

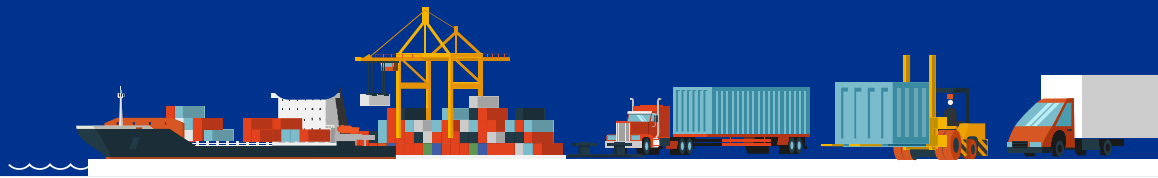


BUILDING SUPPLY CHAIN RESILIENCY:

OPPORTUNITIES AND CHALLENGES IN THE PRESENT TIMES

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The Covid-19 pandemic while being a global health crisis has led to an unprecedented humanitarian and economic challenge across the globe. The impacted countries have responded to this by varied ways of movement restrictions, health and safety protocols and changed consumer behavior. This has led to large scale disruptions in supply chains. It has brought to surface the importance of resilience for modern supply chains which have so far been based on lean manufacturing principles. As businesses gear up to face this new reality, the first and foremost priority is ensuring health and safety of all employees and business partners. Additionally, a systemic approach on managing demand volatility and supply side disruptions is the need of the hour. This requires a major shift from traditional ways of working- accelerated digitization of all business processes, increased collaboration between industry/government, optimized product portfolio and focus on execution excellence at all levels. Consumers are expected to seek greater assurance on product safety and hygiene. This could lead to a stronger preference for locally sourced products. Changing consumer behavior both on product and channel preference coupled with challenges faced due to restrictions on movement of goods/people, reverse migration and economic slowdown require most businesses to rethink their end to end supply chain strategy.

As we embrace this new normal, we also need to go back to basics and pivot our strategy to ensuring product availability and consumer satisfaction

In this context, we list down a few focus areas of businesses to drive faster recovery

1. Availability #1 Focus

We saw significant supply side disruption across industries owing to the nature of the lockdown in the country which impacted production, storage as well as store operations. As we recover from this supply shock, ensuring right availability of our products inside stores becomes extremely important. Our work processes should be re-centered around ensuring the same. The focus must be on joint partnerships with customers, suppliers and service providers to deliver on consumer needs.

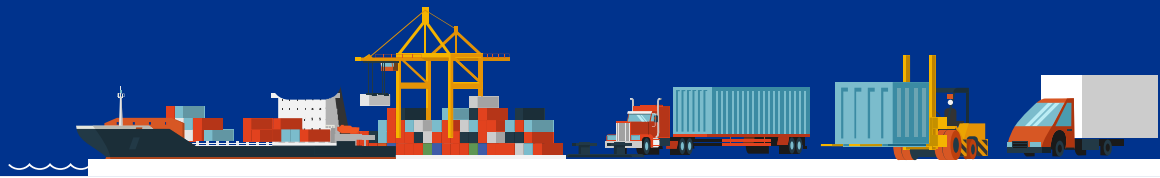
2. Resilience and Operational Excellence

Supply chains of today have evolved to work on lean inventories and optimal cost. The current crisis however requires us to look for business continuity options in form of diverse supplier base, manufacturing locations, low cost automation and rethink inventory across all supply chain nodes. Focusing on resilience requires businesses to have ready to execute scenario plans which can be brought to life instantly.

Reverse migration back to villages and smaller towns has created a significant gap in manpower availability in cities/around manufacturing hubs. This gap needs to be bridged with ensuring relentless focus on employee safety and encouraging local labor participation. P&G has partnered with the government of India to kick start "Surakhsha circles" to lay down the highest standards of hygiene and safety in all manufacturing plants/warehouses. The shortage of labor also pushes the industry to innovate and automate aggressively to truly remain cost competitive.

3. Diversifying supplier base

Geographical diversification of suppliers to reduce dependency becomes important in the context of different waves/phases of lockdown across countries/states. Various options of multi sourcing, localization and



building greater flexibility by reformulation of products should be explored to build resilience in sourcing.

This is also a chance to strengthen supplier- Manufacturer partnerships. Driving system and process integration to ensure end to end visibility of supplier inventory, production status, pending order etc. can enable more accurate prediction of any potential supply disruptions and thus enable triggering of the right business continuity plans. The industry could come together to explore opportunities within the ecosystem including establishing shared resource pools of inventory or backward integration of raw materials.

4. Digital Transformation

In a world where working from home has become the new reality, we have also realized the urgent need to move to digital operations across the supply chain while integrating data systems. Establishing end to end linkages using data in supplier, manufacturer and customer can enable faster decision making and actions. An ideal system where every out of stock in store triggers an action from every partner involved in the supply chain can eliminate all losses on account of information flow lapses. We also need to move to predictive analysis using artificial intelligence /machine learning to be agile.

In 2012 as a response to Hurricane Sandy, P&G US operations moved completely towards a Cloud based system which identified high risk areas and suggested daily action plan. The same approach of Control Tower set up can now be extended to all parts of the supply chain to generate meaningful insights via risk assessment. These insights should also be integrated with the base planning and review processes.

Same applies for government-industry interfaces. One of the challenges with cross border trade for imported supply chains has been the pace of goods clearance at ports. This requires a complete overhaul of the systems and processes. The government and industry can work together to devise new solutions leveraging technology.

5. Government Industry partnership

We see a massive scope in demand generation and debottlenecking operations via government-industry partnership. The Industry has a role to play in reigniting demand, stabilizing operations as well as supporting government on driving recovery measures. We also look forward to government support in improving infrastructure (multi modal transport, road infrastructure, transit hubs), decongestion of ports, driving digitization in government offices, reducing the digital divide in the country by improving accessibility of high-speed internet and low-cost devices.

As the nature of lockdown and regulations vary from state to state, a system to drive better integration of information at state/ central level will drive swifter actions. Government measures on driving rural incomes and rural infrastructure could provide a much-needed impetus to demand generation.

Covid-19 is a crisis like none other in the recent past. It has caused a massive disruption at all nodes in supply chain. The interventions we make to recover from this pandemic require us to be solution oriented, innovative and extremely agile. There is also a much greater need for the industry and government to partner together on faster issue resolution and infrastructure revamp than ever before. Staying focused on consumer needs of timely availability and product performance will be the guiding light for us as we focus on recovery.





The U.S.-India Business Council represents top global companies operating across the United States, India, and the Indo-Pacific. Amid dynamic growth within the U.S.-India commercial partnership, we serve as the premier voice of industry and create connections between businesses and governments across both countries. Through our flagship Washington, D.C. and New Delhi offices, as well as presences in Mumbai, San Francisco, Chicago, Boston and New York, we work with members to identify and advance key policy priorities. Recognizing that U.S.-India trade is increasingly driven by new business hubs, USIBC is also focused on strengthening connections between cities and states.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. Its International Affairs division includes more than 80 regional and policy experts and 25 country and region- specific business councils and initiatives. The U.S. Chamber also works closely with 117 American Chambers of Commerce abroad.

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Mr. Madhusudan Gopalan is Managing Director & CEO of India Sub Continent at Procter & Gamble where he is responsible for developing P&G's business, organization and corporate reputation. He has more than 18 years of experience working for the company across business units and diverse geographies like India, US and ASEAN countries. Prior to his India role, Madhusudan was leading the P&G business in Indonesia where he has led strong sales growth, share turn around, strong value creation and cash productivity. As a passionate advocate of diversity, he spearheaded the development of local talent in Indonesia and under his leadership, the company recently achieved the milestone of having more than 50% women managers in the workforce. Madhusudan also served as the Chairman of Indonesia Chapter of US ASEAN Business Council and advised the Indonesian government on policy matters.

Madhusudan started his career with P&G in India 1999 as a new hire in the Sales function from Indian Institute of Management, Calcutta and worked in various locations across India including being part of P&G's first Modern Retail team in India. His first international assignment was to P&G's headquarters in the United States, where he worked with the P&G-Walmart business team. He returned to India as the Head - Market, Strategy & Planning and oversaw the rapid growth of P&G's business that grew 10 times in the space of a decade. He then moved to Indonesia as Head of Sales where he learnt to speak the local language, Bahasa Indonesia. Madhusudan later assumed the position of ASEAN Commercial Leader based in Bangkok, where he oversaw the commercial category teams across all P&G ASEAN countries and helped set up P&G's e-commerce business teams in the region. Post this assignment, he returned to Indonesia as the Head of the P&G business before taking over as India CEO.