

Supply Chain Analysis Report

Executive Summary & Performance Metrics

I.Executive Summary

- **Financial Health:** The supply chain is highly profitable, achieving a **99.1% Gross Profit Margin** on total revenue of **₹577,605**.
- **Operational Stability:** Core logistics remain consistent, anchored by an **86% On-Time Delivery (OTD)** performance and a reliable **17.08-day** average Supplier Lead Time.
- **CRITICAL GOVERNANCE RISK:** **92%** of all operating costs (**₹4,858**) are categorized as "Miscellaneous." This lack of classification represents a massive control deficiency and limits optimization.

II. Detailed Financial Pointers

Metric	Figure (₹)	Pointer Summary
Total Revenue	577,605	Excellent top-line generation; provides significant capacity for strategic investment.
Total Operating Costs	5,281	Low cost base, but the composition is unknown (see Risk Pointers below).
Net Profit	572,323	Exceptionally high net income result for the reporting period.
Profit Margin	99.1%	Highest potential strategic lever; must be protected by classifying costs.

III. Operational Pointers

- **Supplier Predictability:**
 - **Metric:** Average Supplier Lead Time is **17.08 days**.
 - **Analysis:** This consistency is a core strength for inventory forecasting and minimizing holding costs.
 - **Actionable:** Must establish redundancy; reliance on current single sources is a high-impact risk.
- **Delivery Reliability:**
 - **Metric:** On-Time Delivery (OTD) is **86%**.
 - **Analysis:** While strong, the **14% delivery failure rate** is a measurable gap in customer experience.

- **Actionable:** Focused intervention needed to push OTD above the competitive benchmark of 90%.

Risk Prioritization and Strategic Roadmap

IV. Critical Risk Pointers (High Priority for Mitigation)

The current success is structurally fragile due to financial blind spots.

- **Risk A: Cost Black Box (Severity: CRITICAL)**
 - **Data:** 92% of Total Costs (₹4,858) is unclassified.
 - **Impact:** Zero visibility into cost drivers. Prevents accurate Cost-to-Serve (CTS) analysis and hides potential inflationary pressures.
 - **Mandate:** Immediate Cost Audit.
- **Risk B: Customer Experience Gap (Severity: MODERATE)**
 - **Data:** 14% of orders are late (100% - 86% OTD).
 - **Impact:** Damages brand equity and increases operational costs through recovery logistics (e.g., expedited shipping).
 - **Mandate:** Targeted Root Cause Analysis on the specific causes of the 14% failure.
- **Risk C: Financial Vulnerability (Severity: HIGH POTENTIAL)**
 - **Data:** Current financial reports provide no figures for Inventory Value or Inventory Turnover Rate.
 - **Impact:** Management cannot assess if capital is inefficiently tied up in slow-moving stock or if there are insufficient safety stocks to protect against the 17.08-day lead time.
 - **Mandate:** Establish Inventory Reporting Framework.

V. Strategic Roadmap Pointers (Action Items)

1. **FINANCE: Cost Transparency Project (60-Day Mandate)**
 - **Action:** Allocate resources for a full audit of the ₹4,858 Miscellaneous Costs.
 - **Output Goal:** Reclassify all costs into defined accounts (e.g., Maintenance, Indirect Labor, Utilities).
 - **Success Metric:** Reduce "Miscellaneous Costs" to below 5% of the total cost base.
2. **OPERATIONS: OTD Performance Improvement (90-Day Mandate)**
 - **Action:** Isolate the top three factors contributing to the 14% OTD failure rate (e.g., specific lanes, carriers, or warehouse processes).
 - **Output Goal:** Implement process changes based on root cause findings.
 - **Success Metric:** Increase OTD performance from 86% to 90%.
3. **STRATEGY: Capital and Inventory Defense**

- **Action:** Initiate a project to formalize inventory policy, linking the **17.08-day** lead time to defined safety stock and reorder points.
- **Output Goal:** Develop a Working Capital model to optimize stock levels.
- **Success Metric:** Integrate Inventory Turnover Rate and Days Sales of Inventory (DSI) into the quarterly executive reports.

Report by ***kritika rawat***

Date : 23/11/2025