ALLIANCE OF SUPPLY CHAIN PROFESSIONALS IN BANGLADESH

ASCPB

TOWARDS EXCELLENCE

ISSUE - 02

MAGAZINE

THE SUPPLY CHAIN STREET

AUGUST 2021

"The best supply chains aren't just fast and cost-effective. They are also agile and adaptable, and they ensure that all their companies' interests stay aligned." ~ Hau L. Lee

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PREFACE

I'm very happy to share that the Alliance of Supply Chain Professionals in Bangladesh (ASCPB) is publishing the 2nd issue of their magazine which is known as "The Supply Chain Street".

Supply Chain Management has become more important than ever nowadays. Every professional would agree on the fact that supply chain management is an integral part of most businesses and is essential to company success and customer satisfaction.

Whether dealing with day-to-day product flows or dealing with an unexpected natural disaster or pandemic, like the COVID-19, supply chain experts roll up their sleeves and get busy. They diagnose problems, creatively work around disruptions, and figure out how to move essential products to people in need as efficiently as possible.

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 create value for customers, members, and organizations to enhance Supply Chain Management capabilities.

With the focus to help to build an agile Supply Chain Management in the era of Industrial Revolution 4.0, ASCPB is playing a significant role this year by organizing a handful of online training on various important topics i.e., Blockchain, Lean Six Signa, Demand Planning, etc. I feel these training sessions could open new area to look at for our professionals.

It was a great joy for me to observe that Alliance of Supply Chain Professionals in Bangladesh (ASCPB)'s magazine The Supply Chain Street's 1st issue, which was published in January 2021, got heavily praised by the Supply Chain Professionals of all levels of Bangladesh. I'm sure, with this very interesting 2nd issue, The Supply Chain Street will reach out to more professionals.

On this felicitous occasion, I want to congratulate the entire ASCPB team. And I hope ASCPB will continue its journey towards excellence. Best wishes to them.

Mohammad Ashraful Islam Khan
Co-founder and President, ASCPB

MESSAGE FROM THE PRESIDENT

Greetings,

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

The world is evolving rapidly, with new kinds of work and new ways of doing that work. That's why, at Alliance of Supply Chain Professionals in Bangladesh (ASCPB), we encourage our practitioners to encourage a broad, inclusive, innovative spirit. To imagine—then create—the future they want to inhabit. So we are gratified to present you the second issue of "The Supply chain Street." Each issue highlights emphasizing interviews with experts, contemporary supply chain capacities, strategies, and practices to help our readers move products and information more efficiently and compete in the 21st century's connected economy.

I truly believe that Alliance of Supply Chain Professionals in Bangladesh (ASCPB) is accomplishing its vision of creating a wide Platform for the Supply Chain Industry and building up Professionals who can help in making their Organization effective in all viewpoints of Supply Chain Management and beyond with a keen focus on teaching, research, and service. Each day, we provide experiences and opportunities that are second to none. In this edition, you will read about a select few.

I'm inspired by what our leading Supply Chain Professionals are already doing to grow our future.

We don't solicit such awards and honors for their own sake. Rather, they are strengths and milestones as we extend our efforts to achieve overall excellence at the Alliance of Supply Chain Professionals in Bangladesh (ASCPB). It is the excellence itself that we strive for, not the appreciation and publicity that it brings.

Health comes first amid the COVID-19 pandemic, so I wish to extend my best hopes to all our members. Please take good care of yourselves and stay safe. I sincerely acknowledge the contributors, chief editor, editor, and editorial board's ongoing support.


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"Supply Chain is like nature, it is all around us."
~ Dave Waters

BLOCKCHAIN DEMYSTIFIED

Imagine a shipwreck. A ship called "ChalShip" was caught in a storm and ran aground. The ship was carrying chal (Rice) in bags. 100 people found themselves in a deserted island with 100 bags of Chal salvaged. Each bag contained 40 kgs of chal. Each survivor had a bag of chal to himself.

Unfortunately within a few hours another shipwreck happened. This time it was "DalShip". Coincidentally again 100 survived with 100 bags of dal (lentils). Each bag of dal contained 40 kgs of dal. Each survivor here had also a bag of dal to himself.

One self declared Leader came out. A survival plan was chalked out. Each chal bag owner would give a kg of chal to dal bag owner in return for a kg of dal. The Leader would keep tab. One would cook his chal and dal and survive till rescuers hopefully arrive. Soon confusion arose about who gave chal to whom and were they reciprocated properly with kgs of dal. Furor gave away to fight, chal bags and dal bags were ransacked and spread in sand. 90 chal persons and 90 dal persons died in the melee.

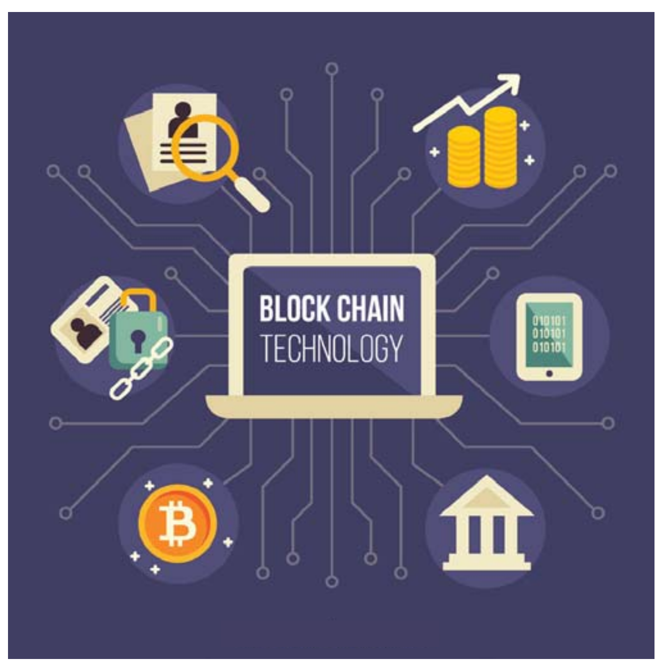
One stooping wise man called a halt, managed to get the men to bury the dead. He then asked if the surviving 19 would like to live. All 19 said yes. Together with the wise man there were now 20 persons. Ten of them found a bag of chal each containing 40 kgs of chal. Another ten found a bag of dal each with 40 kgs of dal in them.

The wise man said let us try this plan. He gave out a pen and a small note book that he saved from the wreck to each. His instruction was as follows. Let us call each chal bag owner C1, C2,.. C10 and each Dal bag owner D1, D2, .., D10. Every exchange will be for 1 kg of either Chal or Dal. After every exchange all would record the transactions simultaneously. After each exchange one will eat "chaldal" combination cooked for 10 days. At the end of ten days each would have consumed one kg of chal and one kg of dal. After that another exchange will happen with recording by everyone. Hopefully rescuers will come by the time the last kg of chal and dal have been consumed.

Before each exchange, supplier, say, C1 would shout to all 20 that he is giving a kg of chal to say, D1. D1 would shout to acknowledge receipt of a kg of chal and to give one kg of dal in exchange to C1. Everybody would record it together with balances left with C1 and D1. Here C1 now has 39 kgs of chal and 1 kg of dal. D1 has 39 kgs of Dal and 1 kg of chal. After ten days C1 would have 38 kgs of chal and no Dal and D1 would have 38 kgs of dal and no chal. This would be publicly announced by each for recording by all. Tedious to note this down for all but rather than risk another fight and self- immolation they decided to go with this system. All would reconcile their notebooks after each exchange and they all lived happily ever after till their last kg of chal and dal. A ship saw their chal dal fire and they all were rescued.

What were the characteristics of this Wise man's system. There was no central authority keeping records. Each transaction was recorded by all members of group and therefore no one could dispute what all 20 had recorded. Distributed recording. Moreover trust was not necessary between individuals but community/ consensus/ system provided the trust. Everyone depended on the consensus of records kept by the group.

Add unchangeability/ immutability of transactions kept by all 20 survivors and this, ladies and gentleman is the fundamental concept of BlockChain.



Comparison of

(a) Centralised (b) Centralised with backup & (c) A Blockchain technology baseddecentralized digital systemover the internet.

Centralised System

A boy Badal says to girl Ganga " I love you, Ganga." Then Badal changes his mind and leaves Ganga. Ganga feels remorse but has no recourse. This is faulty centralized system.

Centralised with backup System

Boy Badal says to girl Ganga in front of friend Fazal " I love you, Ganga." Badal changes mind and leaves Ganga. Badal also cajoles Fazal to deny what Badal said to Ganga earlier. Ganga feels remorse but has no recourse as Fazal was compromised. This is faulty centralized system with backup.

Blockchain technology based digital decentralized System over the internet

Boy Badal says to girl Ganga " I love you, Ganga" in an open space with lots of strangers." Badal cannot change his mind and leave Ganga as witnesses are strangers, too many and cannot hence be manipulated. This is essentially a Blockchain system. Blockchain eliminates centralized authority and hence one point of vulnerability and one point of failure.

One to many paradigm, decentralization, disintermediation, immutable

Blockchain moves responsibility of custodianship from one to many. Everyone has the same information. Blockchain fosters a collaborative rather than a hierarchical system in finance, in business, in government, in education and in any sphere of activity. The "many" paradigm ensures the system is peer to peer consisting of participants with equal status. Information once agreed by all is unchangeable and each participant has a copy of the latest updated information. It thus lends to a cash-like decentralized, disintermediated system over the internet. Blockchain enables extrapolation of a small village cash based system to a global electronic cash system. Blockchain turns internet of information to internet of value. Just as we send information across to each other we can send/ exchange value/ credentials across to each other with authenticity and confidence.

Interlinked blocks and Cryptographic Hash ID

Blockchain keeps data in a chain of interlinked blocks. Each block contains data that cannot be changed after everyone in the network agrees it to be true. The block added to the chain represents the latest state of affairs of the chain at that point in time. Each block has an ID which is derived from the previous block ID and the content of the current block. This ID or hash-ID of current block is created by what is called a cryptographic hash function. Cryptography is the science of hiding information from third parties. Hash refers to a string of characters, hitherto meaningless, that represents the original meaningful data. The inputs to the cryptographic hash function are, amongst others, the previous block ID and the content of the current block. The output is the Cryptographic hash ID of the current block. This cryptographic hash ID of a block is a fixed string of characters, also known as digest and is essentially the fingerprint of the content of the block. This chain of interlinked blocks representing the latest state of blockchain database at that moment in time, maintained by each in the network, becomes a secure, tamper-proof, one truth for all information repository in the network.

Blockchain enables Sovereign ID system

Each of us presently don't own our own personal digital data. Data is the new oil and social media companies/ outside agencies inappropriately use our personal data kept with them to, say, direct advertisers to push advertisements to us and generating revenue for these digital companies. Blockchain enables Sovereign ID so that each of us will have a virtual locked box, for example, containing all our personal data. We only release as much data as is needed, say to hospital, retail stores and other agencies for their needs and maintain ownership and control of our own data.

Blockchain ushers in sanity digitisation from the earlier vanity digitisation

Digital systems, digital data so far have been prone to hacking and tampering. Blockchain makes digital systems secure and trustworthy through its immutability, distributed (information replicated with everyone in the network), decentralization and consensus (agreement by all in the network required for recording data) features. Digitisation has transcended from pre Blockchain vanity digitization to post Blockchain embedded sanity digitization. In these days of fourth Industrial revolution where many technologies like Internet of things (IOT), Robotics, Artificial Intelligence are at play resulting in explosion of data. How can we place confidence on these data so created? The answer is this foundational technology, called Blockchain. Blockchain technology only can lend authenticity to these data so generated. Blockchain, therefore, is therefore a humanizing technology. We must understand and embrace this in Bangladesh in all earnest.

A world without friction, a world without intermediaries

Friction is the money middlemen, intermediaries collect and the delay that happens in fulfilling a transaction between remotely placed transacting parties as in migrant workers sending money home. We can look forward to a future where there will be no intermediaries. Over the internet transacting parties the world over like buyer and seller from two geographic regions, service giver to service receiver who are strangers to each other, loan giver to loan receiver unknown to each other (also known as DeFi - decentralized finance) will make non repudiating deals with confidence. These will be done over the internet under the smart contract/ software coded trust algorithm offered by Blockchain and DLT (Distributed Ledger Technology) together with other enabling technologies like IOT (Internet of things), AI (Artificial Intelligence) and the like and do away with friction producing intermediaries.

Blockchain applications, Permissionless and Permissioned Blockchains, Innovations

Blockchain applications are only limited by imagination. Any transaction oriented, compliance hungry, privacy preserving, authenticity seeking, immediate accessibility enabling to one truth for all system is likely to be disrupted and benefitted by Blockchain.

Bitcoin, Ethereum (with Smart Contract – meaning software coded self executing contract) and other Cryptocurrencies (Digital currency without any physical representation) have been the first applications of Blockchain. This is because Blockchain, based on Distributed Ledger Technology or DLT (ie one instantly verified shared ledger for all) can prevent against double spend of cryptocurrencies, a crucial feature for existence of cryptocurrencies. These cryptocurrency enabling blockchains like Bitcoin and Ethereum are essentially permissionless or public blockchains where anyone can join in. In contrast permissioned or private/ enterprise or closed group Blockchains like Hyperledger, R3 Corda which exist in a centralized – decentralized continuum have also emerged for applications in, say, Finance, Supply Chain, Accounting, Government, Land Records, Education, Media, Charity, Music and a whole host of other areas.

Innovations are coming on stream to overcome Blockchain limitations, say, of speed of execution, for designing better multiparty consensus algorithms, seamless inter blockchain operability, private-public chain anchoring, reliability of information feed (ie temperature, price of security) from outside (called oracles) as inputs to smart contracts (contract automatically executed by computer program, triggered by inputs) in blockchain. Quantum computing with astronomical processing power can challenge the present cryptography based security system. Innovations are also underway to produce Quantum safe consensus algorithms and hence evolving quantum proof blockchains.

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VACCINE SUPPLY CHAIN (VSC) CHALLENGES FOR DEVELOPING COUNTRIES

While I am preparing this write-up, 3.76 billion vaccine doses have been administered globally. 26.8% of the world population has received at least one dose of the COVID-19 vaccine. In contrast, only 1.1% of people in low-income countries received at least one dose of the COVID-19 vaccine [1]. In this short write-up, I want to argue that this is no surprise because the COVID-19 vaccine supply chain is highly vulnerable and will experience many challenges, especially in developing countries.

There are several differences between a COVID-19 vaccine and a regular vaccine. Many regular vaccines are not temperature sensitive whereas two important and effective COVID-19 vaccines, e.g., Moderna [2] and Pfizer-BioNTec [3], require storage at -20 0C and -70 0C, respectively. The other two approved viruses, e.g., Johnson & Johnson and AstraZeneca, need to be stored at 2 0C to 8 0C. Maintaining a cold chain may be hugely problematic for developing countries because of the lack of infrastructure in rural areas [4]. Medical service providers purchase regular vaccines from wholesalers, vaccine distributors or vaccine manufacturers.

In contrast, pandemic vaccines are procured and circulated by Government bodies. Therefore, a pandemic vaccine requires high level of coordination between independent medical facilities and government bodies [5]. Because Covid-19 vaccine has been developed within a very short time, vaccine hesitancy can be an issue, especially in developing countries.

These differences between a regular vaccine and a Covid-19 vaccine make supply, distribution, and administration of the COVID-19 vaccine challenging. A recent academic work[4] identifies 15 challenges to COVID-19 VSC, of which five challenges are the most critical ones.

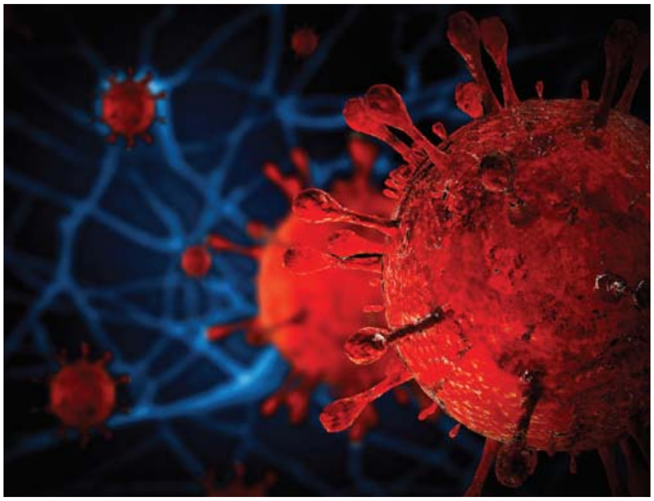
These are:

1. A limited number of vaccine manufacturing . companies.
2. Inappropriate coordination with local organizations.
3. Lack of vaccine monitoring bodies.
4. Difficulties in monitoring and controlling vaccine temperature.
5. Vaccination cost and lack of financial support for vaccine purchase.

There are only six vaccine manufacturing companies with a total capacity of around 10 billion doses. These companies are Johnson & Johnson, AstraZeneca, Novavax, Pfizer and BioNTech,Moderna, and Sanofi GlaxoSmithKline [6]. The total vaccine dosses required to vaccinate 100% of the world's population is about 2-2.5 times (16-20 billion doses) of the world's current population (7 billion). Furthermore, 60% of Covid-19 vaccines are produced in India [7]. With the recent outbreak in India of the delta variant, India itself has faced severe vaccine shortages [8].

Furthermore, in developing countries, tracking and tracing of the vaccinated and unvaccinated population may be challenging because most developing countries may not have a centralized health care system. Additionally, most developing countries may have to rely on COVAX to get vaccines for their population because of the high purchase price of the vaccines [9].

Additionally, the withdrawal of the U.S. and Russia from COVAX will reduce vaccine supply to lower and middle-income countries.



An appropriate vaccination strategy is elementary to ending the adverse economic and health effects of the pandemic. As a result, governments worldwide, especially in developing countries requires to address COVID-19 challenges systematically to recover from the pandemic quickly. A coordinated effort is needed from both developing and developed countries to invest more in vaccine manufacturing companies so that the purchase price of the vaccine remains within reach of the lower- and middle-income countries.

Moreover, investment in IT infrastructure is required for tracking and tracing the vaccinated population so that progressive opening of the sectors is possible. Furthermore, Governments across the globe need to act on the percentage of the population who are unwilling to vaccinate and set up positive marketing campaigns for promoting vaccination amongst the general mass.

The COVID-19 pandemic has caused a global crisis. Vaccinating the entire population is a pressing and effective way out of the pandemic. The role of the VSC is to make the vaccine available at the right time, quantity, and location. Therefore, understanding the challenges to VSC can empower Governments to deploy effective strategies to immunize the population and minimize economic and human loss.

ACKNOWLEDGMENTS

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References:

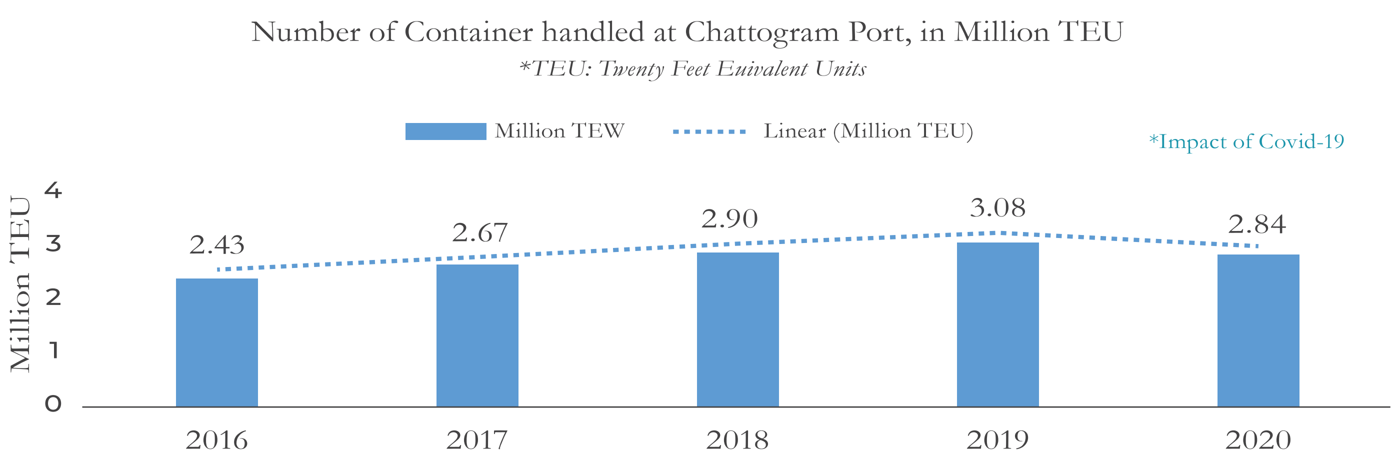
[1] Short-Link: t.ly/YQ4R, [2] Short-Link: t.ly/cyV5 [3] Short-Link: t.ly/tUmx, [4] Short-Link: t.ly/GBbB [5] Short-Link: t.ly/CsJ7, [6] Short-Link: t.ly/BtZ8 [7] Short-Link: t.ly/uGMA, [8] Short-Link: t.ly/r5ZF [9] Short-Link: t.ly/fMmb

HOW THE NATIONAL BUDGET CAN GUIDE YOUR SUPPLY CHAIN DECISIONS

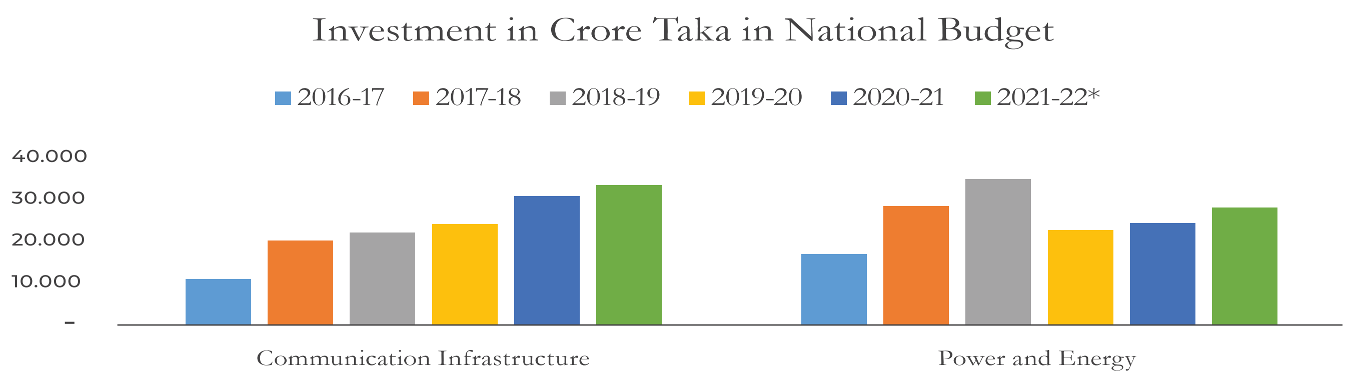
Budget take aways for supply chain leaders

In 2021, Bangladesh is the 41st world largest economy, but it was once one of the ten poorest countries in the world. It has achieved tremendous growth in various health and socio-economic index over the last decade. During the last ten years, the GDP growth has increased to near about 8.15% from 6.52%, the per capita income has increased to $2227 from $955, the foreign reserves have increased to $45 billion from $10.36 billion. This is definitely an outstanding achievement considering the short time span. Moreover, Bangladesh is expected to rise to 25th in the world economy ranking by 2035 if the current trend continues. This is more plausible as the government has taken visionary plans such as 'Vision 2041' to keep up the rising momentum. Industrialization is one of the major pillar of this rising economy.

As part of rapid industrialization, innumerable initiatives have been taken by the government to attract local and foreign investments in the country. After the declaration of 'Bangladesh Economic Zones Act' in 2010, as of now, 88 'Economic Zones' are approved with various lucrative incentive packages to encourage rapid economic development through increase and diversification of industry, employment, production, and export. Not only that, to facilitate and support the emerging industrialization, with tremendous infrastructure development and modernization, containers storage capacity at Chattogram seaport has been doubled in the last decade which is now 49,018 TEU (twenty feet equivalent units). Matarbari deep seaport construction project will increase 8000 TEU container handling capacity per day! Isn't it huge!



Furthermore, the roads transport facilities are improving, the gas and electric energy generation capacity is increasing at a great pace. All these are converging on a single point that how aggressively the government is planning to build Bangladesh an industrially developed nation. To make the initiative more lucrative, the government has been offering the manufacturers a lot of benefits in terms of reduction or exemption in duties and income taxes, a complete exemption in value added tax (VAT), subsidizing on the cost of energy, etc. These incentives are frequently included in the 'National Budget' of Bangladesh which is very important in this context.



The 'National Budget' has become a buzzword to most people, especially the businessmen, importers, manufacturers, even street smokers. All are concerned with what is waiting for them in the coming year. Is it benefitting the business; the prices are going up or what will be the duties and taxes structure? Every year 'National Budget' is declared by the Honorable Minister of Finance, and we all wait for this very moment vehemently. In this article our main focus is how supply chain leaders can contribute to the growth of the industries and how the 'National Budget' may help them out to reach that.

As supply chain teams in every organization are mainly responsible for the 60-70% of expenses they make in the form of buying raw materials, components, packaging items, so they have a great exposure to play a leadership role in controlling the cost of expenses. The cost savings that most supply chain leaders do that through building a diversified supply network, adopting multiple sourcing strategies, strategic sourcing, through effective negotiations the cost of purchases are saved. But through reduction of duties, exemption of VAT, product cost can also be reduced. Supply chain leaders can play a great role in this context through comprehensive analysis of the duty structure of the all raw materials and can assist GRA team of the organization by equipping them with all necessary information.

In every declaration of the 'National Budget', government carries out a lot of changes in the Customs Tariff Schedule in many aspects. The HS codes are split, sometimes merged; new Statutory Regulatory Orders (SROs) are declared for any new industries, or previous SROs are amended. The duties are increasing for some items and while for some others it is decreasing. So the leaders in the supply chain community cannot just make any new decisions without considering what changes are coming or they cannot sit idle if their industries are struggling for survival.

Certain tax bases comprise the total tax index (TTI) for any imported materials. Some are rebate-able while some others are not. Customs Duties (CD), Supplementary Duties (SD), Regulatory Duties (RD) are the main non-rebate-able tax bases and they contribute to the cost of goods sold (COGS). In every budget, there comes some changes in the duty structure which may affect your supply chain decisions greatly. For example, if your business is dependent on the import of Sodium Sulphate, then this may affect your business as the overall duties (TTI) has been declared to 89.32% while it was 37% last year. CD has been changed to 25% from 10%; 20% SD and 3% RD has been imposed on imports to protect the poultry industry but if you are from a Battery manufacturing or any other industries that may require a lot of consumption of Sodium Sulphate, then your organizational expenses on duties should increase. This will increase your product cost and your sales may be affected by this change. So how you are preparing your supply chain plan with this kind of change? Should you not raise your voice that your industry is being affected? Well, keeping the poultry industry protected, it can also be possible to save your industry.

To many of us, this question may arise that why should government subsidize the duties and taxes for industries? Industrialization is the backbone of the future economy of the country.

As long as local manufacturers cannot grow, the country's economy will not grow either. The more 'Made in Bangladesh' tag products will be produced; the more foreign currency will be saved. The imports will be reduced; employment will be created for the mass unemployed people. This will contribute to building the national economy. So it is no surprise that government should underpin the local manufacturers. Every year we see many new SROs are declared for the new industry sector. In this budget, washing machines, home appliances products as new industries got 15% VAT exemption; and motorcycle, cellular phone, LPG cylinder, Firefighting product manufacturing industries have been favored with either amendment of previous SROs or extension of valid periods.

As an example of a success story, we may refer to the local refrigerator and compressor industries. Bangladesh was once dependent on imports of the refrigerator for meeting its demand. Though local industries were established, it was challenging to cope up with the imported foreign brands due to significant inequalities in duty structure. After the local industries are propped up with exemption of 15% VAT and multi-staged deduction of import duties in last decade, the local industries had started flourishing. Now we can see the picture in our eyes. The local manufacturers hold around 60-70% of the market share. Now people can buy a moderate capacity refrigerator within 25,000 Taka. even a daily earner can manage to buy a refrigerator when some years back many middle earners couldn't think of buying one. This is nothing but the result of favored SRO for the industry which helped the manufacturers to make the product at a reasonable cost. Not only that, this industry has created employment for thousands of people in the country and they are going global now. Isn't it inspiring?
As the government is fostering the local industries to have rapid growth, being a supply chain leader, are we prepared to be a part of this faster growth of industrialization? If you think you are technologically capable enough but making the product in the domestic industry make the cost higher while importing the CBU product is cost-effective, then there is something very wrong with your analysis. For example, the electric switch manufacturers needed to import brass (copper-zinc alloy) sheet and bronze (copper-tin alloy) sheet for manufacturing different stamping parts which are assembled inside the switches and sockets. But the assemblers or commercial importers could import the stamping parts directly at same or less duties. So the raw materials had higher or same duties than that of the semi-finished product made by the same material! It is like importing roti is more cost effective than importing the wheat. Below picture can help us understand the scenario better.

The manufacturer had to invest capital for machinery, employed engineers and laborers for making the stamping parts. This has increased their overheads. So how could they fight with the assemblers with the cost and how could a new industry survive? Well, this was not longer, government has reduced the duties of raw materials and increased the duties of semi-finished product.

Though the gap is still evident. This has been creating employment for thousands of people. This is how the GDP is growing.

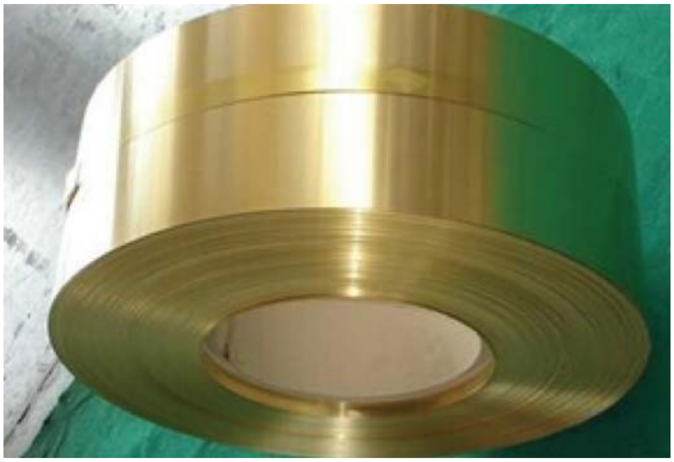


Image: brass Sheet (raw material)

Then CD= 10% for all

Now CD=5% for Manufacturers

Image: semi-finished products

Then CD=10%(Importers) and 5% (Assemblers)

Now CD= 25%(Importers) and 10% (Assemblers)

Each year National Board of Revenue (NBR) and Bangladesh Tariff Commission (BTC) receives proposal two or three months before any new budget is being announced. The proposal meant to be for reduction or increase of duties and taxes. A number of such proposals from many associations and organizations are submitted to NBR and BTC for reviewing and consideration for the new budget declaration. So any industry or any organization involved in manufacturing who are struggling may apply for some industry-friendly SRO so that they can grow, a lot of people can be employed and a lot of foreign currency can be saved. If they grow, the national economy shall follow it.

As mentioned earlier, supply chain leaders can help GRA team by analyzing the current import portfolio of raw materials, semi-finished and CBU items in the same industry. Following are some of do-able which may be analyzed and focused on.

- Analyze duty structure of all raw materials; imported and local
- Find all related SRO, customs and VAT and can study how they work
- How does the duty structure of raw materials the organization imports differ from the duty structure that trading companies or commercial importers do?
- How is the difference in duty structure of the CBU Product compared to its major raw materials? For example, mould and dies import duties (1%) were less than the steel sheet (10%) which is one of the major raw materials for mould industry. Since 2017, there is SRO for mould industry to save the local investment.
- If any inequalities in benefits between manufacturing and commercial importing are found, a constructive and logical proposal may be submitted to the designated government authority for review

The outcomes of all these proposals come under SROs in every budget, which can be categorized majorly in customs and VAT SROs. The following is a brief of SROs.

1. Customs SROs are related to CD, RD and SD.

• There is a general SRO for raw material imported by IRC holder VAT compliant manufacturer. Under this SRO, the HS Codes are split and manufacturers get a reduced duties structure for importing the necessary raw materials.

• Industry specific SROs are declared for a particular industry where HS codes are listed in one or two tables and CD, RD and SD are reduced or exempted without any splitting of HS codes. For example, poultry industry, motorcycle industry, etc.

• Tariff value SRO determines the minimum tariff value for any importable items.

2. VAT related SROs declared with reduction or exemption of VAT for any struggling industries. A number of industry sectors are enjoying VAT exemption SRO.

The private sector investment in Bangladesh has been following an upward trend since the last decade and in this budget of FY 2021-22, it is estimated that it will contribute around 25% of the total GDP. This is perhaps the result of benefits the private sector is awarded by the government. Several industries, i.e., refrigerator, cellular phone, TV, footwear, LPG, motorcycle industries are doing great and contributing to building the national economy. Guess, you are thinking solidly to contribute to grow your industry, to take our beloved country's economy to a new height, this is a great chance to be a part of 'Industrial Bangladesh'. Take it, live it!

Rabiul Islam Naba
Sr. Executive, Procurement
Rahimafrooz Storage Power Business

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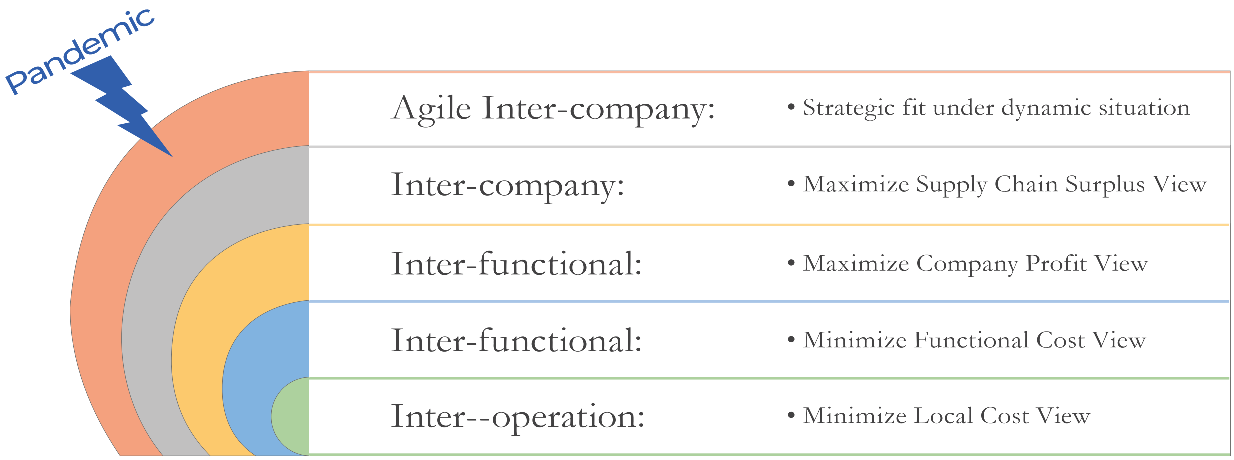
EXPANDING STRATEGIC SCOPE DURING PANDEMIC

In managing the supply chain, achieving strategic fit is crucial. A strategic fit refers to the alignment of the supply chain capability with the competitive priorities of the organization. For example, suppose the company's strategic goal is to attract customers at higher service levels. In that case, the inventory and forecasting practices should focus on product availability and higher safety stocks despite the corresponding higher holding costs. Another example could be that if the organization attracts customers with higher quality, the purchase and sourcing should look for higher quality raw materials and reputed suppliers instead of cost-saving offers.

While focusing on the local costs might benefit on a myopic scale. However, in the long run, it hampers the overall profitability of the supply chain. Thereby, expanding the strategic scope from intra-operational/functional to inter-company is essential. Supply chain collaboration is often recommended to maintain a sustainable supply chain.

Expanding Strategic Scope



Natural and manmade disasters such as war, calamities, or pandemics disrupt the existing supply chain. It could be severe weather conditions or a pandemic-induced lockdown, which might constraints the performance of the supply chain. In some extreme cases, a strict lockdown may threaten the survival of the supply chain. Thereby, a resilient supply chain needs to be designed to overcome any pandemic-induced difficulties. An agile intercompany scope may be a good fit under the pandemic situation.

An agile intercompany scope aims to maximize the

overall supply chain surplus and maintain a strategic fit under a dynamic situation. Consideration of advance supply chain contracts (e.g., revenue/cost-sharing, buyback/markdown/return policy, flexible quantity, etc.) enables a win-win collaboration among supply chain partners. Moreover, flexible terms and conditions make the collaboration more dynamic. Under agile Customer Relationship Management, acquiring new customers while holding on to existing clients is very important. Similarly, under agile Supplier Relationship Management, maintaining alternate sources is very critical. Multiple sourcing along with selling through multiple market channels enhance the robustness of the supply chain. Big domestic markets should be leveraged properly to avoid any immigration/customs restrictions. A mix of product variety consisting of slow and fast-moving items can be considered. Finally, the supply chain needs to adapt to any changing market behavior.

Dr. Ziaul Haq Adnan
Associate Professor, Management
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AN INTERVIEW with

MASUD KHAN

Mr. Masud Khan is the Chairman of Unilever Consumer Care Limited of Bangladesh. In his glorious professional life, he has worked for many top multinationals like British American Tobacco, LafargeHolcim Bangladesh Limited and local companies like Crown Cement in both Bangladesh and abroad.

1 How do you evaluate the overall Supply Chain practices in Bangladesh with the best practices?

It's an amazing story If I look at the MNCs in Bangladesh, they benefit from Group best practices across the globe. The group wields considerable clout in Supply Chain Management and ensure that the local BU adopts the best practices. On the other hand, the concept of Supply Chain is relatively new for the local companies. Lack of knowledge of the owners about what Supply Chain entails often results in absence of best practices in the local companies. However, this is gradually changing and we do see some local companies embracing some best practices.

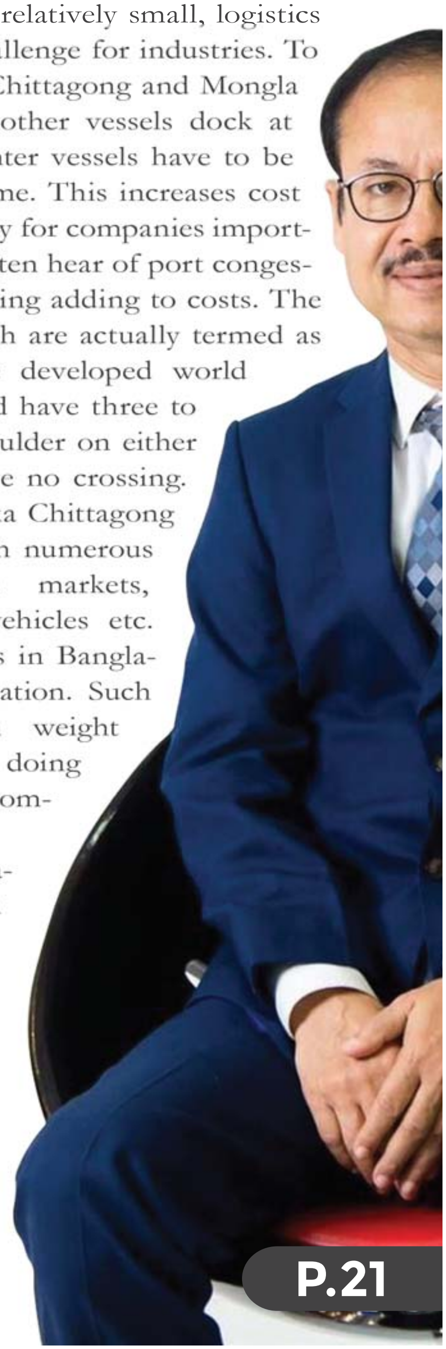
2 What is the level ofsupply chain research in Bangladesh?

I don't come across much research in Supply Chain in Bangladesh. I come across supply chain initiatives when competitions are held by Bangladesh Supply Chain Management Society. Having said this, proper research is lacking.

3 You were the CFO at LafargeHolcim Bangladesh Ltd for more than 17 years. According to your opinion, what are the major challenges of logistics in Bangladesh?

Although the country is relatively small, logistics remains a formidable challenge for industries. To start with, our ports in Chittagong and Mongla are river ports. Most mother vessels dock at outer anchorage and lighter vessels have to be used to transport the same. This increases cost of doing business specially for companies importing bulk materials. We often hear of port congestions and delayed unloading adding to costs. The "highways" in Bangladesh are actually termed as "regional roads" in the developed world since any highway should have three to four lanes with hard shoulder on either sides and there should be no crossing. In Bangladesh, the Dhaka Chittagong highway has 4 lanes with numerous interruptions such as markets, people crossing, slow vehicles etc. Even the other highways in Bangladesh have a similar situation. Such congestion along with weight limits increase cost of doing business and delayed customer service.

The rail system in Bangladesh is also outdated. In other countries, bulk cargo is generally transported through rail as opposed to road. A modern rail network would have reduced the logistics cost.



The rivers of Bangladesh hold great promise but face challenges in terms of draft inhibiting the tonnage carried by barges.

The regional roads and country roads are small and narrow posing challenges for deliveries to customers.

4 How is digitization can impact supply chain performance and increase customer satisfaction?

Digitisation holds great promise in terms of improving customer satisfaction. Supply Chain financing is an essential element of supply chain. IPDC has led the way in terms of digitisation of supply chain financing by use of blockchain technology.

In today's world, clear visibility on procurement, storage and movement of goods is essential. Use of ERP systems is now a requirement to address this need. Other specialised supply chain software can also be used.

In addition, use of RFID can also assist in digitisation. RFID can be used to track shipments and also goods stored in warehouse.

5 What have we learned in past one year in terms of supply chain? How is our adaptation level as a country?

Covit has exposed our glaring weakness in terms of supply chain management. All the companies were caught flat-footed. Reliance on single suppliers and improper planning led to supply side disruptions.

The pandemic has taught us the importance of digitisation that was lacking in local companies in Bangladesh.

Covit has also taught us that lean stock levels can be counterproductive. We are living in a VUCA world. We can almost say with certainty that such major catastrophic events will keep coming and we should be prepared for the same.

6 What business continuity and disaster recovery arrangement can be made based on last one-year experience?

The first issue is that we need to digitise our business processes including supply chain. Also, adequate stock levels of imported items need to be kept. Multiple suppliers should be sourced. Finally, emphasis should be paid to developing local suppliers wherever possible and viable.

7 Do we need to focus on diversification or centralization for raw material sourcing?

Raw material sourcing should be centralised to harness the benefits of bulk buying and specialised services of central procurement. This will lead to cost savings. Decentralised raw material sourcing can only be considered for items of small value.

8 Since many industries are shifting their manufacturing facility from China to other countries, do you see any opportunity for Bangladesh as a production house? If so, what could be our preparation? What exactly we can offer to our global customers?

This is the point that I raised earlier. In the past and indeed today, China is the world's manufacturing hub. This overreliance has been exposed by Covit.

Bangladesh can certainly benefit from this move of manufacturing being shifted from China. However, this is easier said than done. In the first place, Bangladesh is languishing in the ease of doing business. We are ranking 168th out of 190. Many global players are concerned about this issue and still shying away from investing in Bangladesh.

Frequent changes in fiscal policies to the detriment of manufacturers is another sticky issue.
For Bangladesh, the model country is Vietnam that is drawing 15 times more FDI compared to Bangladesh. Almost all industries from China are now relocating to Vietnam. Bangladesh should learn from the best practices that Vietnam has introduced to attract FDI in large numbers. We are still hovering in the range of 2 billion USD for many years.

9 Due to COVID-19 pandemic almost every sector has suffered from a business perspective. To develop the business in this post pandemic period, what are the common initiatives that every organization should consider taking?

To my mind, the most important asset for any organisation is people. Organizations should invest in people and nurture their talents that will come in good stead in times of crisis. Organizations should be cognisant of the fact that we are in a VUCA world; hence contingency plans should be put in place. The important of supply chain has been revealed during the pandemic. This is also an area where investment should be made. Finally, the common mantras for any business such as developing a strong and differentiated brand, focusing on innovation and having a customer centric organisation with IT as a strong enabler should be nurtured.

10 Why the young generation should be excited about building their careers in the supply chain? Do you have any tips for interested supply chain youngsters?

It is now clear that supply chain requires specialised skills and is the most important business process after sales and marketing. Avenues are opening up in this area. Although the pace of change is slow, this will now accelerate with the recent events that has highlighted the importance of supply chain.

11 Where do you want to see Bangladesh in next 5 years?

I think the policy makers are not concentrating on an important area of creating employment. Every year more than 20 lacs graduates emerge from universities only to find to their dismay that there is no job. This white-collar syndrome needs to change. Our youth should focus more on trade courses and try to be self-employed. The fourth industrial revolution has opened up exciting possibilities in the IT arena where people can become freelancers. E commerce is also opening up new avenues. Trade courses can also help in exporting skilled workforce from Bangladesh.
I would therefore like to see a Bangladesh where the youth are not going for university education but focusing more on getting self-employed with relevant skills. This will certainly enliven the economy and thrust our GDP to higher levels.

SUPPLY CHAIN FINANCE PERFECT BRIDGING OF CORPORATE AND SME BUSINESS

Supply Chain Finance (SCF) has been recognized as a growing form of supplier finance that works as a key element in developing a country's overall economy. To understand the field and processing of supply chain finance, the interrelationship of financial institutions with small and medium businesses needs to be clarified in the first place. If it is to be defined in the most generic way, financial institution refers to a company or organization committed to process and deal with diverse sorts of financial and monetary transactions such as deposits, loans, investments or currency exchange. Every adult citizen of a country is inevitably dependent on the service facilities of these financial institutions, either on a regular basis or periodically. Thus, financial institutions serve as an integral part of a country's economy. Full-fledged service plans along with proper maintenance and implementation can ensure the effective communication between the institutions and their valuable customers. On the other side, Small and Medium Enterprises (SME) have been known as a promising sector to ensure adequate employment opportunities for a huge number of people with lower amount of investment.

When it comes to the strong correlation between SME and existing financial institutions, it requires to be pointed out how SME industries have been benefitted by various financial institutions for a long time. These institutions have been helping in a consistent manner, by making uninterrupted investments to run the businesses efficiently. The financial institutions thus hold a great significance in providing numerous required funds that keep the economic wheels functional. These financial institutions have earned their respectable clients' faith by providing the best of their varied financial services at different times. One of these financial services is Supply Chain Finance which has been highlighted for its accelerating popularity in Bangladesh.

Supply Chain Finance is defined as a short-term facility provided by financial institutions or banks which helps the buyers and suppliers optimize their working capital. The parties involved in this sector are the buyers or debtors, suppliers and the funders. Supply chain finance helps to build an effective communication between suppliers and buyers and thus mitigates the risk of any disruption in the supply chain system. It also plays a key role in merging the simultaneous relationship between small and medium type suppliers and corporate bodies.

Here under this platform, different financial institutions and banks rely wholly on the debtor/buyer. Firstly, the buyers extend their payment terms with the intention of optimizing their working capital. But such terms of trade made between the seller and buyer comes with certain disadvantages for their goodwill and the supplier's cashflow. According to the recent analytical reports of Global Supply Chain Finance Forum, market size for global supply chain finance is estimated to be $275 billion. Times of India has reported the estimation of the total market which is around Rs 18 lakh crores in India. More than BDT 600 crore has been reported as the total market size in Bangladesh as of the end of 2019.

The primary security is an assignment letter issued by the buyer/debtor. They purchase goods or services on credit. The buyer can purchase on credit and give an assignment letter in assurance of repayment of factored revenue. With the supply chain program enabling this transaction, the supplier is paid as soon as the verified invoices are received by the factor.

Supply chain finance fulfills their working capital requirements to sustain the business. Under the obligations, the seller gets a Purchase Order (PO) from buyer and as per the order, they deliver goods/services to the buyer/debtor followed by an invoice along with challans and required documents for payment. The funder pays the suppliers their advances as soon as the invoices are approved. They make up to 80% of the payment in advance for a specific credit period; after that funder collects the payment from the buyer/debtor and refunds the rest of the amount to the seller. When the invoices mature according to the terms set by the buyer previously, they pay the invoice to the funder. It is a mutually beneficial system that helps the buyers to optimize working capital and suppliers to get paid early. However, the concept of supply chain finance was yet to be introduced nearly even 2 years back when this market was estimated around BDT 600 to 700 crores. Gradually with the evolution of time and popularity, currently the amount has increased remarkably to around BDT 1500 to 1600 crores. Question that may arise, how it has been possible over a short span of time. A number of private banks/financial institutions have been reported to get involved in this business sector over the past years. Eventually the combined activities of banks and financial institutions made the rapid flourishment with a huge number of customers that help to achieve more enhanced and diversified portfolio. Work order finance, factoring, reverse factoring, distributing finance are considered as the vital products of supply chain finance and these product programs are briefly explained in the following section.

Factoring

Factoring is a globally recognized receivable-based financing technique, where the seller discounts his/her receivables to a bank or financial institution and takes advances to meet the temporary working capital requirement under an agreement. Through the financing one can use or take benefit of the continuous cash flow by discounting their invoices/accounts receivables to funders. This is a short-term financing facility on revolving basis. In other words, in the financial transaction called factoring, a company usually sells its accounts receivables at a discounted rate to a financial institution or company which is known as a factor or funder. This factor is devoted to collect payment on the accounts receivables from the respective company's customers. The technique particularly enables the suppliers or service providers to realize the maximum portion of the payment soon after the delivery is made to the buyer. This is, by far, is recognized as the most effective service, designed to improve cash flow position by turning credit sales into ready cash. Thus, factoring helps the financial institutions or companies build up their cash balance rapidly.

Accounts receivable factoring can be of two types. One is with-recourse factoring where the factor possesses the authority to claim the money back from the associated company that previously transferred receivables if the money cannot be collected from the suppliers. The other type is known as without-recourse factoring where the risk is solely taken by the factor when the money or receivables cannot be collected from the suppliers. In this case, the company or buyer that transferred the receivables has no liability of the uncollectible receivables. While providing the factoring facility, a particular set of parameters for eligibility is followed by specific financial institutions. In Bangladesh, with-recourse factoring is commonly practiced in a broader way.

Reverse Factoring

In most traditional factoring facilities, a supplier wants to finance his/her receivables while in case of reverse factoring, a financing solution is generally initiated by the ordering party (buyer) in order to help his/her suppliers to finance their receivables more easily and at a lower interest rate than what they would normally be offered.

In case of reverse factoring, the client is the buyer and the agreement is between the buyer and the factor without involving the supplier. Since funds are released to and in the name of the suppliers after the buyer (client) duly accepts the invoices, there is no risk of performance for the suppliers and the only risk lies on the credibility and truthfulness of the buyer.

Work Order Finance

Work order finance generally refers to a mode of finance which allows a company to get the fund for orders issued by buyers. This product of supply chain finance can be considered as an efficacious working capital solution for clients having factoring facility or potential for factoring facility. A firm's working capital indicates the available money to meet current obligations that are due in less than a year and to obtain earning assets. By using direct funding or by issuing a letter of credit, working capital finance is offered by the renowned financial institutions to fulfill any firm's or corporation's operating expenses, receivable financing and purchasing inventory.

Distributor Finance

Distributor Finance is a kind of financing that benefits both the distributors and manufacturers. It commonly refers to a mode of financing in which the financer makes payment to the manufacturer/principal of goods on behalf of its distributors and the distributors after a certain credit term pays the money back to the financer. The technique represents a revolving short-term financing facility that enables the distributors to take advantage of cash purchase and source higher amount of goods that helps them do business in bigger volume and thus earn higher profit. It helps the manufacturers receive their payment early and distributors to retain earnings until they can make the payment. Majority of the banking and financial institutions are using this method of financing for quite a long time.

Stepping forward to Sustainable Improvement

Despite of remarkable advances and improvements

in recent years, significant value of supply chain finance market is still reported to be untapped and unexplored globally. The Supply Chain financing facilities are yet to be introduced to all types and classes of business platforms. According to a 2020 report of McKinsey Global Institute around 80% of the total eligible assets are not benefitted from improved working capital financing. The remaining portion of assets are often inefficiently financed. One of the major causative factors for such situation underlines the corporate and multinational companies' reluctance to incorporate the system.

The scenario is even more acute in Bangladesh. Since the only security provided by the buyers or debtors in the process is the assignment letter, different companies and multinational companies do not tend to prefer this agreement, either due to the fact that they have their own Supply Chain Finance Programs or financial lines in place or that there is very little information about this system in our country and they seem to be less interested to follow the given terms in supply chain finance. This is why the supply chain financing is still not flourished as it was expected to be. Mainly the supply chain financing service is provided based on the assignment letter. But the traditional assignment letters are not legally enforceable at all. It is simply a letter that serves as a confirmation of the business and nothing more, where it is mentioned that the beneficiary to receive the payment will not be the supplier but the assignee or funder. Since the funder is subjected to difficulties such as bearing the risk of default or the debtors refusing to make direct payment and dropping the obligation towards the assignment letter, this can be greatly detrimental for the funding institution. As there are no restrictions and liabilities imposed on the debtors, they can freely drop the assignment letter without any risk and loss.

In my 17 years of professional journey in the supply chain finance, many multinational companies and large corporate firms have done the same. Therefore, some strict regulations need to be structured and implemented in order to avoid such casualties. Now we must convince the high-ups of the large corporate firms that they will also be indirectly benefitted from the system, and if they comply with it, a larger portfolio of the supply chain finance can be developed. This has been a product of financial institutions but now it is being used by banking institutions as well. Since the buyers are not directly connected to the financial institutions, the financing contract is not reflected in their CIB report. Therefore, in case of any default, buyers usually remain free from bearing any financial responsibility. In order to avoid such circumstances, the assignment letter can be made with ensured legal enforcement with a view to connecting the buyers or debtors directly to the financial institutions.

The central banking system run by Bangladesh Bank might develop a specific framework with strict rules and regulations regarding the financing system. The supply chain financing platform is so huge and expanded, and at the same time not properly organized with structured laws or legislations that newly formed or registered financial and banking institutions are randomly choosing their mode of financing according to their preferences and affordability. Some of the institutions are introducing blockchain technology to create a digital supply chain finance platform as well as modern technologies like artificial intelligence, cloud computing, smart contracts, and many more. This is why the absence of a uniformed technique for financing with adequate management and maintenance capabilities has been a major obstruction.

Moreover, there is a continuous cycle of competitive market players within a limited and selective range of buyers/debtors and clients. As a consequence, market size is expanding with comparatively less diversity. Several banking and financing institutions are signing up for the market, but the target group of buyers and suppliers remains the same or limited. Since the field of supply chain finance is still unrevealed to a broad category of related sectors, supplier and buyer community, there has been less exploration to the extend while the existing community of suppliers and buyers are targeted constantly by the current market players. Debtors or buyers are gradually becoming less interested because there is limited financial interest and they are not directly benefitted from the business. At the same time, repeated incidences of issuing assignments and re-assignments with the limited group of suppliers are making the buyer community indifferent to the sector of supply chain finance. Proper planning and implementation can be considered as prerequisites in order to improve the abovementioned scenarios. This will eventually lead to sustainable development in the field of supply chain finance in our country.

Effects of Covid-19 on Supply Chain Finance

Due to the sudden outbreak of coronavirus (Covid-19) pandemic, the supply chain finance system has faced some unexpected disruptions with interruptions in the cashflow management all over the world. However, positive changes have also been observed in case of the working capital solution of supply chain finance. To the surprise of prominent business specialists, positive effects are highlighted more extensively, compared to negative ones because supply has not been compared to negative ones because supply has not been halted during the unprecedented period. Consumer products or business products have always been in need of short-term revolving finance for their respective working capital solutions. Continued and consistent cashflow of businesses have been present due to the existing demand for factoring, reverse factoring, work order finance, distributor financing. Therefore, the scenario indicates that all the distinguished products of supply chain finance have constantly been on demand. This is why all sorts of businesses have been benefitted throughout the pandemic till this day. Suppliers or manufacturers needed this financing services in particular to run their short-spanned business during the ongoing days of uncertainty. When traditional loan approval and repayment related facilities are facing challenges in the ongoing Covid situation, factoring and related short-term revolving products under supply chain finance have been outperforming smoothly with successful flourishment without opting for any notable precautionary measures in CIB reports.

Lanka Bangla Finance Limited (LBFL) is recognized as one of the leading non-bank financial institutions with full-fledged financial products in the country since its establishment in 1997. LBFL has been relentlessly contributing to the economic development of Bangladesh. LBFL acknowledges the current economy of Bangladesh and offers the best schemes fit for any circumstances within this spectrum. The ultimate aim is to develop growth by providing financial freedom, flexibility and optimized working capital to our clientele, which include small and big organizations alike. With the objective to capture a significant share of the market, LBFL is progressing with the prospect of building a reliable and efficient financing system that both suppliers and buyers can put their faith in. The eminent financial institution remains consistently promising in product customization according to the clients' demands and preferences, feature update, up to date maintenance of works by ensuring financial inclusion, processing the introduction of digital supply chain financing through blockchain technology, developing the untapped or less flourished sectors of supply chain finance and assuring effective working capital solution with a strong view to becoming one of the most leading and trustworthy market players in the supply chain finance of Bangladesh.

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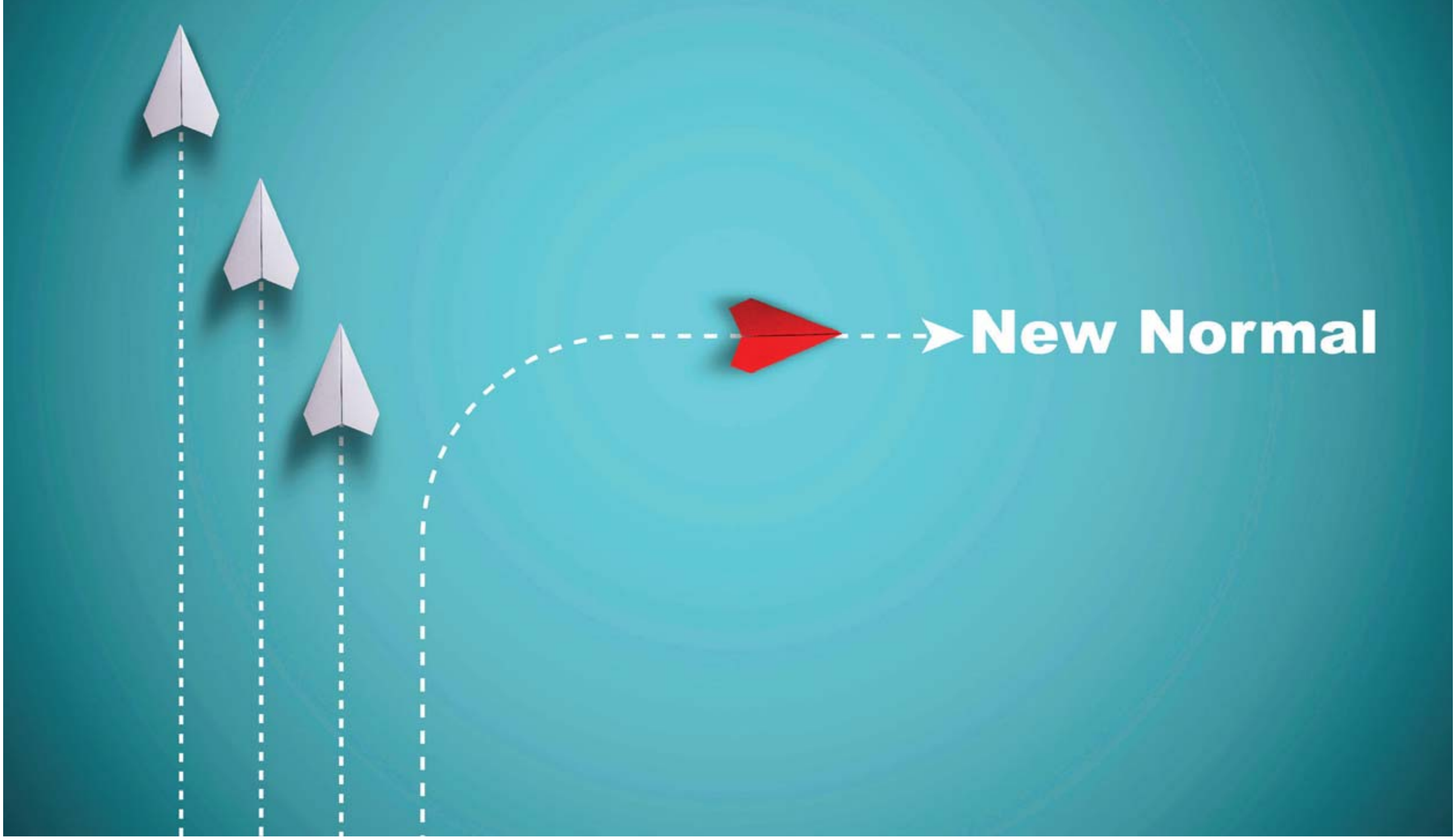
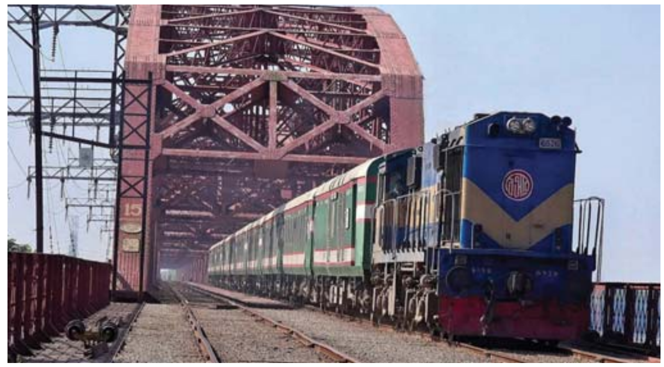


DEALING THE NEW NORMAL & BUILDING RESILIENCE IN THE BUSINESS WORLD

With the world experiencing an era of unprecedented situation, Supply Chain disruption is real. There are multiple challenges are currently being dealt with by the business world. Stressful situations are facts of the new normal life. Some people approach them with confidence and dignity, facing transformation and challenges head-on. Others, however, back away slowly into a corner and become anxious and stressed at the sheer thought of them. Let us highlight the skills needed to cope up successfully with the current situation and the actions to take to start building our resilience. After all, for most of us, it's about how we react to change & handle critical issues and manage stress.

As an import-dependent country, the major part of raw materials and feedstock are being imported from outside where we have seen unprecedented challenges. We have started our resilience plan to connect material since January 2020 when these future challenges were unknown to many business organizations. We have quickly developed alternative sources of materials, alternative routes, moving from one country to another country to source when gradual lockdown started in China, India, EU, UK, Korea, Indonesia, Malaysia, and the USA. One of the major ports, Benapole, was locked for more than 3 months due to the COVID-19 crisis from March, last year where we never stop for a single day to ensure lifesaving essential material for our consumers. Immediately we have explored Khidirpur sea Port to import all bulk RM. Then we have moved materials from Benapole to Khidirpur and get the vessel connected, Moreover, we have applied multimodal shipment here, moved material from Mumbai/Gujrat to Kolkata, and onboarded the material in the ship at Khidirur port as Mumbai port was also under huge stress. Surprisingly we found it's only 3-5 days transit and much better than Benapole where the transit queue is 3 weeks.

Subsequently, we have developed a Railway route with the help of our top management & Bangladesh Railway, even we have reached out to Kolkata railway department to convince of accepting our cargo which is part of essential commodities, initially, they declined with the cause that railway allows only perishable and food items. However, we have convinced them finally & brought our bulk RM with 22 wagons on 30th June in Benapole and unloaded at Jessore. Here the exceptional efforts have to be mentioned the effort of our C&F agent Sarothi Enterprise who relentlessly supported at Benapole port to clear the consignment without any detention till the unloading of all materials at Jessore station within 3 days.



Life was not stable even at this stage when super cyclone Amphan hit the coastal area in mid-May'20, it has devastated all set up in Kolkata and we have badly impacted in importing much bulk material through Khidirpur port as a server room and infrastructure of the seaport destroyed badly.

The team then moved to find another solution which is a chartered flight, it's again 1st time we have explored and ensured bulk material is connecting from Gujrat to Mumbai to Dhaka airport via Kolkata with a special chartered flight at minimum cost. In this case, I've to mention the name of the trusted forwarder K&N who has given such an outstanding solution. We have worked together to get it through till midnight to ensure our service so that customers will not be deprived.
It will be unwise if we forget the name of DHL & Homebound who has supported us in customs clearance when many C&F operators stop operation on Gov declared lockdown for 2/3 weeks from 26th March'20. Immediately we have engaged DHL who have permission to enter Dhaka customs at that time and supported us to clear the consignment which connected from many countries via air shipment.

Labor absenteeism becomes paramount during the initial lockdown as many laborers left the city & couldn't be returned from the village due to transport problems. However, we have supported our partners (especially packaging material suppliers) by providing daily labor from our nominated service provider. Sometimes my team arranged the interchanging of feedstock between our partners' companies who are making similar PM as feedstock crisis also became prominent due to several lockdowns in mid of last year.

This year as well the business is passing tough time due to global ocean freight crisis, 2nd web COVID-19 crisis, several lockdowns in many countries, Suez Canal incidents and worldwide container crisis become deep concern resulted >2x upcharge

of freight cost. Demand & supply mismatch & import/export imbalance crossed previous records. As a result, even at higher rates, containers are not available as per requirement. We have moved from containerized shipment to breakbulk shipment to mitigate this unwanted situation and also 1st time managed bulk RM of 60 railway container cargo from Gujrat, India to Benapole/Jessore landed on 1st June'21.

Crude brent rate currently at its peak range and global veg oil basket holding decade highest rate, as a result, all feedstock and commodity market seen its upward inflation. The business will go through severe stress both in the topline and bottom-line unless preparing groundwork beforehand.

We're approaching the two-year mark of this unprecedented situation. Business continuity is the current focus; we have to meet the most urgent needs of our employees, customers, suppliers, and shareholders, probably in that order. So often underutilized and undervalued by the businesses they support, the supply chain function has swiftly emerged as an essential enabler of strategic agility in the wake of the crisis.

Resilience is the capacity of people to effectively cope up with stressful situations. Networking or connecting internally with stakeholders and also externally in the market to spot early trends always helps to react to changing environments. Empathy for personal circumstance needs to go hand in hand to deal the adversity & finally finding a flexible routine that works for individuals & for the team became critical to adopt in the volatile new normal business world. We all will need to master these skills to build a resilient and sustainable business-oriented environment for the world in the years to come.

Md. Abdul Alim
Procurement Operations Manager,
Unilever Bangladesh Limited.

PROCUREMENT IN THE FUTURE DAYS

What is the future of procurement?

EOs look to the procurement capacity to take on a broader and more distant set of strategic responsibilities than ever before. Organizations are facing unusual change and disruptions that threaten their future viability. Consumerization, extending regulatory requirements, pricing pressures, and shifts to outcome-based pricing are all fundamental forces compelling procurement leaders to reevaluate plans. Amid constant disruption, one thing is sure. Procurement must disrupt itself to evolve and stay in front of change.

There has been a change in the Procurement capacity over the prior decade. From the origin point of the traditional buy-sell, transaction-based purchasing, the method has moved into change stages that redefine most business appearances.

Disruptors shaping the future

What is driving this shift in procurement? One word—digitization.

In a world where most purchasing practices are available at the touch of a button, customers and employees alike are no longer willing to receive cumbersome processes and long delays. The procurement organization of tomorrow will need to unfold from purchasing and sourcing to facilitating a seamless digital experience. Suppliers, customers, and your organization will challenge to seamlessly integrate and be promoted through digital platforms, extreme analytics, leading workforce capabilities, and an agile working model to race in the future. In the below, supplier and customer centric procurement will b discussed among the other vital areas if future procurement.

Supplier-centric procurement

Supplier centricity centres on integrated relationships. Today's supplier synergies are mainly tactical and lack any real insight or platform integration. That's why the future of procurement is dependent on designing a new operating model to support supplier centricity; one which drives supplier performance and relationships to a new level while furthering innovation and mitigating uncertainty. It is not just how a supplier is doing against its contracted service level agreements (SLAs), but also making sure a company's best suppliers have the strength to bring additions to the account, resulting in better and more fruitful relationships. In this environment, procurement becomes the relationship broker managing performance and driving innovation, including precisely defined roles for supplier management, procurement, front-line business units, and second-line risk functions. In addition, supplier sentiment helps track how the parties "feel" about each other and fosters deeper and tighter economic and process integration that technology can enable. An organization can benefit from a supplier that treats its customer as an actual

business partner, but procurement must open that door for suppliers. Are your suppliers in tune with your business objectives? Are you getting what you paid for? Those are both critical questions, and ones in which analytics and data play a function by providing a means for measuring performance, identifying opportunities, mitigating risk, and helping move the organization from being reactive to one that is proactively involved with both the business and its suppliers. When your supplier conversations are based on matters, you can drive additional value.

Supplier centricity focuses on driving supplier performance and relationships to a new level while fostering innovation and mitigating risks. It includes:

01-Extreme integration
- Visibility through deep interconnection of systems and data
- Supplier-managed storefronts and content

02-Supplier innovation
- Suppliers contribute to business, product, and category innovation
- Evaluated based on value added to the business

03-Optimized performance
- Proactive/predictive AI management of performance
- Integrated view (sentiment, community, and third-party data)

04-Perfect compliance
- Automation of transaction, contract, and regulatory compliance
- Predictive compliance management, lever aging community data

Customer-centric procurement

How would your internal customers rate their experience with procurement? If yours is like most, it's not even a three-star rating; procurement is accused of having outdated non-integrated technology, hard to explain policies and procedures, limited insights on purchases being made, and overall contributing to frustration versus mitigating it. Customer expectations have essentially changed in recent years, and this is now making its way from the home into the business world. In the procurement function of the future, customer centricity will likely concentrate on all procurement perspectives, including systems, processes, and people. Procurement will be an actual business partner, not a spend gatekeeper, and business partners will understand the value add from procurement and want to work with them.

Customer-centric procurement will likely transform both procurement's role and behavior through:

• Being a key contributor in the business-planning process

• Driving spend behavior using key insights into spend data, supplier relationships, and risks

• Acting as a broker to products, skills, and sources of innovation to solve the business's problems

• Being responsible for long-term decisions that benefit the business, its customers, the environment, and society

• Instilling a human-centered approach to solving problems and measuring true customer satisfaction

Focusing on reducing the cost of change and adapting more quickly

• Investing in digital technologies

• Monitoring market trends and assessing potential impacts to procurement in order to foster a culture of innovation

• Driving spend behavior proactively by making the right data available at the right time and investing in AI

Finally, the future of procurement is driven from the center, has ownership of the processes that add value, and assists as a hub for innovation. Achieving this commitment will need developing an innovative operating model and high-level capabilities.

Mohammad Ashraful Islam Khan

Co-founder and President, ASCPB

ASCPB 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.

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

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

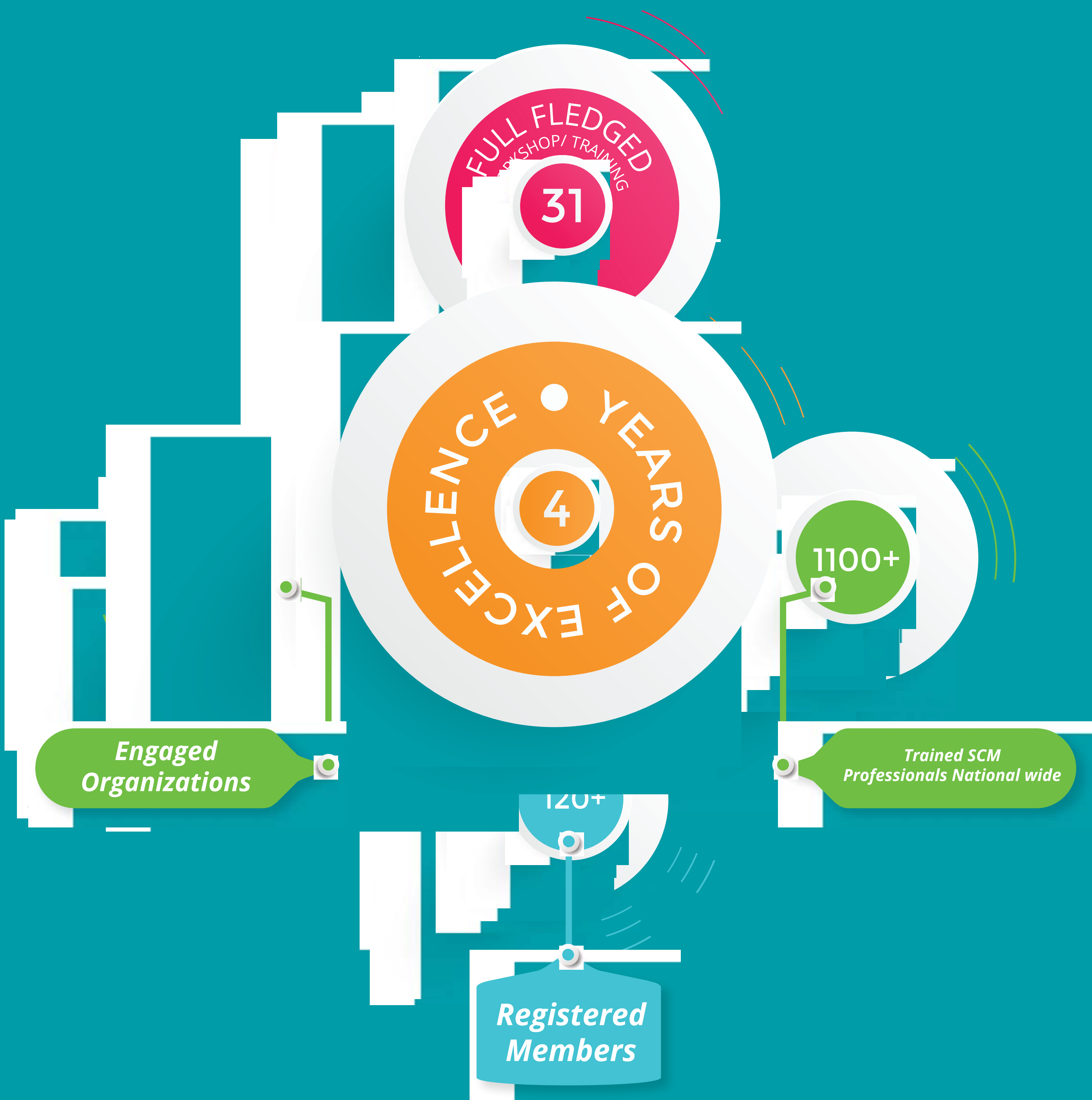
Fostering the advancement of end-to-end supply chain management through transforming of knowledge, innovative research, systems development, and methods create value for customers, members, and Organizations to enhance Supply Chain Management capabilities.

Vision

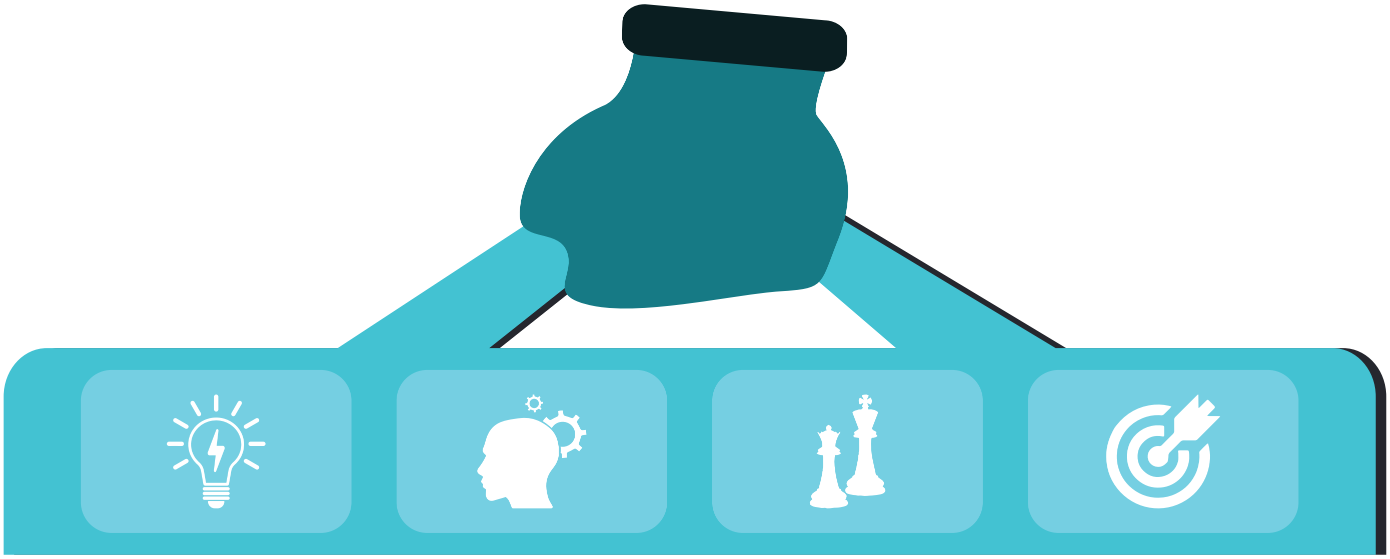
To create a wide Platform for the Supply Chain Industry and to build up Professionals who can help in making their own Organization effective in all aspects of Supply Chain Management.

Our Accomplishments

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



What We Do?



01	02	03	04
☞ PROFESSIONAL TRAINING ☞ CORPORATE TRAINING	☞ NETWORKING ☞ KNOWLEDGE SHARING ☞ CAREER COUNSELLING	☞ SUPPLIER'S HUB ☞ SOURCING ☞ DIRECTORY	☞ WEBINAR ☞ SEMINAR

The ASCBP Membership Advantage!

It is our pleasure to invite you to join ASCBP's supply chain community. We would be delighted to have you become part of our team.

Our member benefits provide our members every resource they need to harness their potential, further their careers, and elevate the industry.

Membership Benefits:

- Professional Relationship Building
- Access to Industry Leaders and Supply Chain Experts, Hands-On Learning through Your Local Roundtable
- Research & Prominent Studies
- Professional Development
- Being up to Date on the Rapidly Changing Supply Chain Landscape
- Access to ASCPB's current research and publications, including the magazine, The Supply Chain Street
- Accessible to the members-only resources including the member directory, webinars, and the mentorship program
- Networking opportunities
- Mentorship, volunteer, and leadership opportunities
- Reduced offer for workshop/event

For Students:

- The regular membership fee BDT 500 for each year.
- Internship assistance
- Career counseling and placement
- All the benefits as mentioned above

Membership fees Payment Option:

For Bkash, Nagad, Rocket: 01670470726 (Personal) MFS service charges applicable. For Bank Transfer: The City Bank Ltd. Account Name: Alliance of Supply Chain Professionals in Bangladesh (ASCPB), Account No. 1402477791001

Membership Schemes:

- Regular Membership Fee: BDT. 2000 per annum
- Lifetime Membership Fee: BDT. 40,000 (one time)
- Membership Registration Link: https://goo.gl/forms/XWcUZtd39eoiGQ0F2

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Training Calender 2021

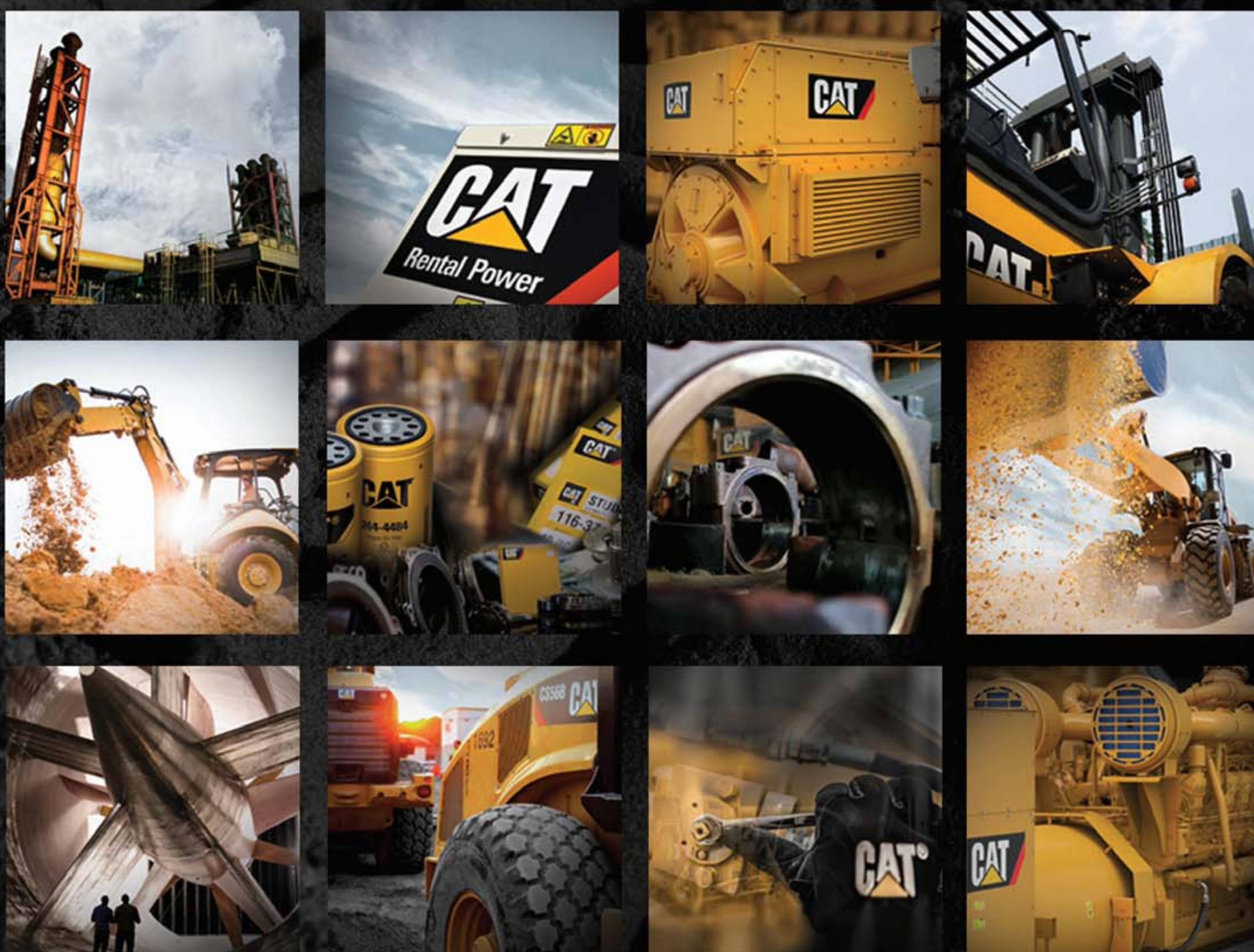
DATES	TOPICS	TRAINERS
22-Jan-21	Using Blockchain Technology for Efficient & Transparent Supply Chain Management	Atique-E-Rabbani
13-Feb-21	Using Lean Six Sigma in Supply Chain Management	Md. Tushar Alam
9-Apr-21	Creating Exellence Through Professional Communication Skills	Rushdina Khan
4-Jun-21	Lean How to Win with Effective Negotiation Skills	Shankar Kumar Roy
2-Jul-21	Demand Planning in Supply Chain	Mohammad Mamun Chowdhury
6-Aug-21	Procurement Masterclass A Comprehensive Guide to Purchase-to-Pay	Mohammad Arif Anwar
Sept' 21	Implementing Blockchain Technology in Supply Chain Management	Atique-E-Rabbani
Oct' 21	Best Lean Six Sigma Practices	Md. Tushar Alam
Nov' 21	Data Analytics with Advanced Excel	Md. Atikul Islam
Dec' 21	Sales and Operations Planning	Mohammad Mamun Chowdhury

Bangla CAT

COVID-19 PANDEMIC

#stayhome #staysafe #staystrong
#fightagainstcovid19

16 YEARS-
WHAT WE'VE BUILT,
WHERE WE'RE HEADED.



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