



# Planvisage Product Case Study: Tractors and Farm Equipment (TAFE)

## Quick Reference



**Company Name**  
Tractors and Farm Equipment Ltd

**Manufacturing Industry**  
Tractors

**Revenue**  
Over USD 750 million

**Location**  
Chennai, India  
Madurai, India  
Dodballapur, India

**Solution**  
TAFE selected Planvisage SCM solution to reduce their inventory and better visibility to supplier problems.

**Implementation Time**  
The solution was implemented in 12 weeks

**Software Specs.**  
Windows 2003 server  
IIS Webservice  
.Net Framework 2.0



**About Planvisage**  
Planvisage is one of Asia's leading solution providers for manufacturing companies who face supply chain challenges.

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## Client Overview

TAFE is a US\$750 million tractor major incorporated in 1960 at Chennai in India, in collaboration with Massey Ferguson (now owned by AGCO corporation, USA). TAFE acquired the Eicher tractors business, its engine plant at Alwar and transmissions plant at Parwanoo through a wholly owned subsidiary "TAFE Motors and Tractors Limited. A member of the Amalgamations Group of Chennai, this company has four plants involved in tractor manufacturing at Mandidheep (Bhopal), Kallidaipatti (Madurai), Doddabalbur (Bangalore) and in Chennai.

## SCM Initiative

TAFE implemented SAP solution in 1999 and then implemented a supplier portal in 2001. In order to overcome some of the SCM issues, it looked for vendors who can provide the solution. It evaluated SAP APO and Planvisage SCM solution. After a thorough analysis, it went ahead with Planvisage solution. The implementation started in October 2007 and completed by January 2008.

## Pain Points

Some of the points points were

- SAP MRP is not able to consider vendor capacity, transport warehouse stock and alternate part numbers
- Buyers not sure which material should be expedited based on next week production
- Forward visibility is only one or two days. This gives a very short time to get the material from supplier with long lead time

## Planvisage Solution

Planvisage material planning solution was used to take care some of the deficiency of SAP MRP. Here the solution was integrated with SAP to pull relevant data like BOM, Inventory, Supplier and Demand. Some of the data which is not available in SAP was maintained in Planvisage solution itself. This included transport warehouse stock, supplier capacity and supplier calendar.

## Report Developed

Some of the reports developed were

## Supplier Capacity

It highlights exception when schedules of a part for all plants put together exceed monthly capacity of a vendor.

### Benefits

- Plan for capacity enhancement for existing resource
- Develop alternate source where required
- Optimize allocation of share of business based on the capacities

## Parts without Approved Source

It highlights exceptions where there is no regular series scheduling agreement and share of business for plants and hence MRP cannot plan for the material

### Benefits

- Initiate procurement of ADD parts as per planned production requirements
- Ensure transfer of parts to regular series procurement
- Eliminate discrepancies between BOM/PO/Usage

## Inventory Guidance Value

It shows expected closing inventory value for any given day based on opening inventory, expected receipts and expected consumption

### Benefits

- Maintain optimum inventory levels
- Improve inventory turns
- Avoid block up of funds in non-productive assets

## Late Delivery

It highlights exceptions where the latest available date is greater than earliest required date for a part/vendor combination based on lead time

### Benefits

- Check for in-transit / warehouse inventory
- If not available, source from vendor with less lead time
- Change to faster mode of transport
- Get stock from alternate plant if available in excess

## ECM Items

It plans for alternate parts in place of deletion parts

### Benefits



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- Initiate procurement of ECM addition parts in a planned manner
- Reduce / slow down procurement of deletion parts
- Avoid / minimize obsolescence

### Final Procurement

It shows net quantity to be procured after offsetting warehouse inventory as on planning day (total scheduled – warehouse stock = net scheduled quantity)

#### Benefits

- Ensure liquidation of warehouse stock and avoid pile up
- Caution vendors against dumping

### Warehouse Stock Clearance

It provides date-wise clearance plan of warehouse inventory on FIFO basis based on planned production

#### Benefits

- Facilitate warehouse clearance in a planned manner on FIFO basis

### In-house Surplus Quantity

It shows the surplus in-house inventory over and above the expected consumption for planned production

#### Benefits

- Avoid further procurement till stock deplete
- Communicate to vendors to slow down supplies
- Block POs if stocks are very high covering few months (review such blocks periodically and remove block as and when necessary)

### Liquidation of Stock

It shows surplus in-house inventory over and above the expected consumption for planned production with details of requirement of same item in alternate plants as per their production plan.

#### Benefits

- Liquidation surplus stocks
- Reduce in inventory
- Avoid premium freight if same is available in other plants

### Zone Wise Exception

Provide alert regarding expected supply disruptions from a particular zone due to festivals, monsoon etc

#### Benefits

- Plan and procure in advance
- Caution the vendors in advance

### Q Block Items

It highlights exceptions of Q Block items at planning stage itself

#### Benefits

- Plan for quality improvement of existing source add / or develop alternate source
- Arrive at a consensus between IPC/SQA/QCD whether to product as per production plan of affected models or cancel the plan

### Custom Expiry for Exports

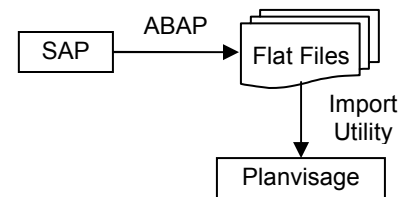
Provide details of custom expiring parts during planning itself

#### Benefits

- Ensure custom availability for month M, M+1 and M+2 procurement plans

### Integration to SAP

Data from SAP is downloaded through ABAP scripts in flat files in a shared folder. This data is uploaded into Planvisage through the import utility tool. It accesses the flat files from the shared folder and updates in Planvisage database.



### Testimonials

After conducting Planvisage planning run based on 1<sup>st</sup> April 2009, we see the following

- Inactive Inventory has been reduced by 56% in Madurai and 37% in Madurai Exports.
- Inhouse Surplus stocks (where available stocks cover next 45 days demand plus their safety stock demand) has been reduced by 45% in Madurai and 19% in Madurai Exports.

These figures show excellent performance by Madurai operations in both above areas helping us to bring down our inventory levels. We are liquidating lot of fat stocks and controlling inactive parts too.

- Mr. Padmanaban, Senior Manager (Materials)