



## ***Milky Mist - Managing the Cold Supply Chain***

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### **The Emergence**

Way back in 1989, Thangamuthu, a small agriculturist in Chithode village near Erode, Tamil Nadu, was not very successful in farming. From the few cows he owned at that time, he decided to sell milk to the local people residing in the nearby villages. A couple of years passed by but for Thangamuthu nothing went on well and was not able to make profits. At this despairing stage, the only hope was his 13 years old son Sathish Kumar. Sathish Kumar was an eighth-grade schoolboy who had always observed his father's business and the problem's by his father faced in his business. Sathish decided to quit his school to support his father's business. When he joined his father, Sathish thought of a different idea, "*Instead of selling unprocessed milk avalue-addedmilkproduct will be more profitable!*"- he thought and decided to manufacture 'Panner' - the first milk product that his business manufactured and sold it to a client in Bangalore. Gradually, he started to market the product in departmental stores in cities nearby under the brand name 'Milky Mist'. Such was the beginning of the company, Milky Mist, that has seen a phenomenal growth and is ambitiously moving forward. Today, the company has evolved into a 290-crore turnover company producing about 1.7 lakh litres per day for its sale and consumption.

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## The Company

“Milky Mist” is a popular brand of milk products and can be seen in the shelves of almost every retail outlet in South India. The company converts liquid milk into 110 varieties of value-added products which includes Lassi, Cheese, Curd, Khova, Butter and Ghee competing with the milk products giants like Amul and Hatsun. Ten categories of milk products comprising 78 SKUs are manufactured, packaged and distributed to the market daily (Fig.1).



Fig.1 Milky Mist Packaged Products (Source: [www.milkymist.in](http://www.milkymist.in))

## The Vision

Sathish Kumar became the managing director of the company in the year 1992. He is a visionary with entrepreneurial skills and was instrumental in bringing-out milk-based products to the market. Every functional department in the organisation was professionally crafted with the best talents to achieve the company's vision. Today, the company is recognised and accepted as a premium quality dairy brand among the consumers across South India and supplies to a large client base that includes Reliance fresh, More retail, Metro Cash & Carry, Big Bazaar, ITC group of hotels, Wal-Mart, Easy-day, Star Bazaar and many more.

Given below is the vision of the company as seen on their website:

**Vision of the company** - Milky Mist dairy shall be the country's premier dairy products producer, with excellent and hygienic manufacturing facilities and effective logistics that will lead the milk from the farmer in a cold chain to the consumer of the product

to give them the best quality natural products of international standards in the perfect packing from the most modern factory, giving them value for money.

Rising from its humble beginning the company has seen itself grow to become as one of the leading companies with a turnover that increases almost 20% year on year. The company is credited with a clear business strategy of growth through acquisition and new product innovations.

### **The Cold Chain**

Anticipating continued growth and business success, Sathish believed that the company needs a supply chain strategy consistent with an expanding organization and for the products to reach 350 distributors and to the hands of the customers in the shortest time possible. Faced with such challenging supply chain questions as 'what should be our optimal distribution network to supply to distributors across India?'; 'should the company outsource a few supply chain activities?'; 'how to reduce the time to reach the customers?' and 'how can costs can be still reduced?' Heavy competition prevails in almost every segment of the market and Milky Mist was no exemption. The company deals with multiple products and making all these products available to the right place at the right time and in right quantity requires suitable supply chain strategy with right alignment of supply chain design and its structure. This becomes even more complex when company manufacture and sell products dairy product which has shorter shelf life. The challenge lies in the supplies that have to be stocked and transported in uninterrupted cold chambers during the entire supply chain.

Today, companies compete with supply chains and not with the products. Therefore, high supply chain performance helps companies to face the competition and to achieve a competitive advantage. Manufacturers work to improve the logistics processes, that support their organisation's supply chain strategy resulting in improved performance for the overall supply chain and ultimately their manufacturing organizations. When it comes to global markets, organisations are under high pressure to rapidly adopt

global logistics and supply chain integration practices in an effort to compete globally.

**Questions for discussion:**

1. What type of supply chain do you recommend for Milky Mist Products, Efficient or Responsive supply chain? Why?
2. What are the challenges you anticipate in cold supply chain?
3. How do you design a supply chain to achieve competitive advantage and vision of the company?

**References**

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