

Tata International's webinar on sharing best practices in External Processing Agent (EPA) management

The slide features a dark blue background with a light blue header bar. On the left, the title 'Tata International's webinar on sharing best practices in External Processing Agent Management' is written in white. On the right, under the heading 'EPA MANAGEMENT', four key areas are listed with corresponding icons: 1. Vendor Co-location (Exclusivity and IP protection), 2. Supply Chain Planning (Order book, rolling plan and inventory planning), 3. Process Monitoring (ISO & Safety Audits, KPI dashboards and production plans), and 4. Process Control Measures (Inventory control and Capacity & Capability management).

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EPA MANAGEMENT

- 1. VENDOR CO-LOCATION**
Exclusivity and IP protection
- 2. SUPPLY CHAIN PLANNING**
Order book, rolling plan and inventory planning
- 3. PROCESS MONITORING**
ISO & Safety Audits, KPI dashboards and production plans
- 4. PROCESS CONTROL MEASURES**
Inventory control and Capacity & Capability management

Sub-contracting is a critical component of the Asset Lite Manufacturing Business Model. It allows companies to outsource their products and services to other companies having a lower cost structure. Sub-contractors enable companies to reduce operating expenses, increase productivity and improve quality.

On June 10, 2022, Rajiv Ranjan, Senior Manager - SCM, Santosh D and Tharun Reddy from the Supply Chain Operations at Tata International conducted an EDGE webinar that highlighted the importance of mapping frameworks and business models for effective management of EPA's.

- > Tata International's metal trading vertical, Products for Aluminium Industry (PAI), deals in products such as cathode and anode bars and raw materials like bath cryolite, aluminium fluoride and green pet coke which are used specifically by aluminium smelters. All material processing (slab to billet cutting, rolling, and machining) for cathode and anode bars are done by external processing agents (EPAs). Over the years, Tata International has brought in several improvements in the way it manages its EPAs. These improvements have helped the company to optimise its production and dispatch in an optimal fashion. In the session, the Tata International team touched upon the following topics pertaining to EPA/Subcontractor Management. IT investment may not address all challenges faced by an organisation. Investments in ERP systems may help, but there are other ways to manage performance that doesn't involve expensive software.
- > Importance of defining the key performance metrics for a supplier at every outset.
- > Multiple metrics can be used to compare different performance aspects to identify opportunities for improvement.
- > Communication with all parties (contractors, vendors, suppliers and even temporary employees) involved in the project regarding their responsibilities under the EPA management programme to sensitise them on their role and how it may change over time. Setting up of supply chain and capacity planning framework between the parent company and its contract manufacturer to define roles and responsibilities for various activities. The framework provides a structure for managing and prioritising actions within the supply chain so that the organisation can deliver its products and services on time and at the right cost. This framework also helps identify potential bottlenecks in the supply chain, which may be caused by poor supplier performance or insufficient capacity at any point in time.

This interactive and engaging webinar unraveled a range of insights and concluded with a Q/A round.