



Aspiration to Reality...

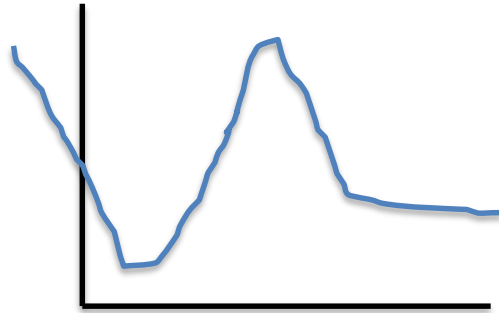
Survive, Revive, Grow:

**A discussion on the new paradigms for Supply Chain
by**

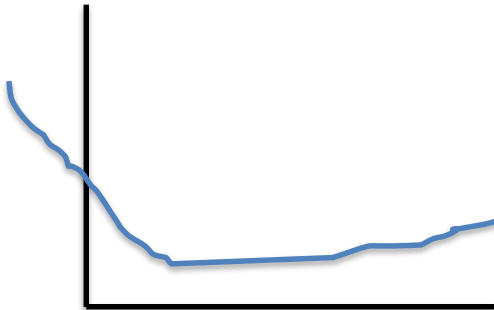
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May 21, 2020**



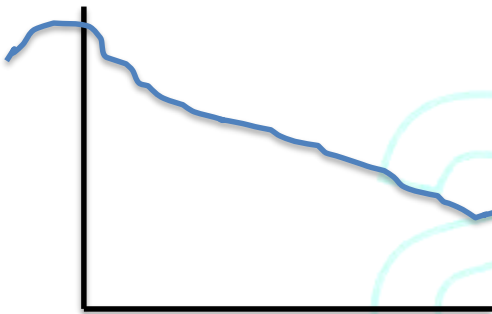
Huge demand uncertainties anticipated



- Pent up demand: Construction related, brown goods, 2-wheelers, habit products?



- Discretionary demand: Hospitality, luxury products, regulated



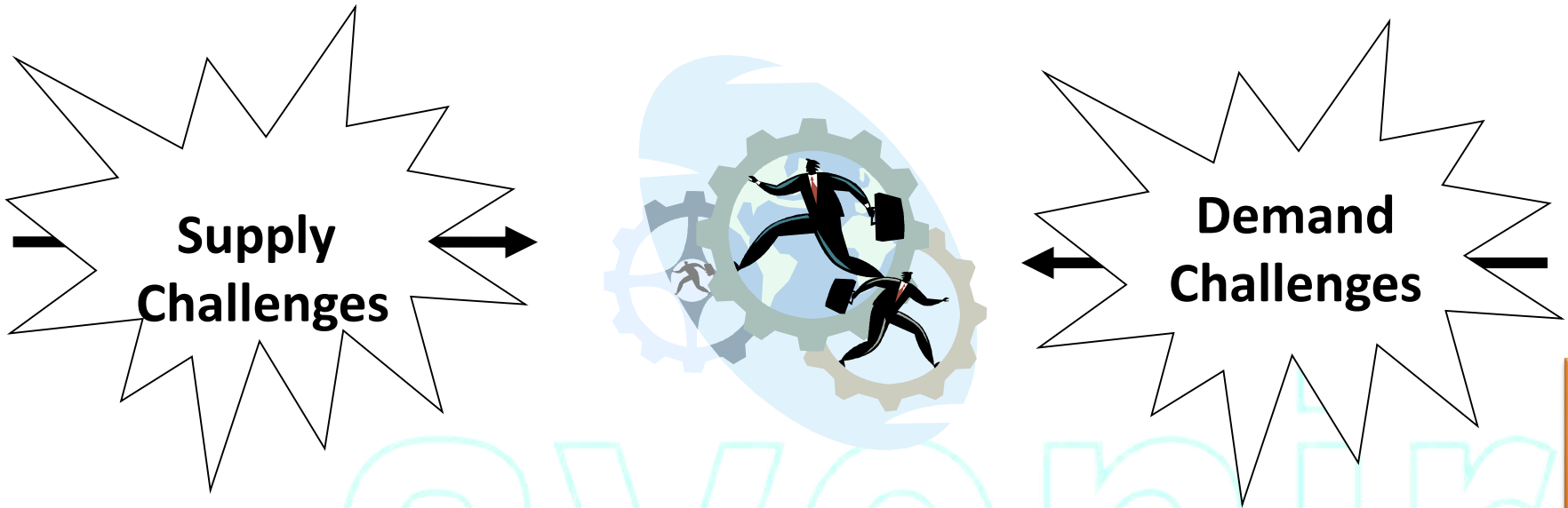
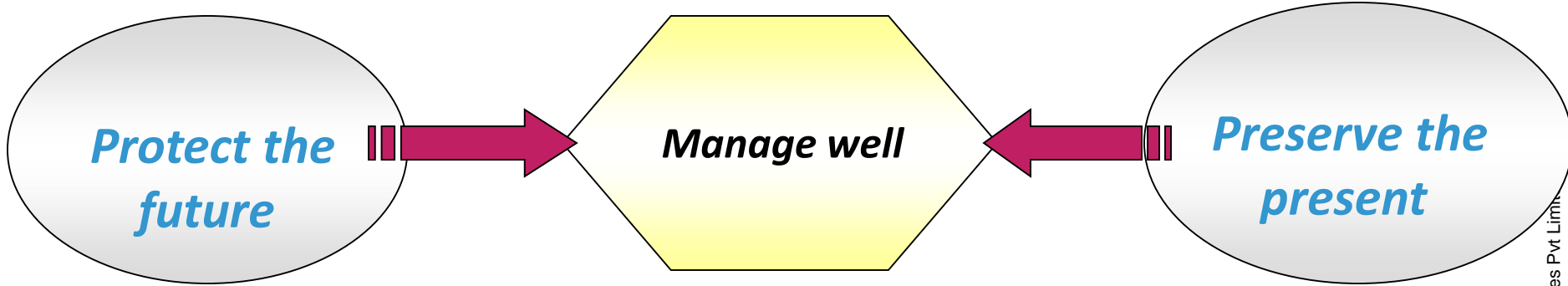
- Essential demand: Daily consumption etc.

Supply chain fractures

- Suppliers cash strapped with negligible or limited service capability
 - Some out of business
- Labour shortage
- Logistics issues
- And most importantly, in many cases, significant cash shortage

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Management Objective...



Organizational environment is very challenging

The real dilemma

Survival (short term)

- Conserve Cash
- Cut Costs
- Deliver to immediate demand
- Ensure adequate RM/Inputs
- Get labor

Revival (medium term)

- Generate Cash to Pay liabilities
- Control Costs
- Improve delivery volumes/value
- Stabilize supply sources
- Work force rationalization

Growth (long term)

- Ensure competitive advantage through supply chain

— How to create an Anti-Fragile organization?

Solution goals: What if we could

- Minimize the conflicts between the short, medium and long term
 - Conserve cash yet pay suppliers in time
 - Do more with less – labour, cash, input inventory
 - Deliver On Time in Full (b2b) or maintain adequate availability (b2c) to volatile demand at lowest possible cost
 - Create an edge over competition through win-win in your supply ecosystem
- Focus on moving as fast as possible from the short to the medium to the long term objectives

Powerful Marriage of two management philosophies/methodologies

Theory of Constraints (TOC)



Dr. Eliyahu M. Goldratt, 1947 – 2011



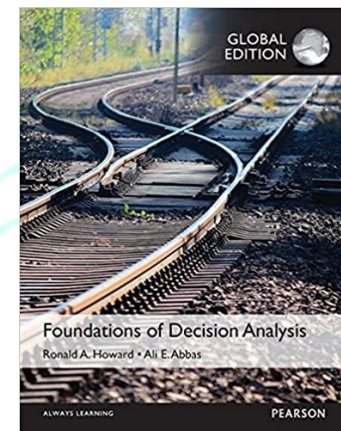
Common theme:

Use time to
reduce uncertainty

Decision Analysis (DA)



Prof. Ronald A. Howard, 1934 -



Essence of time in supply chain: Reduce cash to cash cycle time

- Biggest waste in an organization is a long cash to cash cycle
- Cash to Cash cycle time:
 - Cash spent in paying suppliers to Cash received from customers
 - RM/Input inventory days + Production time + FG Inventory days + Transportation time + Receivable days – payable days
- Check:
 - If you reduce cash to cash cycle time, it has a significant, salutary effect on most wastages (cost) as well as quality in the organization

Benefits of cash to cash cycle time reduction

- Reduction in uncertainty
 - Enabling Real options eg. Later we do something, more options can be availed from supplier side as well as customer side
- Clients get fresher products (less chance of obsolescence in system)
- Clients get On Time in Full deliveries
- Suppliers get paid in time/faster
- Dealers keep less inventory but suffer minimal lost sales due to stock outs
- In your organization:
 - Less time taken and more productivity from same number of people
 - Cash released
 - Less fixed cost – working capital, overheads per unit of production
 - Very important, ability to service clients (dealers, end customers) in time goes up substantially

Key actions to reduce cash to cash cycle time

- Choke the Release: Release work onto shop floor “As late as possible” but not later
- Full Kit: Do not waste capacity; release only that work which has all inputs and logistics absolutely certain
- Replenishment of input SKUs from suppliers
- Replenishment of FG SKUs to the next link in the chain onwards – CDC, RDC, Distributors/ dealers/retailers
- Measure Cash generated without fail and every week

Thank You

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