



*Igniting Thoughts of Tomorrow*

# LOGISTIC & SUPPLY CHAIN MANAGEMENT

## WeChat

**Mr. Samee Patel**

**Supply Chain Solutions, Director  
DHL Supply Chain  
India Pvt Ltd**



.....  
**Dropshipping: Bootstrapping  
an e-commerce venture**



**Featured**  
Logistics and Supply  
Chain Management  
- A Competitive  
Advantage  
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April 2014



## OUR VISION

**“To nurture thought leaders and practitioners through inventive education”**

## CORE VALUES

**Breakthrough Thinking and Breakthrough Execution**

**Result Oriented, Process Driven Work Ethic**

**We Link and Care**

**Passion**

*“The illiterate of this century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.” - Alvin Toffler*

At WeSchool, we are deeply inspired by these words of this great American writer and futurist. Undoubtedly, being convinced of the need for a radical change in management education, we decided to tread the path that leads to corporate revolution.

Emerging unarticulated needs and realities need a new approach both in terms of thought as well as action. Cross disciplinary learning, discovering, scrutinizing, prototyping, learning to create and destroy-the mind's eye needs to be nurtured and differently so.

WeSchool has chosen the ‘design thinking’ approach towards management education. All our efforts and manifestations as a result stem from the integration of design thinking into management education. We dream to create an environment conducive to experiential learning.

Dear Readers,

It gives me great pride to introduce Samvad issues every month. Our Samvad team's efforts seem to be paying off and our readers seem to be hooked onto our magazine. At WeSchool we try to acquire as much knowledge as we can and we try and share it with everyone. I sincerely hope that Samvad will reach new heights with the unmatched enthusiasm and talent of the entire Samvad Team.



**Prof. Dr. Uday Salunkhe,**  
Group Director

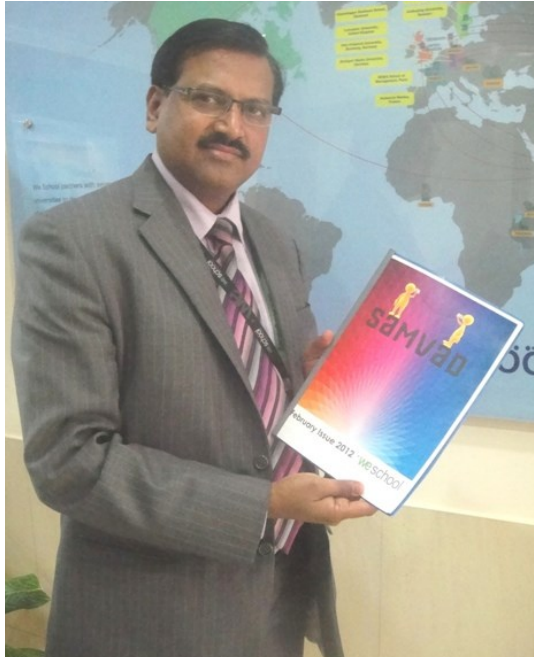
Here at WeSchool, we believe in the concept of AAA: Acquire Apply and Assimilate. The knowledge that you have acquired over the last couple of months will be applied somewhere down the line. When you carry out a process repeatedly it becomes ingrained in you and eventually tends to come out effortlessly. This is when you have really assimilated all the knowledge that you have gathered.

At WeSchool, we aspire to be the best and to be unique, and we expect nothing but the extraordinary from all those who join our college. From the point of view of our magazine, we look forward to having more readers and having more contributions from our new readers.

Samvad is a platform to share and acquire knowledge and develop ourselves into integrative managers. It is our earnest desire to disseminate our knowledge and experience with not only WeSchool students, but also the society at large.

**Prof. Dr. Uday Salunkhe,**  
Group Director





**Prof. Dr. Uday Salunkhe introducing the first issue of Samvad**

## OUR VISION

**“To facilitate exchange of ideas that inspire innovative thought culture”**

## MISSION

**To Dialogue**

**To Deliberate**

**To Develop**

**To Differentiate**

As the student magazine of WeSchool, Samvad is greatly inspired by the words of Alvin Toffler backed by a strong vision of facilitating exchange of ideas that inspire innovative thought culture. Samvad is a platform for the next generation leaders to bring forth their perspective on management to the world and gives the readers an opportunity to learn, unlearn and relearn on a continuous basis.

The team of Samvad is driven by a set of strong WeSchool values which enable us to create a dialogue leading to knowledge gaining and sharing, to deliberate on the information, to develop a sense of creativity and differentiate our minds with innovative thoughts of tomorrow; today.

Dear Readers,

Greetings from Team Samvad!

It gives us immense satisfaction to bring to you the latest issue of Samvad on the theme “Logistics and Supply Chain Management”.

In this month's issue we focus on the Logistics sector. Logistics and Supply Chain Management form an integral part of any company today. Successful business logistics provide a competitive edge against other organizations. It provides a system or process by which customer needs can be fulfilled in a more efficient manner. Today's global market demands skilled practitioners to support the management of complex Supply Chains.

Giving you more insights on this sector we have Mr Samee Patel (Supply Chain Solutions Director, DHL Supply Chain India Pvt Ltd), a distinguished personality in the field of Supply Chain Management. We hope that the interview adds a lot of value to your reading. The featured article aims at giving you the cost and value advantage of Logistics and Supply Chain Management and how these terms mean different things however are often used interchangeably.

We are always thankful for all the wonderful comments, compliments and suggestions for improvisation by you. This pushes us more to give our best and present you a better issue each time.

We hope that with this issue we provide you with different perspectives on this sector. We will be happy to hear if you personally wish to enter this sector or have a vision to bring about a disruptive change at the grassroots level. It's time we ignite our thoughts into actions for a better tomorrow.

Hope you enjoy this issue. Feel free to give us your feedback. The team will continue to strive to make your reading experience more worthwhile.

Read Better to know Better!

Best Regards,  
Vaishali Soni  
Joint Editor  
Samvad - Igniting Thoughts of Tomorrow

*Team Samvad would like to extend its heartfelt thanks to certain key members of the WeSchool family for their special efforts towards the making of this magazine.*

We deeply appreciate the constant motivation & encouragement that our beloved **Group Director Prof. Dr. Uday Salunkhe** has always given us. His vision & result orientation has been the driving force in creating brilliant leaders and making WeSchool a name to reckon with, not only in India but also globally. His focus on the core values of Passion, We Link & Care, Result Oriented Process Driven Work Ethic and Breakthrough Thinking has formed the foundation of all the activities that we undertake as students of this esteemed institute.

We deeply appreciate the help and support given to us by both **Prof. Amarkant Jain** and **Prof. Deepa Dixit**. Their insight and expertise is our driving force to ensure the sustainability of our magazine.

We appreciate **Prof. Indu Mehta** for her help in selecting the best Marketing articles. She is a part of our core Marketing faculty at WeSchool.

The Finance articles were scrutinized by **Prof. Sapna Malliya** and we thank her for choosing the most relevant and informative articles.

We appreciate the efforts of **Prof. Jyoti Kulkarni** for selecting the most interesting articles in General Management domain.

The Human Resources articles were scrutinized by **Prof. Anjali Joshi** and Operations Section by **Prof. Kavita**. We thank them for choosing the best articles

We would like to thank **Ms. Yashodhara Katkar**, General Manager - Liaison, WeSchool and her PR team for helping us to reach out to our readers. Also, we thank **Ms. Prachi Shah** and her team for helping us out in the PR activities of Samvad

We are indebted to **Prof. Jalpa Thakker** for all her help and guidance in the making of Samvad. Her insight and suggestions have been of tremendous benefit to us. The Samvad Team would truly be incomplete without her.





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## An Interview with Mr. Samee Patel

*By: Team Samvad*

*(Supply Chain Solutions Director , DHL Supply Chain India Pvt. Ltd. )*

**1. Please share your experience right from perusing MMS from Welinkars to the supply chain & logistics expertise of yours that spreads over a decade?**

I started my post MMS career in a very small organization called Ratan Motors (an authorized Maruti Suzuki Car Dealership). Of course, this was not the choicest decision that I had made, but in 2002, good jobs were scarce and I had to pursue somewhere to make ends meet. Within a year's time got an opportunity with Universal Consulting, a management consulting firm and my career took a different turn. Two years of rigorous consulting experience helped in become a better thinker and look at business from a troubleshooter cum doctors eyes. A trouble shooter is one who solves problems tactically and a doctor is one who resolves an issue permanently. As consulting was preparing me to be generalist, I decided to enter industry. Supply Chain Management and logistics had fascinated me during my MMS years (I liked operations research and its tools/ ability to scientifically diagnose problems). Again, I took up MMS Finance as against Operations, to ensure that I have a basic strong competency when compared with my engineering peers around. With supply chain as my passion, I got an opportunity with AFL Pvt Ltd, a leading logistics service provider in India. AFL was a university when it comes to this industry and I should consider myself lucky to have worked with some of the best leaders in this field. I learned the finer nuances of the logistics here and then had a dream to work with a logistics MNC. By mid-2005 got a break with Exel,



a global leader in contract logistics then and within few months in Dec 2005, Exel was globally taken over by DHL. Interestingly due to a personal challenge in 2008, I moved to Dubai for a career with KPMG in consulting only to return in 2009 to DHL. Since then I have been associated with DHL and rose to the position of Supply Chain Solutions Director in 2012 from being a manager in 2005.

This journey has been really fruitful with absolutely no regrets when I look back. There is question on why MMS Finance when I had to land in logistics. The truth is you leave a lot to destiny and I just did that.

**2. How has technology evolved and contributed to supply chain and logistics sector that you have witnessed in your professional career so far?**

Logistics is all about physical movement/dis-



tribution and affects the 4<sup>th</sup> P of marketing significantly. But for success it is important that the information is supplied to right stakeholders at the right time and right place. With borders disappearing and cross boarder outsourcing activity rampant, the information has to flow seamlessly across the globe. Great battles are lost due to untimely and uninformed decisions. Only technology can help in facilitating this.

The linkages and the entities in the supply chain are connected through information that flows like oxygen carried by blood in human body.

For e.g. inventory value is reported in the balance sheet of the organization which is reported in stock exchanges across the globe. Inventory is an integral part of logistics management. The information has to flow appropriately to right stakeholders to ensure that inventory an asset gets rightly reported to assess the financial health of the organization. Too much or too little is harmful. To assess that once needs to know how much is the inventory.

Similarly product availability in the supply chain is both online and offline information. Offline to the extent that the physical product is available where, when, how much, what cost, etc. and online means the information is available to those who would convert this into revenue or earnings.

In early 2000, technology in SCM was restricted to specific area with minimal linkages (standalone). Technology was for record keeping and providing basic information. The erstwhile focus was extensive use in business which has now got replace with extensive and intensive. In today's world it has become interlinked to every aspect of the business and has graduated to convert information into wisdom from few function within an organization like finance, production, materials management, sales to transportation management, track and trace, warehouse management, order management, business

intelligence. We are now talking about usage of Drones to deliver small parcels. Drones are unmanned machines that will reach your doorstep to deliver a shipment. These drones are tested in Germany, however usage in India is restricted or disallowed due to regulatory requirements. Technology is now used to remove inefficiencies and drive productivity. Like usage of high speed material handling equipment in warehouse facilitates better cube utilization and reduction in work-force. Similarly, RFID tags/ barcoding reduce manual identification of products within the supply chain.

In short technology is used for improving speed (time to market), increasing efficiency (reduce cost), improving accuracy (enhancing customer satisfaction). Technology has helped logistics and supply chain management to be a business enabler as against a cost center.

### **3. DHL being the world's leading Logistics Company, what makes you retain this crown of market leader over the years and differentiates DHL from other Logistics Companies?**

DHL has long history over the last 5 decades and the organization has grown from being an express courier company to end-to-end logistics service provider.

Few things that differentiated DHL:

- 1) Aggressive expansion both organically and through acquisitions. DP DHL is culmination of various acquisitions right from DHL, Danzas, Exel, Tibbett & Britten, etc.
- 2) Innovation into various facets of supply chain management. DHL offers everything under one umbrella that touches the supply chain of our customers. The innovations is both sectorial and product driven.

We have presence in some of the leading sectors like Life sciences and Healthcare, Retail, Consumer, Automotive, Technology and vast range of service portfolio like international freight, customs clearance, domestic warehousing and transportation, express parcel services, etc. Innovation has let to being a pioneer in supply chain management arena like LLP (Lead Logistics Partner), SPL (Spare Parts Logistics), E-fulfillment/ E-Commerce, City Logistics, etc.

3. Focused leadership: From early 1990s to 2005, DHL aggressively expanded/ consolidated its leadership position, post which the focus shifted to profitable growth and now the focus is on innovative growth. Our building blocks have been

- a. “provider of choice” for our customer offering the best in class services globally
- b. “investor of choice” for our shareholders/ owners for the trust that has been bestowed on us
- c. “employer of choice” for our employee for their valuable contribution towards our success.

#### 4. What are the Opportunities and Challenges you see overall in the Supply Chain domain?

DHL had conducted a Delphi study in 2009 named “Customer Needs in 2020 and Beyond”. The Delphi process (or Delphi study) is a socio-scientific method which combines the knowledge of carefully selected experts in a structured and systematic process.

Following are the top ten results at a Glance which will change the direction the world will take

- Climate change will become the big issue and unleash a “green” revolution of products and services – sustainable energy production is on the threshold of a breakthrough.
- The economic gap will grow larger worldwide because of which the potential for social

conflicts will increase, but will be successfully suppressed through enormous expenditures on security.

- China will be the undisputed winner of economic growth and join the ranks of the world’s technological leaders.
- The Internet will transform customer expectations and behavior all over the world – the focus will be on individualization, transparency, availability, and speed.
- Eco-friendliness and conscientious consumption will determine purchasing behavior to an increasing degree.
- Convenience, comfort, and simplicity will be the central requirements.
- Person-to-person communication will remain a priority even in the digital virtual world.
- The logistics industry will become a trend-setter and establish new standards for cooperative efforts and “green” business.
- Offshoring and outsourcing will create new possibilities – the value chain will expand in all directions for services relating to logistics.
- Logistics providers will increasingly develop into consulting companies; their complementary services will offer added value.

#### 5. The Indian economy loses fruits & vegetables worth Rs. 13,000 crore every year due to lack of cold storage and refrigerated logistics infrastructure. Central and state governments are offering subsidies for cold storage equipment. Do you sense a business opportunity in this sector?

The population is increasing and the growing middle class is making it more imperative to store/ preserve the precious produce to meet the needs the growing population.

Secondly nearly  $\frac{2}{3}^{\text{rd}}$  of India's current cold storages are used for storage of potatoes and a large portion of remaining is used for banana storage.

With the kind of loss and a need for preservation, the potential is high in the cold storage and refrigerated logistics market. However the requirement for high initial capital coupled with a higher run costs and need for high standards, makes it a niche supply chain. At this point of time DHL will not focus on this sector as it is a niche area requiring good attention from the investor/ operator to see the light at the end of the tunnel.

Lastly, Indian consumer still prefer buying fresh produce every day for consumption and the preference for a cold storage/ frozen produce needs to be assessed before venturing into this business.

**6. Lastly, please share the one advice that you would like to give the young budding students who wish to make a career in the Supply Chain Domain?**

Supply Chain Management is relatively a new field and deals with real operational need of the business. Being a part of supply chain management, we touch the lives of many around us. In life sciences and healthcare sector, we ensure people live a healthy life with right medicines and equipment in the right place and at the right time. In consumer sector we work on the personal hygiene and comfort of everyone around us. In technology sector we ensure that the systems are up and running which is the lifeline in today's technologically driven world.

Through supply chain management, one is able to feel and touch every aspect of the environment around. I would give three advices to someone who wishes to make his or her career in supply chain management:

1. Be empathetic and a problem solver in every aspect that you work on. Supply chain is about solving problems within the various links of the business, be it on the supply side or on the demand side.

2. There is very little formal education available in this field. Be patient as experience is the best education as far as this field is concerned. It is like being a doctor, the more the years of practice, the likelihood of you being successful. Eventually you become a better/ depended supply chain professional.

3. Be prepared for change. There are two types of change.

a) The Everyday dynamic changes:

You will simulate and plan based on a set of scenarios, however in reality the requirement will be ever changing and different. Don't get bothered too much by such changes, just do your homework well and be proactive.

b) The Long term business environment changes:

Internet has changed the way business operate. Today e-commerce has changed the way goods are transported to consumers. Be innovative and adaptable to such requirements in business.

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## LOGISTICS AND SUPPLY CHAIN MANAGEMENT – A Competitive Advantage

*By: Rajasekaran C, IIM Indore, Operations management and Strategy, 2015*

The terms "supply chain management" and "logistics" continue to evolve and they are driven by both conceptual and technological factors. The continuous evolution of these terms has blurred the difference between them, which led people to use them often interchangeably. They are, however, distinct areas, each involving detailed processes, duties and tasks. The confusion in distinguishing between supply chain and logistics might stem from the fact that logistics is considered by many people to be a subcategory of supply chain management.

To get a clear idea and appreciate the difference between them, we can define the terms as follows:

**Logistics** is basically a planning orientation and framework that seeks to create a single plan for the flow of products and information through a business.

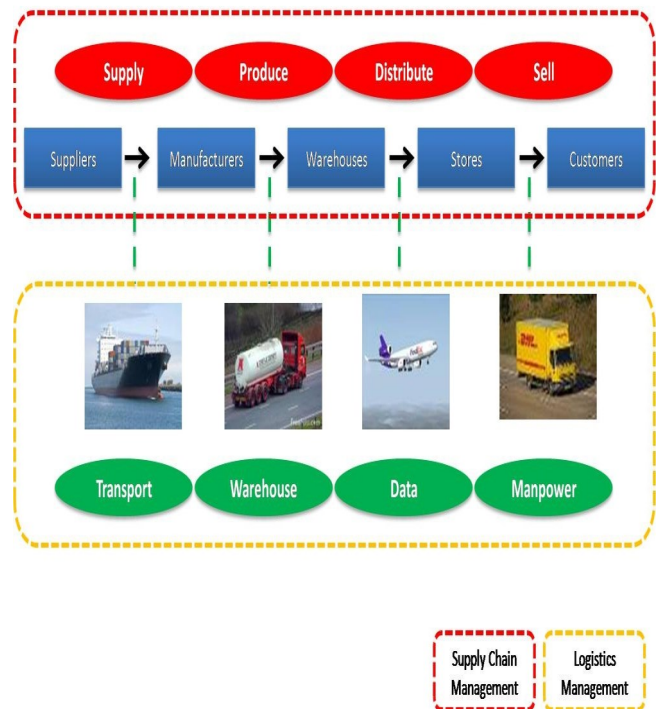
**Supply chain management** builds upon this framework and seeks to achieve linkage and coordination between the processes of other entities in the pipeline, i.e. suppliers and customers, and the organization itself.

In any organization, both logistics and SCM are considered to provide a competitive advantage over other players and achieve superiority in the market place in terms of customer preference. To be a successful organization in achieving a competitive advantage, it has to either have a cost advantage or have a value advantage or even a mix of both.

### Cost advantage

Typically, cost advantage can be achieved by being a low cost producer by using economies of scale and selling greater volumes.

Supply Chain Management vs Logistics Management



Source: <http://khairul-anwar.com/>

Cost reduction leads to increase in market share, but not to improved profitability in spite of larger volumes. This is mainly because of the changing business scenario, where cost of the product depends widely on supply chain also. Hence it can be justified that by proper management of logistics and supply chain, an organization can achieve efficiency and productivity leading to significant reduction in cost of the products.

### Value advantage

Customers don't buy products, they buy values. They look for the benefits in a products offered to them at market place. So it is a necessity for the seller to outperform the competitors by offering a product or service distinguished from its competitors. Value differentiation can be achieved only if we understand the customer



segment and their need for different values in the product. It can vary among different customer segments and that gives us the opportunity for creating differentiated appeals for different customer segments. Thus apart from the features in products, many companies are concentrating more on the differentiation in services like faster delivery and after sales services which automatically brings in logistics and supply chain in picture.

In the present business world, what we could see is that the successful companies will often tries to achieve both cost advantage and value advantage. This can be schematically shown in form of a simple matrix as shown below:

Some of the best practices by successful companies to achieve competitive advantage are as follows:

### Collaboration

Collaboration improves the value chain and it can be at three levels: across the value chain, across the functions and beyond the value chain. For an effective collaboration, it must be governed by the dominant player, based on a mutually beneficial partnership with shared goals along with a focus on long term with clear markers for success. Challenges like volatility in demand and supply, cost pressures and distribution to remote corners can be addressed by effective collaboration of supply chain. Some of the telecom service providers share their tower infrastructure to reduce their operating costs, which can be seen as a collaborative practice.

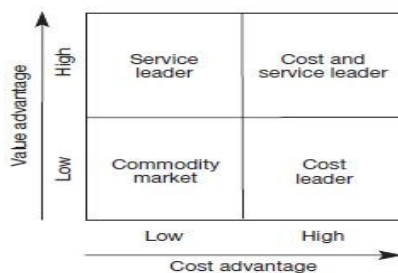
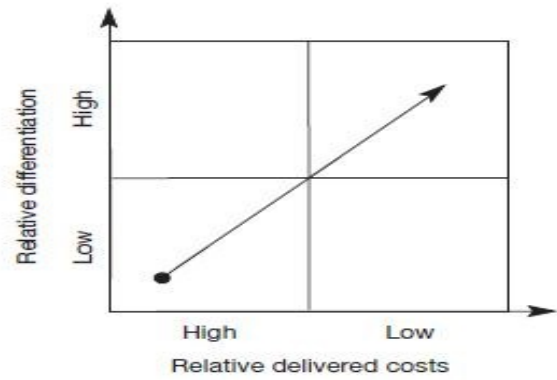


Image Source: [www.biz-development.com](http://www.biz-development.com)



Source: *Logistics and Supply Chain Management* - Christopher, M. G.

Competition mainly occurs between multi-firm supply chains, not just between individual firms. So, in addition to the debates about functional and business-level strategies, managers address how they will partner with other firms in order to compete.

### Integration of Strategy

Supply chain strategy and design such as customer service levels, production sites, warehouses, logistics management, and outsourcing decisions are reviewed on a quarterly basis to ensure that they are still aligned with the overarching business strategy. Cost/benefit tradeoffs are weighed across the end-to-end supply chain. Service levels are tailored to customer needs and actively managed. The supply chain strategy is shared with relevant external partners.

### Management of Complexity

Management of complexity in planning process all the activities of supply chain to differentiate the value added and non-value added activities which helps in capitalizing on value added activities only.

### Performance Measurement and Control

Supply chain performance is measured on an

ongoing and consistent basis using metrics derived from the strategy. It also mandates firms to put in place information systems and metrics that focus on performance across the entire supply chain. This is mainly because the individual units that seek to maximize their performance without regard to the broader impact on the supply chain can cause problems. Predefined measures are in place to address these gaps in performance, and status information is available on demand. External partners are measured with key performance indicators, and predefined actions are taken if targets are not achieved.



Image Source:  
<http://www.euroasia.co/logistics/>

On the whole, the purpose of supply chain management and logistics is to provide customers with the level and quality of service that they require and deserve and one has to ensure that it is done at a low cost.

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Image Source: [www.biz-development.com](http://www.biz-development.com)

## IT Systems

IT requirements are analyzed across the supply chain. Highly organized and automated SCM applications with high level of compatibility towards the existing IT landscape are in place. IT systems are connected to customers and suppliers. IT solutions are actively managed to achieve a competitive advantage. To exemplify, one such organization following the best practice in implementing IT in SCM is ZARA, a Spanish apparel company has uniquely integrated the SCM in its manufacturing system and all its stores are globally linked to headquarters.

## Financial Logistics

*By: Dr. Gaurav Mehta, PGDM (2013-2015), WeSchool, Mumbai*

With globalization and growth in trade beyond borders, the supply chain has become more elaborate and complex in nature. This has resulted in a decrease of capital availability for many companies which in turn create a pressure on them to stabilize and increase their cash flow. The general trend toward open account from letters of credit has further aggravated the problem.

A major chunk of this issue is due to delay in cash handling, cash transfers, irregular exchange rates and lack of efficient services.

Hence there is a rising demand for an efficient, fast and secure way for the settlement of securities transactions and international payments. Mobile payments, e-commerce and global transaction services are the need of the hour and it is not surprising that many banks and consulting firms are trying their hands to crack the conundrum and impart a cost effective way to provide such services on a large scale and with minimal fail rates. As a result, there is a need for global supply chain finance (GSCF) solutions. And Financial Logistics is a key part of it.

### Financial Logistics

Financial Logistics creates a system where the exchange of messages with value becomes much easier between the sender and the receiver. It facilitates a better flow of services and with this it creates a simple process with better communication and transparency. Slowly but surely, with relaxations in government regulations and international trade treaties, these logistics systems are coming into place and are already in use by many major organizations. Below mentioned are some of the innovative solutions in this field.

### Early Payment Platform

The ASYX Early Payment Platform resolves the

opposing interest of Buyers and Suppliers: late payment versus early collection. Through this platform, buyers will upload their 'Accounts Payable' for payment at a future date. Suppliers can view their 'Accounts receivables' and may choose to trade them by choosing early payment, minus a financing fee based on the Buyer's credit rating.

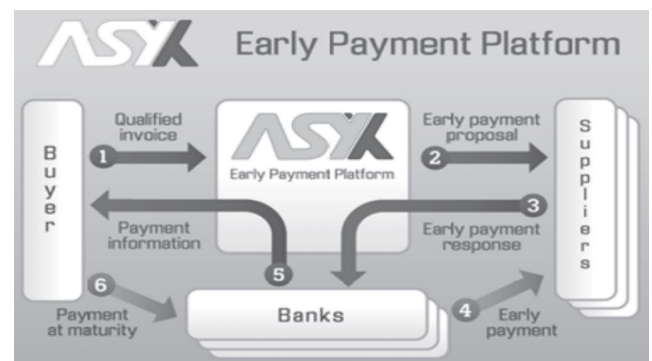


Image source: [www.asyx.com](http://www.asyx.com)

### Digital invoicing and payment/E invoicing

E-Invoicing system eliminates the need of any hardcopy vouchers and saves the company and the end source a lot of money and time. With automated invoice validation and matching, it reduces human error and countless hours in fishing out the source documents corresponding to the invoice. Important benefits are:

- It offers automatic account reconciliation and cash management techniques along with significantly reducing the carbon footprint.
- It enables real-time data delivery and tracking which leads to fast payment discounts and improving Days Sales Outstanding (DSO).
- Reduces risk by digital signature technology confirming senders' identity.
- It is compatible with VAT regulations in more than 20 countries, thus invoices can be sent



Image source: <http://www.cloudtradenetwork.com/en/e-invoicing>

from one location and be made available to all overseas subsidiaries.

- Gives free access to suppliers and guarantees compatibility of in/out going data

### Corporate Payment Services

The European Commission (EC) has introduced the Single Euro Payments Area (SEPA) as a payment-integration initiative for simplification of bank transfers denominated in euro. As of February 2014,

SEPA consists of the 28 EU member states, the four members of the EFTA (Iceland, Liechtenstein, Norway and Switzerland), Monaco and San Marino. Both banks and corporates face the challenge of adapting to the new SEPA rules set by the EC.

Corporate Payment Services (CPS) helps companies and service agencies to submit SEPA Credit Transfer (SCT) and SEPA Direct Debit (SDD) transactions from different banks in a single transaction. Companies can purchase this service via their own bank, while service agencies can purchase it directly from the service provider (e.g. Equens).

They are a carter for change in business and service models, where the outsourcing of complex

payment processes is a likely option. Large corporates have multiple bank accounts, in several countries, which make submitting payments very complex and cumbersome due to the number of different interfaces involved. Consequently, they would welcome a service provider who can offer them a simple solution to this problem in the form of a single payment interface.

### Pay Pass and CodeSure

PayPass™ is an innovative 'contactless' payment feature that provides the user with a quick and easy alternative to cash for their everyday purchases, and can be added to any MasterCard® or Maestro® account. Consumers simply tap their PayPass-enabled card or device (such as a key fob enhanced with a payment tag) on a technically equipped merchant terminal, eliminating the need to search for cash and coins, swipe or hand their card over to a clerk. Hand signatures are not required for PayPass purchases \$50 or less (or local currency equivalent). CodeSure™ works by providing a Visa card with an alpha-numeric display, a 12-button keypad and battery embedded in the card. With this online fraud can be significantly reduced. As the cardholder is required to enter their PIN for

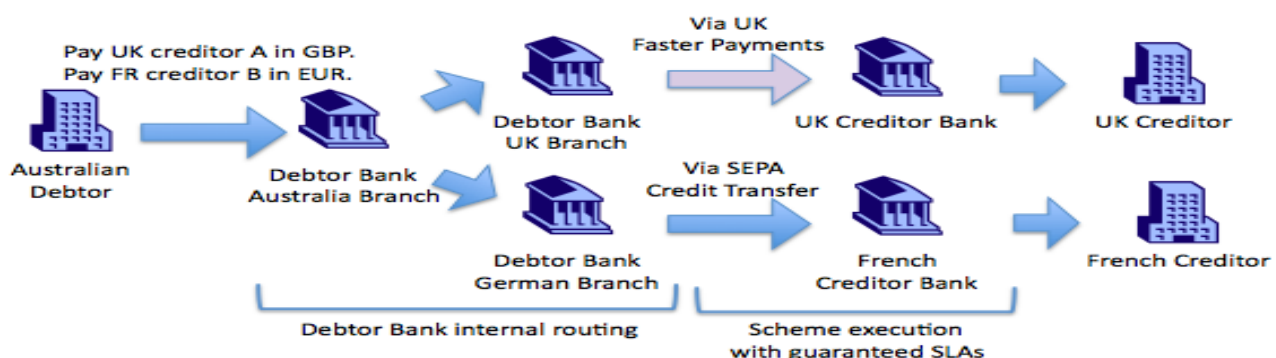


Image source: [www.swift.com](http://www.swift.com)



each online transaction, the Visa CodeSure card will prevent any unauthorized use.

### Global Fund Services (KAS BANK)

In a world that has evolved into one global financial market, we can distinguish one specific industry that is far from standardized. Non-listed investment funds. Non-listed investment funds are funds that cannot be traded on regular exchanges. Most common types of non-listed funds are mutual funds, money market funds and hedge funds. KAS BANK acts as a single provider responsible for the entire investment chain common for these specific funds. Their unique open architecture demand driven platform is available for institutional investors as well as financial intermediaries. They also offer this innovative non-listed investment funds platform against competitive and transparent costs.

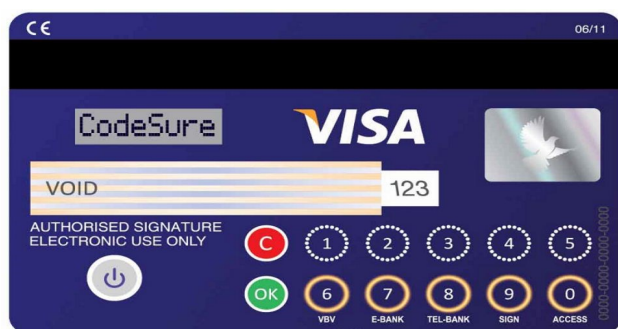


Image sources: <http://www.latestdigitals.com/2011/12/mastercard-partners-mfoundry/> and <http://www.f-i-ts.de/blog/technologie/visa-codesure-kreditkarte-zukunft-in-meiner-hand/>

### AcceptEmail

AcceptEmail enables easy and secure electronic billing & payment utilizing the functions of the traditional e-mail. Real-time generated images

convey the current bill status, resulting in a comprehensive electronic bill presentment & payment experience in the customers' inbox. In a 3-click process bills are paid straight from within the e-mail without manual data (re)-entry, resulting in full process transparency & control for the payer. Apart from improved customer service the biller realizes lower DSO (Days sales outstanding) and reduced collection costs. AcceptEmail also supports direct marketing and credit management.

### Conclusion:

Though there are many such systems available worldwide, their impact can be seen mostly in the developed world. The initial establishment and infrastructure costs and the comparative return on investment in the long run deter the developing world to adopt it, till now. Reluctance to change and a sense of familiarity of the existing systems used to make these solutions and systems unattractive to the companies in these countries. But a change in attitude coupled with a need for growth has made them see the inevitable.

Customization is the key here. Adapting to each country's unique needs and requirements and merging it with its trade partners is the main requisite of a good financial logistics system.

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## Marketing Logistics & Supply Chain

*By: Siva Kumar & Deepak Kumar, PGDM (2013-2015), TAPMI, Manipal*

Suppose at 9 AM, you ordered for a product say shoes through an online e-commerce site. You went for breakfast and by 10 AM the product is delivered to your doorstep. Can you believe it? It would be surprising to see the orders being shipped within an hour by an e-commerce company in India. But you will be surprised to know that an e-commerce company based out of Bangalore was recently in news for delivering orders within an hour in some areas of Bangalore and New Delhi. Can you guess the company? It was Myntra. Not a tough one, right? But can you guess how it succeeded in doing so and beating its rivals and big names like Flipkart, eBay, Amazon, Snapdeal, Jabong etc. It was due to its effective Logistic and Supply chain Management. According to Myntra COO, Ganesh Subramanian, they follow stock and supply model of delivering, a part of SCM. They firstly obtain products from vendors and collect in their own inventory. Once they have the product in their inventory then only they display it to consumers. So when consumer orders for that product they directly ship it from their own inventory using their own logistics. So in a way they do not have to depend on vendor in the last minute for the order fulfillment.

Effective and efficient Logistic and Supply chain management has become very important in today's scenario due to increasing cost and competition. Customers have become more aware and demanding as they have lots of option. They want quality product, instant delivery and in less price. In such situation companies need to think

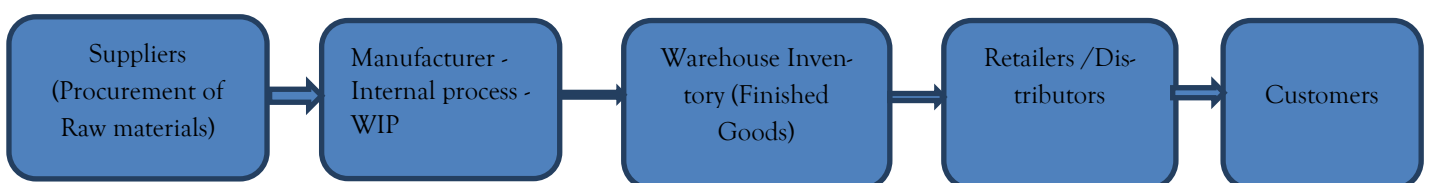
out of box to create POD and SCM is answer for it. The importance of SCM can be seen in different fields like Retail, Manufacturing, Electronics, IT/ITES, Automobile, Aviation, Education, e-commerce etc. We have many such examples like - Mumbai dabbawala, Wal-Mart, Coca-Cola, Flipkart who have enhanced their process, built competitive infrastructure and increased profitability through effective logistic and supply chain management.

**Logistic and Supply Chain Management** - There are whole gamut of definitions to explain this management concept. Narrowing the demand-supply gap, minimizing the inventory costs, reducing the cycle time, managing the movement of goods, and reaching to the customer at the right time at the right place. All these are the indicators of one simple fact - increased customer satisfaction. The whole process starts with managing the flow of raw materials from suppliers then internal processing of raw materials to convert it into finished goods and finally delivering the finished goods to customers through distributors and retailers. These activities might seem simple but if it is not managed properly it can either lead to underestimation or over estimation.

### Example:

Let's understand Logistic and Supply chain management through a simple example: Suppose you are furniture manufacturer. You buy wood as raw material from wood supplier.

### Supply Chain Management -Components



You process raw material to manufacture different furniture based on customers demand. Finished goods are stored in warehouse as inventory. These are then transported to retailers and are further supplied to customers. Hence, the final price of furniture is based on the cost incurred in all these stages. Also suppose there is less of co-ordination/communication between suppliers, manufacturer, retailer and customers, it can lead to either surplus or shortage. So for better forecasting of demand, communication between groups and to minimize the cost incurred at different stage, the whole process need effective Supply chain strategy and planning, logistic handling, procurement of resources, product life cycle management and implementation.

## Apple sells out of initial iPhone 5s supply in under 2 days, shipments pushed to October

By AppleInsider Staff

Less than two days after Apple began its worldwide rollout of the iPhone 5s, the company's Online Apple Stores in each of the 11 countries participating in the phone's launch are showing stock outs until October.

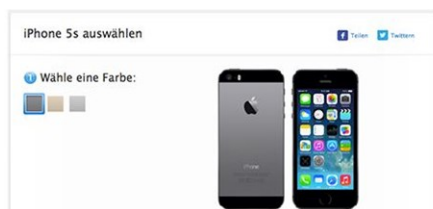


Image source: <http://www.acceptemail.com/en/the-intuitive-e-bill/>

The main challenge of SCM is forecasting the correct demand so that there is neither increase nor decrease in inventory. Now the demand for product varies during different seasons. Walmart stocks millions of pumpkins during Halloween. Similarly BestBuy gives away huge discounts on electronic products during Thanksgiving. Maintaining the smooth flow of products from supplier to customer is herculean task. Companies should invest in new technologies to effectively predict the demand.

We personally believe that underestimation of demand in the market is more dangerous than the otherwise overestimation. We have seen many instances in the recent past – some of them being – Apple iPhone 5 is out of stock or Mahindra XUV 500 waiting period is 1 year. This creates an illusion that company is doing well in terms of sales volumes.

We disagree to this model of supply chain. In order to reduce the inventory costs, they lose many potential customers. It is true that accurate prediction of demand and supply is not possible no matter how many analytical tools we use and incessant market surveys we conduct. But we mustn't lose the sales due to this frivolous reason. This has a direct impact on the sales as well as the brand visibility. Remember the Coca-Cola model? Soft drink is available at an arm's reach whenever the customer feels thirsty. Increased availability not only helps to create the visibility but also boosts the sales.

Also the challenge is to minimize the defects. A defective product results in bad image and loss for the company. In order to explain the importance of Supply Chain Management, we have collected some real life stories of global giants as well as struggling start-ups.

**Mattel problems due to ineffective SCM:** Mattel, an American toy manufacturing company had to recall 20 million toys in 2007. They had already distributed and sold these toys across the globe. But, later it was found that some toys manufactured in China had design flaw and contained toxic lead paint which was harmful for health. So, company had to recall all the toys. This incident happened because of ineffective and mismanaged SCM which resulted in financial as well image loss.

But a well-defined process and effective SCM can create wonders for a company.

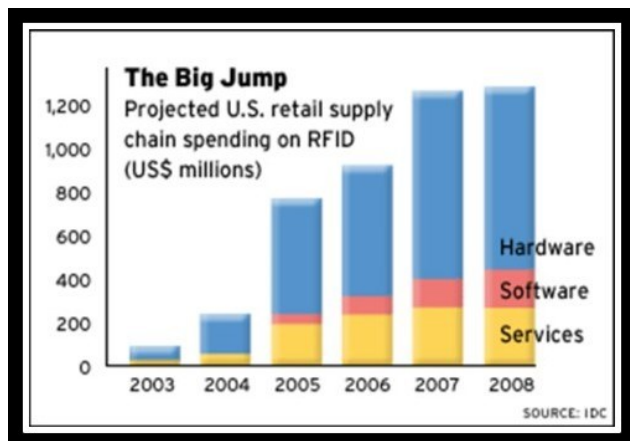


Image source: [www.swift.com](http://www.swift.com)

**Wal-Mart Supply Chain Management System:** Remember supply chain isn't just about reaching out to customers.

Maintaining closer supplier ties gives access to the limited resources. This is popularly termed as Inbound Logistics i.e., procuring the raw materials from the key suppliers and transferring the same to the production department for further processing.

Technology also plays a key role in maintaining the inventory. It is a boon for the giants like Walmart. It has stacked up considerable savings with the help of RFID technology that keeps track of inventory 24/7.



## Conclusion:

In a nutshell, companies are giving importance to Logistic and Supply chain management to build competitive and sustainable business model. They are implementing different processes like Automation, ERP, Process Re-engineering and Six sigma for effective SCM. Finally, effective and efficient Logistic and Supply Chain Management leads to integration of:



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**Amazon Prime Air:** In its endeavor to improve the delivery process and reduce the cycle time, Amazon has boldly invested in unmanned drones and successfully tested the system. If implemented, Amazon will be able to deliver its 86% of items in less than half an hour. These bold yet constructive moves helped Amazon one of the darling companies in Wall Street despite not having any profits from the past several months.



## HR - The Balancing Act

By: Priyanka Shinde, PGDM, Welingkar Institute of Management

### INTRODUCTION

Supply chain management (SCM) is the oversight of materials, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer.

**Facilities:** The locations where inventory is processed and transformed into another state (manufacturing) or staged before being shipped to the next stage (warehousing)

**Primary decisions:** Location, proximity to the customer, proximity to resources, access to markets (ability to circumvent quotas and tariffs), infrastructure, operational costs and tax incentives

**Transportation:** The SC element that moves product between its different stages.

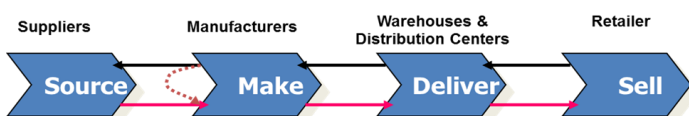


Image source: <http://www.maturski.org/EN->

### Primary decisions:

1. *Mode of Transportation*
  - a. Air: fastest but most expensive
  - b. Truck: Relatively quick, inexpensive & flexible mode
  - c. Rail: Inexpensive mode to be used for large quantities
  - d. Ship: Slowest but often the most economical choice for large overseas shipments
  - e. Pipeline: Used (primarily) for oil and gas
  - f. Electronic transportation: goods as music and movies
2. *Route and Network Selection*

### 3. In-house or Outsource to some 3PL provider

A third party logistics provider is a firm that is a service provider and it offers logistics services to its customers for part or all of the supply chain management functions like warehousing and transportation services that are customized as per the customers' demand and delivery service requirements.

### Case Study: Third Party Logistics Provider



Trustworthy & Efficient  
Outsourcing Partner

Image Source: <http://www.panaceabpo.co.in/images/3.jpg>

I would like to present a case-study of 3 PL (Third Party Logistics) provider which offers subcontracted logistics and transportation services.

This enterprise has affiliated with ports like Nava- Sheva where box cargo and Bombay Port where loose cargo is unloaded and stored in ship-yards which are maximum 4-5 kms from the port.

The ship-yards serve as the warehouse center of import and from here it is distributed to the various customers by the various modes of transportation mentioned above. The owner of upcoming logistics Company says that their main focus is on 'how to reduce customer costs i.e. costs to their customers. For this they provide smooth material movement for which it integrates itself with the customer and acts as a 'Customer Developer' by providing sound management. He states that the decision of the

mode of transport is taken keeping the customer in mind, operational and freight /tax charges too.

The distribution from ship-yards can take place via containers which have fixed sizes of 20 feet and 40 feet. These container charges remain fixed irrespective of the load it carries. For example: If a 20- feet container is loaded with cargo of 10 kgs ,10 tons,30 kgs or 30 tons the charge of the container will be the same. Thus, these containers are of highest utility when the entire 20-feet get filled. Similar is the case for a 40-feet container.

One more insight I would like to share is the innovation this Logistics organization has found and applied at the ports. It has a labor workforce of 4000-5000 laborers contacting under it. Thus, laborers have never been an issue. But still, the ship may take 2/3 days to unload depending on the quantity of import. This makes the customer pay the standing costs of the ship.

They are the first Company to tackle this issue as the loss was at both ends:

1. To the Customer (ship standing cost @port)
2. To the ship as the no. of trips were getting wasted thus reducing profits.

This Logistics Co. devised a model in which it made his local, old trucks stat stationed at the port and within one day all the material gets loaded from the ships into these trucks thus creating a win-win situation for the customer and the ship as now it can make 2/3 rounds rather than standing still at a place till the entire cargo gets unloaded. But a further issue raised was 'who will make the payment to the trucks.' Management addressed this issue and it was resolved as the ships enjoyed more profits due to this model and decided to pay for the trucks stationed at the port.

### **Role of HR function in this upcoming Logistics organization:**

SCM is a specialized industry and it requires people who can handle specialized/skilled tasks and therefore HR handles the right people to the right job at the right time. Every industry has

different policies. Similarly, even logistics does have. But every Company within a particular industry cannot adopt the same policy. Thus, the role of HR is to form policies pertinent to the industry but also keeping the principles of the company in mind. Logistics and SCM is a highly labor-intensive industry. It usually requires manpower unskilled or semi-skilled. Job of HR is to create a talent pool while motivating such people to not only focus on their task but also inculcate soft skills like communication, adaptability and flexibility to different situations, teamwork and Cooperation, accountability and ownership, dedication and commitment and creating a pipeline so as to decrease the attrition rate. SCM is a highly labor-oriented industry. So the role of HR is to avoid/culminate strikes of labor unions, tackle issues, as mentioned in the above case study. Next job is to enter into Service Level agreements (SLA's) with capable contractors/vendors.HR timely supervises that an appropriate vendor management policy is in place. It sees that they are ideal to all statutory and government policies and timely payment of wages along with the allowances are made.

Facility provider: The role an HR plays as a facilitator ensuring that the workers get hygienic canteen and sanitary facilities and all precautionary safety measures on-site, on the job/shop floor are taken care of.

Having a balance between senior management, workforce and the vendors makes the service levels raise. If this entire cycle is not completed then the Standard Operating Procedures (SOP's) are not met which leads to their revision time and again and hence the Company will never prosper. Therefore, an HR plays an important role to maintain peace and equilibrium within any organization.

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## Dropshipping: Bootstrapping an e-commerce venture

By: Vismay Madav, MMS (2013-15), WeSchool, Mumbai

### *What is drop shipping?*

Drop shipping is a fulfillment model that allows you to buy products individually from a wholesaler and ship them directly to your customer.

Instead of purchasing a large amount of inventory, you simply partner with a drop shipping supplier and list their merchandise for sale. Then, once you receive an order you forward it to the supplier for fulfillment. The supplier will ship the product directly from their warehouse to your customer, and charge you only for the price of the shipped item.

Drop shipping is a supply chain management technique in which the retailer does not keep goods in stock, but instead transfers customer orders and shipment details to either the manufacturer or a wholesaler, who then ships the goods directly to the customer. As in retail businesses, the majority of retailers make their profit on the difference between the wholesale and retail price but some retailers earn an agreed percentage of the sales in commission, paid by the wholesaler to the retailer.

Some drop shipping retailers may keep "display items" on display in stores, so that customers can inspect an item similar to those that they can purchase. Other retailers may provide only a catalogue or website of their products.

Retailers that drop ship merchandise from wholesalers may take measures to hide this fact to avoid any stigma, or to keep the wholesale

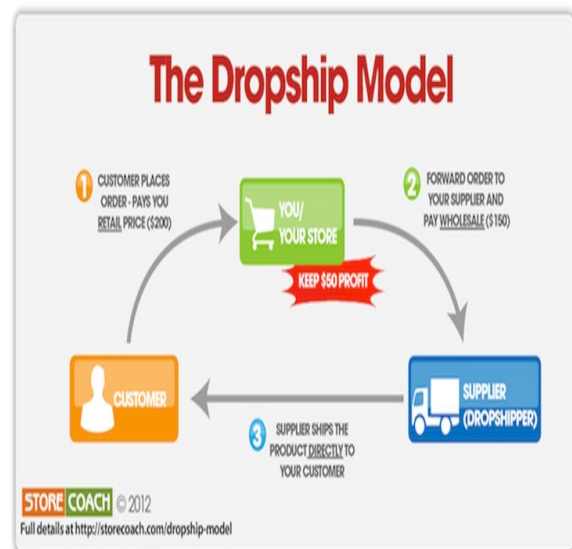


Image Source: <http://storecoach.com/source-products/tutorials/the-dropship-model>

source from becoming widely known. This can be achieved by "blind shipping" (shipping merchandise without a return address), or "private label shipping" (having merchandise shipped from the wholesaler with a return address customized to the retailer).

A customized packing slip may also be included by the wholesaler, indicating the retailer's company name, logo, and/or contact information.

### *What are the benefits of drop shipping?*

**Lower Capital Requirement:** With drop shipping, you don't need to invest thousands of dollars in inventory. Instead, you only purchase a product when you have an existing order to fill.

**Wider Product Selection:** When you don't have to pre-purchase all the items you sell, you can offer a significantly larger number of products to your customers.

**Reduced Risk:** Without thousands invested in inventory, the risk involved with starting an online store is dramatically reduced. If things don't work out, you aren't stuck with thousands in inventory you have to sell at a loss.

**Location Independence:** Because you don't have to worry about fulfillment or running a warehouse, it's possible to run a drop shipping business from anywhere with a laptop and an internet connection.

**Highly Scalable:** Because you don't need to manually fulfill each order, it's relatively easy to scale a drop shipping business.

**There are three primary drivers for employing this methodology are:**

**Positive Cash Flow:** Once the drop shipping agreement has been arranged, the retailer is in a prime spot - they have product to sell, but they are not *financially* obligated to purchase any of it.



Image Source:

[http://www.openlazarus.com/diccionario/Blog/drop\\_shipping.j](http://www.openlazarus.com/diccionario/Blog/drop_shipping.j)

When a customer places an order, the retailer receives the cash for the transaction and then enters into a financially binding relationship with the brand / manufacturer / supplier for transferring ownership rights of the product.



Image Source: <http://blog.ecommhub.com/category/drop-shipping-guides/>

**Reduces Inventory Risk:** We all remember how scary and painful the Great Recession was and it *actually* becomes one of the most significant driving forces to widespread adoption of this technique. Drop shipping provides the cash flow flexibility to the retailer (only paying for what you sell) without the shackles of inventory from *pre-packs* or *case-packs* (pre-defined assortments that most of the time sticks the retailer with odd sizes or odd colors). Additionally, the manufacturer retains ownership of the product, so it reduces much of the apprehension and risk from consigning goods.

**Reduces Transportation Expenses:** The theory of drop shipping is brilliant because it cuts out the retailer's *Inbound Shipping* (the amortized cost for the shipment from the brand's / manufacturer's store to the retail shop) - this figure is about 2.75% to 4.25% of Retail Price (for a \$100 Retail Price item).

**What are the drawbacks of drop shipping?**

Many retailers get a lot of value from working with drop shipping suppliers, but it is by no means a perfect solution for everyone.



Drop shipping comes with some drawbacks, including the following:

- You lose some control over shipping times, packaging processes, and package branding.
- Your supplier may run out of a hot-selling product.
- Drop shipping fees (a handling fee set by the supplier for each order) may increase your expenses.

You can't take advantage of discounts for buying in bulk up front. This is the trade-off for the supplier bearing the cost and risk of managing the inventory.

Some risks such as backordering may occur when a seller places a shipment request with a wholesaler, but the product is sold out. Backordering may be accompanied by a long wait for a shipment while the wholesaler waits for new products, which may reflect badly on the retailer. A good wholesaler will keep retailers updated, but it is the business owner's job to be aware of the quantities that the wholesaler has available.

Drop shipping has also featured prominently in some internet-based home business scams. Scam artists will promote drop shipping as a lucrative "work from home opportunity." The victim who buys into this scam will be sold a list of businesses from which drop-shipment orders can be placed. These businesses may not be wholesalers, but other businesses or individuals acting as middlemen between retailers and wholesalers, with no product of their own to sell. These middlemen often charge prices that leave little profit margin for the victim, and require a regular fee for the retailer's usage of their services.

## **Conclusion:**

Dropshipping model, is a great model for an eCommerce startup company. As the company starts off with limited capital, instead of investing on warehousing, eCommerce business prefers to invest more on marketing and strategy building to penetrate into new market. Dropshipping model gives you the freedom of not worrying about the inventory and the shipment.

However, to build a brand and to give the customer 'The Buying Experience' and not just the buying product, dropshipping model doesn't really help in gaining that. Companies are not able to retain the customers as the suppliers were becoming inefficient in delivering the items to the end customers. As in this case, the operations control is in the hands of the supplier, the eCommerce business won't be able to do anything.

Dropshipping gives the vendor the total control over the eCommerce business's operations. Also another major pain area that is seen in dropshipping model which affects the customer confidence in the company is the returns process. The returns are not taken into consideration that seriously and the importance is given to the fresh orders first.

To build a brand and to enhance the customer's shopping experience, any eCommerce business should switch to own shipping and operations model from the dropshipping model so as to have total control over its business and remove the dependencies which might affect the business in long run.

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We invite articles for the May 2014 Issue of Samvad.

The Theme for the next month: May 2014 - “**Retail Sector**”

The articles can be from Finance, Marketing, Human Resources, Operations or General Management domains.

## Submission Guidelines:

- Word limit: 1000 words or a maximum of 4 pages with relevant images.
- Cover page should include your name, institute name, course details & contact no.
- The references for the images used in the article should be mentioned clearly and explicitly below the images.
- Send in your article in .doc or .docx format, Font size: 12, Font: Constantia, Line spacing: 1.05' to **samvad.we@gmail.com**. **Deadline for submission of articles : 31<sup>st</sup> May, 2014**
- Please name your file as: <YourName>\_<title>\_<section name e.g. Marketing/Finance>
- Subject line: <YourName>\_<Course>\_<Year>\_<Institute Name>
- Ensure that there is no plagiarism and all references are clearly mentioned.
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## Samvad Blog

As said by Ann Morough Lindburg, “Good communication is as stimulating as black coffee and just as hard to sleep after.” Samvad, which means 'to converse' in Hindi, is exactly the motive of our team Samvad. Our readers and writers are of utmost importance to us at Samvad. We don't like to interact with you only once when the issue is released. So, we thought, what next? Then came the idea of a blog - the ideal platform for meaningful discussion on a more regular basis. Hence, we present to you 'The Samvad Blog'. The Samvad Blog, as the name suggests is a blog dedicated to sharing of information, insights and opinions that allow exchange of some valuable ideas by stimulating your intellectual senses. It will include some interesting reads on management gurus, book reviews, and relevant articles among many other varieties of food for thought.

<http://samvadwe.blogspot.in/>

Don't forget to comment with your opinions. Always have a healthy debate we say! As progression lies not in agreement, but debate!



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