

Case Study- Plastic Manufacturing Company

Turnover: USD 600 M, Employee-1500, Operation in India, SEA, Turkey, USA, 4th Largest in world

Scope

- Market to Plan
- Order to Cash
- Procure to Pay
- Produce to Delivery
- Plant and Facility/Warehouse Layout
- Organization Design
- People Mapping to Organization

Customer Challenges

- Longer lead times and lead time variability
- Rising logistics costs and fuel prices
- Ability to effectively manage our company's growing global operations and distribution networks
- Loss of operational control & difficulty managing suppliers
- Uncoordinated multi-tier supply chain process (supply/demand not balanced throughout tiers)
- Lack of critical supply chain process visibility

PBOPlus Solution

- Process Based Organization Design for SCM
- End to End SCM process Design for improving TAT, Cost, Consistency
- Horizontal and Vertical Compression for maximum SCM Effectiveness
- Performance Tracking System for visibility across value chain
- Vectorial alignment of people to process

Score Card-Before

- TAT for Procure to Pay Cycle (15-70 days)
- Market to Plan-Lead time 3 to 7 days
- Inventory Turn Ratio-7-9
- Organization Design-100% functional with focus on maximizing functional KPIs

Business Benefits

- Clear Accountability of Delivery
- Improved Delivery Performance
- Lower cost of SCM
- SCM designed for delivery customer value
- Engaged, empowered and aligned manpower

Score Card-After

- TAT for Procure to Pay Cycle (3-15 days)
- Market to Plan-Lead time 1 to 2 days
- Inventory Turn Ratio-10-11
- Organization Design-100% Process Based with focus on maximizing customer centric horizontal KPIs

Case Study- Explosive Manufacturing Company

Turnover: USD 200 M, Employee-700, Operation in India, largest Manufacturing of Explosive and Ancillary

Scope

- End to End SCM Process Design
- SCM Cost
- Elimination of error across the SCM

Customer Challenges

- Poor Van Utilization (Special design van for carrying explosives)
- Poor Allocation Factor Utilization
- Poor Visibility and excessive follow up for timely delivery
- Poor asset utilization
- High Inventory turn ration

PBOplus Solution

- Process Based Organization Design for SCM
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- Horizontal and Vertical Compression for maximum SCM Effectiveness
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- Vectorial alignment of people to process

Score Card-Before

- Order to Deliver-OTIF- 28%
- Error in documents-30%
- Van Utilization- Less than 40%
- Allocation Factor-92% (can go upto 105%)

Business Benefits

- Sale improved by 7-12% in less than 3 months across all customer segment verticals
- Error in documents almost got eliminated
- Leveraging IT

Score Card-After

- Order to Deliver-OTIF- 28% to 95% in 3 months time
- Error in documents less than 5%
- Van Utilization- Increased from 40% to almost 75%
- Allocation Factor-92% to 102%

Case Study- Fashion and Apparel, Footwear and Shoes Company

Leading footwear manufacturer, Growing at 35% Per annum, average,4000+ SKUs, Almost 500 SKUs added per year, Company has moved from 40,000 to 70,000 outlets in past 3 years, Company targets to reach 120,000 outlets in next three years

Scope

- Market to Forecast
- Forecast to Plan
- Sale Loss Assessment
- OTIF tracking at 5 stage of delivery for all the three product verticals
- SCM Organization Design

Customer Challenges

- Customer order had no meaning, Production dictated
- Poor visibility across the value chain
- No process for assessing the lost sales and tracking the delivery performance
- Volume focus mindset
- No system of assessing the SCM cost

PBOPlus Solution

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- End to End SCM process Design for improving TAT, Cost, Consistency
- Horizontal and Vertical Compression for maximum SCM Effectiveness
- Performance Tracking System for visibility across value chain
- Vectorial alignment of people to process

Score Card-Before

- Order to Deliver-OTIF 28%
- Customer Order to Actual Delivery –Lost sale 35%
- Market to forecast- Accuracy 10%
- Organization Design-100% functional with focus on maximizing functional KPIs

Score Card-After

- OTIF improvement from 28% to 65%, expected to reach 85% by year-end (Line-wise, quantity –wise non-fulfilment in an order gets Zero for the entire order)
- Lost Sales brought down from 35% to 5%
- Fulfilment against Sales Forecast improved from 10% to 40% (More than 10% variation over forecast for an item gets Zero)

Key Interventions

Process

- Templates for decision making at different stages
- 28 Level – 3 processes defined
- Performance measurement through OTIF, Lost Sales and Forecast Fulfillment

People

- Structure implemented for SCM – 22 people deployed
- Separate structure for corporate and at each plant
- KRA / KPI definition for each role
- Training and testing still under progress

Technology

- Reports designed to provide decision making across the value chain (18)
- Reports to be automated (6 already complete)
- Select dealers given stock visibility through system

Strategy

- Strategy to win, with one input from competitor in sighting
- 3-year plan drawn to have week-wise and SKU-wise retail data
- Combination of Forecast / Made to Stock / Replenishment Model

Infrastructure

- Warehouse modified
- New warehouses to be erected / procured across the country

Culture

- Continuous improvement culture
- Exception management – identification and dissolution of exceptions
- Periodic review and upgrade of process every quarter

Policy and Business rules

- Clear policies defined for each of the seven L1 Processes
- Some policies built into IT, others managed by leveraging people
- Plan drawn to have all policies embedded in IT

Transportation / Supplier

- Transportation Scorecards implemented
- Transporter feedback and management / improvement introduced

Case Study- FMCG Company

Turnover: USD Mn 1000, Employee-400, Large FMCG,120 SKUs,Some SKUs have daily price changes
Sold through 36 depots to 950 dealers and 60,000 outlets

Scope

- Procure to Pay
- Produce to Delivery
- Organization Design
- People Mapping to Organization

Customer Challenges

- Excessive procure to pay cycle (TAT)
- Poor visibility
- Poor plant utilization due to poor planning
- Too many silos working for maximizing their functional KPIs

Score Card-Before

- TAT for Procure to Pay Cycle (15-70 days)
- SCM cost x% of total cost
- Organization Design-100% functional with focus on maximizing functional KPIs

PBOPlus Solution

- End to End SCM Design
- Total visibility of the value chain – right from suppliers, within factory, in transit, out-bound, depots, and dealer stock for about 10% of dealers. For remaining dealers, weekly reports used
- Performance of all processes tracked on a daily basis, and process head to take action (why-why analysis, RCA on the same day)
- Robust Exception Management System

Business Benefits

- Dealer satisfaction up from 45% to 75%
- Depot stock out from 18% - brought down to 2%
- Prices announced every morning at 1030hrs, and visible to all distributors across the country within 10 minutes
- Factory stock (FG) reduced from 6 days to 3.9 days
- OTIF from Factory to Depot (40%) reached 92%
- Errors in truck loading and during transit brought down to about one-third
- Penalty and incentives for transporters linked to performance
- Dealer scorecard
- Monthly interface meetings with all stakeholders

Score Card-After

- One day delivery to dealers from depot
- Overnight delivery from factory to depot for replenishment of all depots within 300Km, 36 hour delivery to depots between 300-700Km, 48 hour delivery to depots within 700 to 1000 Km
- Average Depot stock from 5 days brought down to 1.8 days

Key Interventions

Process

- Minimum inventory levels at each depot, based on demand and factory lead times
- Auto generation of indents to factories
- Provision for last minute correction by depot manager

People

- Depot team reduced from 5 personnel to 2, by clubbing of jobs
- From 51 people across 5 functions, only 13 in SCM. Rest were deployed in other areas

Technology

- SAP was already present, more than 36 templates transferred to SAP for implementation and daily visibility and tracking / planning
- Vendor performance data captured / analyzed

Strategy

- Distribution was visualized as a winning move in the industry, in light of commoditization of product
- Lost sales at retail level became a prime anxiety

Infrastructure

- Warehouse locations redefined in spite of CNF regime
- Number of depots and dealers rationalized, based on business need, to service different categories of retailers

Culture

- Functional to Process world
- Process is paramount and complete with TAT
- Multi-skilling – you are responsible for your team's performance
- Sequence and time of work

Policy and Business rules

- Existing policy documents, covering 9 functions, simplified – almost 60% thrown out
- Most functional policies changed to reflect company's Process orientation

Transportation / Supplier

- Vendor feedback system put in place
- Vendor rating and development model
- Performance based business share and credit terms to vendor
- Same-day payment