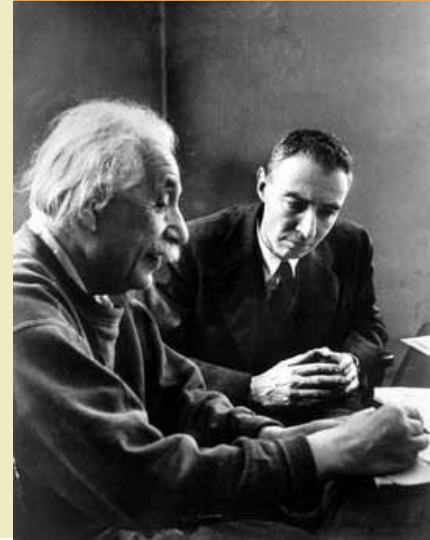


# 6 Material Purchase and Tendering

Light House Case study



## Industry Type >>>

Real Estate

## The Client >>>

C\_RE\_MR

## Improvement Tool >>>

Lean Six Sigma



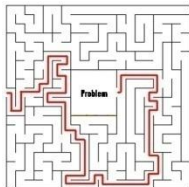
## Scenario >>>

Marathon has developed several residential complexes, industrial estates, high-rises, retail and corporate spaces, catering to the lifestyles of classes and masses with over 70 projects in India. Its mission is to be on a path of constant innovation by setting new benchmarks in the Indian real estate industry. To offer new amenities, a new technology to the customer, Marathon also requires timely purchase of materials. Delay in procurement of material will impact the business resulting in projects not completed on time.

## Business Challenge >>>

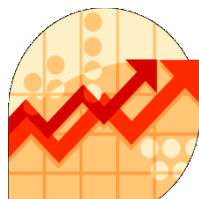
The average time taken for material ordered from site to purchase order release by purchase function was 4 days. Due to unavailability of material, work was not completed as planned and projects were delayed. Unavailability of material also contributed to the cost of resources functioning on daily wages. The target was to reduce the TAT to 1 day.





## **The Solution >>>**

Selection of vendor and purchase order approval was taking long time to get clarification and was the reason for delay. One time approval and selection of functional heads for vendor management has reduced the time in selection and approval. Also rate contract for main items are maintained & used at the time of purchase order generation & approval. Estimated material was not available in advance and in many cases last minute requests were sent. Material planning has reduced the number of last minute purchase requests.



## **Benefits >>>**

The time taken for purchase order approval has been reduced to 1 day. Re-engineering the process has cut down many non-value added activities and ensured timely release of purchase order. The total number of activities in the approval process has been reduced from 53 to 18. Availability of material has ensured on time completion of projects. The new process has eliminated duplication of entries and verification.

## **For further information, please contact >>>**

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