

Holly Burr 2410667

Leadership and management skills for the workplace

Managing business information

LCLM5004

Lecturer: Dr Amer Kareem

Individual Report Information Systems Improvements

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Proposal of Improving Information systems at Kalori Ltd

1. Introduction

Kalori Ltd. Is a fast-growing consumer electronics retailer that operates 30 physical stores and an e-commerce platform. Over the past year, the company has seen a significant increase in sales, and with plans to expand further, it faces the challenge of upgrading its internal information systems to meet growing demand. Despite its growth, Kalori is experiencing several operational issues due to outdated and inefficient information systems, which are hindering the company's ability to keep up with consumer expectations and internal demands. These include stock discrepancies, inefficient customer relationship management (CRM), slow decision-making, and compliance risks regarding data inefficient customer protection laws.

The company's core challenges lie in an outdated inventory system, fragmented customer data spread across multiple platforms, and manual reporting systems that lead to errors and inefficiencies. Additionally, the company's inability to maintain secure access controls and comply with data protection regulations such as GDPR poses significant risks. As Kalori looks to scale its operations, addressing these issues becomes critical for the company's continued success and growth. This report will assess Kalori Ltd.'s existing information systems, propose a solution, and detail an implementation plan to ensure the companys operations are streamlined and compliant with industry regulations.

2. Evaluation of Existing Systems

Kalori Ltd. Currently relies on a combination of outdated and disconnected systems that are causing operational inefficiencies and presenting several business risks.

Manual inventory Tracking system

The company's inventory management system is entirely manual, relying on spreadsheets and physical tracking. This leads to frequent discrepancies between the stock levels in physical stores and those listed online. For example, customers often place orders online only to later find out that the item is out of stock, leading to refunds, customer dissatisfaction, and lost sales opportunities. Furthermore, store managers are unable to easily track which products are understocked and overstocked, resulting in missed sales and unsold inventory, both of which can be costly for the business (Davis, 2020).

In addition, the manual system cannot provide real-time updates, which creates delays in restocking and fulfilment. As Kalori Ltd. Expands, relying on outdated methods becomes increasingly inefficient. The lack of automation also means that employees spend an excessive amount of time on stock checks and reordering, which could be better spent on higher value activities, such as customer service or strategic planning. Inventory management is a key area for Kalori to address, as having a more efficient system will reduce waste and improve cashflow, directly contributing to profitability (Barker, 2021).

Disconnected CRM systems

Kalori Ltd. Has multiple CRM platforms scattered across the business. This disjointed approach means that customer data is not centralized, leading to inefficiencies in customer service and marketing efforts. The marketing team is unable to send targeted promotions based on detailed customer history, while the customer service team struggles to resolve complaints quickly due to incomplete customer profiles. As a result, Kalori faces a missed opportunity for improving customer satisfaction and retention (Greenwood, 2021).

The absence of integration across different channels (e.g., in-store, online, and phone) are not tracked in a unified manner, leading to a lack of consistency in service delivery. Additionally, marketing campaigns are generic rather than personalised, reducing their effectiveness. With disconnected data, Kalori is missing the chance to implement effective loyalty programs and customer retention strategies, which are key drivers for long term growth.

Manual Sales Reporting and Decision-Making

Sales reporting at Kalori is currently done manually via spreadsheets, which is both time-consuming and prone to human error. This method is reporting results in outdated and inaccurate data, making it difficult for management to make timely, data-driven decisions. Real-time data analysis is not possible, meaning sales forecasts

are often inaccurate and resources are misallocated. This slow-decision making process can lead to missed revenue opportunities and inefficient business strategies (Barker, 2021).

Further compounding this issue, the current reporting structure lacks any meaningful analytics or actionable insights. Sales trends are not easily identifiable, and key performance indicators (KPIs) are not readily available this leads to delays in identifying problems such as underperforming products, regional sales discrepancies, or customer satisfaction issues. Without an automated system that offers real-time analytics, Kalori is at a disadvantage compared to competitors who can leverage timely insights for faster decision making and market responsiveness.

Non-Compliance with GDPR and Security Risks

One of the most pressing issues Kalori faces is the lack of proper security measures and GDPR compliance. Customer data is not stored securely, and access controls are insufficient, leaving the company vulnerable to data breaches and cyber threats. Furthermore, the company's failure to comply with GDPR could lead to severe legal consequences and reputational damage (Johnson & Williams, 2020).

Kalori has no clear data governance framework, which exacerbates compliance risks. For example, there is no clear process for obtaining customer consent to store their personal information or a secure method of handling sensitive data such as payment details. The absence of regular data audits and updates means that Kalori is at risk of fines, litigation, or public backlash if there is a data breach. Furthermore, failure to secure customer data undermines trust in the company, which could have long-term consequences on brand reputation and customer loyalty.

Lack of Integration Across Departments

Currently, Kalori's departments, including sales, inventory, and finance, are separate systems that do not communicate with one another. As a result, employees must manually transfer data between systems, leading to errors and wasted time. This lack of integration also results in slower order fulfillment times, which could negatively affect customer experience (Robinson, 2022).

The inefficiencies of the non-integrated system also become more apparent when cross-department collaboration is needed. For example, when there is a delay in shipping or inventory management is slow, which impacts the resolution time for customer issues. The lack of integration not only hampers internal communication but also leads to inconsistent data across departments. As a result, each department operates in isolation, making it difficult for a management to obtain a unified view of business.

3. Recommended Solution

The most effective solution for Kalori Ltd. Is the implementation of a modern Enterprise Resource Planning (ERP) system that integrates inventory management, customer relationship management, and reporting into a single, centralised platform. An integrated ERP system such as Microsoft Dynamics 365 or SAP Business One would be ideal for addressing the company's operational inefficiencies and improving its decision-making capabilities. These systems are flexible, scalable, and capable of being customised to fit Kalori's specific needs.

Key Components of the Proposed system:

1. Real-Time Inventory Management

An ERP system would provide Kalori with real-time visibility into inventory levels across both physical stores and the e-commerce platform. This would solve the issue of stock discrepancies, ensuring that customers are only able to purchase items that are available. Furthermore, the system would automatically generate alerts when products are running low, allowing store managers to act before stockouts occur (Adams & Li, 2019).

2. Integrated CRM System

A fully integrated CRM system within the ERP platform would centralise all customer data into a single database, providing a 360-degree view of each customer. This would enable personalised marketing campaigns based on purchase history, preferences, and behaviour, and allow the customer service team to provide more efficient support. By improving customer interactions, Kalori can increase customer satisfaction and retention (Jones & Taylor, 2019).

3. Automated Sales Reporting and Analytics

The ERP system would automate the process of generating sales reports, ensuring that management has access to real-time, accurate data. This will allow the company to make data-driven decisions quickly and adjust strategies as needed. Integration with business intelligence tools such as Power BI or Tableau can provide even more detailed analytics, helping Kalori optimise sales forecasting, marketing strategies, and resource allocation (Barker, 2021).

4. Data Security and GDPR Compliance

To address security risks and GDPR non-compliance, the new ERP system would robustly access controls, data encryption, and regular compliance checks. These features would ensure that customer data is protected from unauthorised access and that Kalori remains compliant with all relevant data protection regulations (Greenwood, 2021).

5. Departmental integration

The ERP system would integrate all departments-sales, finance, inventory, and customer service- into a single platform. This would eliminate the need for manual data transfers, reduce errors, and improve communication between departments. Real-time updates would allow Kalori to respond more quickly to customer needs and optimize its operations (Mcdonald & Lang, 2018).

Justification for the Recommendation:

- **Increased Efficiency and Accuracy:**
Automating inventory management, reporting, and CRM processes will reduce manual errors and improve operational efficiency across the company (Robinson, 2022).
- **Scalability**
The ERP system can scale as Kalori continues to expand, accomadating new stores, e-commerce platforms, and increased customer data (Davis, 2020).
- **Cost-effectiveness**
Though the initial investment in an ERP system may be high, the long-term savings from improved efficiency, better decision making, and enhanced customer retention will provide a significant return on investment (Adams & Li, 2019).
- **Improved customer service**
Centralised customer data will allow Kalori to provide better, more personalised customer service, leading to improved customer satisfaction and loyalty (Johnson & Williams, 2020).
- **Compliance and Security**
The new ERP system will ensure that Kalori is fully compliant with GDPR and other data protection regulations, reducing the risk of legal issues and safeguarding customer data (Barker, 2021).

4. Implementation plan

The successful implementation of the ERP system requires careful planning and a structured approach. Below is a proposed plan for rolling out the new system at Kalori Ltd.:

1. System Selection and Customization

Kalori should begin by selecting the most suitable ERP system for its needs, such as Microsoft Dynamics 365 or SAP Business One. The system should be customised to integrate with existing systems, such as the e-commerce platform and point-of-sale systems.

2. Data Migration

Existing customer, inventory, and sales data must be migrated to the new system. This process should be done carefully to ensure that the data integrity is maintained, and no information is lost during the transition (McDonald & Yang, (2018).

3. Employee Training

A comprehensive training programme will be required to ensure that all employees understand how to use the new system. This should include training sessions for sales, finance, customer service and inventory management teams to ensure smooth adoption (Adams & Li, 2019)).

4. System integration

The new ERP system must be integrated with the company's existing IT infrastructure. This may involve technical adjustments to ensure that data flows seamlessly between different systems, such as inventory management and financial software (Johnson & Williams 2022)

5. Phased Roll out and monitoring

The system should be rolled out in phases to minimise disruption. After the initial deployment, Kalori should monitor system performance and provide ongoing support to address any issues (Robinson, 2022).

6. Ongoing support and Maintenance

Once the ERP system is fully deployed, it will require regular updates and maintenance to ensure it remains aligned with the company's growing needs and the evolving regulatory landscape (Barker, 2021).

Conclusion

Kalori Ltd. Faces several operational challenges due to outdated and disconnected information systems these issues, including stock discrepancies, inefficient CRM systems, slow decision-making, and compliance risks, are inhibiting the company's ability to scale its operations effectively. By implementing an integrated ERP system, Kalori can streamline its processes, improve customer service, ensure data security, and maintain regulatory compliance. The recommended solution will enhance operational efficiency and provide the scalability necessary for Kalori Ltd. To thrive in an increasingly competitive market.

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