system as our factory is within our office boundary. I could see and had the practical experience of working in procurement department from where I learnt many things. If the internship program was more than 3 months then am sure I would learn so many things in real life.

1.4 Methodology

Primary:For Primary data collection I took interview of MahfuzHuq, Sourcing Officer, British American Tobacco&ShahnajJui who is a former intern of BATB. Mostly I wrote what I did in these 3 months.

Secondary:For secondary data collection I went through the website, Annual reports, previous internship reports, journals.

1.5 Limitation

One and only limitation was the confidential issues. As this industry is very confidential so I was not allowed to take out any information and use in my paper. Even the projects and paper works which I did in these 3 months I could not even use them in this paper. If I have used those in the report, my report would have been a bit better than this one.



2. Organizational overview

2.1 Tobacco Industry of Bangladesh

There are mainly two tobacco industries in Bangladesh. These are- Bangladesh Cigarette Manufacturers Association (BCMA) and Bangladesh Biri Manufacturers Association (BBMA) representing the industry.

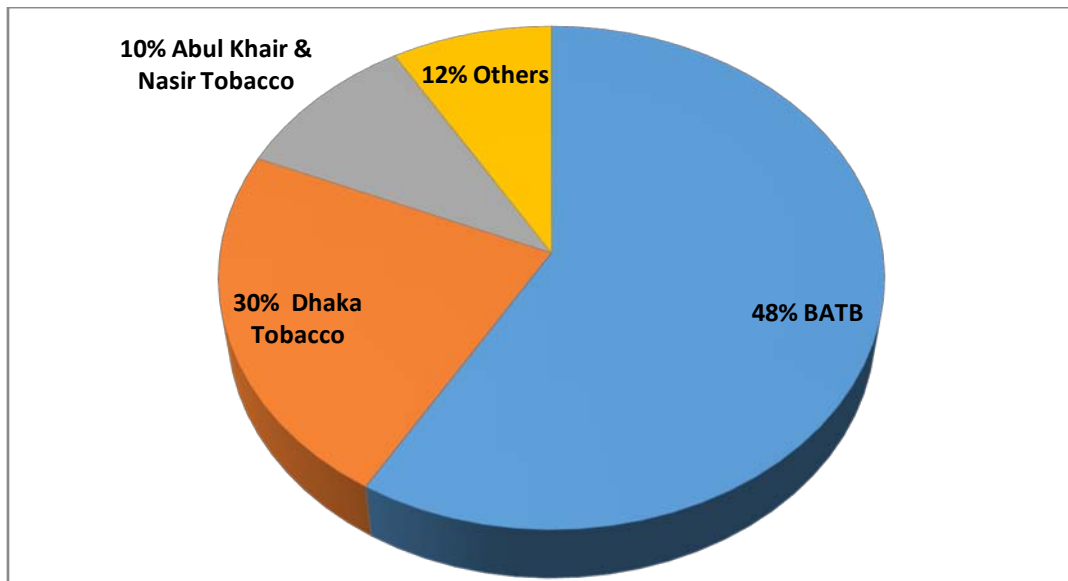
The main cigarette manufacturers in Bangladesh are:

- British American Tobacco Bangladesh
- Dhaka Tobacco Industries
- AbulKhair Tobacco
- Nasir Tobacco
- Azizudin Industries and
- New Age Tobacco.

The main biri manufacturers are:

- AkijBiri
- AbulBiri
- NasirBiri
- KarikarBiri
- Aziz Biri and
- Hundreds of local biri manufacturers.

2.2 Competitive scenario of tobacco industry



2.3 History of British American Tobacco

British American Tobacco Bangladesh is a member of the British American Tobacco Group that is based in UK and one of the leading players in the global tobacco business. British-American Tobacco has been in business for more than 100 years, trading through the turbulence of wars, revolutions and nationalizations as well as all the controversy surrounding smoking. The business was formed in 1902, as a joint venture between the UK's Imperial Tobacco Company and the American Tobacco Company founded by James Buck Duke. Despite its name, derived from the home bases of its two founding companies, British American Tobacco was established to trade outside both the UK and the USA, and grew from its roots in dozens of countries across Africa, Asia, Latin America and continental Europe.

Some glorious moments for BAT in the last century: expansion and achievement:

1902: Imperial Tobacco Company of the United Kingdom and The American Tobacco Company of the United States formed a joint venture – the British- American Tobacco Company Ltd'.

1910: Operations extended to West Indies, India, Ceylon (Sri Lanka, East Africa, Java, Malaya 3 (Malaysia) and Nigeria.

1911: British American Tobacco listed on the London Stock Exchange.

- 1914:** Acquired Brazilian tobacco company -Souza Cruz.
- 1927:** Entered the US market through purchase of Brown & Williamson.
- 1929:** Rothmans listed on the London Stock Exchange.
- 1930:** Period of growth for both Rothmans International and British American Tobacco.
- 1960s/70s/80s:** Period of diversification for British American Tobacco.
- 1976:** Group re-organized under new holding company -B.A.T. Industries & BATUKE
- 1990s:** B.A.T. Industries focus on tobacco & financial services.
- 1993:** Rothmans emerges as pure tobacco company after reorganization.
- 1994:**Reorganizations of 4 tobacco companies within B.A.T Industries.
- 1995:** Rothmans 100% owned by Richmond.
- (2015, Islam.Shahnaj; “Internship Report”)**

2.4 Historical Background of BATB

British American Tobacco was established back in 1910 as Imperial Tobacco Company Ltd and the head office was in Calcutta. In 1926 ITC launched a branch at Moulovibazar, Dhaka. Cigarettes were made in Carreras Ltd., Calcutta. Imperial and Carreras merged into a single company in 1943. After the partition in 1947, cigarettes were coming freely from Calcutta, but introduction of customs barriers in 1948 between India and Pakistan interrupted the smooth flow of cigarettes from Calcutta to East Pakistan. In March 1, 1949, Pakistan Tobacco Company (PTC) came into existence with head office in Karachi; with the assets and liabilities of ITC Limited held in Pakistan. At that time East Pakistan Office was situated in Alico Building, Motijheel. In order to meet the increasing demand, the first factory in the then East Pakistan was established in Chittagong in 1952. From this time, onwards requirements for cigarettes for East Pakistan markets were met from products manufactured in Karachi. In 1954, PTC established its first cigarette factory although high-grade cigarettes still came from West Pakistan. The Dhaka factory of PTC went into production in 1965. After the war between India and Pakistan in 1965; the import of tender leaf from India for the production of Biri was stopped. This gave a big boost

to cigarette business. It was at that time the East Pakistani entrepreneurs set up 16 cigarette factories in this region.

After independence, Bangladesh Tobacco Company (Pvt.) Limited was formed on 02 February 1972 under the Companies Act 1913, with the assets and liabilities of PTC. Shareholding position for GOB and BAT was 1:2. BTC (Pvt.) was converted into a public limited company on 03 September 1973. British American Tobacco played a pivotal role in BTC's creation in 1972 and since then has been involved in BTC's development every step of the way. To pronounce the successful relationship with British American Tobacco, BTC has changed its name and identity to British American Tobacco (BAT) Bangladesh Company Limited on March 22, 1998. The company changed its identification to establish commitment to the highest international standards.

2.5 An overview of BATB

British American Tobacco Bangladesh Company Limited is one of the largest MNC's in Bangladesh, incorporated under the Company's Act 1913 on 2nd February 1972 and from then it has been the market leader in the country. According to last research the company employees about 275 managers and 1000 people directly and further 40,000 indirectly as farmers, distributors and suppliers. In its effort to create an international market for Bangladeshi leaf tobacco the Company has been exporting tobacco to markets in developed countries like UK, Germany, Poland, Russia and New Zealand.

The market is basically captured by Benson & Hedges, Pall Mall and John Player Gold Leaf, and among the local brands Capstan, Star and Scissors. Though Scissors is not that much popular now a days. The company also import "Dunhill". Recently is has launched its new brand called 'switch'.

Afforestation is the pet project of the company, which has started in 1980 and till now the company has planted 42 million trees across the country. In this regard, British American Tobacco Bangladesh has won many awards during last 28 years but the most prestigious of all are Prime Minister Afforestation Award in 1993, Presidents Award in Agriculture in 1975, Sports Journalist Award and FAO Award in 1998. Beside this, the company is also involved in vegetable seed multiplication project, Dishari- a basic IT education project in rural area for poor students and other social and cultural activities throughout the country. The Company has its

Head Office and the cigarette factory in Dhaka, a green leaf threshing plant in Kushtia, a green leaf re-drying plant in Manikgonj and a number of Leaf and Sales offices throughout the country.

2.6 Mission statement of BATB

British American Tobacco Bangladesh is very optimistic about their future in Bangladesh as well as the world as a whole. The company has always been setting challenging targets and achieving them at regular basis. Their vision for the future is clearly defined. The vision is “**to achieve Leadership of the Global Tobacco Industry**”-in order to create long term shareholder value. To make this vision into reality people at BATB are working on four strategies, growth, productivity, responsibility and winning organization.

2.7 Vision of BATB

The vision of BATB can be both quantitatively and qualitatively described. **Quantitatively**, the company seeks volume leadership among the international competitors and in the longer term, value leadership. BAT recognizes that it is adult customers who will determine this and that, therefore, BAT must be consumer driven.

Qualitatively, BAT seeks to be recognized as industry leaders and to be the partner of first choice for government, NGO's, investors and potential employee recruits. The company will also do this by being a responsible tobacco group, with sustainable business, outstanding people and superior products.

There are certain missions the organization is heading to accomplish. They are:

- Growing company share of the total tobacco market
- Dominating key identified segments



Fig: Mission & Vision of BATB

2.8 Products offered by BATB

British American Tobacco has 85,000 employees selling more than 300 brands in more than 180 markets worldwide. Today, the company produces some 2 billion cigarettes every day. BATB has introduced hundreds of brands, both local and international, throughout the world. International Brands include Dunhill, Kent, Lucky Strike, Pall Mall, Vogue, Rothmans, Peter Stuyvesant, Benson & Hedges, Winfield, John Player, State Express 555, KOOL, and Viceroy. However, British American Tobacco does not necessarily own the rights to all of these brands in every nation they are marketed. Local brands owned by British American Tobacco include, Belmont (Colombia, Chile and Venezuela), Jockey Club (Argentina), Stradbroke (Australia), pt:Hollywood (cigarro) Hollywood (Brazil), du Maurier (Canada), Prince (Denmark), North State (Finland), HB (Germany), Sopiana (Hungary), Wills (India), Ardath (Indonesia), Carrolls, Carrolls Kings, Grand Parade, Black Allen (Germany), Sweet Afton, Major (Ireland), Boots, Alas (Mexico), Gold Leaf (Pakistan), Jan III Sobieski (Poland), Yava Gold (Russia), Courtleigh (South Africa), Parisienne (Switzerland), Maltepe (Turkey) and Xon (Uzbekistan), Craven A

(Vietnam and Jamaica) as well as BAT snus, Holiday, Freedom and Park Drive (New Zealand) Royals (UK), Embassy (Kenya), Viceroy, Newport, Lucky Strike in Dominican Republic.

2.9 BRANDS of BATB in Bangladesh

Though BAT has hundreds of different cigarette but in Bangladesh they offer few brands. BAT never encourages people for smoking it is just they make cigarette to fulfill the demand of those adults who smoke. British American Tobacco Bangladesh manufactures and markets high quality and well established international and local cigarette brands. Main attraction is to focus on flavors and packaging. Overall BATB's brand mix is broadly balanced between premium, mid-price and low-price. In Bangladesh, British American Tobacco Bangladesh is the market leader in tobacco sector. They have almost 48% market share. Current brands in Bangladeshi market are Benson & Hedges, John Player Gold Leaf, Pall Mall, Capstan, Scissors, Star, Pilot, Hollywood and Bristol. A brief overview of brands is given in the below:

Benson & Hedges

In Bangladesh Benson and Hedges was launched in 1997. Within a short time Benson & Hedges became a successful brand in BATB's portfolio and it is dominating the premium segment of cigarettes in Bangladesh. B&H can be found in three different flavors- Regular, Lights and recently launched Switch.

John Player Gold Leaf, Pall Mall and Capstan

John Player Gold Leaf, Pall Mall and Capstan are positioned in the High segment. Launched in 1980, Gold Leaf is one of the highest selling brands of our company, enjoying large market share in the High segment. Pall Mall was the Group's first Global Drive Brand to be launched in Bangladesh in 2006.

Star and Scissors

Star and Scissors are positioned in the Medium segment. Star, launched 40 years ago, is still a leading brand in this segment. Currently, it is the highest volume generating brand for the company. Star occupies the leadership in the low segment outside Dhaka, where it has tremendous popularity among smokers.

Pilot, Bristol and Hollywood

Pilot was launched in 2009 in the Low segment, which is growing rapidly in Bangladesh. Bristol was launched also in the Low segment in October 2010. Hollywood launched in year 2011 targeting the lower segments as well.

2.10 Functional Department at BATB

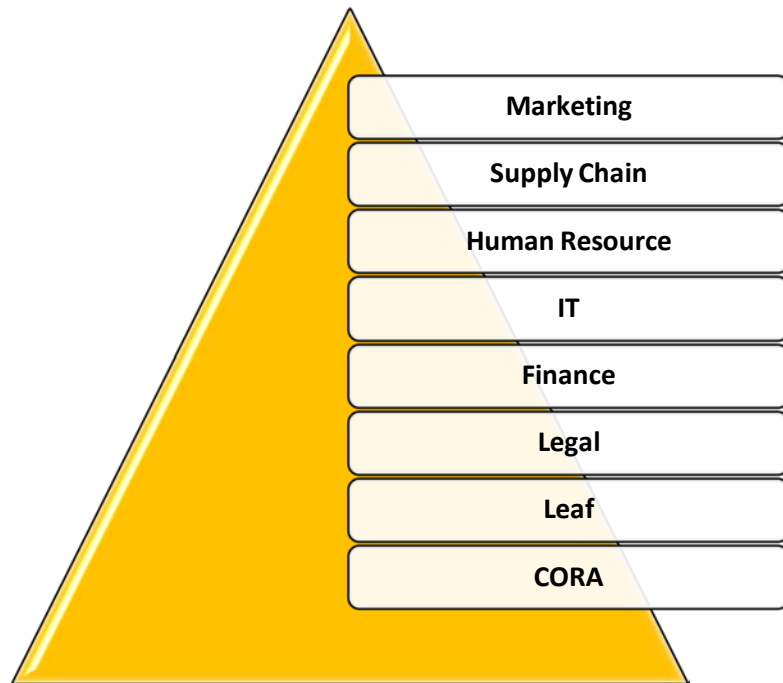


Fig: Functional department of BATB

2.11 Employee and Trade Union of BATB

BATB always recruit the best employee. It is not that easy to get a job here. One has to go a long assessment process to get a job here. The company employs permanent employees as well as varying number of seasonal and temporary workers as required. BATB pays good remuneration to the employees. Each permanent employee receives remuneration in excess of TK. 36,000 per annum. Remuneration depends on the nature and conditions of work.

The workers are labeled in the following categories:

- Permanent
- Probationer (Basically MT)
- Temporary (seasonal)
- Badli

Trade union is established in the following company's working locations:

- Head Office and Dhaka Factory
- Chittagong Factory
- Rangpur Leaf Factory

2.12 SWOT analysis

SWOT analysis is important for any organization to find out the factors important to the operation of a business in the environment, both internal and external. The internal factors help to find out the strength and weakness; the threats and opportunities can be comprehended by scanning the external environment. The SWOT analysis of the cigarette industry is given below:



2.13 Procurement Department

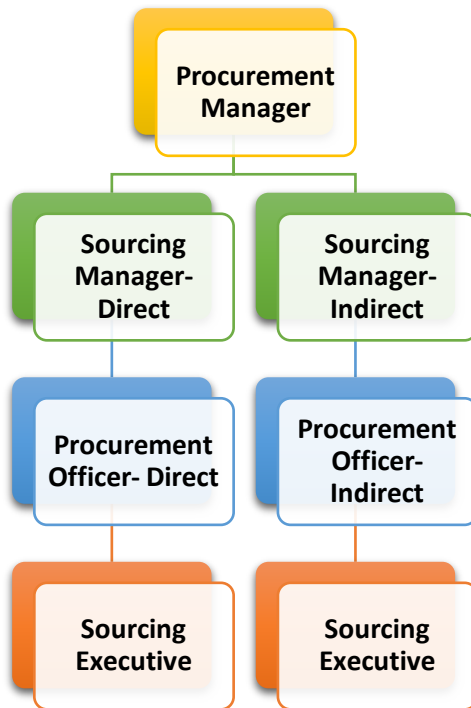


Fig: Organogram of Procurement Department



3. Responsibilities as an intern

3.1 Duties at BATB

I basically worked for procurement department. Procurement department is basically a part of supply chain. Supply chain is the most important, big and core department of British American Tobacco. I directly did not work for supply chain but I worked for procurement which is a part of supply chain.

Procurement department's main duty was to sourcing different things. In procurement department there is basically two part. Those two parts are direct and indirect. I was the only intern and I worked for both direct and indirect. In below I have discussed the works of direct and indirect:

1. **Direct:** Direct is basically do everything regarding cigarette production. Starting from the plug wrap paper, tipping paper, box outer, shell and slide in short everything but except leaf. Because for leaf there is a separate department. So except leaf every other ingredient to make cigarette is the concern or duty of direct.
2. **Indirect:** Indirect is basically deal with other staffs. Like if any department need to buy bike, computer, chair, table or any other thing indirect looks after that. In short in the office whatever is needed in any department indirect look after that and outsource that.

3.1.1 Weekly Health warning Check

In BATB there was my one of the job was to check the health warning thing every week. Basically BATB has 7 health warning message which has to be changed in every week. For example, one health warning for 1 week only. Then in the next week there will be another health warning message in the cigarette box. So I have to check it in every week that whether this health warning thing is properly changed every week or not.



Fig: Weekly health warning check sample

3.1.2 Tax Stamp Check

Tax stamp is nothing but a black paper that is attached with the cigarette box which is a proved that we BATB is providing tax. So I had to check that whether that tax stamp paper was okay with the required standard or not.

3.1.3 Help in Audit

There was one of my small project was helping Mr. Athahiya in his audit. The audit was basically that whether all the PO was cleared properly or not and also whether all the PO has the proper supporting documents or not. Supporting document for example there were 3 type of money ranges, so based on that ranges different types of papers were required. Like if the PO was for 2-3 lac then there will be 1 negotiation paper, if more than 5 lac then minimum 2 negotiation papers. In total it took 3 days to do that internal audit.

3.1.4 Documentation

This was basically my daily activity. One of my core duties was to do the documentation daily. Documentation basically means the summarization of different projects. In my 3 months of internship I had to do many projects like bike project, construction project, lab project, machinery project etc. Here basically my main duty was to have the meeting with different

vendors then have a summarization on their offers. Then have a second meeting with different vendors and negotiation over the offered price. Then again have a summarization on their offered price. Finally after summarization we select the most potential vendor. It's not necessary that every time we selected the vendor who offered the least price rather we had to do a matrix session where we considered all the things like price, delivery time, and their past records with other companies etc.

3.1.5 Preparing GR for the department

Some days I have to do the GR in my department which is helping with the billing procedure by raising PO (Purchase Order) and generating GR (goods received) using the SAP system of BATB preparing Goods Receipt(GR) for the department. Preparing GR includes some steps. That are-

- Firstly collect the bill from authorized vendor
- Raising PO for the authorized item
- Put entry into the GR form and get confirmed
- Collect the confirmation number and printing it out
- Finally, get the signature of department head and give it back to the vendor for being paid from account section

3.1.6 Stock Check and Forecasting

This project almost took a week. Here my main task was to identify a single number which represents brands of different cigarette and based on that number I had to find out which plug wrap paper, BOB, tipping paper, paper, ink, glueetc are used for that specific brand and had to check whether enough amount of things are stored or not and whether we import those or not. I did this forecasting basically for till 2015 June.

3.1.7 Sending Samples to abroad

Here what I basically had to do is sending different packet of cigarette with box outer to Germany and Srilanka to check the quality of the cigarette. It sounds easier but we had to suffer a lot because they had so many requirements to send the cigarette sample like we had to get the best samples which are just currently produced in the factory and had to put those in box outer then pack with bubble wrap and then we had to send it. Before sending the cigarette packets we had to check the quality many times to avoid any kind of further problems.

3.1.8 Family day

Family day is an annual program organizes by BATB every year. In this day every employee brings their family and know each other's family. It is basically a day where all the employee's family know each other. BATB organizes this program to develop good relationship among the employees. I worked there as volunteer. It was not a very tough job. All we had to do is a day before program we arranged many things like guest list, we had to see the refreshment part, entertainment part etc.

3.1.9 Battle of mind

Battle of mind which is also known as BOM is a business competition and BATB organizes this every year. As a tobacco manufacturer, the company cannot play any promotional activities because govt. banned it. So this BOM basically is one kind of their promotional activity as well as this is considered as the best case competition in the town. They basically go for employment branding and Battle of minds is an initiative to promote the brand without doing any trade marketing. We all know that British American Tobacco Bangladesh is one of the largest multinational Companies of the country and it is a dream workplace for most of the business graduates. So, by using the employment popularity, the organization launches Battle of Minds

every year. They started this journey within one room and with a small budget but this was a blow up in 2014.

My experience in Battle of Minds'14

It was an honor to work with the HR team as a volunteer in BOM 2014. I was basically the intern of procurement department but I worked some days with the HR department of BATB. When I joined BATB, they were launching Battle of Minds'14. I was really blessed to be a part of Battle of Minds'14 committee.

Firstly we segmented ourselves as small teams and went different universities for campaigning. Then those universities arranged Road shows for the event. After that, candidates applied online and gave a preliminary online test. Almost 200 people were selected for the first assessment session. The first session was group discussion and it was a very interactive as well as entertaining. Then, 60 students got selected for the next round and the next round was the Semifinal but this information was hidden to the candidates and after semifinal the selected candidates were taken to George's Café at Uttara as the final presentation was supposed to be on that café. Finally the final session was held at Radisson Water Blue Garden where they had to present their ideas on how they can improve George's café's look. By the processes, BATB got their winner team.

In my 3 months experience in BATB I would like to say that it was an amazing experience to work with the HR team of BATB.



4. Recommendations

- They only had one intern in procurement department, so it was a bit tough for me to do all the task alone as I had to work for both the directs as well as indirect. So it would be better if they have minimum two interns.
- The hierarchy level of HR department should be more uniformed and of one way. They segmented the whole HR department in Pure HR, Supply Chain HR and Marketing HR. each of them has distinct work criteria but while working on Battle of Minds, I found huge problem among those segment.
- As an intern I did not get any orientation on introduction session with other departments which created a bit problem for me, as I have to visit different departments for work.
- BATB has very relaxed work schedule. Sometimes supervisors come very late and start work after 4 pm so as a result interns had to wait a lot in the office.
- There should be a training session for all the interns regarding safety issues and should have a proper introduction session with the organization.
- They should improve their food quality.
- One of the problems which I find is that they never put the interns as based on their major minor. Like I was major in HR but I was in procurement department. I feel that they should put interns in the departments based on their majors, it will make the interns to work with more interest.
- As they cannot go for massive promotional activities so they can go for more CSR activities.



5. Conclusion

It was undoubtedly an amazing experience working with BAT; it was my dream to work with this organization. BAT has ensured value addition at every stage of their works. BATB is quite well- known for its unique production and management system, factory culture and operator-management relations. They have the largest factory in Dhaka. The procurement department where I worked is basically a part of supply chain. This department is quite small as many few employees working in that department but it is a very well organized and structured department. I got to learn many things from them. Though I hardly got chance to work with my line manager directly but it was an amazing experience to work with my other supervisors

If I ever get any further chance to work for them I will definitely go for it because I quite liked their working environment as well as the office. While working there I got to learn many new things and had practical experience in supply chain field. I hope that my experiences from BATB will help me in my future career.

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