

CHAPTER 5 CONCLUSION & RECOMMENDATION

Reviewing operational & financial implication of a new supply chain is a must to find the best suitable operational configuration. Changes of distribution from Direct Selling to Distribution Center Matahari need to review periodically and correction action need to be taken until it runs as effective and efficient as business expects. After learn through this learning curve, this changes and new supply chain configuration will be a competitive advantage for PT. CCBI and PT. Matahari to compete within Consumer Good and Retail Industry, respectively.

5.1. Conclusion

Within the scope of this study, the following major items have been identified:

5.1.1. Internal-Facing Performance Attributes

- Because of better management of discount & allowance so after Implementation, 2008, the gap between Net Sales Revenue per case (NSR/case) and Cost of Good Sold per case (COGS/ case) is higher than the gap in 2007. Matahari DC is also profitable for PT. CCBI in terms of additional 42 % of NSR to last year. This brings to increasing 44 % of Net Contribution Margin and increasing 10 % to Net Contribution Margin (NCM) per case sold.
- Switching delivery cost to distribution fee cost to Matahari DC is profitable. In 2008, actual distribution fee to Matahari DC (in discount & allowance) is lower than distribution cost that should we pay in direct distribution. The saving is approximately Rp. 204 million. It because supply chain management cost in term of Outbound Transportation Cost is reduced.

5.1.2. Customer-Facing Performance Attributes

- Service Level Agreement (SLA) decrease from 84 % in 2007 to 61 % in 2008. Perfect order fulfillment in terms of DIFOT decreased from 52 % in 2007 to be 46 % in 2008. Increasing qty order 27 % from last year and out of stock are the major problems of these KPI decreasing.
- Decreasing in SLA also impact to decreasing in Product availability in Matahari stores. Average product availability is more difficult to maintain because of there are some points that need to observe, but for PT. CCDI there is a potential opportunity to increase more sales volume by improving SLA to Matahari DC.
- Order Fulfillment Cycle Time increase from 1.07 days to 1.78 days due to requirement from Matahari DC. Business can not serve all customers with all the same treatment, so PT. CCDI follow this requirement and cause this cycle time increase.

5.1.3. Key Factor of Success or Failure

- Centralized order management can help to control and monitor discount & allowance so switching direct delivery cost to distribution fee result a positive variance.
- Service level and order fulfillment depends on product availability from production. Ensuring the product is available in warehouse is first step to improve these performance metrics.

5.2. Recommendation

5.2.1. Recommendation for PT. CCDI

- PT. CCDI should ensure that Matahari DC deliver the product completely too all location. New penalty schema need to be included in next trading term or agreement between Matahari DC and PT. CCDI.
- PT. CCDI should re-evaluate credit limit for Jakarta and define a new credit limit and monitor account receivable so it will be below of new credit limit. It will decrease Cash-to-Cash Cycle Time and bring better Operation Cash flow.

- Reducing 10 % allowance & discount of Jakarta Region can significantly generate additional significant Net Sales Revenue because Jakarta Region contribute much bigger allowance & discount compared to other Operation.
- Implementation of indirect distribution can bring a drawback that PT. CCDI can miss their motto “Anytime, Anywhere, Always Coca-Cola”. So PT. CCDI should be selective to choose their indirect partner so the partner can serve the entire customer given by PT. CCDI
- Even though Matahari stores are served by Matahari DC, account development function still need to be maintained in the Matahari store by creating a Business Development Representative (BDR) that will be responsible for develop customer relationship and order generation.

5.2.2. Recommendation for Matahari DC

- Matahari DC should recalculate lead time of product delivery to rural location and increase safety stock in stores that is often out-of-stock so it can improve product availability in stores.