

Operational Excellence in eCommerce Firms

Name

Institutional Affiliation

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Operational Excellence (OE) refers to a situation where organizations execute their business strategy more effectively compared to the competition. Firms that have high OE have lower cost, lower operating risk, and generate more value for stakeholders. Therefore, managers identify the key value generators and the sources of risk and align organizational processes to achieve desired outcomes. The key value drivers include productivity, compliance, safety, and the environment, while the key sources of risk include processes, equipment, change, and people (Wells, 2019; Piotrowicz & Cuthbertson, 2018). Successful integration of value drivers and the mitigation of risk creates a sustainable source of competitive advantage for the organization and creates strong brand equity among customers.

Research Objectives

This research explores the determinants of operational excellence in eCommerce firms. In the last decades, increased acceptance of the online marketplace as an alternative to conventional stores has raised concerns on the quality of service and value creation characteristics of eCommerce firms. Consequently, this research explores the impact of the key value drivers on operational excellence. The specific research objectives are listed below.

1. What is the impact of the key value drivers on operational excellence?
2. What are the common causes of failure to achieve OE?
3. What are the key control factors to prevent failure?

The dependent variable in the research is OE that is defined as a strong competitive advantage derived from high revenues, low cost, low risk, and high potential for value creation. In contrast, the key value drivers and risks are the independent variables, as they have a direct influence on the level of excellence attained by the organization. These variables will be used to

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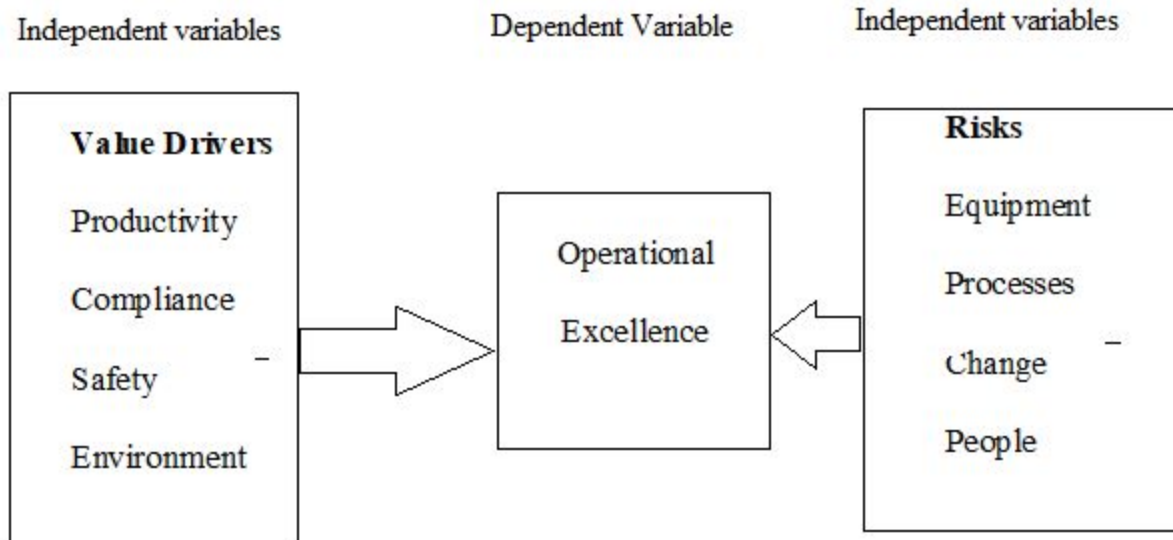
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develop an explanatory model, which can be applied in practical situations to diagnose problems.

Table 1 summarizes the simplified model of OE.

Table 1

Sources of risk and value drivers for OE



While extant research explores the relationship between OE and the variables included in Table 1, none of these studies develops an explanatory model to determine the statistical inter-relationship. Additionally, none of the existing studies explores the impact of these variables on eCommerce, despite the growing preference for online outlets as platforms for trade. Besides, the studies also fail to identify risk mitigation strategies. Consequently, this paper will address OE research and practice gaps.

Scope of the Research

The study will examine OE practices for firms starting from 2015 to date. During this period, eCommerce has grown at a faster pace relative to conventional retail, thereby forcing most entities to start parallel online platforms to cater to the growing market. Secondly,

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innovative technologies in online ecosystems have further lowered the cost of operations and widened the market reach of most brands (Rossman, 2019). However, intense competition erodes profit margins and makes firms reliant on economies of scale to generate profits. Furthermore, rising concerns over environmental pollution threaten to erode the gains made in eCommerce. Specifically, the increased need for doorstep deliveries increases carbon emissions, thereby contributing to climate change (Hutchings, 2018). Therefore, determining the variables that contribute to OE will play a significant role in value creation among firms.

Proper identification of key value drivers and the mitigation of potential risk creates a sustainable competitive advantage for the organizations. This research will generate an explanatory model for OE, which will guide firms in developing sustainable operations. Therefore, the findings of this study will contribute to existing knowledge and provide a foundation for further research.

References

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