



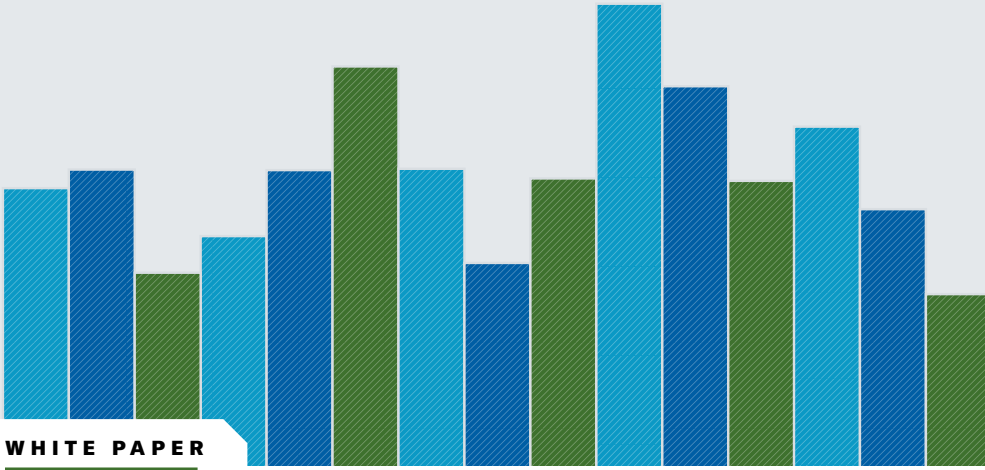
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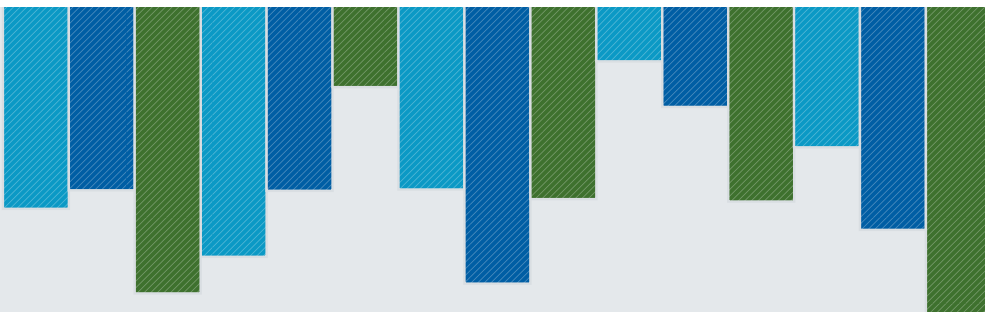
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WHITE PAPER

Building Resilience and Sustainability in Asia-Pacific Supply Chains



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INDUSTRY INSIGHT

Collaboration Across the Supply Chain

Jindal Steel and Power, one of India's major steel and energy companies, has taken a collaborative approach to supply chain management—enabling it to weather volatility in the steel industry and pull ahead of competitors. “In 2018, most steel companies were struggling with demand management,” explains Naveen Ahlawat, chief procurement officer at Jindal Steel and Power. “So, we began a transformation journey that helped us build resilience into our supply chain. This stood us in good stead to cope with the disruptions of Covid-19 that were to come.”

As a first step toward supply chain transformation, Ahlawat arranged a “town hall” with all the company's supplier partners to find ways to help them unlock working capital and keep producing in difficult times. For instance, **Jindal Steel and Power offered suppliers regular payments to help with cash flow and supported them in improving their inventory control.** “We also revised our production system and assisted all our major suppliers to open warehouses within a 300-kilometer radius of our plants, giving us increased visibility of our supply chain and enabling us to quickly identify bottlenecks and remove them,” he says.

Once the pandemic hit, the company continued to work hand in hand with suppliers to ensure business continuity. “Some of our suppliers are small-to-medium-sized enterprises. They were hit hard by the pandemic in terms of business closures and lack of manpower. We were supported by government authorities to clear the trucks stuck at borders during the pandemic. **And once our suppliers had permission to stay open, we sent our staff and equipment to them.**”

Ahlawat adds that the company's approach to collaboration extends to its competitors. “I believe in moving from a mindset of competition to that of ‘coopetition,’” he says. Ahlawat approached the procurement officers of the company's main competitors and together they found ways to keep enough inventory on hand to meet orders. **“We leveraged our learning from the theory of constraints**

for the importance of full kit, and we reached out to our competitors for win-win solutions. If we had an excess of certain items they needed or they had something we were running short of, we could get it to each other in a matter of hours—in a time when global supply was severely disrupted. This bought us time to recalibrate our supply chain and keep producing.”

The company also responded quickly to changes in market dynamics by making new products for new markets. “Because of the pandemic, domestic demand was completely subdued, so we quickly pivoted to producing for export. We saw a demand for semifinished goods such as slabs and rebars in Vietnam, Indonesia, China, and Europe. We manufactured to order and shipped close to one million tons of steel in 100 days. **Thanks to this out-of-the-box thinking, we were the only steel company in India that posted significant growth that quarter.**” Ahlawat adds keeping an eye on cash flow was particularly important. “Our primary driver for such extraordinary actions was cash flow and not margins. **As we are in a capital-intensive process industry, running the plants at capacity was more important to us than anything else.**”

“Because of the pandemic, domestic demand was completely subdued, so we quickly pivoted to producing for export.”

Naveen Ahlawat, chief procurement officer at Jindal Steel and Power

Ahlawat credits the company's success to its ecosystem approach, along with the adoption of the theory of constraints. “The full supply chain, upstream and downstream, depends on good stakeholder management. For this you need full visibility, good digital systems for transparency and quick access to information, and an attitude of collaboration,” he says.