

Logistics & Supply Chain Management

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Lecture 34 : Achieving Supply Chain Strategic Fit

Hello dear friends, welcome back to NPTEL online course on Logistics and Supply Chain Management. So, in this week we started discussion on developing supply chain strategy and then we have seen what are the various internal as well as external factors which are very important to track. So, that we can come up with the right combination of your competitive strategy as well as your supply chain strategy. So, till now we have kind of we have done the pestel analysis, where we have scanned our external environment, we have done the homework with the what are the strengths we have and what are the weaknesses we have right, how we can avoid weaknesses or we can improve on those weaknesses, so that the overall competitive strategy can be developed. Now, here we need to think about two different things, what we are trying to say is that there is one your competitive strategy right which is your baseline where you are you know with that strategy you are competing in the market with respect to your other players in the same market right that competitive strategy you might have developed with consultation of your obviously very key stakeholder which is your customer what are the customer preferences what type of services level customers are expecting and then you have developed that strategy and then also how the other industries are behaving other players are behaving in the same industry. So, then you have developed your competitive strategy where you think that you are you know best fit with your resources whatever resources you have and then you can think that this is the area where you can target with your competitive strategy.

Now, the first part is done that you have set up your competitive strategy. As per your competitive strategy now we need to come up with the supply chain strategy right. So, we have seen that depending upon our strengths right and depending upon the opportunities in the market whatever threats are there in the market will develop our your supply chain strategy. And now we are into very important discussion where we will find how we can fit find a perfect fit between your competitive strategy and your supply chain strategy having said that Competitive strategy is ok, how you are competing in the market, but supply chain strategy again it is not only strategy with the manufacturer, strategy how you are dealing your retailer, how you are doing transportation, how you are distributing the product, how you are storing the product or fulfillment centers or your how you are managing your suppliers.

So, talking about supply chain strategy, you need to talk about collaboration among all the stakeholders number 1. Number 2 within means for each stakeholder if you are talking about retailer, distributor, transportation agency, warehousing, manufacturing, co-manufacturer or raw material suppliers each one unit are doing so many different functions. So, that means, those functional strategies also you need to develop right. So, first thing within any organization All the functional strategy, functional means different activities we have combined similar activity into one functional area, we call it as operation department, we call it as quality department, we call it as R and D department, marketing department, accounting department, HR department, ISO department, all those purchase department, store department, this is all these different functional units are working with any stakeholder right. So, here we are talking about developing the functional strategies in line with complete stakeholder right, all the functional units should you know should be attached to the common thread.

And then the next level of integration is where all stakeholders with all the functional units should be aligned in a way so that the smooth ah functioning of complete supply chain in synchronization with the competitive strategy can be ensured. So, this is all about how we can ah achieve that strategic fit where we are you know perfectly going in line with your competitive strategy and your supply chain strategy. So, we will discuss about again the competitive strategy right. and some examples of your supply chain strategy how we can achieve the strategic fit we have three steps process how we can go for achieving the strategic fit and then we will see how we can tailor our supply chain depending upon the different needs and then still we are talking about achieving the strategic fit as per the different needs will will spend couple of sessions on the discussion because this is very very important part of any supply chain or logistics right. And then we will talk about the overall scope of setting the strategic fit for any supply chain complete supply chain I am talking about right.

So, we need to expand the scope from one operation within one functional unit to complete functions throughout all the stakeholders. Just right now I explained that how functional units within each function how operation should be aligned and then how all the functions in within one unit or stakeholder should be aligned and then how all the stakeholders in that complete supply chain should be aligned. And then we will see what are different challenges when we are targeting that strategic fit and we will come up with some case studies couple of case studies I have included and we will end with the conclusion. So, again supply chain competitive strategy. So, competitive strategy again I told you how uniquely you are proposing your offerings in the market right, what is uniqueness in your product or services.

And same way when we are talking about supply chain competitive strategy, so that will distinguish your product or services or the way how you are delivering your product and services in the market with respect to rest of the players how they are dealing with the customers right. So, that will set apart a different place in the overall market right, how you will capture your marketplace in the market. So, talking about very very you know known or unique example Walmart competitive strategy is I have included the complete case on Walmart towards the end, but right now Walmart is competing on what we know that they are competing basically on low price they are giving wide variety of products. right. So, fair price and then also fair you know quality ok.

So, they are not promising very high quality, they are not promising high responsiveness completely they are changing their inventories no. So, they are promising very low price, but fair quality and fair responsiveness. On the other hand, McMaster cars which is again dealing with all the MRO kind of products maintenance repair and operations kind of product different variety of products are there. And on the other hand this company is dealing with how they can provide the convenience to the customer availability of all those wide product having said that if you have you know wide variety of products in your basket. So, then providing all the products with all the inventories and whatever customer responsiveness means their reactions are to your product how quickly you are renovating your product.

So, that will highlight your responsiveness. So, these two different players. Walmart is competing on cost minimum cost, McMaster is competing on basically unique feature of supply chain is responsiveness right. So, although they are dealing with different products right. So, we will now one will discuss about this achieving the strategic fit, we will talk about you know different kind of industries how they are doing that.

Blue Nile's again this case study I have discussed in detail in one of the session this company is usually they are dealing with the diamonds they are selling online right. And how they are different from other stores who are selling diamonds or jewelry items because they are emphasizing on. and lower price these two features and we have highlighted how Blue Nile is ensuring that low price because they have maintained the centralized distribution center and from where they are supplying to all the markets right. from with there they are supplying to all the market that means, because diamond kind of industry which is you know if you are maintaining inventory at different locations that means, you need to come up with very strong security structure as well right. And then you are keeping inventory also at different locations, at 10 locations you are keeping the inventory, 10 location you are ensuring the security of that inventory.

and then you can see how much you are investing into that. Why do not we do one thing we are maintaining inventory huge stock variety also we can ensure and then because now variety you need not to ensure at 10 different stores. We will ensure variety only here at the center point and the online you can purchase place the order and we will ensure the that is why e-commerce website this is the plus point today they are launching the product Today only they have complete variety, what they will show? Just put different images, all the colors available, all the capacities of that product if you are talking about iPhone, what are different storage capacity or then they are usually they are having different product segments depending upon the screen size, depending upon the storage capacity right. and then what series they are offering right. So, if you are going through online then you can consolidate all your orders for the multiple products in the same category multiple models and then you can provide efficiently, but on the other hand if you talk about jails or other any kind of your jewelry showroom where they have the limited variety And, because why limited with variety because they are interacting with the customers and then they are making the personalized or more customized products they are providing right, but in that case you see you need to set up 10 different locations.

So, again here I have included one more video right you can just go through this video and you can just see how this is important achieving strategic fit is important. So, guys whenever I am including video I am just assuming that you have gone through that video because that will make more sense and may be sometimes if that is deleted not available you can just search your videos through YouTube or may be LinkedIn. where you can just add these you know keywords targeting supply chain strategic fit you will get different videos right. So, just only purpose here was to you know just give you that practical experience how things are happening ok. So, you can just go through that video.

Again, quickly we will go through some of the examples talking about supply chain strategies. Again, there is no such pure strategy, if I am saying efficient supply chain strategy all the players are moving towards efficient. No, we have seen like Walmart is doing efficient supply chain, then Zara is doing responsive supply chain. So, then also on different scales they are including somewhere they are efficient, somewhere they are responsiveness. So, mixture of strategy they are doing that right.

So, efficient supply chain strategy which is totally focusing on how they can minimize the total cost right. So, the purpose is maximizing the efficiency. So, talking about minimizing the cost, how we can minimize the cost? We can minimize the cost of

acquiring the raw material. How you can do that? Negotiate with the vendors. Feed heavy orders, large orders to the vendor and then negotiate on that quantity.

Then how you can reduce the price? Keep the minimum inventory right. Keep the minimum wastage when you are you know converting your raw material into finished one. Then during transportation or final fulfillment center warehousing also how properly you are utilizing. During transportation how properly you are doing the routing of the vehicle, how maximum utilization of the container is ensured and then how the end mile delivery in the most efficient way is happening. These are some of the things you can link and then you can say that.

Acceptable level of quality still I am saying that acceptable level, not the highest level of quality we are not promising because we are promising cost, minimum cost. And then obviously, service level I am not saying same day delivery, 2 days delivery, may be some standard delivery will be there, range will be there where you will get your product right. On the other hand, if I am talking about responsive supply chain that means, agile and responsive as soon as customer is interrupting within the let us say you place the order. And today morning you place the order and by afternoon you realized oh I do not need that or maybe product is taking 5 days to be delivered and then I will be out of location right. So, that means, now you need to cancel the order and then you are canceling the order.

So, how quickly your supply chain is responding to that if the final packaging is done if it is shipped to the nearby hub right. So, how you can stop that and store that for there only. So, that if the next order will come you can just change the billing address and invoice and then again route the same packet. So, that means, how quickly you are responding to the customer requirement this is one how he is changing the order how is decline the order. Other things may be related to variety customer wants more variety right.

So, then quality then service level may be all those features you can just see and club those features how your supply chain strategy is responding to that. So, if you are quickly responding to your these customer requirements so that means, your supply chain is responsive flexible enough right. If you are saying today your if you are talking about the manufacturing facility how manufacturing facility can be flexible or responsive. So, if the demand is today coming for B model for a particular product, you start change over from other models to B model right and dedicatedly maybe 2 3 production lines you will dedicate and how quickly that will happen only you have the production lines you changed over to from some of the other model to maybe B model, but then whether you

have that raw material supply how that will happen if your suppliers are also responsive. So, that is kind of responsive supply chain you can maintain.

Then lean supply chain strategy, a kind of supply chain which is always focusing on how it can be you know more lean in that way where they are always focusing on reducing the waste. That reducing the waste may be if you are keeping extra inventory that is waste, if you are doing extra handling of the material that is waste, if you are processing extra that is also waste, extra packaging you are putting on the product. primary packaging, secondary packaging, then packaging of the e-commerce website. So, then is also it is based right how you can implement just in time whenever your product is required raw material is required you are shipping to the lines right. How continuously you can improve and value stream mapping, how quickly you can map your all those activities which are adding value and remove all those activities which are not adding any value to the customer.

So, if you are maintaining inventory nearby to customer how this is adding value to customer, this is adding value to customer because customer is getting quick delivery. So, you need not to reduce that, but yes if you are keeping extra inventory excess inventory always then you need to think about that inventory how you can minimize that inventory in the fulfillment center. So, lean supply chain is always talking about minimizing the waste and we have seen 7 different types of waste that is TIMWOOD. So, transportation, inventory, motion, weighting right this is another waste over processing, over production and any defect we are producing. So, these 7 types of waste we have already discussed when we talked about lean logistics right.

So, the basic purpose of this type of supply chain is reducing the waste through the supply chain. Then agile supply chain strategy obviously, as agility adaptability and flexibility. So, if my ice cream parlor is there you are coming with may be family you need maximum 2 or 3 ice creams right. But the other day you are coming with your whole group of friends and you are just having small occasion or then you want to celebrate with the ice cream. So, maybe 20 people are there or then maybe then you are celebrating your birthday then maybe you are requiring 500 ice creams.

And, then may be some bigger event so, then you can see how quickly how I can adapt to the you know changing customer demands right. So, because this is totally unpredictable I cannot predict right whenever the occasion is happening with the customer. So, how this is totally unpredictable, but yes as ice cream parlor I need to figure out these fluctuations in the demand coming from the same customer right. Then your supply chain is agile enough if you can meet demand for 5 ice creams as well as if

you can meet demand for 500 ice cream. This is not only I am talking about the one product.

Let us say if you are quickly introducing new products. So, then also your supply chain like I always talk about Philips and their tagline is innovation and you. So, that means, you as a customer is part of that innovation and you are facing so many problems while using those products. So, when you are using those problems why do not we solve those problem and make it very handy and useful for you. So, that it will give you best experience after using that product right.

So, this is a kind of agile supply chain strategy. Collaborative supply chain strategy. This is based on strong collaboration like Dell is doing very strongly earlier what they were doing they were just delivering through online they were recording the orders and delivering to the customers, but now they realize that we are far away from the customers right. There should be some retailer who is recording their preferences and in that way we can be more responsive as well we can keep some inventory and meet immediate demand. So, lead time can also be reduced for the customer.

So, customer is if you want to buy laptop simple example or headphones right. So, you are going to retail shop and always Dell is saying that after 2 days they will configure and delivering you the product. But most of the time we are buying very standardized kind of product, we are always fixed with the configuration and many people are using the same type of configuration because we have almost if we will talk about 70 to 80 percent, they are dealing with same routine kind of activities if not very high professionals right. So, if we will leave that 20, 30 percent segment those can be you know where we need to be more responsive, we need to record the orders then maybe we will take 1 day or 2 day to configure that. then it is required, but if 70 percent order is almost fixed why do not we go for efficiency as well as responsiveness.

You are visiting my store quickly I will hand over laptop to you or may be modular design I will do if you want me to change may be let us say sound drivers. I will quickly change the module and will put the high efficiency sound drivers. So, that hardware I will just replace. So, that kind of if manufacturing you know we are doing in modules. So, that that can be even if we are talking about customization.

So, we cannot say that you will get your product after 2 days customization should also happen very quickly right. Now, the point comes we we discussed about some supply chain strategies. Now, the point comes how we can achieve the strategic fit and strategic

fit that means, your competitive strategy and your supply chain strategy should go in line right. So, in one direction only if your competitive strategy is moving towards this supply chain strategy is moving towards this that means, disaster very small example let us say I am saying that I am always available with my product that means availability of my product is very very high. and then my retail partner is saying that I cannot maintain huge inventory that is cost I cannot bear that much cost right.

And even sometimes I am not sure about the demand sometime it is coming, but sometimes then I need to keep inventory for 2 months or 3 months or 4 months who will bear the expenses for that. If manufacturer is ready to bear the expenses then it is ok, but sometime what is happening to keep the inventory running in running form you need to handle that you need to operate that you need to store that for that also the cost is there. So, whether the manufacturer is absorbing that cost or retailer is absorbing that cost. So, that means, in contradiction retailer is not ready to keep extra inventory and you are saying you are always available with the product.

So, then it is contradiction right. So, it should have your both the strategy should have same goals now we our whole discussion will be on these two points how our competitive strategy is and how our supply chain strategy is changing right. that is quite obvious like the example I talked about you are promising availability all the time Swiggy is saying that single piece of sweet they will deliver and then their courier partner whosoever is local courier partner because they are collaborating with the local courier partners right. So, local bikers. So, then they are saying that on this delivery we are getting very less margin. that is quite obvious because you are placing order for only two piece of suits how much that delivery partner will get.

So, then there is contradiction how you are you know collaborating with your those courier partners and then ensuring that the overall profit can be maximized whatever your model is you need to convince your local partner. So, dell case again you can see just I talked about that. So, what is the importance of achieving strategic fit? Like small example I highlighted about inventory where there is contradiction between the manufacturer and the local retailer, where they retailer do not want to keep the inventory and your manufacturers are saying that they should keep the inventory. Why it is required? Obviously, to meet the customer needs. So, if Amul is providing milk products and one may be retailer is there who is you know taking care of all the Amul products right and I need sometime I am buying 2 packets of milk, sometime 4 packets, sometime may be some extra occasion, then I am buying cheese also, then Amul ice cream all those products are there.

You just see even you track your daily routine activities other than milk may be somewhere fixed. no extra you know guests are coming. So, milk quantity is fixed, but other products sometime you are buying sometime you are not buying. So, that means your mule partner is maintaining enough inventory or not and that I am talking about those products which are perishable in nature. So, what will happen if 10 days or 5 days or 2 days this product will not be consumed, then that is cost to the manufacturer is varying that or the retailer is varying, that is one cost of cost of getting obsolete or expiry date.

Other cost is to maintain those milk products inventory you need cold storage, that cost you need to carry as retailer. So, that holding carrying cost is also there right, but yes you need to achieve strategic fit because you want to meet customer needs. Then you can improve the supply chain overall performance. Amul they do not want to be stock out any customer asking for Amul any part of the country they should be able to provide that it should not be like that inventory is over. So, then maybe people will shift to other product and this is a kind of product if you will shift to some other product.

So, then you will say gradually you will develop the taste and once you will change the milk from one company to other company then there will be problem right. Then you need to enhance the competitiveness. How you can enhance? By unique by selling your USPs right. What are your unique selling propositions? Unique value you are providing to customer which other is not doing that. If you are delivering same product, how Myantra came with the unique strategy of Paper packaging, removing the plastic in that way they are sustainable and they are ensuring that we are minimizing the carbon footprint.

That is another story how much it is appealing to the customers. I think personally it is very appealing and customer had taken it in a positive way right. Then, manage cost and risk. So, strategic fit is also very helpful in managing the cost if you are targeting efficiency. So, obviously, throughout your supply chain you will do that, but if risk any uncertainty is there then you need to shift from your efficient supply chain to the responsive supply chain.

We will see that how we will do that right. So, that way you can handle this. Now, these are the three steps you need to keep in mind achieving strategic fit first is you need to understand the customer and supply chain uncertainty. Customer uncertainty in terms of services they are looking for, supply chain uncertainty in terms of how we are delivering the product very simple right now. Second is understanding the supply chain capabilities

whether we are capable we promised in the market that we will provide you the highest quality product. Within no time, lead time is minimum, within 30 minutes your medicine will be delivered, Pharmeasy.

Whether we have that infrastructure in that particular area, where we are advertising that, in that particular pin code, where we are promoting that product, that supply chain capability is only related not only related to delivery. related to quality, related to variety, related to quantity right, related to service level customers are expecting whether they are ready to wait for 5 hours, 5 days, 10 days what is the lead time right. Then we will we understood what are the uncertainties, we understood our capabilities, now we will go for strategic fit. Whether we can promise the responsive supply chain? No, we cannot promise because our resources are not like that. Let us focus on the cost efficiency part, there we will maybe blend little bit the flavor of your responsiveness as well like what Walmart is doing.

So, cost efficiency is the main, but responsiveness also they are adding with more variety right. On the other hand, if you talk about Zara responsiveness is at highest end minimum inventory they are maintaining because quickly they are changing the inventory. So, first step we will go in detail understanding the customer and supply chain uncertainty. Two points we will discuss here, first is what are customer preferences, needs, priorities. Second is supply chain capabilities or supply chain uncertainties, how they are posing threat to the overall strategy, right.

So, quickly we will go through what are the customer requirement or preferences, what are the needs of the customer as a product or services when you are designing product or services, what are the customer needs. So, whether you need to provide those features need to add extra features into that. So, who is talking about you are buying mobile to mobile phone just to communicate. No one is talking about that you can communicate through long distances and voice quality is clear even the network is not that strong even then you can transfer your message clearly who is promoting that any player can you recall no one is doing that. basic function of mobile is to communicate but then what we are promoting these many megapixels your camera quality we are talking about storage we are talking about games you can install we can talking about what are the ready apps installed apps in your mobile phone we are talking about all the internet connections social media apps whatever you can provide in your mobile phone these are feature you just imagine if you are buying a new mobile phone what you are looking for right so that is you need to configure the ah needs of the customer right Quantity, what type of quantity from each market is demanded.

So, like I highlighted the example sometimes you are asking for 5 products, sometime you are asking for 500 products right. So, that quantity what is the variation response time, whether customer is ready to wait for 2 days or if you are saying 2 days or flipkart is giving me may be 1 day. I will go for flipkart because almost same price. So, then why should I wait for 2 days I am already investing I have made my mind why instead of enjoying those services from tomorrow why do not we get the services today we are investing that.

Variety, what is the variety required now you see. automobile industry like I always talk about in petrol version we have the lowest LXI let us talk about the Maruti LXI is there then the next version of LXI is there then in between your VXI is there then next version of VXI is there then top model ZXI is there talking about Maruti right. So, in that top version so that means, 5 variants minimum they are maintaining may be more than that. depending upon different features they keep on adding right. And in the top model you are getting sun roof, you are getting alloy wheels, you are getting safety bags, air bags all those things and the base model. Five models let us say five different colors how many products 25 products now.

Let us say 25 products in petrol, 25 products in diesel, in hybrid and then 25 on CNG, 100 products. In one product, one Maruti Suzuki vehicle automobile industry may be Vitara, Grand Vitara is coming in 100 different models and then if you say we have 2 engine capacity 1000 cc, 1600 cc then that means, 200 models. So, you just see the variety customer can place order for any product out of those 200 basket right. So, then what is the service level and then customer is not ready to wait and then you expect that top level model is minimum required, but then customer can place the order for that. you cannot say no that we are not manufacturing that because you are promising you are placing the product in the market right.

Pricing is also important keeping all the uncertainties all things in mind these 200 different variety inventory you are maintaining and then customer want that ok. this product I need to compare with Maruti, Hyundai, Toyota, all other MG, all other players I will compare and then I will decide right. So, then desired rate of innovation, how quickly you are innovating your product right. If you are quickly innovating your product, I am feeling as a customer in that way safe that I am getting the updated product, but then there is another problem. The problem with quick innovation is a shorter product life cycle, which means that maybe tomorrow, it will be obsolete demand uncertainty and implied demand insubstantiality.

So, regular uncertainty in the demand is demand uncertainty sometime it is coming sometime it is not coming implied demand uncertainty if you are dealing with the emergency kind of products. So, how you will deal with that kind of situation right. So, if we will talk about how the customer needs will affect your implied demand uncertainty, you can just see. If you are increasing the range of products obviously, your implied demand uncertainty will increase, because now you when you are placing for particular pipe of order. you never know right lead time decrease that means don't want to wait for more than one or two days then again it will increase your implied demand uncertainty will increase because you are promising that within one day we will deliver variety of product will increase then also your implied demand uncertainty will increase.

From those 200 different models customer can place order from anywhere. Number of orders now earlier you are selling tickets only through Indigo your own website, now you are selling from make my trip, from Goibibo, from Ixigo, from IRCTC demand can come from anywhere, but the seats are limited in one aeroplane right. So, how you are dealing that so, implied demand uncertainty will also increase. rate of innovation will increase again uncertainty, because new products you never know how customer will take it. So, in that way your implied demand uncertainty will increase. Required services level will increase again your this implied demand uncertainty will increase.

So, you can just see if your uncertainty is low and a implied demand uncertainty is low. I told you another example uncertainty is low normal taxi and if you are providing the ambulance services how that is different from the taxi. normal taxi product margin very low right. So, profit so obviously, here because you are dealing with those kind of services emergency services will be high. Forecast error only 5 to 10 percent here it can be 100 percent sometime whole day ambulance is free.

and may be for next 2 hours you are getting so many different orders right. So, then stock out rate here you can easily maintain even if 2 percent stock out is disaster for a kind of supply chain which is having very low implied demand uncertainty, but in case of high demand it is usual you can be stock out right. Average forced season and mark down seasonal sale here you can reduce because because those kind of product you are dealing with the continuous demand, but here can be up to 25 percent right. Now, we will see impact of supply source capability on supply uncertainty. Obviously, when we have new products, you are not sure about the supply as well. It is not only demand, supply is also

not sure because your product is very new and suppliers are also taking time to standardize that raw material, right.

Then mature products generally have lower, this is obvious, once you will mature, you a kind of saturated demand saturated supply and because now that initial defects process rejection is also reduced because you have a standardized the product right. So, that you can lower down during when the product is passing to the maturity stage. So, how it will impact the uncertainty frequent breakdowns obviously, again uncertainty will increase sometime your breakdown in the manufacturing facility, machines, equipments or production lines or may be manpower absenteeism is also kind of breakdown only right. Unpredictable and low yields your process is not stabilized and in that way.

then it is not stabilized. So, your defects are more poor quality initially poor quality will be there because your process is not standardized. So, variability will be used limited capacity because you are not sure how much demand will be there how you can design the supply capacity. So, because still the production process is evolving. So, you are also in that dilemma where whether the product will mature, whether it will go up to that level we are expecting, we are maybe we try to extend the capacity and suddenly there is downfall.

So, what we will do with that? we can just see how this different scenarios are there. If you are talking about salt industry, steel industry, we talk about all these kind of sugar industry with commodity markets kind of products right. So, we have predictable supply, predictable demand. So, you should be very very efficient when you are having that kind of supply chain. It should be targeted towards efficient efficiency because you know all parameters your demand is fixed your supply is fixed. But the situation like automobile industry, sometimes you are sure with the supply, but your demand is in question.

Sometimes you are unsure with the supply, you are ok with the demand. So, then this is a example of automobile industry, then you need to handle in that way. A new communication device is highly uncertain supply, uncertain demand because you are not sure how the market will take it right. So, second step in achieving that strategic fit is understanding the supply chain capabilities right. Now, we have seen that what can be the supply uncertainties, what can be the demand uncertainties. Now, we need to understand our capabilities as supply chain, whether our supply chain is responsive enough or our supply chain is.

or our supply chain is flexible enough or cost efficient or we are focusing on quality,

what are the parameters, what are the USPs we are carrying with our supply chain. And so that means, this our main focus is how we can bridge gaps between current capabilities and desired capabilities. if you are saying that we are not very responsive, but we want to hit the responsive parameter then you need to find out the gap and where you can remove ah remove those gaps right. So, how you can do that you need to ensure technology, improvement in process, supplier relationship or whatever activities you are doing through all the supply chain right. Either your sourcing, either your manufacturing, either your distribution, warehousing, storage, transportation, how you are doing the end mile delivery right.

supply chain capabilities Just to highlight, if you are talking about responsiveness, how quickly you are responding to wide variety of 200 different models of same desire, vitara, breza and then how you are dealing with that. Shorter lead time, how quickly you are delivering the product. Handle a large variety of product and build highly innovative products, you are quickly renovating the products. Philips right, meet a high service level, service level means customer is forcing you to when you are delivering those many services are required, after sales services are required, how you are using installing the product that is required, to demonstration is required, delivery as per their schedule it is required right, installation as per their it is required right and then handle supply uncertainty that we have seen already. A quick understanding, if I am saying responsiveness at one end, highest responsiveness, what is the meaning of highest responsiveness? You are keeping extra inventory with you, you are having very short lead time, you are having highest quality, you are providing the largest variety possible, you are processing even the minimum orders.

you are providing the highest services level all those things right. So, that means, cost will be high. So, here highest cost when you are targeting responsive and highest cost. just see the vice versa of this when you are ready to wait for your product that means, I can consolidate the order I need not to make delivery within 30 minutes of the pizza may be if from IIT Kharagpur campus it is order is coming I can wait another 30 minutes and I can consolidate 5 orders. So, that the total transportation cost same biker can or delivery partner can deliver my all the five orders, right? So, this is how I can reduce the cost, right? So, this is the relationship between your responsiveness and cost.

So, again you can see highly efficient supply chain, steel mill, sugar mill all commodity markets. Somewhat efficient when you are talking about apparel industry. So, you are sure about the trends for next 6 months or 1 year. So, you should be efficient in that way. Automotive production somewhat responsive because.

different models are there, customer can seek for any type of product. And highly responsible kind of Zara supply chain, kind of Dell supply chain, where you are you know or 7-11 Japanese store, where you are daily you know changing the inventory, you are making customer as very important part of your supply chain strategy right. So, see this you need to understand as your supply chain capabilities what are your capabilities ok. So, this second step we have seen that what are our capabilities at the supply chain. Now, the next step will be we will find the synchronization between the supply chain strategy and competitive strategy looking into these parameters. So, till now we have seen what are the uncertainties, threats, challenges can come to our supply chain and then in the second step we have seen the our capabilities.

Now, in the next session we will continue this discussion how we can find the common path where we can align our competitive strategy with the supply chain strategy. So, we will continue this discussion in the next session. Thank you.