



Bringing efficiency in the supply chain

Efficient supply chain is directly related to success of the business. Here is how some organisations are attempting to make it robust.

By Swati Deshpande

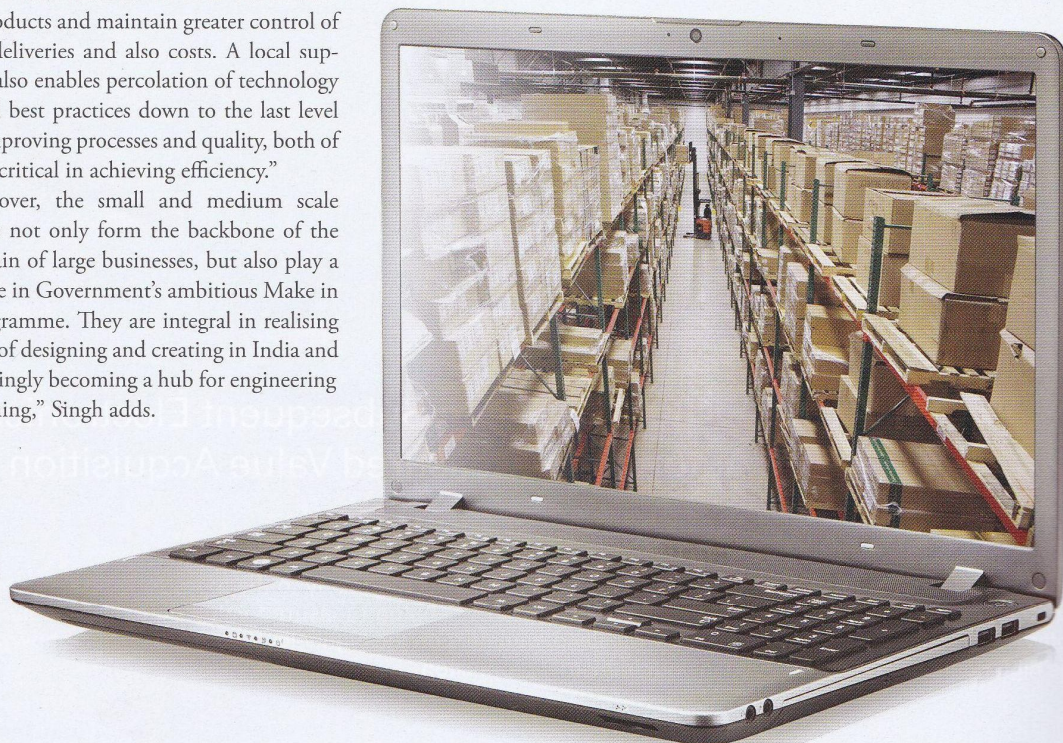
Supply chain management is one of crucial areas for any organisation. It has a major role to play in the success and hence growth of the company. Speaking on the same, Abhishek Jain, Chief Executive Officer and Managing Director, PPAP Automotive Ltd. says, “An efficient supply chain is one of the basic foundations to ensure competitiveness of an organisation. Our company supplies over 500 different products and over 150,000 pieces every day to our various customers spread across the country. We have to ensure that each of these pieces are defect free.”

Additionally, robust supply chain can help addressing the customer demand. Commenting on it, Jasmeet Singh, Head - Corporate Communications and External Relations, JCB India Ltd. says, “With the ever changing dynamics of the market, it is essential for manufacturers to establish a robust and localised supply chain base. Today, customers are looking for products that offer value for money without compromising on the quality. A strong local supply chain base enables the manufacturer to offer world class quality products and maintain greater control of supplies, deliveries and also costs. A local supply chain also enables percolation of technology and global best practices down to the last level thereby improving processes and quality, both of which are critical in achieving efficiency.”

“Moreover, the small and medium scale enterprises not only form the backbone of the supply chain of large businesses, but also play a pivotal role in Government’s ambitious Make in India programme. They are integral in realising the vision of designing and creating in India and are increasingly becoming a hub for engineering and designing,” Singh adds.

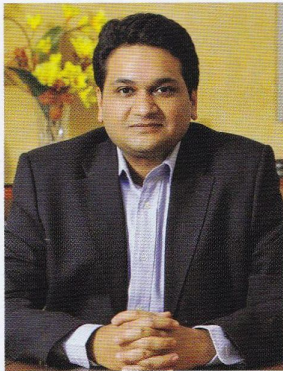
Describing efficient supply chain management, Hansraj Budhiraja, CEO, AB Sea Container explains, “Supply chain management is very important, not only to ensure maximised profits but also to gain edge over the competition. Supply chain is a systematic approach towards proper planning and execution of manufacturing of any product.”

One of the ways to make the supply chain efficient is digitalisation. Speaking on the same, Budhiraja continues, “Our organisation has taken the biggest and the most important step, which most of the clever and smart companies has taken as well, to ensure efficient supply chain management. Digitalising of the supply chain. Now why do I say smart and clever is only on the basis of current trend, everything is moving online. While we have digitalised the supply chain management and operations, we have surely gained a lot, like now procurement and sourcing is now being done online, our quality supervisors go and inspect. All vehicles onto which material is loaded, real-time tracking of the positioning of vehicle is now





SUPPLY CHAIN



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being done. This ensures complete transparency between logistics department and operations. Online status of inventory and such other examples has made supply chain management more efficient.”

JCB’s emphasis on the quality urges it to make its suppliers partners in the success. Elaborating on the same Singh asserts, “At JCB, we believe in the concept of One Global Quality, products manufactured in India are not only sold in the Indian market but are also exported to over 80 countries. Therefore, it becomes imperative for our suppliers to align themselves with JCB Group’s objective which is done by regular upscaling of systems and processes and training of people. JCB also shares the best practices it has accrued in its journey of four decades towards manufacturing excellence. Our suppliers have also built their world class facilities on JCB’s lean manufacturing principles. We have remained committed to the concept of local supply chain through regular OEM Supplier initiatives such as Supplier Development Programmes, and hand holding to achieve JCB’s Global Standards, etc.”

Speaking on their strategy, Jain mentions, “Our customers follow Just in Time (JIT) strategy. Therefore, it is imperative for us to ensure that we are able to supply our products to them on everyday basis. This is not possible unless the entire supply chain from procurement of raw materials to delivery to the customer is efficient. In order to improve the efficiency of the entire supply chain, our company maps the entire process using a tool called PIF (Parts and Information Flow), which we have learnt from one of our esteemed customers. Using this tool, the lead time to procure, transit timings, inventory levels, WIP levels, Lot size for manufacturing, etc. is tracked and improved upon. As a result, we are able to improve our overall cost competitiveness by efficiently managing the inventory levels as well as the cash flow.”

Green wave

The entire manufacturing industry is focusing on going green and reducing carbon footprint. How that is affecting supply chain? Elaborating on it, Singh informs about their efforts saying, “JCB has been at the forefront of social and environment initiatives through its multiple programmes aimed at reducing the overall carbon footprint. Our sustainability programme, ‘Sustainable Innovation’, reflects JCB’s fundamental belief of conducting business in a responsible manner. We are committed to using our sustainable innovation programme as a complete approach to managing the impact of our business. So while we are aligning our own operations and products to our sustainability ambitions, we are also looking at our suppliers and their operations. This inclusive approach has helped in reducing the overall carbon footprint of JCB products.”

“There is also a significant drive on re-suable packing like trolleys and bins across our facilities instead of using wooden boxes. Our Jaipur facility is a zero discharge green facility. Also, in our other facilities in Delhi-NCR and Pune, we have solar panels to harness solar energy which help contribute in our drive towards clean energy,” Singh continues.

Elaborating PPAP Automotive’s efforts, Jain says, “In our supply chain, we ensure that the deliveries are coming or being made in full truck loads only. Also, we periodically check health of the trucks that are used for the same and in case they have a problem, we immediately take countermeasure.”

PPAP Automotive Ltd. is conscious about reducing carbon footprint and emission of greenhouse gases. “We have been able to reduce our energy consumption as well as reduce our diesel consumption by taking numerous initiatives,” he adds.

Whereas Budhiraja talks about steps to be taken for going green, “First and foremost, is the step of observing and recording and establishing a benchmark for oneself and other



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Jasmeet Singh, Head - Corporate Communications and External Relations, JCB India Ltd



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stakeholder or suppliers. Once we start just recoding our carbon emission and energy utilised in the production of a single product, we can use it as a benchmark for future that we do not have to cross this limit. Every product which has to be manufactured has to be under this limitation only. Then comes the process of integrating of digital means to prepare proper audits of energy consumed in a complete year. Now over the time you will have data collected which can be shared with the stakeholders as well as one's suppliers, which will aid in motivating them and as well as promote them to take such initiatives or others to minimise the utilisation of energy. Now secondly set targets for the energy consumption and carbon emission, and proceed to always maintain these targets. Most importantly, meet with your suppliers, supply chain experts and executioners, and share this information also acknowledge them with these factors. As energy spent can be minimised and has a direct result to reduced carbon footprints."

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Impact of GST

GST has been a tax reform and hence has affected each section of the operations. Commenting on the it, Jain mentions, "It is still early to account for the benefits of GST on the complete supply chain. But we are sure that it will improve our cost competitiveness as we will be able to reduce the incidence of additional tax on interstate movement as well as the efficiencies that will come up in transit of goods. In our endeavour to optimise our Parts and Information Flow, GST will play a significant role in reducing the lead times. Another benefit that we are seeing is the rise in input tax credit as some items in the previous tax regime were not under the purview of claiming the input credit. After the introduction of GST, the gamut of claiming credit on input items has increased barring a few items which appear in the exception list."

Agreeing to him, Budhiraja opines, "The



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biggest impact is now, is the availment input tax credit, whereas earlier some of the vendors in market would not even provide a bill and tax receipts. Now the situations have changed everyone in the market is either providing taxed invoices or is complete losing business. With the aid of GST the cost of production and procurement has been further minimized. With the credit period of 30 days only as GST returns has to be filled has further pushed the economy forward."

On his concluding remarks, Singh mentions, "The introduction of the Goods and Service Tax in India is a landmark tax reform since Independence. Over the past four decades, JCB has created an ecosystem of local suppliers and all of these have ensured a seamless transition to the new tax regime. JCB conducted various sessions with its supplier partners to ensure this transition. The new unified taxation system which aims at improving the overall ease of doing business in the country has had a significant impact on the logistics sector. Taxation at a national level, rather than by each state, has made inter-state transportation efficient, paperwork for transporters seamless, and turnaround of materials much quicker thereby enhancing the overall operation efficiency and bringing down the logistics costs." 