

An Internship Report

On

Procurement Practices of Nestlé Bangladesh Limited

An Internship Report Presented to The School of Business and Economics in Partial
Fulfillment of the Requirements for the Degree of Bachelor of Business Administration.

Submitted To:

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Letter of Transmittal

February 04, 2019

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Subject: **Application for accepting the internship report.**

Respected Sir,

With due respect, **Suraia Sultana**, from **United International University** would like to notify you that, with the grace of Almighty Allah and your kind facilitation I have completed the report as per your instruction to meet my internship requirement.

I would like to show my gratitude to you for providing great opportunity to be familiar with the Import Operation (DM) of Nestle Bangladesh Ltd, also to be familiar with formal business report. My great effort has been administrated to make it as comprehensible also useful as I could. Despite my endless endeavor there might be some mistakes in some parts of our report just because I am neophytes in this arena. I fervently request you to look at the mistakes with a generous sight considering my circumstances. The report played a role of my pedant during the work and we learned the way of Import activities for a procurement, process & policy of procurement and most important thing I learned the formulation of a whole supply chain report. Besides my academic knowledge, I learned the importance of thinking out of box, reasoning etc. I am very thankful to you for such kind of learning.

Therefore, I, hope that you would be kind enough to accept my report and oblige thereby.

Yours sincerely,

Suraia Sultana

ID: 111 141 191

School of Business & Economics (SoBE).

United International University

Certification

This is to certify that I Suraia Sultana a benefited student of Internship course (Course Code: INT 4399) and a student of United International University. The course has commenced on June 2018 and will come to an end in December 2018

I would like state that the report has been formulated solely for academic purpose and no part of this report have been used for any journal publication. Furthermore, no secondary data have been used without any reference.

Acknowledgment

At first, we want to give thanks to Allah to help us for preparing this report on “***Procurement Practices of Nestlé Bangladesh Limited***”. I would sincerely appreciate and heartiest acknowledgement for my honorable course instructor course instructor Md. Kaium Hossain of United International University and of course my line manager Shahrir Farah, Manager-procurement (RM), Nestle Bangladesh Ltd.; without their valuable advice, support and guidance we would not have been able to prepare this term paper. I can ensure that this report which I made isn't only focus to the pretention of my Internship conclusion than it will be used to the jurisdiction of Nestle Bangladesh Ltd (NBL), I'm assured about that will bring more remarkable appraisal in the consistent ground. I am really thankful to all my person- co-workers, my colleagues, friends, teachers, my team, and especially my line manager and advisor who give me whole support pull to present a exceptional instinctual internship assignment. I have gathered our information through my job responsibilities and also procurement noted policy and structural process, from various websites, which has shown into the reference section.

Executive Summary

In universally Nestle is fundamentally the main Nutrition association not just sustenance it is an extensive wellbeing and health organization also that try to best appropriate its clients with best quality items constantly. This organization isn't just bound of greatness to the moving of items exclusively on the grounds that it additionally ruminates in guaranteeing persistent splendor for its every single gathering of individuals of partners and providers. Nearness of Nestle obtainment of the production network, the organization dependably shares a similar vision in their perfection and growing up an idea. The organization every one of the sides of their accomplices like representatives, merchants, partners, retailers and furthermore support its individual sellers, providers of direct materials' organizations moreover. In Nestle essentially primary work obligations were on acquisition import task of right materials of (NBL). Be that as it may, it's associated with Nestle entire store network office like-Starting the task of inventory network through a chain from National Demand Planning for items after that as indicated by concurred Demand Supply Planning is likewise arranged. As per Supply Planning the Direct Materials which included the Raw Materials (RM) and Packaging Materials (PM) are obtaining by Procurement Department, acquirement's exercises happened from both National and International exporters and providers where Inbound Logistics discharge all the remote materials by following all conventions of custom with accurate records from the port. After this progression the Raw Materials and others are utilizing to generation and then through Customer Service and Distribution (CS&D) deals is finished.

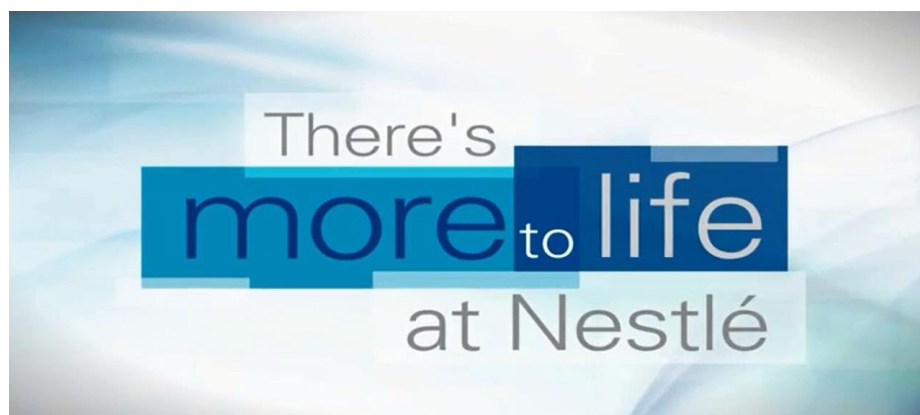
Accordingly, the company is internally more structure with design in a more organized and systemized manner so that the suppliers can contribute to significant efficiency. Procurement of direct raw materials mainly imported raw materials from nationally and internationally suppliers from a different country. Through their policy and other structures complete their import operation by aligning with the finance team, bank, reliance, logistics team, and supplier. As we know through the description of the report procurement (RM) department, mainly Supply Chain provides a mostly Supply Chain, gives an exact figure from this report that describes the whole procedures and also stabs the inner relation and operational system. Thus, the objective of the report determined Nestle Bangladesh Limited and its specific describe Supply Chain Procurement (RM) with their all duties and responsibilities by an intern.

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Chapter 1: Introduction



1.0 Introduction

The internship is the last stage in four years of BBA life. Here every student can learn successfully and practically from the field of the market through the organization and also they can implicate their theoretical knowledge and example which they assigned from their bachelor journey. I am happy that I got the opportunity as an intern in Nestle Bangladesh Limited which is the largest market leader in the food industry.

I am happy that I am assigned as an Intern in Import operational (Direct Materials) sector, Procurement of Supply Chain which is the most important department of Nestle Bangladesh Ltd. This operational function on the full process of production from file to the customer's table. Procurement process has some responsibility to Procure import operation of Direct Materials includes RM and PM which Demand & Supply Planning Department has been ordered and also assuring of the Finish Goods timely arrival. Thus the, a key part of procurement is Raw Materials that deal with all imported and local raw materials. This full raw materials process is a part of Direct Material. Luckily I am working headquarter of Nestle Bangladesh Ltd located Ninakabbo, Level 4 227/A, Tejgaon-Gulshan Link Road Tejgaon Industrial Area Dhaka-1208.

1.1 Origin of the Report

The internship report has been conducted to serve an academic purpose of a private university named United International University, Dhaka, Bangladesh. I, **Suraia-Sultana** from the Department of Bachelor of Business Administration (B.B.A) from 13th trimester was coordinated by **Md. Kaium Hossain** (Assistant Professor at UIU, School of Business & Economics). In context of mine, this is exceedingly biasness free and outcome of my relentless effort. It is comprised of both secondary and primary data. This is because I feel that secondary data give a basis of a proper report and the primary data takes the report one step further for resolving the problem. The research is conducted in September 2018. All the secondary data that have accumulated and cited from different sources has been mentioned in reference part.

1.2 Purpose of the Study

The report based on “Procurement Practices of Nestle Bangladesh Ltd.” There are several procedures of imported RM through procurement activities of the supply chain. Therefore, knowledge accumulated from this task is expected to exhibit the real scenario of the whole import process in a multinational company. I have been able to work with the skilled corporate personnel of Nestle Bangladesh Limited who have continuously supported me by sharing their experiences and guided me to the right path from which I can get the maximum advantage of learning.

1.3 Objective of the Report

Objective is not only based on one primary objective, basically a clear report created via many sought of secondary objective.

1.3.1 Broad Objective

The main objective of this report is to know the *Procurement Practices of Nestlé Bangladesh Limited (NBL)*.

1.3.2 Specific Objectives

- To know the Procurement Practices of *Nestlé Bangladesh Limited (NBL)*.
- To find out from where and how the company collect raw materials.
- To know the organizational Structure of *Nestlé Bangladesh Limited (NBL)*.
- To know the departmental activities of *Nestlé Bangladesh Limited (NBL)*.
- To analysis the SWOT of *Nestlé Bangladesh Limited (NBL)*.
- To make some recommendations on procurement practices of Nestle Bangladesh Ltd.

1.4 Methodology

To prepare this term paper I had to collect data both from primary and secondary sources. We followed various ways to collect data from primary and secondary sources.

1.4.1 Primary data:

I mainly collected data from primary source like- interview of the officials of the Nestle Bangladesh limited. I communicated with my reporting boss **Farah Mohammad Shahrior Manager-RM** and **Md. Mostafizur Rahman Executive– Procurement (RM) Supply Chain** in

Nestle Bangladesh Ltd (NBL). In the interview my inquiry was mainly regarding the Procurement procedures in Bangladesh Ltd, primary and secondary supply chain procurement of raw materials. I noted down all the information when I got a chance to communicate as interview and that helped me a lot in preparing my internship report.

1.4.2 Secondary data:

I also collected data by browsing websites, as well as different document that have all information about raw material procedures of Nestle Bangladesh Ltd. All these websites were recommended by the officials of Nestle Bangladesh Ltd.

1.5 Limitations of the study

The study was limited by a number of factors. Some constraints are given below:

- Limited source of data, only the website and the interview of Nestle official.
- It was difficult to get the real picture of the raw material processing because processing plant is not located in Bangladesh.
- Lack of Co-operation from the official, because I can communicate with supplier directly to raw material procedures, shipment and everything.
- To the insufficiency of time I could not be able to continue the accumulation after a certain benchmark

Chapter 2: Company Profile



2.0 Nestle Overview

In globally Nestle is one of the largest health, wellness and nutrition company, in terms of both sales and product range and its geographical presence: Nestle covers every nutrition and business field for example: milk products, baby food, infant formula, chocolate and confectionary, ice-cream, culinary products, frozen ready-made meals, mineral water, instant coffee etc. Nestle is a major producer of pet food. Nestle is the leader or least a strong number two in most markets. More than 94% of the sales from the food and beverage, Nestle is coming out a much focused company. In recently Nestle sold 1000 tones Nescafe coffee in 2018.

In worldwide Nestle is a more famous company, from a research we can know that in more 84 countries with around 23000 people are still working, includes 466 factories and with sales representativeness in at least another 70 countries. There are many brands have in Nestle which are most familiar to everyone because of their daily usefulness. Products are: Krunch, Koko, Kitkat, Milo, Polo, Nido, Nescafe, Cornflakes, Lactogen, Maggi, Cereal, etc. Recently they are launched in 2019 some new varieties of chocolates, Nestle Classic, Milky bar, Munch Bar and also Nestea, Maggi Sauces etc. Already they have world records in Guinness Book on as the bestselling Chocolate bar and recently they recorded another in 2019 1000 tones Nescafe sold in Bangladesh.

2.1 History of Nestle

1866-1905

Henri Nestle who is the organizer of Nestle is a drug specialist, in 1860s, built up a child nourishment babies' identity unable for bosom bolstering. First achievement of Henri was an untimely newborn child to those children. This is the substitute of mother's drain. Clients immediately reacted the advantage of the newborn child item which spared youngster's life and after that soon FarineLactee Henri Nestle was being send out in much measure of item in Europe.

1905-1918

Settle joined with Condensed Milk Company that is Anglo-Swiss in 1905. From 1900s, Nestle was working production lines in US, Germany, Spain, Britain. From World War I made new interest to the clients for dairy items in the wake of making concurrence with type of govt. after the war that generation was multiplied.

1918-1938

Toward the finish of war Government understandings wrapped up and clients specifically kept running for crisp drain. Quickly the executives reacted and toke activity, streamlining creation task and limiting obligation. The organization first development was into new items in1920, and the chocolate was the organization's second imperative task.

1938-1944

Quickly World War II influenced Nestle and benefits tumble down to \$20 million out of 1938 to \$6 million of every 1939 right around 2 years. Through the war Nestle presented with freshest item, essentially Nescafe was a transcendent beverage in US. Generation and deal created trough wartime economy.

1944-1975

After II world war Nestle began their business development powerfully. At that point from 1947 the organization joined with Maggi and Soups. Cross and Blackwell followed in 1960, as did (1963) Findus, (1971) Libby's and Stouffer's (1973). Changes made from 1974 with a shareholding.

1975-1981

At the point when Nestle development expanding in the worldwide opposite side a log jam in the organization conventional market altogether. By beginning Alcon Laboratories Incorporation the organization made second endeavor outside the sustenance.

1981-1995

Settle disassemble a measure of business 1980/1984. In 1984, Nestle improved from primary concern enabled the organization to dispatch another round of acquisitions, the primarily American nourishment mammoth carnation.

1996-2002

Settle was positive from 1990s: exchange obstructions disintegrated and world market enhanced into pretty much coordinated exchanging zones. Since 1996, there have been achievement including San Pellegrino (1997), Spillers pet nourishments (1998) and Ralston Purina (2002). The organization has two noteworthy fulfillments in North America, both in 2002: in July Nestle blended its US ice cream business into Dreyer's and in August, a USD 2.6bn achievement was declared of Chef America Inc.

2003 +... ..

From 2003 Nestle completely shrouded market in worldwide as a pioneer and furthermore began extensively with the Move Pick Ice cream obtaining. Jenny Craig and Uncle Toby's additional to the Nestle Portfolio and 2007 saw Novartis Medical Nutrition, Gerber and Henries join the association.

2.2 Mission & Vision of Nestle

2.2.1 Corporate Mission:

Our mission of "**Good Food, Good Life**" is to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night.

2.2.2 Corporate Vision:

To be a leading, competitive, Nutrition, Health and Wellness Company delivering improved shareholder value by being a preferred corporate citizen, preferred employer, preferred supplier selling preferred products.

2.3 About Nestle Bangladesh Ltd

In the nation Nestle Bangladesh Ltd started its first business venture maker in 1994. Since 1998, Nestle S.A. assumed control last 40% offer from their nearby accomplice in Bangladesh, in the wake of getting auxiliary responsibility for S.A.

The organization recognition is to be contributed as a best sustenance and refreshment organization in Bangladesh, productive development, creating helpful esteem and constantly enhancing outcomes to the all advantages of representatives and investors.

Industrial facility Location: The manufacturing plant of Nestle Bangladesh Ltd is situated at Sreepur, Gazipur 55km north of Dhaka; in the plant produces Maggi moment noodles, infant items like-Cereals, drain, ssoups, sauce, refreshments, and newborn child sustenance and nourishment items.

Corporate Office

Settle Bangladesh Ltd (NBL) has its Head Office at Switzerland controlling all the functions of the company. There is a huge number of branch offices all over the world.

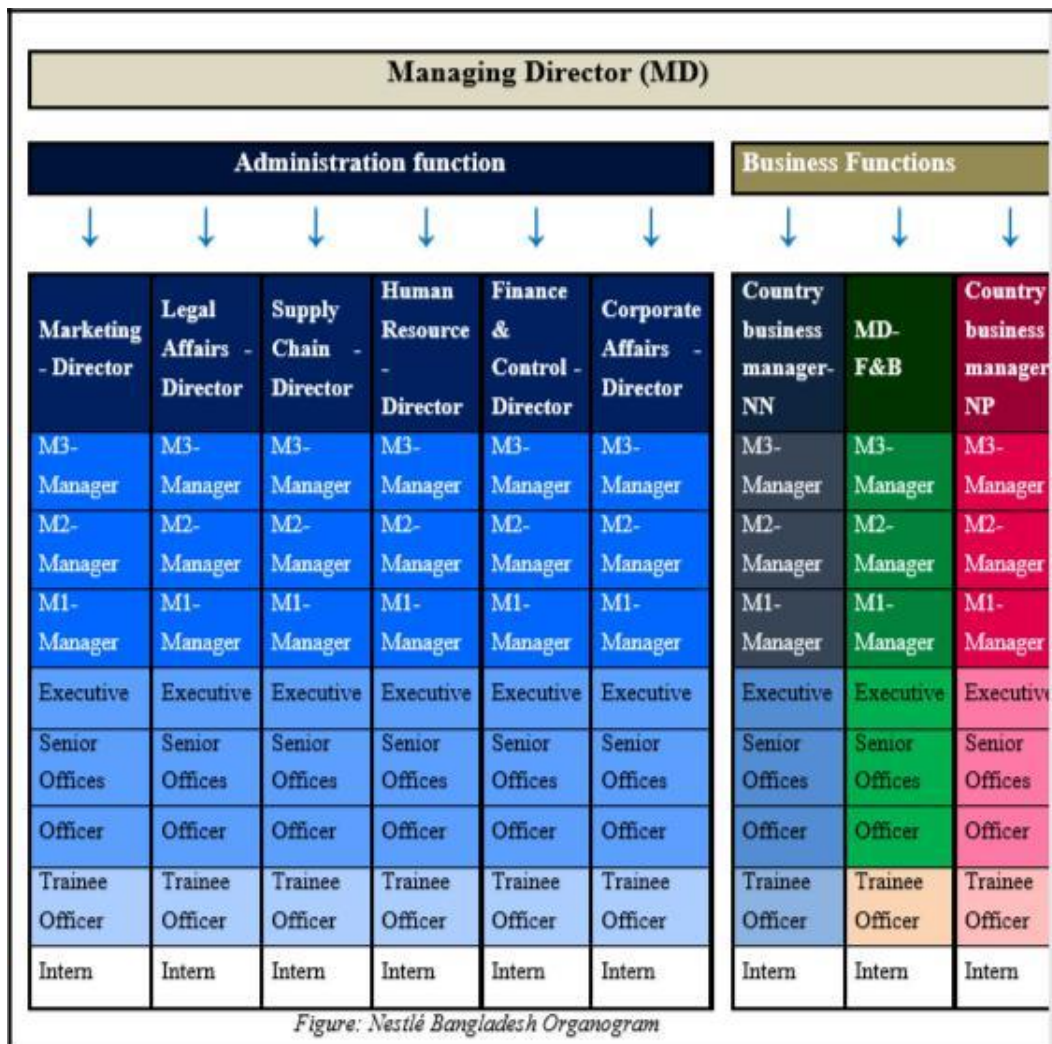
Global Head Office: Vevey, Vaud, Switzerland

Bangladesh Head Office: 227/A, Level#4 (Nina Kabbo), Dhaka 1208

Phone: 0800-0161271

Email: wecare@bd.nestle

2.4 Nestlé Bangladesh Organizational Hierarchy



MD (Managing Director) is the sole top authority of Nestlé Bangladesh Limited (*Since NBL is not enlisted in capital market hence there is no CEO position in NBL*). His name is **Depal Abeywickrema**. Besides of being an MD he also looks after the F&B function as a Country Business Manager.

The very next position to MD is the Directorship. All the three CBMs and department heads are included in this grade. In an all they are called **MANCOM** or **Board of Directors**. The core responsibility of the CBMs is to steer growth for the company, in a result he always keep one

pair of additional eyes in sales operation. Additionally all the other departments works to facilitate the smooth sales, sustainable growth and swift operation of the company.

Now the mid level managers are graded as M3 Managers. Category Business Manager, Audit Head, Supply Chain Manager, Senior Vice President of HR is the M3. On the other side of spectrum M2 level includes the brand managers, project champions. The rest part of the organ gram executives, senior officers and officers are the 1st line managers. Based on the departmental functions the name might vary but the level remains constant for everyone.

In order to get entrance one has to be a Trainee Officer which is the very 1st layer of getting permanent jobs.

Another layer which is considered base in NBL is the intern layer. Interns are supervised and guided by the different level permanent employees.

2.5 Product Portfolio of Nestle Bangladesh Limited

2.5.1 Product Manufacturing in Locally:

Today in Bangladesh Nestle Bangladesh Limited grab strongly and positioned organization in FMCG Industry because of buying forign raw materials (RM) and producing product in the country. The company is being grow so faster through establishing on our basis expertise & providing high quality product with commitment, constant policy with innovation and renovation, with the promise to provide best quality in to the people of Bangladesh. The company has currently 75 more products from different brand.

Brand – CERELAC

CERELAC is the part of nutritious and baby product which digested easily and suitable as a complimentary food for infants, after breast milk and formula no bound to meet the baby's expansion condition. But it's not substitute of breast milk. It's worldwide registered from 1949. CERELAC items have been following 4 stages for 4 kinds of children ages (6 to 24 months) in Bangladesh.

CERELAC in Bangladesh has below SKU's (Stock Keeping Units)

CERELAC 3.Fuits, CERELAC Rice. CERELAC Wheat Mixed Fruits, CERELAC Wheat Mixed Vegetables, CERELAC Wheat Apple Cherry, CERELAC Khichuri, CERELAC Honey, CERELAC Chicken.



Brand – MAGGI Noodles:

Maggi noodles are a part of Nestle instant noodles manufactured. Maggi soup and noodles both are part of the Maggi family, a Nestle brand of instant soups, noodles and stocks. There more noodles flavors in Bangladesh.

MAGGI 2 Minutes Masala fortified, MAGGI 2 Minutes Curry Fortified, MAGGI Chili Chicken Noodles-65gm- ((CBNA), MAGGI Mezbani Beef Noodles-65gm-(CBNA).

Local Filling: *Buying foreign semi finished bulks and packing with local material in Bangladesh.*

Brand NIDO

Brand NIDO

NIDO is another sustenance drink item in Nestle mark. NIDO target clients are over three years kids and putted as nourishment to grown up youngsters. The USP for NIDO is that its strengthened with Vitamin D and CALCIUM that helps the Childs enhanced solid and solid bones and furthermore sharp mind. NIDO faces rivalry in BD with the standard drink and drink based drinks. NIDO has likewise a few SKU's in Bangladesh.

NIDO 1+, NIDO 3+, NIDO Fortifie

Brand- MAGGI SOUP

MAGGI Soup has exciting authentic flavors with a wide range of uses, freeze/thaw stable, Bain-Marie stable. It's a part of natural choices. It's so natural procedure to make, and gives reliable outcomes and impeccable with blend for sauces and pies or just filled in as a Maggi Thai or Corn soup. MAGGI has additionally following many SKU's:

MAGGI Healthy Soup Chicken, MAGGI Healthy Soup Thai, MAGGI Healthy Soup Vegetables



Brand- NESCAFE:

Nescafe is a high profitable brand of instant coffee made by Nestle Bangladesh Ltd. It comes align with different products. That name is a portmanteau of the words “Nestle” and “Café”. At

the first Nestle got the flag as in 1st April 1938 at Switzerland Nescafe powdered coffee product introduced after developing for 7 years by Max Mergenthaler and Vernon Vhapman. In Bangladesh there are two flavors of Nescafe:

Classic Nescafe & 3 in 1 Nescafe



2.5.2 Others Imported Items

- LACTOGEN, NAN
- COFFEE MATE
- CORN FLAKES, KOKO KRUNCH
- PALM OIL
- VITAMIN PREMIX
- GINGER POWDER
- APPLE JUICE & DICE
- KINO PILP & ORANGE JUICE

2.5.3 Products Diagram Nestlé Bangladesh in Categories

Products Categories	Brands
Culinary	Maggi noodles Maggi Shad-e-Magic Maggi soup
Confectionary	Nestlé Munch Rolls
Breakfast Cereals	Nestlé Koko Crunch Honey Gold Flakes ,Corn Flakes Milo Breakfast cereals (coming soon)
Dairy	Nido Fortified Nido 2+, Nido 3+
Baby cereals	Lactogen NAN , Cerelac
Beverages	Nescafe Nescafe Alegria (Coming soon) Nescafe 3 in 1 , Coffee Mate Nestea (Available to a few exclusive places) Nes-frappe (Available to a few exclusive places)
Products of Nestlé in Bangladesh Categories	Brands
Culinary	Maggi noodles Maggi Shad-e-Magic Maggi soup
Confectionary	Nestlé Munch Rolls
Breakfast Cereals	Nestlé Koko Crunch Honey Gold Flakes ,Corn Flakes Milo Breakfast cereals (coming soon)
Dairy	Nido Fortified Nido 2+, Nido 3+
Baby cereals	Lactogen NAN , NAN 2, Cerelac
Beverages	Nescafe Nescafe Alegria (Coming soon) Nescafe 3 in 1 , Coffee Mate Nestea (Available to a few exclusive places) Nes-frappe (Available to a few exclusive places)
SWOT analysis of Nestlé:	STRENGTH - Market leadership - Diversified portfolio of brands - Commitment in research and development WEAKNESSES - Overreliance on the mature market (U.S.) and a small number of distributors OPPORTUNITIES - Emerging markets: India and China - Increasing demand of healthier variants of chocolates - E-commerce THREATS - Loss of competitiveness to rivals that expand into international markets - Increasing entries of private labels - Rising prices of major raw materials SWOT Analysis

2.6 SWOT Analysis:



Chapter 3: Analysis & Findings



3.0 Internship Experience

I needed to give a composed test and an oral meeting for this entry level position opportunity. In the wake of joining Nestlé acquirement I have never feel that I am doing my temporary position, it appears as though a perpetual job where I have satisfactory preparing and prepared under some additional standard heads. I worked every single side of the office. Normally the working day is 5days in seven days. Contrasting and different offices with Nestlé, Nestlé Procurement is very surprising as in another division you are not excessively much adaptable or autonomous to control any activity. Since acquirement (RM) division is a center capacity, from import systems of Raw Materials Nestle began their business work till deals work. In the meantime, Nestlé Procurement gives you that genuine open door which encourages you to impact other's life skillfully. I have been sufficiently fortunate to get truly momentous coach who is in my supervisor Md Shaharior Farah. He gave me the way to comprehend and finish my undertaking of obtainment aside from any boundaries. I likewise lined up with Nestle Bangladesh Ltd (NBL) Logistic group. Every one of the divisions of store network are identified with one another. So Through import task methodology I shrouded all learning in full inventory network Department of NBL.

3.1 Job Responsibilities

Nestle Procurement team is connected to D&SP, Logistic and others team. So my task headline is *“Import Operation (Direct materials) & Scope of Improvement of Nestle Bangladesh Limited”*. Through import operation my scope of tasks are-

Documentation Process: Collecting soft copy documents from supplier then process IDO to bank, applied Marine policy, after printing checking copy documents, findings gap, Inform to supplier, follow up marine policy, after getting main documents process for Archiving. These all the steps are inter connective of this documentation process of direct raw material.

L/C Operation: Requesting L/C to finance for application to bank, Follow up with finance department. On time L/C KPI measurement, shown a summary month wise.

Project for Improvement: Scope of operational improvement, Operational Standard, Checklist Documentation gap find out for imported materials. Monthly presentation on improvement summary basis.

Support to logistic: Supporting with purchasing Bill of Entry, Follow up freight invoice, Applied Freight Encashment, Sending on time freight encashment, Tracking Freight encashment to find the gap.

3.2 Overview of Department “Supply Chain Management”

Supply chain is a main part of organization and it's a whole system with organization, individuals, execution, data, and assets expounded in diverting products or administrations from provider to client. In Supply Chain a systematic procedure which activities transfer natural resources, raw materials and components from field into a finished product that is delivered to the end customer table. In enlightened supply chain system, used product may re-enter the supply chain at any point where residual value is recyclable. Supply chain is a main link of company's value chain.

Supply Chain contained in all parties which directly or indirectly involved, through fulfilling a customer request. In supply chain process there are have include many part of things not only manufacturer and suppliers, but also warehouse, transporters, retailers, and customers themselves. In every manufacturer organization, the department includes all function involved in receiving and filling a customer request.

The primary purpose of any supply chain department is to satisfy customer needs because they are an integral part of the department, and profit generating occurs through this process. Supply Chain has another department which is customer service & distribution department tasks being with customer order and end when customer has paid to their purchase. The term supply chain conjures up images of product or supply moving from supplier to manufacturers to distributors to retailers to customers along a chain. Through the flows direction of this chain, it's important to anticipate information, funds and products.

The term of supply chain also imply that only player is involved at each stage. In practically manufactured may receive material from different supplier and then supply several distributors

through the customer service & distribution department. Thus, most supply chains are actually networks or called supply web for describing most of the Supply Chain function structure.

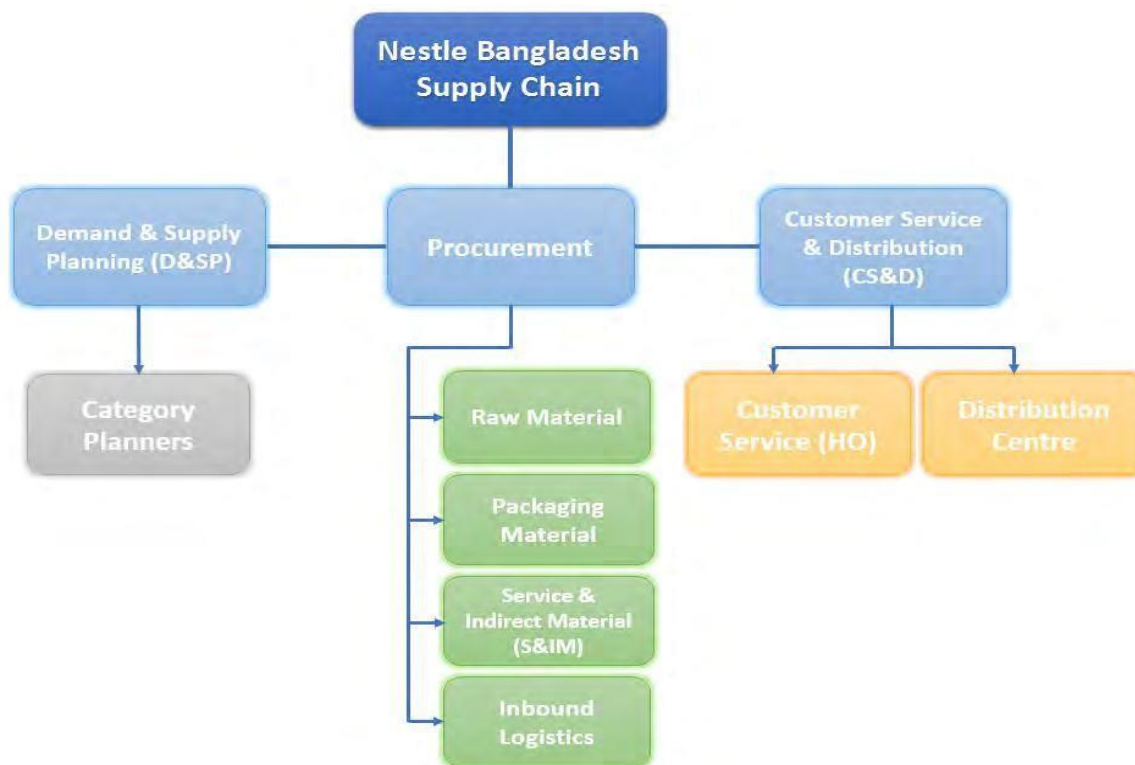
3.3 Organ gram of Function – Supply Chain of NBL

The Supply Chain Department of Nestle Bangladesh Ltd (NBL) for the most part isolated into 3 unique capacities:

- Demand and Supply Planning (D&SP).
- Procurement (Direct Material and Service and Indirect Material)
- Customer Service & Distribution (CS&D).

From these departments in above, there are six more sections which are:

1. D&SP- Category Planners.
2. Procurement- Raw Materials, Packaging Materials, Service & Indirect Material (S&IM).
3. CS&D- Customer Service (HO) and Distribution Centre.



3.3.1 Demand and Supply Planning:

Request and Supply Planning (D&SP) is seen as principle pivotal and center zone in production network. From the essential dimension they perform like deals arranging and supply arranging at National dimension. In view of the arranging figures arranged by D&SP every single other territory of Supply Chain exercises.

- National Consensus Demand Planning (CDP) for every item on year and a half skyline.
- National Supply Planning for every item on year and a half skyline.
- Production anticipating week by week skyline with manufacturing plant store network and creation division.
- Dispatch Planning on week after week skyline.
- Material Requirement Planning (MRP) for all Imported Raw and Packaging Materials.
- Ordering the Raw Materials by buy order while keeping up concurred lead time with acquisition.
- Inter Market Supply Planning (IMSP) with Nestle Inter advertise auxiliaries.
- Regular interest and help of Monthly Business Planning (MBP) process alongside different partners (Brand, Sales, and Finance).
- Participation on Monthly GAP Review (MGR) meeting composed by Finance Department and checking whether there is any hole on the spending limit versus request arranged.
- Participation on Monthly deals Review (MSR) meeting composed by deals office and offices the future year and a half interest arranging process
- Organizing the Monthly Operational Review (MOR) with all office executives and processing plant make a beeline for check whether there is any operational issue to meet marked CDP.
- Organizing the Monthly Forecast Review (MFR) with all Department Directors and Sign off the Consensus Demand Plan (CDP) got through the MSR and MGR meeting.
- Ensuring that correct item is accessible at the opportune time at right area with most extreme freshness.
- Optimizing Inventory Level for completed merchandise. Crude or bundling materials.

3.3.2 Procurement

After ordering and planning by D&SP department Procurement is mainly responsible to procure, dispatch importable product and ensure arrival of the finished goods to the factory timely, Raw Materials, and Packaging Materials (PM) with costs optimization and ensuring higher quality with freshness.

There are 4 key areas of Procurement Nestle Bangladesh Ltd and their activities are discuss below:

- A. Raw Materials
- B. Packaging Materials
- C. S&IM
- D. Inbound Logistic

Raw Materials:

Raw materials are a core part of Procurement which deals with all the imported and local raw materials. Mainly task with Raw Materials (RM) receive from supplier according to demand lengthy version of 1 year or 2 years as per also lead time and order quantity.

- Collecting Raw Materials (RM) to future estimate from D&SP (1-multi year skyline).
- Regular correspondence with provider on the lead time and furthermore sharing to D&SP.
- Collecting orders by framework (SAP) created Purchase Request (PR) from D&SP for materials.
- Creating Purchase Order in framework (SAP) premise the PR.
- Forwarding the Purchase Order (PO) to provider (International or Local).
- Asking to (Pro-forma Invoice) PFI from provider which incorporates amount, value, shipment, date, method of transportation, name, and so on.
- Verification of PFI.
- Requesting to Finance office to get ready L/C Letter of Credit and catch up with them.
- Preparing Letter of Credit by approval Bank and sending to the provider.
- Define the method of installment, Bank choice and so forth.
- Collect the essential archives from provider when dispatch the item from the method of transportation.
- Mandatory Documents resemble pressing rundown, Certificate of beginning, Health Certificate, Certificate of Analysis (COA)- Define Mode of Dispatch via (SEAROAD/AIR).
- Monitoring dispatch by checking in site.
- During transportation guaranteeing Insurance inclusion from dependence.
- Before achieving items to Chittagong port settlement Letter of Credit.

- After preparing exceedingly critical docs and checking all support them documentation accommodation to Inbound Logistic for further handling.

Bundling Materials:

Bundling is an innate piece of every item since it spares the item itself. In bundling must concern and improved the situation keeping the correct normal for wellbeing and nourishment in a down to earth item. Contrast with alternate purchasers in the market Nestle Bangladesh Ltd is over worried about its bundling for every item. Hence Nestle Bangladesh Ltd demonstrates its full worry in choosing a suitable merchant.

In Nestle Bangladesh Ltd there are all out 17 providers (13 nearby and 4 International)

There are fundamentally seven class of Packaging:

1. Flexi Laminate-Used for items, for example, Noodles bundle.
 2. Case Corrugated-Used for delivery container.
 3. Solid Board-Used for items, for example, CERELAC, NIDO
 4. Metal Tin Can-Used for items, for example, NIDO.
 5. Rigid Plastic-Used for Products, for example, Spoon gave on the NIDO.
 6. Adhesive-Used as a methods for GLUE.
 7. Flexible Accessories-Used as a methods for TAPE.
- By the assistance of SAP, contract is made and for each kind of class there is an alternate seller allocated.
 - Workflow of bundling request to installment:
 - Flexible Accessories-Used as a methods for Tape.
 - Factory Supply Chain gives Purchase Requisition (PR) for Packaging Materials (PM).
 - Creating Purchase Order and after that forward to Supplier,
 - Make Yearly Contract premise future gauges.
 - Taking Delivery of Packaging.
 - Make the installment to provider.

3.3.3 Supply and Indirect Material (S&IM):

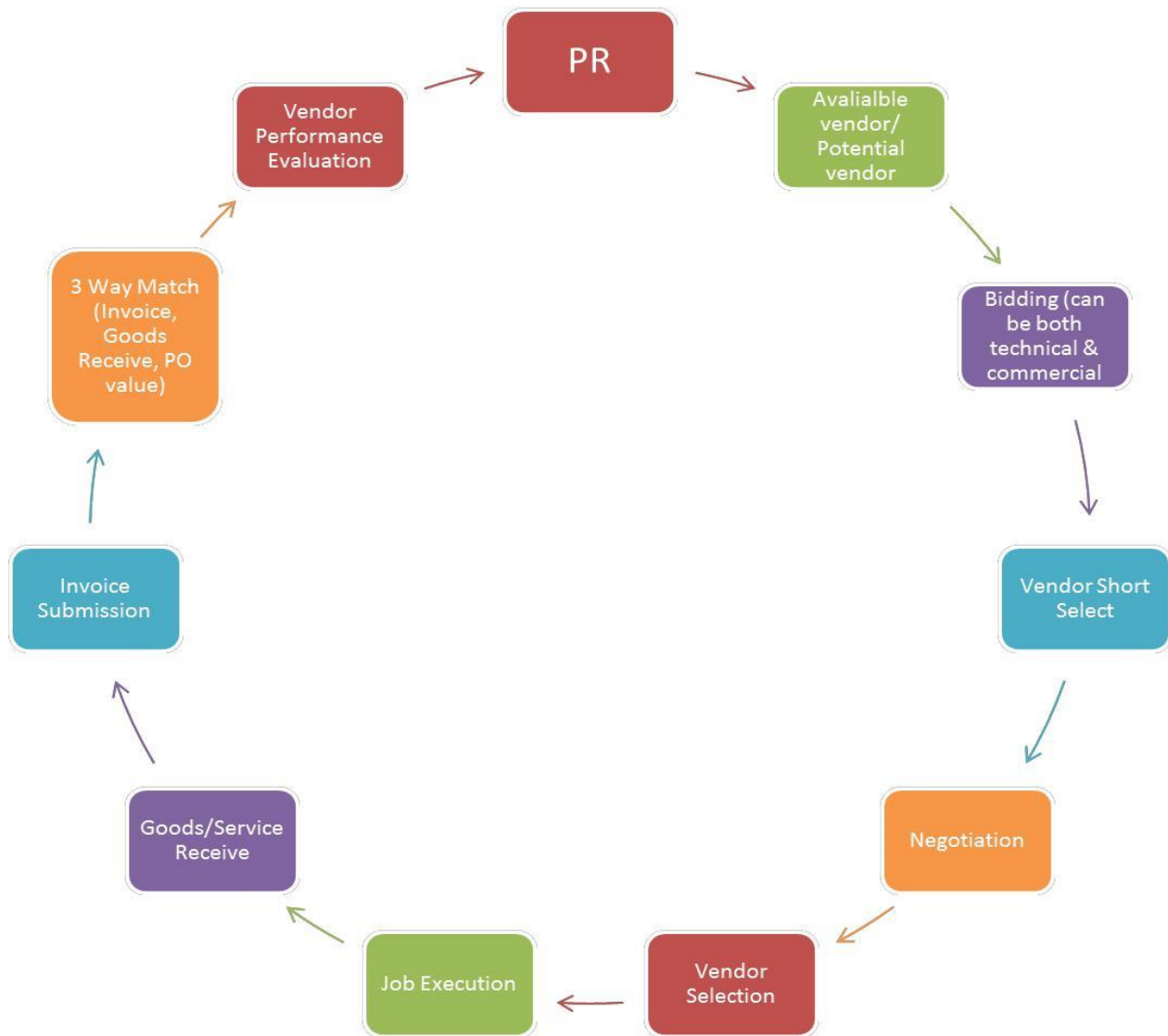
Administration and Indirect Material (S&IM) is fundamentally manages capital uses, circuitous materials and Media purchasing and transaction. It bargains capital venture on various territories

of the organization. Its useful zone incorporates capital interest in Factory and New Machines or creation lines to Marketing or Promotion costs, Advertising costing, Media purchasing, Indirect Material Purchase and so forth.

There are Ten sorts working elements of S&IM:

- Advertising.
- Marketing and Sales.
- Point of Sales Assets (POS)
- Utilities, Environment and Factory Management.
- Fixed Assets, Equipment and MRO.
- Administration and HR Services
- Other Professional Services.
- Contract Manufacturing.
- Logistics.
- IS/IT and Telecommunication.

Operational Activities flow chart of S&IM:



Work process Explanation of S&IM:

- Toward the starting Purchase Requisition is sent by E-mail.
- It is coordinated whether there is positive degree.
- Seller is shortlisted by the necessity
- Demand Completed.
- Seller is chosen among accessible Vendor, Potential and Enlisted Vendor.
- It's ordered whether the kind of Vendor is Buyer Insight or Market Insight.
- Among representatives work revolution is done in worry that everybody knows about the whole work.
- Offering is finished by requesting that the sellers submit citation relying upon which merchants are shortlisted.
- Sellers with least value citation are chosen and afterward different variables are coordinated at exactly that point they are settled.
- Haggling is done by means of separation which makes the correlation between the costs simpler.
- Last offer is proposed.
- Determination is finished.
- Contract is made which are three sorts : Long Term, Short Term and One Time
- In the wake of making and endorsing PO, work execution is done when the administration or merchandise is gotten.
- Bill is submitted.
- Solicitations, Goods Received, PO Value; these 3 way coordinates is finished.
- Toward the end Payment is finished.

S&IM Strategic Process

- Volume is gained so the procedure is done in minimal effort and takes low time.
- To look out that what kind of business sectors the merchants have a place from with the goal
- That Market Analysis is finished.
- Arrangement is set some circumstance, if the seller is best in the market.
- Taking Long Term Strategy, the division guarantees that partners are very much adjusted.

3.3.4 Inbound Logistic

Inbound Logistic is an intrinsic piece of Supply Chain in Nestle Bangladesh Ltd. In the wake of getting the last shipment reports from Raw Materials office then the Logistic office began their undertakings. It obligation mostly discharge the imported things from three dispatch Chittagong port or Dhaka Airport or Benapole Port. They additionally set up the obligation installment to govt. In the wake of finishing the dispatching undertaking

they guarantee the transportation from dispatch port to processing plant. Essential assignments forms are portray underneath:

☐ **Assuring Supply**

Items are purchased from provider of trading nation and send to the industrial facility of Nestle Bangladesh Ltd. Inbound Logistics division essentially keeps up all creation accessibility all through the procedure. There are two kinds of item: Raw Materials and Finished Goods. This division is called assistance since they bring imported item at ideal time and in correct place. Assignments are task is observing, follow-up the imported item with the goal that supply is guaranteed. It is finished with guaranteeing most extreme advantages of the business.

☐ **Custom Clearance**

The office is as of now observing traditions movement of imported materials according to consistence, guaranteeing appropriate business esteem and obligation and errand with H.S Code (Harmonized Coding System). It is offices all traditions movement and getting the import materials inside explicit lead timeframe.

☐ **Sea Transportation**

It is likewise take care of import materials which are identified with ocean transportation. It dispatch load to nation of birthplace to nation of goal with the entire procedure. It contracts with delivery specialists who are conveying products from exporter nation to shipper nation.

☐ **Inland Transport**

Inbound strategic keep up Inland transport benefits via conveying the products from various part to distribution center.

- **Legal Activity**

Inbound coordination's additionally perform lawful and moral assignment like dissolving debate at traditions end to any kinds of imported merchandise amount of docs. It settles all question according to import arrangement arrange, Valuation rules, Customs Act and NBR (National Board of Revenue).

- **Claim Settlement**

Also, Inbound Logistic encourages protection claim of imported merchandise if any harms occur. It likewise conveyor in protection as act recoup all imported harmed shipments and furthermore some other harm shipment. These all occurs according to Insurance standards characterized for each and every circumstance or case.

3.3.5 Customer Service & Distribution

Client Service and Distribution is a center related division of inventory network which is fundamentally managing every essential clearance of Nestle with its merchants.

- There are 113 merchants around nation in Nestle Bangladesh Ltd and it is separated into 6 deals divisions.
- There are separated into three kinds of offers, for example, Primary Sales, Secondary Sales and Tertiary Sales. Essential Sales-Products that are sent to merchants everywhere throughout the year. Auxiliary Sales-Products which are given from wholesalers to the allotted outlets. Tertiary Sales-Products sent from allotted outlet to the point of view Consumer.
- Client Service of Nestle Bangladesh Ltd is just bound in Primary Sales.
- Settled an objective for every item month to month and Consensus Demand Planning (CDP) which guarantees legitimate conveyance.
- This Department guarantees that the month to month CDP is precisely given to every one of the merchants.
- Merchants can't keep a specific item over its standard on the grounds that every item should have a standard. So the Customer Service division deals with the merchant standards likewise by checking their present stock and giving them new stocks concurring their request.
- Every item there is a stock, subsequent to completing procedure and target, it is watched that how much measure of the stock remains.
- In Nestle SAP programming is utilized so that to complete the entire procedure that make it very less demanding to continue.
- An approach of Nestle Bangladesh Ltd dependably keeps up that is "At first they take the installment and afterward convey item".
- Through Shipping Planning and Truckload Plan give a specific depiction to realize that how much item will be done, these arranging is additionally done by Customer Service group.

3.4 Nestle Procurement Overview

Procurement basically is the act of obtaining or buying goods and services. The process includes preparation and processing of a demand as well as the end receipt and approval of payment.

Nestle Procurement team is a main part that helps the company attain sustainable growth. Procurement Professionals at Nestle Bangladesh Ltd assure responsibly sourced supply and create value. Situated in hubs in Switzerland, Malaysia and Panama, the division provides a range of services, including the procurement management to particular raw materials (RM), packaging, indirect materials and other services. The hubs also support markets with managing local spend.

Nestle purchasing procedures of imported Materials

Purpose: To ensure the Procurement Department follow a consistent and effective procuring the imported materials. From order placing to goods delivery the full process has been shown in the procedure for purchasing from approved and well performing suppliers, considering commercial, technical and quality related aspects at optimized cost.

Scope: This procedure describe procurement process for 3rd party Imported Materials and Inter market Supply (IMS).

Key Changes:

- Due to implementation of SAP
- Reference GI and Procedure has been updated.

Responsibilities: Demand and supply (DSP) department will raise the Purchase request (PR) with required quantity and factory expected time of arrival (ETA). Procurement department is responsible for procurement of goods based on PR issued by D&SP. Procurement Department will negotiate price with 3rd party supplier for third party supplier or coordinate with respective IMS market for Transfer price (TP), market contact and raise the PO and accordingly coordinate with supplier and Finance for LC and shipment.

Finance will provide final LC to procurement and co-ordinate with bank and insurance company. Finance is also responsible for retirement of documents from bank to pay the duty amount based on procurement Department's acceptance/advice.

Nestle Import process Description:

- DSP issues material requirement plan through PR mentioning the required factory ETA and volume.
- Procurement receives the approved specification from the application group.
- Brain initiates IMS Brief for inter- market supply products for import and export markets for internal stakeholder's inputs and agreements.
- Procurement initiates the procurement process; select supplier from approved list of suppliers negotiates the price and the market the contract. For seasonal product with large volume, annual contract is made with them. As procurement manages the operational part of imported materials, procurement issues the standalone PO in SAP.
- Based on the PR requirement, Procurement places the order to the supplier with a request to issue pro-forma invoice (PFI) with their price, quantity, schedule, bank address & other commercial terms.
- For third party supplier, procurement is placing order based on agreed specifications. Some products are sourced and negotiated via CPCC and Nest trade.
- Supplier sends the PFI once they agree with the specification to open the LC.
- Once the order is confirmed by the supplier, purchase order (PO) is generated in the SAP reflecting the order volume & ETA.
- Procurement requested finance to initiate LC in coordination with bank and insurance. Other than LC. CAD also opened for some RM purchase.
- Once the LC is opened by the bank, procurement sends the LC to supplier.
- Procurement captures the full shipment status from PR to goods receipt centrally to track the shipment.
- After receiving and checking the LC, supplier arranges for the shipment according to the LC instructions.
- After completing documentation process, supplier send full set of shipping documents to LC opening bank via LC confirming bank for negotiation. LC opening bank advises document arrival notice (DAN) to Nestle Bangladesh Limited (NBL) by mentioning any

discrepancy in these documents. If these discrepancies are acceptable to NBL, procurement send acceptance letter to finance for bill settlement.

- Once the bank receives the payment along with the acceptance letter, they release the original documents to NBL by ensuring with proper delivery order and release payment to overseas supplier.
- Procurement handover the original set of documents to C&F agents for customs duty assessment and clearance. C&F agent submits the shipping documents to the customs along with the IGM (Import General Manifest) for entry in the system. Once these documents are entered in the system, the Bill of Entry number is issued. Once customs complete the inspection, Customs do the assessment based on goods HS code & price
- Logistics approve the assessment notice issued by customs for duty payment to NBL F&C after payment of duty; cargo delivery order is taken by C&F agents and arranges delivery of the consignment to NBL factory or distribution warehouse.
- The above process applicable for sea shipment. For air and road shipments, we take advance endorsement from bank if the shipment arrives earlier than original documents arrival in bank.
- Issues can arise from customer's point of view regarding the declared price in the final invoice. They may ask for 100% inspection of the consignment. Main complexity arises when they don't agree with the declared price. Different process are followed in this regard. Initially justification is placed to the related customs office. If they don't agree, NBL may arise the issue to the higher level for dispute settlement.
- Once the consignment is delivered to the factory, our warehouse received the goods in and container out-tern report and receives the volume in the SAP to reconcile against the purchase order.
- Finally, Procurement closes the PO once all the process is complete.

3.4.1 Flow of Import System

As per Nestle slogan is "Great Food Good Life" they deliver the item by utilizing excellent crude material. Settle Bangladesh Ltd (NBL) imports the greater part of the part crude materials from various provider of various nation and furthermore delivers some of crude materials locally. There are numerous methodology NBL pursue to import activity.

- Raw Materials
- CAPX Items.
- Finish Goods
- Binding Materials.

Import task of Goods in Nestle takes care of by all the division of Supply Chain and furthermore Treasury office, however afterword's import each office has their own allocates employments, fundamentally Import Operation is the last piece of a Trade Cycle.



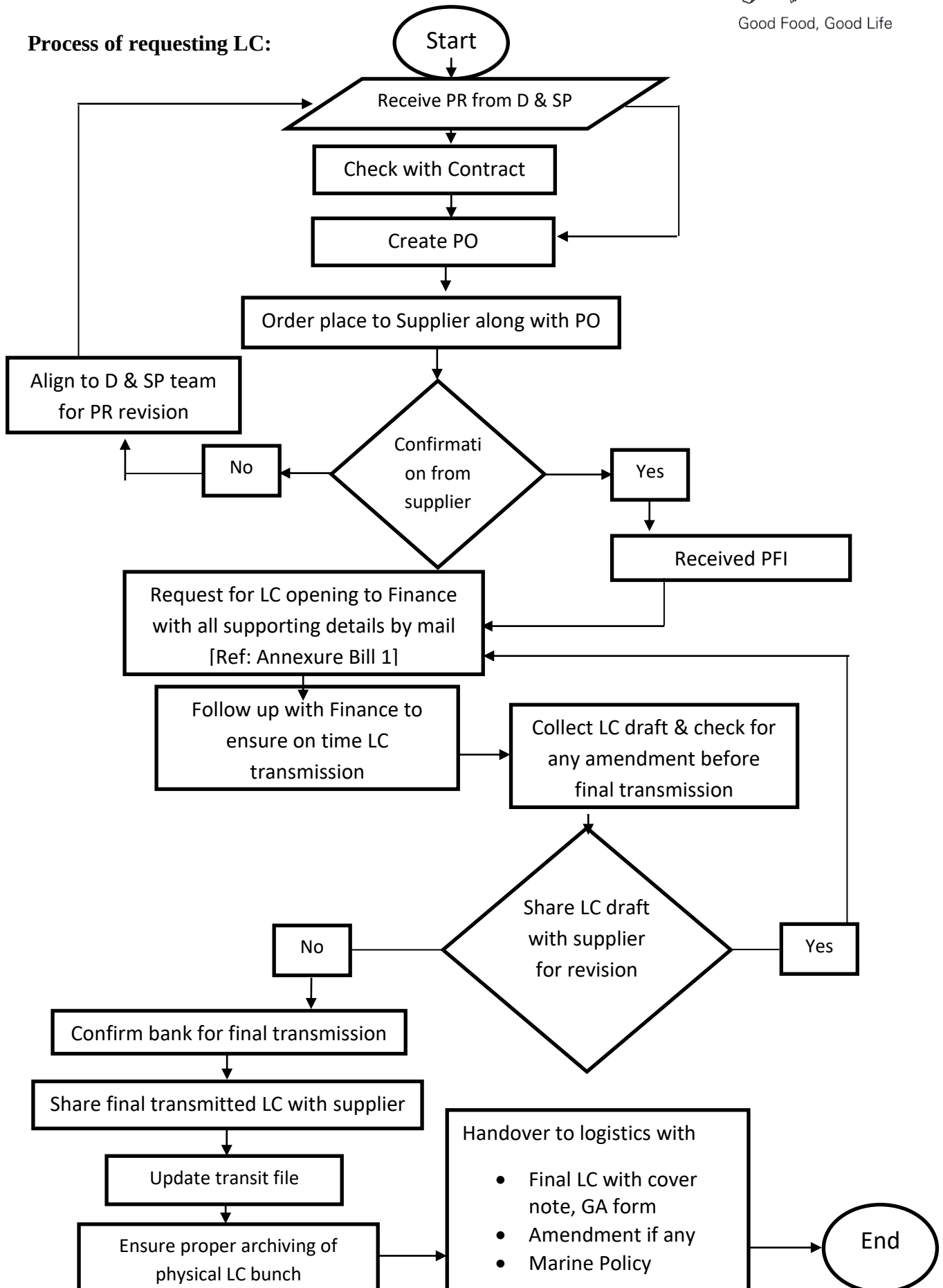
3.4.2 Letter of Credit (L/C) Opening Request

In the wake of choosing the item volume for month to month by Demand Planner the D&SP sent it to the Procurement Department and afterward Procurement Department specifically contact with the provider for obtaining the crude materials locally and furthermore import

and they put in Purchase Request (PO). After that they affirmed the arrangement with provider, and they request-

- Pro-Forma Invoice - (Description Of the Product)
- Country of Origin (CO).
- Quantity.
- Payment Terms
- Tolerance Level (If Required)
- Price of the Product.

Process of requesting LC:



Checklist before sending LC request:

- ✓ Pro forma Invoice (PFI) no & date
- ✓ Bank
- ✓ Inco term
- ✓ Port details
- ✓ Material description
- ✓ Material/Origin of the product
- ✓ HS Code
- ✓ Tolerance level
- ✓ PO no
- ✓ Latest date of shipment
- ✓ Expiry date
- ✓ Terms & conditions

Annexure Bill: 1

This is how NBL RM team send LC request to NBL Finance team –

PFI No. & Dt.	Bank	Inco Term	Port Details	Payment Term	Material /Origin	Material Description	HS Code	Tolerance Level	P/O	Latest Dt. of Shipment	Expiry Date	Terms & Cond.
Attached	SCB	CPT Dhaka Airport	From any Airport of India	LC at Sight	RM / India	Paprika Oil (Aqua Spice Paprika 60,000CU)	3301.90.00	Not Required	PO attached	21 days before the date of expiry	3 months after the date of LC	Attached

In the time of FOB term and ask for any information needed Logistic Department contact with the Shipping Agent -

3.4.3 Freight Certificate

Cargo rate has been set dependent on the nation and the holder measure. In the wake of getting the PFI, Procurement Department sent demand to open a Letter of Credit (L/C) to treasury office referencing the accompanying data:

- Purchase Order (PO)
- Pro-forma Invoice with detail portrayal
- Inco Term [FOB (Freight ready), CFR (Cost and Freight), CPT (Cost Paid To)]
- Port subtleties
- Terms and condition
- PSI (Pre shipment assessment) Mandatory/Exempted
- S Code (Harmonized Commodity Description and coding framework)
- Description of the Product
- Bank Name
- Delivery Port
- Shipment Port

3.4.4 L/C (Letter of Credit) or CAD (Cash against Documents) Letter of Credit or CAD (Cash against Documents)

In the worldwide field and for this universal exchange installment is explicitly exceptionally vital and the exchange of exchange is at first surpassing. Numerous components that may impact the thing of installment which is anchoring for a global exchange. Most vital components are the potential hazard and cost that the exporters and shippers are eager to face or share between them. There are a few strategies are following by Nestle Bangladesh Ltd.

- L/C, Letter of Credit or Documentary Credit.
- CAD, Cash against Documents.

☐ **Letter of Credit (L/C) or Documentary Credit**

Letter of Credit (L/C) is the most vital installment technique. This installment instrument communicated by a rely upon sake of the merchant to make installment of concurred aggregates in outside cash as assigned to the exporter when the circumstance ordered in the docs are met.

Letter of Credit (L/C) covers the undertaking, for example, possible hazard that the gatherings in worldwide exchange, the shippers exporters wish to face or share between them. L/C process is regulated by a generally saw and prominent directing system of ICC (International Chamber of Commerce) known as Uniform Customs and Practices for Documentary credit distribution No. 600.

Letter of Credit (L/C) Forms

In different countries in the world are using different types of L/C.

Be that as it may, International Chamber of Commerce (ICC), UCPDC-600, which means just two sorts of LETTER of Credit are as per the following

- **Revocable L/C**

Revocable L/C is any letter of credit can be remedy of any clause without the consent of the importer and exporter. It can be amendment or cancelled by issuing bank except previous notice to the beneficiary at any time. This L/C doesn't aggregate a legally binding undertaking by the bank to make payment.

- **Irrevocable L/C**

Irreversible L/C is inversed to Revocable L/C. On the off chance that any L/C can't be changed or revision without the assent of the merchant and exporter that is called permanent letter of credit. It aggravates an organizations undertaking by issuing bank to make installment. They will be paid to their items and administrations give goes along terms of the credit.

Nestle Bangladesh Ltd basically follows Irrevocable Letter of Credit (L/C) process. Besides this by using L/C, there are many advantages and disadvantages occur:

Advantages

- Ensuring the importer that the letter of credit (L/C) required documents must be displayed in assent with the terms and state of the narrative credit and UCP rules.

- Ensuring the buyer that the coffered documents will be examined by banking personnel knowledge in L/C operations.
- After fulfilling of all the terms and condition of documentary credit then the payment will be made by importer to the exporter.

Disadvantage

- The most important disadvantage of L/C is High Bank Charges.

☐ Cash against Documents (CAD)

Nestle Bangladesh Ltd is not only fixed the L/C payment procedure because of large amount of costs in L/C the company switched in another payment mode that is Cash against Documents (CAD). In this process importer fixed up their terms and condition and also place of requirements, furthermore, importers directly deals with suppliers. It has a disadvantage, quite risky because bank has no role in this payment mode. NBL first open LCA if there should be an occurrence of their most reliable providers on whom they can anticipate for the enrollment we require, crude materials quality given by providers are completely founded on trust that have on the provider since we can't lawfully tie them with bank inclusion. For this situation, on the off chance that they don't give crude materials because of necessities except if tolerating those we don't have anything to do. Computer aided design process is depicted underneath: Importer Contacts with the Supplier and fixes deal

- Importer Contacts with the Supplier and fixes bargain
- Supplier Exports the Goods
- Providing Shipping Documents by providers to their Bank
- Bank sends the reports to Importer's Bank
- Importer pays their bank for the Goods
- Importer's Bank gives the delivery Documents to exporter
- Transferring the installment by shipper's to Exporter's bank
- Exporter's Bank satisfies to the Exporter

Here Bank does not take any obligations regarding checking the delivery records. They simply Charge expenses for encouraging Cash against Documents Transaction. Merchant and Exporter Both need to pay the charge prompted by their very own bank.

3.4.5 Advantages & Disadvantages of LCA (Cash against documents)

Advantage

Less bank charges required as shippers straightforwardly manages the provider.

Drawback

- Importer can't tie the provider legitimately in the event that they don't give the crude materials (RM) because of our necessities and furthermore as bank don't check the archives that are given by the provider. So if any difficulties arrive in regards to the records and crude material except if tolerating the dangers related with this we don't have any choice.
- Demand projection is hard to be precise. Nestlé Bangladesh requires visit alteration relying upon economic situation so if there should be an occurrence of LCA we can't redress, to this reason L/C is increasingly attractive.
- Only Importing Raw materials we can open LCA yet for FONTERRA items (Growing up Milk Powder, Whole drain Powder Instant Fortified) amendment is regularly required so we can't import these two items through LCA process.
- As CAPX thing import extremely secluded so Nestle Bangladesh Ltd opens it through L/C however there is no complaint to import it through LCA.

Subsequent to finishing L/C methods and getting L/C number Importers contact with Reliance Company to plan Insurance or Marine Policy for the hazard inclusion. Giving them the Pro-forma receipt and they evaluate the top notch that has no paid before opening the letter of Credit (L/C). At that point acquisition speak with the particular bank that they required to pay the superior, when insurance agency gets the bill then they give a cover note number. Because of past Imported Import approach in the wake of looking into a few years demonstrates that before opening L/C, beginning protection cover note will be acquired from the insurance agency by paying premium against the items.

On time LC Tracking process

At the end of the month tracked L/C to find the delay of L/C processing. It occurs through some calculation due to L/C requesting date and also priority timeline basis. If L/C receive the in the required date that time it would be Hit other side exceed required date from request date it will be delay means miss. After tracking calculation it create a particular summary with a graph on monthly basis to understand the problems of the process.

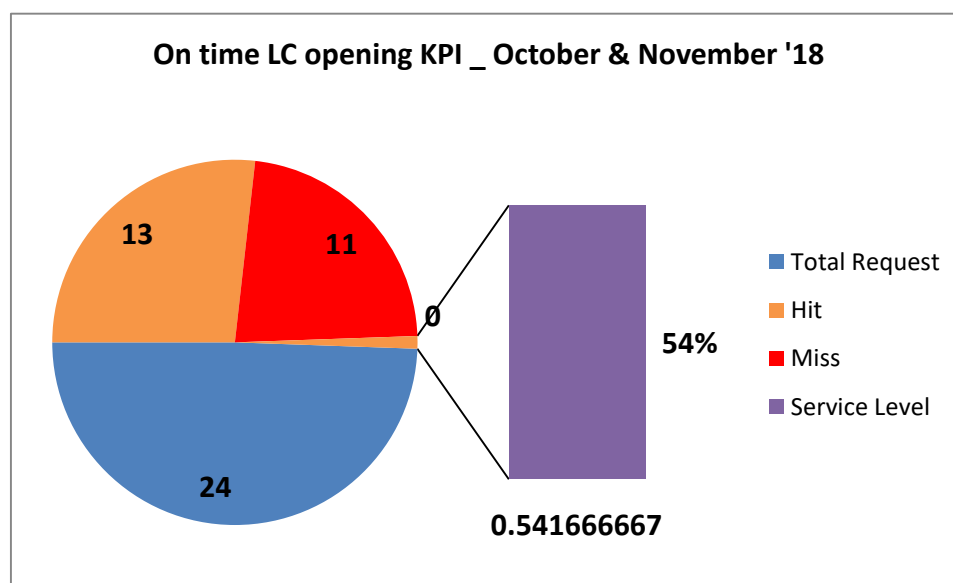
Here is the Example:

On time LC opening KPI _ October & November '18

Considered Time Line of LC Requests: 01/10/18-30/11/18

	In Days
Total Request	24
Hit	13
Miss	11
Service Level	54%

	Total	Hit	Miss
P1	6	4	2
P2	18	9	9



3.4.6 Insurance Process

In Bangladesh Marine Cargo Insurance strategies are adjusted and issued in accordance with the proposal of the United Nations Conference on Trade and Development (UNCTD) setting up the balanced phrasing of the Institute Cargo Clause (ICC) compulsory from 31-3-1983. With the presentation of new approach shape the new exceptionally old arrangement frame and Dangers have been pulled back and supplanted by ICC (An) ICC (B) ICC (C) provisions individually

3.4.7 Mode of Transportation

There are three process mainly used for imported products. Different mode of transportation payment charges will be different. Transportation systems are:

1. Marine
2. Airway
3. Road & Railway

Based on the different mode of transportation two factors premium has been charged on the import.

By Marine

This Marine Cargo protection covers the harmed or hindrance by instability of the oceans while in course of travel and along these lines, the proprietor of the imported products can generally guarantee against the conceivable misfortunes. And furthermore give a settled measure of charges. Settle Bangladesh Ltd likewise concedes more extensive cover like Theft, pilferage and non-conveyance (TPND) with ICC(C) on installment of extra premium according to levy.

The whole risk referenced underneath might be gotten with ICC (B) on installment of extra premium

- Scratching/Splitting, Breakage, snares, holing, blasting, tearing,
- Leakage, rain water harm, robbery pilferage and non-conveyance.

Which looked for of introduction are consequently secured under the Marine Policy that Describe underneath

1. From the date of release from the ship, there is 60 days cover as installment term.
2. WAR and SRCC covers are accessible on installment of extra premium.

By Road/Train

Merchandise or Cargo secured by above transports might be secured as under:

1. By Rail or Road like-Lorry, Truck chance as it were.
2. By Rail or Road like-Lorry, Truck all hazard.

Via Air Way Carrier

Merchandise or Cargo secured by above transports might be secured as under:

1. Airway Risk Only
2. Airway all Risks

Rates of Premium

- Following duty book with the goal that set the top notch sum for fare and import that is managed by Insurance Development Regulatory Authority (IDRA).
- Using and limiting all Air and Lorry chance for bringing in Air and Lorry and furthermore taking WAR and SRCC fronts of extra premium on installment.
- The strategy will bear a stamp obligation according to the stamp Act 1889 (and resulting revisions thereto). The stamp obligation will be recoverable from the Assured and VAT and different TAXES will be charged to the protected because of law.

3.5 Letter of Credit Opening Procedures

There are numerous reports and data will be expected to open a Letter of Credit (L/C)

Fund Transfer Letter: The letter is that affirm that exchanged the premium to the inclusion of the imported merchandise.

L/C Form: All data and subtleties because of enrollments more likely than not referenced in this frame, for example, provider address, shipment date, L/C esteem, expiry date, generation portrayal, H.S code, VAT no, Inco expression, Payment systems.

Terms and Condition of L/C: if there should be an occurrence of import smooth items, drain sustenance, drain items, eatable oil and other nourishment things delivered in any nation because of import arrangement requires Health Certificate, Melamine Certificate, Hormone Certificate, Radioactivity Certificate to submit. In addition, it requires Certificate of nation of beginning. As per terms and condition every one of extra prerequisites must need to make reference to by Govt. required.

L/C Authorization Form: There 5 duplicates of shape must need to make reference to with L/C-

H.S code, Product depiction, L/C esteem plainly. In the event of import by opening L/C or without L/C, getting libraries LCA frame, and after that present every one of the duplicates to Bangladesh Bank's import office boss controller of fares and imports Importer Customers Authority Bank Office.

Expert forma Invoice

Pixie/Foreign Exchange shape: In this frame we have notice the H.S code L/C esteem. Up to this records should be marked by fund specialist. At that point we sent reports to bank. At that point bank send the quick duplicate which is an affirmation duplicate, they additionally send one duplicate to recipient bank to tell them that the L/C is open.

By getting the L\C, the exporter readies the products and boats equivalent to per guidance of the L\C and acquires a Bill of Lading from the transportation Authority.

Provider set the Shipment Plan as indicated by our necessity and conveys the item as per the Inco expression. In the event that they are sending it through Ship, they send Bill of filling which affirmed that the item is transported to shipper goal, on the off chance that by truck, they give truck receipt and to Air they give ace aviation route bill to merchants bank. At that point the Bank edified NBL and NBL pay the L/C add up to the bank so dispatch the records.

INCO Terms

The terms of conveyance, are standard exchange definition most ordinarily utilized in worldwide deals is called International Commercial Terms (INCO), which is creating and controlled by universal council of trade in Paris (ICC). It's contributed and pursued by significant exchanging country of the world.

Because of Import Policy of import of products "Merchandise can be imported on CFR,CPT,FOB,CIF,CIP,DAT,DAP, gave that in the event of import on FOB premise the concerned shipper will need to follow remote trade control." Uploading the quality NBL for the most part imports their crude materials and Inco terms utilized for bringing in are given beneath:

Coxcomb (Freight ready): FOB is a standout amongst the most widely recognized terms utilized in worldwide exchange. In this term exporter are principally assumes the liability to endure the expense till their named port. Exporter is in charge of fare traditions freedom and stacking them onto the vessel. Frame exporter's port to Importer's Warehouse all transportation cost must be taken by Importer. At the point when the merchandise passes the ship's rail in Inco terms of FOB. Amid the stacking onto the ship, the merchandise would fall on the wharf or into the water,

Exporter is in charge of misfortunes, however in the event that the products fall on the deck of the ship, Importer's bear all the duty.

Under FOB Importer is in charge of taking care of, stacking, stowage and other port charges.

CFR (Cost and Freight): CFR is earlier known as C&F as well as CAF (Inco terms 1990). Under this term exporter assumes the transportation liability up to Importer's Port. Their cost expansion with the receipt esteem.

CPT (Carriage Paid To): All the transportation like Road and AIR duties bear by CPT term. Under this term cargo is gather and installment given by shippers.

As exporter is in charge of inland cargo in shipper's nation the merchant is in charge of the import traditions freedom and all obligations, charges and different expenses however Importer take a charge for their duty.

Retirement

The shipper gets the insinuation and gives vital guidance to the bank for retirement of the import bills or for the transfer of the transportation report to clear the imported merchandise from the traditions specialist. The merchant may educate the bank to resign the records by charging his record with the bank.

At the point when NBL has an installment for L/C they speak with L/C opening Bank to check and arrange the swapping scale of the money that must be paid. On the off chance that the arranged rate is fulfilling, NBL educated the bank to charge their record with dollar comparable BDT.

At that point the bank discharges the reports. Typically the bill of replenishing lands before the item, yet in the event that on the off chance that the item touches base previously, the NBL bank takes the installment as per that day's conversion standard and secures the provider and discharge the item. In the wake of getting Bill of Lading (B/L) in regards to the conversion scale Nestle consult of that specific day and settled rate. Settle Bangladesh Ltd will get back the entrance sum or will give the rest of the sum and clear the bill of replenishing.

Revision of Letter of Credit (L/C)

Revision can be conveyed aside from past notice of the recipient bank in time of revocable L/C. On the opposite side past notice is fundamental in unalterable L/C. Issuing bank will take alteration of the L/C after assent of both exporter and merchant.

- In the beneath following statement of L/C are commonly revised:
- Increase/Decrease estimation of L\C and Increase/Decrease of amount of products.
- Extension of shipment.

- Terms of conveyance ex. Coxcomb, CFR, CIF and so forth.
- Mode of shipment.
- Inquiry proviso.
- Name and address of providers
- Name of the repaying bank
- Name of the delivery line and so forth.

Procedure of discharging item from Port

Subsequent to achieving the Product at a specific Port HOMEBOUND (Clearing and Forwarding specialist of NBL) assumes all the liability to dispatch from the port and after that convey the item at determined goal for Raw Material and Packaging Material the goal is Factory and for Finish Good the goal point is Distribution Center.

At the point when the item lands at port then Customs issue bill of section Homebound takes the paper in the interest of merchants of NBL and spots of the item on port and presents the papers to traditions and requested to check the item and give endorsement of Noting.

HOMEBOUND clears charges for Nestle Bangladesh Ltd are given beneath

- Association Fee
- Port of Charge
- Charges of shipping operators.
- Charges of Labor
- Charges of Transportation
- Agency Commission or Fee
- BSTI expense
- Transportation expense for test testing.
- All Service charges to dispatch
- When the item convey Homebound present their bills to NBL and after that in the wake of checking NBL makes the installment to HOMEBOUND

3.6 Personal Observation

As the procurement (RM) is root stage in NBL supply chain, there is an enormous opportunity to learn very deeply internationally, plan, implement, and rectification in every action. In procurement there is a way to learn core part of supply chain after planning this is the first stage to implement the plan of production from very basic level. From my learning's I can state that a strong mechanism to monitor and control the importation gap points has to be developed. It will help to minimize time (ETA), because most of the import there is a documentation gap which is mandatory, transit gap, finance department delay process, reliance & Bank gap. With a purpose of smoothing procurement process we are developing all the structure of the process so that we can get all things within time period and also will track important part of shipment or others. Because there can be arise many issues to delay to reach the logistic team such as freight, LC, etc. And also develop Marine Policy software to fast apply policy & procedure so that we can get all marine policy timely. This is definitely a good strategy. It will make the procurement a little more dynamic and easier. We will change also documentation provide process and endorsement process. Every year we interns need prepare an ROI report of procurements with a presentation of gap points which is needed to submit to the finance and head of supply chain. The finance team plans its whole year's function based on these reports. An intern here has to play the role of an HR, Business Development Executive, Demand Planner, A leader, procurement monitor, A Financial Consultant and so on. There is no jobs left unturned which is not in the list of an intern's activity.

Chapter 4: Conclusion & Recommendations



4.0 Conclusion

Since the day of beginning, Nestlé Bangladesh Limited has been maintaining a constructive brand picture and brand value before the mass individuals. This is the mystery of this quickest developing presumed FCMG MNC in Bangladesh.

In Nestle Bangladesh Ltd (NBL), the acquirement division essentially, contract with the executives and strategic group, distribution center and stock methods are taken care of by the Supply Chain Management Department. To obtain any items and/administrations, the Procurement unit of Nestle Supply Chain Management Department needs to keep up a precise technique comprising of different advances. They included actually confront different difficulties and issues amid the procedure. The difficulties or danger could be general or explicitly which is associated with various phases of the entire acquirement process.

The fundamental key difficulties are recognized: The principal general problems distinguished are: There is no clear responsibility for acquisition framework, the absence of enrollment arranging of end clients, lacking unequivocal of prerequisites, a contract among consistency and rearrangements, and so on. Fundamental difficulties straightforward to different stages are: Lack of learning and ability between Purchase Requisition and Procurement Process of clients, absence of technique among CFT individuals, deficient and inappropriate specialized assessment, high bartering force among sellers, contradict with merchants about terms and state of the agreement, monotonous process for choosing merchants and granting contracts, essential oversight in L/C, delays in shipments and in clearing of merchandise from ports, questions with PSI and Customs about H.S codes, issues installment, inadequate system at the ports and so forth.

The principle key proposal must be expected to interior and outer partners of store network Management are: Creating an administration arranged attitude in FP, making SCM the proprietor of the Purchase Requisition (PR) process, building up an activity strategy institutionalization for SCM, leveling the authoritative structure of significance to merchants recommendations, defining good government strategies and directions to acquisition work, decrease hole of obligatory archives on imported items and so forth. Since an aggregate exertion of all partners is requested to make a Foreign Procurement System of Nestle coming to the remote FMGC measures.

4.1 Recommendations

As we as a whole realize that Nestle Bangladesh Ltd is now a number on FMCG industry. Since the Procurement Department of Supply Chain is center piece of the organization, it must need recuperate the lacking and created numerous zones that make compels organization's development. For the most part the arrangement some essential parts to the obtainment work like providers, partners, banks, back group, and so on. So these sides they should need to created.

In the event that we talk about a few sides: Local Supplier Development-NBL needs to create neighborhood providers of the nation to acquire profit by them in longer timeframe. That is the reason they should educate or give a few trains to the providers of nearby crude materials about the development strategies. At present as far as quality items and materials our nearby organizations are additionally doing admirably. Particularly to Milk Powder, Spices or Oil things they can build up a nearby provider. Since this will spare a gigantic measure of expense and furthermore time for Nestle Bangladesh and furthermore will be increasingly good for our nation economy as well.

Lead Time Reduction for Importation-Now daily's a large portion of the crude materials are imported and for the majority of them the lead time which implies course of events request to production line landing is so gigantic. Essentially normal lead time is 2 months to 4 months. By arrangement with worldwide provider or Nestle buries showcase backups needs to limit lead time.

Persuade the Supplier to acknowledge CAD-If Nestle Bangladesh Ltd can import products by means of CAD implies Cash against Document then the colossal bank Charge for open up a L/C will be limited since CAD cost is lower than L/C. In the CAD bank has no task to carry out. Exporter and Importer bear all obligations and furthermore hazard for acquiring items from outside provider. Timetable for Reliance-Set a legitimate course of events to Insurance Company so they ought to keep up a course of events and send marine strategy docs inside time. Generally there postpone a tremendous time to dispatch the item for the port. Without Marine Policy it's inconceivable by calculated to get products or administrations.

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