

A Study on Supply Chain Strategy of Exporters- with Reference to Hosiery Product Export in Tiruppur City, Tamil Nadu State

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Abstract

A Company's supply chain now plays an important role and it is an essential strategic resource in the achievement of the strategic goals. Many companies are implementing supply chain management strategy in an effort for profit maximization with customer satisfaction. The objective of the study is to focus on the innovative strategies of Supply Chain Management, which is adopted by hosiery product exporters of Tiruppur city. Based on the objective framed, a systematic research methodology has been adopted, collected required data from available resources and analyzed with suitable statistical tools. The study reveals that, the hosiery exporters of Tiruppur have followed a standard and systematic supply chain strategy and also outsourcing logistics system for their business. The opportunity for foreign trade increases every day. It creates the awareness to go for a systematic supply chain strategy, which leads to business prosperity. This particular study also reveals certain issue which affects the supply chain strategy in turn it helps the exporters to stabilize themselves for the betterment of the business. It also creates a room for future research programs.

Keywords: Strategy; Supply chain; Hosiery; Methodology; Outsourcing;

1. Introduction

Supply Chain Management (SCM) is the key to success in today's competitive global environment for any business organization. Supply chain strategy defines how the supply chain should operate in order to compete. Business strategy involves leveraging the core competencies of the organization to achieve a defined high-level goal or objective. It also includes the analytic and decision-making process surrounding what to offer (e.g., products and services), when to offer (timing, business cycles, etc), and where to offer (e.g., markets and segments) as a competitive plan. While the business strategy constitutes the overall direction that an organization wishes to go, the supply chain strategy constitutes the actual operations of that organization and the extended supply chain to meet a specific supply chain objective.



Supply chain strategy also focuses on driving down operational costs and maximizing efficiencies. Most companies develop a supply chain strategy after the business strategy has been defined. While this approach can deliver some value, it does not support the infusion into the business strategy development of very powerful supply chain model options, which could significantly improve the business strategy. The modern business landscape is marked by increasing levels of global sourcing. While many companies across a variety of industries achieve cost savings through sourcing strategy, the benefits are often offset by complexities associated with global supply chain management.

This study explores the successful global sourcing strategies in supply chain designed by the export oriented units in Tirupur. The company's strategy is to achieve a market position, conduct its operations smoothly, attract and retain customers and achieve organizational goals through effective utilization of its resources. Exports from Tirupur, the knitwear hub of the country, have shown about 19% rise in the first quarter ended June, 2013. The region in [Tamil Nadu](#), which accounts for 42 % of the total knitwear exports from the country, shipped Rs 4,100 crore worth of materials in the

first three months. In the same period in the previous year, exports touched Rs 3450 crore, which shows increasing trend of export business through a standard supply chain management system.

1.1 Statement of the Problem

The outbound logistics and supply chain function in any hosiery export units is expected to ensure that the right product is delivered to the right customer at the right time, in right condition and at the right price. Tirupur is one of the India's largest apparel export hubs and it has various supply chain management model. While transporting goods from manufacturing units to ultimate consumers, it involves various problems like global economic crisis, inadequate connectivity, lack of warehouse, tax related problems, labour problems, due to natural calamities and shipyard facilities. It creates confusion to the exporters and not able to take right decision in the supply chain management system. Though the above said factors influenced the supply chain system, the exporters try to manage the situation, for which the researcher considered those problems in mind and framed the research design.

1.2 Objectives of the study

- To study the innovative supply chain strategy adopted by hosiery export units.
- To analysis the challenges of hosiery exporters.
- To identify the factors influencing the supply chain process.
- To offer suggestions based on the study.

1.3 Scope of the study

The logistics and supply chain management industry in India has been receiving greater attention in the last few years. Yet, in spite of its huge potential, the sector's growth has not kept pace with India's wider economy and this is a threat to our future competitiveness. Keeping in mind, this particular research has been carried out to understand about supply chain management system adopted by hosiery export units in Tiruppur city, Tamilnadu. The study aims to clear that outbound logistics movement of products, services and information from a firm's manufacturing to customer and involved defined network of transportation links, warehousing and storage, and finally delivery at the destination in a cost effective manner within the desired time.

1.4 Research Methodology

The research has been carried out by adopting the following research methods along with tools and techniques. Sources of data have been used both primary and secondary. Primary data have been collected from hosiery export units of Tiruppur through well defined questionnaire. The Questionnaire was prepared in simple and understandable way so as to enable the respondents to express their views of opinion freely and frankly. Secondary data was collected through magazines, newspapers and from internet. Area of the study is confined to Tirupur city only. Random sampling method has been adopted. Period of study restricted to 12 months (From 1st April 2012 to 31st

March 2013). For the purpose of statistical analysis, percentage tool was adopted along with graphical Representation. Limitations of the study are a) confined only to Tiruppur city b) It deals only with hosiery export units, c) Data Related only to the period from 1st April 2012 to 31st March 2013.

2. Reviews of Literature

Kim Minkyun, Suresh Nallan C, Kocabasoglu-Hillmer Canan¹ Sep2013, The main objective of this research is to investigate the impact of manufacturing flexibility and technological dimensions of manufacturing strategy on responsiveness in the supply chain. Based on the theoretical background of dynamic capability, this study also examines the role of the business environment on the relationship between manufacturing flexibility and supply chain responsiveness. 144 structured surveys were collected and the partial least squares of structural equation modeling approach were utilized for data analysis. The result establishes relationships among various dimensions of manufacturing flexibility. Although the technological dimensions in manufacturing strategy of such advanced manufacturing technology (AMT) and e-procurement do not have any direct impact on new product and market flexibility, they increase supply chain responsiveness, which helps to react quickly against supply chain disruptions. More importantly, the business environment has a moderating effect on the relationship between market flexibility and supply chain responsiveness. (International Journal of Production Research., Vol. 51 Issue 18, p5597-5611. 15p. 2 Diagrams, 4 Charts.)

Golhar, Damodar Y. Banerjee, Snehamay² May2013, The rapid pace of new product introduction and global sourcing of raw materials and manufacturing facilities have created a complex and fragmented supply chain. Retailers in many consumer product industries are relying on third-party supply-chain managers (SCMs) to manage the global supply chain cost-effectively with short production lead times. To meet delivery requirements, the SCM must start the production process before receiving a firm order from retailers. We assume a two-stage production process where, in stage 1, a base product is produced. In stage 2, the base product is customized. Results show that postponement may not always be the best strategy for an SCM. (International Journal of Production Research. Vol. 51 Issue 10, p2969-2980. 12p. 1 Diagram, 2 Charts.)

3. Data Analysis

Tirupur is an important trade center of India which is famous for its knitted garment wears. Tirupur is a major source of Foreign Exchange for the country because of its exports. It is famous for the export of all Knitted garment wears such as T-Shirts, Polo - Shirts, Sweat Shirts, Banyans, Pyjamas & Night Dresses on various fabrics like Single Jersey, Interlock, Fleece, Polar Fleece, Pique Jersey, Pointelle Jersey, RIB, Pointelle RIB, Drop Needle etc. Tirupur, in Tamil Nadu, (located 55 km to the east of

Coimbatore City) accounts for 90 % of India’s cotton knitwear export, worth an estimated Rs 4,000 crores. Tiruppur's hosiery factories are profitable successes, small jewels in India's economy. It is one of the largest foreign exchange sources for INDIA.

Tirupur Exporters Association – popularly known as TEA - was established in the year 1990. This is an Association exclusively for exporters of cotton knitwear who has production facilities in Tirupur. From the modest beginning TEA has grown into a strong body of knitwear exporters. Today, TEA has a membership of 891 Life members and 155 Associate Members. The members of the Association, from the beginning, have resolved to develop their organization focusing on multilateral growth of knitwear industry and exports Development of infrastructural needs for Tirupur. From Tirupur Exporters Association we have selected top 10 exporters to analysis the supply chain strategy adopted by the companies.

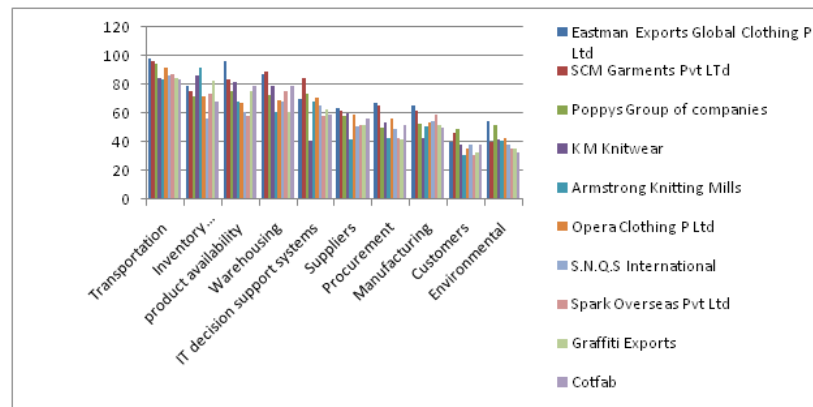
S. No	Name of Company	Annual Turnover
1	Eastman Exports Global Clothing P Ltd	US \$ 225 Million
2	SCM Garments Pvt LTd	US \$ 110 Million
3.	Poppys Group of companies	US\$70 million
4	K M Knitwear	US \$ 30 Million
5	Armstrong Knitting Mills	US \$ 30 Million
6	Opera Clothing P Ltd	US \$ 15 Million
7	S.N.Q.S International	US \$ 15 Million
8	Spark Overseas Pvt Ltd	US \$ 7 Million
9	Graffiti Exports	US \$ 6 Million
10	Cotfab	US \$ 5.5 Million

Table 1: Existing supply chain strategies.

S. No	Name of Company	Transportation	Inventory management	product availability	Warehousing	IT decision support systems	Suppliers	Procurement	Manufacturing	Customer	Environmental
1	Eastman Exports Global Clothing P Ltd	98	79	96	87	70	64	67	65	40	55
2	SCM Garments Pvt LTd	96	75	84	89	85	62	65	62	46	40
3	Poppys Group of companies	95	72	75	73	74	58	50	53	49	52
4	K M Knitwear	85	86	82	79	41	60	54	43	38	42

5	Armstrong Knitting Mills	84	92	68	61	68	42	43	51	31	41
6	Opera Clothing P Ltd	92	72	67	69	71	59	56	54	35	43
7	S.N.Q.S International	86	56	61	68	65	51	49	55	38	38
8	Spark Overseas Pvt Ltd	87	74	58	75	58	52	43	59	31	35
9	Graffiti Exports	85	83	75	61	63	52	42	52	33	35
10	Cotfab Exports	84	68	79	79	59	56	52	50	38	33
	Total	90	76	75	75	66	56	53	55	38	42

Chart 1 showing the existing supply chain strategies



4. Findings

Successfully developing a Supply Chain Strategy, exporters believed rests on these five pillars.

- Understanding of the strategies. This may be a given to some, but the number of employees that do not know what their company's Supply Chain Strategy is and indeed how it fits within the corporate Strategy is significant. People must be educated and made aware of the goals the company is trying to achieve – and importantly how they contribute to it.
- Supply Chain process design. The Supply Chain processes and procedures must be defined and formalized in compliance with your Strategy.
- Supply Chain Network design. This is where you assess and identify the assets (special tooling, warehouses, production facilities, transportation lanes, etc..) that your Supply Chain will require (what is their capacity) , where you will require them (geography), when you will require them (timing)

- Information systems. What systems are you going to use to communicate data across your Supply Chain? What systems are you going to have at your disposal to ‘virtually’ walk along your Supply Chain? What information are you going to share with your partners and what data are they going to share with you? Importantly also, what are your reporting systems requirements going to be? What data are you going to need to make real time decisions and what is the data for which a time lag is permissible?
- Human resources and organizational structure. This is THE key element. It is of paramount importance that you have the right (informed and motivated) people doing the right job. Get this element wrong and your Supply Chain is sure to fail.

5. Suggestions

- It is suggested that the existing registered organizations which are established for exports, need to be followed advises of the associations or trade unions.
- The exporters are suggested to make use of the available information’s and infrastructure for the success of supply chain management system.
- There is a need to maintain a smooth and cordial relational ship with the so called agent or merchant and also with government departments.
- It is also advised to follow the latest technology as GPS (Global Positioning System) for continuous and successful logistics supervising system.

6. Conclusion

As supply chains have moved from a cost focus to a customer focus and now currently to a strategic focus, the need to think strategically about the supply chain has never been more important. The success of a strategy is only as good as the company’s ability to fully and properly execute it. A great supply chain strategy, linked with operational excellence, can provide success for not only the company in question but also its partners and customers. A good supply chain management system will generate income not only to the business and also for the country. If the supply chain system functioning well the business will progress for bright future.

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