

IT - THE RIGHT DIRECTION

Interview with

ANDERS HILDEBRAND

MANAGING DIRECTOR

ANGLO AMERICAN OIL COMPANY



In a series of interviews with KFA Connect, company directors talk about the issues which need to be addressed to align IT with their business strategy and operations.

The interviews will be brought together as a report to be published by DECISION magazine and then as a digital book.

SOMETIMES, OLD-FASHIONED manual methods are the best, simply because they do the job. The latest technology should be used only when it benefits the business, and not just for the sake of having it or because it happens to be available. That's the view of Anders Hildebrand, founder and managing director of Anglo American Oil Company, a manufacturer, distributor and agent of various brands of fuel and oil.

He's being pragmatic not luddite. "Of course IT has made the job of business management much easier," he says. "Without IT, it would be much harder to do cost control and work out margins. It means you should have full control of the business."

But Hildebrand finds there's still a use for manual processes in certain situations, notably when the company, whose main customer base is just short of 10,000 racing car owners, takes its products to race meetings.

Once there, purchasers are issued with hand written invoices. "I have friends say to me to that's stupid, why do you do it that way, why not have a credit card machine?" says Hildebrand, himself a former racing driver. "But drivers tend not to carry credit cards at races, and

there is not always a reliable wifi signal. We are looking at a barcode system or at creating invoices from Excel but for now it's just quicker to do it manually with a pen and a piece of paper because that always works," he says.

One might think there was a risk in giving customers credit at events but Hildebrand says there has historically been no bad debt and that actually, when he thinks about it, internet fraud is far more of a concern."

And he doesn't want it to get in the way of building up customer numbers and order quantities to achieve important economies of scale. "One issue with selling low-volume products is the cost of freight. But as we sell more the problem gets smaller. Sending a pallet of fifty-four products costs only three times the amount it costs to send one single item."

In a similarly low-tech approach, the customer order database is kept on a spreadsheet and orders are input manually. "We have just under 10,000 account customers, and each year we add another 500. That means we generate maybe 15,000 invoices a year.

In addition there is a CRM system,

which was recently integrated into the accounting, stock control and invoicing system, allowing the sales people to access customers accounts while out on the road – previously they had to phone the office and ask for the information they wanted.

There is an e-commerce facility, but Hildebrand is keen to keep the personal touch. "The business is quite traditional in the way it interacts with customers. We are different from the high street where people compare prices before buying," he explains. "We are selling products that enhances performance and when customers call us they like to talk about their racing cars or their classic cars, and about how well they're doing. We have to accommodate that. I hate websites where there is no phone number. Regardless of whether it's a dealer or an end consumer I want them to be able to talk to us."

The customer base is varied: end users also include suppliers of horticultural, agricultural and boating products.

The domestic market (notably owners of petrol-powered garden machinery) is seeing particular growth, and the company is targeting dealers of with its "ultra-clean low-emission" Aspen

alkylate petrol, which is made from the cleanest form of petrol available and is designed for the small capacity engines used in chainsaws, strimmers, lawnmowers, portable generators, camping stoves and lamps, as well as marine engines. As the UK distributor for this fuel, Anglo American Oil currently have some 375 retailers and expect that to be 500 by the end of 2018.

"Our garden machinery fuel solves a problem," Hildebrand explains. "We are not just selling a product, we are selling a new way of doing things. Before we had a network of dealers, customers had to go to a petrol station and their machinery would eventually get damaged because modern fuels can be very corrosive. But ours doesn't contain the unstable and toxic hydrocarbons that petrol from the pump will have in it. By selling the lawn mower and the fuel, the dealers create customer loyalty because not only does the machine last longer but also the customer returns to buy more fuel. Some dealers have gone from zero to selling 20,000 litres a year in just a couple of years; they are realising this is producing a better return than advertising!"

Sales are likely to increase despite its high price relative to standard petrol. "Dealers realise they don't need to be scared of selling a more expensive product, because in a way, price is irrelevant because machinery owners use so little of the product. And they won't have to breathe in petrol fumes; they will enjoy the aroma of cut grass."

One downside with IT, according to Hildebrand, is that everything happens so fast. "People expect you to reply within minutes simply because they've sent you an email." Not that it's technology which determines whether the MD can separate themselves from the day-to-day running of the business. Says Hildebrand ruefully: "I remember when my wife and I went on honeymoon. It took me a whole week to relax and then I made a mistake of phoning the office from a phone box. Something had happened and I couldn't get back to sort it out, and worrying about it spoiled the last week of the holiday for me."

Aside from the IT used for business management, there is the technology involved in determining for example the provenance of the product itself. Anglo American use an infra-red spectrometer to analyse the hydrocarbon content of each fuel as it is delivered. Everything

is tested and a chemist checks it for consistency.

Hildebrand explains why that's important: "Today we had a delivery from Esso from their Fawley refinery, and when we tested it, the graphs didn't match so we asked the transport company if it had really come from Fawley, as it didn't look like something they had produced. They rang back and said the refinery had needed to substitute our order with a slightly different fuel. There was no problem with that, it was within specification, but the graphs looked different so we just wanted to understand why."

In 2015 Anglo American Oil merged two existing separate premises (the offices and a warehouse and blending plant) into one purpose-built facility, equipped with all manner of high-tech hydrocarbon and fire detection sensors, where they can blend the various fuels to customer specifications. Product development is a "very exciting" part of the job, Hildebrand says, citing a new form of diesel made from natural gas that lowers carbon monoxide emissions with 50% and is 100% biodegradable. The Swedish-made product, ECOPAR, which is distributed in the UK by Anglo American, is imported in bulk and transferred into smaller containers to

make it easier to handle before being shipped out to customers who want to reduce toxic emissions.

One of Hildebrand's aims is to ensure that IT will consistently enable the company to meet customer expectations of delivery times, which is typically "now."

With this in mind, Hildebrand knows that curiously, IT can make it less likely that a company is able to respond to the customer, that it doesn't necessarily allow the flexibility for that to happen. "One day I was about to phone about a delivery that was due to arrive with us that morning when I saw the van parked up down the road," he recalls. "I asked the driver what he was doing and he said the system wouldn't allow him to make the delivery before the allotted time. The driver was just hanging about and I was in a hurry to go somewhere. IT should be able to help us to be more precise, but it shouldn't prevent us from doing the right thing."

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