

# AGILE BY NATURE

STRATEGY & RESOURCES

# Strategy & Resource Allocation



Strategy & Resource Allocation Section

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=10>

DIMO continued to strengthen its core strategy by focusing on the three main pillars of Diversification, Differentiation, and Collaboration whilst seeking technology as a stimulant to take the Group to the next level

Refer page 68 to read more about our digital transformation under Intellectual Capital

Strategic Pillar	DIVERSIFICATION	DIFFERENTIATION	COLLABORATION
Strategic Ambitions	Resilient product portfolio to combat economic pressures and to seize opportunities	Continuous organic growth	To become the brand partner of choice

The three strategic ambitions pertaining to each strategic pillar are the long-term objectives of the organisation. In pursuit of our **strategic ambitions**, determining our strategic priorities for the short, medium and long term was a key priority in 2023/24. As a Group, our primary focus was on managing our business, meeting economic challenges, prioritizing ESG, and delivering stakeholder expectations. A careful assessment of our risks and opportunities enabled the strategic choices to be made in these areas.

We believe that our key strategic enablers – Group Technology strategy, Group HR strategy, Group Marketing strategy and the Group sustainability strategy driven by the “Sustainability Agenda 2030” – are the four indispensable drivers of the business, as we work towards fulfilling our strategic priorities.

Refer pages 24 – 26 to read more about our key strategic enablers

Especially during migration, dragonflies often move in swarms, establishing a spirit of strength in togetherness, and driving collaboration.



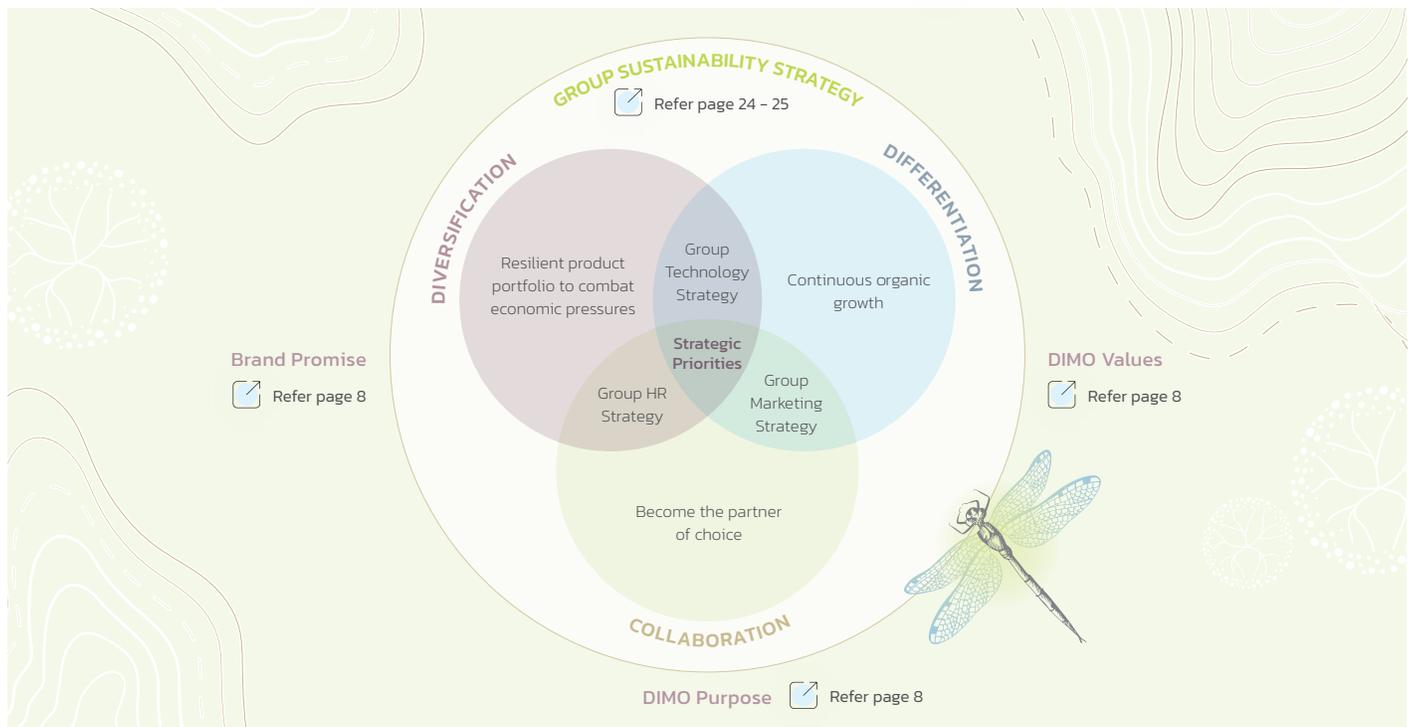
## Corporate Strategy Framework

Figure 04: Corporate Strategy Framework

Refer page 53 – 78

**CAPITALS AND CORPORATE GOVERNANCE**

Refer page 80 – 109



## Seven Strategic Priorities

### DIVERSIFICATION

- 1 Reduce dependencies on individual business domains
- 2 Increase business presence in essential goods & services while focusing on geographical expansion
- 3 Drive for sustainable products, services, and practices

### DIFFERENTIATION

- 4 Enhance brand equity
- 5 Retain critical talent via equitable compensation

### COLLABORATION

- 6 Create a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)
- 7 Address climate risk

Table O2: Strategic Priorities – Execution and the Way Forward

Strategic pillar	Strategic ambition	Strategic priority and time horizon	Why – a strategic priority	Current status or related strategy executions during recent past and 2023/24	Our approach to way forward	Impact on capitals
Diversification	Resilient product portfolio to combat economic pressures and to seize opportunities	Reduce dependencies on individual business domains – short to long term	The continuous volatile import regulations in Sri Lanka, which created a negative impact on vehicle and fertilizer sales of DIMO, further justified our need for diversification	DIMO has extended to seven segments thus far: vehicle sales, automotive engineering solutions, agriculture, power engineering & building services, retail, infrastructure engineering and healthcare  Refer page 32 – 52 to read more on our segments	Continue to expand the education arm as a separate business domain. (Refer page 37 to read more on DIMO Academy)  Further strengthen the healthcare segment by onboarding new businesses	 FC MC HC SC IC NC
Diversification	Resilient product portfolio to combat economic pressures and to seize opportunities	Increase business presence in essential goods & services while focusing on geographical expansions in the short to long term	During the economic downturn, DIMO experienced the downside of depending heavily on capital goods, non-essential goods and services, which led to reduced bargaining power as a diversified conglomerate	Acquisition of assets of a company involved in the production of coconut milk. Establishing the brand name “Cocofresh” for related products.  Acquisitions of Mansel (Pvt) Ltd and Associated Laboratories Pvt Ltd in 2022  Acquisitions of food related businesses – Tropical Health Foods (Pvt) Ltd & Virgin Oil International (Pvt) Ltd in 2022  Refer page 32 – 52 to read more on our businesses	Ventures to export locally assembled recreational vehicles to the Australian market  Two separate blueprints on capitalizing on an essential product business and a service related business	 FC MC HC SC IC NC

 High impact     Moderate impact     Low impact

Strategic pillar	Strategic ambition	Strategic priority and time horizon	Why – a strategic priority	Current status or related strategy executions during recent past and 2023/24	Our approach to way forward	Impact on capitals
<b>Diversification</b>	Resilient product portfolio to combat economic pressures and to seize opportunities	Drive for sustainable products, services, and practices – medium to long term	To ensure the longevity of our existence as a corporate entity committed to social responsibility and environmental stewardship	<p>Acquisition of assets of a company engaged in producing charcoal with prospects of forward and backward integration. Establishing the brand name “Cococarb” for Coconut shell based products</p> <p>Establishment of a scorecard to identify the sustainable products and services in our portfolio.</p> <p>Increase in women in leadership roles – 14.5% for 2023/24 – Target 15%</p>	<p>Drive by 2030; 50% of our revenue to be generated via sustainable products and services as defined in our sustainability agenda</p> <p>Positive impact on one million individuals</p> <p>50% reduction in emissions</p> <p> Refer page 128 – 136 to read more on Sustainability agenda 2030</p>	        
<b>Differentiation</b>	Continuous organic growth	Enhance brand equity – short to long term	It is our belief that reputation is the sole factor in the corporate world that, once damaged, cannot be restored.	The corporate reputation tracking initiative, launched in 2022, was concluded within the current financial year. The principle aim of this project was to ascertain our current standing.	Based on the findings of the corporate reputation tracker, a strategic plan will be formulated to enhance our brand equity	         
<b>Differentiation</b>	Continuous organic growth	Critical talent retention via equitable compensation – short to medium term	The competitive pursuit of talent in the market due to scarcity of skilled labour, resulting from skilled migration	Refer 63 – 66 on Human capital report and 25 – 26 on HR strategy under key strategic enablers.	Refer page 63 – 66 on Human capital report and page 25 – 26 on HR strategy under key strategic enablers.	        

 High impact     Moderate impact     Low impact

# Strategy & Resource Allocation

GRI: 2-22, 3-3, 201-2

Strategic pillar	Strategic ambition	Strategic priority and time horizon	Why – a strategic priority	Current status or related strategy executions during recent past and 2023/24	Our approach to way forward	Impact on capitals
Collaboration	Become the perfect partner of choice	Creating a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s) – short to medium term	Enhancing customer experience is a primary objective of DIMO, which can be achieved mainly through the improvement of employee experience	Sessions focused on change management, brainstorming, product innovation, and process excellence	Additional blueprints for enhancing customer and employee experience are planned for the 2024/25 period	        
Collaboration	Become the perfect partner of choice	Address climate risk – Short to long term	Affects our business, community and environment	Increasing our contribution to clean energy production by investing in six solar power projects with a total capacity of 25MW.  Investment Rs. 5,800 million  ISO 14064-2 : 2019 GHG verification and validation  Committed to SBTi – Science based targets initiative	Decarbonization strategy to be in place for emission reduction in the value chain and in our offering   Refer page 128 - 136 to read more on Sustainability agenda 2030	       

 High impact     Moderate impact     Low impact

## Key strategic enablers in achieving seven strategic priorities

### 1. Group Sustainability strategy

Figure 05: Sustainability Agenda 2030



Our Sustainability Agenda 2030 is a long-term approach designed to deliver our due contribution to the Sustainability Development Goals. It has three clearly defined pillars of focus: Being a Resilient Business; Creating a Resilient Community; and Conserving a Living Planet. The DIMO tribe has taken ownership of this agenda and its long-term KPIs and milestones. The Board of Directors retains overall accountability for DIMO’s Sustainability Agenda 2030. The management systems in place for quality, environment, social accountability, and health and safety ensure that we follow a framework to identify our risks and opportunities and to take control measures to manage our impact and seize opportunities.

 Please refer page 128 - 136 to read more on Group sustainability strategy - DIMO Sustainability Agenda 2030



With the recent adoption of a new ERP system, Real time visibility of employee data will be available through SAP Success Factors module to directly link employee performance to organisational performance.

Table O3 presents our objectives and a snapshot of the 2023/24 year, detailing the respective strategic enablers and our planned approach to achieving our strategic priorities in the short-, medium-, long-term.

**Table O3: Key Strategic Enablers – HR, Marketing, Technology**

	2. Group HR Strategy	3. Group Marketing Strategy	4. Group Technology Strategy
<b>Objective</b>	To achieve organisational growth in line with corporate plans and to enhance competitiveness through people in the short, medium and long term	To deliver our brand promise to our customers and achieve a sustainable competitive advantage across our diversified businesses to facilitate the achievement of short, medium and long-term targets	Embrace digital technologies to enhance quality, cost, delivery & experience of our product & service offerings
<b>Strategy 2023/24</b>	Continued to reimagine the design through refinements in organisational structures and processes  Key focus on employee experience by enhancing the quality of culture, engagement and expanding professional development opportunities  Retention of critical talent via diversity & inclusion, recognition and enhancing equity	Innovate within existing segments and explore lucrative opportunities.  Prioritise exceptional customer experiences by understanding their needs, preferences, and pain points.  Data-driven decision making to identify growth opportunities, optimise marketing efforts and track performance against KPIs	Adopt digital technologies to automate processes, enhance customer experiences, and drive innovation.  Strengthen cybersecurity across the group to protect all business systems and data  Upgrade IT infrastructure and legacy systems to improve performance, reliability, and agility
<b>Risks &amp; Responses 2023/24</b>	The increased cultural diversity resulting from mergers and acquisitions over the past two years posed significant challenges  The implementation of seamless processes and a fully operational change management function were in place in facilitating smooth integration	Economic slowdown leading to consumer affordability and go-slow approach adopted in the overall construction sector, impacting multiple business operations.  New value propositions and re-prioritising the offered products and services mix, in order to cater to prevalent market conditions.	Transformation journey could lead to resistance by employees, disruptions in operations and challenges in aligning stakeholders  A change management strategy was implemented in collaboration with the Group HR division, accompanied by contingency plans to ensure uninterrupted operations.

	2. Group HR Strategy	3. Group Marketing Strategy	4. Group Technology Strategy
<b>Opportunities 2023/24</b>	<p>Our expertise was used during 2023/24 to bring in synergies and to streamline the new acquisitions made since 2022</p> <p>Career succession plans were offered to fill internal vacancies, achieving short-term synergies more effectively than alternative approaches</p>	<p>Favourable and strategic use of changing economic conditions facilitated the recovery of impacted businesses</p> <p>Brand equity was capitalised to establish niche markets for emerging products</p> <p>Leveraging international opportunities to expand geographically and generate foreign income</p>	<p>The technological platform was an opportunity to redesign the organisation and the way we work.</p> <p>Significantly enhanced data capturing across all value-chains, that would be used to enhance customer experience and to drive KPIs.</p>
<b>Future Outlook</b>	<p>Our primary focus is to further streamline the integration of newly acquired business operations through increased focus on human capital, thereby elevating employee standards to enhance both employee and customer experiences</p> <p>Development of blueprints on critical talent retention</p> <p>Prioritizing and continuing change management and transformation initiatives, concentrating on the issues arising from digital transformation</p> <p>Real time visibility of employee data through SAP Success Factors module to enhance better performance and directly linking employee performance to organisational performance.</p>	<p>Leveraging our diverse portfolio to strategically craft a seamless customer experience across all touchpoints by anticipating evolving needs, fostering data-driven personalisation and prioritising innovative value propositions to further strengthen our brand promise of being the "Perfect Partner".</p>	<p>The technology platforms provide the base for further enhancements including automation and predictive capabilities</p> <p>The integration of all business operations through ERP and the expansion of data analytics capabilities will facilitate improved decision-making.</p>

The achievement of our seven strategic priorities relies on key strategic enablers across the short-, medium-, long-term.

Group Sustainability strategy	Group HR strategy	Group Marketing strategy	Group Technology strategy
<p><b>3</b> Drive for sustainable products, services, and practices</p> <p><b>7</b> Address climate risk</p>	<p><b>1</b> Reduce dependencies on individual business domains – by streamlining integration of employees</p> <p><b>5</b> Critical talent retention via equitable compensation</p> <p><b>6</b> Creating a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)</p>	<p><b>1</b> Reduce dependencies on individual business domains – in terms of innovation and strategic marketing</p> <p><b>2</b> Increase business presence in essential goods and services while focusing on geographical expansion</p> <p><b>3</b> Drive for sustainable products, services, and practices – in terms of innovation and promotion</p> <p><b>4</b> Enhance brand equity</p> <p><b>6</b> Create a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)</p>	<p><b>1</b> Reduce dependencies on individual business domains – using ERP for increased accessibility of group-wide information including newly acquired businesses.</p> <p><b>2</b> Increase business presence in essential goods and services while focusing on geographical expansion – in terms of business integration via ERP</p> <p><b>7</b> Address climate risk – visibility to climate related data and predictive or decision making capabilities through data analytics.</p>

**Basis for resource allocation**

The matrix below illustrates the basis for capital allocation for each strategy, highlighting the critical importance of each type of capital in achieving our strategic aspirations.

**Table O4: Basis for Resource Allocation**

Capital	Diversification	Differentiation	Collaboration
Financial			
Manufactured			
Human			
Social & Relationship			
Intellectual			
Natural			
	Group Marketing strategy		
	Group Technology strategy		
	Group Sustainability strategy		
	Group Human resources strategy		

 High dependency    
  Moderate dependency    
  Low dependency



**Resource Optimisation**

Dragonflies have maintained their distinctive, independently controllable, four-winged form across millennia, which improves aerodynamic efficiency, while optimising the use of power and energy.