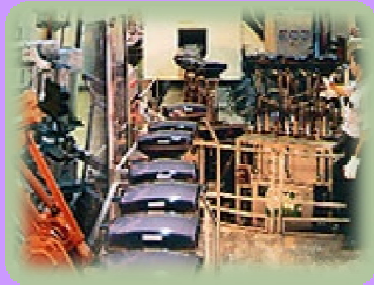


Case Studies: Supply Chain cost reduction for India's largest manufacturer of displays and components for television

Created scenarios and roadmap for logistics cost reduction



Industry

- Manufacturing

Business Scenario

- Declining prices
- Initiative to reduce total logistics costs

Our Solution

- 2 Phased approach – analysis, scenario creation for cost reduction

Benefits

- Recommendations to reduce costs by more than 30%, and roadmap

Background

- Client is India's largest integrated manufacturer of a wide range of displays and their components for television like Picture Tubes for Televisions, Deflection Yokes and monitors currently catering to 7% of the Global requirements. Has its plants located in Ghaziabad - Uttar Pradesh (2 Plants), Kota - Rajasthan, and Parwanoo - Himachal Pradesh. Production capacity of 70,00,000 CRTs per annum and sold 90% of them during FY 06-07 in India and 10% globally in various product lines Product Lines – 14", 15", 20", 21" and 29"
- Logistics network consists of raw material vendors (Domestic & International), Freight Forwarders, Transporters & Shipping lines for Inbound, Transporters for Outbound. Logistics cost per piece is a key component with the total logistics cost in FY 07 standing at around Rs. 90 Cr.

Business Scenario

- Declining prices is pushing client to adopt a cost management strategy - focus on continuous reduction in cost of manufacturing, achieve higher productivity and operational efficiencies through value engineering, alternate sourcing and design enhancements in order to maintain leadership position and meet the challenge of low cost imports and low margins due to falling prices in picture tubes.
- Client needed recommendations and roadmap for reducing total logistics costs, other engagement objectives included minimizing Inventory (towards zero inventory) in supply chain, Process & System implementation, Planning & instituting training, developing best global practices

Our Solution

- We adopted a scenario approach for cost reduction
- Recommendations included - Investigate usage of 2PL/3PL organizations for outsourcing goods movement in and out, for material handling etc, Introducing of warehousing/ in-plant stores best practices, Introducing of transportation management best practices., Investigate Conversion of 'FOR' to Ex-works, End-to-end import costs are high - perform root cause analysis and address issues, Improve logistics efficiencies, bring in systematic inventory planning, Improve packaging and package material logistics (e.g.. Scrap disposal at Delhi instead of Kota), Investigate the usage of Kota ICD more, Relate to transporters better. Fix contract terms and payment schedules

Benefits

- Detailed scenarios for reduction of more than 30% in total logistics costs and developed roadmap