

SUPPLY CHAIN MANAGEMENT – A CASE STUDY OF VERKA MILKPLANT, LUDHIANA

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Abstract

Supply chain management is a cross-functional approach that includes managing the movement of raw materials into an organization, certain aspects of the internal processing of materials into finished goods, and the movement of finished goods out of the organization and toward the end consumers. Verka Milk plant is a co-operative society and farmers (producers) share all its profit and losses. Govt does not provide any financial assistance to milk plant Ludhiana. But Govt. Supervisor and control is there. Law and policy maker is Punjab Govt; here there is no dishonesty in the milk plant. It is very neat and clean organization. This study covers the supply chain management of this organisation i.e., the distribution channel and focusing on suppliers and customers.

Key words:- Supply Chain Management, Distribution Channel, Suggestions.

Introduction

VERKA Milk Plant, Ludhiana is situated on Ferozpur road, about 5 km. away from both railway station and main bus stand. It has bagged first position in Northern Zone. The foundation stone was laid by Hon. S. Parkash Singh Badal in 1970, was commissioned by PDDC in 1974 and was taken over by MILKFED PUNJAB in 1983 and thereafter by Ludhiana District Cooperative Milk Producers' Union Limited, Ludhiana in 1988. The capacity of the plant was 1 lac litres of milk per day and now 4 lac litres per day. The latest state of art technology in milk drying is available at this plant. The products manufactured by this plant, at present are Ghee, Milk Powder, Butter, Paneer, Liquid Milk and Milk Cake etc.

Supply chain management (SCM) has become an important area of management of business enterprises. The concept of supply chain implies the chain or the series of steps followed by the businesses to make their products available to the final consumers. Supply-chain management has been defined as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally."

Supply chain management is a cross-functional approach that includes managing the movement of raw materials into an organization, certain aspects of the internal processing of materials into finished goods, and the movement of finished goods out of the organization and toward the end consumer. As organizations strive to focus on core competencies and become more flexible, they reduce their ownership of raw materials sources and distribution channels. These functions are increasingly being outsourced to other firms that can perform the activities better or more cost effectively. The effect is to increase the number of organizations involved in satisfying customer demand.

Review of Related Literature

Numerous articles dealing with the theory and practice of SCM have been published over the reviewed period of last 18 years, but the topic is still under considerable development and debate.

GaneshanandHarrison has defined SCM as a network of facilities and distribution option that performs the functions of procurement of materials, transformation of these materials into intermediate and finished products and the distribution of these finished products to customers.

Lee&Corey stated that SCM consists of the integration activities take place among a network of facilities that procure raw material, transform them into intermediate goods and then final products and deliver products to customers through a distribution channel.

Christopher defined the supply chain as the network of organisation that are involved ,through upstream and downstream linkages, in the different processes and activities that produce value in the form of products and services in the hands of the ultimate consumer.

Ketchen et al. noted that as a relatively new concept, the notion of the best value supply chains can become clearer and richer if examined from a variety of important theoretical perspectives. The nine prominent theoretical perspectives are transaction cost economics, agency theory, resource dependence theory, institutional theory, game theory, network theory, social capital theory, strategic choice and the resource based view.

Foster has focused on internal vs external views of the quality, with the internal view focusing on process and the external view focusing on the customer. As the firms adopt the systems approach implicit in supply chain management, they must merge these views as they intermediate upstream and downstream processes with their own.

Bowersox et al. state that supply chain management consists of firms collaborating to leverage strategic position and to improve operating efficiency. This includes partnering with other firms in chains of relationships that results in downstream benefits to the customers.

Fawcett et al. states that competition now is not only found at the firm level. Business competition now exists as supply chains seek to gain advantage over competing supply chains. This level of competition requires a much greater level of coordination among chains of suppliers, distributors, producers and consumers.

Cai et al. proposes a framework using a systematic approach to improving the iterative key performance indication accomplishment in a supply chain context. It can identify crucial KPI accomplishment costs and propose performance improvement strategies for decision makers in a supply chain.

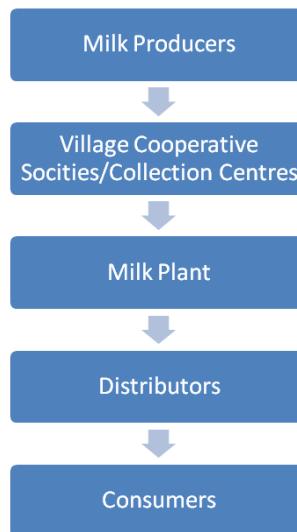
Zhang et al. has shown that coordination among supply chain partners in the early stage of product development benefits the successful development of new products in the era of mass customization.

In summary, this research extends the previous literature reviews by:

- Specifically focusing on multi facet SCM work in scholarly journals,
- Reviewing the current 18 years period during which SCM grew as a discipline and academic research in this field gained importance and increased significantly.

Supply Chain Management In Verka Ludhiana

Verka Milk Plant, Ludhiana is known Ludhiana District Cooperative Milk Producer Union. It is fully equipped with modern fluid milk plant facilities. It has got first position in Northern Zone for supplying quality milk products.



Capacity:	4 lakh litre per day
Head Office:	Punjab State Co-operative Milk Producers Federation Ltd. S.C.O.153-155, Sec. 34-A, Chd
Quality:	Get International Quality Certificate ISO-9002 & IS- 15000 (HACCP)
No. of Societies:	816
Membership:	78000

Verka procure the milk from the number of producers and check the quality of milk. In quality control department they perform various lab tests to check the quality of milk. If after various tests they are satisfied with quality standards of the milk they further process the milk. In Production Department they processed the milk and further used it to manufacture the various milk products. After that they all are packed in production department. Production is done according to the marketing requirements. These are manufactured mostly by the automatic machines with standards of sanitation. As milk products are highly perishable they are stored in chilling centres and distributed as early as possible. Maximum possible returns to the organization. Sub-contractors/ agents are appointed by marketing department for supply of milk and milk products. At present, city supply is done through almost 300 agents; surrounding areas are also covered through agents. These areas are divided into 40 groups (routes). Eight milk bars are being maintained by milk plant for customers. These milk bars are located at Milk Plant Premises, Bus Stand, Clock Tower, Rose Garden, Gorayan, Neelon, Bija and Mullanpur. The profit margin of these agents is 8-11%.

Objective of the Study

Our primary objective of the study is to study the supply chain of the Verka i.e., how Verka is managing its supply chain in the global era and whether it is reaping benefits of the digital platforms for conveniently, efficiently and effectively managing their supply chains.

Research Methodology

Sampling Plan

Sampling unit: Employees of Company

Sample Size: 50

Data Collection Method: The respondents were personally interviewed according to the convenience of the researcher.

Descriptive Study is done.

Data Analysis and Interpretation

Table 1:- Our organisation rely on high- quality suppliers

Sr.no	Opinions	No.of respondents	Percent
1	Strongly agree	11	22
2	Agree	15	30
3	Neutral	10	20
4	Disagree	3	6
5	Strongly disagree	11	22
	Total	50	100.0

Interpretation:-Most of the employees agree that the organisation is rely on high quality suppliers for their milk so that they receive high quality milk and which further helps them in producing different milk products of best quality.

Table 2:- Our organisation strives to establish long term relationship with suppliers.

Sr.no	Opinions	No.of respondents	Percentage
1	Strongly agree	11	22
2	Agree	24	48
3	Neutral	4	8
4	Disagree	6	12
5	Strongly Disagree	4	8
	Total	50	100.0

Interpretation:-Most of the employees agree that organisation maintain long term relationship with their suppliers because having long term relationship with their suppliers they are sure about the quality of milk they provide to the organisation.

Table 3:- Our organization has continuous improvement programs that include its key suppliers.

Sr.no	Opinions	No.of respondents	Percentage
1	Strongly agree	12	24
2	Agree	22	44
3	Neutral	7	14
4	Disagree	4	8
5	Strongly Disagree	5	10
	Total	50	100.0

Interpretation:-Most of the employees agree that the organisation has continuous improvement programs that include its key suppliers. Continuous improvement programmes help them to make their activities flow in the smooth way.

Table 4:- Our organization frequently interacts with its customers to set its reliability, responsiveness and other standard

Sr.no	Opinions	No.of respondents	Percentage
1	Strongly agree	10	20
2	Agree	26	52
3	Neutral	3	6
4	Disagree	3	6
5	Strongly Disagree	8	16
	Total	50	100.0

Interpretation:-Most of the employees agree that their organisation frequently interacts with its customers to set its reliability, responsiveness and other standards. As we all know customer is the king of the market so it is necessary to satisfy them by interacting with them.

Table 5:- Our organisation shares its business units' proprietary information with its trading partners

Sr.no	Opinions	No.of respondents	Percentage
1	Strongly agree	11	22
2	Agree	26	52
3	Neutral	3	6
4	Disagree	5	10
5	Strongly Disagree	5	10
	Total	50	100.0

Interpretation:-Most of the employees agree that organisation shares its business proprietary information with its trading partners to establish strong relationship with them. With this they feel satisfied and provides their best to the organisation.

Table 6:- Our organisation and its trading partners exchange information that helps establishment of business planning

Sr.no	Opinions	No.of respondents	Percentage
1	Strongly agree	11	22
2	Agree	25	50
3	Neutral	10	20
4	Disagree	2	4
5	Strongly disagree	2	4
	Total	50	100.0

Interpretation:-Most of the employees agree that organisation and its trading partners exchange information timely and accurately to help them in establishment of business planning.

Table 7:- On time deliveries

Sr.no	Opinions	No.of respondents	Percentage
1	Strongly agree	11	22
2	Agree	25	50
3	Neutral	10	20
4	Disagree	2	4
5	Strongly disagree	2	4
	Total	50	100.0

Interpretation:-Most of the employees agree that their organisation makes on time delivery of their products to their customers and this is the only motive of every organisation to make their customer satisfy not only by providing quality products but also delivering them on time.

6) Suggestions

To improve SCM Verka should take following actions:-

Verka should try to assist the farmers in increasing the productivity per animal.

Verka should strive to reduce time wastage in operations.

Verka should try to encourage the dairy farming cooperatives by addressing their issues.

Verka should provide technical input services to the farmers at their doorsteps enabling them to produce more milk at low cost.

Active involvement of all employees.

It should strengthen the cooperative by making payment to suppliers on time.

It should make closer and deeper relationship with business associates.

Verka should use the latest technology for producing the products.

It should ensure attractive price, transparency in payments, better testing and effective quality system.

There is a great need to make all the activities digitalized for the success of the organization.

Conclusion

After the thorough research and analysis and interpretation we came to the conclusion that Supply Chain Management of Verka Milk Plant is good enough but as we know nothing is perfect in itself so company needs to revise its procedures and policies timely and reframe them as per the need of an hour.

Supply Chain Management of Verka is efficient because the outputs of Supply Chain Management are too good as we came to know from analysis and interpretation that Verka Plant always deliver the products timely i.e. on the time delivery of products to customers.

It is possible just because of such an efficient and committed work staff and good suppliers who provide us the raw material on the time. Moreover, in case of emergency they help us to go for JIT inventory system.

Similarly, various other relationship management techniques policies of company help in running an organisation smoothly and efficiently.

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