

Case
on
Production Capacity and Demand Problem of Mondol Intimates Limited

Letter of Transmittal

September 20, 2024

Md. Shoayeb Noman, PhD
Assistant Professor
School of Business
Uttara University

Subject: Submission of the Internship Case Report.

Dear sir,

I would like to thank you for approving this invaluable case. The study has allowed me to get a deeper insight and use my theoretical knowledge in practical knowledge. This is to inform you that I have completed my Spring 2024 internship at Mondol Intimates Ltd.

It has been a great pleasure to work under such a friendly and helpful supervisor who is the principal of this institute in a smooth, cordial environment. The study focuses on the **Production capacity and demand problem of Mondol Intimates Ltd.** I have provided some key findings and analysis and suggested some implementable recommendations.

I will try my best and shall be obliged to provide you with any clarification regarding the case report.

Sincerely Yours,
Md. Shariare Tonmoy
ID: 2233061005
Batch: 61 (A)
Program: MBA for BBA
Department of Business Administration
Uttara University

Letter of Authorization

It gives me immense pleasure to certify that the case report on “**Production capacity and demand problem of Mondol Intimates Ltd.**” has been completed by Md. Shariare Tonmoy bearing ID No. 2233061005 from the 61st Batch of the MBA FOR BBA program of Uttara University under my supervision and guidance. As far as I know, this is a case report paper made as part of the MBA FOR BBA program which has not been published in any journal or submitted to any institution or department for any degree or diploma.

I do hereby accept it and fully recommend the case report for evaluation.

.....

Md. Shoayeb Noman, PhD
Assistant Professor
Department of Business Administration
Uttara University

Acknowledgment

In the beginning, I would like to convey my sincere appreciation to the Almighty Allah for giving me the strength and ability to finish the task. This case report, based on three months' study, is the part of MBA FOR BBA program, which helps me to gather practical information, which is necessary for my future life. I would like to express my deep respect to my honorable academic supervisor Dr. Md. Shoayeb Noman, Assistant Professor, School of Business, Uttara University for giving me his valuable time and all the necessary guidance, which inspired me to prepare this case report.

The job opportunity I had with the Merchandising Department, Mondol Group Intimates Limited was a great chance for learning and professional development. I consider myself as a very lucky individual as I was provided with an opportunity to be a part of it. I am also grateful for having a chance to work so many wonderful people and professionals who led me through this work period. I would like to thank Mr. Md. Roknuzzman Tuhin, Production General Manager, Production Department, Mondol Intimates Limited and Mr. Shohel Rana, Merchandising General Manager, Merchandising Department, Mondol Intimates Limited. And last but not least; thanks to all the personnel working at Production department and Merchandising department, Mondol Intimates Limited.

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Acronym

CoC - code of conduct

H&M - Hennes & Mauritz

S.p.A - Societa per Azioni

HEMA - Hollandsche Eenheidsprijzen Maatschappij Amsterdam

POA - The purchase order authorization

1. Organizational Context

1.1 Brief description of the industry

The readymade garments industry acts as a catalyst for the development of Bangladesh. The "Made in Bangladesh" tag has also brought glory to the country, making it a prestigious brand across the globe. Bangladesh, which was once termed by cynics a "bottomless basket" has now become a "basket full of wonders." The country with its limited resources has been maintaining a 6% annual average GDP growth rate and has brought about remarkable social and human development. After the independence in 1971, Bangladesh was one of the poorest countries in the world. No major industries were developed in Bangladesh, when it was known as East Pakistan, due to the discriminatory attitude and policies of the government of the then West Pakistan. So, rebuilding the war-ravaged country with limited resources was the biggest challenge. The industry that has been making a crucial contribution to rebuilding the country and its economy is the readymade garment (RMG) industry, which is now Bangladesh's single biggest export earner. The sector accounts for 83% of the total export earnings of the country.

1.2 Brief description of the company

Mondol Intimates Ltd. is a 100% export-oriented readymade garments manufacturing factory in Bangladesh. This factory was established in January 2013. Mondol Intimates Ltd. is one of the leading knit lingerie garments manufacturers & exporters in Bangladesh. They design, develop, and export all kinds of Ladies' lingerie products. Mondol Intimates Ltd., 100% follows and implements the local labor law, international labor law, and buyer code of conduct (CoC). The Major customers are H&M, MAX, HEMA, LIDL, WOMEN 'SECRET etc.

1.3 Description of work-related section/department/division

During the period of my work, I held a position as a junior executive officer in the Merchandising department at Mondol Intimates Limited. The main task was to observe the whole production process and told to the upper-level management. Additionally, I was responsible for coordinating with different departments to ensure smooth production flow and timely order processing.

2. Case-specific theoretical concepts

Figure 1 illustrates the production capacity from April 2023 to September 2023. In this figure we can see that the production capacity was 2000000 pieces in April 2023. After The production was reduced day by day till September 2023. The production department and the marketing department teams are sitting up meeting and try to find the reasons for low order from the clients. Initials Challenges are first one is as if we lost our order and production. How can we reach our target goal? And second one is If marketing team or production team has any lacking then how it should be cover up?

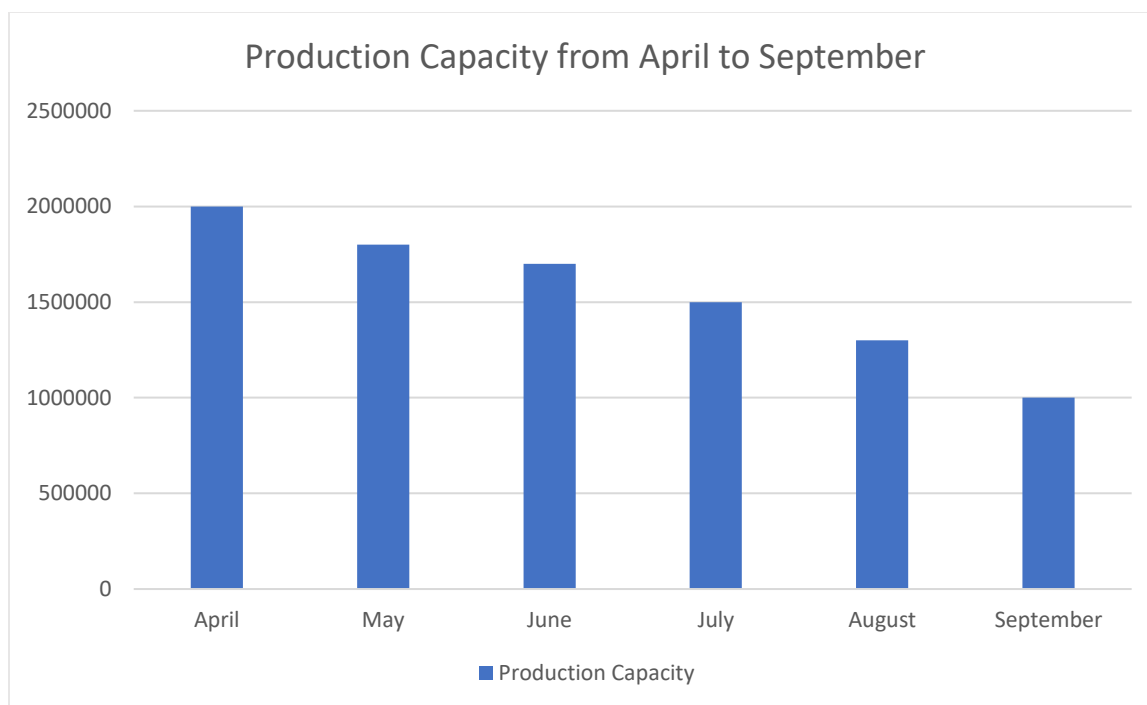


Figure 1: Production Capacity of the last 6 months

In recent times, Bangladesh's garment industry faced unexpected hurdles, especially with the sudden cancellation of orders by European buyers. This perplexing situation emerged despite the industry's initial resilience after the Russia-Ukraine war and amid the persisting challenges of the COVID-19 pandemic. Two key factors played a role in this perplexing scenario is **Unsold Inventory Woes & Dollar Inflation**. Bangladesh's garment sector boasts several **strengths such as High Production Capacity, Production During the Pandemic, and Export Growth Surge**. <https://www.youtube.com/watch?v=OKBHFgq44dQ&t=99s>

3. The situation of the core problem

During the six months from April to September 2023, the Mondol Intimates experienced an approximate 50 percent decrease in the number of orders quantity. Many other companies were concerned with the recent number of orders decreasing in their sector and continuously tried to attend meetings to solve the problem. In this situation, the production manager and the merchandising manager decided to analyze the problem and develop a potential solution. The production manager and the merchandising manager worked with executive employers to gather order reports from previous years to determine if any kind of order patterns existed among these orders.

4. Background of the core problem

From the very beginning of 2023, the order quantity was decreasing day by day, which was initially identified by the production department. At first, they informed to the merchandiser, and the reply was all right we will see it don't worry, and also added that it would not hamper our profit margin. But the worst situation will continuously increase day-by-day and the authorities of Mondol Intimates also concern about that. Due to the 50% decrease in order quantity Mondol Intimates faces some issue such as Machines being stopped, Employees having free time, and the company has faced profit loss. Meanwhile, the company had decided on a holiday of 7 days, which was didact from the employee's total number of holidays. The decline in orders can be attributed to several external factors such as global economic downturns, changes in buyer preferences, and increased competition from other low-cost manufacturing countries. Internally, there may have been issues related to the quality of products, delays in delivery schedules, or lack of innovation in product offerings.

The purchase order authorization (POA) shown in the picture 1 is for an order placed by TEDDY S.p.A. The order details are as follows: **Item:** SLMD00593A32PX PANTIES Woman; **Delivery Terms:** FOB Chittagong - SEA SHUTTLE; **Delivery Date:** 20.06.2023; **Quantity:** 9.333 units; **Currency:** USD; **Unit Price:** \$2.22; **Total Gross Amount:** \$20,719.26; **Total Net Amount:** \$20,719.26

TEDDY

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PURCHASE ORDER AUTHORIZATION (POA)

NR 18478
DATED 16.04.2023

Item	Item Description General Information	Febric Type	Hs Code	Made In	Hs Cat					
SLMD00447A23	SAC0012551001 PANTIES Woman		6108	BD	13					
SLMD00818AMAC	SAC0012760001 PANTIES Woman	Knit	6108	BD	13					
SLMD00818AZEB	SAC0012761001 PANTIES Woman	Knit	6108	BD	13					
SLMD00769A23PK	SAC0012823001 Pay Attention:COMPOSED item									
	Component.....:PANTIES Woman	Knit	6108	BD	13					
	Component.....:PANTIES Woman	Knit	6108	BD	13					
SLMD00593A23PK	SAC0012822001 PANTIES Woman	Knit	6108	BD	13					
	Pay ATTENTION:this item is composed by	3 components								
Item	Item Description	Delivery Terms	Delivery Date	U. M.	Q. ty Curr	Unit Price	Gross Amount	1^% Disc.	2^% Disc.	Net Amount
SLMD00593A23PK	PANTIES Woman	Transport Mode FOB Chittagong - SEA SHUTTLE	20.06.2023	NR	9.333	USD 2,22	20.719,26	0,00	0,00	20.719,26
Total Qty.....:					9.333		Total Net Amount....:			20.719,26

Picture 1: Purchase Order April 2023

The purchase order authorization (POA) shown in picture 2 is for an order placed by TEDDY S.p.A includes multiple items of women's panties. The order details are as follows:

Item:1. SLMD0081BAZEB PANTIES Woman; **Quantity:** 7,065 units; **Unit Price:** 0.91 USD;

Gross Amount: 6,429.15 USD; **Delivery Date:** 05.10.2023; **Net Amount:** 6,429.15 USD

Item:2. SLMD00769A23PK PANTIES Woman; **Quantity:** 3,216 units; **Unit Price:** 0.71 USD;

Gross Amount: 2,283.36 USD; **Delivery Date:** 25.09.2023; **Net Amount:** 2,283.36 USD

Item:3. SLMD00769A23PK PANTIES Woman; **Quantity:** 3,216 units; **Unit Price:** 1.44 USD;

Gross Amount: 4,631.04 USD; **Delivery Date:** 25.09.2023; **Net Amount:** 4,631.04 USD

Total Order Quantity: 13,497 units and **Total Net Amount:** 13,343.35 USD. The others purchase order authorization (POA) is in the Exhibit section.

PURCHASE ORDER AUTHORIZATION (POA)

NR 18478
DATED 16.08.2023

Item	Item Description	General Information	Febric Type	Hs Code	Made In	Hs Cat				
SLMD00447A23	SAC0012551001 PANTIES Woman			6108	BD	13				
SLMD00818AMAC	SAC0012760001 PANTIES Woman									
			Knit	6108	BD	13				
SLMD00818AZE8	SAC0012761001 PANTIES Woman									
			Knit	6108	BD	13				
SLMD00769A23PK	SAC0012823001 Pay Attention:COMPOSED item									
	Component.....PANTIES Woman		Knit	6108	BD	13				
	Component.....PANTIES Woman		Knit	6108	BD	13				
SLMD00593A23PK	SAC0012822001 PANTIES Woman									
			Knit	6108	BD	13				
Pay ATTENTION:this item is composed by			3 components							
Item	Item Description	Delivery Terms	Delivery Date	U. M.	Q.ty	Unit Price	Gross Amount	1^% Disc.	2^% Disc.	Net Amount
SLMD00818AZE8	PANTIES Woman	FOB Chittagong - SEA SHUTTLE	05.10.2023	NR	7.065	USD 0,91	6.429,1	5	0,00	6.429,15
SLMD00769A23PK	PANTIES Woman	FOB Chittagong - SEA SHUTTLE	25.09.2023	NR	3.216	USD 0,71	2.283,3	6	0,00	2.283,36
SLMD00769A23PK	PANTIES Woman	FOB Chittagong – SEA SHUTTLE	25.09.2023	NR	3.216	USD 1,44	4.631,0	4	0,00	4.631,04
Total Qty.....:					13.497		Total Net Amount....:		13.34,335	

Picture 2: Purchase Order August 2023

There are two key issues in this case. **Profit loss:** If almost 50% of orders were decreased so company faces some profit loss. **Adjustment of the situation:** The whole situation was unexpected for the company. Because the company was faced the situation for the 1st time. However, one side has no order and another side has some financial issues. So, to solve this situation the company gave seven (07) days of casual leave. The company's initial reaction was to address the immediate impact on its workforce by reducing operational days. While this provided a short-term solution, it did not address the underlying issues such as market positioning, client relationship management, and competitive pricing. A comprehensive evaluation should also consider the potential long-term effects on employee morale and retention, as well as the company's brand reputation among buyers.

5. The solutions

First of all, the production team and merchandising team were pock each other for that situation. But after a few weeks, they found that they are not responsible for the situation. So, the main task

was to find a specific solution to this situation. That's why there was a meeting hold on "How to overcome this situation." In that meeting one employer of the merchandizing team said that "One day one buyer said to me for reduce 50cent price of the product." But I disagreed with their agreement. At this moment the employer of that meeting thought that may be price negotiation is the main reason for the decreasing order quantity. This meeting was concluded with the decision that now we are communicate with buyers regularly and consider about the price.

6. Conclusions

In conclusion, Mondol Intimates Ltd. faced a significant challenge with a sudden 50% decrease in order quantity, which highlighted several operational vulnerabilities. The primary issues identified were the lack of competitive pricing and insufficient communication with buyers. The company's response to this crisis included a temporary solution of giving employees a holiday, which only addressed the symptom and not the root cause of the problem. Implementing the above recommendations can help in addressing the current issues and building a more resilient operational framework. Enhanced communication with buyers, competitive pricing strategies, market diversification, capacity utilization optimization, strategic inventory management, and strengthening the sales and marketing team are crucial steps toward stabilizing order quantities and ensuring sustainable growth. Further actions may include continuous monitoring of market trends, regular performance reviews of implemented strategies, and maintaining flexibility to adapt to changing market conditions. Long-term success will depend on the company's ability to remain agile and proactive in identifying and mitigating potential risks.

7. References

- ✓ BGMEA | About Garment Industry of Bangladesh. (n.d.).
<https://www.bgmea.com.bd/page/AboutGarmentsIndustry>
- ✓ MONDOLINTIMATES | Environmental Impact Assessment. chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://www.mondolintimates.com/EIA%20Report.pdf

8. Appendix

8.1 List of exhibits

The purchase order authorization (POA) from TEDDY S.p.A. dated 16.05.2023 lists the following items: **1. Item:** SLMD00447A23; **Description:** PANTIES Woman; **Quantity:** 10.421 units; **Unit Price:** 0.70 USD; **Total Gross Amount:** 7,294.70 USD; **Delivery Terms:** FOB Chittagong - SEA SHUTTLE; **Delivery Date:** 25.06.2023; **2. Item:** SLMD00818AM2C; **Description:** PANTIES Woman; **Quantity:** 11.959 units; **Unit Price:** 0.91 USD; **Total Gross Amount:** 10,882.69 USD; **Delivery Terms:** FOB Chittagong - SEA SHUTTLE; **Delivery Date:** 05.07.2023; **Total Order Quantity:** 22.380 units; **Total Net Amount:** 18,177.39 USD; shown in Picture 3.

TEDDY TEDDY S.p.A. - Via Coriano, 58 47924 RIMINI (RN) ITALIA Partita IVA 00953910403 Capitale Sociale 50.000.000 di Euro i.v. Iscr. registro delle imprese di Rimini n. 00953910403 Tel. +39 0541 301411 Fax. +39 0541 383430 www.teddy.it		PURCHASE ORDER AUTHORIZATION (POA) NR 18478 DATED 16.05.2023	
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Item	Item Description	General Information	Febric Type	Hs Code	Made In	Hs Cat
SLMD00447A23	SAC0012551001	PANTIES Woman		6108	BD	13
SLMD00818AMAC	SAC0012760001	PANTIES Woman	Knit	6108	BD	13
SLMD00818AZEB	SAC0012761001	PANTIES Woman	Knit	6108	BD	13
SLMD00769A23PK	SAC0012823001	Pay Attention: COMPOSED item				
	Component.....:	PANTIES Woman	Knit	6108	BD	13
	Component.....:	PANTIES Woman	Knit	6108	BD	13
SLMD00593A23PK	SAC0012822001	PANTIES Woman	Knit	6108	BD	13
	Pay ATTENTION:	this item is composed by	3 components			

Item	Item Description	Delivery Terms	Transport Mode	Delivery Date	U. M.	Q. ty	Curr	Unit Price	Gross Amount	1^% Disc.	2^% Disc.	Net Amount
SLMD00447A23	PANTIES Woman	FOB Chittagong - SEA SHUTTLE		25.06.2023	NR	10.421	USD	0,70	7.294,70	0,00	0,00	7.294,70
SLMD00818AMAC	PANTIES Woman	FOB Chittagong - SEA SHUTTLE		05.07.2023	NR	11.959	USD	0,91	10.882,69	0,00	0,00	10.882,69
Total Qty.....:								22.380		Total Net Amount....:		18.177,39

Picture 3: Purchase Order May 2023

Picture 4 illustrate the purchase order authorization (POA) from TEDDY S.p.A. dated 16.06.2023 lists the following items: **1. Item:** SLMD00818AM2C; **Description:** PANTIES Woman; **Quantity:** 11.959 units; **Unit Price:** 0.88 USD; **Total Gross Amount:** 10,429.15 USD; **Delivery Terms:** FOB Chittagong - SEA SHUTTLE; **Delivery Date:** 05.08.2023; **2. Item:** SLMD00818AZEB; **Description:** PANTIES Woman; **Quantity:** 7.065 units; **Unit Price:** 0.98 USD; **Total Gross Amount:** 6,882.69 USD; **Delivery Terms:** FOB Chittagong - SEA SHUTTLE; **Delivery Date:** 05.07.2023; **Total Order Quantity:** 19.024 units; **Total Net Amount:** 17,311.84 USD.

TEDDY

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PURCHASE ORDER AUTHORIZATION (POA)

NR 18478
DATED 16.06.2023

Item	Item Description	General Information	Febric Type	Hs Code	Made In	Hs Cat
SLMD00447A23	SAC0012551001 PANTIES Woman			6108	BD	13
SLMD00818AMAC	SAC0012760001 PANTIES Woman		Knit	6108	BD	13
SLMD00818AZEB	SAC0012761001 PANTIES Woman		Knit	6108	BD	13
SLMD00769A23PK	SAC0012823001 Pay Attention:COMPOSED item					
	Component.....PANTIES Woman		Knit	6108	BD	13
	Component.....PANTIES Woman		Knit	6108	BD	13
SLMD00593A23PK	SAC0012822001 PANTIES Woman		Knit	6108	BD	13
	Pay ATTENTION:this item is composed by		3 components			

Item	Item Description	Delivery Terms	Delivery Date	U. M.	Q.ty	Curr	Unit Price	Gross Amount	1^% Disc.	2^% Disc.	Net Amount
SLMD00818AMAC	PANTIES Woman	FOB Chittagong - SEA SHUTTLE	05.08.2023	NR	11.959	USD	0,88	10.429,15	0,00	0,00	10.429,15
SLMD00818AZEB	PANTIES Woman	FOB Chittagong - SEA SHUTTLE	05.07.2023	NR	7.065	USD	0,98	6.882,69	0,00	0,00	6.882,69
Total Qty.....:					19.024			Total Net Amount....:			17.31,184

Picture 4: Purchase Order June 2023

The purchase order authorization document lists two items which is shown in picture 5 , both categorized as "PANTIES Woman" with different item codes: **1. Item:** SLMD00769A2S3PK; **Quantity:** 3,216 units; **Unit Price:** 1.44 USD; **Total Gross Amount:** 4,631.04 USD; **Delivery Date:** 25.08.2023; **Transport Mode:** FOB Chittagong - SEA SHUTTLE; **2. Item:** SLMD00818MAC; **Quantity:** 11,959 units; **Unit Price:** 0.91 USD; **Total Gross Amount:** 10,882.69 USD; **Delivery Date:** 05.10.2023; **Transport Mode:** FOB Chittagong - SEA SHUTTLE; **Total Quantity:** 15,175 units; **Total Net Amount:** 15,513.73 USD.

TEDDY

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PURCHASE ORDER AUTHORIZATION (POA)

NR 18478
DATED 16.07.2023

Item	Item Description	General Information	Febric Type	Hs Code	Made In	Hs Cat
SLMD00447A23	SAC0012551001 PANTIES Woman			6108	BD	13
SLMD00818AMAC	SAC0012760001 PANTIES Woman		Knit	6108	BD	13
SLMD00818AZE8	SAC0012761001 PANTIES Woman		Knit	6108	BD	13
SLMD00769A23PK	SAC0012823001 Pay Attention:COMPOSED item					
	Component.....:PANTIES Woman		Knit	6108	BD	13
	Component.....:PANTIES Woman		Knit	6108	BD	13
SLMD00593A23PK	SAC0012822001 PANTIES Woman		Knit	6108	BD	13
	Pay ATTENTION:this item is composed by		3 components			

Item	Item Description	Delivery Terms	Transport Mode	Delivery Date	U. M.	Q.ty	Curr	Unit Price	Gross Amount	1^% Disc.	2^% Disc.	Net Amount
SLMD00769A23PK	PANTIES Woman	FOB Chittagong - SEA SHUTTLE		25.08.2023	NR	3.216	USD	1,44	4.631,04	0,00	0,00	4.631,04
SLMD00818AMAC	PANTIES Woman	FOB Chittagong - SEA SHUTTLE		05.10.2023	NR	11.959	USD	0,91	10.882,69	0,00	0,00	10.882,69
Total Qty.....:						15.175			Total Net Amount....:			15.513,73

Picture 5: Purchase Order July 2023