



Confederation of Indian Industry
Total Cost Management Division



CII TCM MATURITY MODEL - MSME SECTOR



BACKGROUND:

MSME sector in India is prominent dimension of Indian economy. The sector contributes to more than third country's GDP and close to close to 40% of overall exports, contributing to socio economic growth in the country. Despite its strategic importance, MSME sector are highly vulnerable to economic and business shocks. MSME business models are tugged between several counter forces – customers, suppliers, plant operations, banks and so on.

India specific 'research studies on viability of MSME sector' identifies several key dimensions for success – product cost & profitability, customer delivery models, reviewing profit drains and spotting price-cost gaps in business.

CII TCM Division with its 2 decades of MSME exposure has made a spirited endeavor to 'conceptualize and operationalize 'TCM Assessment Model' for MSME sector to embed 'business viability' by design.

Aligning external business dynamics to MSME, building cost ownership and cost-efficient business process and bringing high visibility to profit building are the hall marks of TCM Model in MSME sector.

PURPOSE:

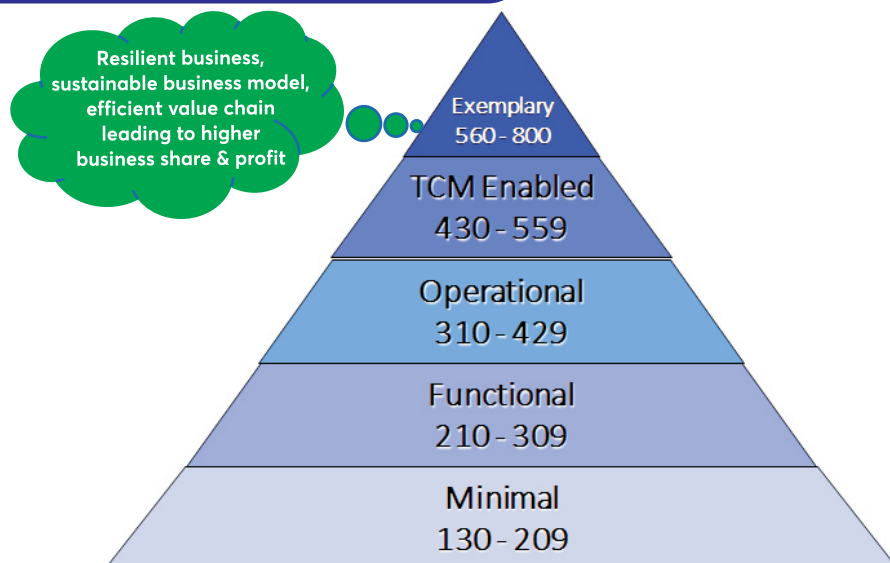
Key objectives of the TCM Maturity Model evaluation process are

- a) Help businesses to systemically map 'cost advantage' areas in business.
- b) Create cost focus to resource management in the MSMEs for accelerating profits.

BENEFITS:

- a) Accelerate and improve business viability in MSME sector
- b) Enable 'cost competitive bidding / price quotation process
- c) Improved business performance metrics by improved 'cost visibility'
- d) Provides blueprint for cost measurement and management process
- e) Enhance profit visibility through product / process cost improvement
- f) Improved operational performance through better production planning
- g) Identification of profit drains - Reduction of wastages

LEVELS OF TCM MATURITY MODEL:



ASSESSMENT SCOPE:

The assessment scope includes 'business strategy and business processes and stakeholder participation from all functions. The assessment process is customized to the exclusive business context and business model.

- Companies operating with customer supplied resources (Conversion units) – Customized assessment model shall be applied.

MSME Cluster – For TCM evaluation

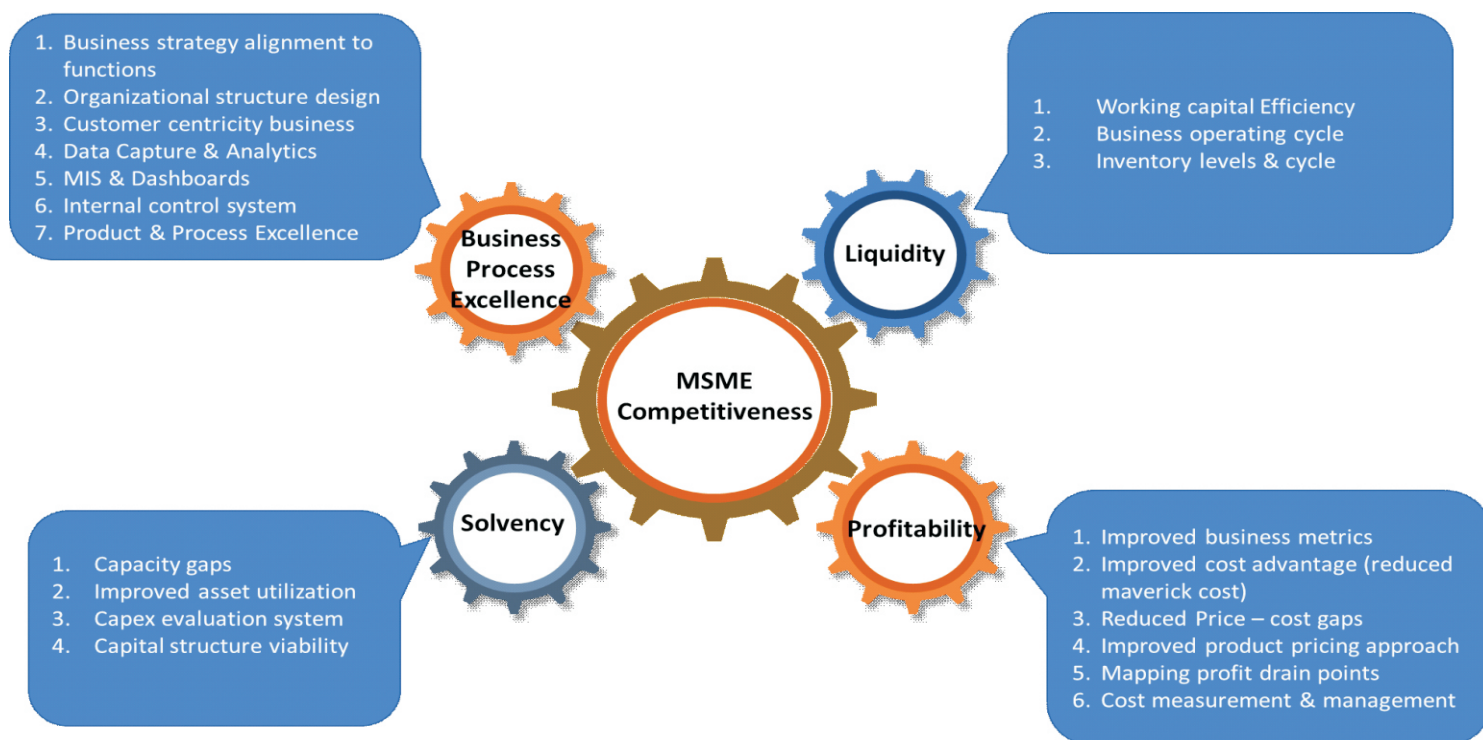
To enable economics for CII TCM Assessment, CII also proposes 'MSME cluster' formation for assessment purpose with necessary confidentiality measures

- Geographical clusters (group of companies closely located)
- Homogenous clusters (group of companies from identical industry/sector)

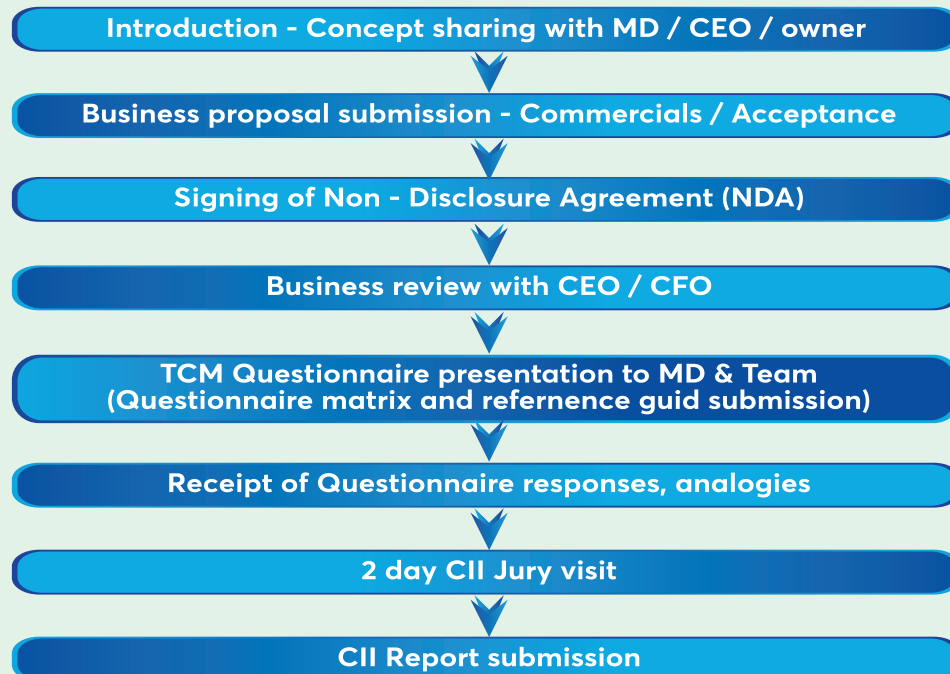
CII team engages the entire leadership team of the company – business heads, functional heads of finance, marketing, sales, operations, information technology in the assessment process. The scope of assessment is:

Module No.	Module Name	Module Owner	Suggested Marks
Module - 1	Business Strategy & Alignment with cost information	MD / Entrepreneur	100
Module - 2	Design and Innovation – Product, Process & Organogram	CFO / R&D / Plant Head	100
Module - 3	Sales and Marketing – TCM enabled	CMO / Estimation	100
Module - 4	Operational Excellence and TCM Culture	Plant Head	120
Module - 5	Procurement and Vendor operations – Cost optimization	Head - Procurement	100
Module - 6	Working Capital Management – Cost economics	MD / CFO	80
Module - 7	Information Technology – Data and MIS	Head – IT / CFO	100
Module - 8	Capital Adequacy and Investment	MD / CFO	100

TCM FOR COMPETITIVENESS



METHODOLOGY:



ABOUT CII

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

For 125 years, CII has been working on shaping India's development journey and, this year, more than ever before, it will continue to proactively transform Indian industry's engagement in national development. CII engages closely with Government on policy issues and interfaces with thought leaders to enhance efficiency, competitiveness and business opportunities for industry through a wide portfolio of specialized services and strategic global linkages.

India's premier business association has more than 9100 members, from the private as well as public sectors, and an indirect membership of over 300,000 enterprises from around 288 national and regional sectoral industry bodies. With 68 offices, including 9 Centres of Excellence in India, and 10 overseas offices in Australia, China, Egypt, France, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 394 counterpart

ABOUT CII TCM DIVISION

Total Cost Management division offers integrated services across the industry to facilitate national movement on TCM. In early 2000, TCM division was conceptualized under the dynamic leadership of Mr S Mahalingam, well assisted by TCM Working Group of experts and professionals drawn across industry segments.

Due to fierce global and domestic competition, the greatest challenge to industry to produce high quality product or service at optimal cost. Our proficiency in management consulting strives to find best solutions. Since its modest beginnings, TCM division has endeavored to find a superior way for clients, and persistently challenge the status quo and apparently makes impossible possible. As consulting division, TCM sees this ongoing dedication to excellence.

For more details, please contact

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