



5DIBU002W

Supply Chain Operations Management & Digital Business

**Enhancing Competitive Advantage and Sustainability through
Operational Change (2024)**

NAME : Heashalla Baanu Sundaresan

UoW Number : w2083670

IIT ID : 20230983

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Executive Summary

This Report consists of operational challenges faced by Kapruka Holdings PLC and proposes strategies to enhance competitive advantage and sustainability. Key areas for improvements that address inefficiencies in delivery systems and overcoming supply chain disruptions.

Recommendations focus on adopting digital tools to streamline processes, implementing structured ADKAR change management frameworks, and incorporating sustainable practices to align with global standards. These initiatives aim to optimize resources utilization, improve customer satisfaction, and position of Kapruka Holdings PLC as a leader in the digital economy.

Introduction

Kapruka Holdings PLC is a Sri Lanka's first and largest locally owned e-commerce platform which is featuring over five hundred Sri Lankan top brands and providing Sri Lankan products with high quality and efficiency. It specializes in online shopping experience for customers that offer a massive range of products and services locally and globally. Therefore, the business adopts technological advancements such as search Engine Optimization and user-friendly Interface. (Daily FT, 2022).

Focusing on E-commerce, Manufacturing, Services Beyond Borders and Partner Central. Exploring that all retail categories including fresh produce are displayed online. Manufacturing cakes, value added fruits and flowers distribution widely. While prioritizing global growth, the brand offers products on global e-commerce platforms such as Amazon and eBay.

The business has fundamental operations management practices such as customer relationships management, streamlines warehousing and efficient order fulfillment which are maintained in highest standards as they leverage AI driven marketing to analyze customer behavior, customization and more.

In this report we analyze further sustainable actions to improve operations of Kapruka Holding PLC. Annual report of 23/24 stated, energy and food crisis triggered by Russia's war on Ukraine increased inflation worldwide, changing consumer behavior and supply chain complexity are the reason behind the decline in revenue. They managed the competitive advantage because of overall worker performance and digitalized processes that enable better resource utilization. Here we emphasize the path towards recovering and normalizing supply chain disruptions aftermath of the pandemic by paying more attention to strong consumer demanding key sectors and generative AI reshaping industries.

Need for Change in Operations Management

Initial stages of the business providing delivery services and manufacturing were welcomed by customers since it was the first e-commerce platform but eventually Kapruka Holdings PLC was criticized for delayed deliveries without no warnings, undelivered parcels and poor communication (Anjalika Silva, 2014). The annual Report 2023/24 states fuel crisis and pandemic factors impacted in operations. Meanwhile, VAT increase is an external factor caused where the business dropping 8% of its revenue in year 23/24 (LankaBIZ, 2024).

Considering internal factors, A business that relies on online platforms should be more advanced and forwarded than competitors. But malfunctions and less informativeness in websites show there lack of performance in IT management and R&D team. Implementing advanced tracking systems that contain GPS and spatial visualizations along with precise notification of product distribution state will rebuild consumer trust. In the meantime, Customized products that promote 'direct-to-customer' business models designed to input Artificial Intelligence that distances Human resources.

Change is necessary here, on Adopting to a new technological environment will attract leading companies in the world where we can widen partner central with the leading companies and recognize Kapruka Holdings PLC as forward-thinking market space business. Though the ruling era of AI we must maintain the bond of Human Resources. Therefore, we should have Skillful employees with high emotional intelligence, to manage chatbots, for technical issue rectification and delivery services. Additionally, business focuses on long term goals of eco-friendly packaging to pay back to society as social responsibility therefore, control actions that have possible adverse impacts on earth.

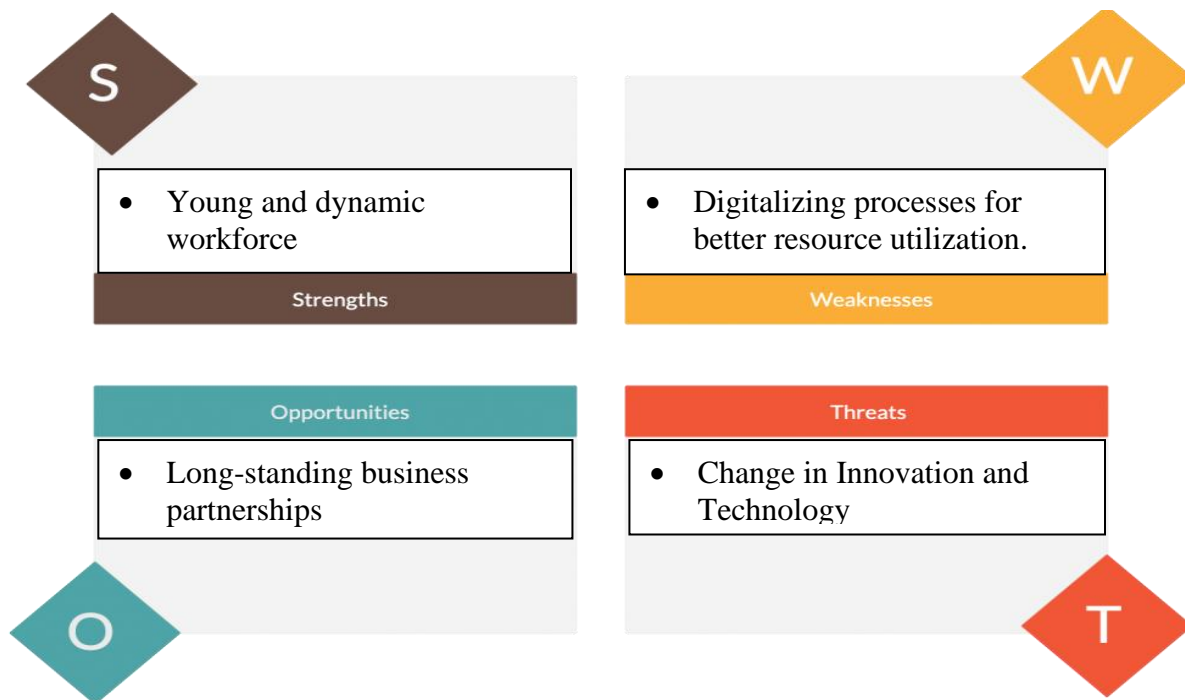
Change Management

Effectively managing transitions by following the prescribed steps in the change management process increases success and adoption likelihood (ProductPlan, n.d).

Utilize ADKAR change model

1. Awareness

Highlighting the failing delivery system using SWOT analysis and executing open discussions, focusing on the need for urgent objectives.



(Amanda Athuraliya, 2023)

2. Desire

Form a skilled team lead by democratic leadership, including sponsors and senior guiding team to manage supply chain complexities. Setting a clear vision for timely delivery, notifying customers on each movement of process and communicating if any clarifications needed. Team members input improvised strategies on sustainable services. (Yah Jain, 2023).

3. Knowledge

The vision must be communicated correctly to all organizational levels, analyzing missing features in the last-mile delivery strategy like the need for web-based dispatch software (Ex: Onfleet, Elite) and proof of delivery.

In terms of gap analysis, research on current technology development in ecommerce delivery service and the utilization of technology within company, identify barriers such as inefficient route optimization, lack of proper delivery infrastructure and outdated delivery during the COVID pandemic. Create a pivoted implementation to launch web-based dispatch software containing transportation needs and full reporting suite (Komal Puri, 2022).

4. Ability

Break down the tasks into smaller parts with short-term goals and provide smaller rewards (Ex: percentage of bonus or employee of week). For example, Planning for smaller carbon footprint for a week. positioning employees for carbon footprint analysis, operate fleet vehicles using effective route planning and auto-scheduling.

5. Reinforcement

Due to the heavy traffic at peak hours, and for timely delivery, the deliverer must take long directions that bring larger carbon footprints. On the other hand, web-based dispatch software could have suggested long directions instantly as an alternative solution at that tense moment. Therefore, finding the factors that impacted positively and negatively will give insight about implementing system to whole organization will be productive or not.

Address reasons behind employee demotivation on latest updates within an organization. Bring awareness and train new changes to the workers about the new web-based dispatch software and smaller carbon footprint, and make them belief that this change will increase the performance of Kapruka Holding PLC.

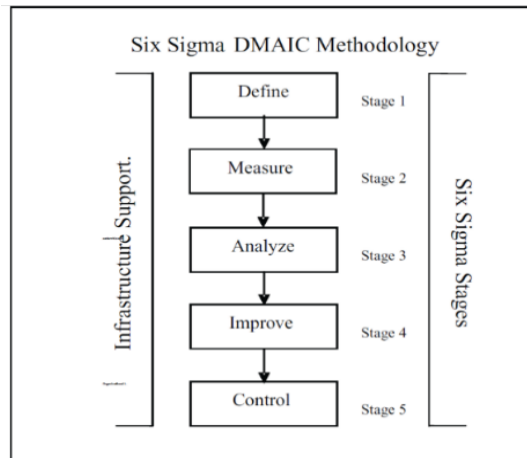
Hayes and Wheelwright 4 Stage Model

In 2018, Kapruka Production (Pvt) Ltd started manufacturing cakes and baked food products under Kapruka brand. Offering staff order discount on cake orders for 30% that discounted from payroll. Partnering with Colombo's leading five-star hotels and pastry shops boosts Kapruka's cake category.

1. Internal Neutral – as a new venture of the company, it follows basic production process and meeting immediate customer demands within limited regions. Many registered companies, and small businesses are growing in this baking industry that alerts for uniqueness, by avoiding small mistakes such as quality and timelines in cake production (Nigel Chetty, 2020).
2. External Neutrality – Deep dive in benchmarking. knowing our competition helps to stand out from the crowd. For example, introducing brownies in our company, collecting pros and cons that competitors face, and innovations they haven't brought yet. Identify the gap that is impeding our company in the industry, so far the unmet need of customers is vegan-friendly cakes.
3. Internal Supportive – Conducting market research on trends and reaching small scale cake enterprises to partnership with for training company employees. Diversifying products offerings allows customers to satisfy a variety of sweet delights and encourages repeat business. It is vital that the power of word-of-mouth marketing, collaborating with influencers and bloggers, builds brand awareness. (Cakerhq, 2024)
4. External Supportive – Implementing SMART operations management where, increase online sales by 15% within the next year by investing in advanced e-commerce technologies and personalized marketing strategies (AI cake design facilities within the app/ website). Focusing on consumer details and preferences are significant factors for the success of implementing new strategy of diversifying products.

Quality Improvement Approaches

Stages of DMAIC: The questions based on a case study, Six Sigma Deployment in HR: Enhancing Competitiveness (Dr. Pankaj M. Madhani, 2020).

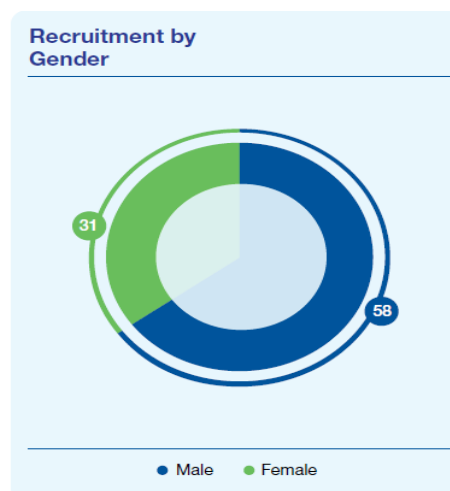


(Dr. Pankaj M. Madhani, 2020).

1. Define: What is the HR department seeking to improve?

Kapruka PLC continuously invest in human capital by equipping them with the right skills, knowledge, and technical that drives innovation and organizational growth.

2. Measure: What is the current capability of the process? How is it performing in terms of variability?



(Kapruka Holdings PLC Annual Report 2023/24, 2024)

in the graph gender equality is growing in our company. The company implemented the ERP system newly to monitor human resource processes, by automating core business processes across departments. Considering variability, they provide employees with induction programs, leadership training and skill enhancement programs to upskill team. Building a continuous learning culture gives a competitive edge in delivering exceptional e-commerce.

3. Analyze: What are the most important causes of HR related problems? How to prioritize action?

The company experienced a high attrition rate with 83 resignations, primarily because significant outmigration observed in the country. To counteract high employee turnover, the company recruited 89 new employees and celebrated 57 internal promotions (Kapruka Holdings PLC Annual Report 2023/24, 2024). Prioritizing the most common reasons for turnover during the first 6-12 months were found from the survey: mismatch of work, work schedule expectations; lack of career progression (Dr. Pankaj M. Madhani, 2020).

4. Improve: How does the HR department remove the causes of problems?

Techniques to hold the existing employees for example “Refer-A-Friend” program, where existing employees are rewarded for referring a person to the company (Dr. Pankaj M. Madhani, 2020). In Kapruka, Flat organizational structure and open-door policy encourage employees to voice their grievances at any time. But using Hybrid Structure combines flat and hierarchical structures. Teams operate independently with collaborative freedom but within a clear chain of command.

5. Control: How can the HR department maintain the improvements? What are various statistical process control tools to monitor performance?

Implementing Lean HR improves identify bottlenecks and redesigns procedures to remove them. For example, hiring consultant helps guide the lean transformation within the HR function of organization, aid HR staff in developing the behaviors and competencies to navigate the lean environment (Andrea Boatman, n.d).



(Andrea Boatman, n.d).

The purpose is to control and monitor effectiveness and service performance in HR to ensure that the process meets the identified standards. For example, Customer satisfaction per delivery staff by rating and figure out the causes of unsatisfaction simultaneously maintain the continuity in sales process improvement

Digitization and Digital Strategy

Digital transformation refers to replacing conventional business process with digital alternatives. AI and automation, particularly Robotic process automation (RPA) helps to record data entry, Automated Inventory Management and order fulfillment without human input. Focusing on launching this, because 32% of global shoppers have abandoned purchases because of late delivery (April Miller, 2024).

As Kapruka Holding partner Amazon uses RPA for streaming line Routine tasks and enhance workflow efficiency, admiring that we Initially, can launch breakdown structure of RPA software since full installation costs a lot. Considering specifically In-Depth Analytics and Reporting features that used to monitor KPIs, pinpoint improvement areas and optimize automation strategies (Matellio, 2024). Implementing this boosts Operational Efficiency such as speeding up in task completion (recording of moving goods, inbound/outbound), operating 24/7 minimize delays and eliminate manual transition between tasks. Along with that RPA enhances customer service with automated responses, CRM data management, and helpdesk support (AWS Marketplace, n.d).

Website analytics find reasons behind the number of click-through and its sales order places. For example, customers come to the website and do not place orders since the display shows “sold out” or “stockout”. Therefore, the new software must find reason behind empty shopping carts, notify to purchase department and warehouses when an item is low in stock, update website accordingly.

As we can see Kapruka Holdings PLC has already introduced Chatbots and VAs but integrating RPA automatically handles inquiries and backend tasks based on user interactions. This enhances corporative strategy of creating value for all stakeholders.

Circular Economy

Corporate strategy of Kapruka Holdings PLC values stakeholders and strive to maintain strong business relationships. Assessing impact of issues on the organisation's performance, there were topics to figure out such as sustainable packaging and regulations medium impact to stakeholders (Kapruka Holdings PLC Annual Report 2023/24, 2024).

The circular economy is based on a sustainable model of sharing, reusing, recycling and refurbishing products. But e-commerce companies must start adopting reverse logistics to create a more positive impact on the environment (Natasha Parmanand, 2024).

1. Redistribution - taking the form of food banking, where excess food not sold is returned to the value chain for redistribution to the needy.
2. Refurbishment - encourages customers to return used products for re-manufacture, extending their lifespan to be used again by new and existing customers.
3. Recycling - E-commerce businesses should look to create channels for recycling, even when a product has reached its due date. for example, incentivize customers to donate used items for recycling or reprocessing.
4. Returns process - fundamentals of a clear, simple returns process, where customers can easily return unwanted goods for replacement or refund.
5. Reduce - Reducing the usage of High fuel consuming and carbon releasing vehicles instead must bring Zero-emission vehicles for distribution purposes.
6. Reuse - The business stepping into fruits distribution, therefore, reusable crates made of durable plastic or wood should be used to transport fresh fruits and vegetables from farms to distribution centers or retail outlets. Using reusable shopping bags or totes made from durable materials like fabric or recycle while distribution (Michael Dillon, 2024).

Finally, INSEE Ecocycle partnership with Sri Lanka's E-commerce Daraz to provide sustainable waste solutions for expired or damaged goods (Ada Derana, 2023). Suggesting that Kapruka PLC partner with INSEE Ecocycle or membership with Biodiversity Sri Lanka (BSL) to get insights for wasting management.

Conclusions/Recommendations

I recommend this company grab insights into e-commerce 4.0, as part of the Industrial Revolution 4.0, where technological evolutions involved the Internet of Things (IoT), Artificial Intelligence (AI), and blockchain.

Table 2. Benefits technologies to enhance e-commerce

Technology	Examples of uses
Internet of Things (IoT)	"Improve consumer experiences, track inventory in real time, manage orders more effectively"
Artificial intelligence (AI)	"Order products online, track orders, and perform other ecommerce activities"
Blockchain	"Smart contracts can be used by online vendors to automate order fulfillment; supply-chain management; B2B e-commerce"

(Gacelia Weny Martasari, 2023)

This revolution helps e-commerce companies to monitor stock levels, product conditions, and delivery schedules in real-time, thus improving their supply chain management and enhancing their service quality (Gacelia Weny Martasari, 2023)

In Conclusion, Kapruka PLC faces operational challenges that need change to regain competitive advantage and align with global sustainability. ADKAR model can guide employee coordination for the changes. Adopting to advanced technologies such as web based dispatch software, RPA using DMAIC methodology with questionnaire analysis for HR will address inefficiencies. Embrace sustainable actions for example reverse logistics, ecofriendly packaging and zero emission delivery vehicles usage for a better future. Further, need of adopting Industry 4.0 to leverage predictive analytics and blockchain technology will drive long-term growth.

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