

Cooperative Education Report

A Study on the Supply Chain Management Practices at a Food

Processing Company: MeatCo Food Nepal

Written by:

Mr. Abishek Karki

5708040038

This Report Submitted in Partial Fulfillment of the Requirements for

Cooperative Education, Faculty of Business Administration

Academic Semester 2/2017

Siam University

Title: Internship Report on supply chain practices at a food processing company MeatCo Food Nepal

Written by: Abishek Karki

Department: Marketing

Academic Advisor: Asst.Prof. Maruj Limpawattana, Ph.D

We have approved this cooperative report as a partial fulfillment of the cooperative education program semester 2/2017

Oral Presentation Committees

my tym-

Academic Advisor

Job Supervisor

Cooperative Committee

(Asst.Prof. Maruj Limpawattana, Ph.D.)

Assistant President and Director of Cooperative Education

Project Title: A Study on the Supply Chain Management Practices at a Food

Credits:

By:

Mr. Abishek Karki

Advisor:

Asst. Prof. Dr. Maruj Limpawattana

Degree:

Bachelor of Business Administration

Major:

Marketing

problems that arise in the real working scenarios.

Faculty:

Business Administration

Semester/Academic year: 2/2017

Abstract

Meatco Food Nepal is a gourmet food technology firm, established in the year 1996 to introduce the concept of processed meat in the Nepalese lifestyle. Meatco was amongst the first few to take the food processing concept from 5 stars hotels to the houses of common people. The main objective of the program was to provide an exposure into the practical working environment, thereby gaining ideas about the disparity between the textbook knowledge and real life practices and also the reconciliation point of them both. Apart from this, the objective remained from realizing the scope of conducting business in Nepal to facing the real

This project envisages the dynamics behind the supply and the inventory management practices that are deployed by MeatCo Food Nepal. Also included in the project are the tasks and duties performed by the intern during the internship period. In the internship period a cumulative experience of most of the departments were gained by the intern.

For this purpose, a research on the topic "A Study on the Supply chain management practices at MeatCo Food Nepal" was conducted during the internship period. The objective of the study is to analyze the entire supply chain procedure and inventory management practices at MeatCo. Apart from this, the objective also remains to understand the company's ability to manage the cost associated with it and address issues concerning lead time, supply of the inventory and reorder level.

Keywords: Supply Chain Management/ Theoretical implications

Acknowledgement

It is a great pleasure for me to prepare the report entitled "A study on the Supply chain management practices at MeatCo Food Nepal". I owe a deep sense of gratitude to all those who have contributed to the successful completion of this endeavor.

I am indebted to Mr. Jitendra Bahadur Basnet, Purchase Manager, MeatCo Food Nepal for not only providing me with the opportunity to work as an intern in his organization, but also giving me the immense knowledge, guidance and support throughout the course of the research project. Furthermore, I would like to thank all of my supervisors for their cooperation and the company for providing me with valuable information from their records.

It is worth mentioning that this report would not have been possible without the continuous encouragement, support and scholarly guidance of my College Internship Supervisor, Asst.Prof. Dr. Maruj Limpawattana. Last, but not the least I would like to thank my parents for giving me the best education and my friend Mr. Abishu Raj Bhandari for his support, technical guidance and scholarly insights. I am grateful to all the people mentioned above, without whom the successful completion of this research would not have been possible.

rnank you					
				Abishek K	arki

Contents

Acknowledgement	3
Abstract	4
1. Company Introduction	6
1.1 Company Profile	6
1.1.1 Mission/Purpose/Objectives/Goals of the company	6
1.1.2 Organizational Strategies	6
1.1.3 Other strategies adopted by MeatCo include:	7
1.2 Organizational Structure	
1.3 Statement of the report	8
1.4 Goals/Objectives of Internship	8
1.4 Expected Outcomes	9
1.5 Limitations of study	9
Chapter 2: Literature report	10
2.1 Supply Chain Management	
2.2 Lead Time	11
Chapter 3: Methodology	12
3.1 Roles/Jobs performed in the internship	12
Chapter 4: Results and Discussion	13
Contributions of students made during the internship	13
4.2 Learning process and New Knowledge Attainment	15
Chapter 5: Conclusion	16
Self-assessment as future professionals	16
Comparison of practical learning VS theory	16
References	18
Bibliography	19

1. Company Introduction

1.1 Company Profile

Meatco Food Nepal is a gourmet food technology firm, established in the year 1996 to introduce the concept of processed meat in the Nepalese lifestyle. Meatco was amongst the first few to take the food processing concept from 5 stars hotels to the houses of common people. Meatco Food Nepal today is composed of a production plant, a bakery, two restaurants that serve as a factory outlet and trades seafoods, frozen peas, fries, casings for encasing sausages and salami.

The company has its production plant in Gothatar Pepsi Cola, and its distribution centre in New baneshwor Kathmandu Nepal. The company aims to produce hygienic food products with a good taste. Meatco specializes on processed meats amongst all other food products. Meatco is the proud meat supplier to all of the hotels in and around the country and has extended its services to the customers of Bhutan from the year 2009. The company imports all its spices and equipments to produce the meat items from Germany and technical assistance is provided by the supplier, thus maintaining standard german technology in its production plants.

1.1.1 Mission/Purpose/Objectives/Goals of the company

- **Vision:** MeatCo's vision since the days of inception till today has been to provide quality meat and food products with good taste in an affordable price. Becoming the meat and food supplier to not only the institutional clients like hotels but also to the households.
- Mission: MeatCo's mission statement is: "To provide meat at its best". The mission statement of Meatco initially was to provide "hygienic product with good taste". But as there are also other various factors that are considered when it comes to meat selection. So, after the adoption of HACCP techniques in its production plant, its mission has been to be the provider of meat that is safe biologically, chemically, free from allergenic components and is suitable for the taste buds of its customers.

1.1.2 Organizational Strategies

MeatCo's overall strategic goal is to uphold a strong organization that can cater to the diet needs of people across Nepal through high quality food and meat products. They envision building consciousness about quality food and meat products and engaging actively to change Nepali food habits through the vast assortment of products that they offer.

With quality as its core competency, MeatCo has adopted the following strategies to uphold this status:

With training from the connoisseur of meat technology, MeatCo has adopted the same processes its production processes.

It uses machineries, casings and spices all of which are imported from Germany itself.

It has incorporated HACCP (Hazard Analysis and Critical Control Points) standards in its production plant. This is a preventive approach to food safety, allergenic, biological and chemical hazards in the production of the meat and food materials.

It constantly revises its product's taste and composition to adapt to the taste buds of the local people

1.1.3 Other strategies adopted by MeatCo include:

Timing strategy

MeatCo is one of the early movers, i.e. it is one of the first few firms to have started its operations in the country. Being an early mover, they have been in the market for a long time now and have earned reputation in their field. They have already built long term relationships with their customers and their suppliers as well.

Differentiation

They have adopted differentiation strategy. At MeatCo, they consider the institutional clients as the niche where they can serve a vast array of products. Thus, they offer all the meat products, sea food, frozen peas fries and baby corn. They have differentiated their products to serve the demands of this niche very well.

Horizontal Growth

MeatCo initially served only the customers at Kathmandu. It is located in the outskirts of the valley. Thus, that was its prime and only customer. But, with the gradual passage of time it has adopted the horizontal strategy.

1.2 Organizational Structure

MeatCo Food Nepal has a pyramid organizational structure. As, it is a sole proprietorship company with a single owner, it is obvious that the owner is at the top of the chain of command. Below the owner is a general manager who supervises the rest of the organization. MeatCo uses a functional chain of command.

There are five functional areas within the organization-Production, Accounts and Finance, Human Resource, and Sales and Marketing and finally Inventory. Each of the functional area has managers who supervise and direct the work of the employees below them.

1.3 Statement of the report

This project envisages the dynamics behind the supply and the inventory management practices that are deployed by MeatCo Food Nepal. Also included in the project are the tasks and duties performed by the intern during the internship period. In the internship period a cumulative experience of most of the departments were gained by the intern.

The importance of a supply chain for a producer and how it well seeped into other processes that a company undertook was realized by the intern. The major challenge in this process was then realized to be the inventory management. The reason for choosing this project for the internship was to find out how a company can manage its supply chain when the demand is ever increasing and the lead time is very short. Also, understanding the inventory management practices deployed by a manufacturing firm, producing perishable goods; was deemed to be of great importance by the intern.

1.4 Goals/Objectives of Internship

The main objective of the program was to provide an exposure into the practical working environment, thereby gaining ideas about the disparity between the textbook knowledge and real life practices and also the reconciliation point of them both. Apart from this, the objective remained from realizing the scope of conducting business in Nepal to facing the real problems that arise in the real working scenarios through the managerial, administrative and interpersonal skills; and through the core and distinctive competencies of the organization.

Other objectives are listed below:

To develop specific, personal and professional skills: These are required to carry out the job and are mostly a prerequisite to being ahead of the competition and achieving ones goals. Thus, the intern would get chance to enhance skills and knowledge, thereby improving career prospects.

To get a chance to test the intern's interest in a particular career before permanent commitments are made: Entrepreneurship can be deemed to be one of the most viable professions across the globe. So, the intern can have a clear idea about the perks associated with the profession and the risk attached to it, in a sole proprietorship business.

To understand the operations and working environment of a manufacturing company: Better understanding of the operations would help recognise the value addition and the omission of the redundant and unnecessary steps. The knowledge of work environment and culture and how to blend it in should also be comprehended.

To get an opportunity to work on an organizational problem: The Company faced problems in their supply and inventory. So, one of the objectives was to study the same and search for an optimal strategy to prevent leakages. In turn, it would also enhance the interns problem solving skills through investigating problems and developing a strategy.

To enhance my career prospects, develop personal relations and become more professional: The internship would help me widen my career prospects through the experience, help me inculcate professional etiquettes and develop a broader personal relation network, which is very important to succeed in today's world.

1.4 Expected Outcomes

After the internship the intern would learn the art of working under pressure. The institutional as well as the household customer's needs, matching those needs with the production, ordering the raw material inventory, production, dispatching and distributing those finished goods to the customers on time while reconciling these aspects with the finance, stock keeping and monitoring the staff on a daily basis; as such was the situation at the workplace. Yet, the supervisors managed everything and successfully made the right decisions. It was "management" in real sense. Another major high point of the program was critical thinking. The intern was given ample opportunities to exercise and apply the management concepts learnt so far.

One of the brightest sides of this internship was that how good management could turn tables around in any situation. The intern could also figure out how the organization could actually use its strengths to take advantage of opportunities while avoiding threats at the same time. Further

more, the intern realized the importance of the interpersonal, communication and team work skills that will be useful in other endeavors.

1.5 Limitations of study

Major limitations of internship study are as follows:

Lack of proper research and detailed information about the company and its operating activities. However, conducting a brief research about the industry and observation of the company's operating activities could give one a ideas and insights regarding the company. Thus, Sometime

Lack of knowledge to run programs and software used by the company. Thus, Sometime of the internship was given to train the intern regarding the basics of the software, in order to get one familiar to the operations.



Chapter 2: Literature report

2.1 Supply Chain Management

It is one of the most important aspect of the company. A study of the US food industry estimated that poor coordination among supply chain partners was wasting \$30 billion annually. Supply chain in many industries suffers from an excess of some products and a shortage of others owing to an inability to predict demand (Fisher, 1997).

"Supply integration" refers to integration that supports the efficient manufacture and delivery of goods, and "demand integration" refers to integration that supports market mediation, with the primary role of demand integration being the transfer of demand information to facilitate greater responsiveness to changing customer needs (Treville, Shapiro, & Hameri, 2004).

In this research, both the supply chain management process steps have been broken down and this has been viewed as a part of the demand and the supply chain integrations.

Later the cautions about the risks involved in integrating the supply chain were recognized. Handfield (1993) extended resource dependence theory to address the question of when the benefits of supply chain relationships (which he referred to as JIT purchasing, or the "social coordination of interdependent actors") outweighed the risks. This social coordination was facilitated by a reduction in the supply base combined with information sharing (including, but not limited to, demand information) (Handfield, 1993).

The resulting model proposed that demand uncertainty and information sharing were antecedents to supply base reduction, which was an antecedent to JIT purchasing, which in turn was an antecedent to reduced transaction uncertainty, which resource dependence theory holds to be the primary objective of supply chain management. Handfield suggested that the type of environmental and transaction uncertainty in the market would determine the nature of the relationship between buyer and supplier that would be expected to develop, with JIT purchasing relationships likely when the expected reduction in transaction uncertainty justified the loss of control implied by the partnership.

It has become increasingly clear, however, that there is a fundamental difference between chains that focus on market mediation and chains that focus on efficient physical supply. Just as the term "logistics" became a subset of the term "supply chain management" to denote the new strategic role of logistics (Lambert, Cooper, & Pagh, 1998), differentiating between supply and demand chains is useful in emphasizing the fact that integration between supply chain parties does not necessarily imply market mediation, and that market mediation represents a trade-off between customer service and supply efficiency.

2.2 Lead Time

Interest in lead time reduction was also originally awakened by JIT production, even though lead time reduction was considerably less emphasized in the JIT process than was reduction in waste—especially excess (Treville, Shapiro, & Hameri, 2004).

Results from lead time reductions led to identification of a competitive strategy based solely on speed, referred to as "Time-Based Competition". The theory namely, "Theory of Swift, Even

Flow," was proposed by Schmenner. In this he claimed that companies emphasizing flow—which implies a focus on speed and on reduction of variability—would have higher productivity than companies emphasizing productivity (Schmenner, 2001).

Later a manufacturing strategy called Quick Response Manufacturing was developed and this addressed implementation of lead time reduction principles in manufacturing environments (Suri, 1998).

According to writer trio (Heizer, Render, & Rajashekhar, 2008) inventory can serve various functions that add flexibility to a firm's operations. The four major functions of inventory are:

To decouple or separate various parts of the production process.

To decouple the firm from fluctuations in demand and provide a stock of goods that will provide a selection for customers.

To take advantage of quality discounts.

To hedge against inflation and upward price changes.



Chapter 3: Methodology

3.1 Roles/Jobs performed in the internship

As the objective was to gain an experience in all departments while giving the most importance to the problem are, the roles and jobs of the internship were defined in the same fashion.

Accounting: Learnt how to use the ACM software to maintain the sales, purchase ledger and also keep track of the inventory through the same software. This helped the intern gain insights about the functioning of the supply chain.

Production: Directly observed the production plant and processes to review the goods produced, materials used to produce the goods and the processes undertaken for the production of those goods. This helped the intern gain knowledge about the flow of inventory with in the company and to the end consumer.

As for the **human resources department**, helped in preparing the payroll and the dispatching of the salary and reviewed the employee leave request forms.

Learnt about the workings of VAT and assisted in keeping recording of the VAT – purchase and sales.

Design **marketing materials** for various events. Various marketing promotions were designed by the intern to successfully. The intern got an opportunity to be a part of a new online bakery, that helped the company reach its customers. The other task was to maintain customer relationship and monitor the flow of good.

Chapter 4: Results and Discussion

Contributions of students made during the internship

Accounting: Learnt how to use the ACM software to maintain the sales, purchase ledger and also keep track of the inventory through the same software. The major task of the intern here was to update sales on a regular basis and give reports to their supervisor. The intern also prepared and kept track of sale returns and purchase returns. This helped the intern gain insights about the functioning of the supply chain. In case of MeatCo, the supply chain starts with the customers and ends with the customers. It is the culmination of the demand and the supply integration. The customer, planning and purchasing steps in the process are the part of the demand integration. Subsequently, the inventory, production and transportation are the step of the supply integration. A good culmination of both of these integrations can only result into a well-functioning supply chain.

Production: Directly observed the production plant and processes to review the goods produced, materials used to produce the goods and the processes undertaken for the production of those goods. This helped the intern gain knowledge about the flow of inventory with in the company and to the end consumer. The inventory management system at Meatco is characterized by the demand pull system. With the increase in the demand, the inventory is increased to meet this demand. As the market for this product is increasing, the demand is also increasing; greater responsiveness on the part of the company should be shown to the customers' needs.

Human Resource Department: As for the human resources department, helped in preparing the payroll and the dispatching of the salary and reviewed the employee leave request forms.

Marketing: Designed marketing materials for various events. Various marketing promotions were designed by the intern to successfully. As stated earlier, the company has diverse range of products that they carry in their portfolio. The intern got an opportunity to be a part of a new online bakery, that helped the company reach its customers. The new company was registered as sugar dreams. Because the company lacked any online platform as new company was introduced to the market, to successfully design pretty wedding cakes to satisfy the needs of the consumers. The intern was also in-charge of dealing orders and communicating with the customers. Maintaining customer relationships was one of the major task of the intern. Marketing Materials designed by the intern are as follows:







MEATCO BITE & COFFEE New Boneshwor Chowle, Kethmonolie, Nepal 01-4783198 | 01-409483 mentiofood@granloam/smrneytrofood@granloam Thank You Card

4.2 Learning process and New Knowledge Attainment

Supply Chain procedure: In case of MeatCo, the supply chain starts with the customers and ends with the customers. It is the culmination of the demand and the supply integration. The customer, planning and purchasing steps in the process are the part of the demand integration. Subsequently, the inventory, production and transportation are the step of the supply integration. A good culmination of both of these integrations can only result into a well-functioning supply chain.

Inventory management through the JIT techniques: MeatCo uses the Just in Time inventory management system for the management of its inventory. It orders in small lots frequently to meet the demands of its customers. Again, the employment of lean operations enforces this system even more. With the large orders, it also orders in bulk. A safety stock of 500 kg is kept to meet up with the demand. As, the lead time for the production and for that of receiving the raw material inventory from the suppliers are both very short, the JIT is the best way to solve this problem. MeatCo has had long- lasting relationship with its suppliers and engages in mutually beneficial transactions with the few suppliers that it gets its raw materials from. So, the suppliers and MeatCo work in close association with each other, making the JIT possible.

With the high storage costs, it is better for the company to use the prevalent JIT technique for the future as well.

Suppliers and Customers: MeatCo has been found to choose its suppliers and customers on the basis of the proximity, effectiveness, reliability and cost. It has fewer suppliers with whom it has had long lasting relationship. The customers are mostly institutional in nature.

Lead Time, Reorder level: The Company doesn't use any sophisticated tool to determine at which point to reorder. The reorder is influenced by the demand and the storage capacity. However, a safety stock of 500 kgs is always kept. The lead time in case of MeatCo is very short. It takes 1-5 days for acquiring the raw materials.

Central Kitchen: The centrally located central kitchen is very effective in my point of view. The location of the central kitchen, distribution centre is in the middle of the city. This reduces the transportation costs while supplying within the valley. Again the control of the raw material and the finished goods inventory will be better in this case. With the help of the order forms, store

requisition forms and other record keeping and audit that takes place, the central kitchen practice in the case of the company is very effective.

Demand- Supply management: Another reason for the company not being able to supply properly to its customers is the limited capacity of the company. The company is currently going through the transition of building up its capacity. New cold rooms are being added on to it. And a new site of factory is under construction which will start operating from the fiscal year 2070/71. After this, the company will have more storage space and also will be able to produce more as automatic sausage fillers are also installed in the new site. This will help the company meet its current deficit in the supply side.



Chapter 5: Conclusion

Self-assessment as future professionals

Although my internship in MeatCo Food Nepal has ended, I am sure the knowledge and skill set that I have acquired while working here will guide me through the next phase of my administrative practice. Not only did I meet my personal objectives set at the beginning but working in such a fast growing and dynamic industry helped me gain experiences well beyond those objectives and goals.

Working in one of the most dynamic industries, one of the biggest learning that I received was the art of working under pressure. The institutional as well as the household customer's needs, matching those needs with the production, ordering the raw material inventory, production, dispatching and distributing those finished goods to the customers on time while reconciling these aspects with the finance, stock keeping and monitoring the staff on a daily basis; as such was the situation at my workplace. Yet, I saw how my supervisors managed everything and successfully made the right decisions. It was "management" in real sense. Another major high point of the program was critical thinking. I was given ample opportunities to exercise and apply the management concepts that I had learnt so far. I can attest to this through the experience I had while discussing with my supervisors and when they answered to my inquisitive glances.

One of the brightest sides of this internship was that I saw how good management could turn tables around in any situation. I saw how an organization could actually use its strengths to take advantage of opportunities while avoiding threats at the same time. Further, my confidence grew as I progressed along. I also realized the importance of the interpersonal, communication and teamwork skills.

In a nutshell, this internship was a very valuable on-the-job training. It has left me more mature, more confident, a bit wiser, and a better candidate for the next job. It has served to build a strong foundation for my future. It has reinforced the theoretical base in me and practical dimensions to it.

Comparison of practical learning VS theory

There are various conclusions that can be drawn from the project that is carried above. For a demanding, dynamic and fast growing industry, like the meat processing industry; there is even more stress on the high level efficiency on the part of meeting and exceeding the customer's expectation.

A huge part of meeting the consumer demands starts with the customer and ends with the customer in the supply chain management system and the inventory management system. In case of MeatCo both primary and secondary data was used to decipher these practices. After the analysis, it was found that there are many areas in the MeatCo supply chain management, which are very suitable for it. For example: the central kitchen practice of the firm, the just in time inventory model, demand- pull inventory system.

But for better performance of the firm, certain changes have to be made. Demand forecasting is merely done by the judgment of the management team, their experiences while running the company and slightly based on the past records. Again, major trends in the supply and the demand

side of the company lay remained unexplored. The company should make use of the historical data and do a thorough analysis to forecast the demand. This will make sure that the demand is fulfilled.

MeatCo should make its processes more technology savvy. The company should deploy useful tools for deciding its reordering level, its minimum stock etc. Also, the company should conduct proper cost and benefit analysis regarding various ordering, holding and stock out cost. Again it should be kept in mind that the goods that are being dealt with are perishable in nature.

Again, the company should conduct a finished good audit in the production plant itself. Only then can the leakages be stopped. To implement full HACCP process in the company and to ensure the proper supply of the raw material, the next step after the consolidation of the existing process, for MeatCo is to go through backward integration. I believe the company will go to higher limits after this endeavor. This will also ensure better quality of the goods produced and competitive advantage of low cost over the competitors.



References

- Forrester, J. (1961). Industrial Dynamics. New York: MIT Press.
- Frolich, M., & WestBrook, R. (2002). Demand chain management in manufacturing and services: web-based integration, drivers, and performance. *Journal of Operations Management*.
- Handfield, R. (1993). A resource dependence perspective of. *Journal of operations*Management.
- Heizer, J., Render, B., & Rajashekhar, J. (2008). *Operations Management* (9th ed.). S1: Pearson.
- Lambert, D., Cooper, M., & Pagh, J. (1998). Supply Chain Management, Implementation Issues and research opportunities. *International journal of logistics management*.
- Schmenner, R. (2001). Looking ahead by looking back: swift, even flow in the history of manufacturing. *Production and Operations Management*.
- Treville, S. d., Shapiro, R. D., & Hameri, A.-P. (2004). From supply chain to demand chain: the role of lead time reduction in improving demand chain performance. *Journal of Operations Management*.

Bibliography



Name-Surname: Abishek Karki

Student: 5708040038

Email: abishek2018@kcm.edu.np

Department: BBA

Faculty: Marketing

Address: New Baneshwor, Kathmamndu, Nepal

Rewards:

Special interests: Marketing promotions designing, Photography, Social Media Marketing,

Travelling, Food blogs, Food Processing.