

**Optimizing Inventory Management and Supply Chain Efficiency for Hi-tech  
Lubricant in the context of Rapid Business Growth and Operational  
Challenges**



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**Spring 2023**

**Topic of Research:** (Optimizing Inventory Management and Supply Chain Efficiency for Hi-tech Lubricant in the context of Rapid Business Growth and Operational Challenges)

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# **ACKNOWLEDGEMENT**

We want to thank Allah Almighty for leading us through each difficult situation and showing us that He is always with us and aware of our prayers. Alhamdulillah!

We believe in our abilities and skills, which is why we chose to work with Raja Khalid, a specialist in the area, as my mentor. Thank you very much, sir, for sharing your wealth of knowledge and for making such excellent use of my abilities. We genuinely appreciate your dedication and accountability in controlling this presumption. Without your support, this plan would not have been possible.

Dear parents and family, it is because of your intercession with Allah Almighty, your support, and your encouragement that we are able to do one of the most challenging jobs in our life.

Dear Friends, you have contributed significantly to this success and your support and encouragement has given me strength.

JazakAllah all of you!

## **Abstract**

This report focuses on optimizing inventory management and supply chain efficiency for Hi-tech Lubricant in the context of rapid business growth and operational challenges. The project aims to improve operational performance, reduce inventory holding costs, and increase profitability by implementing efficient inventory management strategies and best practices. The report begins by outlining the project goals, purpose, and scope, followed by a SMART goal that emphasizes the specific objectives and timeline for achieving them. Anticipated benefits of the project include increased customer satisfaction, improved production planning, reduced lead time unpredictability, and lower carrying costs. Key success factors, such as top management support, collaboration between departments, data availability, and continuous improvement, are identified to ensure successful implementation. The report also presents assumptions made in support of the project and outlines major deliverables, including a comprehensive analysis of current practices, development of customized strategies, implementation of recommended practices, and measurement of key performance indicators. Furthermore, the report provides a literature review that explores the challenges faced by oil marketing companies and proposes approaches to address these challenges. The broad problem area in the oil marketing industry is discussed, highlighting the significance of fluctuating oil prices, supply chain optimization, customer retention and satisfaction, regulatory compliance, and technological adaptation. A situational analysis is conducted to examine the macro environment and industry dynamics. This report sets the foundation for further analysis of the specific problem analysis and requirement analysis for Hi-tech Lubricant, enabling the development of effective strategies and solutions to overcome industry obstacles and achieve sustainable growth and success.

*Key words: Inventory Control, Demand Forecasting, Order Fulfillment, Safety Stock.*

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**List of Abbreviations:**

Frontier Works Organization	(FWO)
Customer Relationship Management	(CRM)
Internet of Things	(IoT)
Economic Order Quantity	(EOQ)
Reorder Point	(ROP)
just-in-time	(JIT)
Corporate Social Responsibility	(CSR)



# CHAPTER-1

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## 1.1 Study Background

Optimizing inventory management and supply chain efficiency is crucial for hi-tech lubricant companies, especially when experiencing rapid business growth and facing operational challenges. In today's competitive marketplace, efficient management of inventory and a streamlined supply chain can significantly impact a company's profitability, customer satisfaction, and overall success.

The hi-tech lubricant industry operates in a dynamic and fast-paced environment, characterized by technological advancements, evolving customer demands, and intense competition. As companies expand their product offerings, target new markets, and experience increased demand, they often face several operational challenges. These challenges include maintaining optimal inventory levels, minimizing stockouts and overstocks, managing supply chain complexity, reducing lead times, and ensuring timely delivery to customers.

Inventory management plays a vital role in mitigating these challenges. Effective inventory management involves maintaining the right balance between demand and supply, minimizing carrying costs, and optimizing order fulfillment. However, as companies grow rapidly, their inventory management practices may become inefficient, leading to increased costs, poor customer service, and reduced profitability.

A well-optimized supply chain can contribute to improved responsiveness, reduced costs, enhanced product quality, and increased customer satisfaction. However, rapid business growth can strain the supply chain, leading to bottlenecks, delays, and inefficiencies in material sourcing, production planning, warehousing, transportation, and order fulfillment.

By conducting this study, valuable insights can be gained, providing hi-tech lubricant companies with practical recommendations to overcome operational challenges and maximize their competitiveness. The findings of this research can contribute to improving inventory management practices, streamlining supply chain operations, reducing costs, and ultimately enhancing customer satisfaction in the hi-tech lubricant industry.

## 1.2 Company Profile

A well-known leader in the lubricant market, Hi-tech Lubricant provides a vast selection of premium lubricants, greases, specialty oils, and associated goods. Hi-tech Lubricant is a distributor for S.K Lubricants' ZIC Lubricants and has built a solid reputation in the market by serving a variety of industries and applications. Hi-tech Lubricant

has established itself as a major participant in the market by concentrating on providing dependable and effective lubrication solutions, enhancing the functionality and durability of machines. (Limited, n.d.)

Hi-tech Lubricant traces its roots back to its partnership with S.K Lubricants, a renowned lubricant producer with headquarters in Ulsan, Korea. S.K Lubricants has a long history of quality, and major engine producers like BMW, AUDI, and Daimler have certified their lubricant formulations, earning them the respect of industry authorities. This endorsement demonstrates the excellent standards upheld by the parent company of Hi-tech Lubricant. (IACS, 10 2021)

Hi-tech Lubricant has established a solid reputation in both domestic and international markets under the trade name "ZIC" Lubricants. The success of the brand is largely due to its dedication to quality, innovation, and client happiness. The comprehensive product portfolio offered by ZIC Lubricants includes greases, hydraulic oils, industrial oils, gear oils, and engine oils. These products are made with state-of-the-art techniques, premium base oils, and additives to provide outstanding performance and protect the equipment they are used in. (Limited, n.d.-d)

ZIC Lubricants places a high emphasis on eco-friendly lubricants that minimize environmental effects and hazardous emissions as a sign of its commitment to environmental sustainability. This dedication to sustainability is consistent with the expanding emphasis on environmental responsibility around the world. (Denton, September 2021)

Hi-tech Lubricant has effectively entered both the commercial and public sectors thanks to a strong distribution network and a team of industry professionals. Famous private clients that have benefited from ZIC Lubricants' services include Pak Suzuki Motor Co., Frontier Works Organization (FWO), Siemens, Nokia, Bahria Town (Pvt) Ltd., and several telecom firms. Also happy with the lubricating solutions offered by ZIC Lubricants and Greases are prestigious government organizations like SNGPL, OGDCL, and WAPDA.

Hi-tech Lubricant has established a productive supply chain network to guarantee the availability and prompt delivery of its goods. This network includes warehouse, distribution, transportation, and sourcing operations. Hi-tech Lubricant has a steady supply of high-quality lubricants in stock by working with dependable suppliers and utilizing the manufacturing resources of its parent company.

The company's strategically placed distribution centers enable on-time customer delivery in several locations. Hi-tech Lubricant is able to minimize stock outs and lower carrying costs because of efficient inventory management techniques, including demand forecasting and just-in-time inventory replenishment. In order to improve visibility, streamline supply chain operations, and boost overall efficiency, the organization also embraces digital integration.

ZIC BLENDING: ZIC recently made a move into the lubricant blending industry. The future ZIC Factory will be an integrated unit that produces lubricants that meet international standards in HDPE bottles and fills, caps, and labels the final goods on a filling line with high automation and accuracy.

The most recent application for environmental approval for the construction of the Hi-Tech Blending facility at the site; 7-Km Sunder Raiwind Road, Bhai Kot, Lahore, was submitted to the Environmental Protection Agency by Hi-Tech Blending PVT Ltd. Production will begin at the facility by the third quarter of 2015.

Effective warehousing and inventory management play a crucial role in the success of any manufacturing or distribution company. It guarantees product availability, optimizes operational effectiveness, lowers costs, and raises customer happiness. The improvement of depots and inventory management becomes a crucial area of focus given Hi-tech Lubricant's rapid company expansion and operational problems. In order to fulfill the demands of its expanding client base and tackle the operational issues it encounters, hi-tech Lubricant, a leading manufacturer of lubricants, is using this research to analyze and suggest ways for optimizing depots and inventory management. (Chopra, P. (2016). )

Hi-tech Lubricant has experienced significant growth in recent years, driven by its commitment to delivering superior quality lubricants and lubrication solutions to a diverse range of customers. This growth has resulted in increased production volumes, an expanded product portfolio, and a broader customer reach. While these achievements are commendable, they have also presented the company with various challenges in managing its warehouse operations and optimizing inventory levels effectively.

### **1.3 Project Rationale**

The rationale behind undertaking this project on optimizing inventory management and supply chain efficiency for Hi-tech Lubricant lies in the context of rapid business growth and operational challenges.

This project aims at identifying the problems faced by the company which led to maintaining timely product availability, reducing stock-outs, and optimizing supply chain operations that are adapted to temperature variations in order to address these temperature-related issues and ensure efficient inventory management. The organization may minimize product losses, cut expenses, improve supply chain operations, and boost customer happiness by solving these issues. It is critical to improve inventory management practices as hi-tech Lubricant develops its market presence and experiences an increase in consumer demand.

Based on these findings, the project will propose innovative solutions and strategies to optimize inventory management and supply chain processes that are especially suited to deal with the problems brought on by temperature changes. This may involve implementing advanced forecasting techniques, adopting temperature-

controlled storage solutions, optimizing transportation routes, and developing contingency plans to mitigate the effects of temperature fluctuations.

The results of this study will improve Hi-Tech Lubricant's operational efficiency while also making a contribution to supply chain management more generally. The project's findings will help businesses in related industries address the issues of inventory management brought on by temperature variations by offering insightful information and useful advice.

## **1.4 Project Goal**

This project aims to increase Hi-tech Lubricant's supply chain efficiency and inventory management effectiveness. The goal is to improve operational performance, reduce inventory holding costs, and increase profitability for the organization by applying efficient inventory management strategies and utilizing best practices. The project's ultimate goal is to position hi-tech Lubricants as the industry pioneer for effective inventory control.

## **1.5 Project Purpose**

The purpose of this project is to identify and address the specific inventory management challenges faced by hi-tech Lubricant in the context of its rapid business growth. The project attempts to offer specialized solutions and strategies that correspond with the particular needs of the firm by conducting a comprehensive analysis of the company's current inventory management practices, supply chain procedures, and operational performance. The objectives are to increase overall supply chain efficiency, optimize inventory levels, decrease lead time unpredictability, and improve customer service standards.

## **1.6 Broad Statement of Scope**

The scope of this project is to evaluate the supply chain and inventory management processes of Hi-tech Lubricant. Analyzing inventory matrix, lead time variable factors, and the effects of the weather on products and seasonal demand on inventory levels are all part of the process. The study also focuses on assessing the firm's supply chain resilience and suggesting ways to strengthen it. Implementing suggested inventory management techniques and monitoring predicted operational improvements are also included.

## 1.7 SMART Goal

**Specific:** The project's goal is to optimize inventory management and supply chain efficiency for Hi-tech Lubricant in the context of rapid business growth and operational challenges.

**Measurable:** The project's success will be measured by key performance indicators such as inventory turnover, stock-out rates, lead time variation, customer satisfaction levels, and financial metrics.

**Achievable:** It is possible to improve inventory management and supply chain efficiency within Hi-tech Lubricant operations with the right analysis, planning, and implementation.

**Relevant:** The project's emphasis on inventory management and supply chain effectiveness is aligned with the business's objectives to maintain a competitive advantage, satisfy customer demand, and increase profitability.

**Time-bound:** The project will be completed within a specific timeframe, considering the complexity of the analysis, implementation, and evaluation processes. A realistic timeline will be developed to ensure timely completion and achievement of the project objectives.

The SMART goal for this project is to optimize inventory management and supply chain efficiency for Hi-tech Lubricant by implementing customized strategies and solutions within a specified timeframe, resulting in improved operational performance, enhanced customer satisfaction, and increased profitability.

## 1.8 Anticipated Benefits

Numerous advantages are expected from this initiative. Hi-tech Lubricant should expect increased customer satisfaction through quicker order fulfillment and fewer stock-outs by improving inventory management and supply chain efficiency. With improved production planning, reduced lead time unpredictability, and streamlined logistics procedures, the organization will operate more efficiently. Optimizing inventory levels will also result in lower carrying costs and working capital requirements, which will improve the financial performance of the organization. Hi-tech Lubricant will be able to take advantage of economies of scale, bargain good terms with suppliers, and obtain a competitive edge in the lubricant market.

## 1.9 Key Success Factors

The entire supply chain will gain from the new depots tactics, which will improve forecasting and address inventory problems. Enhanced inventory tracking of all the items in storage, including a weekly inspection. For

Hi-tech Lubricant, monitoring and enhancing overall depot performance is crucial to success. A flexible strategy to deal with the erratic demand will be the movement of merchandise within the depot.

The value of inventory items will be established based on each item's significance to the organization using an inventory management technique known as Spend analysis. The things are essentially ranked using demand, risk information, and pricing. Managers can use this information to determine which factors are more important for financial performance and which factors are less important. By employing Spend analysis to identify inventory problems in warehouses, the company can shorten lead times across all of its storage facilities. Classification can be done based on each item's total consumption, total inventory value, and unit cost.

Several key success factors are essential for the successful implementation of this project. Firstly, the active support and commitment of top management are crucial to ensure resource allocation, stakeholder involvement, and organizational buy-in. Secondly, effective collaboration and communication between different departments within Hi-tech Lubricant, including production, procurement, sales, and logistics, are vital for seamless implementation. Additionally, the availability of data for inventory analysis and forecasting is essential. Lastly, monitoring and continuous improvement of inventory management processes are key success factors to sustain the benefits achieved through the project.

## **1.10 Assumptions of the Project**

Let's examine the presumptions used to support this strategy and its likely long-term advantages for the company.

In order to analyze the offered solution for their ongoing issues with their inventories and depots, the company must carefully evaluate this project.

The management team of the company is eager to put these solutions into practice in order to improve how smoothly, effectively, and efficiently their operations work.

Since the goal of the plan is to ensure that customers have access to the products they need to sustain service levels, it will have long-term advantages. The plan proposes activities to address the problems of improper inventory and storage management. They can always incorporate future modifications if they have a solid management system as a foundation.

## **1.11 Major Deliverables**

The major deliverables of this project include:

Comprehensive analysis of Hi-tech Lubricant's current inventory management practices and supply chain processes.

Identification of inventory management challenges and operational issues faced by the company.

Development of customized strategies and solutions to optimize inventory levels and enhance supply chain efficiency.

Implementation of recommended inventory management practices and monitoring of their effectiveness.

Measurement and evaluation of key performance indicators related to inventory management and supply chain efficiency.

Documentation of best practices, guidelines, and standard operating procedures for sustainable inventory management.

Presentation of findings, recommendations, and outcomes to stakeholders, including top management and relevant departments within Hi-tech Lubricant.

# CHAPTER-2

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## Literature Review

### 2.1 Introduction

This section presents a comprehensive literature review focused on the challenges faced by oil marketing companies. The review aims to identify the key issues encountered by these companies and the existing approaches proposed by researchers and industry experts. By examining relevant scholarly articles, industry reports, and books, this literature review will provide valuable insights into the problem domain and set the foundation for further analysis in this thesis.

### 2.2 Challenges Faced by Oil Marketing Companies

#### 2.2.1 Fluctuating Oil Prices

One of the significant challenges for oil marketing companies is the volatility of oil prices in the global market. Several studies have emphasized the impact of fluctuating oil prices on the profitability and decision-making processes of these companies. According to (Wadud, 2018)), oil price fluctuations can significantly affect the revenues and margins of oil marketing companies, requiring effective price management strategies to mitigate risks and maintain competitiveness.

#### 2.2.2 Supply Chain Optimization

Efficient supply chain management is crucial for oil marketing companies to ensure timely delivery and minimize operational costs. (Mithas et al, (2016)) Emphasize the importance of optimizing the supply chain to enhance operational efficiency and achieve cost savings. This involves streamlining logistics, improving inventory management, and optimizing distribution networks.

#### 2.2.3 Customer Retention and Satisfaction

In a competitive market, maintaining high levels of customer satisfaction and retention is essential for oil marketing companies. Research by (Rouibah et al, (2020) )suggests that customer satisfaction positively influences loyalty and repurchase intentions in the oil and gas industry. Therefore, companies need to focus on understanding customer preferences, providing personalized offerings, and delivering excellent customer service to enhance loyalty and gain a competitive edge.



### **2.2.4 Regulatory Compliance**

Oil marketing companies operate within a highly regulated industry and must adhere to various safety, environmental, and quality control standards. Non-compliance can lead to penalties, reputation damage, and legal implications. Research by (Vazquez-Brust et al, (2018) )highlights the importance of effective regulatory compliance management to mitigate risks and ensure sustainable operations in the oil and gas sector.

### **2.2.5 Technological Adaptation**

The oil and gas industry is witnessing rapid technological advancements that have the potential to transform operations and improve efficiency. Oil marketing companies need to embrace these technologies to stay competitive. Research by (Roscoe et al, (2020) )explores the adoption of technologies such as automation, digitalization, and data analytics in the oil and gas sector, emphasizing their impact on improving operational efficiency and decision-making processes.

### **2.2.6 Approaches to Address Challenges**

Several approaches have been proposed to address the challenges faced by oil marketing companies. For instance, in terms of fluctuating oil prices, researchers have suggested strategies such as hedging mechanisms ((Ahmed and Wadud, (2018) )and dynamic pricing models (Chen and Zhang, 2020) to mitigate risks and optimize pricing decisions.

Supply chain optimization can be achieved through strategies such as lean management ( (Mithas et al, 2016)) and the integration of advanced technologies like the Internet of Things (IoT) for real-time tracking and monitoring (Wang et al., , 2018)

To enhance customer retention and satisfaction, studies recommend the implementation of customer relationship management (CRM) systems ( (Rouibah et al, 2020) and personalized marketing approaches (Mokhlis et al, 2019)

In terms of regulatory compliance, research suggests the adoption of robust compliance management systems (Vazquez-Brust et al, 2018) and the establishment of strong corporate governance frameworks (Sun et al, 2021)

Regarding technological adaptation, oil marketing companies are encouraged to invest in digitalization, automation, and data analytics ( (Roscoe et al, 2020)to optimize operations, improve decision-making, and gain a competitive advantage.

## 2.3 Broad Problem Area

The oil marketing industry operates in a complex and dynamic environment, characterized by numerous challenges and uncertainties. In this section, we will explore the broad problem area faced by oil marketing companies, encompassing the overarching issues that impact their operations and overall performance.

The primary challenge in the oil marketing industry revolves around the inherent volatility of oil prices in the global market. Fluctuations in oil prices have a direct impact on the revenues, margins, and profitability of oil marketing companies. These fluctuations can arise from various factors such as geopolitical tensions, economic conditions, supply and demand dynamics, and environmental regulations. The ability to effectively manage and respond to these price fluctuations is crucial for the sustainability and success of oil marketing companies.

Furthermore, optimizing the supply chain is another critical challenge faced by oil marketing companies. Given the vast and complex nature of the industry's supply chain, which involves the sourcing, refining, transportation, and distribution of petroleum products, ensuring seamless operations and minimizing costs become paramount. Supply chain optimization involves streamlining logistics, improving inventory management, optimizing distribution networks, and maintaining effective relationships with suppliers and distributors.

Customer retention and satisfaction also pose a significant challenge for oil marketing companies. In an increasingly competitive market, building strong customer relationships and delivering exceptional customer experiences are vital for maintaining loyalty and gaining a competitive edge. Understanding customer preferences, providing personalized offerings, and delivering excellent customer service are essential aspects that companies need to focus on to enhance customer satisfaction and retention.

Regulatory compliance is another critical area of concern for oil marketing companies. Operating within a highly regulated industry, these companies must comply with a wide range of safety, environmental, and quality control standards. Failure to meet regulatory requirements can lead to penalties, reputational damage, and legal consequences. Effective management of regulatory compliance is essential to mitigate risks, ensure sustainable operations, and maintain a positive corporate image.

Lastly, oil marketing companies face the challenge of adapting to rapid technological advancements. With the emergence of technologies such as automation, digitalization, data analytics, and the Internet of Things (IoT), there are immense opportunities to optimize operations, improve decision-making processes, and enhance overall efficiency. However, embracing and effectively integrating these technologies into existing systems and processes can be complex and requires careful planning and implementation.

Addressing these broad problem areas is crucial for oil marketing companies to thrive in a highly competitive and dynamic industry. By understanding and analyzing these challenges, companies can develop strategies, adopt innovative approaches, and implement effective solutions to overcome the obstacles and achieve sustainable growth and success.

## 2.4 Situational Analysis

To gain a comprehensive understanding of the current landscape and context in which oil marketing companies operate, it is crucial to conduct a situational analysis. This analysis examines various internal and external factors that influence the industry, providing valuable insights into the opportunities and threats that companies face. In this section, we will delve into the situational analysis of the oil marketing industry.

### 2.4.1 Macro Environment Analysis

The macro-environment encompasses the broader external factors that impact the oil marketing industry. These factors include political, economic, social, technological, environmental, and legal (PESTEL) factors.

**Political Factors:** Political stability, government regulations, and policies related to the oil industry play a significant role in shaping the operating environment for oil marketing companies. Factors such as geopolitical tensions, trade agreements, and energy policies can have a direct impact on oil prices, supply, and demand.

**Economic Factors:** Economic conditions, including GDP growth, inflation rates, and currency exchange rates, influence the purchasing power and demand for petroleum products. Fluctuations in global oil prices can impact the profitability and financial performance of oil marketing companies.

**Social Factors:** Changing consumer preferences, awareness of environmental issues, and shifts in lifestyle patterns influence the demand for sustainable and environmentally friendly energy sources. Oil marketing companies need to adapt to evolving consumer expectations and cater to the growing demand for greener alternatives.

**Technological Factors:** Technological advancements have the potential to transform the oil marketing industry. Innovations such as digitalization, automation, and data analytics can optimize operations, enhance decision-making, and improve efficiency. Adopting and integrating these technologies is crucial for companies to stay competitive and meet evolving industry standards.

**Environmental Factors:** Environmental concerns and regulations aimed at reducing carbon emissions and promoting sustainable practices have a profound impact on the oil marketing industry. Companies are under

increasing pressure to adopt cleaner energy sources, reduce carbon footprints, and invest in renewable energy solutions.

**Legal Factors:** The oil marketing industry operates within a highly regulated framework. Companies must comply with safety regulations, environmental standards, and other legal requirements to ensure sustainable operations and avoid penalties and legal consequences.

## 2.4.2 Industry Analysis

Conducting an analysis of the oil marketing industry provides insights into the competitive landscape, market dynamics, and key trends shaping the industry.

**Competitive Landscape:** The oil marketing industry is highly competitive, with numerous players operating at various stages of the value chain. Major oil companies, independent retailers, and regional players all compete for market share. Understanding the competitive landscape and identifying key competitors' strengths and weaknesses is crucial for oil marketing companies to develop effective strategies.

**Market Dynamics:** Factors such as supply and demand, oil price volatility, and changing consumer behavior influence the dynamics of the oil marketing market. Fluctuations in global oil prices impact the profitability and pricing strategies of oil marketing companies. Understanding market trends and anticipating shifts in demand is crucial for companies to make informed business decisions.

**Key Trends:** Several trends are shaping the oil marketing industry. These include the increasing adoption of renewable energy sources, the rise of electric vehicles, the emergence of digital technologies, and the focus on sustainability and environmental responsibility. Oil marketing companies need to stay abreast of these trends and adapt their strategies and offerings accordingly.

## 2.4.3 Company Analysis

Company analysis focuses on examining the internal factors that impact the performance and competitiveness of oil marketing companies. This analysis involves assessing the company's strengths, weaknesses, capabilities, and resources.

**Financial Performance:** Analyzing key financial indicators such as revenue, profitability, liquidity, and solvency provides insights into the company's financial health and performance.

**Operational Capabilities:** Evaluating the company's operational efficiency, supply chain management, distribution network, and infrastructure helps identify areas of strength and areas that require improvement.

**Marketing and Branding:** Assessing the company's marketing strategies, brand positioning, and customer relationship management provides insights into its ability to attract and retain customers.

**Organizational Structure and Culture:** Understanding the company's organizational structure, leadership, and corporate culture helps identify the company's strengths and potential challenges in implementing changes and driving innovation.

By conducting a comprehensive situational analysis, oil marketing companies can gain a deeper understanding of the external and internal factors that influence their operations. This analysis serves as a foundation for identifying specific problems and challenges faced by these companies, as discussed in the following section.

## **2.5 Specific Problems Faced by Oil Marketing Companies**

Oil marketing companies operate in a complex and dynamic industry that presents several unique challenges. In this section, we will discuss the specific problems faced by oil marketing companies.

**Fluctuating Oil Prices:** Oil marketing companies are highly vulnerable to fluctuations in global oil prices. Rapid and unpredictable changes in oil prices can significantly impact their profitability and financial stability. Companies must navigate price volatility and implement effective pricing strategies to remain competitive while ensuring sustainable profitability.

**Increasing Environmental Regulations:** The growing focus on environmental sustainability and the need to reduce carbon emissions pose significant challenges for oil marketing companies. Strict environmental regulations, such as emissions standards and carbon pricing mechanisms, require companies to invest in cleaner technologies, renewable energy sources, and sustainable practices. Adapting to these regulations while maintaining operational efficiency and profitability is a complex task.

**Evolving Consumer Preferences:** Consumer preferences in the energy sector are undergoing a shift. Increasing awareness of climate change and environmental concerns has led to a growing demand for greener and more sustainable energy sources. Oil marketing companies face the challenge of meeting these evolving consumer preferences while maintaining a competitive edge in the market. They must invest in renewable energy solutions, alternative fuels, and innovative technologies to align with changing consumer demands.

**Intense Market Competition:** The oil marketing industry is highly competitive, with numerous players vying for market share. Major oil companies, independent retailers, and regional players all compete for customers. Oil marketing companies must continuously innovate and differentiate their products and services to stay ahead of the competition. Developing effective marketing strategies, enhancing customer experiences, and building strong brand equity are crucial to maintaining a competitive edge.

**Infrastructure and Supply Chain Challenges:** Oil marketing companies require a robust infrastructure and efficient supply chain management to ensure the timely delivery of petroleum products. However, maintaining and expanding infrastructure, including storage facilities, pipelines, and retail outlets, can be costly and challenging. Additionally, disruptions in the supply chain, such as geopolitical tensions or natural disasters, can impact the availability and distribution of petroleum products.

**Technological Disruptions:** Rapid advancements in technology are transforming the oil marketing industry. The rise of digital technologies, automation, and data analytics presents both opportunities and challenges for companies. Oil marketing companies need to embrace digitalization, upgrade their IT systems, and leverage data-driven insights to optimize operations, enhance customer experiences, and improve decision-making.

**Geopolitical and Economic Factors:** Geopolitical tensions, regional conflicts, and economic uncertainties can significantly impact the oil market. Changes in government policies, trade agreements, and sanctions can disrupt the supply and demand dynamics and affect oil prices. Oil marketing companies must navigate these geopolitical and economic factors to mitigate risks and ensure operational stability.

**Talent Acquisition and Retention:** Attracting and retaining skilled talent is a critical challenge for oil marketing companies. The industry requires a diverse range of professionals, including engineers, technicians, marketers, and managers, with expertise in various domains. Recruiting and retaining top talent in a competitive job market can be a daunting task for companies.

Understanding and addressing these specific problems faced by oil marketing companies is essential for devising effective strategies and finding innovative solutions. In the subsequent chapters, we will explore potential solutions and propose recommendations to overcome these challenges.

## 2.6 Summary

This literature review has provided an overview of the challenges faced by oil marketing companies, including fluctuating oil prices, supply chain optimization, customer retention and satisfaction, regulatory compliance, and technological adaptation. The review also highlighted various approaches proposed in the literature to address these challenges. Building upon this foundation, the subsequent sections of this thesis will delve into the specific problem analysis and requirement analysis for the chosen oil marketing company, Hi-tech Lubricant.

# CHAPTER-3

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## Methodology

Design and Implementation of Demand Forecasting, Safety Stock, Snowballing, and Agile Supply Chain in HTL

### 3.1 Demand Forecasting

Demand forecasting plays a crucial role in the petroleum industry, enabling companies like HTL to anticipate market trends, optimize inventory management, and meet customer demands effectively. To design and implement an accurate demand forecasting system, HTL should consider the following:

### 3.2 Data Collection and Analysis

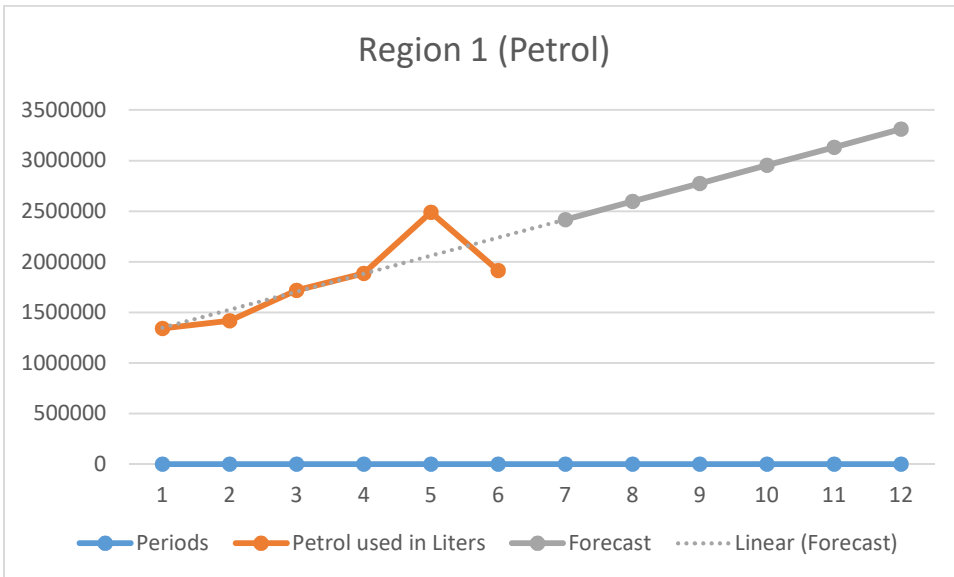
We have gathered historical sales data, market trends, and other relevant information to identify patterns and fluctuations in demand. This data is collected from various sources, including internal sales records, industry reports, customer feedback, and market research.

We are using trend analysis shown in the table to determine the forecast for petrol and hi diesel. We collected secondary data from Punjab of first half year of 2023 from January to June and divided the data into 3 regions. Region 1 is South Punjab, Region 2 is central Punjab and Region 3 is north Punjab. We will be doing forecasting on the basis of usage in liters.

## For Region 1: South Punjab

**Petrol: -**

	Periods	Petrol used in Liters	Forecast		
Jan	1	1,341,100			
Feb	2	1,418,000			
March	3	1,717,000		Slope	178357.1
April	4	1,887,000		Intercept	1169933
May	5	2,489,000			
June	6	1,913,000			
July	7		2418433		
Aug	8		2596790		
Sep	9		2775148		
Oct	10		2953505		
Nov	11		3131862		
Dec	12		3310219		
y=	a+bx				
y7=	1169933+178357.1(7)				

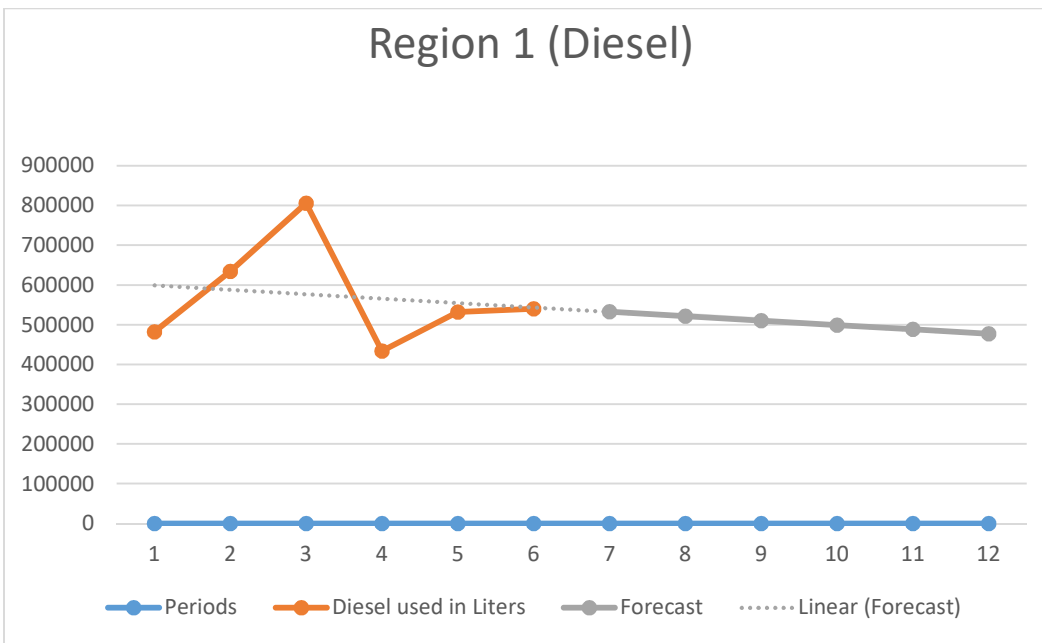


Petrol in region 1 is showing a linear upward forecasting of demand.



**Diesel:**

	Periods	Diesel used in Liters	Forecast		
Jan	1	482,000			
Feb	2	634,000			
March	3	806,000		Slope	-11085.7
April	4	434,000		Intercept	610133.3
May	5	532,000			
June	6	540,000			
July	7		532533.3		
Aug	8		521447.6		
Sep	9		510361.9		
Oct	10		499276.2		
Nov	11		488190.5		
Dec	12		477104.8		
y=	a+bx				
y7=	610133.3+(-11085.7)*7				

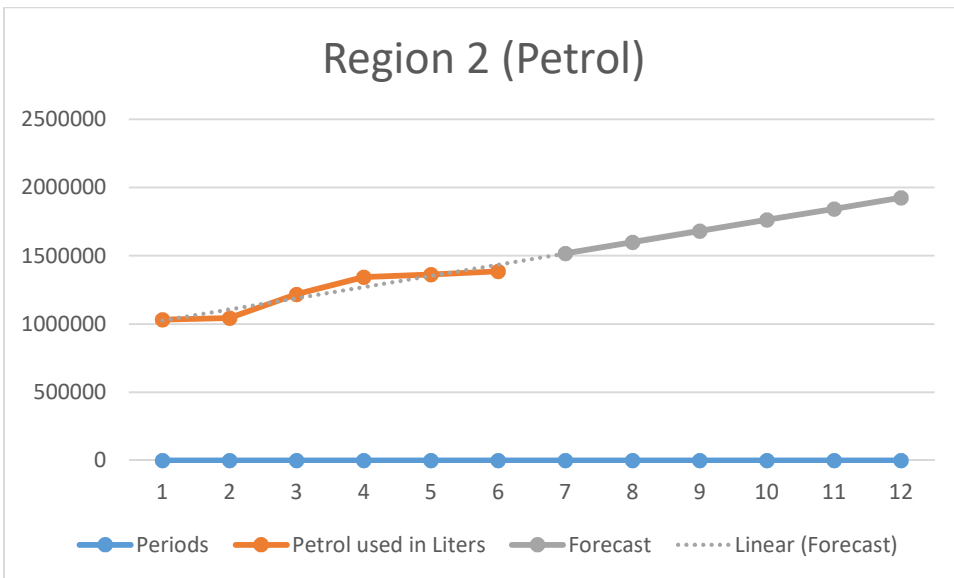


Diesel in region 1 is showing a linear downward forecasting of demand.

## For Region 2: Central Punjab

**Petrol: -**

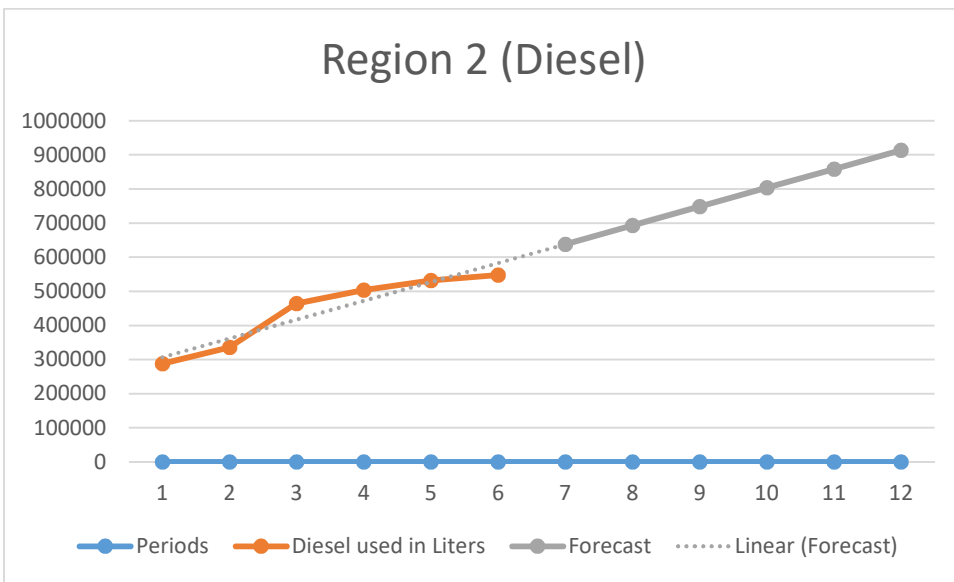
	Periods	Petrol used in Liters	Forecast		
Jan	1	1,031,000			
Feb	2	1,044,000			
March	3	1,218,000		Slope	81771.43
April	4	1,343,000		Intercept	944800
May	5	1,363,000			
June	6	1,387,000			
July	7		1517200		
Aug	8		1598971		
Sep	9		1680743		
Oct	10		1762514		
Nov	11		1844286		
Dec	12		1926057		
y=	a+bx				
y7=	944800+81771.43(7)				



Petrol in region 2 is showing a linear upward forecasting of demand.

**Diesel: -**

	Periods	Diesel used in Liters	Forecast		
Jan	1	288,000			
Feb	2	336,000			
March	3	464,000		Slope	55085.71
April	4	504,000		Intercept	252533.3
May	5	532,000			
June	6	548,000			
July	7		638133.3		
Aug	8		693219		
Sep	9		748304.8		
Oct	10		803390.5		
Nov	11		858476.2		
Dec	12		913561.9		
y=	a+bx				
y7=	252533.3+55085.71*7				

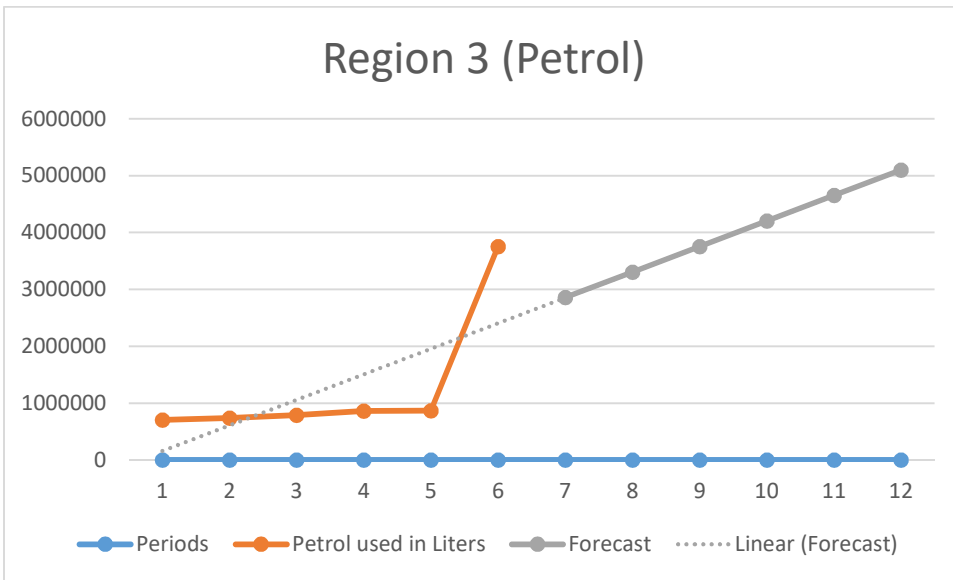


Diesel in region 2 is showing a linear upward forecasting of demand.

## For Region 3: North Punjab

**Petrol: -**

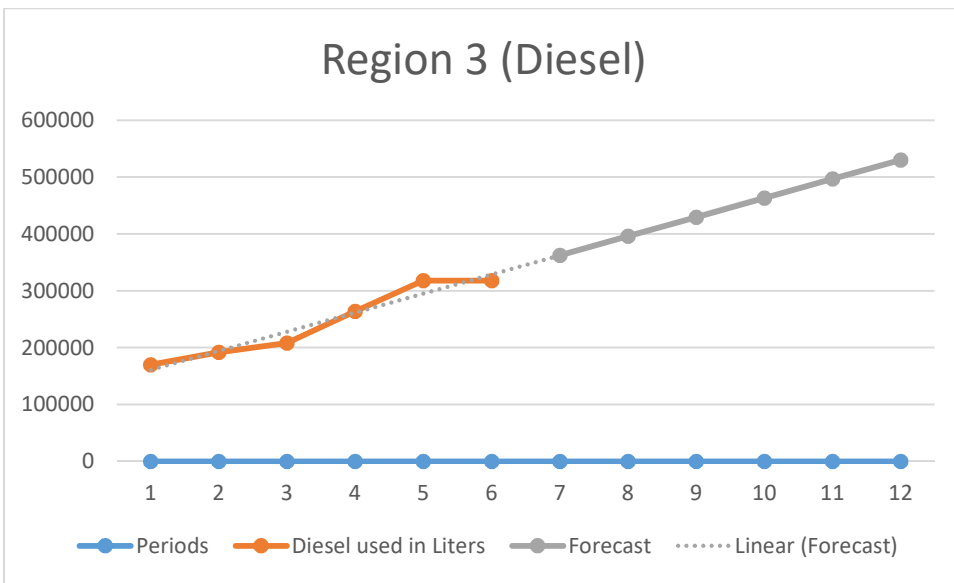
	Periods	Petrol used in Liters	Forecast		
Jan	1	705,000			
Feb	2	741,000			
March	3	787,000		Slope	448914.3
April	4	862,000		Intercept	-284533
May	5	870,000			
June	6	3,755,000			
July	7		2857867		
Aug	8		3306781		
Sep	9		3755695		
Oct	10		4204610		
Nov	11		4653524		
Dec	12		5102438		
y=	a+bx				
y7=	(-284533)+448914.3(7)				



Petrol in region 3 is showing a linear upward forecasting of demand.

**Diesel: -**

	Periods	Diesel used in Liters	Forecast		
Jan	1	170,000			
Feb	2	192,000			
March	3	208,000		Slope	33542.86
April	4	264,000		Intercept	127600
May	5	318,000			
June	6	318,000			
July	7		362400		
Aug	8		395942.9		
Sep	9		429485.7		
Oct	10		463028.6		
Nov	11		496571.4		
Dec	12		530114.3		
y=	a+bx				
y7=	127600+33542.86*7				



Diesel in region 3 is showing a linear upward forecasting of demand.

### **3.3 Safety Stock Management**

Safety stock is a buffer inventory maintained to mitigate the risks of stock outs and uncertainties in demand and supply. In the petroleum industry, where disruptions can have severe consequences, HTL should design and implement an effective safety stock management system using the following guidelines:

### **3.4 Risk Assessment**

HTL should conduct a comprehensive risk assessment to identify potential supply chain disruptions, such as production delays, transportation issues, and market uncertainties. By understanding the risks, HTL can determine the appropriate level of safety stock required to ensure uninterrupted supply and meet customer demand during unforeseen events.

### **3.5 Statistical Models**

Statistical models, such as the Economic Order Quantity (EOQ) model and the Reorder Point (ROP) model, can help HTL calculate the optimal level of safety stock. These models consider factors such as lead time variability, demand variability, and service level targets to determine the right balance between inventory costs and customer service levels.

### **3.6 Continuous Monitoring and Review**

Safety stock levels should be continuously monitored and reviewed to align with changing market conditions, customer demands, and supply chain performance. Regular analysis of historical data, demand patterns, and lead time variations can help HTL fine-tune safety stock levels and optimize inventory management practices.

### **3.7 Snowballing**

Snowballing refers to the process of gradually increasing inventory levels in anticipation of higher demand during peak seasons or promotional periods. HTL can implement snowballing strategies to meet customer demands effectively and capitalize on seasonal opportunities. The following steps are recommended for snowballing implementation. (Świerczek, 2014)

### **3.8 Demand Analysis**

HTL should analyze historical sales data, market trends, and customer behavior patterns to identify peak seasons, promotional events, and periods of increased demand. By understanding these patterns, HTL can determine the appropriate time to initiate snowballing and allocate additional inventory.

### **3.9 Production Planning and Capacity**

HTL should align its production planning and capacity to accommodate increased production during snowballing periods. This may involve adjusting production schedules, securing additional resources, and optimizing manufacturing processes to meet the heightened demand efficiently.

### **3.10 Collaboration with Suppliers**

Close collaboration with suppliers is crucial for successful snowballing implementation. HTL should communicate its anticipated demand increase and work with suppliers to ensure the timely delivery of raw materials and components. Establishing strong relationships and fostering transparency with suppliers can help mitigate potential supply chain bottlenecks.

### **3.11 Agile Supply Chain**

An agile supply chain is essential in the dynamic and volatile petroleum industry. HTL can adopt agile supply chain principles to enhance responsiveness, flexibility, and customer satisfaction. The following steps can guide the implementation of an agile supply chain in HTL:

### **3.12 Collaboration and Information Sharing**

HTL should foster collaboration and information sharing across its supply chain network. This includes close cooperation with suppliers, distributors, and logistics partners. By sharing real-time information on demand, inventory levels, and production capabilities, HTL can respond quickly to changing market conditions and customer requirements.

### **3.13 Flexibility in Manufacturing**

HTL should invest in flexible manufacturing processes and technologies to adapt to changing demand patterns. The ability to quickly switch production lines, adjust product mix, and accommodate customized orders can help HTL meet varying customer demands and seize new market opportunities.

### **3.14 Inventory Optimization**

Applying lean inventory management techniques can improve supply chain agility. HTL should focus on reducing excess inventory, minimizing lead times, and implementing just-in-time (JIT) inventory practices. By optimizing inventory levels and streamlining logistics, HTL can enhance operational efficiency and responsiveness.

### **3.15 Continuous Improvement and Adaptation**

An agile supply chain requires a culture of continuous improvement and adaptation. HTL should regularly evaluate its supply chain performance, gather feedback from customers and stakeholders, and implement changes to enhance agility. This includes monitoring industry trends, embracing new technologies, and proactively identifying and addressing potential bottlenecks or risks.

In conclusion, designing and implementing effective demand forecasting, safety stock management, snowballing strategies, and an agile supply chain can significantly enhance HTL's operational efficiency, customer satisfaction, and competitiveness in the petroleum industry. By leveraging data-driven insights, collaborating with key stakeholders, and embracing flexibility, HTL can better navigate market uncertainties, respond to changing demands, and deliver value to its customers.

### **3.16 Spend Analysis**

Spend analysis refers to the process of analyzing and evaluating an organization's spending patterns, expenses, and procurement activities to gain insights into its purchasing behavior and identify opportunities for cost savings, process improvements, and supplier optimization. It involves collecting, categorizing, and analyzing procurement data to understand how and where money is being spent across different categories, suppliers, departments, or projects. (Cook, 2023, April 25 )

The primary objective of spend analysis is to provide organizations with a comprehensive view of their spending, enabling them to make informed decisions and take strategic actions to improve procurement efficiency and effectiveness. By conducting spending analysis, organizations can:



**Identify Cost Saving Opportunities:** Spend analysis helps identify areas of excessive spending, price discrepancies, and opportunities for cost savings. By analyzing spending patterns, organizations can negotiate better contracts, consolidate suppliers, and implement strategic sourcing initiatives to optimize costs.

**Improve Supplier Performance:** Spend analysis enables organizations to assess the performance of their suppliers based on various parameters such as pricing, quality, delivery, and service. By identifying underperforming suppliers or those with unfavorable contract terms, organizations can take corrective actions or initiate supplier relationship management strategies.

**Enhance Procurement Process Efficiency:** Spend analysis provides insights into process inefficiencies, bottlenecks, and compliance issues. Organizations can identify areas for process improvement, such as streamlining approvals, reducing maverick spending, and implementing automation or digitization to drive efficiency and reduce manual effort.

**Mitigate Risks and Ensure Compliance:** Spend analysis helps organizations identify potential risks, such as supplier concentration, non-compliance with contracts or regulations, or inadequate supplier diversification. By proactively addressing these risks, organizations can ensure compliance, reduce supply chain disruptions, and mitigate financial and reputational risks.

**Support Strategic Decision-Making:** Spend analysis provides valuable data and insights for strategic decision-making. It helps organizations understand their spending patterns, market trends, and industry benchmarks, enabling them to make informed decisions regarding budget allocation, supplier selection, product or service rationalization, and overall procurement strategy.

To conduct spend analysis, organizations typically leverage procurement software or spend management tools that automate data collection, cleansing, and categorization processes. These tools consolidate data from various sources such as purchase orders, invoices, contracts, and expense reports, and provide visualizations, dashboards, and reports to facilitate data analysis and decision-making.

Overall, spend analysis is a critical component of effective procurement management, enabling organizations to optimize their spending, drive cost reductions, improve supplier relationships, and enhance overall procurement performance.

This analysis is showing how much cost we incurred in different months of the year. This analysis shows how it helps the company gauge the requirements of Petrol and Diesel in all the regions.

## Region 1: South Punjab

	Periods	Petrol used in Liters	Unit cost per litre Rs	Total Cost	Spend
Feb	2	2,489,000	221.8	552060200	21.50874
June	6	1,887,000	258	486846000	18.96794
Jan	1	1,913,000	214.8	410912400	16.0095
March	3	1,717,000	234.8	403151600	15.70713
May	5	1,341,100	267	358073700	13.95086
April	4	1,418,000	250.8	355634400	13.85582
			total cost	2566678300	100

	Periods	Diesel used in Liters	Unit cost per litre Rs	Total Cost	Spend
March	3	806,000	224.8	181188800	22.89809
April	4	634,000	240.8	152667200	19.29361
May	5	482,000	258	124356000	15.71573
Feb	2	532,000	211.8	112677600	14.23985
Jan	1	540,000	204.8	110592000	13.97628
June	6	434,000	253	109802000	13.87644
			total cost	791283600	100

## Region 2: Central Punjab

	Periods	Petrol used in Liters	Unit cost per litre Rs	Total Cost	Spend
June	6	1,343,000	258	346494000	19.57777274
Feb	2	1,363,000	221.8	302313400	17.08145896
Jan	1	1,387,000	214.8	297927600	16.83365035
March	3	1,218,000	234.8	285986400	16.15894285
May	5	1,031,000	267	275277000	15.55383512
April	4	1,044,000	250.8	261835200	14.79433999
			total cost	1769833600	100

	Periods	Diesel used in Liters	Unit cost per litre Rs	Total Cost	Spend
June	6	504,000	253	127512000	20.83733699
Feb	2	532,000	211.8	112677600	18.41317776
Jan	1	548,000	204.8	112230400	18.3400987
March	3	464,000	224.8	104307200	17.04533124
April	4	336,000	240.8	80908800	13.2216884
May	5	288,000	258	74304000	12.1423669
			total cost	611940000	100

### Region 3: North Punjab

	Periods	Petrol used in Liters	Unit cost per litre Rs	Total Cost	Spend
Jan	1	3,755,000	214.8	806574000	45.29275415
June	6	862,000	258	222396000	12.48853466
Feb	2	870,000	221.8	192966000	10.83590792
May	5	705,000	267	188235000	10.57024102
April	4	741,000	250.8	185842800	10.43590824
March	3	787,000	234.8	184787600	10.37665402
			total cost	1780801400	100
	Periods	Diesel used in Liters	Unit cost per litre Rs	Total Cost	Spend
Feb	2	318,000	211.8	67352400	20.03803372
June	6	264,000	253	66792000	19.87130894
Jan	1	318,000	204.8	65126400	19.37577576
March	3	208,000	224.8	46758400	13.9111063
April	4	192,000	240.8	46233600	13.75497288
May	5	170,000	258	43860000	13.0488024
			total cost	336122800	100

## **PESTEL Analysis**

Factors Description Response to the Associated Factors

### **3.16.1 Political**

These includes overall political environment, stability of national government, overall corruption index, and potential regulatory and tax changes. Changes in policies and regulations are continuously monitored by the Company for timely decision-making. HTL strictly ensures the policy of zero % tax evasion and defends all tax and regulatory matters through legal grounds.

### **3.16.2 Economic**

Higher inflation and rupee depreciation. Higher inflation and rupee depreciation continued to exert significant pressure on the overall economy. The Company's strategy remained to boost margins by achieving operational efficiencies and expanding the product base to realize the economy of scale and optimizing the production capacity. To cater to the impact of rupee depreciation, the Company started to increase its local blending through HTBL (its wholly-owned subsidiary company).

### **3.16.3 Social**

Focus on Corporate social responsibility at HTL Corporate Social Responsibility (CSR) is a well-devised and structured combination of programs strongly built on the core objective to improve lives with direct interventions in local communities. Making a real contribution to society and helping to find solutions to global challenges is fundamental to our way of doing business. The primary focus of CSR initiatives of HTL remains in three core areas of sustainable development; education, healthcare, and environment. Detail relating to Company's social activities is discussed in the CSR section of the Report.

### **3.16.4 Technological**

Increasing IT efficiency, automation, technological change, and the amount of technological awareness. The Company has always given priority to the latest technological developments. Successful implementation of Oracle for lubricants operations and petroleum segment operations, Business Intelligence Tool, Distributor Claim Management System, and our wholly owned subsidiary company, blending plant are some of the reflections of our technological priority. Furthermore, our wholly-owned subsidiary company successfully completed the installation of the Oracle system during the year. We believe new technologies can maximize online retail productivity and minimize operational costs.

### **3.16.5 Environmental**

Climate change, environmental offsets, attitudes toward “green” or ecological products, laws regulating the environment, and air pollution. Climate change has had detrimental effects on growing economies like Pakistan. Frequent flooding and unprecedented rainfall patterns have inundated rivers to destroy crops which are a staple for our economy. Although we are a part of the industry closely related to the automobile sector where profits are attached to the mileage i.e. more miles run means frequent oil changes/sales, we are still very aware of the effects that are taking place on the environment. We have been socially aware and making efforts towards planting more trees with frequent plantation drives to importing and promoting motor oil variants that are fully synthetic environment friendly, and fuel-efficient resulting in low fuel consumption, low carbon emission, low vehicle maintenance, and saving the end consumer’s vehicle and money while being socially responsible towards the environment. The idea that we support is to be able to add value to the society and environment with our efforts not limited to just the environment but also people and the young generation by providing a better environment and opportunities.

### **3.16.6 Legal**

Various laws and regulations are applicable to the Company, i.e. statutory, corporate, legal, and secretarial, taxation, import, health, and safety HTL makes conscious efforts to ensure compliance with all applicable laws and regulations. In addition to its professional team, the Company also hires the services of a legal advisor/tax consultant in order to ensure compliance with all legal/regulatory requirements. Laws and regulations.

# CHAPTER-4

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## Analysis

HTL, a petroleum company, recognizes that transparency and innovation are vital resources for conducting a SWOT analysis. Even small actions can have significant effects. Upon analyzing HTL's SWOT analysis, it becomes evident that the company is undergoing rapid expansion, demonstrating a strong commitment to customer satisfaction, providing generous services, and successfully building trust with its clients.

In today's ever-changing and developing world, digital transformation is essential for businesses to thrive. HTL understands the importance of preparedness and awareness among marketing enthusiasts in this domain. By embracing digitalization, HTL can effectively navigate the dynamic market landscape and cater to evolving customer needs. Moreover, integrating agility into its supply chain operations enables HTL to proactively adapt to unexpected developments, ensuring a balanced supply and demand for its diverse range of petroleum products.

The adoption of an agile supply chain approach holds promise in addressing challenges such as waste and stock-outs, which may have been significant concerns for HTL. By leveraging cutting-edge technology, HTL can identify the most in-demand products and respond to regional variations in product preferences by analyzing market trends. This valuable insight empowers HTL to make informed decisions regarding stocking levels, minimizing the storage of products with low demand in specific regions or depot.

Accurate demand forecasting is achieved through the utilization of a demand forecasting algorithm, leveraging historical data on petroleum products available to HTL. By employing graphs with specific trend lines for various products and their sales, HTL can develop linear equations or trend line equations to analyze and determine the necessary demand. Substituting relevant values for "x" allows HTL to predict sales for specific time periods, enabling effective data analysis and planning.

Determining the appropriate safety stock level required to uphold the desired level of customer service demands considerable effort. HTL acknowledges that relying solely on rules-based inventory control methods often results in a "one size fits all" approach. This approach may lead to excessive inventory for certain products, insufficient inventory for others, and only adequate inventory for a limited range to meet service requirements.

To calculate safety stock accurately and effectively, HTL adopts a statistical approach that aims to achieve desired service levels while minimizing inventory levels to optimize operational costs. Thorough testing of the statistical

model before its full implementation ensures its reliability and assesses its impact on inventory levels. However, it is important to note that gathering the necessary data for statistical calculations can be challenging for HTL, as each petroleum product SKU requires a unique computation for safety stock and reorder point. Attempting to carry out these calculations without a robust system to support the computations may introduce ambiguity and potential inaccuracies in HTL's inventory management processes

## **4.1 SWOT Analysis**

### **4.1.1 Strengths**

#### **Handler Model:**

HTL has handler models network for timely supply of lubricants to its distributors across Pakistan. Due to this, the Company's supply chain cost reduced a lot. Furthermore, the Company enjoys the benefit of bulk sales while keeping itself away from the worry of deliveries of its products to the nationwide distribution network of distributors.

#### **Strong Nationwide Distribution Network and Market Database:**

HTL has a network of more than one hundred and fifty distributors across all major cities of Pakistan including Gilgit Baltistan and Azad Jammu and Kashmir.

All our distributors are required to update their secondary sales in an integrated customized database. In this way, the Company is readily informed about the presence of its products in the market. Further, the Company also deputed its sales force at each distributor area. Such dual presence helps us in building a strong marketing database to make informed decision making.

#### **Economies of Scale through Blending Plant Facility:**

The Company through its wholly-owned subsidiary company operates a state-of-the-art blending plant facility. It is a unique integrated blending plant facility that produces lubricants that meet International Quality Standards. Further, the facility is equipped with a complete bottle processing unit and automated filling lines. The Company strategically moved towards local production of various lubricant products. With the increase in local production, the Company expects to reduce its cost of inventory and also enjoy economies of scale. Through this backward integration, timely delivery of products will also be ensured.

#### **Direct Access to End Consumers Through HTL Express Centers:**

The Company is running state-of-the-art vehicle maintenance centers through the franchise model, under the brand name of 'HTL Express Centers' in three mega cities of Pakistan i.e. Lahore, Karachi, and Rawalpindi.

These maintenance centers provide a one-stop solution for all maintenance needs. Through HTL Express Centers the Company not only obtained direct access to end consumers but also achieve a better competitive position in the market.

**Premium Quality Products:**

The Company offers high-end synthetic products in price savvy market with a vision to attract and retain customers based on quality. The availability of imported lubricants in the market with a wide-spread channel and high reliability of end users has helped the Company to gain comp a sensitive edge with the leading position in the market.

**Increased Brand Equity with the Launch of HTL Fuel Stations:**

For the last twenty-five years, the Company has been serving its diverse customer base in the lubricants market. Entrance into marketing and sale of petroleum products through HTL Fuel Station not only strengthened the brand equity of the Company but also provides an opportunity to directly access the end consumer lubricants. It will enhance the efficiency of promotional and distributional activities of the Company as well as expand its customer base.

**Top Management's Consistent Vision of Growth:**

The ability of our experienced top management team to foresee, develop and translate the vision of growth into meaningful financial and non-financial targets is our foremost strength.

**Strong Brand Recognition and Recall:**

Our continuous, innovative, and targeted marketing strategies over the period of twenty-five years have helped us to earn a premium brand name in the lubricant market. One of the many reasons to achieve such a phenomenal growth trend has been the product quality and import of finished lubricants from SK Lubricants of South Korea which owns the world's largest petrochemical complex. SK Group is the 3rd largest conglomerate in South Korea and ranked 70th on the world's "Forbes" list.

**Healthy and Growing Customer Base:**

Strategy to retain existing customers and gain the trust of new customers by building a strong relationship with our retailers, whole sellers, and distributors through our trained sales force team and targeted marketing investments which help us in building an increased customer base.



### **4.1.2 Weaknesses**

We always try to improve our performance and for achieving this objective the Company believes that the following weaknesses require due attention:

#### **Low Industrial Sales:**

Sales to this segment require

(a) Extended credit exposure and

(b) More competitive pricing strategy. Further efforts are required in aligning the industrial and retail market sales.

#### **Overreliance on Promotional Schemes:**

Due to stiff competition, market norms, less informed consumers and to sustain a major market share, there is a consistent need of offering trade schemes to induce further sales. The Company is conducting market surveys and performing analysis for reducing the reliance and cost of such promotional schemes

#### **Selection of Forecasting Models:**

HTL should choose appropriate forecasting models based on the nature of its products, market dynamics, and available data. Various techniques such as time series analysis, regression analysis, and machine learning algorithms can be utilized to develop accurate demand forecasts. The selected models should be flexible enough to accommodate seasonality, promotions, and other factors that influence demand in the petroleum industry.

#### **Collaboration and Integration:**

Demand forecasting should not be isolated within a single department. HTL should promote cross-functional collaboration between sales, marketing, production, and supply chain teams to gather diverse perspectives and insights. Integration of demand forecasts with other business processes, such as production planning and inventory management, ensures alignment and synchronization across the organization.

### **4.1.3 Opportunities**

#### **Growing Lubricant Market:**

The lubricant market in Pakistan is experiencing growth, presenting an opportunity for HTL to capture a larger market share and increase sales.

### **Expansion into New Markets:**

HTL can explore opportunities to expand its operations into new geographical areas within Pakistan or even consider international markets to further grow its customer base and revenue.

### **Diversification of Product Portfolio:**

The company can consider diversifying its product portfolio by introducing new lubricant products or exploring related markets such as automotive accessories or maintenance services to offer a comprehensive range of solutions to customers.

### **Embracing Digital Transformation:**

HTL can leverage digital technologies and e-commerce platforms to enhance its distribution channels, reach a wider customer base, and improve customer convenience.

### **Environmental Awareness and Sustainability:**

With increasing awareness of environmental issues, HTL can focus on developing eco-friendly lubricants and promoting sustainable practices, which can attract environmentally conscious customers and align with global trends.

### **Strategic Partnerships and Collaborations:**

The company can explore partnerships and collaborations with other industry players, such as automobile manufacturers, to strengthen its position in the market and create mutually beneficial opportunities.

### **Export Opportunities:**

HTL can explore opportunities to export its high-quality lubricant products to other countries, leveraging its expertise and reputation to expand its reach and generate additional revenue streams.

## **4.1.4 Threats**

### **Intense Competition:**

The lubricant market in Pakistan is highly competitive, with several established players and new entrants. HTL needs to continuously differentiate itself, maintain product quality, and adapt to changing market dynamics to stay competitive.

**Price Wars:**

Price competition within the lubricant market can pose a threat to HTL's profitability. Competitors may engage in aggressive pricing strategies, potentially leading to a decrease in profit margins.

**Economic Instability:**

Economic downturns or fluctuations in the Pakistani economy can impact consumer purchasing power and demand for lubricant products, posing a threat to HTL's sales and revenue.

**Regulatory Changes:**

Changes in government regulations or policies related to the lubricant industry can create challenges for HTL in terms of compliance and operational adjustments, potentially affecting its business operations.

**Technological Disruptions:**

Advancements in technology, such as the development of alternative fuels or electric vehicles, can disrupt the demand for traditional lubricants. HTL needs to stay updated with technological trends and adapt its product offerings accordingly.

**Supply Chain Disruptions:**

Any disruptions in the supply chain, such as raw material shortages, transportation issues, or natural disasters, can impact HTL's ability to timely deliver products to customers, leading to potential customer dissatisfaction and loss of market share.

**Counterfeit Products:**

The presence of counterfeit lubricant products in the market can negatively impact HTL's brand reputation and customer trust. The company needs to implement robust quality control measures and raise awareness among customers to mitigate this threat.

# CHAPTER-5

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## Conclusion, Limitations & Recommendations for HTL

### 4.2 Conclusion

In conclusion, HTL can position itself for success in the petroleum industry by embracing these recommendations. Diversifying the product portfolio, embracing digital transformation, prioritizing sustainability, strengthening the supply chain, investing in research and development, and enhancing safety and regulatory compliance are key strategic areas for HTL's growth and long-term profitability. By adapting to industry trends, embracing innovation, and maintaining a customer-centric approach, HTL can navigate the dynamic petroleum landscape and secure a competitive edge in the market.

In conclusion, this analysis provides insights into the lubricant industry, with a specific focus on HTL's inventory. While limitations exist due to data constraints and regulatory uncertainties, HTL can leverage recommendations to further enhance its position in the market.

The findings indicate that HTL has the opportunity to drive innovation, collaborate with stakeholders, and adopt sustainable practices. By embracing these recommendations, HTL can position itself as a leader in the lubricant industry, contributing to economic growth, environmental sustainability, and technological advancements. It is through strategic investments, regulatory support, and embracing digitalization that HTL can unlock its full potential and navigate the evolving landscape of the lubricant industry.

### 4.3 Limitations

While this study provides valuable insights into the impact of HTL's lubricants, there are certain limitations that should be acknowledged. Firstly, the research gap in this specific area necessitated the use of limited available data, which may have introduced some degree of uncertainty. Conducting additional research and gathering more comprehensive data would help overcome this limitation and provide a more accurate analysis.

Additionally, the lubricant industry, including HTL, faces several challenges, such as technology integration, and regulatory uncertainties. Unlike traditional industries, lubricant companies like HTL may encounter difficulties in understanding and complying with the evolving regulations and practices. These regulatory issues encompass aspects like capital requirements, data security, logistics issue and anti-money laundering regulations. Addressing these challenges requires ongoing efforts to stay up-to-date with regulations and develop robust systems and processes to ensure compliance and mitigate associated risks.

## **4.4 Recommendations**

Based on the analysis of HTL's operations and the petroleum industry, the following recommendations are proposed to enhance HTL's performance and capitalize on emerging opportunities:

### **4.4.1 Diversify Product Portfolio**

HTL should consider expanding its product portfolio to include a wider range of petroleum-based products. This diversification can help HTL tap into new market segments and reduce its dependency on specific products. Exploring opportunities in areas such as petrochemicals, lubricants, and specialty fuels can provide HTL with additional revenue streams and mitigate risks associated with fluctuations in demand for specific products.

### **4.4.2 Embrace Digital Transformation**

In the ever-changing landscape of the petroleum industry, digital transformation is essential for staying competitive. HTL should invest in digital technologies and infrastructure to optimize its operations, improve efficiency, and enhance decision-making processes. Implementing advanced analytics, Internet of Things (IoT) devices, and automation can enable real-time monitoring, predictive maintenance, and better resource utilization, leading to cost savings and improved productivity.

### **4.4.3 Focus on Sustainability**

Given the growing global focus on sustainability, HTL should prioritize environmental stewardship and sustainable practices. The company should invest in research and development of cleaner and more efficient fuel alternatives, such as biofuels and renewable energy sources. Additionally, HTL should actively seek ways to reduce its carbon footprint, minimize waste generation, and implement responsible practices throughout its supply chain. Embracing sustainable initiatives can enhance HTL's reputation, attract environmentally conscious customers, and contribute to long-term profitability.

### **4.4.4 Strengthen Supply Chain Resilience**

HTL should assess and strengthen its supply chain resilience to mitigate risks and disruptions. This includes diversifying suppliers, adopting robust inventory management systems, and implementing contingency plans for unforeseen events such as natural disasters or geopolitical instability. Building strong relationships with suppliers and implementing agile supply chain practices can enable HTL to respond effectively to market fluctuations, ensure product availability, and maintain customer satisfaction.

### **4.4.5 Invest in Research and Development**

To remain at the forefront of the petroleum industry, HTL should allocate resources to research and development (R&D) activities. Investing in R&D can drive innovation, foster the development of new technologies, and create

a competitive advantage. HTL should collaborate with research institutions, industry experts, and technology partners to explore emerging trends, optimize production processes, and develop breakthrough solutions that meet evolving customer demands.

#### **4.4.6 Enhance Safety and Regulatory Compliance**

Safety and regulatory compliance are critical aspects of the petroleum industry. HTL should prioritize employee safety, invest in training programs, and implement robust safety protocols to prevent accidents and ensure a safe working environment. Additionally, HTL should stay updated with evolving regulatory requirements related to environmental protection, worker safety, and product quality. Maintaining compliance with regulations and industry standards is crucial to building trust with customers, regulators, and the community.

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Optimizing Inventory Management and Supply Chain Efficiency for Hi-tech Lubricant in the context of Rapid Business Growth and Operational Challenges

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Date: July 12, 2023

**TO WHOM IT MAY CONCERN**

It is to certify that this project report titled "*Optimizing Inventory Management and Supply Chain Efficiency for Hi-Tech Lubricants Limited in the Context of Rapid Business Growth and Operational Challenges*" by

**Mr. Tafheem Ul Haq** having enrollment number **01-111192-200**

**Mr. Hannan Ali** having enrollment number **01-111191-092**

Submitted in partial fulfillment of the requirements for the degree of Bachelors of **Business Administration (Supply Chain Management)** from **Bahria University, Islamabad**, during the academic year **2023** is a bonafide record of work carried with permission and guidance.

For and on behalf of

Hi-Tech Lubricants Limited



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