

Efficient logistics is at the heart of our strategy of 'Agile Fulfilment'



In FMCG environment, value is created for consumers when products are available on the shelves and are fresh. Godrej CP, India's leading consumer goods company has used these two parameters to design and run their entire supply chain. **Dr Rakesh Sinha, Global Head - Supply Chain, Manufacturing & IT at Godrej Consumer Products Ltd, informs Upamanyu Borah on the need for effective supply chain management, and how they employ global best practices.**

Overview

Godrej CP is a century old company operating in the FMCG industry especially focussed on the categories of household insecticides, soaps, hair colours and air care. We offer world class quality in our products at an affordable price, thereby making them available to a large mass of consumers. Our products are available in about 50 lakh retail outlets in India.

Supply Chain Strategies

Our supply chain is designed to maximise availability and freshness of our products on the shelf. It is based on the concepts of 'Agile Fulfilment' to cater to the volatile demand of consumers. Our customer service levels as well as obsolescence levels are current industry benchmarks.

We use the principles of Theory of Constraints (TOC) to run our entire supply chain based on actual demand signals coming from the market everyday. The entire supply chain, right from the vendors to our customers, runs without the need for an explicit or accurate demand forecast.

Our supply chain requires high level of flexibility in distribution, manufacturing and sourcing with small batch sizes moving on various lanes on a daily basis.

Warehousing Tactics

Warehouses provide strategic inventory buffers at predetermined locations and serve as shock absorbers in matching supplies to consumer demand. As per TOC principles, these buffers need to be dynamic in nature, based on velocity of consumption and its acceleration or deceleration. Frequency of resizing these buffers is an important design parameter to ensure both availability and freshness. In our supply chain, we resize these buffers every day on the basis of changes in consumer demand pattern.

Warehouse capacity needs to be flexible, with lean layout for fast turnaround of orders. We code each and every case of our products with a unique bar code for better traceability, FIFO compliance and minimising obsolescence.

Ensuring Coordination

Our replenishment algorithm generates distribution requirements across the entire supply chain, including vendors and our manufacturing plants. These are derived from demand sensing of the market.

We have, over a period of time, worked on improving flexibility of operations in our logistics, production as well as vendor deliveries. The entire

end-to-end supply chain is now geared to provide small batches of assorted products at a short lead time.

Our suppliers and transporters are aligned to the replenishment requirements and they participate in it wholeheartedly.

Tackling Challenges

The way we have designed our supply chain using TOC principles ensures that none of our internal processes becomes a constraint in fulfilling consumer demand. The constraints remain external, such as natural calamities causing supply disruption. A judicious mix of inventory buffers and network redundancy helps us in overcoming these problems without affecting service levels in a significant way.

Creating Value

In FMCG environment, value is created for consumers when products are available on the shelves and are fresh. We have used these two parameters to design and run our entire supply chain.

Importance of Logistics

Efficient logistics is at the heart of our strategy of 'Agile Fulfilment'. We have designed our supply chain in a unique manner to ensure that every warehouse in the chain responds to changing con-



Best-in-class Practices

Introducing best practices across geographies to become more agile:
Demand-driven Supply Chain, Theory of Constraints (TOC), Total Productive Maintenance (TPM), Lean, Six Sigma, and Low-Cost Automation

Strengthening supply chain processes in international businesses:
integration into one SAP ERP, Lean, and Kaizen

Extending shop floor employee engagement initiatives to international businesses

Sustainability

Global strategic sourcing with significant benefits to the bottom-line;
Godrej Green Purchase Policy rolled out to key business partners

Sustainable manufacturing and supply chain practices,
resulting in significant improvements in energy and water consumption,
carbon footprint, waste generation, and renewable energy use

Agile Fulfilment

Mapping cutting-edge replenishment practices to the
Advanced Planning and Optimisation module of SAP

Responding to constantly changing consumer demand patterns,
leading to high fill rates; now an industry benchmark, with 95%+ customer
service levels across key geographies

Improving 'freshness' of products at time of sale,
better logistics practices, better product traceability, and reduced
obsolescence through the project on bar coding shippers

Future-ready Investments

Enhancing manufacturing capacity across geographies

Piloting the Internet of Things (IoT) in manufacturing and logistics

Leveraging the Goods and Services Tax (GST) in India through redesign
of the distribution network

Commissioned a state-of-the-art hair extensions
facility in Mozambique

Agile manufacturing through smart automation and robotics

Megatrends

Supply chains need to be focussed on serving the needs of their consumers, which can't be forecasted. As a result, the focus shifts to demand sensing on a continuous basis coupled with super-fast response to match supplies to the actual demand. We do expect our consumers to get even more demanding in future in terms of variety, availability and freshness.

Industry 4.0 tools will be important in future for better tracking and efficient running of vehicles. Warehousing automation using robotics and drones will help in speeding up deliveries. **CC**

sumer demand pattern within 24 hours. It means that we can't afford to miss any shipment on any lane. On the other hand, each vehicle carries large assortment of our products, which needs to be optimised for weight and volumetric capacity of the vehicle.

Fostering Relationships

The entire planning is done by us internally as it is key to the replenishment process. Transportation is outsourced.

Our way of working, which is based on TOC and replenishment, requires that Logistics Service Providers (LSPs) are as flexible as our factories and vendors. LSPs without this flexibility would be a drag on our system.

We expect our LSPs to be flexible and committed. As of now, we are still on the lookout for such LSPs. In the meantime, we work with several transport companies who offer this flexibility.