CHAPTER - VII

Conclusions and Suggestions

7.1 Introduction:

Based on the field survey, direct observations, primary and secondary data collected, conclusions reached about enhancing profitability through efficient supply chain management in FMCG industry in India are described in this chapter.

On the basis of the findings, suggestions are also given which will be helpful for those who are engaged in the field of supply chain function, research scholars, private and public organizations, entrepreneurs and policy makers.

Following are some of the major findings of the study:

7.2 Major Findings:

Industrial development has taken significant role in the economic progress as well as human life in India. Now Industrial sector is further divided into manufacturing and servicing industries largely contributing to economy.

As industry develops, various processes of operations and managements get evolved as per the need of time. As part of scientific and functional management supply chain has emerged out as strategic function which plays pivotal role in optimising profitability in Indian industry.

On the basis of the survey analysis, it is observed that the general profile of fast moving consumer goods (FMCG) organization and its supply chain function is described with following details:
1. FMCG organisations comprise of sectors like Food, Pharmaceuticals, Beverages, Healthcare, Seeds, Engineering (durable & non-durable) etc.
2. Annual turnover is in the range of INR 200 million to over INR 5500 million. Average annual turnover is INR 3440 million.
3. Total manpower strength ranges from minimum of 15 to over 500 persons with average number 262. The SCM function has manpower strength on an average basis as a team of 50 employees.
4. Employee stability in an organisation is measured from employee turnover ratio and numbers of years of association of an employee with the organisation. This feature is derivative of organisation culture. Stable employee helps in contribution to a function, builds loyalty and image at large.

5. It is found that 50 percent of the surveyed organisations have employee turnover below 10 percent level which shows very good stability in Indian manufacturing scenario and 44 percent representatives have mentioned employee turnover between 10 to 15 percent which is quite reasonable.

In a nutshell, employee turnover is summarised as 12 percent which is quite satisfactory and reasonable.

6. It is observed that 38 percent of SCM employees are working from 2 to 5 years whereas 58 percent of SCM employees are working from 5 to 10 years which shows very satisfactory employee stability in SCM in FMCG industry.

7. Supply chain function in an organisation accounts for annual procurement budget to the tune of 46 percent of its turnover and holds inventory around 44 percent of its turnovers in FMCG organisation in India.

For measuring performance of supply chain, parameters like supply chain reliability, supply chain responsiveness, supply chain flexibility, supply chain cost and supply chain asset management are utilised and mapped. On the basis of survey analysis, current levels of performance indicators are calculated to ascertain the current position.

**Supply chain reliability:**

The supply chain reliability parameters are defined with indicators like Sales Forecast Accuracy, Compliance to production plan – Volume pack reliability and brand pack reliability, Measuring Deliveries – On time in full (OTIF), material availability service level in terms of production line stoppage on account of material shortages.

8. It is noted that the sales forecast accuracy is at the level of 89 percent in FMCG industry. 81 percent of Supply chain professionals feel that there is scope for improvement in the range of 5 to 10 percent whereas as a whole it is aggregated to 7 percent.

The significance of this indicator is that if variation is more, it will lead to error in terms of compliance to production which is not needed to customer. This
will block space at various warehouses, increase in non-moving and slow moving items and hence impact on working capital and supply chain cost. On the other hand if sales forecast accuracy is at higher level, then the product quickly reaches in the hands of customer, in turn faster realization of money, positive impact on working capital giving higher liquidity and better utilization of fund. Finally more return on capital employed.

The compliance to production plan is measured in terms of volume reliability and brand pack reliability. This indicator is nothing but compliance level of production plan with respective to plan time span and agreed capacity.

9. It is found that Volume reliability is at level of 91 percent with improvement opportunity of 7 percent whereas Brand pack reliability is at level of 92 percent with improvement opportunity of 6 percent.

10. If the volume pack and brand pack a reliability indicator are better and consistent, more stable is manufacturing process. A stable process delivers consistent production, good efficiency and controls losses. With this variable cost in terms of utilities are optimized and fixed cost are reduced leading to decreasing cost of production and hence better profitability of organization.

11. OTIF explains customer order service level in dispatch function. It is concluded that OTIF service level is at 92 percent with an improvement opportunity of 7 percent in FMCG organizations in India.

12. The material service level determines the service to production line in terms of supply continuity, it is inferred that production line stops for short of material between 1 to 2 days in a year which is service level of 93 percent on an equated scale in FMCG industry. 87 percent of supply chain professionals feel that there is scope for improvement in the range of 5 to 10 percent whereas on an average basis it is aggregated to 7 percent.

The significance of this indicator is utilization of capacity and ensuring saving of fixed cost and expenses by proper planning and co-ordination to safeguard contribution.

13. With equal weightages to all individual parameters connected to supply chain reliability, on an average the present status of supply chain reliability in FMCG industry is 91 percent.
The significance of this number is, after understanding present status, SCM professional to evaluate which factors are holding performance, defines target performance and improvement actions.

**Supply chain Responsiveness:**

Responsiveness of supply chain is defined with indicators like Procurement lead time, Raw material and Packaging Materials Inventory, Finished Goods Stock level, Freshness Index of finished goods and Service level to customer requirement - Order to Dispatch time.

14. It is found that 58 percent shared that the procurement lead time is in the range of 7 to 15 days and 19 percent shared that it is below 7 days in their organization whereas 17 percent employee replied that procurement lead time in the range of 15 to 30 days in their organization. On weighted average basis, it is calculated at the level of 13 days with an improvement opportunity of 7 percent in FMCG organization in India.

15. It is noted that 51 percent of supply chain professional shared that FG stock holding is in the range of 7 to 15 days in their organization whereas 28 percent of employees in Supply chain expressed that FG stock holding is in the range of 15 to 30 days in their organization. On an average basis, FG stock holding is at level of 15 days with improvement opportunity of 7 percent.

16. It is observed that 42 percent shared that the RM/PM Inventory is in the range of 7 to 15 days and 31 percent shared that it is in the range of 15 to 30 days in their organization whereas 19 percent employees replied that RM/PM Inventory is in more than 30 days in their organization. On weighted average basis, it is calculated at level of 18 days with an improvement opportunity of 7 percent.
17. It is observed that 39 percent of supply chain professionals shared that freshness index is in the range of 7 to 15 days in their organization whereas 33 percent of employees in Supply chain expressed that freshness index is below 7 days and 22 percent employees replied that freshness index is in the range of 15 to 30 days in their organization. On weighted average basis, the freshness index is at level of 13 days with improvement opportunity of 7 percent as per analysis of survey result.

18. It is concluded that majority of the employees (49 percent) shared that the order to dispatch cycle time is in the range of 3 to 5 days whereas 17 percent each replied that it is in the range of 6 to 8 days, below 2 days and over 8 days respectively in their organization. On an average basis, it is calculated at the level of 5 days with an improvement opportunity of 7 percent in FMCG organizations in India.

19. Supply chain responsiveness is configured on above five indicators. It is concluded that on a weighted average basis, in FMCG organizations, procurement lead time is 13 days, average finished goods stock holding 15 days, that of raw material and packaging materials inventory holding is 18 days, freshness index is at level of 13 days and average customer service level from order to dispatch is 5 days. With equal weightages to all parameters, on an average present status of supply chain responsiveness is 15 days in FMCG industry with average improvement opportunity of 7 percent.

The significance of this indicator is that if service level is low, the activities are slow and lethargic. Hence lot of hidden cost gets built in the system. Higher inventory of raw material, packaging materials and finished goods amounts to higher inventory carrying cost, blockage of working capital and less return.

**Supply chain Flexibility:**

Flexibility of supply chain is defined with parameters like plan change absorption ratio (Internal capacity flexibility 80% - 120%), supplier response to urgent order, time taken for new development, co-operation from key strategic vendors etc.
20. As observed, 48 percent of employees shared that the plan change absorption is in the range of 5 to 10 percent and 24 percent shared that it is in the range of 10 to 15 percent whereas 17 percent employees replied that plan change absorption is below 5 percent in their organization.

On an average basis, it is calculated at the level of 9 percent with an improvement opportunity of 6 percent in FMCG organization in India.

Less variability of plan change, more stable is the process and function. Higher variation shows instabilities and undesirable cost which is going to hit on cost of production and lesser profitability.

21. It is noted that 50 percent shared that the supplier’s response to urgent order is in the range of 5 to 10 days whereas 17 percent each replied that it is in the range of 10 to 15 days and 15 to 20 days respectively, also 13 percent respondents expressed it is below 5 days in their organization. On weighted average basis, it is calculated at level of 10 days with an improvement opportunity of 7 percent.

22. It is observed 43 percent of employees shared that the time taken for new development is over 20 days in their organization whereas 22 percent of employees expressed that it is in the range of 10 to 15 days and 20 percent shared that it is in the range of 15 to 20 percent whereas 13 percent employees replied that time taken for new development plan is between 5 to 10 days in their organization.

On weighted average basis, it is calculated at level of 16 days with an improvement opportunity of 7 percent in FMCG organizations in India.

If development time is more, it delays implementation of new or upgraded product and chances of loss of business during the delayed period which impacts on profitability of organisation.

23. It is found 57 percent of employees shared that the co-operation from key strategic vendors is high and 28 percent expressed that it is at moderate level whereas 13 percent of employee replied that co-operation from key strategic vendors is very high in their organization.
On an average basis, it is calculated at the level of high with an improvement opportunity of 7 percent.

It represents status and scale of supply chain flexibility with its performance indicators.
24. It is noted that on an average basis, plan change absorption is at the level of 9 percent, supply response to urgent order is 10 days whereas average time for new development is 16 days and co-operation from strategic vendor is at high degree in the FMCG organizations.

25. The improvement opportunities prevail on the basis of survey response against each parameter. It is inferred that majority of respondents expressed that plan change absorption and co-operation from strategic vendor has improvement opportunity below 5 percent level whereas other parameters like supplier response to urgency and time take for new development carries slight high level of 5 percent improvement opportunity in the FMCG industry.

**Supply chain Cost:**

Supply chain cost is nothing but cost and expenses involved in managing supply chain components, at the same time it is opportunity lost cost or cost involved in optimizing supply chain activities. Supply chain cost covers administration cost and office & stationery cost pertaining to supply chain activities. It also covers areas like procurement, stores & warehouse, logistic, hiring cost of equipment & services and, outsourced third party services etc. These costs are hidden in nature.

Supply chain cost can be defined with the parameters like inventory carrying cost of stocks. Cost of Non and slow moving items, opportunity cost of obsolete items, the obsolescence may be due to design change, legal change, product discontinuation, human error, technological error etc., hidden cost like detention demurrages of consignments, pilferage in transit or storage, theft, shrinkage etc. total logistic cost, warehousing cost, raw material and packaging stock higher inventory cost, scrap reconciliation etc.
Inventories are like money in the form of kind. There are various types of inventory, to name few, raw material, packaging materials, stores and spares, WIP or in process, finished goods. Its value is decided depending upon at what it holds.

26. It is inferred that 49 percent of supply chain professional shared that non and slow moving items are in the range of 5 to 10 percent of inventory value in their organization whereas 36 percent of employees in supply chain expressed that non and slow moving items are below 5 percent of inventory value in their organization.

On an aggregated basis, the non and slow moving items value at level of 7.5 percent of inventory value with improvement opportunity of 7 percent as per analysis of survey result.

27. It is evident, 47 percent of employees shared that the obsolete item cost is in the range of 5 to 10 percent of inventory value and 44 percent of employees expressed that it is below 5 percent of inventory value.

On weighted average basis, it is calculated at 6.9 percent of inventory value with an improvement opportunity of 6 percent in FMCG organizations in India.

28. It is found 52 percent of supply chain professional shared that hidden cost in the range of 5 to 10 percent of item value in their organization whereas 41 percent of employees in supply chain expressed that hidden cost is below 5 percent of item value in their organization.

On an aggregated basis, the hidden cost is at 6.9 percent of item value with improvement opportunity of 7 percent.

29. It is observed 58 percent of employees shared that the Total logistic cost is in the range of 5 to 10 percent of cost of production and 22 percent shared that it is below 5 percent of cost of production in their organization whereas 18 percent employee replied that total logistic cost is in the range of 10 to 15 percent of cost of production in their organization.

On weighted average basis, it is calculated at level of 8 percent of CoP with an improvement opportunity of 6 percent in FMCG organization in India.

30. It is noted 43 percent of supply chain professionals opined that the warehousing cost is in the range of 0.5 to 1 percent of cost of production in their organization whereas 41 percent of employees in supply chain expressed that the warehousing cost is in the range of 1 to 2 percent of cost of production in their organization.
On an average basis, the warehousing cost is at around 1 percent of cost of production with improvement opportunity of 6 percent.

31. As found 56 percent of supply chain professional shared, raw and packaging material stock falls in the aging range of 15 to 30 days in their organization whereas 31 percent of employees in Supply chain expressed that raw and packaging material aging is below 15 days in their organization. On an aggregated basis, the raw and packaging material aging is at level of 23 days with improvement opportunity of 7 percent.

32. It is noted 46 percent of employees shared that the scrap reconciliation level is below 85 percent and 35 percent shared that it is in the range of 85 to 90 percent level in their organization whereas 11 percent employee replied that scrap reconciliation cost is in the range of 90 to 95 percent level in their organization. On weighted average basis, it is calculated at level of 88 percent with an improvement opportunity of 7 percent in FMCG organization in India.

**Supply chain Asset Management:**

For management of various activities in supply chain, equipment and assets are required. Managing such assets in terms of extent of utilization and its economics are key performance indicators of SCM. Usage of IT application and software packages is also an important aspect of supply chain configuration.

33. It is concluded that majority of supply chain professionals have voiced that material handling equipment, information technology tools and utilisation of third party services are at level of moderate whereas returnable materials management is at low level of utilisation, in FMCG organisations in India.

If we consider the group of asset management as a whole, it is seen that the utilisation level and spread are in the range of moderate application.

34. It is noted, that majority of respondents expressed that there is low opportunity of improvement below 5 percent in the areas of material handling equipment utilization, third party services and returnable materials management whereas in
case of information technology tools application, there is an opportunity for improvement in the range of 5 to 10 percent.

On an average, it is inferred that there is an opportunity of improvement by 7 percent in this area.

**IT application in SCM.**

Information Technology application like Enterprise Resource Planning (ERP), Barcodes and Radio Frequency Identification Devices (RFID), Global Positioning System Communication (GPS), Real Time Location System (RLTS), Electronic Data Interchange (EDI) are used in a FMCG organization.

35. It is noted, 36 percent supply chain professionals expressed high application of ERP system; whereas 34 percent shared that it is at moderate level in their organization. The other application of Barcode system, majority (51 percent) of respondents expressed that it is at low level of application in their organization. Also, applications like GPS communication, RTLS, EDI etc. are at low level of application.

At broad sense the response data can be interpreted as application like ERP is used as frequent, Barcode systems moderately used and IT systems like GPS and RTLS are less used in FMCG organizations in India.

The activities of business application are captured as transaction in ERP system. Some of important and key transactions are demand forecasting, production planning, material requirement planning, capacity utilization, Sales order processing, Production analysis, generating purchase orders, billing or invoicing, tracking shipment, customer feedback, inventorying analysis and monitoring etc.

36. The ERP application is largely used with level of high usage in general. Some transaction like Purchase order generation, sales order generation and billings are extensively used whereas transactions like production planning, inventory analysis and monitoring and demand forecasting customer feedback are used reasonably well but on the other hand transaction like customer feedback,
shipment tracking etc. are moderately used in FMCG organizations in India. It is also noted there is an improvement opportunity by 7 percent in FMCG organizations in India.

It is needed to verify whether the system is delivering its intended benefits and return on investment in IT applications. Such returns can be seen by adaptability of employees for its complete usage and ERP systems supports for continuous improvements in terms of its data analysis and upgrading analysis report need for decision making at various level in the organization. This helps supply chain to become efficient and responsible.

37. It is noted that the majority of supply chain professionals expressed, ERP support is available largely at moderate level for data processing, decision support requirement, trend analysis and exceptional report in their organization. The supply chain professional also felt that there is further opportunity of improvement in the range of 5 to 10 percent level in FMCG Industries.

Impact of SCM on profitability:

38. It is observed that majority of respondents, 47 percent of supply chain professionals expressed that supply chain function impacts on profitability in the range of 10 to 20 percent, 33 percent shared that supply chain impacts by 5 to 10 percent whereas 20 percent of respondent said that supply chain impact more than 20 percent in their organization.

On weighted average basis it is worked out supply chain function impacts profitability by 13 percent in FMCG organizations in India. Such a magnificent impact shows importance and significance of the function. Hence Supply chain is strategic function.

SCM efficiency:

39. It is noted that 47 percent of supply chain professionals feel that their supply chain has efficiency in the range 75 to 85 percent in their organization, 27 percent shared that supply chain the existing level of supply chain efficiency is below 75 percent in their organization whereas 22 percent of respondent said that
supply chain efficiency is in the range of 85 to 95 percent in their organization and 4 percent of supply chain professionals replied that existing efficiency of over 95 percent in their organization.
On an average basis it is calculated that the existing efficiency level of supply chain is at 82 percent in FMCG organizations in India.

**Unit incremental impact on profitability:**

40. It is found that 56 percent of supply chain professionals feel that unit increment in supply chain efficiency will improve profitability in the range 5 to 10 percent in their organization, 31 percent shared that unit increment in supply chain efficiency will improve profitability by 2 to 5 percent in their organization whereas 7 percent of supply chain professional replied that unit increment in supply chain efficiency will improve profitability over 10 percent in their organization. 4 percent of employees expressed their inability to rate on this parameter and 2 percent of respondent said that unit increment in efficiency will impact below 2 percent on the profitability in their organization.
On weighted average basis it can be inferred that the unit increment in supply chain efficiency impacts profitability by 6 percent in FMCG organization in India.

**SCM strategy:**

Identifying areas for focus, improvement in a function with funnel approach and converting the weak area to strong areas is called strategy of working. It could be bench marking or copying best practices of a leader organization for benefit of our system. Supply chain follows strategies for improvements as below:

41. It is observed that the followings are the five strategies supply chain professional feel are important for supply chain.
1. Inventory Reduction.
2. People Motivation.
3. Total Logistic Cost Optimization.
4. Localization of material.
5. Innovation.
Challenges:

42. From the survey result and analysis, it is observed that followings are the prioritized five challenges which are shared by the supply chain fraternity of FMCG sector in the current environment.
   1. Employee motivation to get the job done.
   2. Manpower competency to deal with complexity.
   3. Ethical practices & professionalism
   4. Response to market fluctuation.
   5. Response to innovation.

43. It is found that India is having world’s youngest workforce with 50 percent of its population below 25 years of age and large English speaking population. India’s present growing population is being recognized as strength rather than bottle neck in context of economic development. However to avail this demographic advantage India will have to overcome shortcomings with its present skill development system.

7.3 Conclusions:

Supply chain management has helped in the globalisation process, as local footprint was available; it is copied in other business environment and networked properly.

1. The supply chain function holds around 44 per cent of wealth in the form of inventory in FMCG industry in India. Also annual procurement budget is in the tune of 46 percent of its turnover in FMCG industry in India. Supply chain management influences on wealth to a large extent. Hence it is a major custodian of wealth in Indian Industry which is one of the hypotheses of this study.

   SCM is defined on its performance attributes and parameters which are classified into five groups namely reliability, responsiveness, flexibility, cost and asset Management.

2. As responded by the professionals from FMCG industries, SCM reliability is 91 percent which is quite in line with industry standard and scope for improvement by 5 to 10 per cent.
Supply chain reliability is commitment, confidence and assurance of services rendered from supply chain function to other interrelated activities in such a manner that interrelated activity will not be impacted significantly.

3. Supply chain responsiveness is around of 15 days (confidence level of 80 -85 per cent) with scope for improvement by 7 per cent.

4. Supply chain flexibility ranges 91–109 per cent which is good as far as FMCG sector is concerned (Average 5 to 10 days variability).

5. Supply chain cost which impacts on profitability is in the range of 5–8 percent of cost of production, also indicates good scope of improvement by around 7 per cent. As this is skilled exercise unveiling hidden factors of cost which is to be incorporated in supply chain strategies.

6. Asset management is moderately used and there is scope for improvement by 5 percent.

7. Information Technology (IT) has been proven as great help for SCM for cost reduction, improvement in accuracy and timeliness for decision making whereby improving overall service levels. Interestingly, traditional tools like ERP are used to a high extent whereas other applications like Barcode scanners, GPS, RFID, RTLS are still in low usage. There is high scope of improvement in adopting larger application due to limitation of knowledge, resilience to adopt changes, lack of motivation and fear of failure. ERP Packages are extensively used due to its early entry and could largely support availability. It is used for routine activity to avoid duplicity of data entry; however opportunity prevails for exceptional report processing.

8. Employee turnover is an indicator of job stability, employee aspiration and to certain extend culture of an organisation. From the survey, it is found that employee turnover ratio is at 12 percent which is quite reasonable and fair sign of stability in Indian industrial environment. The respondent expressed that majority of team members in SCM team are working for 5 to 10 year timeframe which is very good symptom.
9. Professional organisations deploy manpower with blends of qualification and experience. The roles and responsibility is defined clearly which brings clarity among the employees. Inter departmental functional clarity; overlaps are cleared among the employees. This helps in bringing up sense of responsibility in the action and satisfaction to employee. Stability of professionals is quite satisfactory in SCM department in professionally managed company, however, in small and medium sector it is perceived as concern.

10. Organisations where employee stability is very good, it is learnt that these are large organisations with global foot prints and have well defined structure, practices which drives innovation, culture of performance management, professional up gradation, career planning, motivational practices churn out and rolled out systematically as part of employee development process.

11. Professional SCM targets for efficiencies. Survey reflects that professionals consider their SCM model is efficient to level of 82 percent, meaning, there is further scope for improvement more than 10 per cent for all practical purposes. An incremental efficiency in Supply chain management adds on profitability of organisation by 6 percent which shows how important SCM function is. As per Supply chain professionals, SCM influences profitability by 13 percent. This is clear indication of opportunity for enhancement of profitability in industry by focusing through SCM function.

12. SCM strategies are key drivers for success of profitability in FMCG organisation. As responded in survey, top five important strategies are as given below.
   1. Application and practice of inventory reduction techniques.
   2. People motivation.
   3. Total Logistic Cost Optimization.
   4. Localization of material.
   5. Innovation.

13. In order to adopt and upgrade with above strategies for continuous improvement SCM professional perceived employee motivation as high challenge, whereas
other challenges like response to market fluctuations, manpower competency to deal with complexity, ethical practices and professionalism are at moderate level.

To summarize, supply chain management is a major custodian of wealth in an organization. Organization has to describe its SCM performance parameter and clearly communicate to SCM professionals. The SCM parameters are profitability enablers hence professional in SCM function plays important role in contributing profitability to organization. SCM function influences on profitability to the extents of 13 percent in Indian industry in FMCG sector. The present status of SCM efficiency is in the level of around 82 percent. It means there is further scope for improvement by 10 to 15 percent. It is also indicated that each incremental improvement in efficiency can add to profitability by 6 percent. This show significance and importance of SCM in an organization. Hence it has potential to further improve overall profitability from its current level. It needs constant focus and serious effort with discipline approach. The driver of this system is SCM leader and team working in this function. Their involvement, professional upation and motivation is important. The biggest challenge as responded in the survey is maintaining the morale and motivation of employees in SCM function in the industry.

Hence all the hypotheses under study are tested positive and hold good on the basis the response of the survey.

7.4 Suggestions:

Observations made in the study of enhancing profitability through efficient supply chain management in FMCG industry in India and conclusions drawn thereof can be used to make suggestions for improvement in their performance and productivity leading to enhancement of organizational profitability. Some of these suggestions are as follows:

1. Organization has to understand and recognize supply chain function as profit enabler function in Indian industry. Since around 44 percent of the wealth of an organization is held by SCM, strategies should be devised around it to maximize profitability.
2. A good supply chain function is to be defined with its performance parameters and attributes like reliability, responsiveness, flexibility, cost and asset management. Under this group specific activity is to be taken for monitoring. The activity should be SMART (Specific, Measurable, Achievable, Realistic and Time bound). The progress is to be evaluated preferably on monthly basis.

3. Usage and application of Information Technology tools in supply chain function is to be explored further. The IT tools have capabilities for exceptional reports apart from routine report which is to be identified and is used.

4. Professionalism is to be adopted by deploying proper manpower in supply chain. Organization should use recruitment techniques like job skill matrix, competency based recruitment, psychometric test for proper selection of manpower.

5. Organizational development focuses on training, professional development and career planning of employees. Training programs should be objectively designed to an individualized, foundationally based approach that connects learning to business benefits and business objectives than teaching large groups of people at set time. SCM professionals should explore this opportunity. This is one of motivational tools for SCM professionals which are to be used.

6. Organisation should device motivational program and employee engagement activities and have annual calendar of events in the organization.

7. Organisation has to device its own strategies for enhancing the profitability. These strategies can be identified from various sources and techniques like annual evaluation, gap analysis, global benchmarking, collaboration, functional forums etc.

8. SCM performance parameters are strategic in nature and have significant impact on financials. Hence it is top management review and short frequency monitoring parameter. Organization should have report containing specific SCM parameter with its frequency of monitoring.

9. Aligning business challenges - Organisation should have operational interactive approach and alignments towards business strategy for effective supply chain management.
10. To deal with the emerging challenge, industries have to clearly identify their problem areas and arrange them in proper framework, according to the activities involved, in order to address these issues one after the other. It is possible that one particular tool is not able to address all problems even if it is correctly implemented. Such a framework therefore facilitates identification of the right tools and alignment to business goals. After implementation of a tool, its performance is measured through the identified key performance indicator (KPI) to ensure that the business goals are properly met.

A theoretical as well as working model has been designed after this study that can serve as a guideline for enhancing profitability through efficient supply chain management in industry based on sectorial study of FMCG industry in India. This model details the SCM functioning, competency and capability needed for SCM professional, role clarity, key performance parameters, its measurements and monitoring, focus and support needed from the top management, their review mechanism and dashboard parameter monitoring.

Such model could be helpful in organizational policy formation, benchmarking study, evaluation of own system and gap analysis. The suggestions highlighted above can be helpful for bringing efficiency in supply chain, organization development process and enhancing profitability through efficient supply chain management process.