



“Is there light at the end of the tunnel?” – This was the perennial question we were asked by our Sales team.

Our Aftermarket business was hemorrhaging due to constant stock outs thereby leading to customer dissatisfaction. On the other hand we were carrying inventory far in excess resulting in bottom line erosion. There was constant standoff between Aftermarket planning team and the Aftermarket Sales team. The planning team was always asking for proper forecasts from the Sales team, while in return the Sales team was demanding very high percentage of availability of the materials. We therefore ended up in the vicious cycle of poor forecasting – poor availability – poor service levels.

We looked at various Forecasting software’s with a view of improving our forecasts. There were all ‘number & statistics’ intensive which we were sure would never be able to address the core issues in totality. It was in this context we were introduced to the concept of Theory of Constraints (TOC) by M/s Strategy & Systems Consulting. They were able to quickly understand our environment, and able to customize the TOC solutions to suit our reality. We formed a cross functional core team within our company, our consultants trained our team and comprehensively guided us in the process of implementing the TOC based rules and processes.

TOC was an eye opener as it challenged our basic understanding and approach in meeting the requirements of our Aftermarket business. TOC concepts and processes were very simple, easy to understand and quick to implement. Some key highlights

- TOC does not aim to improve forecasting. On the other hand it improves availability and thereby service levels
- TOC helped us to provide very clear and timely communication to our Vendors on our requirements and the priority of the same. This was completely missing when we were looking at improving the forecasts. Vendors were able to line up their raw material purchase and their production plan basis this communication.
- TOC was able to seamlessly tie up all the supply points in our Value chain.

Within six months of implementation of TOC, we were able to maintain 92% availability of our spare parts at our stocking points, improve top line volume by 18%, and increase the inventory turn from 3 to 9. Importantly, our firefighting, follow up’s and stress levels dropped significantly. We are confident of further improving the before mentioned business results in the coming days.

Wherever there is a constant throughput of materials or Assembled parts or Finished goods, I would strongly recommend TOC owing to its intrinsic simplicity and seamless integration to the business process.

S.Vijaybabu

General Manager – After Market Planning & Stores

Schwing Stetter India P Ltd.