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A REVIEW ON MANAGEMENT CHALLENGES IN RETAIL SECTORS IN INDIA: FMCG

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Abstract: Retailers face many challenges: time-to-market reductions are necessary due to shorter and shorter product life cycles, greater product variety causing more fluctuation in demand calls for high responsiveness in supply chains, and the ever increasing need for shorter lead times continues. However, as a result of the power that comes with control over consumer contacts, retailers today have the opportunity to organize the work in their supply chains in suitable ways.

Keyword:Supply Chain Management, Retail, Strategy

Introduction

As our economy is booming and every organization is facing severe competition in the market whether it may be local or an international market. The traditional corporate model of organization was based on vertical integration, hierarchy, and functional management. There is a drastic change in the traditional and modern business world, where in the modern world, when demand became unpredictable in both quality and quantity, when the domestic and international markets became too diversified and thereby difficult to forecast, and when there is a dynamic change in the technology which made single-purpose production equipment's obsolete, the mass production system became too costly and too rigid. Emerging technologies now allow for the transformation of assembly main characteristic of the large corporation into easy-to-program production units with product flexibility sensitive to market variations, and process flexibility sensitive to changes in technology.

Most of the modern organizations have adapted the new environment and the main shift is featured as the shift from the vertical bureaucracies to horizontal corporations. There are seven major modern trends which features such corporations and they are as organizing around process, not tasks; a flat hierarchy; team management; measuring performance by customer satisfaction, maximization of contacts with suppliers and customers; information, training and retraining of employees at all levels and rewards based on team performance.

Contemporary business life cycle is process driven and chain oriented; hence integration has become a core-question for companies. The problems and challenges with the traditional vertical co-operation between organizations are costly and time consuming, instead of cooperating; there is also no scope of cost reductions or profit improvements at the expenses of someone else in the supply chain.

1.1 Influence Of Supply Chain Management

There are various ways to look at supply chain. One can say that it starts from the raw material vendor and ends with the customer; thus, it includes purchasing, marketing and even consumer buying the product. Therefore all the processes involved in the entire spectrum from demand generation to demand satisfaction can be called as supply chain management. Today, in some advanced companies supply chain extend right from the vendor procuring his raw material to the point of sale where the last sale of the product takes place. This implies that there is transparency and information flow in the entire chain resulting in appropriate action at each point. This action by each entity contributes to the smooth functioning of supply chain.

Literature Review

Abernathy, F.H., Dunlop, J.T. and Hammond, J. (2000). The researchers believe that Demand driven Supply Chain Management (DSCM) is an amazing challenge for companies to satisfy their customers in a better way. In this paper we discussed the logistical view on DSCM. A four stage integration model seems to be realistic for the FMCG-industry. What's happening in FMCG will happen within five years in other types of industry. So we think that the developed logistics model is applicable on a industry wide scale. The dilution of goods flows is one of the biggest problems in DSCM. This problem reaches his top in the area of E- fulfillments. For that reason we formulate the statement that also E-logistics can learn a lot of the experiences within DSCM. So we conclude that DSCM is really a broad logistical challenge!

Andersen, P.H. and Rask, M. (2003) The paper reveals that supply management is, at best, still emergent in terms of both theory and practice. Few practitioners were able – or even seriously aspired – to extend their reach across the supply chain in the manner prescribed in much modern theory. The paper identifies the range of key barriers and enablers to supply management and it concludes with an assessment of the main trends.Research limitations/implications – The research presents a number of challenges to existing thinking about supply strategy and supply chain management. It reveals the substantial gaps between theory and practice. A number of trends are identified which it is argued may work in favors of better prospects for SCM in the future and for the future of supply management as a discipline.

Balakrishan, A. (2004) Cost and currency fluctuations, supply disruptions, transportation capacity constraints and production recalls. As a Supply Chain Executive, we must handle all of this volatility, and more in a transparent manner, if we don't –if there is even one misstep-our whole supply chain and its extended network can be brought to an abrupt help. The supply chain of the future has the instrumentations, interconnectedness and intelligences to predict, if not prevent disruptions before they occurs. It relies on new approaches that employee sensor technologies, new analytic capabilities and simulation techniques to not just sense and respond but anticipate and acted.

Bates, J. and Slack, N. (1998), To share information effectively across the entire supply chain, House of Fraser is implementing a messaging hub built on Microsoft BizTalk Server 2004. "BizTalk Server 2004 will enable us to integrate systems and business processes quickly and easily in a code-free environment," Bond said. "Integrating systems or adding new suppliers will become a dragand- drop operation that can be completed quickly and accurately." Using BizTalk Server 2004 will also provide a single infrastructure for internal application-to-application.

Carr, A.S. (1999) Marketers must view customers as lifetime values beyond short term horizons. Ethics are our beliefs about what is right and what is wrong. The planning process recognizes responsibilities to consumers, channel members, and the company. This responsibility is accomplished by designing a marketing strategy to satisfy the needs of each of these groups. The law and general public-policy issues also come into play. However, personal beliefs about what is right and what is wrong should also constrain our decision making. It is called exercising ethical standard. Ultimately, marketing planners must live with their professional behavior and decisions in the same way that they must live with their personal behavior and decisions. An implication of the theory of competitive rationality is that the ethics and values of marketing planners greatly influence society. Because supplier behavior shapes consumer behavior that values of marketing planners expressed in what they make and how they sell set a moral tone in and beyond the market place. The ethical dilemmas can be complex.

Chandrashekar, A. and Schary, P. (1999) Taking into account the economic conditions of the logistics management processes, waste streams should be noted that their use can bring direct benefits to the organization by reducing consumption of raw materials for production, adding value to the process of recovery or disposal cost savings. Even if these benefits is not very clear and known not to be achieved in a short time, organizations engaged in the pursuit of logistics management of waste streams because of marketing issues, strategic and competitive, which are indirect benefits expected. For example, can be implemented a strategy to recover the value of adapting to future changes in legislation. Engaging in recovery, the organization also protects against competition that could not take over the technology and did not reach a better position in the market. Therefore, the strategy for implementation of recovery processes may also be part of building the image of the organization and improve relationships with customers and suppliers. Thus, the economic impact oscillates around other direct and indirect goals of the organization, streamlining its operations comprehensively and functioning of the market.

Chen, I.J. and Paulraj, A. (2004) Excellence in supply chain management can be achieved by:

1. Understanding and practicing collaborative management philosophy by all organizations and especially the component of the pairs (supplier-producer, producer/distributor, and distributor-retailer)

2. Leadership oriented to teamwork as organizations

3. Generating a commune strategic plan

4. A perfect determination of the processes in each organization

5. A level of maturity of the return process by comparing (benchmarking) with the best companies that have the best practices and excellent results.

An alignment of the collaborative processes of these organizations through Business Process. Redesign for a performance of the whole logistic chain compared with other chains (Supply Chain). To succeed and to have a chain of excellence, each organization, and both of them in commune, can and must use instruments like: CMM (Capability Maturity Model), Process Classification Framework for Process Modeling, SCOR Model and others. Using project management thinking, through WBS (Work Breakdown Structure) we can use Microsoft Project to refine the architecture processes – sub processes - activities - sub-activities Using project management help us with specific tools (WBS, Gantt) to ordering activities and we believe the benchmarking tool may be useful in measuring the maturity level of activities and sub-processes. The project provides the organization with an alternative way of achieving results where the work to be done is likely to cross functional boundaries. The project is a powerful mechanism for achieving success, is something special by its nature and by the fact that is perceived as being outside normal operations. It may be defined as a collection of linked activities carried out in an organized manner with a clearly defined start point and finish point, to achieve specific results that satisfy the needs of an organization as derived from the organization's current business plans. Successful project management uses planning techniques to define the project objectives in sufficient detail to support effective management of the project.

Methodology

Since the core objective of the study is to identify and study the process for Supply Chain Management with performance indicators of supply chain in FMCG industry thus the primary focus was to gather the factors from literature which is important for the task at hand & to ensure that they are correlated factors in practice also. Primary data was collected using questionnaire cum interview methodology and was analyzed using different techniques. In addition to that research is focused on impact of Supply Chain Management on Productivity and efficiency. Further focus is on the factors for minimizing supply chain costs, maximizing outputs and removes various barriers for effective SCM. At last focus will be to suggest a model of effective SCM for FMCG industry.

Issue

Being aware of the latent criticism of management research in general, and case studies in particular, we are undoubtedly aware of the fact that our individual subjectivity does intervene, therefore we consider ourselves as a variable in this paper's research design, which should be kept in mind by the reader. However, we have tried to exercise subjective judgments and critical reflections in all our observations and analyses, while trying to realize our own consciousness, paradigms and selective perceptions at all times.

Conclusion

This study has had a quite broad and explorative approach, investigating very different value propositions and business strategies. It would be interesting to conduct a more detailed study, focusing on one case company. Such a study could include detailed product life cycles and product flow analyses, which could be used to find ways of reducing non-value adding time. An activity based costing study would illustrate where costs occur and also how much the costs of performing activities is reflected in end customers prices.

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