

IISCM DIGEST

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The Supply Chain Magazine

21
Top 10 Supply Chain Competencies

25
Sachin: A CSCP Success Story

05
SCM Opportunities

18
Even Pencil Needs a Global Supply Chain

24
SCM Crossword #101

11
Transform to Digitized Supply Chain

15
Purchasing Strategy A New Approach

19
Importance of Negotiation in Procurement

07
Opportunities in Central America

B.S.Mubarak IFS

29
Records Management & Decision Making



26th
JANUARY



H A P P Y R E P U B L I C D A Y

Fhysics Business Consultants Pvt. Ltd.
www.fhysics.net • +91-900-304-9000

EDITOR-IN-CHIEF

Venkadesh Narayanan
[linkedin.com/in/venkadesh](https://www.linkedin.com/in/venkadesh)

ASSOCIATE EDITOR

Bharath TR

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Email: IISCM@Fhyzics.net
Phone: +91-900-304-9000

EDITORIAL OFFICE

Fhyzics Business Consultants Private Limited

34, Sigamani Nagar, 3rd Street
Madipakkam, Chennai
INDIA 600091

Email: IISCM@Fhyzics.net
Phone: +91-900-304-9000

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From The Editor

I wish you and your family a happier, healthier and prosperous New Year 2021.

Now we have fully gone through the year 2020, it is time to introspect what worked and what didn't in our global supply chains. Except a very few organizations most of the global supply chains broke during the last year more often compared to the past. For some there were more demand than usual and for others demand became more elusive. But in both the cases, they were not so prepared to handle the sudden shift in their demand pattern.

At the beginning of 2020, we supply chain professionals were more complacent and confident that we are running a very robust supply chains, but COVID-19 put our supply chains to a very tough test.

Today most of the supply chains are run by sophisticated systems, where the planning factors are configured or sometime even hard coded. The SCM professionals who have a strong understanding of these factors were able to quickly react to the change in trend, but others were blaming their system. The companies that were successfully able to navigate COVID-19 are run by professionals who have a strong understanding about supply chain principles and practices. This points out to

an important requirement in supply chain. Information technology (IT) is the driver of supply chains. IT came as a huge relief to all of us in planning the supply chain activities. We are freed from the mundane tasks and it made our life easier. But over the period, too much reliance on these systems resulted in mechanically doing the things without understanding the fundamentals. At the time of recruitment, most organization try to gauge the potential candidates' IT skills, but doesn't do the same on their supply chain skills.

When there is a lack of fundamental understanding of supply chains' behavior and just relying on the systems is one of the root causes of why we were not able to act quickly. By the time, we came to an understanding a quarter or two is already over. Now the question is how we should be prepared for any such pandemic or any other thing that may disrupt our supply chains in the future. I would like to recommend the following.

(1) Build a team that has strong understanding of supply chain principles.

(2) Develop Standard Operating Procedures (SOPs) for all your processes irrespective of whether the process is performed by an individual or an IT System.

Venkadesh Narayanan
Editor-in-Chief

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SCM OPPORTUNITIES

Supply Chain Specialist at Eaton, Pune

About the job

If you desire to be part of something special, to be part of a winning team, to be part of a fun team - winning is fun.

We are looking forward to an Supply Chain Specialist in Eaton's Global Supply Chain Management COE, based in Pune, India.

In Eaton, making our work exciting, engaging, meaningful; ensuring safety, health, wellness; and being a model of inclusion & diversity are already embedded in who we are - it's in our values, part of our vision, and our clearly defined aspirational goals.

This position is part of the Materials Excellence function of the Global Supply Chain CoE reporting to the Operations Manager - Materials Excellence. Primary role is to develop and functionally lead the teams involved in identifying problem/pain areas of businesses globally & delivering solutions implementing at sites. This role will provide a functional & visionary leadership in achieving strategic objectives of the materials function in execution of high impact global projects in alignment with the Global Materials Strategy and in alignment with the Global & Business SCM Leadership. Key responsibilities include Functional & Business Impact, Building Organization Capability, Learning & Development and Talent Management supporting Global Businesses (All 8 Businesses in Electrical & Industrial Sector).

Your essential responsibilities:

1.To drive excellent collaboration with the Global SCM & Respective Business SCM Leadership through communication & presentation skills to align with the objectives of the respective Business Group & Global Strategies.

2.Create & Develop a highly effective and capable

organization to deploy standard processes across all business which should be accepted by businesses as a benchmark solution.

3.Identifying & Leading new projects in Supplier OTD Improvement, Customer OTD Improvement, Supplier Lead time reduction, MOQ Reduction, KANBAN deployment, SIOP Deployment, MPS deployment, Min-Max deployment etc.

4. Drive various improvement requirements from materials management perspective.

5. Enable the team to Own and drive Business Impact goals such as Customer & Supplier OTD Improvement.

6. Functionally lead a project oriented team of functional experts which will be driving global cost initiatives & projects, Building Organizational Capability through Learning & Development and Talent Management, hiring as when needed, gap assessment with existing team members and developing team's functional skills and competencies to meet business requirements.

7. Deploy strong functional rigor through identifying improvement areas, adding a value to existing process with Continuous Improvement approach along with driving Global CI initiatives to ensure majority of the processes & tools will be well standardized & can be deployed to all businesses globally focusing on business specific unique solutions/models to meet unique & key requirements.

8. Process robustness through the QMS processes to drive strong Escalation Management, Root Cause Analysis, Quality Check, Risk Analysis and mitigation, Skill & Competency Development.

9. Coach & Mentor the Team members in driving Continuous Improvement and demonstrate high



impact and Positive turnaround of the issues.

10. Driving functional excellence & Develop a culture of “give us a problem in materials & we will deliver a solution”.

11. Expanding scope in implementing current tools & techniques working with global stakeholders & closely working with IT to design customized solution in ERPs.

12. Develop & maintain communication at all levels of organization driving smooth & effective delivery of projects.

13. Global player directly working & strategically aligning with executive & senior leadership at Global level of Eaton, GMC (Global Materials Council) & respective businesses.

14. Leads function wide initiatives including training, mentoring, facilitating Kaizen events, Lean & Six sigma projects, Tools deployment, BPIs, Global VSMs, Worldclass Benchmarking.

15. Understand the global competitive landscape, future technology, trends & revolutions and is able to translate them into break through strategies.

Desired Skills and Experience

Educational Qualification

1. 10 to 12 years of relevant experience into Materials Planning, Inventory Optimization & Control, SIOP (S&OP).

2. Should have strong functional knowledge & working experience related to Materials management, supplier management, detailed understanding of concepts related to replenishment planning, SIOP, MRP/ material planning & Inventory performance measures like Forecasting Accuracy & DOH, Finance & accounting terms & methodologies.

3. Global savvy & must have experience in leading global projects having cross functional & cross continent senior leaderships.

4. Able to forge relations at all levels, collaborate internally & externally & work in matrix reporting structures. QC Tools, 8D, Why-why analysis is

must.

Technical Qualification

Materials Planning, Inventory Management & SIOP (S&OP).

Soft Skills

1. Excellent communication, customer service, and interpersonal skills necessary to converse with diverse group of stakeholders including senior management, operations and Supply Chain Management personnel.

2. Should have strong functional knowledge & working experience related to materials management & detailed understanding of concepts related to replenishment planning, MRP/ material planning & Inventory performance measures like Forecasting Accuracy & DOH, Finance & accounting terms & methodologies.

3. Proven Track record in driving cross functional & big overseas (cross continent) Continuous Improvement projects.

4. Strong in problem solving & analytical skills.

5. Act as catalyst/change agent to grow culture/ mindset (accountability & integrity).

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Business Opportunities for Indian Companies in Central America

B. S. Mubarak, IFS
Ambassador of India
to Guatemala, El Salvador and Honduras

India's exports to Latin America crossed 13 billion USD in the year 2019-20. Brazil, Mexico and Colombia are some of our strong trading partners.

Central America which is also considered to be a part of Latin America has been a strong trading partner for India. The Central American countries include Guatemala, El Salvador, Honduras, Panama, Costa Rica, Nicaragua, and Belize. India's trade with Guatemala, El Salvador and Honduras is over USD 550 million and there is enormous potential to strengthen

this trade relations. Balance of trade is overwhelmingly in India's favour.

India's exports to the region are focused on sectors like automobiles, pharmaceuticals, textiles, building materials, engineering products and auto components. Central America is an excellent place for nearshoring for the U.S. market as time zones are similar. Indian investments in the region are mainly in IT and BPO sectors. Companies like Genpact, HCL, 24x7 employ thousands of Central American nationals in BPO industry. TCS alone made an annual turnover of over 800 million USD in Latin America.

Challenges you see in Latin America are great opportunities in disguise, waiting to be explored.

Though the population of individual countries in Central America is not huge, as a region, it has a population of over 60 million and Indian business establishments which are successful treat this as a block. Several Indian companies have been successful in the region. UPL which focusses on agrochemicals and agriculture related services made a turnover of 2 billion USD in Latin America



Mr. B.S. Mubarak assumed charge as Ambassador of India to Guatemala in December 2018. He is also concurrently accredited as Ambassador of India to El Salvador and Honduras.

A career diplomat, Ambassador Mubarak joined the Indian Foreign Service in 2001 and has served in Cairo, Dubai, Jeddah. He headed India's Diplomatic Mission in Palestine from 2012-14 and was Consul General of India in Jeddah from 2014-16.

Before assuming charge in Guatemala, Ambassador Mubarak was Joint Secretary in the Southern Division of the Ministry of External Affairs in New Delhi. He holds a Master's Degree in Science from the Centre of Advance Study in Marine Biology, Tamil Nadu, India.

and has a strong presence in Central America. Many Indian companies operating in this region focus on increasing their market share in the areas of their specialization. The mantra for acquiring a strong foothold in Central America would be to “maximize the

India-Guatemala Trade (in Millions US \$)				
Year (Apr-Mar)	Imp. from Guatemala	Exports to Guatemala	Total Trade	% Growth
2017-18	15.97	291.93	307.90	17.10
2018-19	16.27	305.37	321.64	4.46
2019-20	22.95	291.32	314.27	-2.29

market share”. This region is also strong in agriculture especially in coffee, cocoa, sugarcane, and cardamom. Guatemala is the largest exporter of cardamom in the world and India procures a large amount of cardamom from Guatemala.

Countries in Central America have a great potential to improve trade opportunities. India's exports to the countries in the Central America are higher than our exports to many of the countries in our neighborhood including Cambodia, Kazakhstan and Uzbekistan.

Engineering products like Two and three wheelers, Motor vehicles/cars, Auto Components and parts, Iron and Steel, Industrial machinery and parts, Electrical machinery and equipment are the top products exported to Central America, while India mainly

imports Wood, wood charcoal, Sugar confectionery, Coffee, Cardamom and Aluminium from Guatemala.

Pharmaceuticals, automobiles (two & three wheelers), fabrics, organic chemicals, plastic and plastic articles, are top products

exported to El Salvador while India mainly imports Wood & wood products, iron & steel, etc. from El Salvador.

Dyes, drug formulations, two & three wheelers, motor vehicles, industrial machinery, iron & steel, rubber products, etc., are top products exported to Honduras while India mainly imports Wood & wood products, coffee, paper & paper products, spices, aluminium articles, etc. from Honduras.

Opportunities for Business between India and Central America

Food processing and agro industry: Indian food processing industry has a great potential to invest in the region as the export potential from Central America to U.S. and other Western markets are easier and is also quite lucrative. Engineering products related

India-El Salvador Trade (in Millions US \$)				
Year (Apr-Mar)	Imp. from El Salvador	Exports to El Salvador	Total Trade	% Growth
2017-18	69.45	9.02	78.46	18.50
2018-19	78.66	4.20	82.86	5.61
2019-20	79.34	3.2	82.55	-0.38

to agriculture also has a huge demand in the region. Diesel engines, water pumps, solar water pumps are a case in point. Engineering products related to sugar industry, like power turbines, boilers and pumps have great potential in the region. Indian agriculture products like Basmati rice, tea and other spices can also be exported to the region.



Engineering Products: Bajaj two and three wheelers, TVS, Hero motorcycles, Enfield, Mahindra

products, biologicals and medical equipment have great potential in the region.

Barriers could become stepping stones. The distance between India and Latin America could be a great stepping stone for opportunities in the areas of Logistics and Supply Chain Management.

vehicles, are major players in the region. Generic spare parts which are of good quality can be exported to the region. Indian tyres also have great potential.

Textiles: India exports cotton yarn and fibre to a tune of 50 million USD only to Guatemala. These are made to final products and exported to US. Also Indian

India-Honduras Trade (in Millions US \$)				
Year (Apr-Mar)	Imp. from Honduras	Exports to Honduras	Total Trade	% Growth
2017-18	146.17	13.32	159.49	1.51
2018-19	166.72	18.25	184.97	15.97
2019-20	185.34	19.32	204.66	10.65

Wellness and Natural Medicines: Ayurveda is becoming popular in the region. Himalaya has a strong presence in the region. Potential for Ayurvedic beauty and wellness products are enormous.

Pharma: Indian pharmaceutical products are already popular in the region. However, only the generic products have captured the market. We approximately have 5% of the market share in the region which can be increased through sustained efforts. Indian branded pharmaceutical

textile companies like Raymonds have a strong presence in the region. Indian textile sectors can explore the opportunities to expand their business in the region.

Investments in the areas of IT: BPO operations and IT & ITes industry is an attractive area for Indian companies to invest as the region is close to US and has a similar time zone. Businesses having issues with visas can open offices in Central America to handle their clients in US.

Opportunities for Supply Chain Companies in Central America

One of the barriers for trade between India and Latin America is the distance. Containers with goods from India to Central America takes an average to 60-70 days to reach the ports. Some countries in the far east has used this to their advantage and are able to deliver goods in a much shorter time due to better supply chain management. Many business establishments in the region who would be eager to trade with India opt for other countries due to faster and reliable movement of goods.

This provides a great opportunity for Supply Chain Companies which can effectively reduce this period. Also, establishment of warehouses to meet the steady flow of requirement of goods could be option for Supply Chain Companies. Some Indian companies which could manage their supply chain management effectively have been doing good business in the region.

At this time of austerity, Central Americans look for more affordable products. Indian business establishments could capitalize on these sentiments and improve their market shares on a variety of products. ■

PROCUREMENT AND SUPPLY CHAIN CERTIFICATIONS



Certified Inventory Optimization Professional (CIOP)
Certified Strategic Procurement Professional (CSPP)
Certified Supply Chain Technology Professional (CSCTP)
Certified Operations Strategy Professional (COSP)
Certificate in Procurement & Supply Operations (CIPS, L2-L6)
Certified Supply Chain Professional (CSCP)
Certified in Production and Inventory Management (CPIM)
Certified in Logistics, Transportation and Distribution (CLTD)

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TRANSFORM TO DIGITIZED SUPPLY CHAIN

Syamaprasad De
Managing Partner, Versatile Ventures

Once Supply chain management was treated as a relative backwater, but in recent years it has moved decisively centre stage. In fact, a well-managed supply chain operation is now treated as a critical factor in a business' success. End-to-end transparency is the ultimate target for a supply chain professional, it would help them to get crucial decisions and to achieve significant efficiency. Digitising processes can enable improved visibility and provide real-time insights into the supply chain, giving all stakeholders full control.

During the COVID-19 pandemic, lot of supply chains have been crippled around the world due to lack of systems. Traceability is the challenge when certain aspects of the network have closed due to unforeseen reasons. Many processes that revolve around deliveries still run with a face-to-face, paper-based signature. In social distancing scenario, this can be difficult - if not impossible - to carry out, causing further disruptions to supply chains. Using a digital approach to these typical systems can eliminate the need for face-to-face interactions, improving business both during and after the COVID-19 pandemic.

Although the digitization of



Supply Chain initially can be costly and time consuming but definitely worth it in long run.

In procurement domain main tasks of procurement manager is cost optimization, maintain service level which includes lot of factors like quality compliance, timely delivery, etc. Category managers continuously analyse data from ERP systems to understand spend patterns and identify saving opportunities. Here the challenge is incomplete data and needs a lot of data cleansing and classification before take decisions. The success of spend analysis (the category manager's job) depends upon the skills of the category manager and easily identifying saving opportunities.

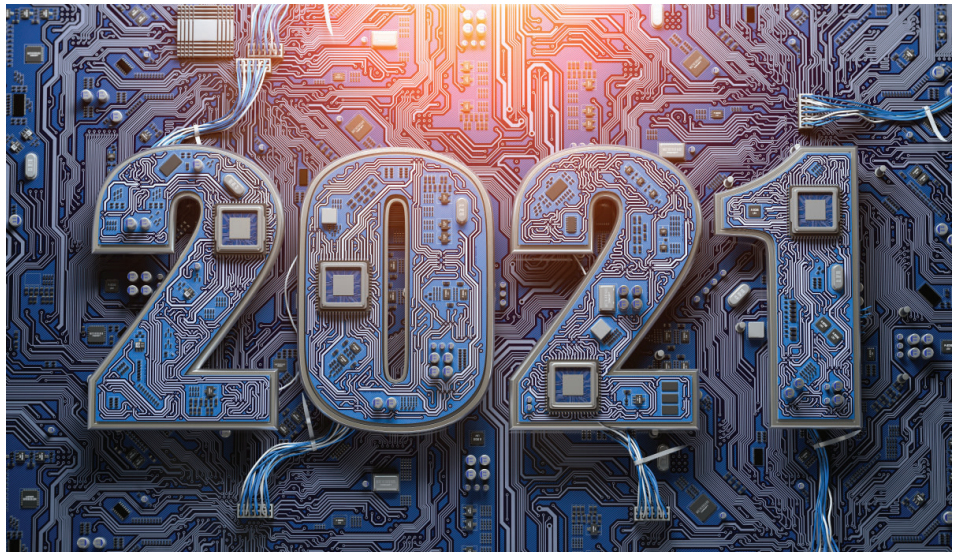
The usage of artificial intelligence (AI) to automate the savings opportunities and continuously monitor data to identify new opportunities or suggest deviation in the spend trend as compared to previous year. It would reduce category managers unproductive jobs to do manual analysis, to run

RFPs (Request for Proposal). Digitizing the RFP process can help speed up the process and increase productivity for the stakeholders and sourcing teams. An e-sourcing tool which helps to present comparison side by side of responses, compares quotations and terms and conditions from different vendors and identifies key differentiation among vendors. It helps all stakeholders to put their decision based on criteria. In a nutshell, the procurement department creates a significant value for the organisation. In this VUCA world (Volatile, Unpredictable, Complex and Ambiguous), management always think how procurement can smartly interact with digital technologies to overcome business challenges and take advantage of market opportunities. This digital intelligence approach in procurement leads to the creation of a new value proposition within this division. Vodafone digital procurement strategy aims to create synergies by connecting its HR department with the procurement team, with the aim of re-thinking and simplifying whole processes so that HR also

Syamaprasad De is the Managing Partner of Versatile Ventures which is engaged in Manufacturing, Trading, Marketing of CPG (Consumer Packaged Goods), Consulting and serving as Carrying and Forwarding Agents of renowned organizations. Recently launched its flagship brand Vishvarup – The Fragrance in Devotion in incense sticks segment – in anticipation of building a winning brand from scratch. This group and its sister concern are serving renowned brands' C&FA in Bangalore and Hyderabad. Determination and dedication lead him to entrepreneurship... Let's keep Building.

Basically, he is a Supply Chain Professional, did his PGDBM from Lal Bahadur Shastri Institute of Management and Technology (LBSIM), New Delhi, spent more than two and half decades in corporate world, to set up End-2-End Supply Chain Process, Business Plan and Strategy, Standard Operating Process in various companies.

mix employees from different generations to create a resource pool of digital know-how and experience. This changes the whole culture of the company and diversifies the way people work together.



The other objectives for Supply Chain professionals are inventory optimisation which is directly linked with strategic and more accurate demand planning (DP). More accurate DP helps to get better fill rates, better logistics performances, increase customer delight, etc. The digitalization of demand planning - and subsequent implementation of AI – will help to make short-term demand plans and triggering stock replenishment. Demand Planner can get a free time to brainstorm about improvement in operational efficiency, identify new ways to increase profits and become more involved in the business as a whole. Artificial Intelligence (AI) can easily detect customer purchasing patterns more accurately and plot for demand sensing. Aggregating datasets from ERP, CRM (Customer Relationship Management) and IoT (Internet of Things) systems and combining this with external variables, AI provides more practical forecasts. This holistic approach through AI interfaced forecasts linked through supply and inventory planning to automate replenishment triggers, so organizations consistently have the correct number of products in stock.

This results in increased sales by improving order fill rates and shelf availability.

For example, a global personal care products organisation built demand driven supply chain using more visibility of real time demand trends, it helps to produce and store exact amount of inventory to replenish what actual products sold off. Even POS (Point of Sales) data from retailers also generate forecasts and triggered shipments to stores which helped to reduce inventories. One study showed 35% reduction in forecast errors for a one-week planning horizon and 20% for a two-week horizon.

We all know, Supply Chain channels are very much vulnerable to a plethora of external factors like natural disasters, nonavailability of raw materials, COVID-19 like situations - impact demand forecasting which can easily be tackled by digitisation – AI and ML tools use real time calculations to respond and find supply chain resolutions rather merely trust on historical data. It is already proved without a synchronized view of demand of supply chain, organisation could not respond rapidly enough to

market changes. Digitized supply chain enables the organisation proactively regulate a range of core business processes which helps to increase top-line revenue.

Lastly, transportation which is the backbone of any Supply Chain function, is equally important to digitize its activity is heavily dependent on vast amounts of data originating with 3rd parties outside of its control. It is highly procedural function with clearly defined responsibilities and performance metrics, includes transactional activities- such as freight management, contract management, shipment execution, transportation tracking, etc – all requires perfectly tracked and synchronised. The digitisation will solve the purpose by implementing TMS (Transport Management System) which can take automated freight bill generation, do spend analysis. Similarly, using RFID to pick and pack the consignment which speed up the process as well as electronically keep the data for future references. For tracking the consignment - GPS is the key and as soon as the goods reach the destination and acknowledged by consignee, it denotes the delivery.

Once we faced huge traffic problem for outbound and

inbound vehicles inside the plant, it delayed empty vehicle check in, accurate placement at right loading bay, delayed loading, etc. All lead to increased turnaround 24 - 36 hours within the plant. Vehicle placement went on toss as well as freight. In fact, some of the case vehicle waiting time within the plant was more than its' transit lead time.

We surveyed one consumer durable organisation outside India where management automated process through ERP. Implemented APO (Advanced Planning Process) which automatically deploys materials and through TLB (Truck Load Builder) make FTL for destination locations and system generated mail goes to panel transporter for vehicle placement. At the time of vehicle entry inside the plant, the security at gate used to hand over one smart card to driver which is a gate pass as well as STO (Stock Transfer Order). This smart card enables driver to check in to right warehouse bay where he swaps it and materials by auto scanned robotic used to place at bay for loading. The system is so much streamlined as well as fool proof, without any human interferences, vehicles get loaded and invoiced.

Digitized Supply Chain is a move forward to eliminate

communication silos across the organisation, means major players within the supply stream gathers greater capacity to share data, collaborate on important initiatives and work in conjunction to ensure smooth workflows free of bottlenecks, disruptions, or breakdowns. This pandemic has ratified and ensured us to digitize supply chain.

Syam is a life member of The Chartered Institute of Logistics and Transport (India) and had worked for renowned organizations as a Head of Supply Chain. He had started his career with Dabur India Ltd. and has served for Apollo Tyres, L'Oréal India, MTR Foods (100% subsidiary of Orkila Brand International), Emami Agrotech Ltd., Sheenlac Paints Ltd in his career. He is also serving as a visiting faculty of Supply Chain Management in Institute of Engineering and Management, Kolkata. He is the person who has transformed Supply Chain Department from good to great and strengthened organizations to compete with its competitors in terms of Process, Cost and Service Level.

He is available at his personal id – spde@rediffmail.com or versatileventuresblr@gmail.com.

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Purchasing Strategy - A New Approach

Keith Jones
Managing Director
Cadnant Consulting, UK

When a business strategy is developed, it is essential that every function within the organisation is aligned to that strategy and that every individual understands how their function connects to and supports the overall business strategy.

As many organisations will know, it is no easy task to ensure that every function is 'pointing in the same direction' when it comes to strategy. Whilst each function can have its' own set of conflicting objectives, Purchasing can never get away from 'cost' being an over-riding factor in the development of their strategy given the potential impact on profitability.

Purchasing Strategy can sometimes be disconnected from the Business Strategy.

Disconnected strategies can have unintended consequences despite the best of intentions. These can invariably impact both the supply of raw materials and relationships with suppliers. Having an effective and completely aligned Purchasing Strategy avoids these issues.

Of course, ensuring alignment is not easy and there is little



available at a practical level that will enable purchasing professionals to translate their business's strategy into an aligned Purchasing Strategy with associated clear and coherent actions.

When developing corporate strategies, organisations can draw on many tools to help them in the process. These include Michael Porter's Value Chain Analysis and Five Forces, SWOT Analysis, BCG Matrix and so on.

The value of these tools is not in doubt but ensuring that all functions are aligned to the strategy is no easy task and this is no less true for purchasing strategy. However, when it comes to purchasing strategies, structured approaches are few and far between. Indeed, the main method used for the development of a purchasing strategy is often based on a pareto analysis of cost. In other words, purchasing staff will focus on the 20% of materials that make up 80% of costs.

Whilst this approach is of importance, it does not

necessarily follow that corporate and purchasing strategies are completely aligned. Small, seemingly insignificant purchases can easily be forgotten when, on closer inspection they are of equal importance in terms of their relation to strategy.

Why does it matter?

The longer a disconnect exists between strategies, the more likely it is that an ever-increasing gap will appear between functional and business strategies.

In addition to pricing, there are other factors that Purchasing need to take account of when procuring materials and services for their organisation. For example:

- Variability in supply
- Service level
- Continuity of supply
- Supplier relationships
- Procurement cost control

Managing factors such as those shown above needs to be done in a structured way. The question is how?



Keith Jones is a consultant in inventory management and project data analysis with 40 years' experience working in the chemical industry. His roles include Commercial Director of Dow Hyperlast and Global Project Co-ordinator for the Dow Chemical Company's Oil and Gas division.

April 2020 saw the publication of Keith's book - 'Inventory Management for Competitive Advantage: Including a Practical and Effective Purchasing Strategy for Managers'. Published by Routledge (Taylor & Francis Group) his book is available from Routledge, Amazon and many other booksellers.

A New Approach

There are two key factors to consider when developing an aligned purchasing strategy – the significance of a material or service in relation to the strategy and the risks associated with the procurement of those same materials or services.

Classifying a material or service in terms of its' strategic significance is the first step in ensuring that the business strategy is directly determining a key factor in the development of a purchasing strategy.

Aspects that need to be considered include:

- Sourcing risk
- Price control
- Quality of supply
- Flexibility of supply
- Reliability of service.

Combining strategic significance and procurement risk enables users locate materials and services in a 2 x 2 matrix.

Each quadrant has a specific set of recommended actions that not only enable users to adopt a structured approach to the procurement of materials

and services, but also, through the incorporation of profit impact, a means of prioritising their actions.

Over time, users will also be able to see how materials transition between quadrants as strategies and procurement factors change. Over the medium term this is a useful means of anticipating changes in procurement risk and classification, putting control

firmly in the hands of purchasing functions, whilst at the same time ensuring direct alignment with business strategies.



Procurement risk is effectively a method of determining the risk exposure that an organisation has in relation to each material or service that it purchases.

Summary

Developing a purchasing strategy that is directly connected to the organisation's overall strategy is vital and enables an organisation to better appreciate the way that each and every individual raw material should be dealt with – and not just those that have the greatest impact on profit.

Having a structured approach will provide clarity and guidance in developing a relationship with a supplier and ensure that they are working with you to deliver your goals and be able to adapt as your need change over time.

Adopting the approach discussed is a departure from many purchasing strategies in that some of the emphasis is shifted away from cost by asking the question – “How does each and every raw material relate to the business strategy?”

The key aspect is that, as should be the case with all other functions, the Purchasing Strategy will be aligned to the business strategy and that all activities will have a clearer purpose and individual staff members will be better able to relate their approach to the organisation's goals.

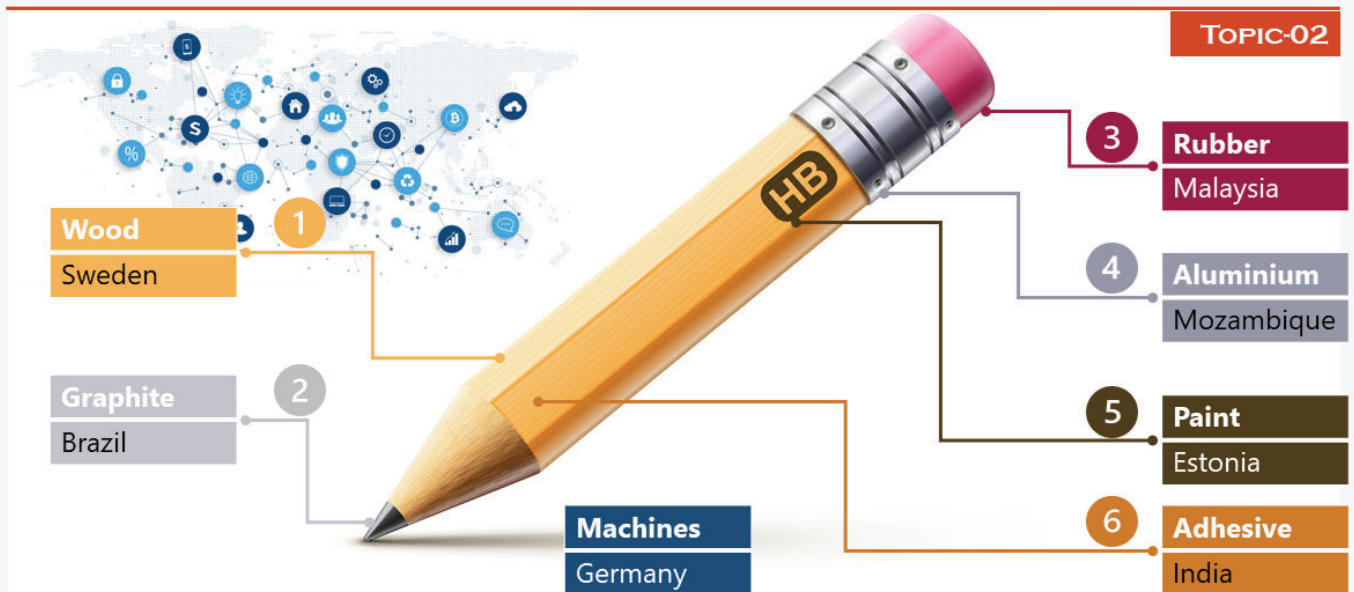
Of course, as time passes, the strategy can easily be reviewed and an organisation can respond to changing circumstances and assess how this might impact not only the business strategy, but also the Purchasing Strategy. Of course, working with colleagues in R&D, Marketing, Production and Sales will ensure that many of the changes can be anticipated and appropriate planning can take place where new strategies are required.





TOPIC-02

Even Pencil Needs a Global Supply Chain



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02

An excerpt from
“Chennai - A Supply Chain Hub for Southern Indian States”

On 30-Dec-2020,
Venkadesh Narayanan, Principal Consultant
Fhyzics Business Consultants
Presented the above topic at
7th World Tamils Economic Conference.

Importance of Negotiation in Procurement

P. R. Babu
Regional Senior Partner
Ford



When I first visited a Walmart store and when I first ordered a phone in Amazon, I was amazed at the thought of the supplier base that these companies must build and maintain. More amazed by their application of network technology to coordinate movement of goods from their worldwide suppliers to their end customers. The wide variety of products they should procure at a price point that a customer is willing to pay.

At the right quality and at the right volumes so the products turnover quickly and not collect dust in their shelves and websites. This is true to every business – big or small. Welcome to the world of Procurement and Supply Chain Management – Procurement being the parent buying goods that business needs and Supply Chain being the child that moves these goods.

Lot of discussions happen around refinements in processes and use of technology in Procurement. Yet I am particularly drawn

towards an important human side of this function, Negotiation, that involves the highest application of human mind and intellect and one that is least automated for success.

Negotiating for success involves the right use of PITA (power, information, timing and approach). The end objective of any negotiation is not to win it hands down but to achieve a better outcome than the previous occasion. It should be a win-win every time for both parties. Before sitting in a negotiation table, preparation is key. A good negotiator should get prepared on all these 4 aspects.

Power: Understand the positional hierarchy as a negotiator and decision-making powers that comes with it. Become fully aware of the option of leveraging senior executives to break a negotiation gridlock. Establish clear priorities with the leadership team. Fear of losing, coupled with a lack of clear goals will restrict people from occupying the negotiation table.

Information: Using it ethically is a superpower. Knowing the person sitting in the opposite table and how much more we can get by simply asking will be valuable information. Knowledge of BATNA (best alternative to a negotiated agreement) and ZOPA (Zone of Possible Agreement) will enhance negotiation effectiveness. The negotiator should go after relevant information to pick up the ZOPA. Then there is high chance for a win-win solution. For example, Mary might have two potential buyers for her car. Andrew is willing to pay \$6,950. Mary is now negotiating with Justin. If Justin will pay more than Andrew (Mary's BATNA), she will sell to him. If Justin won't pay that much, she'll sell to Andrew. Likewise, if Justin has found another car he likes for \$5,500, then he won't pay more than that for Mary's car...maybe even a bit less. So Justin's BATNA is \$5,500. BATNAs determine each side's bottom lines. If you have an alternative car available for \$5,000, \$5,000 is your bottom line. If you can sell your car for \$7,000, that is your bottom line. If you don't do better than that in the negotiation, you'll walk away.

P. R. Babu is an ever-learning student of HR practice. He works for Ford as the Regional Senior Partner in HR Shared Services Center for Asia Pacific region. Educated in Chartered Accountancy and Business Administration and after 2 decades of working in multiple functions, Babu listened to his inner calling for HR. He is SHRM Senior Certified Professional (SHRM SCP) and continues to look for opportunities to enhance his business and HR skills. This article is one such learning experiment.

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Timing: Scenario planning and intelligent use of “What if” type open ended questions will give more room to understand each other’s interests better. These questions help to explore reactions and possible approaches that the other party may be willing to consider. Know the cost of delay in decision making or walking away. Having few back pocket ethical tricks will help to pull back a Lose-Win situation to Win-Win.

Approach: Look for an outcome that almost always ends in a Win-Win. At best, minimize the loss or share it fairly. Great negotiators value human relationships above everything else and treat each other with utmost respect. They hold a straight face without emotions, judgment and biases. They are well prepared, patient, always positive and stay away from intimidation tactics. They hold an intelligently crafted offer and are open and willing to swing either way. They are quick to think on their feet.

Negotiating is fun, and it is productive. It is in many ways an art and science. The more one learns and practices, the more one gets skilled at it and bring bountiful harvest to the company. People come to respect these skilled negotiators. Everything is negotiable, both at work and in everyday lives.

Keep practicing and happy negotiating!



TOP 10 SUPPLY CHAIN COMPETENCIES

Mayur Parvani CPIM
Supply Chain Manager

Supply chain is the network of people, processes and systems, working together to transport, transform and store materials to better serve the customers with finished goods. Like any other professions, supply chain also demands its own set of competencies. Here are the 10 competencies I am presenting to you to ponder over.

1) Basic Mathematical skills

Supply chain is all about number games, A SCM professional should be able to do fix the basic mathematics like division, multiplication addition on finger tips, sound simple but it is important. Also should be well versed with UOM (Unit of measurement) for the respective industry, currently working with. For the transporter it is in MT (Metric tonnes), for Production it will be in kgs. A Supply chain professional should be able to sync between the two.

2) Ability to gel well with other departments

Supply chain is an intangible department, It is like Life insurance if you have it doesn't make difference, if you don't have it will make difference its performance is dependent on the other department performance, and should be able to forge excellent relationships with other departments like Production, Quality, Marketing



to keep a tab on latest happenings within the organization. This piece of information are available on the shop floor rather on the excel sheet. A plant based supply chain professional should spend daily some time on shop floor.

3) Supply chain metrics A supply chain manager should be able to understand and implement basics supply chain metrics like safety stock, takt time, ABC Analysis, pareto principle. This is the norms well accepted and documented to have enough backing. This metrics helps in gauging the supply chain performance of the organization and work as guiding post for the same.

4) Financial Understanding A supply chain manager should be able to interpret the basics of finance like reading balance sheet, profit and loss statement, cash flow statement; this will be able to help in driving the profitability of the organization. To explain to the management

the effect of good inventory management it has to be shown in terms of cash flow analysis.

5) Ability to look beyond before anyone does

The goal of supply chain manager is to be able to predict the delays of orders before any one does and the same should be highlighted to the concerned before any one does. They should have a understanding of the lean six sigma initiative, process mapping to come to a conclusion.

6) Build credibility and trust

They are able to demonstrate the credibility by exercising various cost saving initiatives, timely delivery of order and excellent inventory management. Also implementing the supply chain KPIs to measure the performance. They should be able to lead the SOP (Sales and operational meetings)

7) Excellent Excel skills A supply chain professional should be well versed with advance excel



Mayur Parvani is Passionate supply chain professional having extensive experience in complete array of supply chain like Production planning, Material planning, Warehouse Management, Stores Management, Inventory Management, Logistics, Customer service, Demand planning. He has worked in multiple Industries like Life science, Ceramics, Pesticides Textiles. His expertise is in starting the supply chain from scratch for the organization and running it effectively.

Mayur carries a post graduate degree in the field of Supply chain and Marketing with CPIM (Certified in production and Inventory Management), APICS USA under his belt.

He is also associated with various Supply chain forums like IIMM (Indian Institute of Material Management), SCPC (Supply chain Productivity Council) and has delivered lectures at various forums.

like SUMIFs, V look up, Index match, IF and OR, Conditional formatting and build good analysis sheets by creating dashboards for the same.

8) Ability to mentor and groom future supply chain leaders

A Supply chain manager should be able to groom future leaders by giving them more decision making authority, also infusing the right talent with main supply chain certifications of APICS. In the initial years they should be in data building, then data analysis and then decision making one division.

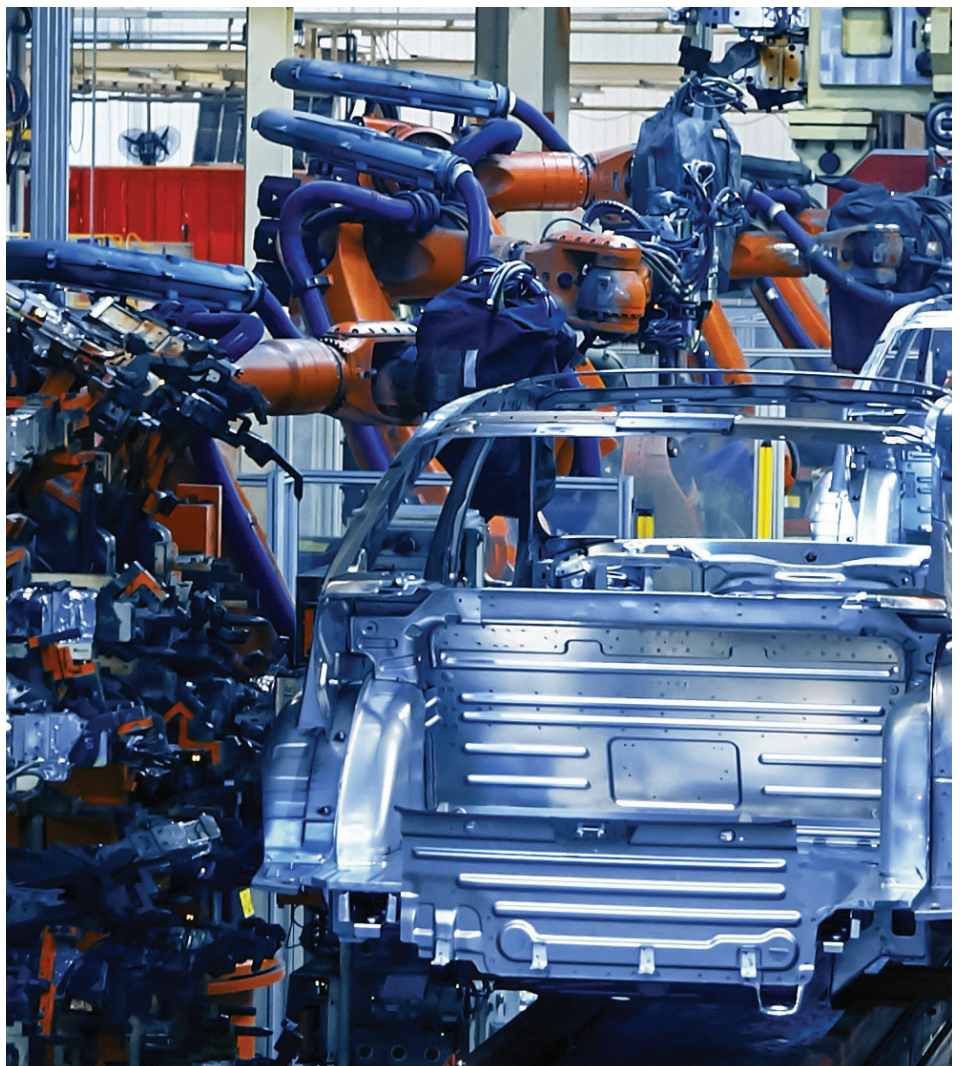
9) They try out new things

A supply chain manager keep themselves abreast of new knowledge Like Tableau , Power BI, Artificial intelligence and implement the same in the

organizations. Also they keep on attending important new supply chain conferences, workshop to keep themselves timely updated. This they can do by online and offline courses. Also they are members of various supply chain associations.

10) They don't do different things, they do things differently

Supply chain management is not just about transporting goods from one place to other, or producing the same, this is not the job of supply chain manager, their main job is to do the same in an effective manner by reducing the costs, by doing it timely, by lean inventory. They should not work like a backyard kitchen of the restaurant, but as a garden in front of palace. It means they should bring value on the table on daily basis. ■





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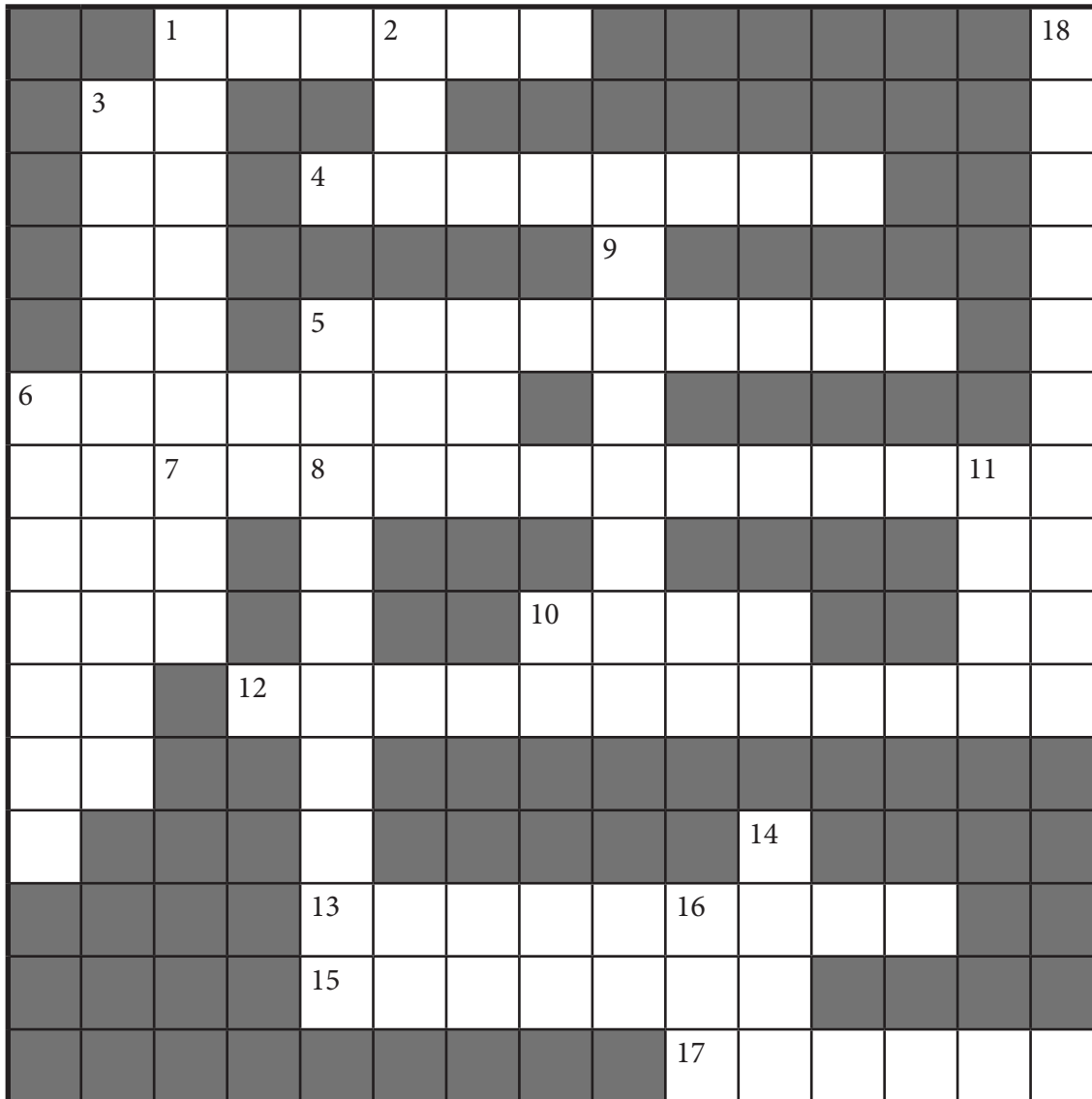


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Across

1. Suppliers collaborate to make more profit, but it is unfair.
4. I bet you are always wrong on this. But when you perfect this you are an oracle.
5. A tool for risk management but you end up carrying it.
6. Packaging material used to protect the product during transportation.
7. A fraud committed by an insider.
10. Acronym of an inventory valuation and movement method.
12. A technology of keeping immutable records expected to revolutionize supply chain.
13. The blood of supply chains.
15. This principle states most of the effects come out of few sources.
17. A pull methodology that limits the amount of work-in-process inventory.

Down

1. You do not add much value on this in your manufacturing process.
2. An acronym of a cost term associated with capital buying.
3. This inventory disconnects the rate of use from the rate of supply.
6. Movement of goods over short distance.
8. This is a dangerous effect to suppliers.
9. This matrix helps you to classify your suppliers.
11. This time helps you to match with customer demand.
14. Acronym of $\sqrt{2AS/Ci}$.
16. Dr. Eliyahu Goldratt is known for this.
18. A virtual perimeter in a physical world to monitor movement of inventory.

SACHIN: A CSCP SUCCESS STORY

Interview with Sachin Sriram
Srinivasan CSCP by Malathi Dileepan,
Certifications Manager, Fhysics.

Question: How long did you take to prepare for CSCP?

Answer: I took roughly about one and half years in order to prepare for the CSCP Exam. It started from July 2019 and went on till October 2020. Once I completed all the three modules in one year, it became quite easy for me to understand the connectivity between the 3 modules within the next few months.

Q: Tell me about your academic qualification.

Ans: I am a Mechanical Engineering graduate passed out in the mid of 2020.

Q: Most of the college freshers does not even know that there is a field called supply chain. But you have aced the world's most competitive supply chain certification. How do you feel about this achievement?

Ans: During my third year in engineering while studying Production Technology, I came to know about supply chain and subsequently did some Internet research and found my passion in supply chain management. Post that I was spending good amount of time in learning supply chain. During this journey, I stumbled upon Certified Supply Chain Professional (CSCP) and came to know that it is the world's premier certification in Supply Chain Management. I am very proud to be a CSCP at this young age.

Q: Are you the world's youngest CSCP?

Ans: I really don't know. But my trainer said, he never came across someone in his career who passed CSCP at just 21.

Q: What was the inspiration behind pursuing CSCP certification?

Ans: My ambition is to build a career in





supply chain management, which in turn made me to pursue CSCP Certification. During my B.Tech Mechanical Engineering, I was allowed to take up 3 department elective subjects. Hence I took up Production Management as

my departmental elective. Within the core module of Production Management the important topics include inventory management, supply chain management and Project Management. This was my initial introduction to this subject.

Later on, I started to research on this topic to know about it in detail. When I went inside its contents, I started to get a feeling that this was my cup of tea.

When I started to search out for a guru in order to provide me with further guidance in this field through the Internet I came to know about Mr. Venkadesh Narayanan of Physics Business Consultants. He gave me a clear outline of how the field is globally. He also provided me with proper guidance on how to enhance my profile in this field.

Q: What is your career goal?

Ans: I want to work in a hard core supply chain company for few years to gain experience and then want to pursue Masters in the same field.

Q: Where did you take the training for CSCP Certification?

Ans: Physics Business Consultants, Chennai. Mr. Venkadesh Narayanan was my faculty during the duration of the course.

Q: Are you planning to pursue any other Certifications?

Ans: I want to pursue Diploma in Procurement and Supply (CIPS Level 4), Advanced Diploma in Procurement & Supply (CIPS Level 5), Professional Diploma in Procurement & Supply (CIPS Level 6), and BCS Essentials in Artificial Intelligence of BCS, UK.

Q: What was the level of support you received from college in your supply chain project?

Ans: I received a great deal of support from My HOD Dr. S. Karthikeyan M.E, Ph.D. at SRM Institute of Science and Technology, Vadapalani Campus and my guide Dr. M. Thamilarasu Sivaraman.

They have been completely supportive to me right from the initial stages of my project work and were very confident that my project would come out successfully. They have also encouraged me for taking up the CSCP Exam Preparation.

Q: How is your family supported in your preparation?

Ans: I owe and dedicate my success to my doting mother and grandparents. My mother is a friend, guide, philosopher and a perennial source of inspiration and encouragement. She allayed my initial apprehensions about choosing a subject, not widely known or popular among peers. She kept feeding me with all relevant information about the subject that was gathered from all around the world. Her pep

**“Don’t stop chasing your dreams, because dreams do come true.”
- Sachin Tendulkar**

talks egged me on, whenever I was down. My mother made my success possible. She helped me to jot down Important Points from each chapter and consolidate them into running notes in order to help me understand concepts thoroughly. She advised me to understand the connectivity between the different chapters. The questions in the exam were completely mixed up with different concepts from different chapters. Hence my mother helped me get a combined understanding of the crux of each module so that I could enhance my thought process with which I approached the questions. She provided guidance in creating linking notes for many concepts in order to have a clear demarcation line between the various topics. In certain parts

of the chapters she found that there was a small point of difference between one concept from the other concept. Hence she helped me to write down those differentiating points in the form of bulletins, illustrations, mappings, tabular columns, flashcards, etc.

Q: I understand that you must be a studious candidate. Are you planning for any master program in supply chain? If so, do you have any preference of domain and country?

Ans: Yes I am planning to do M.Sc. Supply Chain Management in a top recognized business school in Europe (Ireland, Netherlands, Sweden, France, Switzerland, etc).

I prefer to work in Supply Chain Design Domain which consists of incorporation of the latest technologies such as Service Oriented Architecture (SOA), Industry 4.0, etc. The future of supply chain is driven by these technologies within almost every department of the supply chain.

Q: Tell me something about your final year engineering project.

Ans: The title of my Project was “Design of Process Flow Map for developing futuristic supply chain management models towards implementing Industry 4.0”. The objective of the project was to bridge the gap between current and futuristic supply chain management models. I proposed a system that overcomes the drawbacks in current supply chain models by using machine learning techniques. The proposed algorithm uses Logistics Regression, Block Chain for security processes and Walmart Principles. I found out the drawbacks of the existing system and advantages of the proposed system and reduced the error percentage in Warehousing, Procurement and Transportation.

Thank you for your time and sharing with us your success story in attaining the Certified Supply Chain Professional (CSCP) credential. I thank you and wish you a great success in your Supply Chain Career.





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Records Management and Decision Making

A company's files and records are its knowledge base, which forms an integral part of its future planning and decision-making. Every single record created in a business day is a potential background data for future management decisions and planning. This is why it is important to invest, protect and manage the entire life cycle of your business' critical assets – RECORDS & INFORMATION.

With government becoming transparent and strict about compliance issues, it is necessary for companies to apply a good record management system and ensure they are in full compliance with laws and regulations. Implementing a record management system can reduce the risk associated with litigation and potential penalties.

Record management system preserves the integrity and confidentiality of important records and safeguards it as per set rules. This disallows unauthorized users from tampering with sensitive and important records. Making relevant data easily accessible to authorised users allows companies to take decisions faster so that they can stay ahead of the competition or make an informed decision.

Mr. Aravinth Manoharan, the Director of Kayman Vaults, one of the leading companies in records management shares with us the importance of efficient records management

and the unique customer experience that his company offers. Kayman Vaults is a neoteric to the field of records management, but, have secured the trust of several top clients in secure management of their documents. They cater to a wide range of industries, ranging from Healthcare, Pharmaceuticals, Banking and Finance, Education, IT and other public sector industries. Kayman Vaults lays emphasis on economical costs for records storage and increased usable office space through the elimination of redundant file storage. As their tagline goes, "A place for everything and everything in its place", Kayman Vaults utilizes new cutting technologies to ensure that your documents are 100% safe.

"We are with you through the entire lifecycle of your document – from the moment the data, document, image or file is created until it is no longer needed. We firmly believe in keeping up the trust of our clients. We have invested in several advanced technologies to enhance the security of the documents stored

"A place for everything and everything in its place"

in our warehouse. The records storage facility is purpose built self-owned state of art facility

with modern amenities. We have a vaulting facility to store your Critical Documents." The MBA holder from Queensland university of Technology also tells us that Kayman Vaults has its exclusive software "K-Vault", where it can fully track their documents 24x7 and provide cloud services for storing images.

For further support on records management services, reach out to Kayman Vaults at info@kaymanvaults.com. Toll free no 18005725262.

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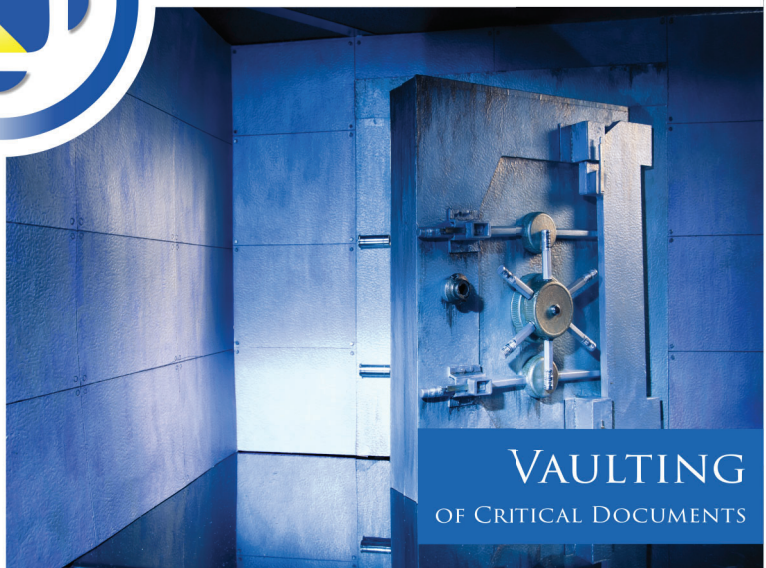
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