

BUSINESS REMODELING

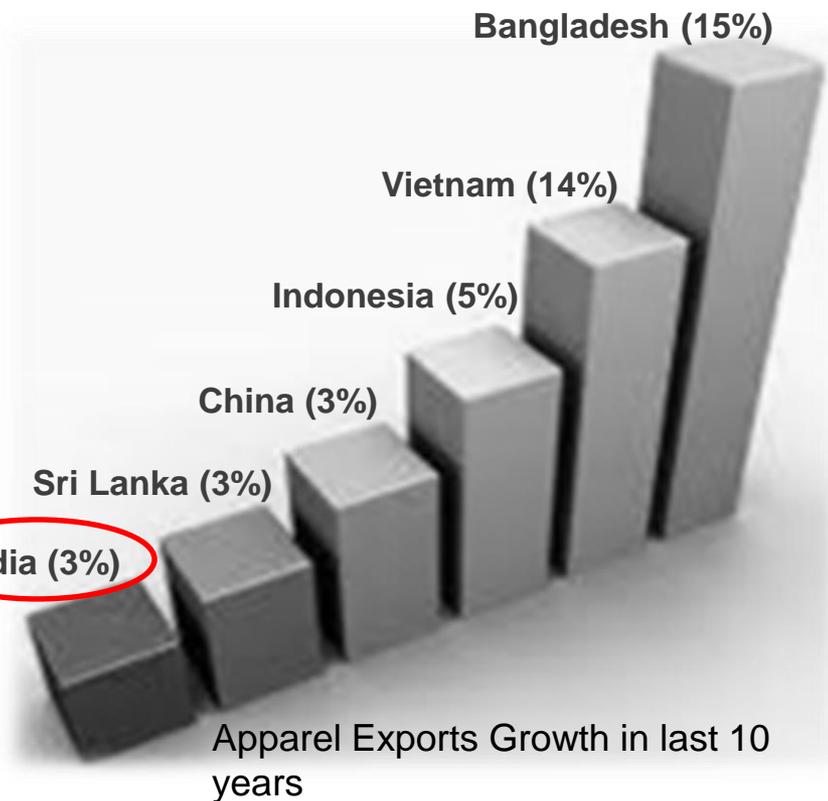
ASK

APPROACH – SKILL - KNOWLEDGE

Virender Goyal

Do we need Business Remodelling?

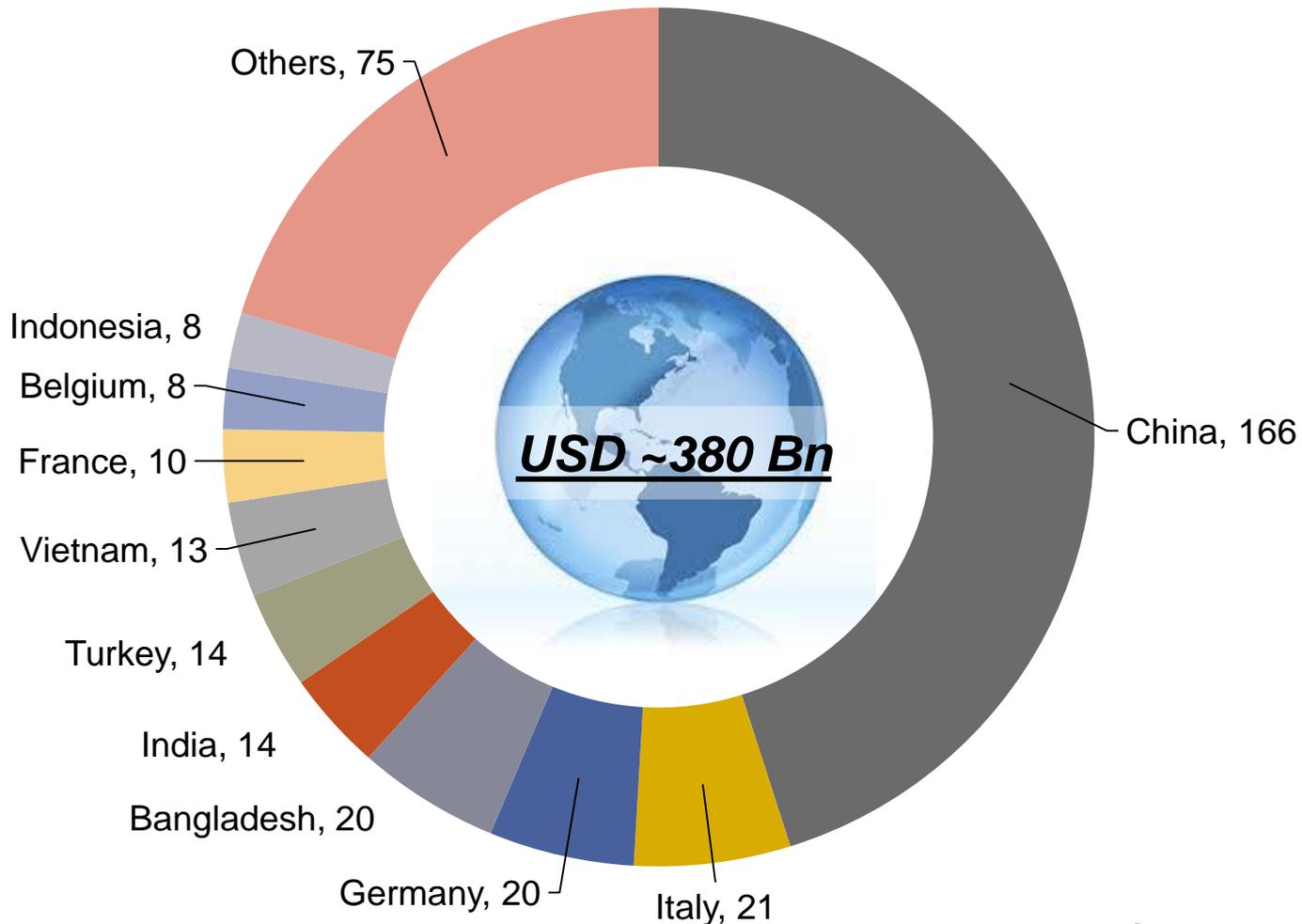
India's growth rate is slow



Despite having competitive advantages

- ✓ Major raw material producer
- ✓ Strong backward supply chain linkages
- ✓ Investment capabilities
- ✓ Buyer friendly environment

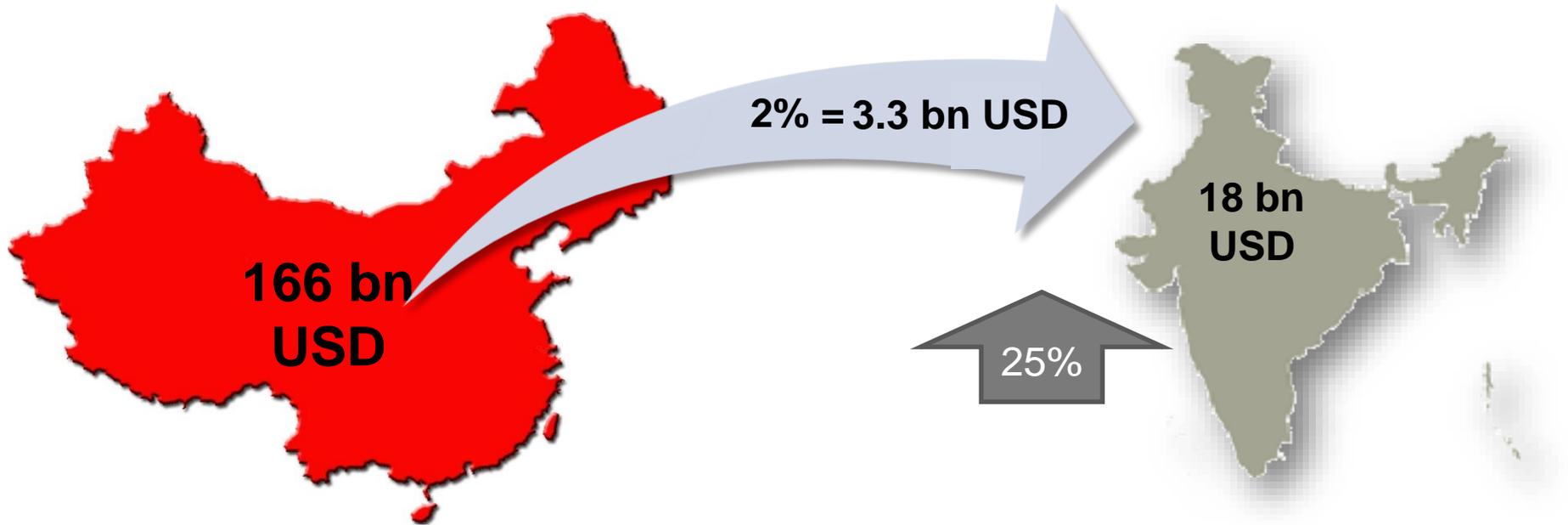
Apparel Exports has reached 380 bn USD



Source: UN Comtrade

India has a lot to gain

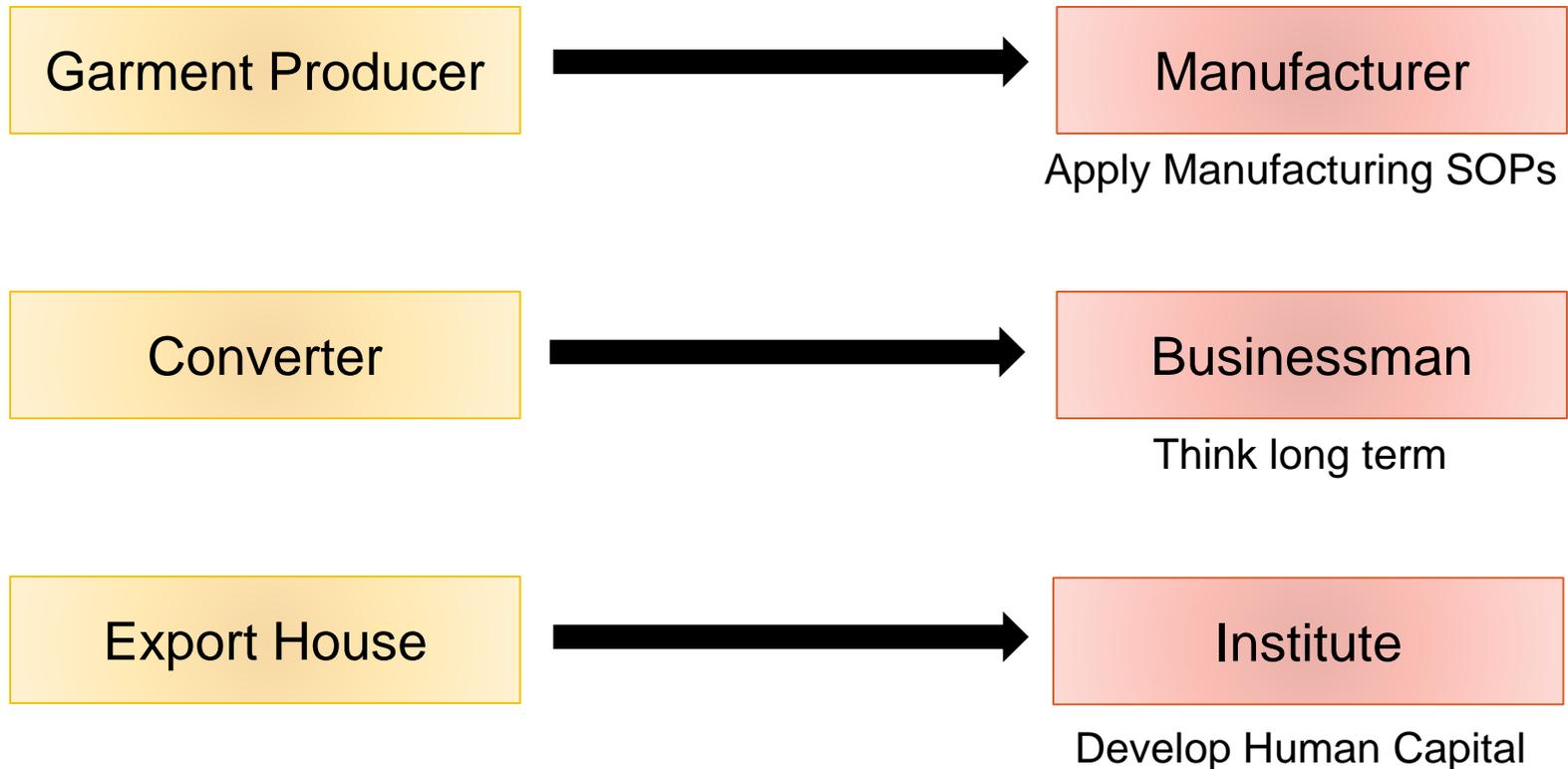
Apparel Exports



A spill over of even 2% from China's apparel exports market will mean 25% for the current Indian exports

What is Business Remodeling?

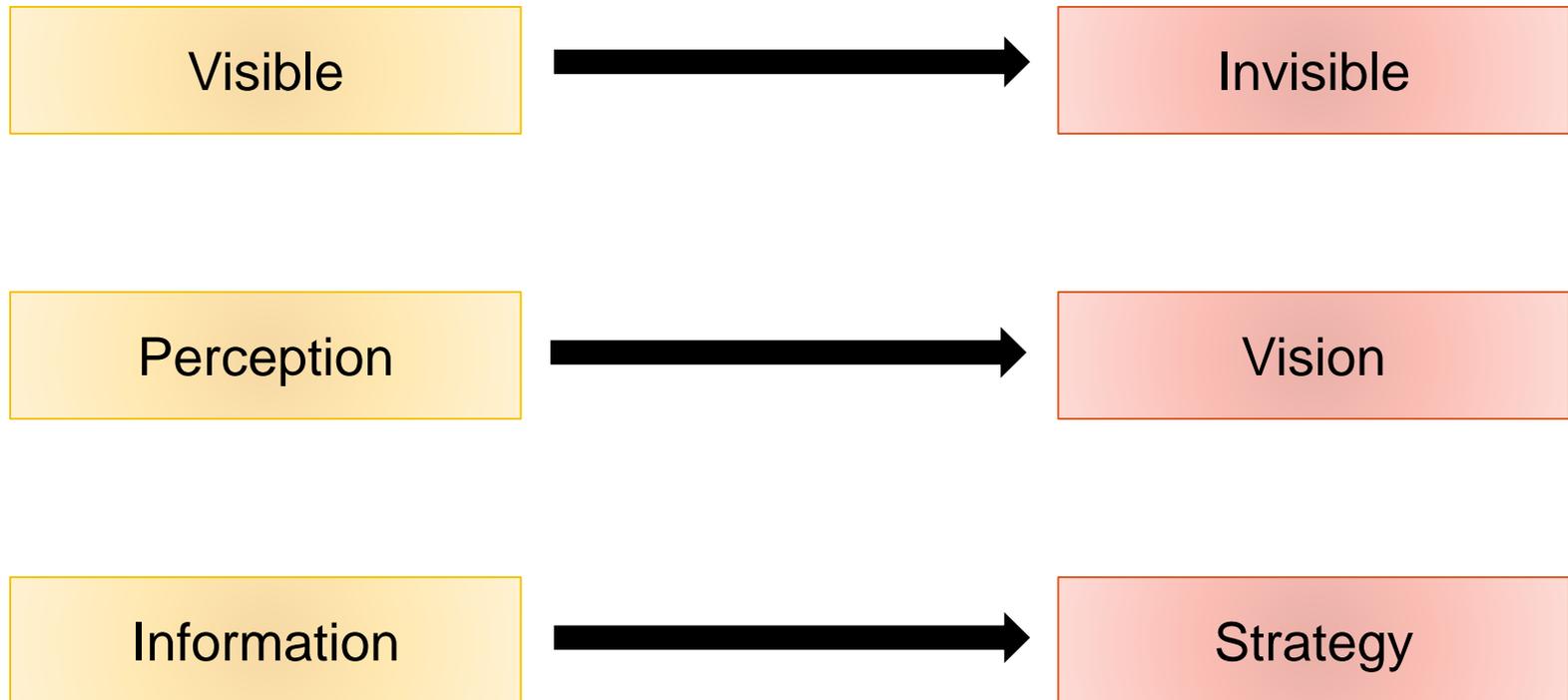
A paradigm shift in the way we run our business



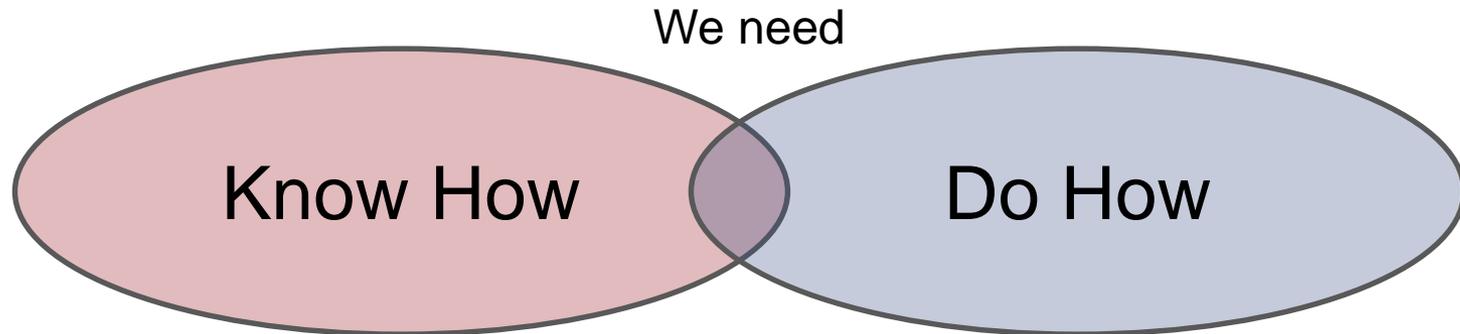
Fashion changes..... Industry doesn't!!!

How?

A shift in the thought process



So, what is the thought process?



We have the know how

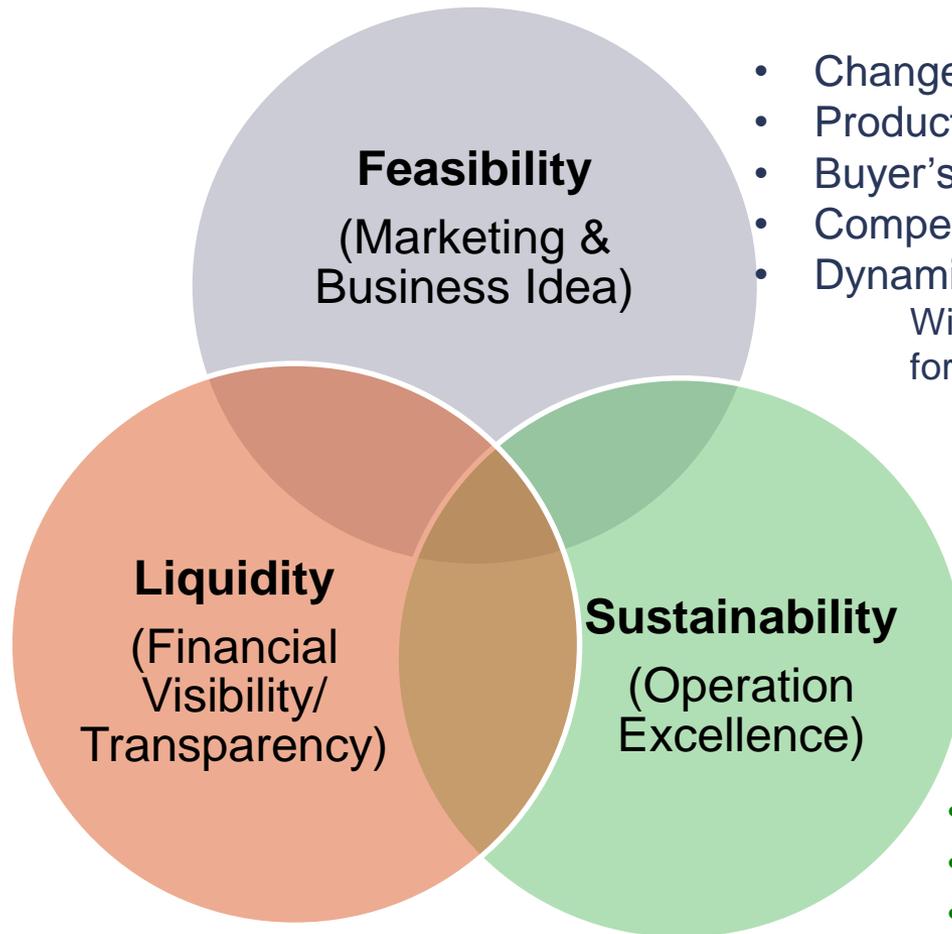
- By use of Information
- We are running the business for years with our experience (individual or a small group)
- Have studied various successful models (though do we know the root cause of Success?)
- Taken advantage of other experiences
- Implemented various processes

What about
Do How?



It's a
Structural,
Scientific,
Step by Step
process

Do how – Three ingredients



- Change in Customer need
- Product & Market Forecast
- Buyer's Strategy & forecast
- Competitors Understanding (Macro & Micro level)
- Dynamic, Visible Business Model
With Clear Defined Critical Parameters
for each component of Cost

- Cash Flow (Business Life line)
- On line visibility

- Decision Support Systems (DSS)
- Processes (empowerment)
- Productivity through flexibility
- Costs (continuous improvement)

SO... WHAT ARE THE
CHALLENGES?

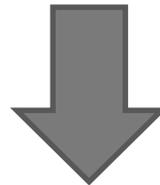
1. Thought process Calculate “*Target Cost*” not “*Price*”

$$\text{Cost} + \text{Profit} = \text{Selling Price}$$

Takes a hit

Costs are based on operations

But selling price is market driven



$$\text{Selling Price} - \text{Profit} = \text{Cost}$$

define **Target Cost**

2. Operations

Cost = Cost per SAM X SAM

What if we make more garments in the same time?

- By using more machines
- By using more capacity
- By outsourcing?

The key is to plan in advance!!

2. Operations

- Do we know the line cost / day (say 1000 USD)?
- Do we know the contribution / unit (Say 1 USD)
- So we know the target.....

- **Line cost per Day / Contribution per unit ($1000/1 = 1000$)**

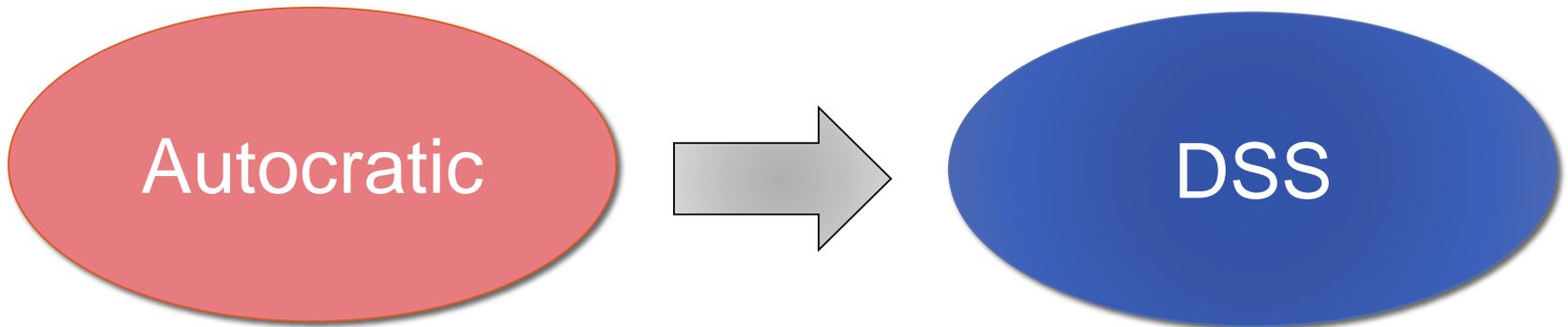
- Do we know the order size? (say 15000 Units)

- **So we know the no days to be used to maintain my profit...is 15 days.**

If we plan the order in 17 days we know we are making USD 2000 loss in this order from the planning stage.

3. Planning

- Enabling Technology



One Person taking most of the decisions

Build Decision Support System

3. Planning

Plan Profit

then

Production

Focus on Delay

then

Deliveries

Plan Inflow

then

Unit

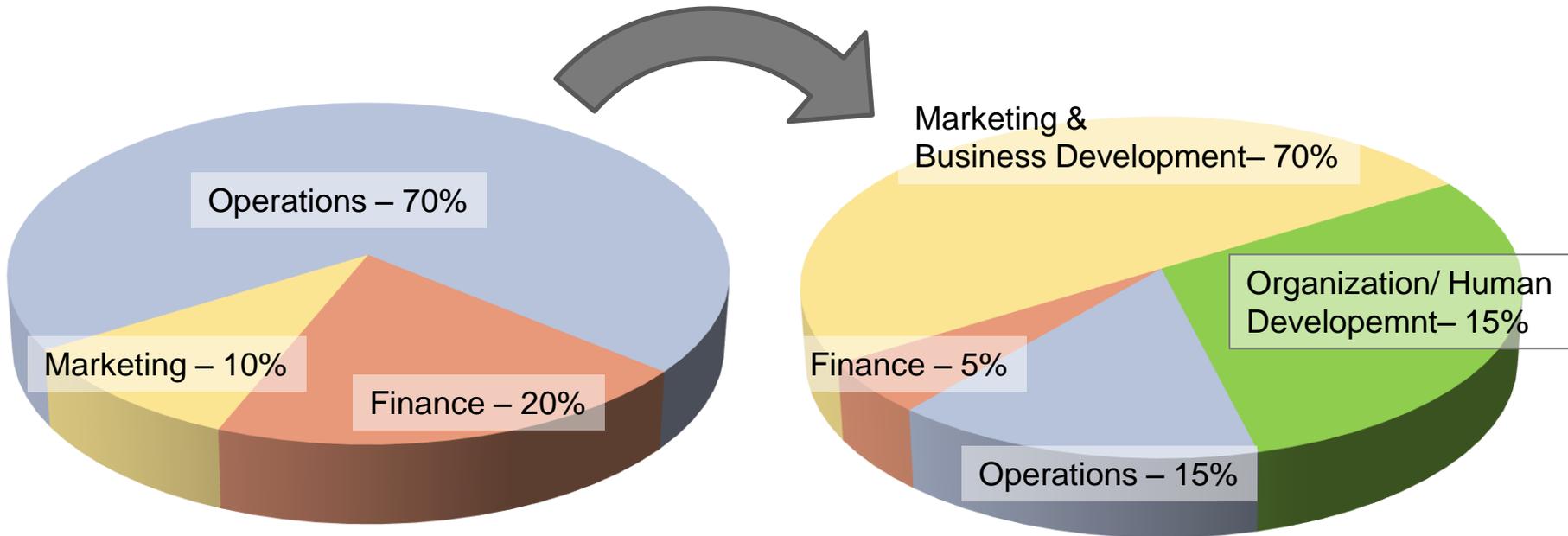
We involved in?

Almost everything

- Finance** – Banks, Loans, Interest Payments, Cash Flow
- Operations/HR** – Productivity, Orders delivery, WIP, Manpower
- Sourcing/Purchase** – Searching vendors, Office supplies
- Marketing** – Getting orders, Meeting potential buyers etc

Where does the time go?

We need to move to



Keep the eyes on the Ball

What should they spend time on?

- Market trend analysis
- Buyer relationships
- Buyer products
- Buyer Acquisition
- Long term business planning through cycle stabilization

4. Create Organization where

Businessman sees the **Invisible...**

Employees see the **visible...**

Opportunity for the organization to fulfill the dream & vision with

PASSION

P - Profit

A - Ambition

S - Sincerity

S - Strength

I - Innovation

O - Optimism

N - Never Give Up and **NOW**

THANK YOU

Questions?