

AIMING TOWARDS SUPPLY CHAIN EXCELLENCE

Supply chain processes are the operational heart of a company and having a world-class supply chain is critical for achieving the level of cost, working capital investment and service needed to guarantee profitability. To ensure that a world-class supply chain does not crumble under the burden of inefficiencies, it needs to be supported by the strong pillars of lean flow, distribution network & transport and supplier integration. As India mulls over the concept of attaining a world-class supply chain, industry leaders offer their constructive insights into how India could convert this idea into reality.

■ SUMEDHA MAHOREY



Multimodal activity for the movement of cargo is essential to provide seamless logistics. If you take the current Indian scenario, almost 65 per cent of the cargo uses road, 28 per cent uses rail and only seven per cent uses the coast. If we take all these percentages into consideration, the utilisation of all modes of transportation is very poor, as cargo distribution among these is not equivalent. If we wish to create a seamless supply chain, then we need to bring all these three modes of transportation at parity. We also need tax parity in all modes of transportation. Another facet is parity in the documentation process, which has to be uniform across the country as it will facilitate seamless movement of goods, leading to cost as well as time efficiencies.

– **S VARADARAJAN,**
CEO, Shreyas Relay Systems



The focus of the industry has still been on reducing costs by getting cheaper service providers, not realising that an efficient service provision and experience of the service provider also is a gain to the company. Within organisations, this mode of thinking requires a change in culture and more interconnecting systems and automation, with less focus on human intervention. Furthermore, a clear system of nationwide regulations, taxes and tolls would allow a less time consuming and cheaper domestic distribution network, opening up more efficient networks. If we can change the corporate mindset into integral thinking and set the government decision making processes up to logistics speed, India will be able to achieve that 'seamless' supply chain and sustain its growth.

– **CAROLINE SCHNEIDER,**
Business Development Manager, BLR Supply Chain



The major hurdles faced by India's logistics industry are insufficient knowledge, under-exposure of logistics solution providers, inadequate infrastructure, ineffective IT usage, complex tax laws and lack of an integrated transport policy. If we wish to create a seamless supply chain, we need to overcome these challenges. India needs to invest in road and railways, which are eco-friendly and the most cost-effective systems. Inland waterways neglected over the years need to be developed as well. Another challenge is the poor condition of roads, which translates directly into higher vehicle turnover that increases operating costs and reduces efficiency. These inefficiencies are passed on to

the logistics industry, with transportation costs accounting for nearly 40 per cent of the logistics costs. Apart from this, while it is a welcome move to veer towards GST, the same has to be implemented on a fast track as the inter-state transfer of goods are delayed at various check posts increasing the dwell time for vehicle thus adding indirect cost.

– PRADYUMN SHARMA,

Manager – Operations, JWC Logistics Park



Logistics organisations should sell efficient services, which will enable healthy competition. Most of the logistics firms today are taking short-cuts as they are unable to meet expenses, hence, compromising on service standards. The Indian logistics industry will have to arrive on strict standardisation of rate structure to achieve a seamless supply chain.

– S MEHMOOD,

Operations Manager – Corporate, Skypak Service Specialists



With higher labour rates in Asia, coupled with higher expectations of retailers, we are beginning to see an acceptance that it is no longer possible to simply throw low-cost labour into the warehouse to solve these problems. Investment in a higher degree of storage systems is now the solution. This does not necessarily mean top-end level of automation, which is easier to justify with the higher salary levels in the US or Europe, but can start with some relatively simple solutions, which may be upgraded to meet increased demands. Countries such as Singapore have already recognised that it is now essential to increase the productivity of warehouse operatives, which will increase overall productivity.

To help promote this concept, Schaefer will be installing a technology centre in 2011, which will feature a range of solutions to enhance productivity, picking accuracy and reduce the storage footprint in the warehouse.

– BRIAN MILES,

Managing Director, SSI Schaefer APAC & Middle East