

TEHINDO CASE STUDY

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OVERVIEW

- Major Facts
- Major Problems
- Possible Solutions
- Choice and Rationale
- Appendix Discussions
- References



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MAJOR FACTS

- Tehindo was established in the 1940s.
- Produces ready-to-drink tea beverages for the Indonesian market.
- Offers 3 products: Goteh, Fteh, and Cteh (N/A for this study).
- Operates manufacturing at their three factories.
- They have a distributed sales force w/ 11 regional sales centers & 150 sales offices.
- In-house 1.5K hectares of tea plantations.

MAJOR PROBLEMS

- Fteh is marketable to the youth with various flavors but has drastic fluctuations in demand. Their current approach of generating even quantities of each Fteh flavor has impacted the production of their tried-and-true Goteh product line.
- Return Glass Bottles offer sustainability with recycling but complicate forecasting due to Tehindo's 1:1 swap policy, which additionally drives up their manufacturing and logistical requirements.
- Tehindo currently has an outdated sales footprint with 11 regional centers/warehouses and 150 offices.

POSSIBLE SOLUTION # 1

- Make specific Fteh flavors only available on seasonal rotations.
- Make the top 5 flavors permanently (Apple, Guava, etc...).
- Establish a social media team to engage and survey the consumer base.
- Manufacturing efficiency will improve.
- Increase in trend analysis and demand forecasting.
- Potential backlash in consumers who only liked the now seasonal flavors.

POSSIBLE SOLUTION # 2

- Eliminate Return Glass Bottles (RGB).
- The 1:1 order fulfillment policy affects ordering predictability.
- Reduced manufacturing footprint with the removal of glass.
- Requires fewer in-person visits by local sales reps to collect and logistics as a whole.
- Repackaging is not always well-received by the consumer.



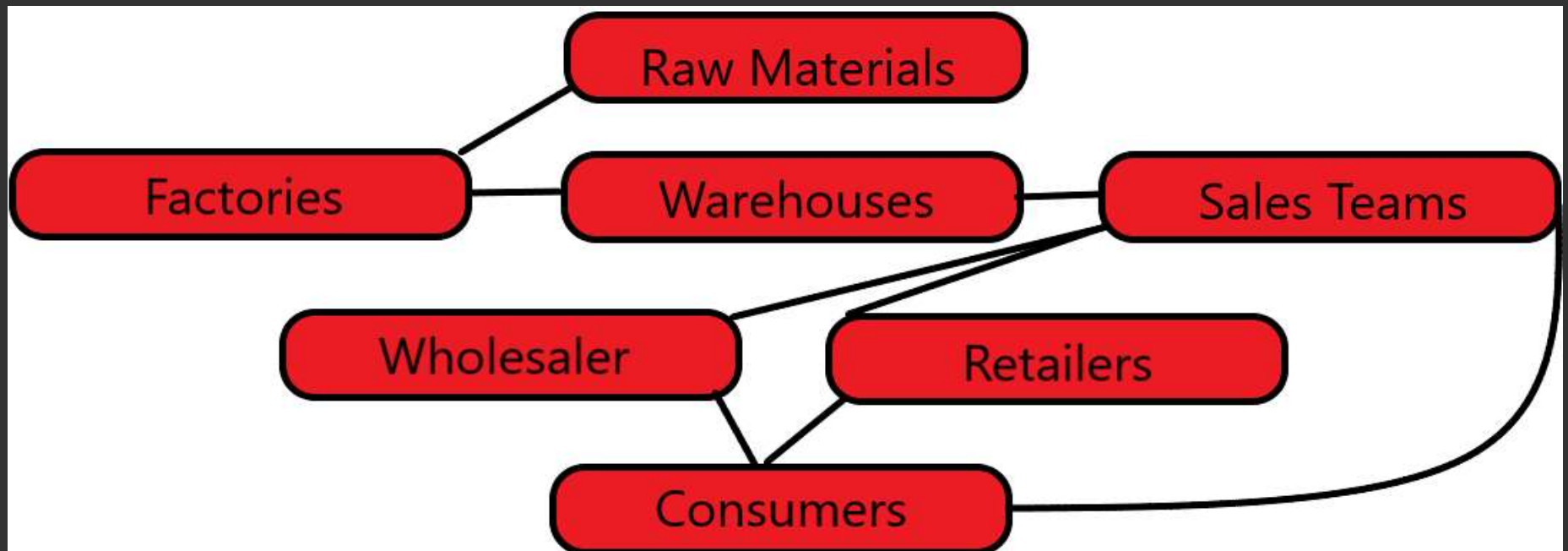
POSSIBLE SOLUTION # 3

- Reduce the sales team footprint.
- Reinforce outreach capability with a more robust online sales & customer service call center.
- With established success at known retailers, the Tehindo name is cemented in the industry
- Technological advances have reduced the necessity for brick-and-mortar sales fronts.
- Use roadshows & site visits to maintain presence.
- Mom & Pop corner stores that have grown accustomed to weekly visits from representatives could be displeased.



APPENDIX QUESTION # 1

Tehindo Information and Product Flows



APPENDIX QUESTION # 2 - 6

- # 2 – Comparing the Goteh and Fteh SCM challenges
 - Goteh: The classic and proven glass bottled jasmine option.
 - Fteh: Growing in popularity with the youth, variations in flavors and demand.
- # 3 – Demand Fluctuations Causes
 - Seasonal holidays, pricing adjustments, RGB, and promotions.
- # 4 – SCM Suggestions
 - Implement the solutions provided in the earlier slides.
- # 5 – Information Distortion
 - Operations and Marketing are not on the same page; the vast sales teams are not in sync with demand or the static inventory.
- #6 – Vertical Integration Pros & Cons
 - Allows for Tehindo to remain self-reliant but opens them up to supply chain issues of tea leaves.

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