



Delivering the goods - The TOC way

Godrej Consumer Products Limited – A Case Study



The Godrej companies have engaged with Dr. Goldratt and implemented TOC concepts in several businesses. The results have been outstanding. We have effectively expanded production capacities with zero capex investment. We have also expanded distribution of our key products in focused geographies without additional marketing investment. Moreover, TOC has given us a completely new perspective in dealing with business issues. - Adi B Godrej, Chairman, Godrej Group. "Source/ Reference: CII Communique newsletter 'A Tribute to Dr Eliyahu Goldratt, July 2011'"

GCPL

Godrej Consumer Products (GCPL) is a leader among India's Fast Moving Consumer Goods (FMCG) companies, with leading Household and Personal Care Products.

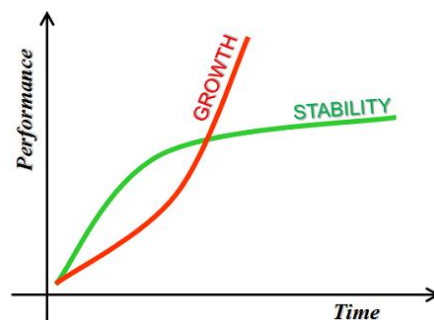
Godrej group has been on a drive to consolidate its consumer portfolio, moving in the last few years to combine the operational synergies and scale of its consumer brands – in an effort to make the best of the breakneck FMCG growth, and to take on the big boys of the business, here and abroad.

KEY CHALLENGES

- Marketplace is the main bottleneck for FMCG companies
- 50 percent of the demand generated by FMCGs in India gets lost because of non availability
- Chemical plant at GCPL was viewed as a major Constraint

VIABLE VISION SOLUTION

- A TOC strategy was suggested to empower the bottleneck in order to increase and fulfil the consumer demand.
- Shift from a forecast based planning and weekly production schedule to a dynamic model of daily replenishment across the entire supply chain.



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"Five years ago, we switched to a complete replenishment model. That's when we partnered with Dr Goldratt. Goldratt was looking to work with only one FMCG company in India, and he picked GCPL from a list of ten FMCG companies that had applied. Perhaps it was the mindset of the management that made Dr Goldratt choose us over others. Mindset is very important for companies who are required to give away forecasting and work with replenishment. - Rakesh Sinha, Chief Operating Officer (Marketing and Operations), GCPL.

ABOUT GOLDRATT CONSULTING

Founded by Late Dr Eliyahu Goldratt, Goldratt Consulting is a global company, Headquartered in Israel with associates in India, China, Japan, USA, Latin America, and Europe.

All our experts have vast industry experience from some of the most successful companies in the World with extensive exposure in implementing TOC applications and Viable Vision projects. Our leadership roster contains the most highly renowned TOC experts in the world.

Our approach is based on Theory of Constraints (TOC) - the time tested, logical, commonsense solutions introduced by Dr. Eli Goldratt 25 years ago in his book, The Goal, which is still a best-seller today.

TOC has been implemented in nearly every function in companies from \$25 million family operations to top Fortune 500, in product and project manufacturers, and companies with simple and complex distribution networks. TOC is taught in hundreds of colleges and universities, and much has been published on the subject.

Goldratt Consulting is not a typical Consultancy

- We only work with companies that commit to reaching a level of performance they had previously considered unattainable.
- We only implement solutions that bring such performance without compromising long term for short term or one stakeholder group for another (shareholders, management, employees, and customers).
- Instead of hourly or daily rates, our fees are based on the mutually agreed value that is generated through our efforts.

GCPL has been using TOC concepts to enhance its supply chain effectiveness consistently. They have extended demand driven planning to the vendors using an innovative interpretation of cumulative rope lengths and debottlenecked production capacities significantly year after year, thereby avoiding CAPEX for such expansion.

KEY BENEFITS

- Moved from forecast based supply chain to demand driven supply chain for better agility
- Finished goods inventory in outbound extended supply chain showed a significant decrease from 70 days to 35 days!
- Stock outs at distributors was as high as 10%, which has come down to 0.5%
- Significant jump in production capacity at one of the critical chemical plant by about 60%

INTANGIBLE BENEFITS

- Better relationship with vendors and goodwill generated
- A win-win situation between vendors and GCPL
- Finger on the pulse of the market – due to the daily replenishment model



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