

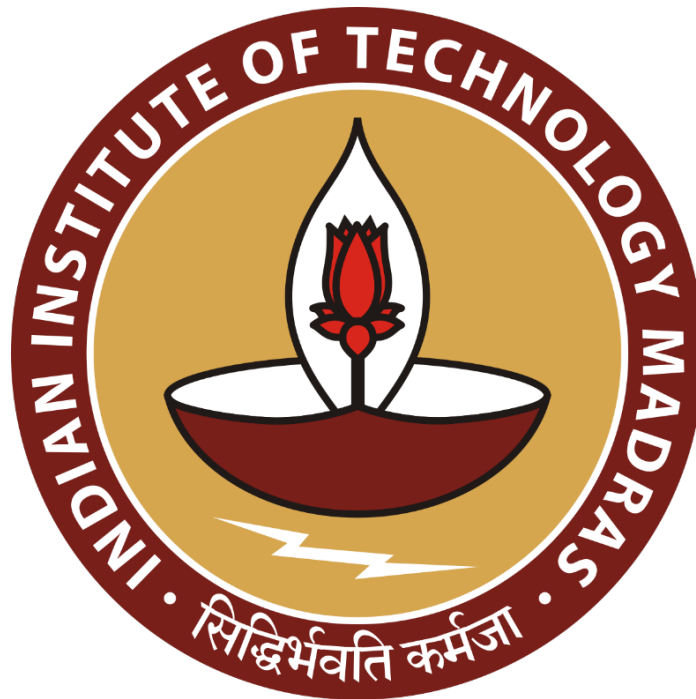
Strengthening Revenue Streams and Supply Chain Efficiency in FMCG Distribution

A Proposal report for the BDM capstone Project

Submitted by

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Declaration Statement

I am working on a Project “**Strengthening Revenue Streams and Supply Chain Efficiency in FMCG Distribution**”. I extend my appreciation to Hapur Sales Corporation, Hapur for providing the necessary resources that enabled me to conduct my project.

I hereby assert that the data presented and assessed in this project report is genuine and precise to the utmost extent of my knowledge and capabilities. The data has been gathered through primary sources and carefully analyzed to assure its reliability.

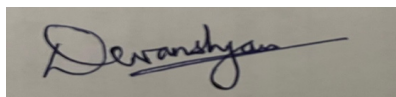
Additionally, I affirm that all procedures employed for the purpose of data collection and analysis have been duly explained in this report. The outcomes and inferences derived from the data are an accurate depiction of the findings acquired through thorough analytical procedures.

I am dedicated to adhering to the information of academic honesty and integrity, and I am receptive to any additional examination or validation of the data contained in this project report.

I understand that the execution of this project is intended for individual completion and is not to be undertaken collectively. I thus affirm that I am not engaged in any form of collaboration with other individuals, and that all the work undertaken has been solely conducted by me. In the event that plagiarism is detected in the report at any stage of the project's completion, I am fully aware and prepared to accept disciplinary measures imposed by the relevant authority.

I agree that all the recommendations are business-specific and limited to this project exclusively, and cannot be utilized for any other purpose with an IIT Madras tag. I understand that IIT Madras does not endorse this.

Signature of Candidate:

A rectangular box containing a handwritten signature in dark ink. The signature appears to be 'Devansh Jain' written in a cursive, flowing style.

Name: Devansh Jain

Date: 03/10/2024

1 Executive Summary and Title

Hapur Sales Corporation, founded by Shri Madhav Bansal in the Hapur district, is a B2B distributor in Fast-Moving Consumer Goods (FMCG). The organisation initially focused on agency-based distribution and in 1984 secured a dealership with Hindustan Unilever Limited (HUL). This partnership has laid strong foundation for Hapur Sales Corporation's position as a leading distributor for HUL products in the region, enhancing its reputation and market capture. Despite its success, Hapur Sales Corporation faces several challenges that could hinder growth. One major issue is the high dependency on a small group of retailers, which not only limits the company's growth potential but also increases financial risk. If any of these key retailers encounter difficulties, it could impact the overall profitability of business. Additionally, frequent disruptions in stock flow lead to delays in product availability leading to delays in sales.

To address these challenges, Hapur Sales Corporation could optimize its stock management by analyzing stock flow inefficiencies and enhancing inventory control. A dependency analysis would help the company understand retailer reliance on specific products, allowing for a diversification of its retailer base, thereby mitigating financial risk and paving the way for sustainable growth.

2 Organization Background

Hapur Sales Corporation, established in Hapur district, has a B2B structure. It has grown to become a key distributor in the Fast-Moving Consumer Goods (FMCG) sector. Founded by Shri Madhav Bansal, the organization initially operated with a focus on agency-based distribution, primarily handling cosmetics and detergent products across several companies. This strategic approach allowed the company to develop a solid foundation in the local market and establish robust relationships with retailers.

In 1984, the organization secured a pivotal dealership contract with Hindustan Unilever Limited (HUL), a significant milestone that redefined its operational focus. Transitioning to an exclusive partnership with HUL, Hapur Sales Corporation streamlined its offerings to specialize solely in the distribution of HUL's extensive product line. This shift not only enhanced operational efficiency but also strengthened the company's market position.

Today, Hapur Sales Corporation consistently serves over 200 retailers, reflecting its broad reach and dependable supply chain. The company's deep-rooted commitment to quality service and its strategic alignment with a leading FMCG player like HUL has enabled it to sustain growth and cater effectively to the evolving demands of the retail market.

3 Problem Statement

3.1 The business is reliant on a small number of retailers for a sizeable portion of its trade. The concentration of revenue sources makes the company vulnerable to retailer demand changes; hence, it needs to diversify the base of retailers to ensure the business grows.

3.2 Stock movement is often disrupted for the distributor resulting in occasional supply shortages of the product when it is most needed. Such delays disrupt product supply to retailers, which could lead to lost sales opportunities. These inefficiencies in the supply chain need to be addressed in order to make sure that products arrive when needed and that retailers can count on it.

4 Background of the Problem

Hapur Sales Corporation faces a significant challenge due to its high dependency on a few key retailers for the majority of its revenue, which exposes it to revenue volatility and limits growth potential. This dependency would mean that any fluctuations in the purchasing behaviour of these retailers could have a considerable impact on the organisation's financial stability. Diversification of its retailer base is essential to reduce this dependency and build a more balanced revenue model that is less affected by external changes.

In addition to this, the organisation struggles with frequent supply chain disruptions, which affect product availability and delays. Internally, Hapur Sales Corporation lacks efficient inventory management systems, leading to inconsistent stock flow and hinders its ability to meet retailer demand. Situation is more worsened by operational inefficiencies, such as delays in stock movement, which disrupts the balance between supply and demand.

Externally, the company is influenced by market, including shifts in retailer demand, seasonal fluctuations, and logistic related problems, all of which contribute to stock flow hindrances. Giants such as Big Basket, Blinkit, DMart also add pressure, requiring the company to strengthen its relationships to retain key clients. Addressing these issues is crucial for Hapur Sales Corporation to build a strong regular supply chain, ensure stable revenue, and establish sustainable growth in an evolving market.

5 Problem Solving Approach

5.a Details about the intended data collection with Justification

The first step in the project was to initiate comprehensive data collection, starting with an introductory meeting with the business owner to understand the nature of their business. I introduced my Business Data Management (BDM) project, which focused on identifying critical business challenges. The owner agreed to share relevant data. In subsequent meetings, we discussed specific problems impacting growth and for which I maintained regular communication.

5.b Details about the methods used with Justification

- **Product-wise Sales Analysis (Stacked Bar Chart)** effectively visualizes sales performance across different products. Each bar represents total sales, divided into segments that show the contribution of each product to overall revenue. This allows stakeholders to quickly assess which products are driving sales.
- **Retailer-wise Performance Analysis (Heat Map)** is effective tool for visualizing retailer performance, where colours indicate varying levels of sales across different retailers. It makes easy to spot high-performing and underperforming retailers at a glance.
- **Sales Distribution Analysis (Box Plots)**; useful for analysing distribution of sales across various product categories. It provides a visual summary that highlights median values, quartiles, and potential outliers. Information is crucial for understanding sales variability and identifying products that may require further investigation or strategic changes.
- **Pareto Analysis** helps identify the top-selling and top-revenue-generating products based on the 80/20 principle, which suggests that a small number of items typically account for a large portion of sales. By focusing on these key products, businesses can allocate resources more effectively and maximize revenue potential.
- **ABC Analysis** categorizes inventory into three classes based on their importance. Class A items are the most valuable, while Class C items are the least. Method helps optimize inventory management by ensuring that high-value items are stocked appropriately, reducing costs.
- **Retailer Repeat Rate Analysis (Cohort Chart)**: allows businesses to analyse the repeat purchase behaviour of retailers over time. By grouping customers based on their first purchase date and tracking their subsequent purchases, the company can identify trends in customer loyalty and retention.

5. c Details about Analysis Tools with Justification

Starting the analysis using Python and Pandas for advanced data manipulation and in-depth insights through various visualizations. Python, along with libraries like Pandas and Seaborn, will be critical in performing complex calculations and producing detailed charts to reveal hidden insights in the data. Subsequently, I shall make use of Tableau to create interactive dashboards, making it easier to explore the data dynamically.

6 Expected Timeline

6.1 Work Breakdown Structure:

NAME OF THE TASK	TIMELINE
Data Collection	15 October
Data Cleaning	26 October
Preparing Proposal Submission	29 October
Finding insights	1-4 November
Preparing Mid Term Submission	5-6 November
Preparing Data Analysis	10-11 November
Finding Solutions	11-12 November
Preparing Final Submission	13-18 November

Figure: Work Breakdown Structure

6.2 Gantt chart

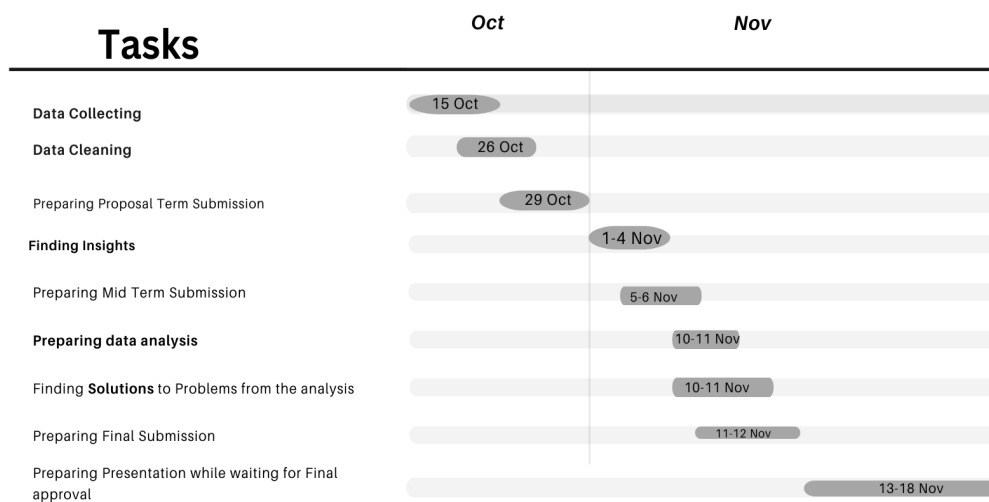


Figure: Expected timeline for completion of project.

7 Expected Outcome

7.1 Stock Management Optimization

Optimizing stock management is essential for improving inventory control by identifying inefficiencies in stock flow. Enhancing the balance between supply and demand, minimizing stockouts that lead to lost sales and overstock situations that increase holding costs.

7.2 Retailer Dependency Analysis

Retailer dependency analysis to check the dependency of retailers on distributors for key products. Understanding this dependency helps businesses gauge market demand and identify areas for improvement. By evaluating sales data and product assortments, companies can uncover insights into the nature of their relationships with retailers, enabling them to make informed decisions.

7.3 Enhancing Distributor-Retailer Relationships

Improving distributor-retailer relationships is crucial for driving market share and sales growth. By addressing dependency issues and tailoring strategies to diversify product offerings, businesses can strengthen partnerships with retailers.