

*“A Study on Logistics Management of
Suzuki Bangladesh - Rancon Motorbikes Ltd.”*

Dissertation submitted in partial fulfillment of the
Requirements for the Degree of
Masters in Procurement and Supply Management

Submitted by
Mobin Mohammed Mobarak

ID # 14182006

Masters in Procurement and Supply Management



BRAC Institute of Governance and Development
BRAC University

*“A Study on Logistics Management of
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A DISSERTATION
BY
Mobin Mohammed Mobarak

ID # 14182006

Approved as to Style and Contents

By

Md.Mizanur Rahman

Professor

Marketing Department

University Of Dhaka



BRAC Institute of Governance and Development,
BRAC University

Letter of Transmittal

Md.Mizanur Rahman

Professor

Marketing Department

University of Dhaka

Subject: Letter of Transmittal

Dear Sir,

It is great pleasure for me to submit my practicum report on the topic of “*A Study on Logistics Management of SUZUKI Bangladesh- Rancon Motorbikes Limited*” has prepared this report, as partial fulfillment of my Master’s Program.

I have tried my level best to prepare this report to the required standard. It was certainly a great opportunity for me to work on this paper to actualize my theoretical knowledge in the practical arena.

I express my heart full gratitude to you to go through this report and make your valuable comments. It would be very kind of you, if you please evaluate my performance regarding this report. For your kind consideration I would like to state that, in my report may contain some mistake in account of my limitation of understanding and experiences. I hope my endeavor will be beneficial to the reader and recommend for exonerate eye for any mistake or error found in the report.

Thanking you

Best regards,

.....

Mobin Mohammed Mobarak

Student Declaration

This is Mobin Mohammed Mobarak to inform you that the practicum report on **“A study on Logistics Management of SUZUKI Bangladesh-Rancon Motorbikes Limited”** has only been prepared as a partial fulfillment of the Master’s program.

It has not been prepared for any other purpose reward or presentation.

.....
Mobin Mohammed Mobarak

Acknowledgement

Earliest in time I would like to express my heart-felt thanks to Almighty Allah for his kind blessing for completion of the Practicum report successfully. In the process to doing and preparing my report, I would like to pay my gratitude and respect to some persons for their immense help and enormous cooperation.

I convey my heartfelt thanks to respectable vice-chancellor gave the opportunity of doing Practicum report on “**A Study on Logistics Management of SUZUKI Bangladesh- Rancon Motorbikes Limited**”. Then I would like to thank respected faculty member **Md. Mizanur Rahman** who provides me valuable information which was very mandatory for me to do this report.

I would like to give special thanks to Almighty Allah and friends who helped to complete this report. At the end of say not the least I would like to give special thanks to the Head of Finance-**Ms. Sumaiya Lodi**, Head of Sales-**Mr. Samiul Alam**, Head of Factory-**Mr. Faruk Ahmed**, Head of Service-**Mr. Uttan Kumar Roy**, Supply Chain Incharge-**Mr. Tausif Ahmed Bhuiyan** who helped me, a lot to prepare this report.

Supervisor's Declaration

This is to certify that the practicum report on “**A Study on Logistics Management of SUZUKI Bangladesh- Rancon Motorbikes Limited** “ in the bona fide record at the report has been carried out by Mobin Mohammed Mobarak, bearing ID: 14182006 from Brac University as a partial fulfillment of the requirement of Master's (MPSM) degree. The Report has been prepared under my guidance and is a record of the bona fide work carried out successfully. To the best of my knowledge and as per his declaration, any part of this report has not been submitted for any degree, diploma or certificate.

Now he is permitted to submit the practicum report. I wish his all success in his future endeavors.

.....

Md.Mizanur Rahman

Professor

Marketing Department

University of Dhaka

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Executive Summary

RMBL is a concern of Rangs Group - a well-established business group in Bangladesh. Rancon Motorbikes Limited Bangladesh is still new in this country, it has started its business in this country in the early of 2014. As the sole distributor of world famous SUZUKI bikes in Bangladesh it has to maintain the standard of SUZUKI. As the company has a far vision of becoming the number one in two wheeler industry and as an import based company it must have a full prove and sound logistics management to meeting the company and customer demand.

At present two wheeler companies find themselves under growing pressure from both customers and shareholders to seek ways in which to decrease their costs while at the same time increasing performance, they are forced to find ways in which they may improve the efficiency and effectiveness of their operations. These pressures are increasingly impacting the way in which companies, and their customers, view logistics activities. Logistics is thus playing more and more of an important role in company performance, in particular for companies seeking to increase their competitive advantage and corporate profitability

This reports analyzes and evaluates the various aspect of logistics management of RMBL. First the report states the background of the study, research problem, significance and scope of the study. After that the report analyses the literature review and based on the literature review factors are selected for evaluating logistics management. Next Research objectives both general and specific objectives are discussed. After that limitations and methodology are described. This research is exploratory in nature. Both primary and secondary data were needed. Information were collected through personal interview method with 5 departmental heads. Sample size was 5. Non probability sampling method and judgmental sampling technique were used. For interview questionnaire was developed using open ended questions to collect deeper insights regarding various aspect of logistics management. Discussion, analysis, and findings part includes four parts- description of logistic activities, evaluation of logistics management, problems found in logistics management and suggestions to improve the logistics management. Next part includes conclusion, references and appendix.

A Study on Logistics Management of Suzuki Bangladesh - Rancon Motorbikes Ltd.

1 Introduction:

Efficient logistics management is increasingly becoming a survival factor for the automotive sector. In conditions of very strong competitive pressure of automakers in global market, the flexibility to management of materials and information flow in automobile assembly plants is declared as the key specification to future growth.

Logistics have known, for decades now, a strong development and a radical mutation of its status and identity. It is, nowadays, perceived as a major element to affirm a competitive sustainable advantage, and thus becomes an approach that is strongly strategic for companies, which requires more and more resources.

Logistics is the whole operations of management and of the organization of the physical flows and of the information inside the company, as well as between the company and its partners. It aims to co-ordinate the sourcing of production and distribution activities. The transport is an essential component of it. Still, it also includes the demand planning, orders' processing, procurement, production, relations with customers and suppliers, storage, handling, assembling, packaging, products' packaging and support functions related to these activities.

The Business Logistics of the world is based on the definition of Council of Logistics Management, USA in 1998. It defines logistics as —that part of the supply chain process that plans, implements, and controls the efficient, effective flow and storage of goods, services and related information from the point of origin to the point of consumption in order to meet customers' requirements.

Logistics management is a supply chain management component that is used to meet customers' demands through the planning, control and implementation of the effective

movement and storage of related information, goods and services from origin to destination. Logistics management helps companies reduce expenses and enhance customer service. The logistics management process begins with raw material accumulation to the final stage of delivering goods to the destination. By adhering to customer needs and industry standards, logistics management facilitates process strategy, planning and implementation.

In today's challenging competition in the consumer goods, the manufacturers strive for their products to reach final customers before they turn their heads to the rival's ones. This research attempts to understand and investigate how RMBL manages its logistics activities, distribution and applying information technology to achieve competitive advantages.

RMBL is the sole distributor of Suzuki Motorbikes in Bangladesh. It is a concern of Rangs Group - a well-established business group in Bangladesh. Rancon Motorbikes Ltd is the only authorized distributor of Suzuki Motorbikes in Bangladesh and plans to distribute Suzuki Bikes through its trusted retailers in Bangladesh. As a prominent business group in Bangladesh, Rancon Motorbikes Limited plans to expand its distribution channel nationally and increase its reach to every customer, who desires to own a Suzuki Motorbike. Keeping the demand in mind, Rancon Motorbikes Limited is determined to maintain its distribution efficient and effective by all means.

In RMBL logistics was defined previously differed in different parts of the organization. Some have considered it "bike moving", but now it has grown in stature and is perceived to be important to make the company competitive. The company believes that logistics involves the whole supply chain from the procurement out to the customers, including quality and precision. The purchasing division is responsible for supplier relationships, evaluation and contracts. The logistics division is responsible for the actual operative purchasing. Logistics strategy of RMBL is to be a world class function for supply of all of the company's products with focus on customer satisfaction and cost efficiency.

This report is exploratory in nature. It analyzes the logistics management of RMBL. It covers different logistics activities of RMBL, performance evaluation of logistic management using

some factors identified using literature review, problems in logistics system of RMBL and some suggestions to improve Logistics management of RMBL.

2. Background of the study:

In today's world, Logistics Management is a key strategic factor for increasing organizational effectiveness and for better realization of organizational goals such as enhanced competitiveness, better customer care and increased profitability. The era of both globalization of markets and outsourcing has begun, most of the companies realize that, in order to evolve an efficient and effective supply chain, SCM needs to be assessed for its performance.

Rancon Motorbikes Limited Bangladesh has started its business in this country in the early of 2014 so the business time is not so long. For this reason the company is still new in this country and is trying to making a remarkable signature in the country. The company is still new at its operation compare to the other two wheeler industry in the Bangladesh. As Rancon Motorbikes is the sole distributor of world famous SUZUKI bikes in Bangladesh it has to maintain the standard of SUZUKI. As the company has a far vision of becoming the number one in two wheeler industry and as an import based company it must have a full prove and sound supply chain management to meeting the company and customer demand. For this reason the topic has been chosen as “A Study on Logistics Management of [Suzuki Bangladesh - Rancon Motorbikes Ltd](#)”. It will help us to understand how the logistics management is done in the newly introduced two wheeler industry. Also the research paper will help to understand the full process of product flow from production stage to final delivery to the customer. As a new startup company the flaw of the supply chain management will also come up. And through findings, discussion, analysis and there may be some suggestions to overcome the problems and make the process more smooth and flawless. Also this research will help to maintain the sustainable business by exploring the supply chain management of Rancon Motorbikes limited and will help to compete with the other companies of the same pattern in terms of supply chain management.

3. Defining the problem

3.1 Broad Statement:

The Main problem for the study is to analyze and evaluate the logistics management of Suzuki Bangladesh - Rancon Motorbikes Ltd.

3.2. Specific components/statement

There are also four other specific components to understand and study the broad statement such as What are the different activities of logistics management of this company? How to evaluate the performance of logistics management of SUZUKI Bangladesh? What are the problems of logistics management of RMBL-SUZUKI Bangladesh? Are there any suggestions for improving the logistics management of SUZUKI Bangladesh?

4. Significance of the study

Logistics and Supply Chain Management forms a significant part of any business and improvement in this area will give the company an added competitive advantage. This study will lead us to understand the logistics mechanism of RMBL as well as how the two wheeler industry operates their logistics management in Bangladesh. How the process starts from the ordering point to production point and end up in the customer end by final goods delivery.

What are the processes that are being followed in RMBL for Logistics activities and how these are being achieved.

Theoretical Logistics review can also be understood from the Literature Review. So that anyone can compare the theoretical knowledge with the practical work experience. Also the theoretical knowledge can be implemented for better outcome in the practical implementation. Processes can be improved also.

The objective of this study is to investigate of different aspects of logistics management of SUZUKI Bangladesh so that the different activities can be understood.

Factors for logistics performance measurement can be evaluated for performance measurement as well as for the future use.

This study may also be set as a base for future research development for RMBL management if they wish to improve their total logistics activities. The benefits of this study can be used for getting more advantage than the other competitor bike industry by RMBL. If the benefits can be enlarged than it will be much more profitable for the company.

The Limitations of the study can be analyzed and take proper action and precaution to minimize it. These are also the benefits of identifying the limitations and studying it to make the limitations as less as possible and also maximize the profit as much as possible.

There are some recommendations in this paper for the improvement area of the logistics system of the RMBL. If the company wishes to follow the recommendations then it might prove beneficial for them in near future.

5. Scope of the study

Logistics and supply chain management bring together the business skills to manage the activities and flows of information between suppliers, manufacturers, logistics service providers, retailers and consumers.

This study focuses on different aspects of logistics management of SUZUKI Bangladesh-RMBL because logistics management is becoming an important factor in the automotive sector for creating competitive advantage.

This paper describes the logistics system of RMBL and its various logistics activities, performance measurement of logistics management and problems in their logistics

management & suggestions to improve the logistics management. This paper also describes how the logistics management is done from ordering to production and then to the customer end. What are the flaws of these processes and how it can be improved. There are some recommendations to improve the process.

Performance of logistics management is measured based on some factors/variables collected from literature review. This is an exploratory research paper. Primary data (both qualitative & quantitative data) are collected from employees of the company through personal interview. Target population is the internal employees of RMBL. Basically the head of the departments are the key people to provide the quantitative data. Only the internal employees can give the required information about the logistics management of RMBL that's why non-probability sampling technique is used. By judging the data there are some recommendations taken for improvement.

6. Literature Review:

The purpose of this thesis is to examining aspects of logistics management of RMBL and evaluating its performance. To be able to fulfill the purpose it is important to have a clear definition of the meaning of logistics. According to Council of Supply Chain Management Professionals (CSCMP) logistics is defined as *“The process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods including services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements. This definition includes inbound, outbound, internal, and external movements.”* (CSCMP *Supply Chain and Logistics – Terms and Glossary*, 2006)

Logistics has evolved through several stages (Coyle et al., 2008; Kent and Flint, 1997). The 1950s and 1960s witnessed the appearance of the systems concept that integrated various outbound logistics functions into physical distribution. Physical distribution seeks the lowest total systems costs via functional cost tradeoffs (c.f., Brewer and Rosenzweig, 1961;

Lekashman and Stolle, 1965; Magee, 1962). The integrated logistics management concept of the 1980s added inbound logistics to physical distribution in response to transportation deregulation and increasing globalization (*Coyle et al., 2008*). The influence of Porter's value chain model (*Porter, 1985*) extended logistics management to envision efficiency and effectiveness of the total system of interrelated companies from original vendors to final consumers, a concept that became known in the 1990s as supply chain management. Specifically, logistics management is defined as creating economic time and place value by procuring, moving and positioning inventory for a business (*Bowersox et al., 2007; Christopher, 2005*).

The efficient application of logistics has long been viewed as a significant enabler for firms seeking to achieve competitive superiority (*Stank and Lackey, 1997*). For example, *Langley and Holcomb (1992)* assume that logistics is capable of creating customer value by enhancing efficiency, effectiveness and differentiation. *Novack et al. (1992)* argue that logistics contributes to the creation of four types of value: form, time, place and possession utilities.

The scope of the logistics process – “between the point of origin and the point of consumption” – is thus conceptualized as covering a firm's suppliers and its customers (*Council of Supply Chain Management Professionals, 2006; Mentzer, 2004*). Specifically, the logistics activities involved from suppliers towards customers is called “forward logistics” while logistics flows in the opposite direction constitute the notion of “reverse logistics”. Such a broad span of logistics is associated with the fact that logistics is responsible for meeting requirements and desires not only of the firm's customers (external customers) but also of other functional departments within the firm (internal customers) (*Morash et al., 1997*).

Logistics is an important component of supply chain management (*Stank et al., 2005*). The *Council of Supply Chain Management Professionals (2007)* defines logistics management as “that part of Supply Chain Management that plans, implements, and controls the efficient, effective forward and reverses flow and storage of goods, services and related information

between the point of origin and the point of consumption in order to meet customers' requirements.”

According to Lambert & Stock (2001) there are thirteen key logistics activities that are involved in the flow of products, from point of origin to point of consumption. They point out that all these activities affect the logistics process even if not all companies consider every activity to be a part of their logistics. The logistics key activities are customer service, demand forecasting, inventory management, logistics communications, material handling, order processing, packaging, parts and service support, plant and warehouse site selection, procurement, reverse logistics, traffic and transportation, warehousing and storage.

To improve a company's logistics, as with any other area, it is important to be able to evaluate its performance. Many companies have realized that supply chains need to be assessed to become efficient and effective. Without measures and metrics it is highly difficult to form a clear direction for improvement so that an organization can achieve its goals. Effective performance measures and metrics are also necessary to test and evaluate different strategies. (Gunasekaran et al., 2001)

To be able to understand how to evaluate logistics performance the next step is to look deeper into the goals of logistics. This chapter first discusses logistics' goals and then focuses on two aspects of the goals, customer service and total costs, more carefully.

Given that this aspect is not taken into consideration the model that seems most appropriate is the logistics pipe by Aronsson et al. (2004). The reason for this is that it emphasizes the flow of material and throughput times in the specific parts of the logistics system. Therefore the logistics pipe is chosen as a general representation of a logistics system in this thesis. Below the different functions specified in the model; procurement, operations and distribution, are discussed briefly.

The procurement concerns order entry and delivery of material needed in the operations. An

important part of the procurement is searching for, selecting and contracting of suppliers. (Aronsson et al., 2004)

In general the word operations refer to a process of creating goods and services by combining material, work and real capital. This definition gives that the term “operations” differs widely. In some organizations it can be the production of a product and in other organizations it might just be the storage of goods. (Jonsson & Mattsson, 2005)

The responsibility of the distribution division is to supply the customers with products from the finished goods inventory. Thereafter the customer can either consume the product or add value to it before selling it to another customer. The goal of distribution is to make the finished products available to the customer at a low cost and with a high customer service level. (Aronsson et al., 2004)

In logistics the aim is to reach as low total costs as possible while at the same time offering the required level of customer service. (Aronsson et al., 2004) This points out that focus should not be on achieving the highest customer service possible but rather on offering the customers the service level they demand.

Total cost is an important concept in logistics. It implies that focus shall be on all the costs over the whole company, not just on a specific department. To be able to understand what drives the total cost it can be divided into a number of cost items that Sum up to the total cost for a company’s logistics. This can be done with help from different total cost models. These models are mainly used to simulate how the total cost will be affected by a certain decision. (Aronsson et al., 2004)

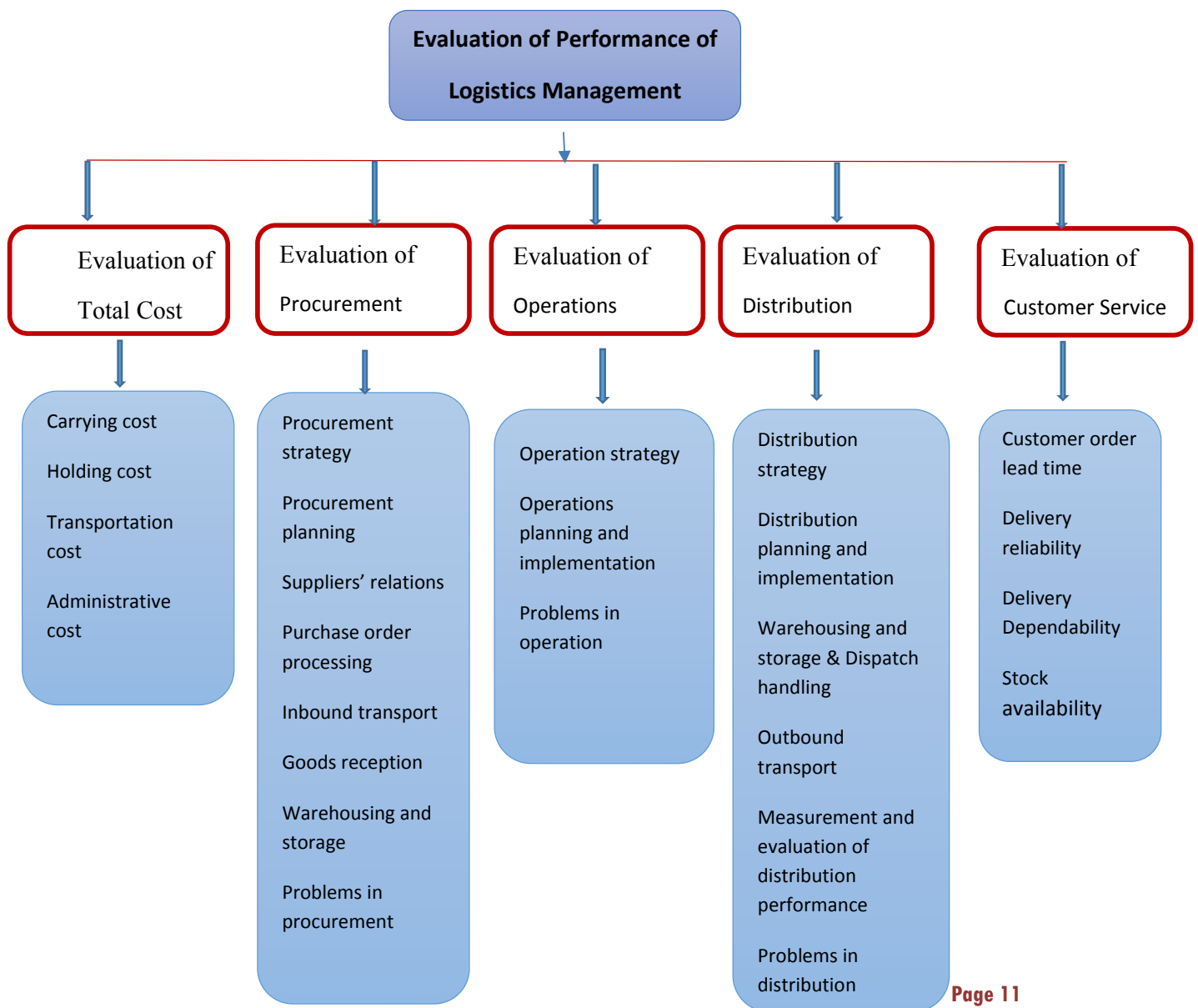
Aronsson et al. (2004) divide the total costs into four main categories, carrying costs, holding costs, transportation costs and administration costs. To this they also add other logistics cost, for example information costs, packaging costs and material costs.

Lambert & Stock (2001) categorize the total costs into five different cost elements, inventory carrying costs, transportation costs, lot quantity costs, warehousing costs and order processing and information costs. To minimize the problems of costs being assigned to several cost items as few cost items as possible are chosen in this thesis.

Aronsson et al. (2004) say that the customer service can be divided into several customer service elements. Together these elements cover the whole concept of customer service. Aronsson et al. (2004) present a structure, originated from Persson & Virum (1996), which consists of seven different customer service elements. These elements are customer order lead time, delivery reliability, delivery dependability, stock availability, flexibility, information and customization. Jonsson & Mattsson (2005) presents a similar structure with similar definitions of the elements. However, apart from Persson & Virum (1996) they do not include customization or information in their model. Instead the model only consists of five customer service elements; customer order lead time, delivery reliability, delivery dependability, stock availability and flexibility.

7. Model Development:

In this study, to evaluate logistics Management of SUZUKI Bangladesh some variables/factors have been selected under 5 category. If we get positive results from evaluating these variables we can say logistics management of this company is managed properly. The factors considered in this study to assess performance of logistics management are:



8. *Research Objectives:*

- a. General: The broad objective of this study is to investigate of different aspects of logistics management of SUZUKI Bangladesh
- b. Specific: More specific objectives are as follows:
 - » To describe different activities of logistics management of this company.
 - » To evaluate the logistics management of RMBL-SUZUKI Bangladesh.
 - » To find out the problems in logistics management of RMBL-SUZUKI Bangladesh.
 - » To prescribe some suggestions for improving the logistics management of SUZUKI Bangladesh.

9. *Limitations:*

There is nothing without limitation and further possibility. Like any other studies, this study also has some limitations. These are:

- » As the project is prepared for academic purpose it suffers for the limitation of time.
- » Lack of knowledge of area has affected the research.
- » This study can be done more elaborately with more samples.
- » The main limitation in the thesis so far concerns the theoretical review that serves as basis for this thesis. Even if this theoretical review is rather thoroughly made it could have been even more extensive taking even more aspects into consideration.
- » The logistics pipe is chosen to provide a general representation for the evaluation. Making this selection means that other ways of modeling a logistics system are excluded from the investigation, mainly those taking the after delivery activities into account. The reason for this is primary the limitations in time.
- » Another limitation concerns the way of structuring the method stating that the input should be seen as total costs and the output as customer service. Here environmental aspects are excluded from the investigation. This might affect the result of the investigation but once again the time limit requires this delimitation.

- » When breaking down the total cost into elements some common elements are included and some are excluded. The argument for including as few elements as possible is that this decreases the risk of counting a specific costs item more than once.
- » The total costs elements not all possible customer service elements are included in the method. Only quantitative customer service elements are included due to the difficulties in comparing more qualitative measurements with each other. Moreover only some of all available quantitative customer service elements are included in the method. This is done due to the strict time limit of the method.

10. Methodology

The study is exploratory in nature because no rigorous study has been conducted on logistics management of RMBL and exploratory research provides insights into and an understanding of the problem. Here exploratory research has been used to identify logistics activities of RMBL, to identify variables for evaluating Performance of Logistics Management, to deeply understand about problems in logistics management and suggestions to improve the problems. For this study both primary and secondary data have been used. Primary data have been collected through personal interview with department heads and employees from supply chain department, sales department, finance department, customer service department and factory. In contrast Secondary data have been collected from are company's website, various articles, research paper, journals and books regarding logistic management, logistics system and evaluating its performance, variables to measure logistics performance. In order to gain better understanding and detailed information about the logistics management of RMBL personal interview method has been used in this thesis.

Target population for interview consists of 8 department heads from supply chain department, sales department, service department, finance department, marketing department, HR dept. administration dept. and factory Total sample size is 5 department heads of supply chain department, sales department, finance department, marketing department, and factory from target population. Non-probability sampling method and Judgmental sampling technique has been applied to select sample respondents .It is assumed that all departmental heads will be able to provide necessary information. Thus five departmental heads have been selected. The questionnaire for interview consists of open-end questions that prompt consumers to reveal thoughts about the current logistics system, performance of current logistic system, problems or lacking in current system or any advantage of the system. 2 sets of questionnaire were developed, one for supply chain department and another for finance department & factory. As the data which have been used were not quantitative so it was difficult to analyze the data. After getting all the answers through personal interview, all the data were summarized and described later.

11. Discussions, Analyses & Findings

11.1 Description of Logistics Activities of RMBL:

Rancon Motorbikes Limited, is the sole distributor of world famous SUZUKI Motorbikes in Bangladesh. Currently Rancon Motorbikes Limited is importing Motorbikes and scooters from SUZUKI MOTORBIKE INDIA LIMITED (SMIPL). SMIPL is the entity of SUZUKI MOTOR CORPORATION (SMC) Japan. There are two categories of Motorbikes. One is complete business unit and another one is complete knock down unit. As per the agreed forecast RMBL orders bike from SMIPL. The bikes are imported from India through Chittagong sea port. All the customs related issues are handled from the personnel of RMBL as the Letter of credit is under FOB incoterm. From Chittagong sea port, all the consignment are taken to RMBL factory by a nominated transporter using trucking process. RMBL also imports bike parts and spares through sea freight or air freight. All the bikes are held into the factory after the assembly of the bikes. Meanwhile sales and marketing team communicates with the nominated dealer of RMBL throughout Bangladesh and takes the order of the bikes. After the confirmation from the sales team all the bikes are being transported through the nominated transporter from factory to dealer premises and supply chain team handles this logistics issue. Supply Chain team also looks after the local procurement of the RMBL head office, factory, service center and showroom. Documentation issues of the supplier bills and importers bills are also handled by the supply chain team of RMBL. Basically the bikes are sold from two end of RMBL. One is from the dealer end and the other point of contact is from flagship showroom. RMBL also has its customer relationship management team. This team performs as customer care as well as this team generates sales by communicating with the customer for new promotional offer, bike discount, company incentives etc. There is a hotline for the customers to express their problem and raise their queries. All these stuffs are centrally controlled. There are free servicing from the service and spare parts division. They provide the free service under warranty from their service center. All the logistics issues are also controlled centrally from RMBL head office which is based in Dhaka, Bangladesh. Description of logistics activities of RMBL is given below:

I. Customer Service:

SUZUKI Bangladesh has opened their customer care center in their head office based in Tejgaon 387, Industrial Area in Dhaka. Currently there are three customer care executives for customer handling. The customer care executives receive call from various customers throughout the Country. There is a hotline number for customer care unit. People from various places give call to raise their queries. There are different types of queries of the customers like EMI option, technical parts of the bikes, upcoming bikes, existing bike problem etc. Basically the customer care unit is under marketing department. Rancon Motorbike has appointed a Chief marketing officer to monitor all the activities of Customer care unit. Also Rancon Motorbike has its own flagship showroom at Tejgaon Industrial area. Customers can also give their comments or suggestions about their own thought there. Currently Rancon Motorbike has forty dealers across the country and the customer can also give their comment or suggestion there. Upon receiving all the necessary information management decides how react in different situations.

II. Demand Forecasting:

Rancon Motorbike makes the demand forecast by collecting the existing market data from their Sales persons. Upon calculating the current situation and existing demand they calculate the future demand. They also gather market intelligence from the other competitor company also. By calculating all the data Rancon Motorbike Sales team places a future demand and handover it to the supply chain team for one year. Supply Chain team then send the future demand to the counterpart in india. Three months demands are being firming from a particular month. And firm order cannot be changed. Forecast can be changed but there should be a minimum quantity variation with the one year demand. After receiving the demand forecast SUZUKI motorbike India prepares from their end and before one month the goods are being dispatched. Rancon Motorbike also collects data from their Dealer end about the Retail sales to justify the market demand.

III. Documentation Flow:

The documentation flow is different for Import, Procurement and Distribution. For Import process the documentation starts from Sales note and it is being triggered from demand forecast. Rancon motorbike sends the sales note to SUZUKI Motorbike India. After accepting the sales note SUZUKI Motorbike India sends the Proforma Invoice to Rancon Motorbikes. Rancon Motorbike Limited then opens the Letter of credit for a particular shipment upon the confirmation from SUZUKI Motorbike India. After the goods delivery SUZUKI Motorbike India send all the shipping documents to like Invoice, packing list, Annexure and Certificate of origin, Bill of lading, Bill of Exchange to Rancon Motorbike for approval. At the same time Rancon Motorbike Limited communicate with their Clearing and forwarding agent for smooth delivery. After getting the endorsed documents from Rancon Motorbike send the Documents to their clearing agent to clear the goods from Chittagong Sea port or the Shahjalal International Airport in case of air shipment. After the customs formalities the goods are being released and loaded into the predetermined trucks and headed towards the factory which is located at Boro Bhabanipur, Kashimpur, Gazipur. Bangladesh. Then the Forwarding agent, the clearing agent along with the transporter sends their bill to Rancon Motorbike Limited Headoffice of a particular shipment. For the purchase documentation it starts with the material requisition from the concerned department the concerned department to Supply Chain management. After getting the requisition by Supply chain management they collect quotation and do the Competitive statement for various quotations. Then after getting the approval on the compatible quotation approval is being given and work order is being issued. After getting the goods material receives report the following bills are being disbursed. For the distribution process the delivery order note is being issued by the sales team and sends it to the supply chain team as well as the factory team. Supply chain management then manages the trucks and send it to the factory for dealer and retail sales. After the delivery completion Transporter submits their bill to the Rancon Motorbike limited head office with the proper documentation. And the documentation include Truck Challan, Rancon motorbike Challan and the delivery order note, Supply Chain management then processes the bill for the further steps.

IV. **Interplant Movements:**

Rancon Motorbike Limited not only imports complete business unit bike it also imports complete knock down parts to Bangladesh. For the complete knock down import process Rancon Motorbike imports spare parts of motorbikes and assembles it in their factory which is located in Boro Bhabanipur, Kashimpur, Gazipur Bangladesh. In this case all the parts come to Bangladesh in a scattered way and then all the parts are being assembled to make a complete bike. Parts are being sourced by SUZUKI Motorbike India and then ship towards Bangladesh. So the semi-finished goods are being transported from one plant to another plant for complete production. In the case of Complete business unit import only the front wheel is not connected with the bike. In Gazipur Factory the front wheel is being installed in the factory and PDI is done to get the bike ready.

V. **Inventory Management:**

Rancon Motorbike Limited maintains its stock both in the factory, showroom and head office for different kind of goods. For Rancon motorbike factory which is being based in Boro Bhabanpur, Kashimpur, Gaazipur, Dhaka stores the imported bikes and scooters There are different kind of models like SUZUKI Hayate (112 CC), SUZUKI Slingshot (125 CC), SUZUKI GS150R (150 CC), SUZUKI GIXXER (155 CC), SUZUKI GIXXER SF (155 CC), SUZUKI GIXXER SF MOTO GP (155 CC), SUZUKI LETS (110 CC Scooter), SUZUKI ACCESS (125 CC Scooter). Approximately 500 bikes from each models is being kept in the factory as ready stock. Also there are heavy machineries for bike assembling like Chassis dynamometer, Fork Lift Truck, Loading Ramp, Generator etc. For cost effectiveness Rancon Motorbike Limited has introduces new Enterprise management system which is called IFS. Through this system each and every machinery, bike, fixed asset, Inventory item, consumables items are being kept record. Also different types of stock report are being generated from IFS system. Moreover for crosschecking of the goods record manual register is also being maintained. Material receive report is generated for each and every delivery. Basically for cost effectiveness Rancon Motorbike Limited follows the first in first out system. For this reason the bank interest charge is being kept as minimum as possible. This is

one of the process of keeping the inventory cost as minimum as possible. There is also another way like the bikes which are being imported before the yearly budget are being sold at new price after the budget. This makes the profit margin to grow a bit. In the head office the asset is being managed by the admin department. They also include everything in the ERP system and keep all the track record.

VI. **Order Processing:**

For the import of motorbike from India All the order is being triggered from a sales note I Rancon Motor bikes limited. This sales note is being generated from the market intelligence as well as the market information collected by the sales and marketing team. After all the paper work is being done sales team prepares a demand forecast and handed it over to the supply chain team of Rancon Motorbikes Limited. Then Supply chain team makes their own analysis of the import capacity and places the order to SUZUKI Motorbike India. After their acknowledgement Rancon motorbikes makes their initial inventory planning and warehouse accommodation. Before preparing the packaging of the bikes and scooters that has been stated in the sales note SUZUKI Motorbike India sends the Proforma Invoice to the Rancon Motorbikes Limited and ask them to open the letter of credit based on that Proforma Invoice. Rancon Motorbikes Limited then opens the draft Letter of credit and send it to India for approval. SUZUKI Motorbike India then checks the draft Letter of credit and if everything is at ok then they send the go ahead to Rancon Motorbikes Limited. Then Rancon Motorbikes Limited asks the Letter of credit opening bank to transmit the Letter of credit and send the Transmission swift code SUZUKI Motorbike India. After getting the swift code SUZUKI Motorbike India prepares for their packaging of the whole shipment. For the delivery of motorbikes and scooters from factory to Dealer end, the process starts with the money transfer to the bank and this is being done by the dealer side upon the request of the sales people in Rancon Motorbike Limited. After depositing money to the bank, the sales people of Rancon Motorbike Limited raises a delivery order and gets the approval of the higher management and then make the circulates it to both the factory and Supply chain team. At the desired date Supply Chain team arranges the truck from a designated transporter and sends it to the factory by keeping one day as lead time. At that moment the factory arranges all the

bikes and gears which need to be dispatched with it. After the trucks enters into the factory, the personnel from transporter loaded up all the bikes to the truck. At that moment the finance team of factory prepares all the challan and VAT and TAX papers. After getting all the documents the truck is headed towards the dealer destination.

VII. Packaging:

Packaging of motorbikes and scooters are done in two different areas for Rancon Motorbikes Limited. One is in India where the shipment comes from. Another is in the factory which is in Bangladesh. For the import of bikes packaging of the complete business unit bikes and the complete knock down parts as well as the spare parts is done in India. All the packaging is done in a wooden cart. And then put in in a steel crate. All the bikes are being covered by plastic cover. All the bikes are being wrapped up with foam and rope is used to tighten up everything. Another packaging is being done when all the motorbikes and scooters are needed to be delivered at the Dealer end. The transporter wraps up all the bikes with the packaging material provided from the factory. As the transporter is responsible to bear all the demurrage issues while transporting so they make the crosschecking of the bikes which are being loaded in the truck. An expert pull of Loader makes the entire bike loading and also tighten up with rope and the other material.

VIII. Parts and Service Support:

Rancon Motorbike Limited has a wing of Spare parts and service division. Under this department the customer can get the spare parts support as well as the service support. Basically when a new bike is sold, Rancon Motorbike offers for a two year parts warranty or 30000 KM ride. Four servicing is free for the customers. One Engine Oil is being given at the time of the delivery. If a spare parts is required during the warranty period then Rancon Motorbike Limited is committed to provide that particular spare parts. That is why spare parts are also being shipped as like the bike from India. There are authorized service center of Rancon Motorbike Limited all over the Bangladesh especially in the major cities. Customers can get their bikes fixed at that point. Also every authorized dealer of Rancon Motorbikes Limited maintains a service center in their shop. So customers can get their problems solved

from this service center. And if the bike is beyond the warranty period then the spare parts are being sold from the Rancon Motorbike Limited. And this is the way how Rancon Motorbike Limited maintains its parts and service support towards its customer.

IX. Plant and Warehouse Site Selection:

SUZUKI Motorbike India is located in Haryana. Rancon Motorbike Limited established its factory at Boro Bhabanipur, Kshaimpur, Gazipur. As Rancon Motorbike limited is a sister concern of Rangs group so it created its factory at kashimpur where Rangs group had its own land. The factory construction is being done by the Rangs Properties limited which is also a sister concern of Rangs Group. Rancon Motorbike will pay the bill of construction in an installment system over twenty years of time. So it gives a lot of relax to the company as the initial investment has been given by RANGS Group itself.

X. Production Scheduling:

Production scheduling is done for complete business unit imported bikes for Rancon Motorbike Limited. Sales team raises their demand forecast to the management and as per the demand of the sales team factory team of Rancon Motorbike limited prepares the bike. Factory team has its own quality team, production team, machinery team, assembly team, production team. Each team consists of the engineer, technician, and assistant. Factory head collects all the demand data and available bike spare parts and calculated the production scheduling. Currently Rancon Motorbike Limited has the capacity of producing 45 units of 110 CC bike and 30 units of 150 CC segment.

XI. Purchasing:

Rancon Motorbike limited maintains its purchase by the supply chain team. Each and every purchase has to be initiated with a purchase requisition. Then the supply chain team collects quotation and makes the evaluation of the vendor. After considering the price, quality, lead time, quantity, delivery place etc. supply chain makes the contract award by the purchase order. Vendor makes the delivery and gives the Invoice to Supply chain. After the

verification of different factors supply chain goes to process the bill. Vendor evaluation is also done after all the work done.

XII. Returned Products:

There are some categories of return products in Rancon Motorbike Limited in Bangladesh. The bikes which are being imported from SUZUKI Motorbike India are kept in the factory after the shipment. Quality teams from the factory inspect each and every bike for defect. If anything is being found then the factory teams creates a claim report and sends it to India through the help of Supply chain. SUZUKI motorbikes India then go through the claim and send the items through air shipment. The shipment cost is being bear by SUZUKI Motorbike India. Clearing charge is given by Rancon Motorbike Limited. And if SUZUKI Motorbike India wants to check or inspect about the claim report, they ask the Rancon Motorbike Limited to send that particular parts to India for physical inspection. Thus the parts are being sent by the Rancon Motorbike Limited to India. Another returned parts system is done by Rancon Motorbike Limited when the bike is being delivered in the dealer end and the dealer has found any damage due to transport damage then the damaged parts is being replaced by Rancon Motorbike Limited as warranty

XIII. Salvage Scrap Disposal:

When the bikes are imported from India, all the bikes are packed with heavy packaging material. Packaging material consists of wooden cart, rope, foam, bubble sheet, steel crate, plastic item etc. When the bikes are dismantle from the packaging items these items became scrap material. Also the day to day basis operation creates a lot of things as scrap material in the factory. Some of the scrap material are used as tools and materials for tighten up the bikes when these are delivered to the dealer end. Other scrap materials are being sold to the vendor in a certain rate. This is how Rancon Motorbike Limited maintains its salvage scrap disposal

XIV. Traffic Management:

Rancon Motorbike limited is currently using three transporters for transporting their motorbikes into the Dealer point all around the Bangladesh. All these transporters have submitted their quotations before starting their work. After the verification of their rate Rancon Motorbike Limited has decided to use them. Also their previous experience in two wheeler industry has been counted. When the sales team raises a delivery order and gets the approval of all the management staff, supply chain team communicates with the transporter. The very next day the transporter sends a truck to the factory for transporting the motorbike. As the transporter is responsible for bearing all the cost of the demurrage, nominated personnel from transporter makes all the loading of the bike. When the loading is completed and all the relevant documents have been given from the factory the truck starts for its destination. And the driver number has been texted to the supply chain personnel. Supply chain then communicates with the responsible sales person and dealer and provides the truck driver number for proper tracking. When there are a number of deliveries in one day, the factory team makes a preparation before that day by getting the bikes ready. Truck is loaded as per the delivery order number in the factory. Currently Rancon Motorbike Limited factory has the capacity of delivering 150 bikes in a single day.

XV. Warehouse and Distribution Centre Management:

Rancon Motorbike Limited maintains its inventory in its factory located at Boro Bhabanipur, Kashimpur, Gazipur, Bangladesh. All the bikes are stored here. Also the showroom consists of a small number of bikes. Some retail is done from the showroom. Factory keeps the stock report in the enterprise resource planning system. Also the free items like key ring, name plate, engine oil are being stored in the factory. For the free items, the reorder point is 1000. And for the bike the reorder point is 500 for each and every model.

11.2 Evaluation of Logistics Management of RMBL

Cost of Logistics Activities: Currently Rancon Motorbikes is selling 700 Motorbikes per month. Average costs for carrying these bikes are 1000 BDT to 1200 BDT. At estimation for one month shows that the cost is around 776425 BDT, which is at tolerable range. Administration cost includes holding cost, local procurement cost etc. For one month the estimated cost is 5353058 BDT which is also tolerable. But as a startup company the cost may rise in future when the company will go for expansion. Another estimation shows that the other Logistics cost for one month is 4465997 BDT per month for the company.

Customer Service: Total orders for Rancon Motorbikes Limited vary from 700 to 800 per month depending on the customer demand. Statistics shows that in a particular month the order was for 868 bikes and Rancon Motorbikes Limited fulfills that demand without any complain. As a startup company it cannot lose its customer demand. Otherwise it will fail to make its mark at the market. Delivery lead-time varies from one to two days depending on the clearance from bank about the customer deposit. Delivery reliability is also in the satisfactory level.

- **Procurement:**

- 1) **Procurement Strategy:**

The procurement strategy differs widely and depends on the type of article and its supplier structure. However there is a carefully documented process for how this should be handled within the procurement division & there are documented procedures on the procurement strategy and these are followed.

- 2) **Procurement planning and implementation**

For some components long term contracts are necessary and these are handled by purchasing. Besides these the planning is usually done on a yearly basis by the logistics unit.

Practically the planning is performed through a breakdown of the prognosis of the annual sales in an Excel file. The estimated sales figures are broken down to monthly estimates and translated into the demand for components.

There is hardly any raw material inventory, the components are directly stored in the finished goods inventory after being controlled and sometimes repacked. Problems with managing inventory have contributed to the decision to buy as finished components as possible. There are problems with room for storing products.

The risks are the suppliers need to be able to handle the variations or build up a finished goods inventory. The long lead times are also demanding so the planning must be done far ahead. Another risk is that the ERP system gives faulty information or breaks down.

Due to import from India. But these issues are usually handled by the supply chain management. Although some tax issues might be handled poorly.

There are documented procedure on Procurement planning & implementation but they are outdated and therefore not used.

Procurement planning & implementation area might have the biggest potential for improvement in the whole company right now. The communication with suppliers must be improved; they could work more proactively and efficiently.

3) Suppliers' relations:

A centralized sales and supply chain division is responsible for the supplier relations and therefore this aspect is not completely in the company's control.

There are specific parameters for evaluating suppliers. When selecting a new one they look deeper into the financial health of the company and at how good they are technically and how they work with quality issues and such. There is a legal team to formulate the contract between the Dealer and the Rancon Motorbikes Limited. *Supplier relations development is performed differently on different levels.*

The main exporter is in India. Another one is in Japan. Rest of the suppliers are Local. Lead time varies much. For importing the bike the order lead time is One month after the LC Opening. When the dealer puts their money for bike it is one day.

Sometimes the company is bad at making reclaims and is too nice to suppliers that repeatedly do not live up to their contracts. Tighter communication internally and then to the suppliers would help, it might be due to lack of resources that this is not already

handled this way.

4) Purchase order processing

The demand comes from either a real customer order or a prognosis. The order is entered into the system and printed, attested by the appropriate person depending on its value. Then it is sent to the supplier by e-mail and the original is sent by mail. The supplier has a two day confirm time.

They measure the suppliers on the confirmed date and the date of delivery regarding delivery precision. Some suppliers are watched more carefully depending on how well they usually perform, although the company would like a better way to pick which suppliers this should be.

The **order entry** (order editing/call off) is performed Through ERP System. Suppliers give answers to **order status inquiries** through email or telephonic conversation.

The company would like as long payment terms as possible but 30 days is currently the most common terms of payment. The invoicing is handled through IFS. Some problems are experienced in following up performance and keeping track of the deliveries that should be expected next week.

5) Inbound transport

The company pays for the incoming transports and the goods are the transport company's responsibility as soon as the goods are on the truck. Many transports are over a short distance. In some unusual cases the supplier plans the transports but this is generally avoided. One special component is and must be completely handled by the supplier.

Inco terms for the inbound transports formed using EXW. Trucks are used within India, otherwise plane or ship. The actual route is decided by the transporter given that it satisfies the company's requirements. If there is some special urgency then deliveries are **supervised**

One problem is that when the company arranges transport it takes more time. But the dealers are not motivated to get a good deal since they are not paying. The company is moving towards using the same transporter for everything which is practical since they

only have to deal with one contact point for follow up and to set demands. They believe that giving the transporter more responsibility will improve things.

6) Goods reception

The goods arrive, are inspected for transport damage and then the transporter registers the goods as arrived in the system. Then further controls are performed depending on the requirements. Two employees work with goods reception, inventory. One employee works with the goods control. 90 % of the received goods are reported within two days.

If something is wrong when they receive it they put it on a special shelf for investigation. Then they contact the supplier. Usually this means sending back the goods and then they send a new delivery. Focus is on keeping this procedure as fast as possible.

Since there are so many different types of components of bikes all of them are handled in their own special way, this makes it a bit complicated. The capacity might be a little too high because of the uneven workload; a steadier workload would be beneficial.

7) Warehousing and storage

Since the CBU bikes and CKD bikes inventory is the same inventory this is a bit special. The product types A and B have inventories in separate locations in factory of Rancon Motorbikes Limited. There are two warehouses in Gazipur of Bangladesh for Rancon Motorbikes limited. It is selected as the outpost of Dhaka. The facility is owned by the RANGS GROUP

Picking, staging and loading is performed By the third party transporter. Packaging is also managed by the transporter.

- **Operations**

1) Operation strategy

The operation strategy is to make ready in an even pace each day. Safety and environment are cornerstones. This strategy is chosen to minimize the inventory.

Not being able to affect the actual production is a problem. If something is wrong they have to deal with their suppliers. Therefore it is important to choose suppliers that they can influence.

The strategy might not be the most cost effective, but it avoids tying the company and its capital down. The areas for potential improvement are communication and control. Staying updated on what is happening at the suppliers so adjustments can be made. A lot of work goes into explaining to the suppliers how they should manufacture.

2) Operations planning and implementation

There is as previously mentioned no production. The components are received from the suppliers, controlled and then put in inventory. Some of the items are the kitted into different combinations and put as finished goods in inventory. The kitting is the only task that can be considered as operations.

The characteristics of the operations is Nonstop. Operations demand is prognosticated by the demand of the customer.

Capacity utilization level in the operations is maintained at desired level. There are documented procedures on this area and they are followed.

There are no problems and it is a very important area. One issue is that it is easy to start measuring too much. It should be about finding the right measurements and not too many. Not many can explain what they actually measure, in such cases it is more about noting changes and development and not evaluating the figures themselves. Operations planning and implementation is managed in a planned way so there are no problems

- Distribution

1. Distribution strategy

The company pays for the transport and insurance but the customer stands for any other risks. The company takes responsibility until the product is delivered. The overall goal is a cost effective distribution. This strategy is chosen for Cost effectiveness.

Treating the spare parts in a very different way is the right thing to do. There are no real. There were problems with the previous location regarding its location that now are solved. Of course there will always be disturbances, for example due to weather conditions, which cannot be handled

2.Distribution planning and implementation

The distributors keep as little inventory as possible. They are working towards having an inventory of strictly finished goods. The spare parts inventory is managed to have a high service level. They try to level out the deliveries over the year with the import..

No flexibility in the distribution is taken in to account. Recently there has been a general lack of trucks .Using only one transporter may be a risk. But it is considered to be worth it since it gives better quality at a not much higher price.

Making all the business units work in the same direction is difficult, many prefer their local alternative and want to sub optimize. The centralized decision to use one common transporter is best for the company as a whole.

The cost measurements for transports could be improved. They often use a fast and costly method even when there is no hurry, just because they are used to it.

3.Warehousing and storage

Warehouse site is selected by the factory, Outdoors, under roof without heating. It is all stored according to a plan so that it can be loaded into the truck in sequence Picking, *staging* and *loading* performed by the transporter. *Packaging is also* managed by the transporter. Storage facility is *owned* by the company. As per the business category *layout* and *design* of the storage facilities is decided

Warehouse and storage is controlled by documentation. Today it is a fairly manual procedure but in about six months there will be implemented systems to help plan and administrate the area.

4. Dispatch handling

Customer orders, distribution orders and requisition orders go to the order planner to be prioritized. The orders are allocated and if possible consolidated before they are released for picking and packing. After this it is entered into IFS that they have left the inventory. Then the transport specification and pack list are withdrawn and the transporter is contacted.

For spare parts the description above happens very fast. The time constraint is usually that some part is out of stock, if that is the case.

5. Outbound transports

Outbound transports are handled by designated transporter. Trucks and for import issues they are being carried by air shipment or sea shipment.

They are starting to implement and evaluate a track-and-trace system with their new sole transporter. Urgent or critical transports are usually supervised with status reports from the transporter.

11.3 Problems in Logistics Management of RMBL

Rancon Motorbikes Limited has started its journey at the early of 2014. As a new comer in the two wheeler industry, the company faces with some problems in terms of Logistics because of their lack of expertise in this area. Some problems were turn out eventually when the business were progressing. Below some problems are listed as example.

Problems:

1. Forecasting Problem:

One of the greatest problems that RMBL faces challenge is that it does not have an accurate forecast for the demand of the supply. As a startup company this is very important for minimizing the cost as well as for the customer demand fulfillment. Currently lack of experience in the two wheeler industry and also the lack of market research are creating this problem. For example if the market is demanding 110 CC motorbikes and if the company is importing 150 CC bike then this doesn't make any sense for the business sustainability. Also if the customer demand is for red bike and the company is importing black bike then it also creates the same problem. For this reason each and every month the company faces with the shortage of the particular demanded product.

2. Partial Shipment Problem:

The shipment that has been disbursed from India is being scattered into so many partial shipments that it is hard to track all the shipments. This is a problem of the seller side. For Example if there is a consignment of 600 bikes then the counterpart of the RMBL makes the shipment into partial mode under one letter of credit. The Shipping documents are also into partially scattered. Now when the shipment against this particular letter of credit sails from the port of loading the buyer needs to follow up for clear tracking. Sometimes it is quite difficult to track all the shipment from the buyer side as the buyer is responsible for customs clearance. For this reason sometimes the shipment arrived in the Chittagong port without any prior notice and as a result the company faces with port demurrage and container demurrage. Because the

port charge is free for 4 days and container is free depending on the carrier. But too much delay for customs clearance makes the whole system to face the demurrage.

3. Delay in document sending:

The counter part of RMBL sometimes sends the documents for shipment so late that the shipment release from Chittagong port and Dhaka Airport gets delayed and as a result it directly affects the sales and company revenue. Normally the commercial Invoice, Packing List, Annexure are being generated on the same day when the shipment is dispatched from the SMIPL Premises. The Bill of lading and certificate of origin is generated after fifteen days after the shipment dispatch. So the counter part of RMBL has to send all the documents to beneficiary bank. And if this document hand over is not done in time then it leads to a delay in whole customs clearance process and as result the company faces port and container demurrage.

4. Lack of market research:

Sometimes this problem guides the company to false situation in terms of forecasting demand supply chain. As the company is new in two wheeler industry the lack of sales work force and also the experience misleads to faulty forecasting. And at the end it sends the whole business in jeopardy.

5. Authority Overflow in the system:

Too much signing authority in RMBL makes the whole process of the purchasing delay. Currently there are twenty one signatures that are required for a particular purchase and it leads to a time consuming process. And as a result it is not possible to support in the critical demanded product. For example one simple purchase may take nine to ten days to complete the whole process. Too much authority makes too much query and it leads to time delay. The effectiveness and the responsiveness are not present in this situation.

6. ERP System problem:

ERP system is not being recognized properly in RMBL Supply chain management. And as result the company does the documentation work as well as the system oriented work for a particular purchase which is very time consuming. ERP system is basically introduced in a company to make all the process lot easier for the employee.

Also to get the one hundred percent accurate report in every aspect of the business. Another feature for introducing the ERP system is to minimize paper work. So it is not an efficient way if the employee both works in the paper system as well as the ERP system. It just simply makes the employee to work twice for a single task.

7. Lack of Purchase Policy:

There is no particular purchase policy or guideline for the purchase procedure of RMBL and it makes a lot of confusion during a critical purchase. The accountability, decision making authority, compliance issues seems confusing. Also who will take what responsibility is unidentified. Daily Practice of purchase cannot be the rule of purchase. There should be a written process and it should be validated by the highest authority of the organization. Each and every policy or rules that are applicable for the company employee should be written and validated by the highest authority of the company. Otherwise there will be a hazardous situation.

8. Vendor payment delay:

The vendor payment for RMBL is not up to the mark and after signing a work order by the highest authority; it cannot be changed or altered without the concern of the vendor or supplier. But currently in some cases this sort of things are practiced and as a matter of fact the company is losing its trust. Also I there is process of supplier rating from the buyer point of view than on the contrary there is also another way of the buyer rating from the supplier point of view. Delay in payment terms also leads to the discomfort trust from supplier point of view. Also the supplier which has been committed on time payment is refused by the company lost its hope. The company loses its potential vendor. Also if the payment is not done on time, then the credit facility becomes blocked. It is not always possible for the company to purchase with the advance payment. So sometime to meet the emergency response it is required for the credit facility. Also for the quality control it is also required for the credit facility. But without a smooth vendor payment it is not possible. Also the supplier is not bound for the inbound delay of the company process for payment. So it the company's responsibility to make the vendor payment process smooth for sustainable business.

9. Importance of Purchase Requisition:

All the employees of the organization have to realize the importance of the purchasing material. Not all the purchase is very important. Some of the purchase is important and some are not. So it is necessary to mention the importance of the material clearly for smooth operation. If the person who raises the requisition does not realize the importance than it creates a lot of problem for the purchaser to segregate the material importance. It is not possible to purchase against all the requisition at the same time because within a company there are lot of steps need to followed. And for the high important purchase some steps can be omitted with special approval. But it is not possible for all the purchase issues. So to make the process effective it is very important to segregate the importance of the requisition and send them to the purchase department for further process.

10. Lack of clarification in the purchase Requisition:

Any kind of purchase starts from the purchase requisition. Quotation collection, Competitive statement creation, work order issuance, payment process all are done based on the purchase requisition. So if the purchase requisition is wrong then it leads to a faulty process in the whole system. So all the purchase requisition needs to be clearly specified. Also the purchase requisition should be signed by the concern authority as well as the departmental head. Quantity, brand, performance of the particular item, conformance of the item should be specified. All the purchase requisition needs to clearly reflect what is necessary for the particular department. The Specification should be mentioned clearly otherwise it makes confusion for the purchase department.

11. Lack of Service level agreement:

Service level agreement should be made for trade off purchasing. It is not worth for the company to do quotation collection, competitive statement creation for each and every purchase. It will be simply time killing and doing the same process each and every time. So it is worth to fix that that vendor by doing a service level agreement and avail the credit facility.

12. Lack of vendor database:

Vendor database is mandatory to do the effective and responsiveness purchasing. Because without the vendor database the purchase will have to initiate from the beginning. The procurement personnel have to collect quotation again and again. And it is a very poor way to work on. If there is a vendor database then the procurement personnel can just look into his database whenever he receives a requisition and can decide in which way he has to work on.

13. Lack of written contract for transporter:

Currently there are no written contract between the transporter and RMBL. So it is not clearly defined what will happen if there is any missing issues of the truck as well as the heavy demurrage. Also in every consignment of the dealer, around 25 lac BDT is being transported. And without any written contract between the transporter and the RMBL, it is a very big risk for the organization. Because if there is any incident then it is not identified that who will take the risk and responsibility. And surely the dealer will not bear anything out of it. So it is very big confusion about the risk, cost and responsibility. And without the written contract it is not possible to make the insurance claim. As the insurance company will not cover anything without any written contract.

14. Transport demurrage unanimous:

Nothing is clearly mentioned about the transport demurrage refund in RMBL and how the dealer will get the replacement part and who will pay the courier expense. This is also another problem. Because how far the transport demurrage will be count and who will pay for the demurrage is not identified. What will be identification process to identify this transport demurrage, who will recognize this and in what is the process too claim for this issues are not written anywhere. What will be lead time for transport demurrage return and what will happen if the particular part is not available at that time is not mentioned anywhere. So it creates a lot of confusion between the transporter, Dealer, customer, RMBL Employee and also the management.

15. Transport Cost for Dealer is unidentified:

It is also not mentioned in RMBL about the own transport cost. Some of the dealers of RMBL have their own transport and they prefer to take the bikes from the factory by their own transport. Another reason for using their transport is that RMBL has the rule of transporting nine to ten motorcycles per truck. Below of these quantity is not cost effective for RMBL. But some dealer who use their own transport usually uplift five to six motorcycles. Now when the dealer makes the contract with RMBL it is written that RMBL will facilitate to transport the motorcycles from RMBL factory to dealer premises. If the dealer takes the motorbikes by their own transport then what will be the scenario about the payment procedure is not mentioned in a written process in RMBL. How will the customer can get their money back is also not mentioned.

16. Documentation process problem:

There are no proper documentation processes for the supply chain management in RMBL. It is not clearly defined about what are the mandatory documents that need to be preserved. For this reason many important things are not being recorded. Also these documents are required for many official purposes in future. For example RMBL have to submit all the customs assessment, bill of entry document to the board of investment, VAT office and Bank for official purpose. Now if these documents are not preserved then it is not possible to submit these documents which will cause a huge mess-up. Also in RMBL there is no guideline to maintain a full-fledged documentation process

17. Confusion for billing Processing:

What are the required documents to process a bill is not clearly written in any procedure. For Example, a proper vendor payment documentation process should be included with purchase requisition, Quotations, Competitive statement, work order, note for approval if required, material receive report, Invoice, Challan, VAT copy, VAT approval in the payment requisition, payment requisition etc.

11.4 Solutions/suggestions to improve Logistics Management of RMBL

Earlier some problems were identified in terms of Logistics for Rancon Motorbikes Limited. To maintain a sustainable Logistics system below are recommendations for the solution of the problems.

1. Solution for the forecasting Problem:

All the forecast should be based upon the market research of the current market. What product is the bestselling for the competitor, what is the customer taste and demand, what are the future products that will be brought up by the competitor should be considered. Also what promotional event the competitors are maintaining should be observed. Based on these whole issues the sales and marketing team should make the forecast and demand and handover it to the supply chain department. Supply chain team will raise the sales note and send it to the counterpart. And after the approved sales note the supply chain team will plan for the smooth shipment. Also to improve the accurate forecasting new and efficient tools and techniques should be used. Forecasting is a very important thing in a business. Every business develops from the forecast. So the whole business will be jeopardy if the forecast is wrong.

2. Solution for Partial shipment problem:

It should be communicated with the counter part of RMBL that all the shipments must be consolidated as much as possible to avoid the partial shipment. There can be a written agreement between the RMBL and SUZUKI motorbike India Private Limited about the tolerable quantity of the shipment. This will reduce the shipment jam and also will help to line up and synchronize the shipment. High official from the RMBL can have a meeting with the high official of the SMIPL and both parties can agree mutually about the tolerable range of motorbike shipment. And this will be beneficial for both of the party in terms of shipment planning and warehousing

3. Solution for Document sending Problem:

There should be a written agreement between the RMBL and SMIPL that what will be the maximum time of documents dispatch in terms of shipment export and import. The lead time should be agreed by both of the parties. Also the written agreement

will give the solutions of penalties for the party which is accountable for it. Also both parties should try to scrutinize the lead time of the document dispatch from their side.

4. Solution for lack of market research:

All the sales and marketing personnel will be accountable for making the demand forecast for the upcoming sales and make a clear path for the future sales. Personnel interview will be taken to understand the current market. Also the marketing and sales team should be aware of the promotional offer thrown by the competitor. The entire employee should be aware of the free gift offer, scratch card offer, cash back offer, registration free offer of the competitors.

5. Solution for the authority overflow problem:

Irrelevant signatory authority should be eliminated to speed up the process. Those who are not related with the consumption of the material should be eliminated from the signatory. A policy should be developed where it will mention about the signatory. There should be one audit for each purchase. It may be pre audit or post audit. Also there should be a purchase committee. The Purchase price of the material will decide whether the purchase committee will intervene into the purchase or not. There should be a fixed amount up to where no quotation is required. Spot purchase by cash can be done. Only the persons who are very important for the purchase should be kept in the documentation signing process.

6. Solution for ERP System Problem:

As the company has invested a lot in the ERP system, it should concentrate on the ERP system more efficiently. But there should be a clear plan and process to educate the employees properly and influence them to work in a paperless manner. The advantages of using ERP system should be clear to the employees. Proper training should be given to the employees from the company and if possible the company should send them abroad for proper training and motivate them. Each team can select a particular key user and the rest team member can be end user.

7. Solution for the Purchase Policy:

There should be a purchase policy for the organization and should be validate by the highest authority of the company. It should be also validate by the legal department of

the company. The purchase policy will clarify the accountability, decision making authority, purchasing committee and the other purchase related issues clearly and it will help to reduce the confusion and speed up the operation. Also the purchase policy will clarify what is the range of Spot purchase policy, what is the range for the purchase committee to intervene etc. When and how many quotations are required for a specific purchase should also be written in the Purchase policy.

8. Solution for vendor payment delay:

The vendor payment should be made more smoothly to gain the best price from the vendor and also gain their trust. Once a deal is signed it should not be violated whatever the reason is by one party. If anything needs to be revised then it should be done upon the concern of the both party in a written agreement. For some cases the vendor should be paid in advance depending upon the negotiation with the vendor. The vendor payment can be in advance, through letter of credit, 50% Advance, 100 % Reimbursement depending upon the vendor negotiation. But once the commitment is done with the vendor, work order or contract should be written basis on that. Without any violation of the contract terms and condition, the payment process should not be delayed, cancelled, altered, refused or less offered. A lot of vendor trust depends on the payment process. If the payment process somehow delays than it should be informed to the vendor and with the permission.

9. Solution for Purchase Requisition problem:

All the purchase requisition should mention clearly about the specification of the goods. Both the performance and the conformance of the material should be stated clearly in the requisition and the priority of the requisition should be validated by the department head of the requester. Also every purchase requisition should mention the importance of the purchase lead time. If it is a strategic item to be purchased then the purchase requisition should mention it. The purchase personnel will perform the task as soon as he or she receives the requisition. What is the purpose of the specific purchase should be mentioned in the purchase requisition. Purchase requisition is the initial phase of the procurement chain so it is very important for the purchase requisition to be neat and clean and specific as possible.

10. Solution for service level agreement:

There should be service level agreement between the vendors and the RMBL for trade off purchasing. This will reduce the spot purchasing as well as many kinds of transportation cost. For example if an item which is required by the organization every month, then it is not a wise way to collect quotations for that particular item every month and do the competitive statement. Rather it is a worth way to have a service level agreement between the RMBL and the particular vendor and go for the credit purchase. Each month when the requirement arrives, a purchase order should be issues and send to the vendor for goods delivery. At the end of the month as per the agreement RMBL can pay the bill. This will reduce the frequent payment, spot purchase, quotation collection, operational issues etc.

11. Solution for vendor Database:

There should be proper vendor database for RMBL. Vendor database will reduce the time to source new vendor and it will also help to get the sustainable procurement. Vendor database will help to get the developing of the contract terms. The entire vendor database can be created by a particular standard template. All the necessary information can be collected from the internet, different websites, procurement journals, colleagues, procurement seminar, workshop, training program etc. A smart database can be of many uses.

12. Solution for the transporter Contract problem:

RMBL should make the transporter contract as soon as possible to avoid any kind of risks and demurrage issue. As the company is growing day by the day then the distribution will also grow accordingly. And all the business will go into jeopardy if there are any consequences. Transporter contract will determine about the risk and cost of the motorcycles transport. Also it will give the solution for any kind of missing incident. Currently RMBL is involved into 1000 bike delivery per month which is increasing day by day. So to control the transport issues a written contract is very much necessary.

13. Solution for the transport demurrage problem:

For the transport demurrage there is no clear indication for deduction of money. Current practice is that transporter pays any kind of demurrage while transporting through their transport Invoice. But there is no proper solution for this issue. A written agreement with clearly about these issues may be a good solution.

14. Solution for Dealer Transport Problem:

The Sometimes the dealers arrange their own transport from factory to their showroom. As RMBL is responsible to transport the motorcycles to the dealer end so it is their responsibility to pay the bill. But there is no clear indication for this issue. And this needs to be resolved by a written agreement between RMBL and the dealer end. What will be the price for per bike and who will share the risk and cost will be mentioned there.

15. Solution for the Documentation problem:

Documentation process is very important for a company. As RMBL is very new to the two wheeler industry, the documentation process is not properly maintained right now. So the overall process should be optimized and each and every employee should learn the process. All the employees should be educated enough to understand the required documents for processing a bill properly. Because supply chain has to deal with all the billing process of the vendor so without the proper documentation it is not possible to process the bill properly. And documentation process is not necessary for the purpose of the billing process only, it is very important for the future reference also. An expert on documentation can be hired on consultancy basis to solve the problem.

Conclusion

The automotive industry is in continuous motion. Manufacturing costs are rising. Demand is shifting. Globalization is changing the competitive landscape. Manufacturers, distributors, and dealers are responding to these challenges by looking at how they go to market — and how they get to market. Due to the complexity in operations and the big existing number of auto parts and components, it is more than necessary to be successful in managing the logistics in automotive industry.

Rancon Motorbike limited has started its journey back in 2014. Since then the company is trying to establish its mark in the two wheeler industry market. Logistics management is one of the important aspects of every company. Without a sound logistics management it is not possible to run the business in a sustainable manner. In this thesis it has been discussed about the basics of the logistics management for two wheeler industry. According to it, the logistics management of Rancon Motorbikes has been evaluated with the positive and negative aspects. By digging into deeper the problems and solutions of the current Rancon Motorbikes Limited Logistics management has been briefly described. Some questioner for evaluating the performance was also developed and through a qualitative judgment some suggestions were made. As the business is an ongoing process so the company can be benefitted by following these suggestions. At the same time the management should be agile, adaptable and aligned to improve the business

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Appendix:

Questions to Head of service

1. What is the operations strategy?
2. How are the operations planned and implemented?
3. How is the operations demand prognosticated?
4. How is flexibility in the operations taken in to account?

Total number of orders	
Total number of deliveries	
Number of complete orders delivered	
Number of deliveries on time	
Number of deliveries without complaints	
Time from customer order placement to complete delivery (customer order lead time)	
Average number of order lines per order	

Questions to Head of Finance

	Procurement	Total
Carrying cost & Transportation costs		
Administration costs		
Other logistics costs		

1. How are the contracts with the suppliers formed? (time conditions, price, order entry, payment conditions etc.)
2. What is the percentage of the annual costs value that the three biggest suppliers stand for each?
3. How is invoicing managed?
4. How are the Inco terms for the inbound transports formed?
5. How is the Invoicing managed?

Questions to Head of Factory

1. How are the inventories managed? (inventory levels, safety stock, cycle stock, etc.?)
2. How is the goods reception managed?
3. How is the capacity level (in terms of personnel available at different times) in the goods reception decided?
4. How are deviations in the shipments managed? (amount, quality, time, etc)
5. How is the warehousing and storage managed?
6. How is the warehouse site selected?
7. How is picking, staging and loading performed?
8. How is the packaging managed?
9. Is the storage facility owned, leased or rented? What is that decision based on?
10. How is the layout and design of the storage facilities decided?
11. How is the product mix in the storage considered?
12. What is the capacity utilization level in the distribution? Is this the desired level?
13. How is the dispatch handling managed?
14. How is the capacity level in the dispatch handling decided?
15. How are deviations in the dispatch handling managed?
16. How is the quality of the dispatch handling controlled?

Questions to Head of Supply Chain

1. What is the procurement strategy? (single/multiple sourcing)
2. Why is this strategy chosen?
3. What are the *consequences* of how the procurement strategy is managed? What *problems* are there? How can this area be *improved*?
4. How is the procurement planned and implemented?
5. What is the capacity utilization level in the procurement?
6. How is flexibility in the procurement taken in to account?
7. Are there any bottlenecks in the procurement? How do they impact the procurement? How are they avoided?
8. How are the risks in the procurement managed? Is there a contingency plan?
9. Are there any custom issues that effect how the procurement is managed?
10. What are the consequences of how the procurement planning and implementation is managed? What problems are there? How can this area be improved?
11. How are the supplier relations managed?
12. How are logistics related parameters used when selecting the suppliers?
13. What is the number of suppliers the company has? What is that number based on?
14. What is the lead time, from order to delivery, from the suppliers?
15. How are the inbound transports managed?

16. How is the method of shipment selected? (boat, air, truck, rail, etc.) What method is normally used?
17. How are different transport regulations taken into account?
18. What are the consequences of how the goods reception is managed? What problems are there? How can this area be improved?
19. How is the purchase order processing managed?
20. How are order modifications or error corrections handled?
21. Are there any bottlenecks in the operations? How do they impact operations? How are they avoided? How are the risks in the operations managed? Is there a contingency plan?
22. How is flexibility in the operations taken in to account?
23. What are the *consequences* of how the distribution strategy is managed? What *problems* are there? How can this area be *improved*?
24. How are the risks in the distribution managed? Is there a contingency plan?
25. Are there any custom issues that effect how the distribution is managed?
26. What are the consequences of how the distribution planning and implementation is managed? What problems are there? How can this area be improved?
27. How are the outbound transports managed?
28. How are the Inco terms for the outbound transports formed?
29. How are different *transport regulations* taken into account?
30. How is measurement and evaluation of the distribution performance, both internally and externally, managed? What is measured?
31. How is it measured? How is it evaluated? How are improvements made?

Questions to Head of Sales

1. What is the lead time, from order to delivery, from the suppliers?
2. What is the distribution strategy?
3. How is the distribution planned and implemented?