



Marico One Day Challenge

SUBMITTED BY:

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Case Overview and Objective

XYZ Distributors, recently upgraded from a stockist to a direct distributor (DD), is underperforming compared to benchmarks set by Marico. With increased responsibilities and higher operational costs, XYZ has struggled to meet sales and efficiency targets, leading to frustration. Despite the upgrade, XYZ is struggling with sales performance and operational inefficiencies due to the increased complexity in managing capital, higher operating costs, and increased stakeholder expectations. Marico's benchmarks, including sales targets and operational efficiency goals, are not being met, causing internal frustration.

Key Issues

Role Confusion

Unclear roles and responsibilities after the upgrade have led to operational inefficiencies

Insufficient Guidance

Limited support from Marico post-upgrade has left XYZ and its sales force (DSRs) with less direction

Inefficient DSR Operations

DSRs work in silos, leading to uncoordinated efforts and inefficiencies in hitting sales and coverage targets

High DSR Attrition

Low employee morale and inadequate incentivization have caused high turnover rates

Inventory and Logistics Issues

Excessive stock holding and inefficient delivery processes are hurting working capital and customer satisfaction

Objectives

XYZ Distributors has complained about the lack of momentum in the business during the last 3 months, his expenses and investments have gone up and has openly stated that he was better off as a stockist earlier. Basis the information given what in your view is the root cause for non-achievement of benchmarks even after 3 months

You have been pulled up by your Cluster Head for under performance in the new distributor territory which needs to be corrected in 2 months from now. What actions would you undertake to achieve the desired benchmarks?



Understanding the Numerics

Parameter	As Stockist	Benchmark	As Distributor	Improvement from Stockist	% Improvement	Lagging Behind Benchmark as DD	% Lag	Commentary
Average Monthly Value Sales (Rs Lakhs)	10	15	12	2	20.00%	3	20%	Slight lag in sales; needs improvement to meet benchmark.
% Growth over Last Year	4%	52%	22%	0.18		0.3	58%	Significant growth but far from the benchmark. Requires deeper analysis.
Number of DSRs	1	2	2	1	100.00%	0	Matches	Matches the benchmark; no immediate action required.
Number of Delivery Vehicles	1	1	1	0	0.00%	0	Matches	Vehicle count is aligned with the benchmark.
Total Coverage (TC)	175	450	450	275	157.14%	0	Matches	Good improvement; coverage is on target.
Effective Coverage (EC)	145	400	275	130	89.66%	125	31%	Coverage improved but needs focus to bridge the remaining gap.
Weekly Coverage Outlets	-	350	350	350	New Development	0	Matches	New development, aligns with benchmark.
Fortnightly Coverage Outlets	-	100	100	100	New Development	0	Matches	New development, aligned with the benchmark.
No. of Outlets per DSR	175	225	225	50	28.57%	0	Matches	On track, no issues here.
Avg Total Lines Sold (TLS) per DSR P.M	-	900	750	750	New Development	150	17%	Needs further investigation into lagging behind.
Avg Lines Per Call (LPC)	-	7	5.5	5.5	New Development	1.5	21%	Slight lag in lines per call; potential area for improvement.
Daily PC/DSR	-	18	12	12	New Development	6	33%	33% lag; significant room for improvement.
No. of SKUs to be Maintained at DB	25	35	35	10	40.00%	0	Matches	SKU maintenance on track.
Investment – Stock (No. of Days)	12	15	17	5	41.67%	-2	Needs Investigation	Higher stock investment; may affect cash flow. Needs deeper evaluation.
Investment – Market Credit (Days)	15	15	20	5	33.33%	-5	Needs Investigation	Longer market credit period; could be risky. Requires urgent attention.

Value Chain and Root Cause

VALUE CHAIN



Inbound Logistics

Receiving stock from Marico and ensuring efficient storage



Storage and Inventory Management

Optimizing stock levels and maintaining product freshness



Order Management

Processing and fulfilling retailer orders with accuracy



Outbound Logistics

Timely and efficient delivery of products to retailers



Sales Support

Promoting products, maintaining retailer relationships, and driving market coverage with DSRs and TSOs



Financial Management

Balancing stock investments and market credit terms to maintain healthy cash flow

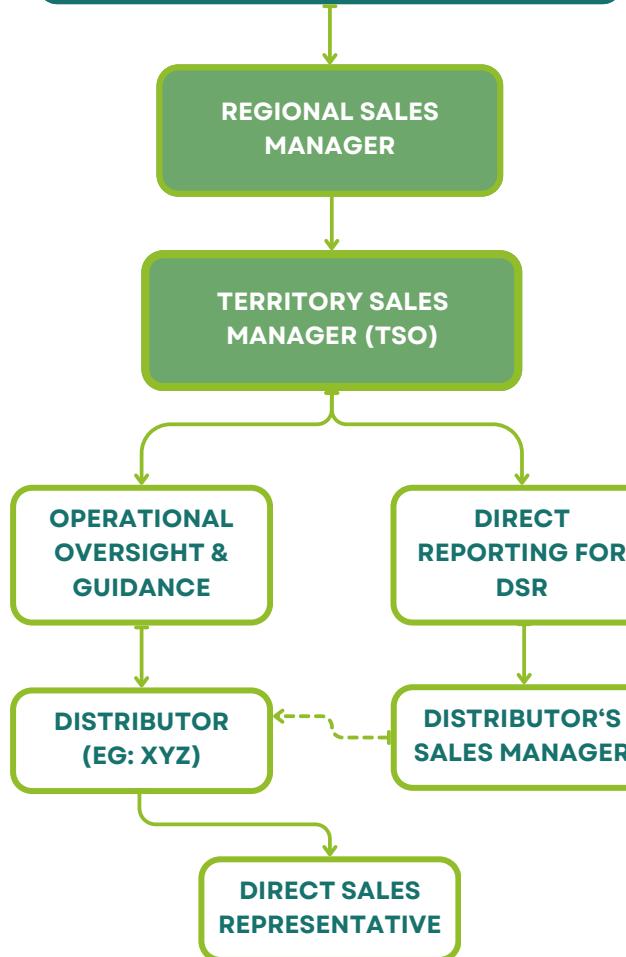


Customer Service

Providing support and ensuring retailer satisfaction

Organisational Flow

MARICO HEADQUARTERS



Data Snapshot

75 < 450

COVERAGE EFFICIENCY
(total outlets out of target)

5.5 LPC < 7 LPC

DSR PRODUCTIVITY
(lines per call)

₹12 lakhs < ₹15 lakhs

CURRENT SALES
(per month)

₹15 lakhs

SALES BENCHMARK
(per month)

SITUATION OVERVIEW

Persona Of XYZ Distributor



Name: Rajesh Kumar
Age: 42 years
Location: Gr. Ramgarh Town (population 1.25 lakhs)

ROUTINE

- Reviewing daily orders and coordinating deliveries
- Monitoring stock levels and ensuring timely replenishment
- Managing relationships with retailers
- Overseeing DSR performance and beat plan execution
- Resolving operational challenges (e.g., delivery delays, stock management)
- Attending meetings with Marico's TSO and reviewing sales metrics

RAJESH'S TEAM & RESOURCES

2 DIRECT SALES REPRESENTATIVES (DSR)

1 EXCLUSIVE DELIVERY VEHICLE

SHARED WAREHOUSE SPACE FOR INVENTORY

Root Cause Analysis

Challenges as Distributor

1 Increased Operational Costs

Transition from Stockist to Distributor - Moving from a shared sales and delivery setup to an exclusive Marico distributor model has significantly increased Rajesh's expenses

► Higher overheads are eating into his profit margins, while sales growth has been lower than expected

2 Low Sales Momentum

Sales Growth Below Expectations - After the upgrade, sales have grown by 22% versus the 52% benchmark, and Rajesh is struggling to maintain momentum

► Rajesh is frustrated as he feels his investment has not delivered the expected returns, and his overall business growth is slowing

3 Inefficient Market Coverage

Failure to Meet Effective Coverage (EC) Targets: Rajesh's team is covering 275 outlets instead of target of 400 outlets. Despite having 2 DSRs & a beat plan, full market penetration wasn't achieved

► Limited market reach is resulting in lower sales potential and weaker brand visibility for Marico

4 Low Productivity of DSRs

Average LPC (Lines per call) is 5.5, falling short of target of 7. DSRs are struggling to maximize each sales call - low incentive earnings (40% of potential) reflect their low productivity

► DSRs are demotivated due to low earnings, leading to high attrition (35%). Rajesh is concerned that this might further affect his ability to cover the market effectively

5 Strain on Cash Flow

Increased Stock & Market Credit Requirement: With 17 days of stock & 20 days of market credit, Rajesh has a significant amount of capital tied up in inventory and credit extended to retailers

► This creates cash flow challenges, making it harder for Rajesh to reinvest in his business or take advantage of new growth opportunities

6 Slow Geo-Tagging and Data Utilization

Incomplete Geo-Tagging: Only 25% of outlets have been geo-tagged, limiting his ability to fully optimize the beat plan and improve market coverage.

► This inefficiency is preventing Rajesh from leveraging data to improve route planning and effectively cover the available retail outlets

7 Inconsistent TSO Support

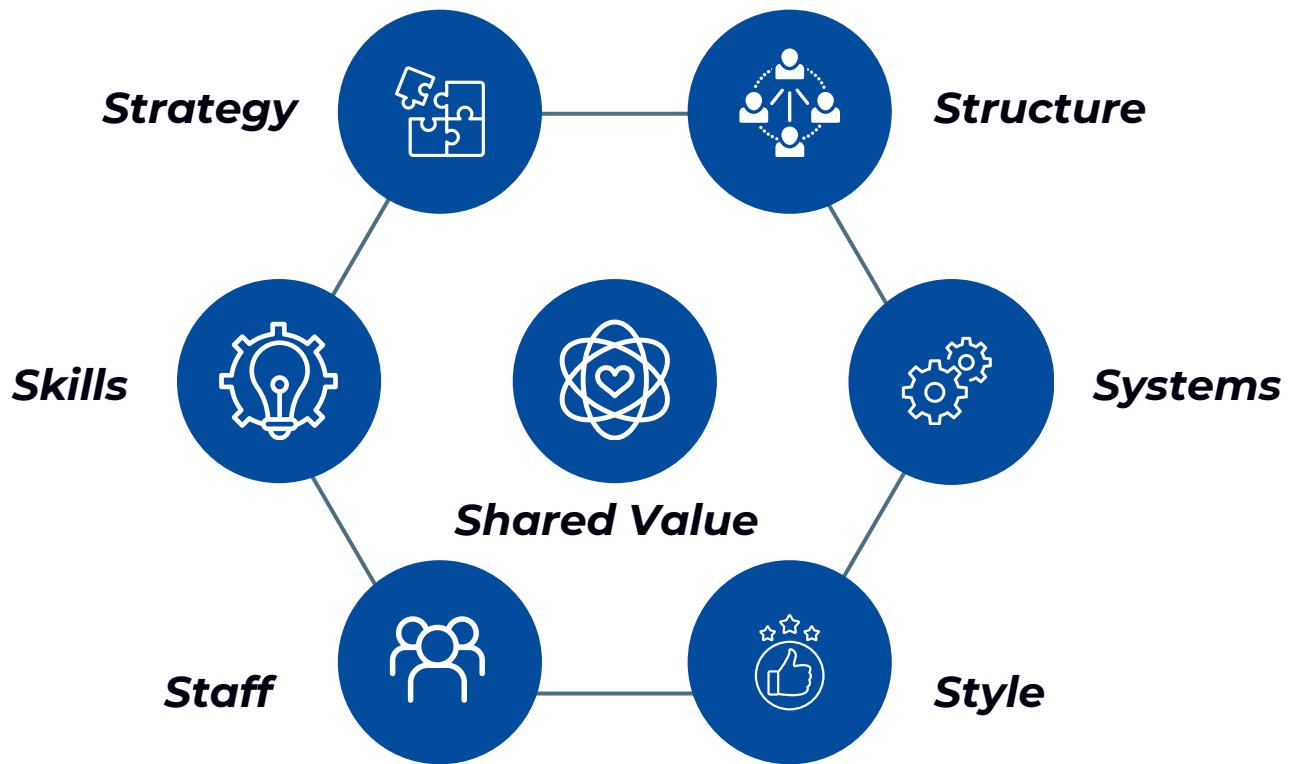
Marico TSO currently visits Rajesh's market only 3 days/month. With 8 DSRs under TSO's supervision, Rajesh feels he doesn't receive enough on-ground support

Impact

- Higher overheads are eating into his profit margins, while sales growth has been lower than expected
- Rajesh is frustrated as he feels his investment has not delivered the expected returns, and his overall business growth is slowing
- Limited market reach is resulting in lower sales potential and weaker brand visibility for Marico
- DSRs are demotivated due to low earnings, leading to high attrition (35%). Rajesh is concerned that this might further affect his ability to cover the market effectively
- This creates cash flow challenges, making it harder for Rajesh to reinvest in his business or take advantage of new growth opportunities
- This inefficiency is preventing Rajesh from leveraging data to improve route planning and effectively cover the available retail outlets
- Limited guidance and support from the TSO are leaving Rajesh without enough strategic input to overcome market challenges and improve sales

Turnaround Plan

Solving for challenges Using McKinsey 7S Framework



- Strategy:** Focus on driving a 25% sales increase and expanding market coverage in 2 months through improved DSR productivity and optimized operations
- Structure:** Enhance distributor's structure with clear role definitions, tighter collaboration with TSO, and possible temporary DSR additions
- Systems:** Introduce **AI-driven route optimization**, full geo-tagging, retailer ordering systems, and performance gamification
- Shared Values:** Align distributor and DSRs with Marico's growth and customer-first values
- Style:** Strengthen leadership with hands-on involvement and more frequent TSO engagement
- Staff:** Retrain and incentivize DSRs, boost morale, and potentially add new staff to increase market coverage
- Skills:** Focus on sales skills for DSRs and analytical skills for leadership to drive execution

Strategic Recommendations



Improve DSR Productivity & Retention

- Action 1:** Conduct a refresher training program for DSRs focused on increasing LPC, **upselling, and relationship management**
- Action 2:** Revise **incentive structures** to reward performance based on meeting LPC and new outlet coverage targets
- Action 3:** Implement a **gamified system for DSRs** with leaderboards and monthly rewards for top performers

Expected Impact:

- LPC increases from 5.5 to 7, resulting in an estimated 15% growth in sales volume
- DSR attrition reduced by 50%, leading to improved sales continuity



Expand Market Coverage

- Action 1:** Complete **geo-tagging of the remaining 75%** of outlets to ensure all 450 outlets are covered
- Action 2:** Adjust beat plans to optimize coverage and allow each DSR to reach at least 225 outlets
- Action 3:** Add **temporary DSRs** if necessary to achieve full coverage within 2 months

Expected Impact:

- Effective Coverage increases to 450 outlets, driving up sales by 10-12% in underpenetrated areas
- Geographic market reach optimized, resulting in more frequent product restocking by retailers



Optimize Financial Management

- Action 1:** Reduce market credit terms from 20 days to 15 days through early payment incentives for retailers
- Action 2:** Lower **stock holding to 12-15 days** by improving replenishment cycles and forecasting

Expected Impact:

- Improved cash flow, freeing up ₹1.5-2 lakhs in working capital
- Reduced financial stress on the distributor, leading to more investment in sales activities



Strengthen TSO Support

- Action 1:** Increase **TSO engagement to 5 visits per month**, with a focus on joint market visits with DSRs to identify opportunities for improving sales
- Action 2:** Conduct **weekly performance reviews** with the distributor to ensure targets

Expected Impact:

- Rapid course correction for any performance gaps, ensuring continuous sales improvement



Inventory Management:

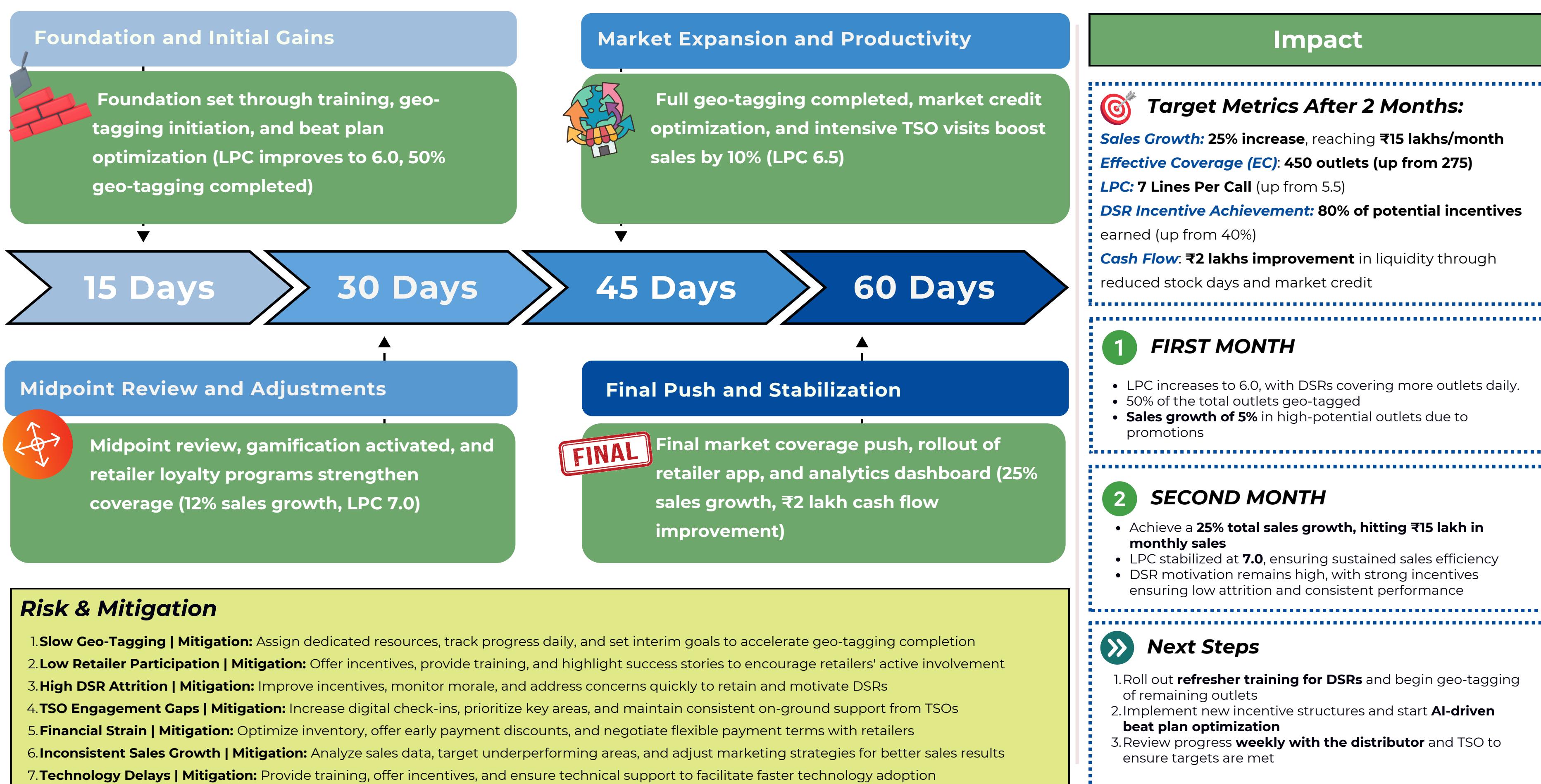
Reduce inventory holding from 17 to 12-14 days, freeing up ₹1-2 lakhs in working capital.

Credit Term Management: Negotiate credit terms with major retailers, reducing credit cycles from 20 to 15 days, and improving cash flow.

Optimized Delivery Routes: Implement real-time API-based tracking to streamline delivery routes, potentially cutting logistics costs by 20% using algorithmic route optimization.

Cash Liquidation Optimization: Incentivize timely payments from retailers to further ease cash flow pressures and optimize liquidity.

2 Months Plan detailed timelines



Turnaround Plan - Deep Dive

Gamified DSR App



Weekly Store Visit Target

Weekly Sales Target

Milestone Rewards

Leaderboard

AI-Based Route Optimization

Badges & Levels

Dynamic Target Adjustments

Instant Feedback

Leveraging AI



Impact:

- Efficiency:** AI reduces wasted effort, increases store coverage, and ensures DSRs are focusing on the right stores at the right time.
- Sales Growth:** Predictive insights help DSRs drive upselling and cross-selling, leading to higher sales.

Credit Line

Objective:

To alleviate cash flow issues for distributors by offering flexible credit solutions, enabling them to focus on sales without financial constraints.

Negotiated Credit Terms:

Reduce credit cycles from 20 days to 15 days for high-performing retailers.

Offer early payment incentives like a 1-2% discount for retailers who pay within 10 days.

Extended Credit Line:

Offer an extended credit line to distributors who meet sales targets (e.g., an additional 10-15% credit for meeting a specific sales threshold).

Credit Monitoring:

Use AI to monitor credit repayment patterns and flag potential risks to prevent bad debt situations.

Track and analyze payment behaviors to offer custom credit plans based on performance.

Impact:

Improved working capital and cash flow for distributors. Reduced financial stress allows distributors to focus on expanding coverage and sales.

P2P Learning

Objective:

Create a community of learning where successful distributors and DSRs can share best practices, tips, and strategies to motivate and improve underperforming teams.

Plan:

- Learning Circles:**
 - Organize bi-weekly virtual or in-person learning sessions where top-performing distributors/DSRs share strategies on beat plan execution, retailer engagement, and sales growth.
- Knowledge Sharing App:**
 - Develop an in-app peer-to-peer communication platform where distributors and DSRs can share tips, success stories, and market insights.

Impact:

Retention Boost: By focusing on small, achievable goals, DSRs stay motivated and feel rewarded regularly.

Higher Sales: DSRs become more engaged, leading to better store visits, increased coverage, and higher sales.

DSR App - Deep Dive

Performance Monitoring



What

Aids in daily tracking & monitoring of targets & goals, and resource allocation

Impact:

Increases awareness and motivates to perform better and be aware of incentives and standings

Sales Assistance



What

Helps in negotiations via mood tracking, quick quotations and prompts to engage conversation

Impact:

Increases the productivity by personalizing sales calls and assisting in quick yet efficient negotiation

Long Term B2B Platform



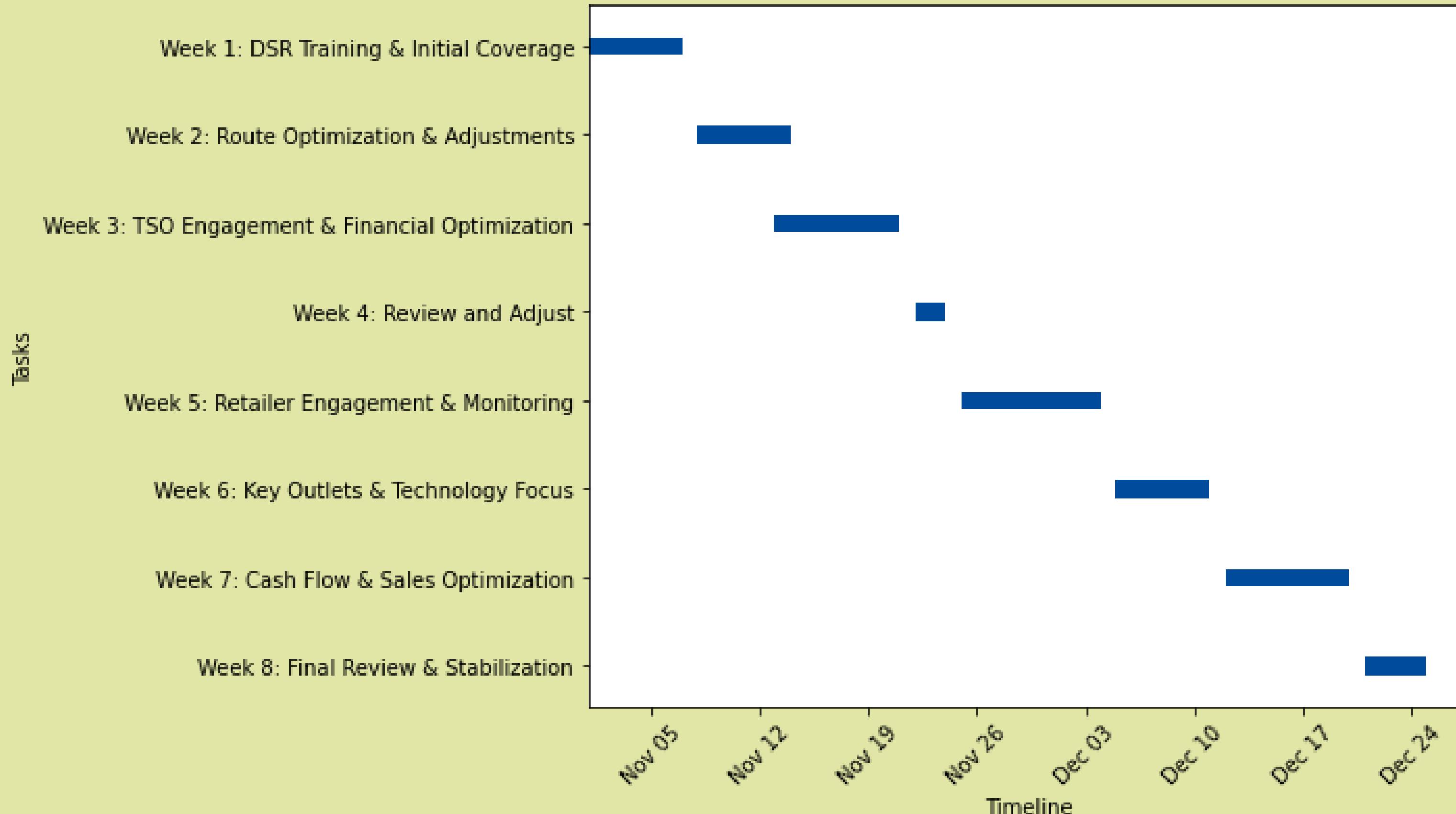
What

Direct platform for Retailers to buy and manage inventory with Marico.

Impact:

Long term optimisation of Value Chain for Marico & Mitigation of loss of retail relationships because of DSR attrition.

Gantt Chart: Task Deliverables Timeline



Distribution Analysis

Current Scenario of Distribution of Marico (relevant to Ramgarh)



Distance 130 kilometers from Warehouse in Rupapatia to Ramgarh. Cost of shipment from the Warehouse to the Location is just Rs.0.08/kg/km. one of the lowest costs in the country for Marico's distribution.

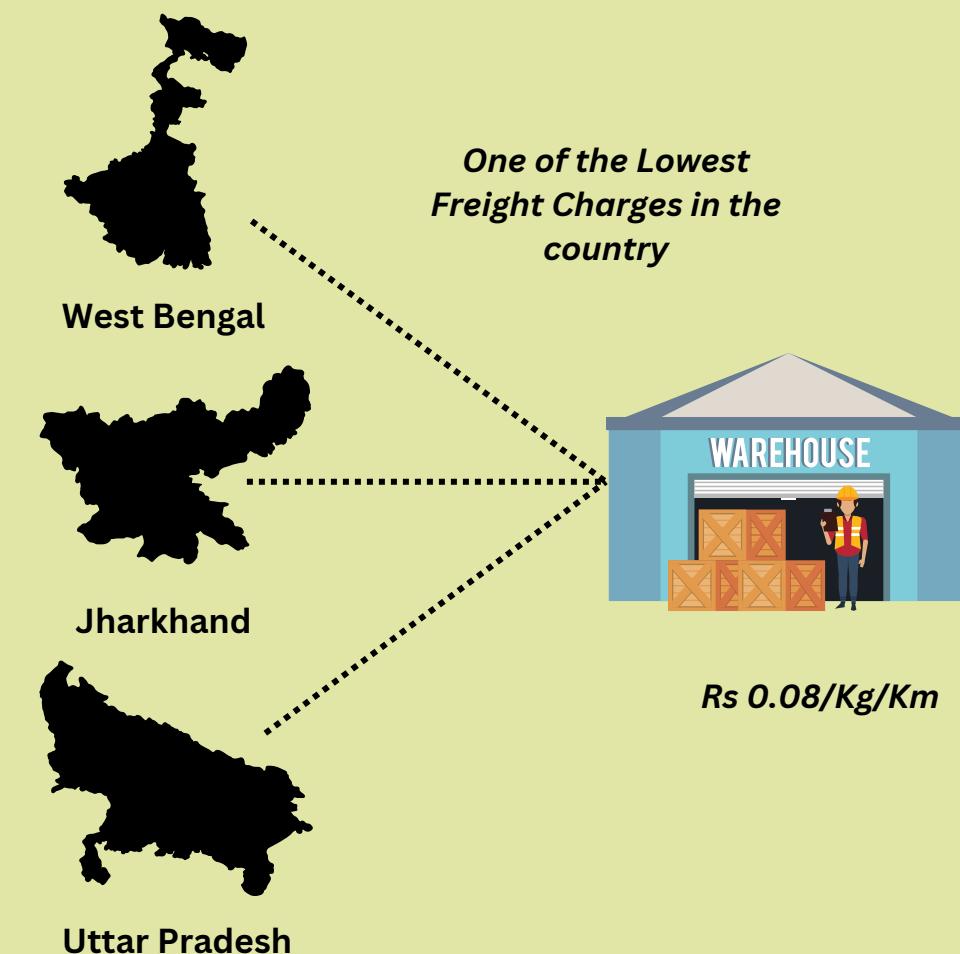


EXHIBIT 3: SECONDARY FREIGHT EQUATIONS

Region	Equation
North East	= 0.0145x
North	= 0.011875x
West	= 0.0115x
South West	= 0.010625x
South East	= 0.009125x
Central	= -0.008875x
East	= 0.008x
North Central	= 0.007875x
North West	= 0.006875x

Here the output is in the form of $y = mx$.
 y = total cost (₹)/kg for secondary freight
 m = cost (₹)/kg/km
 x = distance (km)

EXHIBIT 11: SERVICE ANALYSIS OF 24 WAREHOUSES VERSUS CURRENT CONFIGURATION

Region	Demand <= 250 km	
	Suggested	Current
North	85%	73%
East	63%	63%
West	93%	79%
South	87%	78%

EXHIBIT 12: SERVICE ANALYSIS OF 22 WAREHOUSES VERSUS CURRENT CONFIGURATION

Region	Demand <= 250 km	
	Suggested	Current
North	75%	73%
East	65%	63%
West	93%	79%
South	83%	78%

Ramgarh area lies in the East Dominion of the country

Exhibit 11 and 12 show that the suggested demand is equal to the current demand in both the cases of 24 warehouse model and 22 warehouse model. This means with cost optimized and demand met from Marico's end, benefit can be passed on to XYZ distributor in terms of monetary incentives and Systems and Tech synergies to help XYZ distribution level up his game for meeting the benchmarks better.

Appendix

1. How we are pioneering distribution models of the future
2. Marico Ltd.: Distribution Network Optimization
3. Marico drives global digital transformation
4. TECHNOLOGY FOR DISRUPTION- Innovate for Digital Disruption
5. How Marico Limited Achieved 100X Growth in Sales & 99.9% + Order Fulfillment Rate using Unicommerce for its D2C online business- Unicommerce
6. Maricollaborative Value Chain Partner

Patience is the key to success, it's just been 3 months. Things will turn out fine :)