

FMCG firms adopt new tech to improve efficiency

Companies looking at 10-20% improvement in production

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Fast moving consumer goods (FMCG) companies are looking at a 10-20 per cent improvement in production and efficiency levels, thanks to adoption of new technologies to track expansion of product portfolio, manufacturing locations, aggregating godowns and shipment warehouses.

The new technology adoption by FMCG companies like Eveready, Marico, Emami and Godrej Consumer Products, is expected to ensure faster access to shared information, seamless integration, accuracy, cost-control and ease at the factory and warehouse level. FMCG companies will spend around 10-15 per cent of net profit on technology implementation and upgrade.

Over the last few years, most companies have forayed into a diverse portfolio of businesses in FMCG alone, which has not only led to the rapid expansion of the supply chain but has also enhanced its complexities.

Emami's recent investment into IT, for instance, has ensured finalisation of its balance sheet in a record 35 days, against the earlier norm of 60 days.

"We foresee a 10 per cent improvement in production and efficiency levels at Emami. This will be achieved by implementing sales and operation planning, demand management and distribution resource planning, which will enable system control to forecast sales, check inventories at locations, plan manufacturing resources and logistics to meet the customer schedules. It will also enable us to keep track of and monitor finished goods inventories as our products are seasonal in nature," according to Manish Goenka, director, Emami Group.

Emami has implemented Wi-Fi at its corporate office. Also, for unified communications, Cisco products like

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two factories in Kolkata and Guwahati. This is expected to be implemented soon. A video conference (VC) system has already been implemented at Emami corporate office.

"We have implemented SAP ECC 5.0 in all functions, including manufacturing and supply chain that results in seamless integration of all business functions. This brings about faster access to shared information, cost control and complete sales information," Goenka said.

It also helps in monitoring the inventory norms, no over stocking, MRP-generated purchase requisition, control on finished goods from manufacturing date, as well as secondary sales automation to get data instantly.

Emami is also introducing bar-coding at the warehouse for product identification, traceability and managing finished good inventory.

Eveready, on its part, is investing close to Rs 3.5 crore, with a return-on-investment (RoI) period of two years, to implement primary enterprise resource planning (ERP) software and disaster recovery solutions from Hewlett-Packard. While the infrastructure is being built by H-P, the implementation will be by IBM.

"We had diversified into new businesses like CFL and

mand management and market forecast and accordingly plan module for delivery and despatch chain," said Arup Choudhury, senior general manager (IT), Eveready.

Eveready currently has 34 warehouses in India and is looking to consolidate operations into six mother warehouses, as a means to bring down overall costs.

"We expect to reduce inventory time to 10 days from 15 days right now. We also intend to consolidate our warehouses into six, from 34 right now. Each mother warehouse covers an area of 15-25,000 sq ft," Choudhury said.

At Marico, the biggest challenge became its conventional financial management processes and traditional methods of budgeting and strategic planning. The existing system was not capable or flexible enough to incorporate the drastic surge in business.

Finance teams faced a number of problems when it came to collating data, managing various budget versions and reporting, leaving Marico with a vast increase in manual work, no time for critical analysis, and a strong need for an automated budgeting, planning and reporting solution.

V Subramanyam, vice-president (information management), IBM Software Group

gregating and reconciling data off their shoulders, had a marked increase in flexibility and was easy to use. Employees found that they had more time to analyse financial performance, identify opportunities and influence better business outcomes, giving them a significant edge in the area of financial performance management."

Godrej Consumer Products, on its part, has outsourced its information technology (IT) requirements to Hewlett-Packard (HP). H K Press, vice-chairman of Godrej Consumer Products, said: "We have retained the core team of close to 7 people, the remaining (around 23 people) have been shifted to H-P payrolls. H-P will take care of both our software and hardware requirements for all kinds of operations."

In the short-term, Godrej Consumer would be looking at reworking its supply chain and logistics costs once goods and services tax (GST) is implemented from April 2010, and CST is phased out from 4 per cent to nil. The company also intends to consolidate the FMCG companies in the Godrej Group and so, post-GST implementation, it would be looking at how the group FMCG companies can get together to use common depots and

