

Mahindra & Mahindra Increases Revenues by 10% via Inventory Optimization

Result

- Increased service levels by 10%
- Grew business revenue by 10%
- Reduced customer response times by 40%
- Improved forecast accuracy by 10%

Increased visibility yields significant sales and service gains

“With Blue Yonder capabilities, Mahindra & Mahindra’s Spares Business Unit now has greater visibility regarding demand, inventory, supply and distribution plans — and is able to make more accurate and timely supply chain decisions. The SBU has been able to increase service levels by 10%, reduce customer response times by 40% and grow business revenue by 10%.”

— Head of Demand and Supply Planning, Spares Business Unit, Mahindra & Mahindra

Challenges

- Part of the \$20 billion Mahindra Group, Mahindra & Mahindra Farm Equipment is the world’s number-one tractor company by volume, and its automotive business competes in almost every segment of the industry. The Spares Business Unit (SBU) provides genuine vehicle and tractor spare parts via advanced capabilities in sourcing, assembling, warehousing and distribution.
- The SBU was losing sales revenues due to stockouts and tight working capital as a result of its high inventory investments. The business was relying on manual analysis and Excel spreadsheets to create demand and supply plans, but they were not adequate for the complexity and scale of the challenge.
- To gain greater responsiveness and ensure the availability of spares for different demand patterns, Mahindra sought Blue Yonder’s expertise and advanced technologies to optimize its parts inventories, spanning 100,000 SKUs and 21 distribution centers.

A science-driven approach to forecasting and inventory modeling

“By implementing Blue Yonder’s Luminate Planning platform, Mahindra leverages the benefits of key demand forecasting, inventory management and replenishment planning capabilities. Scientific forecasting methods and multi-echelon inventory models have increased forecasting accuracy and optimized inventory levels, leading to higher customer service levels, reduced inventory investment and increased sales revenues.”

Replacing manual analysis with automation and accuracy

“Labor-intensive processes, disconnected systems and Excel-based planning worksheets have been replaced with integrated, automated data exchanges between Blue Yonder’s planning platform and Mahindra’s execution systems. This enables the SBU to plan, execute and deliver goods in an organized and consistent manner. Post-implementation, the SBU has realized an overall improvement in forecast accuracy of 10%.”

Automated recommendations, based on deep industry expertise

“Blue Yonder understands our spares business well. They also understand the nuances of our industry, and this gave us a good basis to work from. The software provides recommended selections based on pre-defined demand and supply parameters. SBU planners are able to apply default recommendations or override them, based on additional information.”

Solution benefits

- Blue Yonder’s Luminate Planning helps Mahindra transform its spare parts supply chain into a source of competitive advantage despite enormous demand variability, elongated lead times and constantly shifting logistics cost scenarios.
- As a result of more accurate forecasting and replenishment, fueled by automation and machine learning, the SBU has been able to eliminate excess inventory and reduce obsolescence costs, while maintaining high customer service levels.
- Blue Yonder’s flexible software solutions are able to quickly adapt the SBU’s inventory policies and stocking strategies to address changing market conditions, business objectives, supply chain constraints, and changes in customer segmentation and buying behavior.

Blue Yonder’s expertise

“Blue Yonder provides comprehensive, scalable, cutting-edge technology-enabled supply chain planning solutions for manufacturers, wholesalers and retailers across a diverse range of industries. Blue Yonder’s unique selling point lies in the highly capable team of individuals who strive to provide excellent customer service, and are driven toward innovating and collaborating with customers like Mahindra & Mahindra to create agile and responsive supply chains for the future.”