

Entrepreneurship, Innovation and Leadership

**- Challenges and Strategies in
Supply Chain & Logistics Sector**

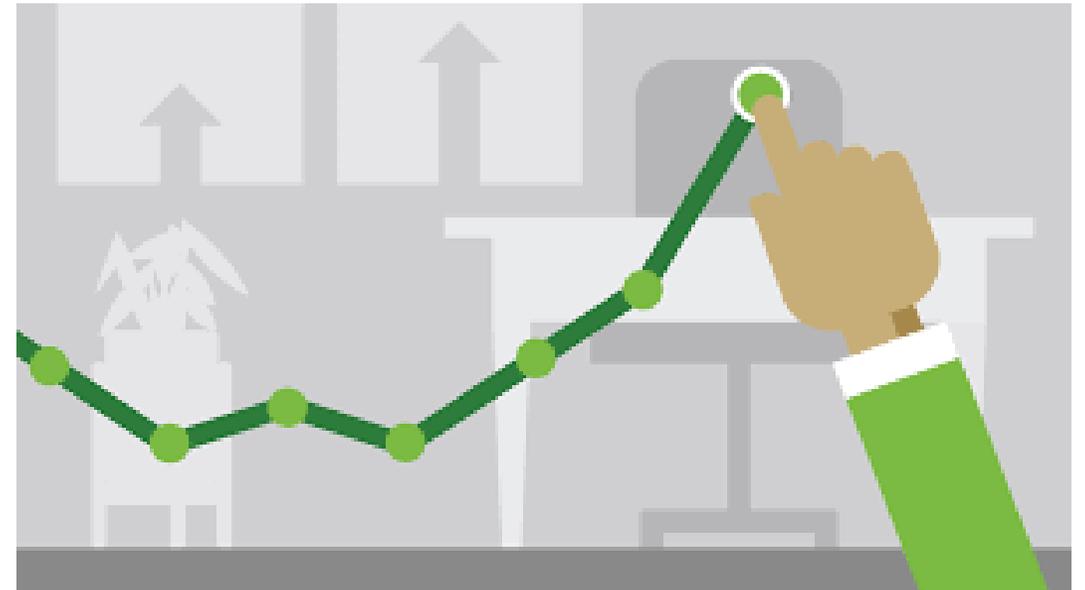
Aetos Growth Partners

AETOS GROWTH PARTNERS

- Aetos growth partners is a boutique advisory firm led by thorough-bred professionals with a customer centric approach and vast expertise of:
 - Setting-up
 - Scaling-up
 - Transforming logistics businesses

Aetos Founders have served marquee Fortune 500 firms in their professional work assignments for the last 25 years

- We create solutions for firms in the logistics business on their most significant issues and opportunities.
- **The TEAM at AETOS comprises of a delicate mix of experience and enthusiasm. We have senior executives from the industry for Financial and Commercial expertise and young Analysts from TVS Logistics and Amity/CII Institute of Logistics working in tandem to create Value for our customers.**



OUR EXPERTISE

OPERATIONS

With expertise in operations Aetos utilises its analytical competencies to uncover opportunities and transform the operational procedures along-with infrastructure modifications to give a competitive edge to the business

STRATEGY

Extracting and prioritizing the most potential choices from a pool of possible ideas and implementing best in class strategy to make the business:

- **AGILE**
- **VALUE DRIVEN**
- **ROBUST**

ORGANIZATION STRUCTURE

Supporting corporate leaders to restructure and develop the organization to bring leanness and transform strategic solutions into tangible results

MARKETING & CRM

Expertise in developing a tactical marketing plan to increase efficacy and profitability in the form of qualified leads, higher ROI and increased sales by :

- Identifying Primary and Secondary markets
- Identifying direct and indirect competitors
- Articulating the value proposition of a business



PROJECTS EXECUTED

BUSINESS GROWTH PLAN

- Execution of a phase wise blueprint by designing a robust business plan focusing on:
 - **Key areas of operational performance**
 - **Infrastructure modification and enhancement**
 - **Sales strategy and**
 - **Capital infusion to achieve growth targets**

GREENFIELD PROJECT

- Executed a detailed **Feasibility study for a logistics hub**
- Provided **guidelines for preparation of site master plan** to meet requirements of all types of industry verticals
- Devised a **GO-TO market strategy** by preparing a marketing deck through primary and secondary research

WAREHOUSING SOLUTIONS

- Provided **custom designed solutions for end to end storage solutions and material handling systems** to bring operational efficiency by optimising cubic space utilisation and reducing operating cost for seamless material flow

INDUSTRY SNAPSHOT

LOGISTICS: INDIAN SCENARIO

- The Logistics sector in India has today become an area of priority. The contributing factors are:
 - Years of high growth in the Indian economy which has resulted in substantial rise in the volume of freight traffic moved.
 - The large volume of traffic has provided opportunities for growth in all facets of logistics including transportation, express cargo delivery warehousing, freight forwarding, shipping services, container services

According to the Global Ranking of the World Bank's 2016 **Logistics Performance Index**, India jumped to **35th rank in 2016** from **54th rank in 2014** in terms of overall logistics performance and again **fell down to 44th in 2018**

- **The logistics industry of India is currently estimated to be around US\$ 160 billion.** With implementation of GST the sector is expected to benefit and touch **US\$ 215 billion over the next two years**, as per the Economic Survey 2017-18
- With globalization, logistics is expected to play an increasing role in driving the Indian economy



CHALLENGES

- The Indian logistics industry which provides employment to more than **22 million people** and has grown at a **compound annual growth rate (CAGR) of 7.8 per cent** during the last five years is a reflective of improvement in the sector but there are still some challenges which exists in terms of :

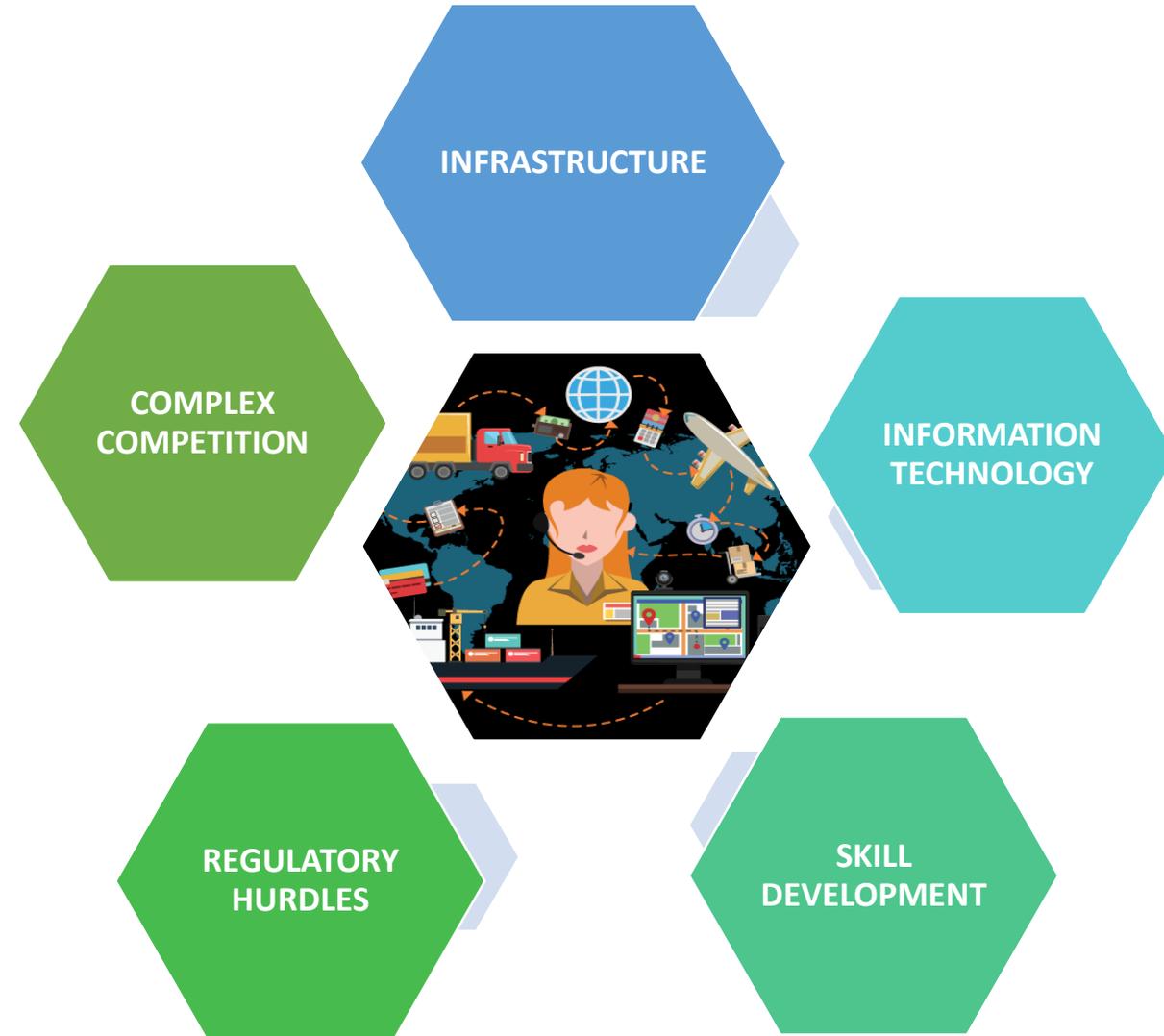
1. INFRASTRUCTURE

- Inadequate and inferior quality transport infrastructure
- Suboptimal modal mix
- Disorganised and incompatible storage facilities for cargo and containers to meet current requirements and
- Poor adoption/adaptation of technology

Factors mentioned above results in:

- High and inconsistent cargo transit time,
- Inefficient use of resources and poor fleet management

The selection of transportation mode, or storage and terminal handling protocols are rarely linked to cargo characteristics (distance of travel, parcel size, density, etc.) resulting in **overuse of high-cost modes like road at the expense of cost-effective and sustainable modes like inland waterways and railways.**



CHALLENGES

2. INFORMATION TECHNOLOGY

- Slow adoption of new technologies
- **Low awareness regarding the utilisation of digital technology causing operational inefficiencies and poor asset utilisation**
- Inadequate technological infrastructure leading to high costs and underperformance

3. SKILL DEVELOPMENT

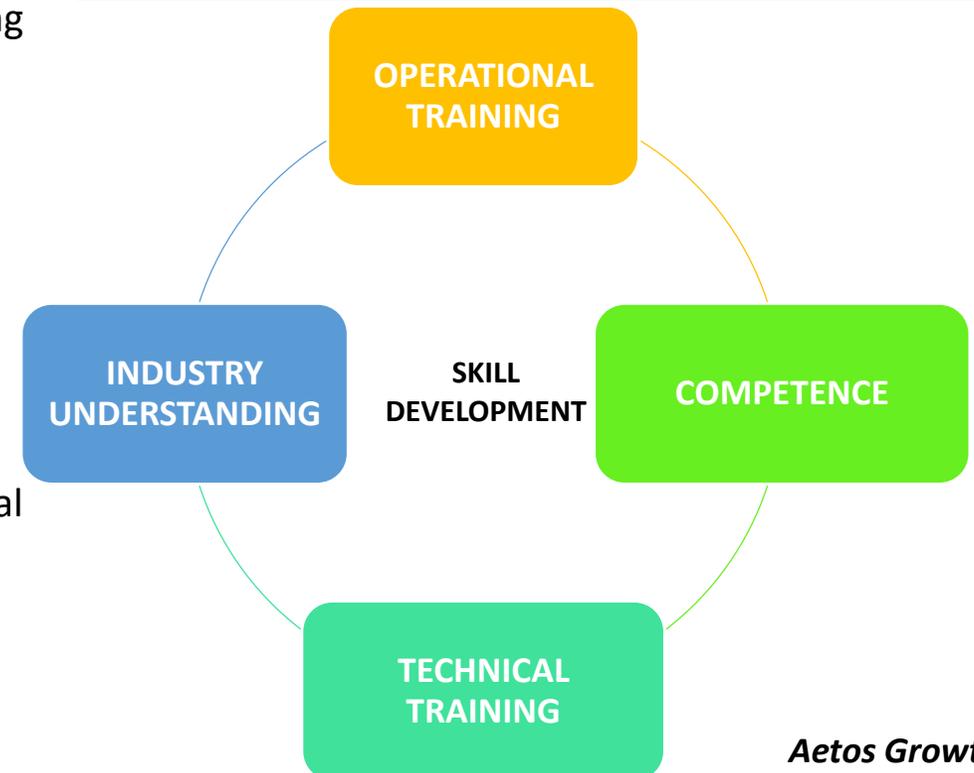
- Lack of awareness and proper training programs resulting in absence of skilled manpower affecting the quality of work and increasing operational inefficiencies

4. REGULATORY ENVIRONMENT

- Presence of numerous regulatory bodies in the country
- Obstacles in acquisition of land
- Change in land use

5. COMPLEX COMPETITION

- More than 75 % of the industry is unorganized.
- Logistics offerings by online retailers reducing scope for external service providers



ENTREPRENEURSHIP

LITERALLY and ECONOMICALLY

ENTREPRENEUR

- A person who attempts to make a profit by starting a company or by operating alone in the business world, especially when it involves taking risks.
- Someone who exercises initiative by organizing a venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a good or service will be produced.
- According to economist Joseph Alois Schumpeter (1883-1950), “**Entrepreneurs are not necessarily motivated by profit but regard it as a standard for measuring achievement or success**”
 - Greatly value self-reliance
 - Strive for distinction through excellence
 - Highly optimistic (otherwise nothing would be undertaken)
 - Always favor challenges of medium risk (neither too easy, nor ruinous).



THREE CORE BUSINESS TYPES

	PRODUCT INNOVATION	CUSTOMER RELATIONSHIP MANAGEMENT	INFRASTRUCTURE MANAGEMENT
ECONOMICS	<ul style="list-style-type: none">• Early market entry enables charging premium prices and acquiring large market share• speed is key	<ul style="list-style-type: none">• High cost of customer acquisition makes it imperative to gain large wallet share• Economies of scope are key	<ul style="list-style-type: none">• High fixed costs make large volumes essential to achieve low unit costs• Economies of scale are key
COMPETITION	<ul style="list-style-type: none">• Battle for talent• Low barriers to entry• Many small players thrive	<ul style="list-style-type: none">• Battle for scope• Rapid consolidation• A few big players dominate	<ul style="list-style-type: none">• Battle for scale• Rapid consolidation• A few big players dominate
CULTURE	<ul style="list-style-type: none">• Employee centred• Coddling the creative stars	<ul style="list-style-type: none">• Highly service oriented• Customer comes first mentality	<ul style="list-style-type: none">• Cost focused• Stresses standardization Predictability & efficiency

BUSINESS MODEL DESIGN AND INNOVATION

1. SATISFY MARKET

Fulfil an unanswered market need

Example: BlackBuck, NetJets, Grameen Bank, lulu.com

2. BRING TO MARKET

Bring a new technology product or service to market or exploit existing intellectual property

Example: Locus, Xerox 914, Swatch, Nespresso

3. IMPROVE MARKET

Improve or disrupt an existing market

Example : Dell, Nintendo Wii, IKEA, Bharti Airtel

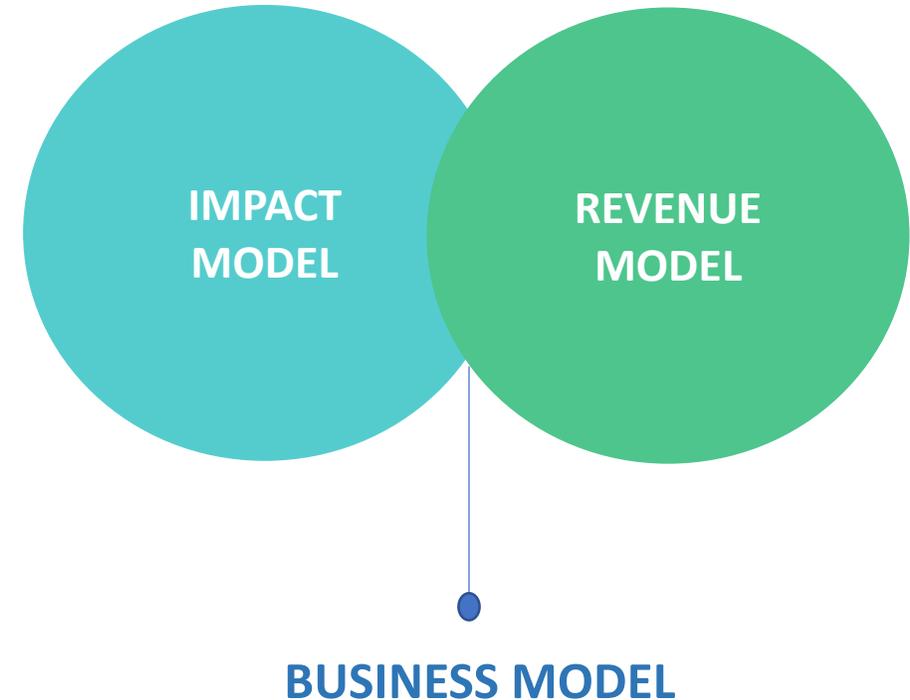
4. CREATE MARKET

Create an entirely new type of business

Example: Shadowfax, Diners Club, Google

CHALLENGES

- Finding the right model
- Testing the model before a full scale launch
- Inducing the market to adopt the new model
- Continuously adapting the model in response to market feedback
- Managing Uncertainty



VOLUME vs NICHE in LOGISTICS

FACTORS	VOLUME	NICHE
CLIENTS	Multiple	Limited/Multiple
SETUP + CAPEX	High	Low
REVENUE	High	Low
CASH BREAKEVEN	Longer	Sooner
MARGINS	Low	High
TEAM RELATIONSHIP	Weak	Strong
CLIENT LOYALTY	Weak	Strong
COMPETITION	High	Low/Medium

THANK YOU

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