Operational Excellence in Pump Industry

Case Study

INDIA

About Client

Based in Western India, client is a leading submersible pump manufacturer, with reach across India and a significant share of the Indian market.

Major products are Oil fill Pump, Water fill pump, etc. The client is also one of the leading suppliers to Oil Fill pump in exports.
Analysis

Faber Infinite conducted initial analysis, it reflected the following:

- Item wise inventory levels were not established
- 17% cases of stock out due to improper planning
- High delays due to improper planning
- 26% of components had excess inventories
- High inventory of slow-moving items
- Lack of structured replenishment mechanism

Approach

- ABC analysis to identify major ‘SKU’ (Stock Keeping Unit)
- Determine relevant inventory management model
- Define inventory levels as per the models
- Redesign ERP as per inventory model workings
- Assess solution feasibility
- Supplier orientation and vendor development
- Supply chain framework preparation and initiate supplier agreements
- Implementation of e-kanban
Project Implementation

Faber Infinite consultants helped the client in e-Kanban implementation by rolling out following steps:

1. Calculated maximum inventories, buffer stocks, safety stocks, reorder levels and average inventories as per inventory management module designed for selected items & implemented e-kanban in the system.
2. Supplier agreement finalized to keep the order quantity stocks in standard packaging at the supplier end.
3. Categorized the inventory stocks into three zones
   - Below Green zone (Items below Re-order levels)
   - Below Yellow zone (Items below Safety + Buffer stocks)
   - Below Red zone (Items below Safety Stocks)
4. Redefined logic in ERP for e-Kanban roll out
5. Finalized the auto alert replenishment mechanism & linked it with ERP.

Results Delivered

Reduction in inventory levels by 19%

Stock out incidents reduced from 17% to 0%

Auto alerts leading to quick actions - improving response times & service

Elimination of requirement of planning function

Physical v/s Actual stock variation eliminated

Sustenance

Implemented results shall be sustained over a period using Systematic Audit & Improvement Loop (SAIL) & Daily Work Management (DWM)

Visit Faber at www.faberinfinite.com for more information and a complete list of regional contacts or send us e-mail: consulting@faberinfinite.com