Case Studies: Strategic Supply Chain Network Structure Analysis for an FMCG major

AQUA MCG
SUPPLY CHAIN LEADERSHIP

Evaluate robustness of its supply chain to support aggressive future growth plans of the company

Industry
- FMCG

Business Scenario
- Aggressive growth
- Changes required in supply chain

Our Solution
- Baseline current network
- Future state scenario identification
- Evaluation of scenarios
- Sensitivity analysis

Benefits
- Improvement in current network
- Recommendation of future state network

Business Scenario

- Company was primarily into 2 FMCG segments: Personal Care and Foods
- For personal care segment the company operated through a network of owned/contracted manufacturing units, depots, distributors and retailers
- For foods segment, the company operated through a network of contracted manufacturing units, depots, distributors and retailers
- Company aimed to double its top-line in next 2 years
- Objective was to evaluate changes required in the supply chain to support the growth plans and ensure servicing of markets at least landed cost.

Our Solution

- Initial activity involved understanding of company business strategy and supply chain objectives, base-lining the current network and future state business scenario identification
- Base-lining the current network lead to identification of improvement opportunities in current operations
- Future state scenarios to be evaluated included
  - Evaluation of feasibility of setting up new plants
  - Assessing capacity expansion scenarios in existing plants
  - Identify optimal plant-depot-market linkages
  - Assess impact of fiscal incentives and CST phase out
  - Evaluation of hub-spoke model based on future demands
  - Sizing and characteristics of Hubs
- Future state demands up-to 2013 were considered for the evaluation
- Target was to arrive at 2 alternate possible network structures which would aim to service markets to meet future demand and optimize on landed cost.
- Sensitivity analysis was included to account for variations in assumed values of key inputs

Benefits

- Recommendation of new improved supply chain network to meet growth plans , with objective of minimizing cost to serve
- Identification of improvement opportunities in current network and operations. For eg: the need to reduce unplanned inter depot movements which were increasing the logistics costs.