

## The Concept and Utilities of Mother Warehouse in Supply Chain & Logistics

Sumit Ganguly

Manager Supply Chain Management- Eastern Zone, India

Address: 49, Regent Place, Tollygunge, Kolkata, PIN: 700040

Organization: Patanjali Foods Limited (Formerly Known as Ruchi Soya Industries Ltd)

### Introduction:

In the world of modern business, efficient supply chain management is the cornerstone of success. Every stage of the supply chain, from production to delivery, plays a vital role in ensuring products reach consumers in a timely and cost-effective manner. Warehousing plays a pivotal role in the supply chain, providing a space for storage, consolidation, and distribution of goods. It serves as a strategic node between production and distribution, providing storage facilities for inventory and offering services such as distribution, transportation and order fulfilment by contributing significantly to the overall success of businesses.

Keywords: Supply Chain Management, Logistics, mother hub, FMCG, GST, E-commerce, COGS.

### Concept and Definition:

The Indian warehousing industry has witnessed remarkable growth due to various factors such as e-commerce expansion, rapid urbanization, the expansion of organized retail. Efficient integrated warehouse management is crucial for businesses operating in a competitive marketplace. An integrated warehousing solutions network brings together various aspects of logistics and supply chain management under one comprehensive system. It enables businesses to streamline their operations, improve customer service, and drive cost savings.

In this aspect concept of Mother warehouse or technically a Mother Hub acts as an aggregation and sortation centre for moving shipments from warehouse to delivery points across the network. It typically denotes a centralized hub that fulfil the demands of smaller hubs and retail markets ultimately helps to build an economic logistics system.

In current GST( Goods and Service Tax) regime also, it has been a successful implementation of material movement without any barriers in case of intra and interstate. In FMCG sector utility of mother hub is widely accepted due reason for single accountability access as well as reduction of various costs. Mother hub facilitates a single domain of inventory management and logistics support to all other smaller and regional distribution centres or direct deliveries. Many organized companies and organization now using such facility to minimize the unnecessary costs and develop new system to fulfil smaller to huge market demand.

### **Mother Hub Utilities:**

Concept of mother hub nowadays much popular in ecommerce sector also where there is a huge product portfolio with smaller to higher market demands to be fulfilled. In such sectors inventory storage and order execution under one roof much necessity factor rather multiple execution from different warehouses. The concept also reduces the liabilities of necessary compliances such as different statutory documents and licenses as well as minimize the manpower cost effectively. The main advantage to have a mother hub is the execution of market demands from a single aggregation. The racking system and store coding denotes the specific pick location and materials identity, which facilitate the correct pick up of stocks and leads correct execution of orders. Mother warehouse and hub facilitates the transportation viability product movement in a very economic freight rate as the vehicle cover a milk run in a certain route which in turn help the deliveries in an effective time frame and the possibility of demand loss reduce.

It has been observed that lots of organizations keep and set up warehouses in different locations in a same state even in two consecutive territories to facilitate the distribution and to achieve high market share however the same can be executed through concept of mother hub in a broader view. Multiple set up of warehouses in same demographic area increase unnecessary costs to company in many regards like rental, manpower, transportation costs, which in turn impact the COGS also. While a single mother hub in a suitable location with all facilities may cover up all the same territories with most economical throughput. In some extent material movement may cross the interstate locations as there are no barriers of goods movement after implementation of GST law. Even in these cases organization may save some other costs also.

### **Scope of Work and contribution:**

Mother hub also contributes a lot and ensuring supply chain reliability during disruptive crisis while material connectivity sometimes getting affected from factories and plants. Having proper inventory in mother hub facilitates the demand neutralization during fluctuation of markets and give a sustainable environment to company to compete with other brands. Mother hub also led a scope to Identify opportunities to re-negotiate long-term contracts with service providers. Bonding and collaboration with all such long-term service providers may increase the valuable aspects of sales growth for all organizations. Regarding the scope of mother hub while the FMCG sector expand in an algorithm manner it is necessary to minimize the floating issues with intense impact on system and set up a stabilize and centralize sorting centre which may be a single window of execution of market demand with efficient manner. The hub facility will lead with skilled manpower and advanced technology and infrastructures certainly contribute to increasing sales growth. While advanced storage with space utilization scope in mother warehousing system ultimately increase the inventory capacity and to store a desirable buffer stock on the other hand onboarding of several logistics techniques and machinery for warehouse inside movement reduce the physical stress which in turn increase the manpower productivity and efficiency.

### **Conclusion:**

Increasing productivity, reducing waste, and driving sustainable performance has become the key performing index to any infrastructure concept of Mother warehouse. Designing processes that have optimum path, zero errors and integrated to the Supply chain process ultimately facilitate and contribute to most of the success.

**References:**

1. “10 Best Supply Chain,” <http://mhlnews.com>, December 3, 2003.
2. “Innovative Technique Supply Chain Management,” [www.ehow.com](http://www.ehow.com), March 6, 2011
3. *Cost Optimization of Warehousing Operations in FMCG: An Analytical Study of Supply Chain* by Shrey Sachchar1 and Sumeet Gupta, *Journal of Global Economy*, Volume 13 No 3, September 2017
4. *Warehousing in Supply Chain Management: The Key Roles and Benefits*, TVS SCS | Insights | Blogs, August 24, 2023
5. *E commerce logistics – basics*, Mar 21, 2016, by Zubin Poonawalla.