

Gaurav Swarup

Managing Director
Paharpur Cooling Towers Ltd.

October 14, 2016

Dear Ravi,

We had introduced Theory of Constraints (TOC) in our Flexible Packaging business in 2006 where we had losses for quite a few years. We had not only turned around within one year, but have also been increasing our profits year after for the last 10 years.

Based on the above experience, we introduced TOC in our cooling tower business in 2013. I am pleased to share the gains we have achieved here in the last 3 years.

1. Measurement changes: Concept and measurement of OTIF (On Time In Full) has immensely helped in increasing timely despatches. Some parameters which were never on anyone's radar have started being measured which should eventually help in improving the company's health (e.g., receivables, throughput, etc.). Measurement of OEE (Overall Equipment Effectiveness) has resulted in better monitoring of critical machines.
2. Weekly Review: The whole weekly review concept as against monthly review is a game-changer. Weekly reviews with HODs help them in knowing the company's health on a regular basis at HO and factories. Inter department requirements are also better understood during this interaction. Month end syndrome for factory despatches has been abolished. Weekly targets have helped not only in taking faster corrective actions but also in avoiding lumping of resources for despatch (weekend not being the calendar weekend also helped). Introduction of TOC supply chain solution DBM has led to improvement in the quality of inventory while reducing the money blocked. Focus on surplus/non-moving inventory has also increased.
3. Team work: Co-ordination between Factories, Marketing, and HO functions has improved significantly. This has not only helped in better communication but also in cleaning up/updating data in ERP System.
4. Decision making process: Various decision making techniques have been implemented (based on T, I, OE and also legal/safety/quality/ delivery/cost) resulting in quicker and clearer thought process while taking decisions

Regards



Gaurav Swarup

To:

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