ALLIANCE OF SUPPLY CHAIN PROFESSIONALS IN BANGLADESH

ASCPB

TOWARDS EXCELLENCE

ISSUE - 01

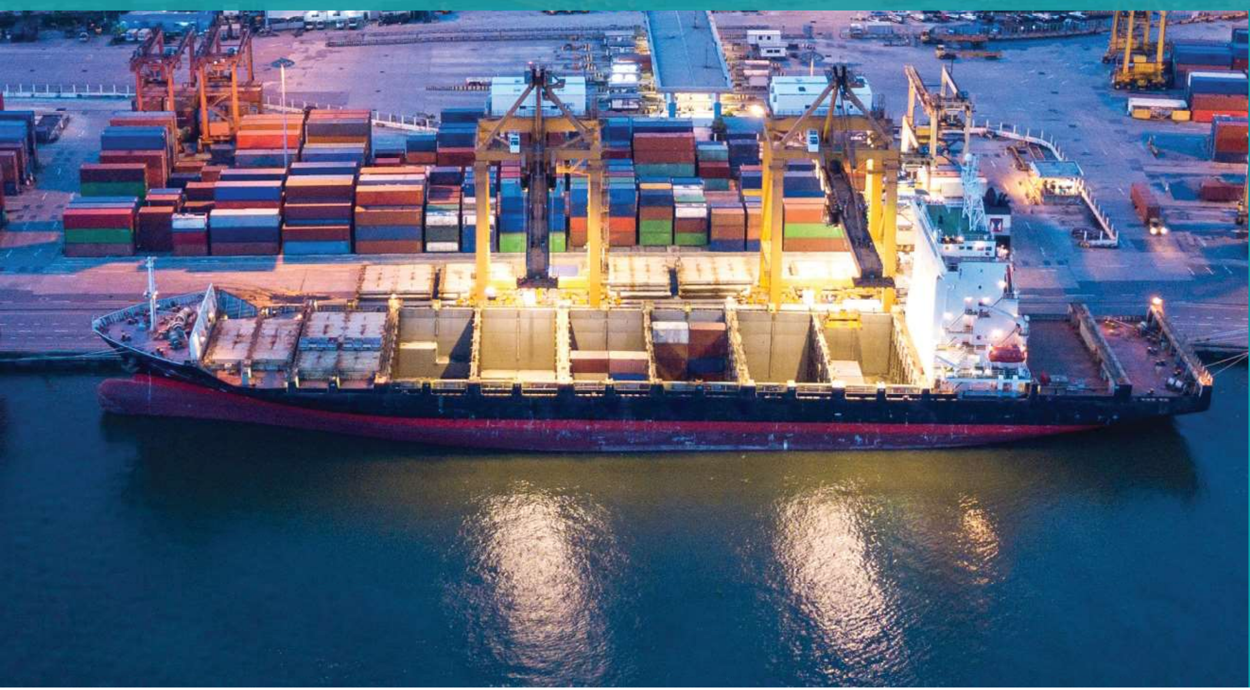
MAGAZINE

THE SUPPLY CHAIN STREET

January 2021

"The supply chain stuff is really tricky."

- Elon Musk, CEO of Tesla and SpaceX



Md. Kamrul Islam

CEO, Rahimafrooz Storage Power Business

Preface

It gives me immense pleasure to know that Alliance of Supply Chain Professionals in Bangladesh (ASCPB) is publishing their first-ever magazine.

When a business has effective Supply Chain Management, it has a competitive advantage in its industry that allows decreasing risks when buying raw material and selling products and services. While the world is experiencing the Industrial Revolution 4.0, an agile Supply Chain Management is definitely going to be the key game changer.

From 2017, ASCPB has started its journey with a very exciting mission of fostering the advancement of end-to-end supply chain management through transforming of knowledge, innovative research, systems development, and methods to create value for

customers, members, and Organizations to enhance Supply Chain Management capabilities.

ASCPB arranges periodic Seminars, Conferences, and Knowledge Sharing Sessions on the contemporary concepts of Supply Chain Management with the leading Supply Chain Professionals across the country. As soon as the COVID-19 pandemic took the entire business world by storm, ASCPB facilitated several webinars on upcoming impacts on RMG industry, FMCG industry, National and International Logistics etc. to help the professionals to act proactively to mitigate the issues.

In our country, an association like ASCPB has been long overdue to create a wide platform for the Supply Chain Industry and to build up skilled Professionals. Now with the publishment of a Supply Chain magazine, ASCPB is getting closer to its excellence.

On this auspicious occasion, I want to congratulate the entire ASCPB team. Best wishes for the years to come.

Mohammad Ashraful Islam Khan

President, ASCPB

Message from the President

"There is one thing stronger than all the armies in the world, and that is an idea whose time has come." - Victor Hugo.

I am very much delighted to inform you that ASCPB has come with another incredible idea to circulate a Supply Chain Magazine, named "The Supply Chain Street."

We started our journey in 2017 and since then we are growing slowly but steadily as a supply chain community. In the beginning of COVID era, back in 2020, when we were not certain about our future days, we tried to contribute to all the industries by arranging several webinars where top supply chain professionals shared their valuable suggestions to improve the overall business situation. Later in the year we organized several other online trainings on relevant topics. In January 2021, ASCPB, extended their scope of operation by introducing the exclusive supply chain magazine.

Finally, I encourage practitioners from each of these areas to share their perceptions by becoming vigorously indebted in future issues of this magazine. I congratulate its editor, chief editor and the editorial board for the considerable accomplishments on making this possible. Thank you all.

Table of Contents

"The real competition is between supply chains, not companies."
Martin Christopher

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NEGOTIATION SKILL- WHAT YOU NEED TO KNOW TODAY, TOMORROW AND ALWAYS

Shankar Kumar Roy,
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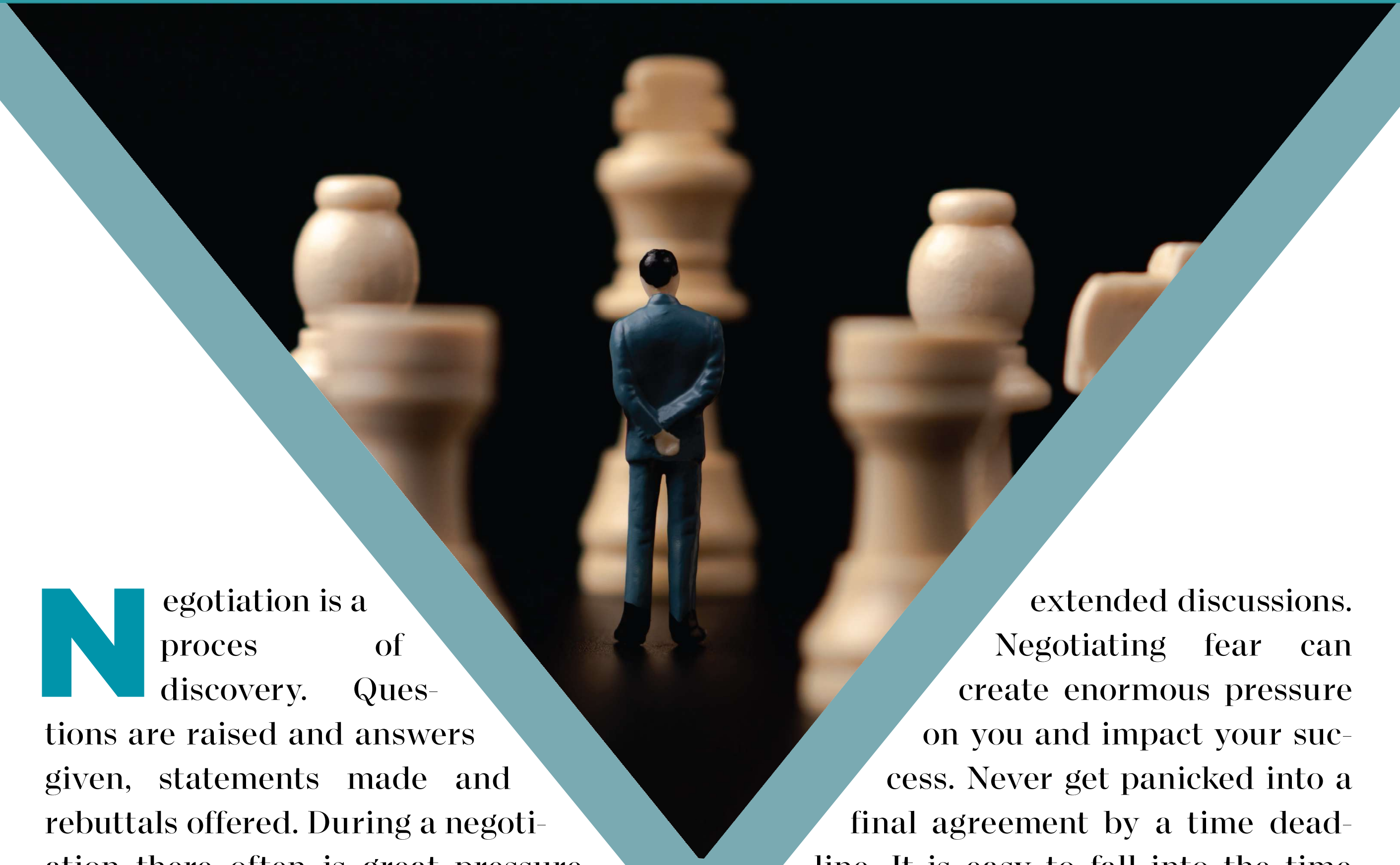
We all negotiate in our personal and professional lives. We need to negotiate when we are selling something, or buying something, or dealing with a project, manufacturing plan, delivery schedule, a budget, or any of a hundred other situations. In most of these cases, we are trying to resolve differences. It appears, without being a good negotiator; sometimes it becomes difficult to resolve those differences when they are really needed.

We often look at negotiating as unpleasant, because it implies conflict, but negotiating need not be characterized by bad feelings or angry behavior. Strong negotiation skills are the keys to success in business and in life. The strength of your agreements, understandings and relationships mean the difference between success and failure.

Negotiating is more than a discussion of issues or a signed agreement. Negotiating is an unwritten judgment on the quality and character of the participants. In reaching that judgment, integrity is the key element. Integrity makes the deal to work in a meaningful manner. There is no substitute for it. Effective negotiating tips can help you work more effectively with your customers, suppliers, co-workers, and boss. They are also applicable to other interpersonal situations.

When negotiating, you want to end up with the "Ultimate Contract" - an agreement representing the best offer in the market for all terms: price, warranty, delivery, payment terms, etc. If you know the process of negotiation, then your negation will result in an ultimate contract. We need to **Negotiate Ethically, but Confidently.** The negotiations you have with others in your own organization are some of your most challenging--and most important tasks. How you handle these interactions in discussions and meetings may have an impact on your career. These negotiations can damage, or help, organizational harmony and your ability to get your job done successfully.



Negotiation is a proces of discovery. Questions are raised and answers given, statements made and rebuttals offered. During a negotiation there often is great pressure placed on you to provide quick statements and sensible answers to hard questions. Negotiating techniques help you improve your ability to handle questions during a negotiation.

Too many negotiations break down for the wrong reasons. Negotiating impasses are not always caused by world-shattering issues or great matters of economics. Many breakdowns during negotiation are the result of simple things like personality differences, fear of loss-of-face, troubles within the organizations, a poor working relationship with the boss, or the sheer inability to make a decision. Any consideration of how to break a negotiating impasse must take into account the human factor. It may not be what you do, but how you do it that becomes the critical factor.

Never fear to negotiate, no matter how great the differences are. It is impossible for both parties to recognize where and how an agreement can be made without undertaking the process of negotiating. The final outcome only becomes apparent after extended discussions. Negotiating fear can create enormous pressure on you and impact your success. Never get panicked into a final agreement by a time deadline. It is easy to fall into the time trap. Sometimes, be skeptical about deadlines. Most of them are negotiable.

If you make an error in coming to an agreement, don't be afraid to admit it. Maybe it is an error in judgment or a mistake on some facts or statistics. Whatever it is, it can impact your final agreement. Deal with errors promptly. Admitting such mistakes needs courage. In order to handle all these processes, you have to be a good negotiator. Remember, negotiation is not a contest. Don't shy away from negotiating just because you are afraid of making a mistake or doing poorly. With a little effort and good negotiating skills, a better agreement can be found for both parties at the same time.

As the world deals with the magnitude of the COVID-19 virus, we find our daily lives transformed in ways we never thought possible. Businesses are experiencing a period of growing uncertainty. We're being faced with the new challenge of running our businesses without any face-to-face interactions. The greatest challenges will be around how we renegotiate contracts, resolve conflicts and protect our future. Working virtually can present its own set of challenges, but it may also create few opportunities.

Whether you're negotiating face-to-face, virtually or via carrier pigeon, the same core principles of negotiation apply. However, you must be mindful of the medium and the impact that it can have. For instance, working virtually unlocks many possibilities that you don't have when working in person, such as utilizing technology to communicate with other members on your team, accessing information and data incognito, leveraging collaborative tools and even creating more dynamic, visually appealing presentations. That said, if you're not working in person, it will be more difficult to see and read body language. Therefore, you must be more attuned to listening for verbal signals of flexibility. The point being, don't let the medium inhibit your negotiation — rather, embrace it and allow it to open up more possibilities.

Much of the conflict you'll be dealing with is emotionally driven. After all, people are worried about their jobs, taking care of their families and/or saving their businesses. Communicating virtually can sometimes mask underlying emotion. If you ignore those emotions, you could very well be viewed as callous. Worse yet, ignoring them could turn a collaborative conversation into a competitive one. While you might not be able to control the emotions of others, I would encourage you to be mindful of your emotional state.

If you use all above suggestions wisely, you may have a far better negotiated deal than you might have imagined.

SUCCESS OF SCM OF ALBERTA HEALTH SERVICES: SURPLUS PPE DURING COVID-19 PANDEMIC

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The year 2020, like many other new years before, commenced with the promise of prosperity and growth. However, in the first week of January 2020, some international media outlets reported an outbreak of an unknown virus in Wuhan, China. Most of the people did not even notice it and those who did, shrugged it off. Who would have imagined that within just three months, this mysterious virus would shred the fabrics of the world economy and bring the whole world to a halt?

As the Covid-19 pandemic intensified, there was a surge of large numbers of patients who needed to be diagnosed and treated, which strained the healthcare system of every country. Also, due to the highly contagious nature of this virus, to ensure the safety of the healthcare professionals, it was imperative that safety gears like personal protective equipment (PPE) were to be dispensed at a higher rate. This led to the steep depletion of the existing stock of medical supplies, especially PPE at the hospitals. Therefore, within a very short period of time, hospitals began to run low on medical supplies which initiated a global scramble for these much needed products. The situation became so acute that in the first week of April, USA effectively "hijacked" Germany-bound shipments of PPE at Bangkok and in another instance, seized a shipment of France-bound supplies at Shanghai by paying three times the price in cash and redirected the shipment to the USA.

In this volatile scenario, Albertan premier Jason Kenny surprised everyone by announcing on April 11, 2020 that the province would be donating millions of masks, gloves and goggles to other Canadian provinces. He also expressed his confidence that those contributions would, in no way, undermine the capacity to provide the critical protective equipment and ventilators to Alberta's medical professionals and to other associated frontline workers. This begged the obvious question: How did Alberta manage to have a surplus of medical supplies whereas other regions are struggling to cope-up with the demand? The answer lies in the transformation of the supply chain management of Alberta healthcare system.

The healthcare system of Alberta, a Canadian province of 4.3 million people, is managed by Alberta Health Services (AHS). AHS is Canada's first and the largest province wide health system which delivers medical care through 400 facilities throughout the province by employing more than 100,000 employees. Since its formation ten years ago by merging 12 separate health entities across the province, AHS has implemented a clinically integrated and transformational supply chain strategy to improve the safety, quality, performance and patient care as well as to achieve traceability of all products across the health system.

The supply chain strategy of AHS has several key features. The first and the foremost is the policymakers and leadership understanding the benefits to patient care that an excellent supply chain management can contribute, which consequently paved the way for subsequent reforms and developments. Afterwards, AHS has implemented an Enterprise Resource Management Platform (ERP) with the goal of obtaining data integrity, tracking and reporting on savings, managing clinical and sourcing resources and ensuring product quality with overall best value. Moreover, by consolidating every product inventory list across the province, a province wide item-master has been created which now includes more than one hundred thousand product items, each with a unique device identifier. This integrated data structure ensures that patients get the correct product, such as an implant, and that such products and devices are traceable to the patient in the event of a recall. It also helps in tracking the usage of the products, monitoring the stock levels of the items and in measuring outcomes to determine the effectiveness of the products, which, in turn, contributes to standardization of care.

Another significant improvement has been the consolidation of price, procurement and distribution of medical supplies. A single province-wide system has allowed AHS to make massive bulk orders for a population of more than four million people. With that coherence and that clout, AHS has been able to negotiate better prices and develop strong relationships with suppliers, which has proven to be crucial during Covid-19 crisis. Furthermore, a centralized warehouse and distribution strategy with the goal of greater control of inventory has resulted in reduced waste, reduced storage cost, reduced duplication, optimized inventory and efficient shipping methods. In addition, supply chain teams have been embedded into the clinical teams to provide data on utilization and product value, to solicit feedback on new products, contracts and implementation strategies and to fully understand the clinical teams' needs. Finally, AHS has implemented an online reporting system which documents adverse events across the province. All of these improvements and implementations have transformed AHS into a resilient healthcare system which has proven its effectiveness during the Covid-19 pandemic.

In an interview with the Edmonton Journal on April 11, 2020, Mr. Jitendra Prasad, who runs the AHS supply procurement system, briefly described how they had prepared for the Covid-19 crisis. He said that his team had always been on the lookout for terrible diseases that might impact supply and demand.

In early December 2019, they heard disturbing news about a "strange flu" in Wuhan, China from their contacts there. By mid-December, Prasad's team was doubling the usual order volume to increase the emergency stockpile. In late December, AHS took its boldest step by placing a huge new order of medical supplies and equipment. This early action got Alberta near the front of the line so even when the viral outbreak accelerated, vendors had accounted for Alberta's demand. In mid-January, when China started to divert its factory output to its local markets, the AHS team started to look for alternate vendors to maintain the supply chain and even organized charter planes to transport products from different manufacturers to Alberta. Furthermore, AHS worked internally to find out daily burn rates for key supplies and how much would be needed for a lengthy pandemic and in early April, AHS created Covid-19 model for the probable scenario in terms of the numbers of infections, hospitalizations and deaths and thus prepared for the worst-case scenario. These proactive measures along with the robust supply chain infrastructure and the foresight of the supply chain planners have enabled AHS to maintain an abundance of medical supplies in the middle of the Covid-19 pandemic and tackle the crisis in a well-organized way.

Dr. Anne Snowdon, Professor, Odette School of Business, University of Windsor has applauded AHS as one of the leaders in health supply chain management. In an interview with CBC News on April 12, 2020 she said, "Alberta has one of the most highly sophisticated and digitized supply chain infrastructures that I can find in the world." In the words of the AHS President and CEO Dr. Verna Yiu, "If there was an Olympic competition in health supply chain management, AHS would win the gold medal." Surely, the efficient and well-planned management of Covid-19 crisis by AHS so far is a testament to that statement.

SCF FOR MSMEs & CORPORATE ANCHORS IN BANGLADESH: AN EASE SOLUTION FOR BUSINESS WORKING CAPITAL

Md. Abdul Mabud (Tushar),
Head of Supply Chain Finance, IPDC Finance Ltd.

Supply Chain Finance in Bangladesh is the selling or discounting of invoices (receivables)/work order by a seller of goods and services, usually micro, small and medium enterprises (MSMEs) to a finance company or bank. Ideally it should lead to an improvement in collection management, whereby the MSME derives the advantage of realizing the receivables quickly against the standard waiting period, which is the usance period of the bill. Large corporates (the buyers) would pay these sellers well after the due dates as per their payment cycle.

One of the key constraints impacting the MSMEs is inadequate finance, particularly working capital. In the case of MSMEs, the need for quick conversion of trade receivables - an important component of current assets of their business entities - into cash, assumes great importance, since the lack of opportunities affects their liquidity, and thereby their business, quite significantly. It has, however, been observed that, at present, not many avenues exist for these enterprises to convert their receivables before maturity except through availing of a bill finance facility from a Bank/FIs. One of the principal instruments of working capital is trade finance, including bill discounting and factoring. It is estimated that only 10 per cent of the total receivables market is presently covered under the formal bill discounting mechanism in the financial system, while the rest is covered under conventional cash credit/overdraft arrangements with banks. The MSMEs' smaller balance sheets and asset quality act as constraint in their ability to avail of banking limits.

Other issues affecting the market environment include weak credit infrastructure and late payment by large buyers. FIs and Banks those who are operating SCF, face difficulties in procuring credit information of the buyers, and have to rely largely on self-assessment of these buyers where possible. Most of the major corporates, including large public-sector enterprises, follow a monthly payment cycle irrespective of the invoice due date. The business orientation of large industries often affects the MSMEs directly, in turn hampering the recycling of funds and business operation of MSME units.

Market Performance and Supply

Cash flow is often the biggest worry for any company, and micro, small and medium enterprise (MSMEs) seem to bear the burden when servicing big customers. Long payment periods which can stretch for up to 60-90 days from delivery and the reluctance of banks to extend them credit can lead to a perilous dance between black and red. MSME owners facing this struggle and concerned about the working capital and the survival of the company-funding the day-to-day operations or taking on a big order from a customer all require cash flow. But there is financial product that can ease these cash flow worries. Called "Supply Chain Finance,' it is a practice in which companies can sell their accounts receivables or invoices to third party at a discount for immediate cash advance. In Bangladesh, Supply Chain Finance is still to pick up pace, even though it has been around for more than two decades. Micro & Small Entrepreneurs have become Emerging Corporates, and this is a trend that will continue further to the deeper roots of the society.

In Bangladesh mainly some FIs like IPDC, UFL, IDLC & Lanka Bangla they are operating Supply Chain Finance since more than two decades and few Banks added their service since last year. They do offer several types of services under Supply Chain Finance like Invoice/work order financing, reverse factoring, and distributor financing depending upon client needs. Supply Chain Finance in Bangladesh with over 24.46 Billion working capital financed by FIs & Banks in 2019. Most deals done in Bangladesh are with recourse to the borrower, since the FIs and Banks are not able to cover the credit risk on the buyer. This is mainly because credit insurance is not allowed, as per regulations in Bangladesh for Supply Chain Finance. Thus, there is a need to build a suitable institutional infrastructure which will not only enable an efficient and cost-effective Supply Chain Finance process to be put in place, but also ensure sufficient liquidity is created for all stakeholders through an active secondary market for the same.

Products offered through SCF:

Factoring/Invoice Discounting: Suppliers or service provider can avail finance against their outstanding bills & new bills. It also called post-delivery finance.

Work Order Financing: Suppliers or service provider can avail working capital finance against work order. It also called pre-delivery finance.

Distributor Financing: Distributor Finance is the provision of financing for a distributor of a large manufacturer or service provider to cover liquidity gap until the receipt of funds from the sale of goods to a retailer or end-customer.

Reverse Factoring: Corporate manufacturer or service provider can avail finance against their payables to keep payment on time to the suppliers.

SUPPLY CHAIN FINANCING THROUGH DIGITAL PLATFORM

Now that we see the current and potential growth, this doesn't come easily either. We need to overcome these challenges. Even in today's day and age, and the government's mandate to turn Bangladesh into a digital landscape, the physical documents move manually within supply chain finance stakeholders, thus backlogging the hyper-speed electronic systems. This financial choke is a repetitive process in the entire business ecosystem. But one of the financial institutions in Bangladesh IPDC Finance found a breakthrough to these challenges.

To ensure excellence in digital platform for supply chain finance service provider to bring to life, they have implemented the first ever blockchain based platform "ORJON" in Bangladesh and South Asia. This has been eliminated some of the strongest barriers to growth and deliver high customer satisfaction through real time authentication service delivery. This model is based on the Shared Public Ledger system, thus ensuring 100% transparency. This blockchain mechanism ensures the highest security in supply chain finance transaction in the digital world of today.

Future Trends

There have been various measures undertaken recently in trying to address the challenges faced by the Supply Chain Finance and increase the scope for Supply Chain Finance across the country.

Supply Chain Finance remains relatively unknown amongst MSME owners & corporate anchors and spreading the word has

proven to be a challenge. Many business owners are too reticent to admit they would need such funding, worried that bankers and financers would turn them away when they do face an actual financial crunch. Instead, the first thing they think of when trying to raise cash is to get a loan.

We need to create greater awareness that "there is a more flexible and targeted way for MSMEs & Corporate Anchors to solve cash flow & net working capital needs via supply chain financing-invoice/work order/payable financing and advance payment up to 60%-100%, which Banks/FIs can provide."

Bank/FIs currently provides the flexibility to decide the actual invoice/work order, the amount and duration, as well specifically target the cash flow gap MSMEs & Corporate Anchors are experiencing. MSMEs & Corporate anchor which finance themselves using this financing tools "Supply Chain Finance" achieve better control in managing their cash flow, net working capital and financing cost.

The good thing is that once they understand & use "Supply Chain Finance", they realize that this could suit them better if they are looking for flexibility and business growth.

COVID-19: MANAGING SUPPLY CHAIN DISRUPTIONS EFFICIENTLY

Mohammad Ashraful Islam Khan, CSCM™, CMILT,
Head of Supply Chain, KPMG Advisory Services Ltd.
& President, ASCPB

The coronavirus pandemic has influenced us a lot of new things. We have seen how weak and unguarded the supply chain system is worldwide during this pandemic. Smart, healthy, and diverse supply chains are now required to run businesses smoothly across the globe.

COVID-19 disruptions are also testing the viability of just-in-time inventory and complementary supply chains outlined to reduce working capital tied up in assets in warehouses. The impact elevates companies' need to ensure their supply chain is diversified with secondary sources options, incorporates innovation, includes a backup plan to address workforce disruption, and targets logistical bottlenecks.

The steps below aim to help you experience your exposure to COVID-19, and more importantly, position your supply chain to be flexible in the face of future warnings and disruption.

Immediate actions: Businesses with an extensive presence in or direct ties to affected areas must take immediate actions to assess organizational exposure, positioning them to support key stakeholders, employees, and customers appropriately.

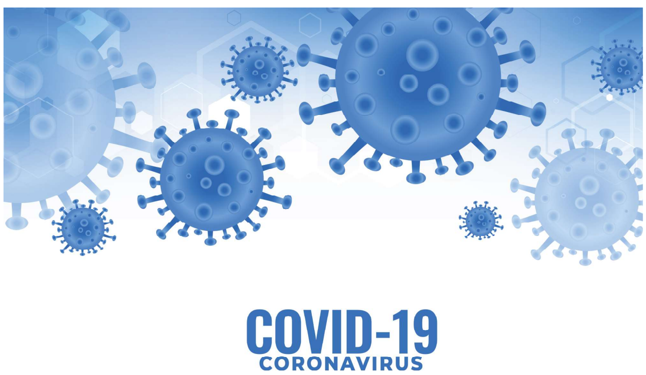
Safeguard people

Leverage HR expertise to maintain employees' physical and mental wellbeing, providing guidance to employees located in impacted regions and reassessing organization-wide travel policies.

Exercise best-in-practice corporate social responsibility regarding employee stability, environment, wider society, and economy, pursuing ways to support response efforts.

Leverage available internal and external technology to aid collaboration and equip employees with the necessary tools to work remotely in affected areas and with individuals in affected areas as seamlessly as possible.

Assign high-risk weighting to customers from developing countries (i.e., those less prepared) and those critical to response efforts (i.e., hospitals) prioritizing scarce capacity.



Measure supplier risk

Create a response team to expedite the open and consistent flow of reliable information between key stakeholders, maintaining stakeholder confidence, and informing customers who will be impacted.

Stabilize a team to concentrate on supply chain assessment and risk management. This team will reconfigure global and regional supply chain flows, where possible, to utilize alternative modes of transportation and conduct trade-offs according to needs, cost, service, and risk scenario analysis of all viable options.

Map the criticality of sourced materials to high-value products and revenue streams. Distinguish the components and raw materials that have the highest impact on revenue streams, ensuring low capacity is designated wisely.

Review contracts with key customers and suppliers to recognize liability in the event of a supply shortage.

Determine business exposure by identifying current and buffer inventory, building tier-transparency, and short-term action plans.

Manage a value chain assessment of other risk factors that may escalate costs (i.e., transportation shortages may increase cost, as transport companies see an opportunity to raise margins) and impact service and inventory capabilities, taking proactive action to address anticipated needs, such as possibly pre-booking freight.

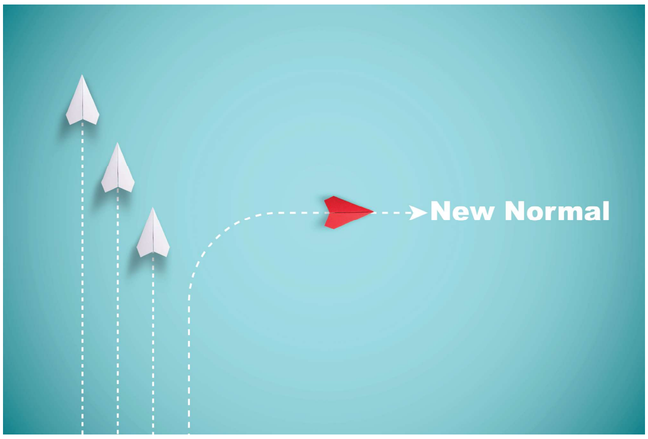
Achieve working capital & business plans

Improve cash flow, working capital management, and inventory forecasts alongside supply and demand foresight.

Explain how financial stability may be impacted by further stock market declines and restrictions in access to funding.

Review organization-wide Sales & Operations Planning and Integrated Business Plan to assure tactical and strategic business planning is synchronized among all business functions.

Businesses with data-rich environments can harness capabilities in procurement, operations, and R&D, using forward simulations.



Recommended Short Term Actions

Emergency Response Team – Identity key stakeholders responsible for communicating updates internally, consolidating requirements, and setting priorities for the suppliers.

Material Criticality – Understand material criticality across multiple tiers and associated risk on revenue.

Contingency Plan – Establish a contingency plan to source freight from other suppliers in non-affected regions.

Supply-Demand Balance – Focus on balancing supply and demand and building buffer stock as required.

Transportation Mode – Decide using other modes of transportation (cost-benefit) to reduce replenishment times.

Supplier Stabilization – Support suppliers (working capital infusion, loans, etc.) to help them start.

Alternate Supply – Determine potential suppliers for short-term sourcing in case the alternate supply is required.

Production Optimization – Understand high margin and high opportunity cost products for prioritization.

Supplier Financial Health – Assess your key suppliers' financial health to assess the potential impact on your supply chain.

Recommended medium-to-long term actions

Beyond immediate actions, organizations should value the opportunity COVID-19 provides to reflect on the ability to navigate a crisis. As we advance, consider efforts to increase agility and become more resilient in the future.

Scenario planning: Organizations must act with imperative when developing and implementing enhanced risk management practices, focusing on the opportunities scenario planning offers in creating pre-emptive action plans. Procedures enable organizations to see the bigger picture and make effective trade-off decisions on issues like: how much stock to hold – and where, or how to balance the cost of inventory versus the cost of failing to satisfy customers. Simulations can be run swiftly to identify "sweet spots" between apparently conflicting objectives, based on real-time inventory data, customer demand, and supplier capability. By analyzing past events and hypothesizing future threats, organizations can identify strategic and concentrated supplies that are at risk, and most importantly, recognize when current internal risk capacities prove insufficient.

Supplier risk management: Real-time supplier data such as system performance category alerts and geopolitical events helps manage performance and issue resolution. When alerted,organizations should take proactive measures to uncover additional

Levels by reaching out to suppliers (from tier 1, tier 2, and below) outside of affected regions to identify upstream supply dependencies within their supply chains. Further, organizations would benefit from balancing supply and demand and working with internal stakeholders and critical suppliers to contractually agree on logistic-based costs and necessary buffer stock to reduce sudden price increases in the face of an event.

End-to-end supply chain management: With an increasing shift to eCommerce, organizations need to ensure their internal supply chains and delivery mechanisms can cope with the demand to provide the highest quality customer experience. This can be achieved with end-to-end supply chain management, alongside advancing their ability to model and predict consumer behavior, especially in times of uncertainty and disruption.

Collaborative supplier relationships: For companies fulfilling mass demand from Chinese-based operations, it is unrealistic to completely exit the Chinese market because of the scale and quality of supplier ecosystems in place. However, this situation can be used as a platform, with time and investment, to build trust and transparency, leading to more collaborative relationships with critical suppliers. It is the shared visibility into the goals, motivation, and limitations of partnerships that build organizational resilience. Companies that prioritized growth, innovation, and risk management in their supplier relationships, instead of just price reductions, achieved 26 % higher savings.

Technology upgrades: In line with the technology-enabled business climate we currently operate in, organizations should rethink how their employees collaborate and customers- within the office, regionally, and globally. By investing in internal technology, organizations can teach employees how to effectively leverage powered execution tools such as cloud-office technology and zero-touch models. This will help ensure that in challenging times, are teams better equipped to work remotely. Still, as the business environment continues to shift, employees can adapt alongside it and continue servicing customers.

A company should carefully consider an approach that utilizes multiple strategies acting in concert to thwart these disruptions. The COVID-19 impact on supply chain disruptions is widespread and dynamic and emphasizes the need for a more interconnected, transparent, agile, and flexible supply chain. This outbreak has seen certain restrictions on the flow of both people and goods across international borders and even domestic, regional territories. People and goods are the lifeblood of all businesses, and disruption of these flows, even for a short period, can have an immediate and severe impact on the immediate condition of your business.

(curtesy: KPMG)

THE IMPACT OF COVID-19 ON LOGISTICS

A RESEARCH REPORT BY
IFC, WORLD BANK

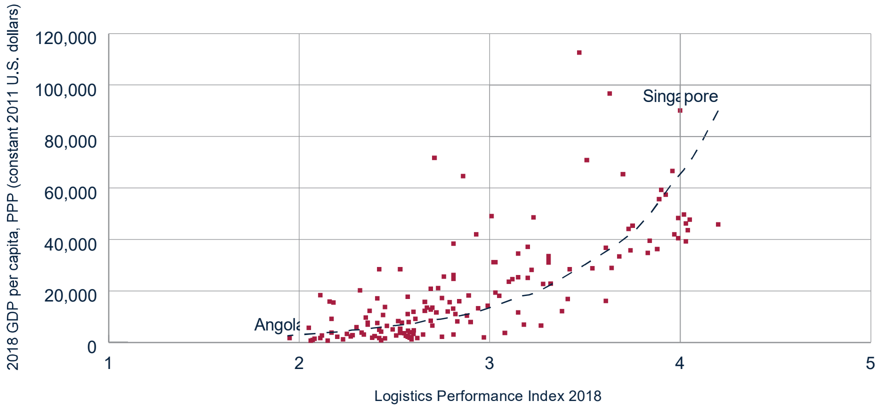
Logistics firms, which are involved in the movement, storage, and flow of goods, have been directly affected by the COVID-19 pandemic. As an integral part of value chains, both within and across international borders, logistics firms facilitate trade and commerce and help businesses get their products to customers. Supply chain disruptions to the sector caused by the pandemic could, therefore, impact competitiveness, economic growth, and job creation.

SECTOR BACKGROUND

Logistics companies connect firms to markets by providing various services, including multi- modal transportation, freight forwarding, warehousing, and inventory management. They are important for global manufacturing, which is complex and multilocational. Apple's iPhone, for example, uses components from more than 200 suppliers in 43 countries. As a result, today's global value chains require greater resilience and efficiencies in the flow of goods between and within countries. These can be achieved by firms outsourcing their logistics functions to third-party logistics services providers, especially those with integrated, end-to-end solutions capabilities.

The relationship between logistics performance and higher incomes (Figure 1) demonstrates the sector's contribution to productivity and economic development. The cost of logistics as a percentage of GDP can be up to 25 percent in some developing economies—as compared to 6–8 percent in OECD countries. Better efficiency in the sector can, therefore, boost competitiveness and stimulate economic growth in emerging markets.

FIGURE 1. **LOGISTICS PERFORMANCE AND GDP, SELECTED COUNTRIES**



Source: World Bank, LPI, 2018.

The impact of COVID-19 was first felt in China due to the role it plays in global manufacturing (with Wuhan, the epicenter of the pandemic, playing a particularly significant role—more than 200 of Fortune Global 500 Firms have a presence there). China is also a major consumer of global commodities and agricultural products.

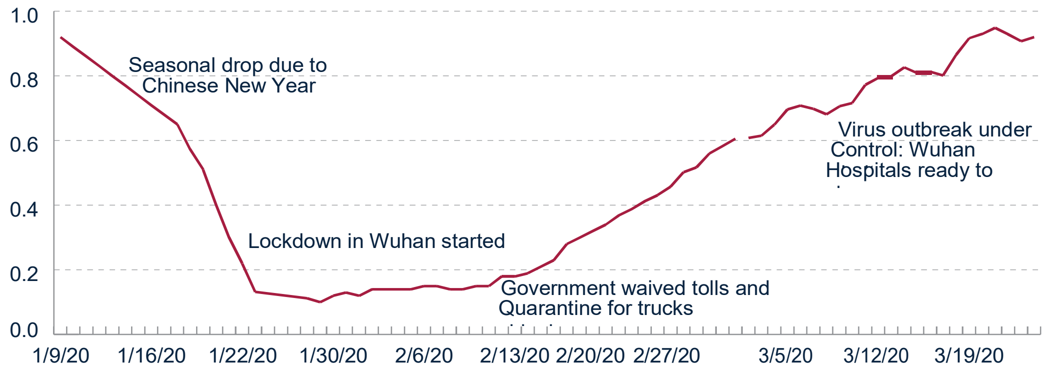
Disruptions to manufacturing in China rippled through global supply chains. Cargo was backlogged at China's major container ports, travel restrictions led to a shortage of truck drivers to pick up containers, and ocean carriers canceled (or blanked) sailings. The resulting shortage of components from China impacted manufacturing operations overseas. Major industries around the world, including automotive, electronics, pharmaceuticals, medical equipment and supplies, as well as consumer goods, were affected.

Although manufacturing picked back up—by end-February, about 70 percent of large industry had restarted operations—a return to full production capacity is unlikely in the short term because of the spread of the pandemic to China's trading partners.

The long-haul trucking sector—which carries more than 80 percent of the country's goods— illustrates the effects of the lockdown on Chinese logistics. Between January 24 to February 26, 2020, the volume for long-haul trucking fell below 15 percent of 2019 levels before recovering to 50 percent by the end of February and 92 percent in March (see Figure 2). The rapid recovery was driven by the ability to contain the virus quickly and the government's policy towards trucking (such as waiving national highway tolls and quarantine requirements for trucks shipping essential goods).

The pandemic spread to the rest of the world, leading to lockdowns and border closures that restricted the movement of goods. Additional protocols (such as social distancing at warehouses) introduced to ensure the safety of workers contributed to bottlenecks for freight. For example, in the European Union, trucks formed 37-mile-long lines on the A4 highway after Poland closed its border with Germany in mid-March. In India, the lockdown created a shortage of truck drivers, which resulted in over 50,000 containers piling up in the ports of Chennai, Kamajarar, and Kattupalli.

FIGURE 2. **2020 FULL TRUCK LOAD (FTL) RECOVERY RATE**



We can observe the impacts on freight capacity in three key global transportation segments— ocean, land, and air.

- Ocean freight: Total container volumes handled at Chinese ports dropped by 10.1 percent in the first months of 2020. Agility Logistics reports considerable constraints to ocean freight around the world, impacting both key exporters, like Brazil, China, India, and Mexico, as well as importers like the European Union. According to DHL, weak demand will continue to affect routes between Asia and Europe, the United States, and Latin America. Consequently, additional blank sailings are expected in the coming weeks.

- Land freight: Unlike ocean and air transport, land transport has generally remained partially available globally as roads have remained in operation, except in countries under severe lockdowns, according to Agility Logistics' tracking tool. Trucking capacity is strained because of additional demand for their services—especially food and medical supply transportation— under lockdown, combined with reduced employee availability (due to COVID-19-related restrictions), leading to higher rates. Other economic sectors that require land transport, such as manufacturing, are generally not at full capacity because of lockdowns. As a result, spot road freight rates have fallen in some markets. Demand for rail services has grown because of higher air cargo freight rates, blank sailings, and longer transit time for trucks.

- Air freight: Volumes fell by 19 percent in March 2020 due to a sharp reduction in passenger flights (which carry freight as belly cargo) and the drop in manufacturing in China. However, as shippers and governments turn to air cargo for essential goods, air freight rates have increased—some carriers are seeing delays with increased congestion at airports. Mid-April saw an increase in capacity, as well as a recovery in volumes transported (although they are still down, year-on-year). The overall reduction in capacity is greater than the net reduction in demand, which supports higher air freight rates.

The economic recession will be a second demand shock. The full effect of the pandemic on global supply chains is not yet known. As the IMF is predicting a 3 percent contraction for the global economy in 2020, the expected recession will deliver a second hit to demand and, thus, logistics companies, highlighting logistics' exposure to trade, manufacturing, and demand for goods.Supply chain disruptions and the lockdowns are already affecting logistics companies.Operational constraints are expected to lead to delivery delays, congestion, and higher freight rates. However, not all segments will be impacted equally—companies that serve e-commerce are seeing increased activity as consumers opt for online shopping of essentials, while those that serve other sectors (such as auto and consumer goods) will see a downturn. One mitigant: record-low fuel prices should provide some relief to transport operators. Overall, the uncertainty will exert downward pressure on revenues.

- The impact is severe for small players: Small trucking businesses are being severely hit because they tend not to have any backup, recovery plan, or intermittent operation plan. Lack of technology, as well as tools to follow health guidelines (for example, disinfecting deliveries), further complicate their response.

- Top players are experiencing a strong impact: In April, both DHL and CEVA Logistics declared Force Majeure—a clause that allows contracts to be declared null and void due to acts of God or other unexpected circumstances—on all their contracts due to COVID-19. Other companies' credit metrics are likely to deteriorate, triggering downgrades, as has already been seen in the sector.

RESPONSE TO THE CRISIS

For the most part, governments have responded to the crisis by designating ports, shipping, and trucking services as essential—and thereby exempt from lockdown measures. For example, the Indian government exempted the movement of cargo through ports, supply chains, and the transport of essential commodities from lockdown rules. Although many airports around the world are closed to passenger flights, most are still open to cargo, which can be essential to the COVID-19 response (for example, to transport medical supplies). Closer collaboration between governments and third-party logistics companies has also been necessary to address supply chain bottlenecks and facilitate clearances.

Third-party logistics companies have adopted a range of responses to these uncertainties, including:

a. New safety protocols: To protect their staff's health, some companies have introduced new protocols on social distancing at warehouses, disinfecting work areas, or providing protective gear, while giving staff unlimited unpaid time off. However, these efforts, which come at a higher financial cost, cannot guarantee protection against outbreaks in confined warehouses.

b. Alternative modes of transport: Many companies are using creative alternatives to their go-to transport modes. Since the reduction of passenger flights has reduced airplane belly cargo capacity, companies such as DHL have used charter flights to transport shipments to and from China. Airlines are also repurposing passenger aircraft for cargo. Some observers are even forecasting a boom for the China-Europe rail as 60 percent of the air freight capacity between China-Europe has vanished.

c. Adapting service offerings to current demand and safety protocols: Some larger players have been playing an important role in delivering medical supplies. For example,UPS provided free air transport for two million masks and protective gear to Wuhan in February.

Companies are also adapting to demand. Warehouses and retailers are focusing on grocery deliveries since demand is high for essential products, while companies in the last-mile segment are offering no-contact delivery options (some of which include robots).

GOING FORWARD

The recovery and long-term impact of the pandemic on logistics may be affected by adaptions and factors, as described below:

- Increased dedicated air cargo capacity: The airline industry is already reallocating fleet to exclusively serve air cargo demand.

- Increased cargo inspections and cross border control protocols: Governments have responded to the crisis with temporary trade embargoes and export restrictions for sensitive cargo (such as medical supplies, pharmaceuticals). In the longer term, logistics costs may increase due to tighter cross-border processes and controls fueled by concerns regarding the transmission of diseases.

- Technology and e-commerce rise: Logistics has been in the midst of a tech-driven revolution. Companies with robust digital capabilities that allow them to provide cargo visibility/traceability and do business online are at an advantage. This would entail investments in technology, such as the Internet of Things (IoT), cloud computing, automation, and data analytics. In the long term, robotics, drones, and autonomous vehicles might reduce logistics services providers' exposure to labor shortages.

- Reconfiguration of global value chains: The pandemic has exposed the vulnerability of extended and complex value chains to production disruptions, particularly in the East Asia Pacific region. As a reaction, many of these supply chains may shorten or diversify through reliance on alternative partners (for example, nearshoring) or intensified efforts to bring home (such as reshoring) strategic value chains. The shortening of supply chains may benefit countries with capable manufacturing sectors and beneficial exports' policy (for example, Colombia, India, and Mexico) to partially substitute China over the medium term. There may also be a trend towards placing additional warehousing capacity or dry ports near demand centers to shorten the time to get goods to market.

- Recovery prospects will vary by country, subsector: As logistics is a diverse sector, recovery prospects will vary depending on the length of lockdowns and the duration of the subsequent economic crisis. Large companies with a diversified business (such as multiple clients, serving different sectors in various countries/states) will be better placed to weather the storm.

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COVID-19: MANAGING THE IMPACT ON PROCUREMENT FOR RESILIENCE AND GROWTH

PUBLISHED ON APRIL 14, 2020
IN A RESEARCH CONDUCTED BY ACCENTURE

In brief

- The Coronavirus (COVID-19) pandemic has created unprecedented challenges across health, social welfare, economies, and supporting supply chains.
- Procurement can help companies minimize the pandemic's economic impacts, support communities, and create new opportunities as economies rebound.
- Accenture and procurement leaders are taking pragmatic, digitally-led steps to respond effectively to immediate and post-pandemic world challenges.
- These actions help companies support employees and maintain business continuity in the short term and build responsible future business practices.

How is COVID-19 affecting procurement?

COVID-19 has severely disrupted supply chains on a global scale. Business executives, and especially procurement leaders, are having to maintain business operations, fulfill urgent demands, and mitigate supplier challenges against a backdrop of significant disruption to their teams, their people and their local communities.

Procurement leaders have concentrated their initial efforts on managing upstream supply disruptions from tier 1 and tier 2 suppliers, while rebalancing short-term sourcing decisions in the light of supply network constraints. Now they need to turn their attention to the medium-term security of the supply base, unlocking funds intelligently and building future-proof resilience. This approach will not only help manage the immediate COVID-19 emergency, but also build stronger and more resilient businesses ready to thrive as economies return to growth.

Procurement leaders now need to pay attention to the medium-term security of the supply base, unlocking funds intelligently and building resilience for the future.

Five key areas will demand procurement's immediate attention

1. Put people first

Develop a refreshed digitally-driven procurement operating model and new ways of working with internal customers, the supplier ecosystem, and external partners.

Procurement has had to evolve rapidly in the short time since the pandemic began. It has been forced to become more connected with its ecosystem of suppliers, external partners, and internal customers. A major cultural shift in communication and ways of working is also underway, challenging traditional views about how procurement executes common source-to-pay activities and governance practices. Successful organizations are using this time to maximize both internal and external impact, showcasing an unwavering commitment to collective well-being. In the face of all this change, procurement leaders need to:

• Check in regularly on the physical, mental, and emotional health of the core and extended workforce, especially those in vulnerable communities where "gig working" predominates.

• Mobilize support structures for employees, while providing suppliers and extended networks with similar access to resources to safeguard ecosystem resilience.

• Reshape ways of working including maximizing investments in digital procurement technologies such as supplier collaboration tools, remote site-visit wheeled-robots, etc.

• Repurpose and reskill tactical sourcing workers to collaborate with all stakeholder groups in the design of new remediation, product development, service level, and fulfillment models.

2. Secure the supply base

Manage and mitigate supply uncertainty with suppliers of all sizes – small, medium and large.

COVID-19 has taught some procurement executives hard lessons about the viability of their business continuity plans. One found that dual sourcing efforts to reduce reliance on one supplier failed to consider the possibility of disruption across multiple geographies. Another client discovered that their organization's contingency plans were too small in scale: they simply weren't designed for a multi-country failure scenario. And many companies' smaller and mid-size suppliers, which are highly dependent on cash flow, have struggled with digital connectivity, teetered on the edge of bankruptcy or shut down completely.

Procurement leaders need to play a central role in shoring up and strengthening their companies' supply base to:

• Scan and engage with tier 1 and tier 2 suppliers to understand the risks. Work together to remediate pitfalls, backlogs and liquidity challenges.

• Automate, expand and retrofit the risk framework, as necessary.

• Identify alternative sources of supply. Consider shifts to local suppliers where operationally feasible and socially viable.

• Build financial and social safety nets for struggling partners through shared success programs and creative engagement.

3. Unlock funds intelligently

Double down on responsible interventions to minimize unnecessary spending and preserve cash for future growth initiatives.

Revenue is slowing and demand in many areas is likely to remain depressed, even after the worst of the crisis has passed. Most companies will face a severe cash crunch for the foreseeable future. Preserving cash responsibly will therefore be one of Procurement's primary goals for the next 12 months. To support this, they could consider how to:

• Optimize working capital and liquidity, while digitizing prioritized interactions with suppliers (such as invoice and payment processing).

• Embrace a zero-based mindset in managing all categories of third-party spend, starting with discretionary spend.

• Maximize employee productivity by augmenting capacity with advanced automation and applied intelligence.

• Control and monitor results through effective partnerships with finance and technology functions.

4. Build resilience for the future

Update risk management strategies to ensure resilient, purpose-led procurement decisions.

COVID-19 caught many companies unprepared. It has exposed shortcomings in their mechanisms to plan for and mitigate supply fluxes linked to natural disasters, infectious diseases and other severe disruptions. It has also revealed a lack of centralized and coordinated visibility in risk monitoring.

To increase their organizations' abilities to respond to future challenges with confidence and insight, procurement teams can take actions to:

• Embed risk management into procurement decisions, all the way from upfront sourcing through to payment execution.

• Augment tools to enhance centralized visibility and controls, expanding coverage and mitigation execution from inherent risk to residual risk.

• Run scenario modeling and "what if" analyses more frequently, with the support of applied intelligence, third-party data feeds and predictive analytics.

• Hedge projected demand slumps and commodity price volatility.

5. Innovate with purpose

Take a purpose-led approach to build greater trust, transparency, customer centricity, and innovation as economies rebound.

Innovation is even more critical during a crisis like this. But innovation needs a purpose to be effective. Procurement leaders will have to consider how to use digital levers to reshape and redirect their innovation efforts, both for now and for the post-crisis world.

These efforts need to reflect the ways COVID-19 has affected companies and people deeply, changing or intensifying what's important to them. For example, trends prior to COVID-19 were already showing a shift in consumer attitudes towards support for the greater good:

66%

of consumers want companies to stand up for the issues they are passionate about.

63%

of Gen Y and Z consumers are more attracted to brands that source services and materials in highly ethical ways. 1

Procurement leaders should thus direct their innovation efforts at building trust and securing their companies' license to grow to:

• Help review and update the organization's sense of purpose, being thoughtful about customer-centricity and its role in corporate social responsibility.

• Be pragmatic and transparent, adopting a stakeholder lens in reviewing key decisions and opportunities.

• Revisit the savings distribution model, rebalancing how much is reallocated to the business and its people, how much goes directly to shareholders and how much is reinvested in society and local economies.

• Drive radical transparency and traceability through ethical sourcing practices and data democratization with all stakeholders.

Coronavirus, procurement & the future

The COVID-19 pandemic has stretched even the very best procurement leaders. Never have they been asked to play such a leading role in safeguarding their company's financial viability and protecting a severely disrupted supply base, all while pivoting to a fundamentally different way of working. As they navigate the present supply-side storm and plot a course for reshaping their organizations for the post-crisis world, procurement leaders should keep three things in mind:

Stay the course

Plan for a downturn lasting several months, or longer, as well as for the risk that infection might return globally, regionally or locally.

Learn and evolve

Using applied intelligence, take this opportunity to uncover and understand weaknesses that were previously hidden. Adopt a mindset of continuous innovation. Challenge established norms to better protect your people, your supply chain and the societies you serve.

Be a force for good

Lead with purpose, responsibility, excellence, confidence, and humility. Reshape the organization to combine greater resilience and responsibility and help both the business and society come through stronger.

Introduction

Alliance of Supply Chain Professionals in Bangladesh (ASCPB) is a non-profit organization started its journey with the mission to promote the growth of supply chain professionals in Bangladesh. Our intention is to provide leadership through networking, education through knowledge sharing and transfer of best practices in supply chain sector.

About
Our Organization

ASCPB arranges periodic seminars, conferences and knowledge sharing sessions on modern concepts of supply chain management including sourcing, planning , procurement,commercial , logistics, distribution, manufacturing , supply chain finance etc. with the help of leading supply chain professionals across the country.

Mission

Fostering the advancement of end-to-end supply chain management through transforming of knowledge, innovative research, systems development and methods to create value for customers, members and organizations to enhance supply chain management capabilities.

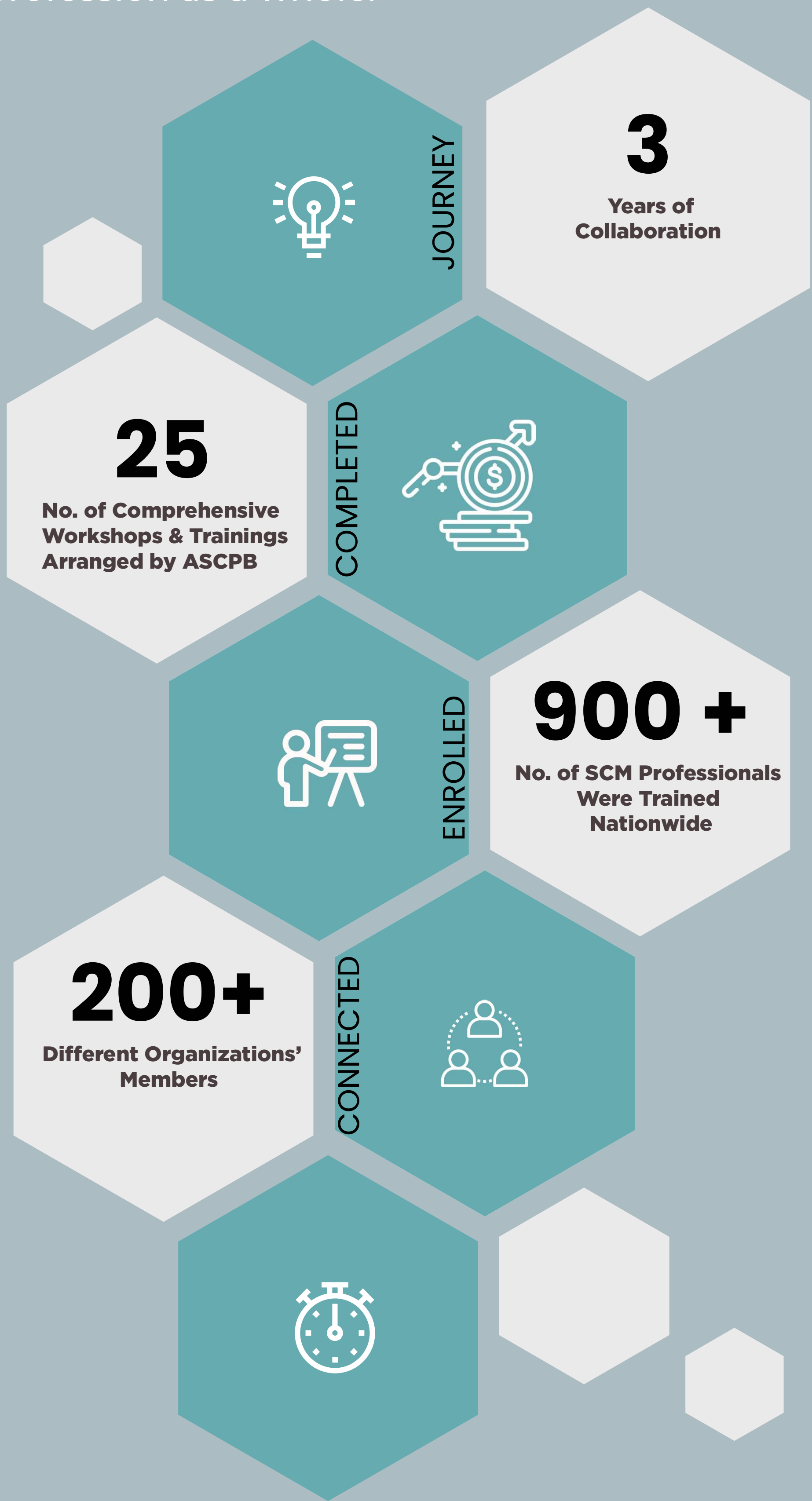
Vision

To create a wide platform for the supply chain industry and to build up professionals who can help in making their own organization effective in all aspects of supply chain management.

> If your actions inspire others to dream more, learn more, do more and become more, you are a leader.
>
> —John Quincy Adams

Overview

We are dedicated to support and develop individuals, businesses and the profession as a whole.



What we do?

CORE SERVICES

- Professional Networking & Supplier Hub
- Resource & Knowledge Sharing
- Business Process Standardization
- Conferences & Seminars/Workshop
- Career Counselling & Placement
- Corporate Training
- Certificate Course

ACADEMIC TERRITORY

- Supply Chain Management
- Supply Chain Analytics
- Academic Research
- Supply Chain Finance
- Industrial Revolution 4.0

Why join ASCPB?

In today's arena of competition there is nothing more important than setting yourself apart from the crowd. Growing, learning, and interacting with the professionals and expertise in the relevant field is the key to build network from day one. ASCPB provides you with the opportunities and experiences to jump/start your career and propel you into the world of competition.

We're built by members and for members. Here are few reasons why our members keep coming to ASCPB:

- Professional Relationship Building
- Access to Industry Leaders and Supply Chain Experts
- Research & Studies
- Members Directory
- Professional Development
- Being Up to Date on the Rapidly Changing Supply Chain Landscape

Membership of ASCPB is open to anyone who is interested in supply chain to achieve its aim and willing to abide by the rules of the organization.

MEMBERSHIP

(a) Regular Membership

(b) Corporate Membership

WELCOME TO THE FAMILY

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UPCOMING TRAININGS/WORKSHOPS

22-Jan-21 Topic Block Chain Technology for Efficient & Transparent Supply Chain Management	Atique-e-Rabbani FCA B Tech(Hon's) in Statistics (UK) Managing Director, The Computers Ltd. Chief, BARED (Blockchain Academy of Research, Education & Development)
13-Feb-21 Topic Lean Six Sigma	Md. Tusar Alam Business Excellence Consultant Accenture Technology Solutions SDN BHD
5-Mar-21 Topic Sales & Operations Planning : The Executive's Guide	Mohammad Mamun Chowdhury Head of Supply Chain, Rahimafrooz Storage Power Business
12th-20th-Mar-21 Topic Advaced Excel Training for Business Professionals	Mohammad Mamun Chowdhury Head of Supply Chain, Rahimafrooz Storage Power Business Md. Atikul Islam, PGDSCM Co-Founder & General Secretary ASCPB
2-Apr-21 Topic Strategic Sourcing & Procurement	Shankar Kumar Roy PGD in Supply Chain, ITC, Switzerland Corporate Trainer & Management Consultant

ALLIANCE OF SUPPLY CHAIN PROFESSIONALS IN BANGLADESH

ASCPB

TOWARDS EXCELLENCE