



# CHANGING DYNAMICS OF SUPPLY CHAIN

MANAGERS NEED TO UNDERSTAND DEMAND FORECASTING AND USE THE RIGHT TECHNOLOGY TO CLOCK IN DEMAND, NOT TO FORGET EXPORTS

BY BINDU GOPAL RAO



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**SUPPLY CHAINS NEEDS TO BE DYNAMIC** and agile enough to respond quickly to the varying demand needs. It is important to have a sourcing strategy that is predictable in terms of producing, transportation, warehousing and distribution. Secondly, supply chain visibility is available today rich set of technologies such as IoT, barcodes, RFIDs, and data analytics. Thirdly, superior intelligence churned out through AI and machine learning techniques augment abilities to make decisions.

Effective SCM is key to business and it is important that the right tools or programmes are in place

to ensure the availability of products at the right place and the right time.

**Rajesh Jaggi, managing partner, real estate, Everstone Group**, says, "Companies aim to have lesser inventory in order to increase flexibility, reduce logistics cost and have quick turnaround between manufacturing units, distribution and customers. Our FEBI (Faster, Economical, Better and Innovative) approach helps in providing optimised solutions to customers. IndoSpace, being the largest, most modern and the only national network of industrial real estate in India, provides clients with light manufacturing



units and distribution centres across industrial zones, in proximity to their customers which makes a difference in delivering within time along with the flexibility of maintaining inventory."

"We have developed our in-house WMS which works on similar principles of Six Sigma possible for gatekeeping checks – even though it lengthens the process in the warehouse; it ensures that the product is correct at the time of dispatch and on time. We are working with a company to implement IoT in warehouses for error checking through security systems," says **Aditya Vazirani, CEO, Robinsons Global Logistics Solutions.**

In the era of digitalisation, getting the right product at the right place and the right time is key for differentiating the end customer experience. "We offer a product serialisation solution to the brand with large supply chain networks to give a digital identity to each product with the help of IoT. Each uniquely labelled product is supported by a database containing all related data, from product images to product composition, including quality and sourcing information. All product related information is tracked against the unique ID, from the moment the product rolls off an assembly line, across its supply chain and till it reaches the end consumer. This allows each manufacturer to track the products across the supply chain in real time," says **Divay Kumar, CEO & Founder, O4S.**

**EFFICIENCY ISSUES**

Strategic sourcing is key in the procurement process of high value raw materials, fuel and chemicals, packaging as well as engineering spares and services. **Chetan Walunj, co-founder, Repos Energy,** adds, "Several industries take into account all the different important aspects of SCM while strategising but leave out some of the most important aspects

such as the impact of such a system on the end customers or the vendors and other contributors. We make sure that we don't oversee the purpose of our product and its value for our customers. We make our SCM effective for all our stakeholders and are mindful of the fact that quality begets best results. So each Repos Petrol Pump at our industry is handcrafted by our team-members for best quality products. Regular training is conducted including for skilled and non-skilled labour."

**PROCESS EXCELLENCE**

For efficient SCM, the organisational culture needs to promote excellence in various processes, so they can work in cohesion. "We conduct toolbox meetings every Saturday in each of our 36 warehouses to keep a continuous training procedure happening which is documented. Process re-engineering and adoption of new streamlined processes is the goal for 2019-2020 to drive further efficiencies, but as always, resistance to change an existing mindset is the biggest factor. When you explain how the new process is beneficial and is driven by a team leader on the ground and not the management the change is quite marvelous," says Vazirani.

A strong culture of collaboration and coordination is one of the key imperatives in achieving an efficient SCM. People, Process and Technology act as the key enablers when they work in orchestration. "The planning exercise should broadly encompass all key functions of strategy, sales, finance, procurement, production and distribution. The execution should be driven by the agreed processes that cut across these functions enabling quicker responses and decisions. Technology suites such as ERP, forecasting, advanced analytics, digital technologies should be leveraged to bind these functions and provide for efficient workflows. The challenges to achieve this



"To acquire the right piece of land with connectivity and scope for development within the right price is crucial. It is essential to making land acquisition rules consistent."  
– Aditya Virwani



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## THE ONLY WAY TO GROW PROFITABILITY IS BY CONTROLLING OPERATING COSTS AND MINIMISING LOSSES.

sweet spot would be the inherent silo tendencies of each function having goals that sometimes are in conflict with that of other functions, which can clearly overshadow the overarching objectives of an efficient SCM," avers **Anjan Kumar, VP, sales (APAC, EU) business unit head, engineering solutions, automotive and industrial products, AXISCADES.**

### COST CONTROL

In today's competitive markets where brands are forced to limit pricing to stay relevant to the price-sensitive consumers, the only way to grow profitability is by controlling operating costs and minimising losses.

While most companies have been successful in controlling on premise operations costs related to manufacturing, sourcing (to a certain extent), overheads due to plant automation, the same cannot be said for distribution supply-chain as it lies outside the brand's controlled environment. **Jatinder Gujral, CEO, Setco Automotive** explains, "The most critical parameter here is to not let inefficiency kick in. We have broken the chain down into its essential elements to make our SCM work more efficiently. And

have continuously endeavoured to establish a practice that addresses the ergonomic issues that concern the shop floor. Having said that, we also look into planned maintenance, continuous training and ensure zero wastage of variable costs."

**RS Jalan, MD, GHCL** adds, "We have a monthly operational review process to fine tune our procurement planning and inventory planning in view of changing market conditions as well our production requirements. The cross functional involvement of marketing, SCM and production teams ascertains the continuous reduction in operating cost. Additionally, we have clearly defined Key Performance Indicators (KPIs) with the aim to bring continuous improvement in each process thus leading to reduction in operating cost."

### TREND CHECK

There have been positive developments in recent pasts in the area of supply chain management like GST implementation, increasing axle load in trucks and promotion coastal shipping. **Nishith Rastogi, CEO & co-founder, Locus** opines, "The rise of mobiles has resulted in a drastic increase in the tracking of goods. Another trend that we see is the rise of the sharing economy even in the shipping world. Many players are using services to ship goods together and save costs. Going ahead, we will see services like Virtual Transportation Network (internal transport platform), Cross-docking (unloading materials from an incoming vehicle loading these materials directly into outbound trucks) and 3D packing (technology to use the maximum space inside a vehicle) becoming more popular amongst established players. Companies who become early adopters of these technologies for supply chain management would stay ahead in the innovation and optimisation game."

### RISK FACTOR

The presence of a robust and well planned logistics infrastructure, effective logistics management system enables seamless movement of goods from the point of origin to that of consumption, and boosts economy. From a client perspective, the option of flexibility and customisation in growing the space as per their business needs translates into being value for money.

Jaggi says, "Grade A warehouses are infrastructurally more equipped than the other types due to efficient material handling, enormous amount of space along with access to latest technology. They have ample clear heights, optimised column spacing, flat and super-flat floors designed to support high cube racking, high dock-door ratios and extensive concrete truck courts. These warehouses allow abundant creativity in laying out the plant & equipment