

Streamlining Operations Helps HUL Cut Costs

Co has saved nearly 8% of annual sales over last 2 years; may replicate success of nano-factories in other countries

Sagar.Malviya@timesgroup.com

Mumbai: Hindustan Unilever has saved nearly 8% of its annual turnover over the past two years after it tightened supply-chain operations, tweaked manufacturing lines, and shed its dependence on imported raw materials, a senior executive told ET.

The 8% roughly translates into \$1 billion in cost savings.

One of the initiatives — creation of nano-factories within its large manufacturing units to speed up innovation with faster product rollouts — is now being taken to

other countries by parent Unilever, said Willem Uijen, executive director, supply chain, at HUL.

“We are now rolling that out in other Unilever markets because it has been so successful in bringing innovation lead times and cost down, whilst giving us the ability to react to what is happening in the market,” he told ET.

“Clearly, we see a shift happening from large-scale manufacturing sites to still large-scale manufacturing sites, but with

Strong Growth

BENEFITS OF NANO-FACTORIES

It ensured required agility & resilience in network

Rate of innovation became higher than ever before



Reduction in small-scale innovation lead time



multiple units producing different products.”

Uijen said nano-factories have helped India’s largest consumer goods company ensure required agility and resilience in its network. “The rate of innovation is higher than ever before,” he said. “To keep pace, we have become much faster in taking innovations that do not work out of the market and rapidly adjusting and scaling up the ones that do work. And this stems from consumer demands, which are also rapidly evolving.”

With annual sales of ₹46,000 crore, HUL’s performance is consid-

ered a proxy for broader consumer sentiment in the country. During the first wave of Covid, the maker of Rin detergent and Dove soap tweaked its manufacturing lines to make higher quantities of hygiene products such as hand-wash, sanitisers and floor cleaners. The number of HUL facilities that make multiple products across personal, home and food segments has gone up by a quarter over the past 2 years, which helped reduce small-scale innovation lead time by over 70%, in many cases.

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