

# IT'S ABOUT GROWTH

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# IT'S ABOUT GROWTH

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What's the point of IT - apart from the obvious in enabling a company to actually function on a day-to-day basis?

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Shouldn't we be defining IT in terms of being able to develop the business and creating the platform which means everything, from e-commerce to ERP, order processing to logistics, can cope with a world of constant change?

So how can that be achieved.....



# Improvements an imperative

## **Especially find them before the inevitable happens**

Here's a question. From Giles Henschel, founder and managing director of Olives Et Al. If you follow the saying if it isn't broken, don't fix-it, then how can you strive to be better? "Because with technology," he says, "it's only a matter of time before the system and software you are using is going to be the equivalent of broken, so the imperative is to find improvements before the inevitable happens."

The company creates, sources, then supplies authentic foods and ingredients from the Mediterranean and beyond; 90% of customers are independent delis, caterers, hotels, airlines, pubs and bars; 10% are consumers at their two retail outlets and from the internet.

'Be professionally unconventional in all we do' is one of their values. "It's not meant to be wacky," explains Henschel. "It's an explanation that we look to do things a different way."

And, he says, that is how companies need to look at the impact of their IT on the customer. "I remember finding a mail order software company, and seeing what it was able to do looked great. But although we wanted to automate, we had to follow their procedure to get to the next field for example, even though it didn't fit in with what we wanted the system to do. In other words we were being forced to use the process they laid down, there was no flexibility. That made me realise that you can't treat every single customer the same, or even think that should be your starting point.

"In essence, business processes should actually be determined by the customer. If

they want to leap about on a website, then you need to enable them to do that effortlessly. If IT is primarily focused on delivering business efficiency, then it will antagonise or frustrate the customer."

And he believes for customer relationship management to really work, a company needs an in-depth product database in terms of background information. "So," he says, "if someone looks at our website or phones to ask us how they use our Pedro Ximénez raspberry sherry vinegar, we can explain that we've taken a ten-year-old barrel aged Pedro Ximénez sherry vinegar and gently blended it with raspberry syrup to balance the natural sharpness of the vinegar and bring out some rich, sweet undertones; that it's an excellent accompaniment to roasted vegetables, lamb, game and poultry dishes, salads or with terrines, and that if you're adventurous, you could try a little of it drizzled over ice cream for a real treat."

According to Henschel, IT should negate the need for unnecessary thought. "The information a business needs should already be there in the system; it's about what you do with it," he suggests. "We talk about the requirement of IT to enable us to gather, store, then retrieve timely, accurate, and relevant information so that sensible business decisions can be made.

"We might be talking about information technology here, but unless the output is relevant information, the system is nothing but a repository of gallons and gallons of stuff you can't put to use. Maybe instead of IT, the description DT - data technology - is a better reflection of most companies' experiences.

"IT should transform our day-to-day activities to make everything more effective. It should enable us to gather, store, and provide information in a format which enables us to make good decisions. But while it can keep score, and facilitate, the actual decision is made by a human being.

Technology, if it is left to its own devices, can actually hinder business, Henschel





Giles Henschel

believes. "It might automatically prevent an order being dispatched because a customer has been selling more than expected and as a consequence has flipped over their credit limit; yet their payments have always been

on time and there would be no reason to think that wouldn't continue to be the case. But IT can't automatically take account of vagaries so it seeks to standardise. That of course would only serve to prevent us from being



professionally unconventional.” Henschel is also concerned that the way companies apply IT to addressing complaints isn’t always likely to result in an assuaged or satisfied customer. Again, trying to apply a formula to fit everyone can’t be done, he says. “If technology is to reflect your approach to wanting to delight the customer - and I’ve taken it as read you see that as mission-critical - then it has to be flexible rather than prescriptive. If the customer wants the option of a replacement, refund or to be able to communicate with the MD, then that’s what the system should be designed to allow them to have or to do.”

## Investing right from the start

### Why IT direction is continually challenged

Paul Murray chuckles to recall an essay he wrote, while studying business in the sixties, about the use of computers in commerce and industry. “My conclusion was that computers had a massive part to play but because of their size they would never become popular among small businesses,” he reflects.

He’s happy to have been proved wrong, he says. His eponymous business, Paul Murray plc, couldn’t actually function without IT, he cedes. Indeed, he has always invested in IT since the company was launched in the early seventies. “Back then we used a Daro electronic invoicing machine, and then in the early eighties we invested in a i386 PC to send our invoices by EDI to Superdrug,” he recalls.

“Then we were one of the first companies in the UK to run Tetra on an IBM machine. When we outgrew that, we moved to

Microsoft Dynamics Navision on our own servers, and we are constantly reviewing and looking to upgrade our IT to keep up with the latest support, regulations and security, because it is increasingly mission critical.

“We’ve been using barcodes since their early days to identify our products, and from this we can generate an EPOS file on demand for our customers, pass data to our warehouse tablets for picking and replenishment and to our sales tablets to take the orders.

The company is a supplier of health, beauty and nursery brands to the retail trade in the UK and Ireland, including Baylis & Harding, Eylure, Philips Personal Care, Remington, as well as private label, plus Paul Murray own brands.

The company has a policy of regularly reviewing where the business is at. “People blame the 2008 recession for damaging their businesses,” says Murray. “But it was not that at all. It was that their business model was not really working anyway; the recession just found that out. You need to continually challenge your direction and tweak it to make sure it works.”

His underlying model remains relatively straightforward – supplying brands to retailers – and that’s been key to the company success, says Murray. But behind any simple model lies a lot of complexity. There’s a worldwide sourcing infrastructure, with some 40% of the products imported - from China in particular - and the business deals in four currencies: sterling, euros, US dollars, and the Chinese Yuan.

There’s also a long supply chain, with products coming in from overseas, going through quality control and packaging and then being shipped out - to independent pharmacies, major multiples, supermarkets, and online retailers - usually within one or two days of the order.

Effective IT is critical to flexible logistics and supply chain management, says Murray. With more than 5000 customers and in excess of 4000 product lines, the most important contribution of IT is easier access to data

and generation of information. IT manager Danny Frampton, who has been with the company since 1982, recalls receiving faxed orders, using a manual card system to hold customer information, and having to remember where everything was in the warehouse.

Murray says he likes the discipline and standardisation that computers offer. "If you type in the product and the customer, they connect up and you have the price. Computers are brilliant for that binary yes or no answer."

The company deploys a system which spends its nights manipulating and analysing data, "and working out the answer to any question we might ask it the next day," says Murray, "such as how much of a particular product did we sell, where, and to which customers? We then get that mission-critical information in nanoseconds."

The systems can also simplify the ordering process for customers. "We have a pharmacy customer who has twenty-eight different planograms which show how they want their products displayed, and their buyers can see only the products that they are supposed to order for a particular planogram," Murray explains. All the actual 'paperwork' process is electronic, right through to raising the delivery note and then the invoice.

Meanwhile, the Paul Murray sales team input orders into iPads, which are then downloaded to the 50,000sqft warehouse the company moved to in January 2018 for picking and packing.

Warehouse staff also use iPads, which tell them where to find each product with the orders listed in such a way that they only need to walk up and down the aisles of the warehouse once without having to retrace their steps.

And picking will continue to be done manually; Murray doesn't think a fully automated warehouse system is either cost effective or desirable. "We did discuss having full automation but I don't want computers to replace humans, I want them to

work together in a symbiotic way," he says. "Humans are one of the most sophisticated bits of kit. They come with inbuilt video, audio, brains and dexterity. Humans are good value for money. They can spot problems and deal with situations. And they can think outside the box, not just respond yes and no. Why would you not want to use that to its full potential?"

The data is kept on in-house servers, with backups taking place both in situ and offsite. Murray's not keen on the idea of working in the cloud. "The word cloud is a misnomer, a clever marketing tool," he maintains. "The cloud is just another storage facility, in a building somewhere. Do you know where it will be? Our position is that if we are going to have our data in a box somewhere, it might as well be here."

A particular focus is addressing the threat of cyber crime. So all emails go through Mimecast which filters out spam and checks all links and attachments for signs of virus activity or phishing. And anything with an attachment get sandboxed (digital quarantine).

Paul Murray plc have achieved accreditation from Cyber Essentials, a government-backed, industry-supported scheme to help organisations protect themselves against online threats. "I went to a conference last year where the speaker was the head of cyber security for business at GCHQ," says Murray. "He said that 80% of security issues could be addressed with three things: change your password regularly, make it more complicated, and get your cyber security certification."

Staff are restricted at Paul Murray as to what they can do with the systems, with only 'super users' being allowed to delete certain files, for example, and even then only when certain procedures have been followed. But Murray himself is a realist. "It doesn't eradicate the problem of garbage in, garbage out if someone entering data isn't paying attention," he points out, "or they skip parts of a procedure that they have been taught."

## Process fit but is it scalable?

### New systems will have to cope with growth

When you've been used to having sophisticated IT at a previous company, you miss it when it's gone, something Chris Crutchley can attest to. But having to go back to basics comes with the territory of setting up a small business that's still only five years old, so Crutchley knew he had to bide his time.

With his wife Steph, he launched Enjoy Raw Chocolate (Enjoy!) – manufacturing a premium, organic, naturally sweetened dark chocolate from raw cacao, inspired by food intolerances that made it impossible for Crutchley to eat conventional chocolate. Enjoy is approved by the Vegan Society and the Soil Association, and is also free from dairy, gluten, soya and refined sugars, which means that it appeals to those looking for a healthier chocolate as well as consumers with food intolerances.

It's all a far cry from Crutchley's former life working in manufacturing and supply chain management, not least because he had been used to having complex systems for stock control and for re-ordering automatically. "I don't have all that any more," he says, almost wistfully. "I have a basic accounting system and one which allows us to manage stock but it's not linked to material control. There are lots of processes we have been doing manually, even things as simple as batch code numbering."

Because Enjoy Raw Chocolate are organic, they have to provide traceable evidence to the Soil Association concerning the source of the ingredients. They are also audited every year as part of their membership of the Safe and Local Supplier Approval system. "From

start to finish, the processes have to have an audit trail," says Crutchley. "That involves a lot of paperwork, and for us that has meant using manual forms to list every ingredient and every stage in the production process."

"There is a system I would like to have which will give that full traceability without everything having to be done manually, but we can grow a bit more before that level of IT becomes an imperative. But it does get more difficult as more people join the business, because the chances of someone getting a manual process wrong and affecting the crucial 'repeatability' in production will increase."

"IT not only has to fit our processes but it has to be scalable so it will still be suitable when we get bigger as a company. It will be necessary to take out a significant number of human hours from administrative tasks and would help us significantly with planning. It could help us to accurately work out how many bars of a particular flavour we need to make, and to prevent us running out of a specific product."

That ability to automate paperwork and better predict stock requirements would have a significant impact, says Crutchley. "Our non-added value time is quite large at the moment. We calculated that each of us would save twenty minutes a day if we could automate more tasks. In the future, there are more ways in which we can improve our productivity. It takes a day to produce 200 boxes, but just one machine that we want to install could enable us to do that in an hour."

"What's critical is knowing precisely what you need IT to do," Crutchley maintains. "Our understanding of that is enhanced because we have had to deploy manual systems. I'm used to telling an IT department what I need and then them telling me the specification. For us, specifying correctly is going to be paramount, making sure that IT not only replicates the manual processes but is flexible and configurable. So we have to know exactly what we need and be able to put that into IT speak. If, for example,

we said we needed to be able to record the number of bars produced, we might end up with a system that couldn't record the number of rejects. The IT provider would then say 'but you said you wanted to record the number of products!'

Enjoy! are in an "exciting but scary" growth phase, helped by an exclusive partnership with Tree of Life, the UK's largest wholesale distributor of healthy, natural and organic products. They are pushing Enjoy Raw Chocolate products beyond the existing outlets of health food shops. The five-year plan includes selling overseas and creating a significant online presence, helped by increased marketing.

Does Crutchley aspire to become the new Green & Black, an organic chocolate market leader who sold out to Cadbury for multi-millions? "I do want Enjoy! to become a recognised brand in the UK and globally," he replies diplomatically, "known for being free-from, organic, vegan and great tasting."

## Getting staff on board

### With IT, result is consistent delivery of standards

"In every company, some employees will really be committed and care about what they are doing; for others it will just be a job. But technology means that they should all at least demonstrate an awareness of what is really important," explains John Gosling, managing director of the TJ Group of Companies.

"What sets us apart isn't going to be price, it's that our lorries will be there on time, the drivers are correctly trained, and the paperwork is right first time. That

demonstrates our ethos, and having up-to-date technology and the right processes to follow mean it can be consistently delivered."

Operating from ten locations, with 240 staff and a fleet of more than 155 vehicles, the group provides waste management, (500,000 tonnes recovered each year; 90% of which is recycled), skip hire, and has a haulage business. In addition, last year it sourced and delivered more than 1.5million tonnes of aggregates.

"If you did a straw poll, probably the public would associate the muck-away industry with rogue trading," muses Gosling. "I came from a premier housebuilder where the perception would be the opposite, and I wanted to continue to work for a sector which has a good reputation. Why should we be any different from John Lewis who sell and deliver a sofa, just because we are hiring and dropping off a skip?"

"We went on to Checkatrade because that gives customer feedback, but that wasn't enough so we joined Feefo because they actually make the contact with the customer after the work has been completed, so the review isn't in doubt.

"What enables a company like ours to have the highest standards is being an early adopter of technology, from telematics to track our vehicles through to customers being able to order a skip online, receiving an automated email or text confirmation, and then notification of the arrival time; the invoice is paperless as well. A customer can get a copy of our insurance policy, or any paperwork such as a statement from our website using their password.

"Our health and safety data is held on the cloud, and we can check on-site if someone is competent to use say a bulldozer if the intended operator isn't available."

According to Gosling, that investment in technology gives the company an edge when it is audited by blue chip and public sector organisations.

But simply making that investment isn't going to achieve a company's objectives if



John Gosling

staff are sceptical or resistant. Telematics to track vehicle speed, fuel consumption, driving style, and to automate timesheets can be a source of possible dissension; the spy in the cab syndrome. But when a TJ Group lorry was beckoned into a lay-by for Vehicle and Operator Services Agency

(VOSA) check, the driver has good cause to be thankful for the technology in his cab. The VOSA inspection took a reading off the vehicle's tachograph which was too high and the agency decided to prosecute company and employee. But the data from the tracker fitted by the company told a different story,



and VOSA were satisfied the tachograph had developed a fault.

In addition, cameras have been installed facing the driver, the road ahead, the load, and the sides of the vehicle. A worthwhile investment in technology as TJ Group found that any fifty-fifty insurance claims were now going entirely in their favour. "We were called by someone who said that one of our lorries had pulled out in front of them and as a consequence they had to swerve and hit a post in front of a shop. They gave the registration number of our vehicle and asked for our insurance details. We said we would look at the camera footage, which showed the lorry slowing as it came to a roundabout and the car trying to cut in but failing to make the manoeuvre. I am sure there will be times when it might be our vehicle at fault, but at least we will have the evidence to say who is in the right, and the cameras make our drivers think about how they are driving as well as safeguarding them."

Technology to re-live what actually happened when there is an accident is accompanied by training to prevent it in the first place. And here Gosling is taking safety beyond the group's own employees to the public at large. "We take one of our lorries down to the cycling awareness days held by local councils so that people can see where the blind spots are, and they can get in the cab to experience it first-hand," he explains. It's quite a commitment actually. Last year TJ Group took a lorry out of service to take part in fifteen such events.

According to Gosling, the pace of technology means a company has to have a constant renewal mindset. "So for example, our sales team used to have laptops, but now they have tablets and smartphones because they are more manageable," he says. "I suppose you could say business is more becoming more dependent on the SIM card than it might realise."

## Directors need the knowledge

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### Why IT has to be part of their intellectual armoury

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"The more data that technology allows us to collect, the more complex business becomes. Big data in itself doesn't help us at all. My mantra with IT is make it simple and make it relevant. Either companies are going to have to deploy more smart people to interpret the data, or significant artificial intelligence will have to be put in to the last layer of technology-user interface - the analysis. If a company doesn't address that layer between IT and people, then it won't have the reporting tools which will make life easier for the customer and build the relationship with them."

Daniel Auer is director of the solutions division of Testo, and formerly MD of their UK business. The company supplies test and measurement equipment to an eclectic range of sectors, from thermal imaging cameras for auto-detection of hot and cold spots in refrigeration and air conditioning, through to data loggers and monitoring systems to enable food manufacturers to know when to change the oil in their fryers.

"We are a family-oriented business, which means we don't chop and change direction every month, or dwell on quarterly numbers," explains Auer. "We just concentrate on doing things the right way because that enables a company to develop a partnership with the customer. Some 10% of turnover is invested in R&D because we want to drive innovation. If we are to sell technology to make life easier for our customers, we can't stand still."

"It's interesting that when we launch an instrument, it's been tested so we know it fulfils all the requirements that we've



spec'd it to meet. With an IT solution we are investing in, it's never really right at the time of its launch, with there being a number of subsequent software releases to make it so.

"Yes, IT does consume more time and there is increased complexity. Today a director has to have knowledge, experience, and competence not just in their field of work but in IT as well. The more sophisticated IT becomes, the more of that characteristic a director will have to possess if technology is going to deliver what it can for a company.

"I believe the speed of technological change is outpacing the rate at which we can learn. If we are constantly trying to catch up, in terms of how systems are being used, it means humans are becoming the bottleneck."

Auer takes a somewhat back to basics approach to IT security. "So much is down to human error, someone opening an email attachment they shouldn't have," he suggests. "A couple of years ago anyone who was more than slightly computer literate could identify what is a fake communication. Now the real address of a sender can be cleverly hidden so the email could look like it came from me. Companies will need to ramp up staff awareness; every quarter our staff have a briefing session on cyber security.

"It should make the world a better place, but we need to steer it in the right direction."

## Investing before early adopters

### And still ahead of the curve

Calculators, digital watches, personal computers with their green screens - they all fascinated Tony Swales when they were launched and as a consequence, he has always

wanted to explore the possibilities that harnessing technology might bring. Which makes it understandable why the 180-year-old company where he is managing director is still ahead of the IT curve, although that's possibly understating their position.

Originally set up in 1840, what is now Lawson HIS (after the merger of EM Lawson & Son with Hants Industrial Supplies) have always put themselves forward as the one-stop shop for industrial tools, clothing, safetywear, and as Swales describes it, "everything else."

Incredibly, it is now forty, yes, forty years since the company was fully computerised, including finance, stock, payroll. Lawson's first website was launched twenty-three years ago, and e-commerce, complete with digital basket on screen was in place back in 2003. Today, 75% of orders come through their website, which has 70,000 sku's (stock items).

"What happened back in 1996 is that I heard a talk about the internet and thought it would be ideal for a business like ours," recalls Swales. "I went to see the lecturer afterwards because I was so inspired, and we went on to create a website with him.

There is a problem with advanced positioning though. "It isn't always a question of you being ahead with the implementation of IT," explains Swales, "because you need others at each end of the supply chain to be at your level, otherwise they compromise what you are able to achieve with the resource you have invested in."

There is a lot less loyalty because of the internet because people can simply Google in a product name and the words 'what's the cheapest' and hit the button. But Lawson HIS have a means of making a digital sale more likely with some human intervention. Explains Swales: "If someone is looking at a product on our website, and they've got some questions or need some advice, our phone number is on the top of the page, so they can speak to an adviser - not a call centre - who can actually provide the answers."

Which poses an interesting conundrum. A traditional bricks-and-mortar or telephone customer is “higher maintenance” to look after, who could be readily accommodated when margins were higher before e-commerce became the norm.

Although Swales doesn't see any prospect of dual pricing, technology does enable Lawson HIS to at least constantly fine-tune their pricing.

Price comparisons had to be done manually, a laborious task which is now automated, and that squares a particular circle, as Swales explains. “With our price checking software, our prices can change daily, but the point is that when a customer sees what a competitor is charging, they won't pay a penny more if they buy it from us, and they will experience our service proposition.”

The software is sophisticated, taking into account possible additional cost issues such as shipping. “While something might be priced at £15, if it's an oversized product, shipping could be charged out at an additional rate, and we're able to factor that in,” explains Swales.

Overnight, the system identifies and calculates the information on say 8000 products. It's slower than going onto a website and “scraping off their prices,” but it avoids detection or a service attack.

What Lawson HIS have done with IT is to pick and mix. Their email is in the cloud; their ERP system sits in their offices. The latter though exports to another database, so it can be adrift compared to real time. But should that mean a customer orders an item which is now actually out of stock but not according to the system when they bought it, Lawson HIS have in place a procedure to phone the customer.

“IT will always need monitoring,” says Swales. “So for example, at seven o'clock one morning, we discovered that we couldn't log into our ERP system because there was no disc space. What had happened is that someone had inadvertently created a massive file which the system was trying to upload

onto the website. In other words, IT can't be left to its own devices - yet.”

What is also apparent now is that human intervention isn't always possible if there's a technology glitch. “All of our sales go through IT,” explains Swales. “We couldn't do it manually because we wouldn't know the price of a product, if it's in stock, or where we would find it in the warehouse. So having the equivalent of joined up writing when it comes to IT is mission critical for the very functioning of the business. The only thing we could do manually, if the customer came to our premises, is take a credit card payment on a swipe machine, if we still have one somewhere, although interestingly, that would make us responsible if it was a fraudulent transaction.

“One particular issue with IT is that I think we have reached the point that it seems that a software provider will launch an update seemingly more for the sake of it. But that means the user-company having to devote resource to learn it all over again, and it's not a given that the changes will be an improvement.”

“Sometimes the upgrade is just irritating, he points out. “I get a copy of every order placed on line, including e-Bay because I'm interested,” he says. “I had a filter built in so none of them went to spam. With the new version of the software, a big notice now appears on the screen with each order I open to say that I have chosen not to treat it as junk. It's unnecessary and annoying. A one-off warning ‘are you sure you still want this filter set up’ would be fine, but not this.”

What Swales has identified is that technology can result in ‘on the one hand...’ syndrome. “IT does free me up,” he explains. “If I want to be abroad for a couple of weeks, I can still run the business from my smartphone. But in the office environment, you could argue that the time saved is consumed by the additional demands of IT. What does worry me is that technology can stop people from thinking something through. So with emails, they'll spend ages

in a trail of digital correspondence when it's something which could have been dealt with in a five-minute phone call." Does Lawson HIS have a similar fascination with social media? The company does have a Facebook page, but Swales isn't sure how much value it has. "It's harder to quantify, but while we have our social media presence because I don't want to be left behind, I'm still not convinced if there is any real benefit taking into account the effort which goes into it," he says. Where he does see value is in video demonstrations of how to use products are used.

But there's something which, according to Swales, isn't really right. "Connectivity charges are disproportionately high for business," he maintains. "Consumers get vast data allowances because the provider knows it's a hook to for a particular deal, and they won't ever get close to using them."

## Positive take on constant change

### But has IT brought about a fundamental behaviour shift?

The task at hand could be the lifting of a nuclear reactor. So it isn't an exaggeration to describe measuring and monitoring the load bearing as mission critical to the operation.

Founded in 1978 by an Oxford University engineering graduate, Straightpoint became the first company to provide the lifting industry with an electronic measurement device which was both robust and reliable, in place of the cumbersome and obsolete mechanical units.

And ever since, the company has utilised IT to always stay just that little bit ahead. Their products were the first to be Bluetooth enabled with a smartphone app allowing

the data to be accessed remotely. With the internet of things, a customer could log into a load cell manufactured by Straightpoint from anywhere in the world. "Wireless technology is what it is all about now," says managing director David Ayling. "When we acquired the company in 2000, the load cell came with a cable which could be affected by the wind. Either that or people might trip over it. Wind, crane hooks moving and rotating, and cable breaks at the worst moments are other big issues with cabled systems. Wireless also means the operator can stand at a safe distance, up to 700metres away. The load being monitored can be viewed on a tablet, the information can be downloaded onto a spreadsheet, and the certification can be created there and then."

What also gives Straightpoint a competitive edge is what Ayling describes as an enormous investment in stock. The company's website refers to a \$1million inventory. If a customer orders a 500tonne load cell, they can have it next day; competitors can take two months to deliver.

But it isn't enough that industrial products are state-of-the-art in terms of technology, or that they IT enabled. "They also have to be cutting-edge aesthetically," says Ayling. "We take an Apple approach to appearance."

Exports account for 70% of turnover, with forty distributors worldwide and a facility in the USA. Closer to home, the company installed the first 350tonne calibration and universal test machine in Europe.

While other manufacturers might have been considering on-shoring, Straightpoint have introduced what could be described as in-housing. "We invested in a machine shop instead of the work being sub-contracted," explains Ayling, "because that gives us flexibility. If the customer wants a product to be ten centimetres shorter, then we can do it."

The company originally focused on the weighing market, but that kind of device gave Far East manufacturers the opportunity to dominate by selling on price. "Weighing,



David Ayling

lifting, and load monitoring is all about safety,” explains Ayling. “We sell into China now, because known brands working in that country such as Shell and BP trust our products.

“In Europe there is more regulation and legislation around lifting and a requirement to calculate weight. In the US there are guidelines, with the spectre of litigation a driver to invest in doing it properly.”

Intrinsic then is quality, but that doesn’t necessarily equate to repeat business. Not within a commercial timeframe anyway, as Straightpoint have discovered, although technology provides a means with which

to persuade customers to re-invest in new product.

“We had an enquiry from a customer using one of our load cells they had bought from us in 1985 to ask if we could fix a chipped screen,” explains Ayling. “Of course we suggested an upgrade to digital technology.

That’s not too decry the technical attributes of the original product, which was considered sufficiently innovative to be featured on the BBC television programme *Tomorrow’s World*. And for subsea applications, where wireless doesn’t really work, cabling is still required.

“We have never been afraid to roll the



dice here when it comes to technology,” says Ayling, “If it doesn’t work, we take the positives and try something else. I don’t think our office IT has moved as quickly as we have developed product ID. If there is one issue which concerns me about IT, it’s that the various software a company needs to deploy doesn’t join up well enough.”

But he has identified a fundamental behavioural shift which he says IT has brought about. “What companies have to realise and react to positively is that technology is constantly changing the way we communicate,” he says. “What I have seen recently is a move away from email with one of our biggest customers now using WhatsApp Messenger. The trouble with email is that it takes longer and there is just so much spam to contend with.

“It has got to the stage where I know of companies which have had to introduce rules to trim down email use, for example stating there is no need to keep emailing back in some kind of digital who gets the last word competition.

“IT can certainly become more and more time consuming - if you allow it to. Before, every time a colleague would finish a sales call, I would receive an email about it, which I would respond to straight away. Now I’ll phone him at the end of the day and we’ll talk through how it went. If I get a WhatsApp from him, I’ll know it’s a priority matter.”

Ayling also believes WhatsApp can build a relationship which can’t be achieved with email. “I could say to a customer saw your team won on Saturday - did you go?” he explains. “I would never do that in an email.”

IT should be giving a company more opportunity, enable more doors to be opened, he believes. “Our wireless technology has been approved for use in hazardous areas such as an oil refinery, and that puts us ten paces further ahead. But technology means you can’t then sit back even for a moment, because competitors will catch up.”

Technology also means there is a need to be able to think outside of the box, or for

Straightpoint in one particular instance, the cage. For a fish farm, the company provided a system for the breeding cages which measured the load bearing on the lines to shore. If there is a storm, but device sends an SMS warning message if the load gets to a certain point. Now that gave Straightpoint the idea to develop the equivalent of an intelligent black box recorder which would identify for example if a crane was becoming overloaded; in addition to dispatching the SMS message, it would record the data.

“The load cell itself hasn’t changed for half a century,” says Ayling. “It’s all about the technology around it, how we use IT to enable the customer to do more with the product.”

## Soon to become everyday tool?

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### The technology which doesn’t replace human interaction

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Kevin Wilson confesses that the technology sold by his company has made him just a little bit lazy at times. “I’ll use video conferencing to talk to my technical director, who sits at the other end of the building!” he says.

Wilson is MD of AuDeo Systems, a major designer, reseller and installer of audiovisual equipment for video conferencing and meeting rooms. And he believes, admittedly not for the first time, that video conferencing is a technology whose time has come. “This is one of those innovations which has taken twenty years to get really good,” he says. “The technology was difficult to set up and use before but now even my mum uses it. If an eighty-four-year-old can, anyone can.”

Wilson says this new operational ease, along with increased awareness and falling prices, has helped to revolutionise his

twenty-year-old business over the last four years. "Now the technology is cloud-based, it's easier to demonstrate and easier to sell," he maintains. He likes to equate video conferencing to the popularity of WhatsApp. "Social media was never marketed as a concept, but people tried it out and all of a sudden they found they are part of fifteen WhatsApp groups."

Falling prices due to the cloud-based model are a big help - video conferencing was once perceived as a corporate luxury, but that presents new challenges for suppliers like AuDeo. "As the technology improves and embraces the cloud, so the price drops. Instead of making a one-off sale, sellers now have on-going customers so they have to build long-term relationships with them and look after them to make sure they stay."

Fears about the security of the cloud have been largely overcome, observes Wilson. "It's like how people got used to direct debits and giving retailers their credit card number. The fact is that the cloud is more secure as your provider is doing it not just for you but also for other customers, so they have made an investment that you could never afford."

Very few videoconferencing calls are now done over ISDN lines, he says. "You can intercept an ISDN call but you can't do that with encrypted cloud calls. And in most cases you can choose where your data is held."

Videoconferencing is a technology that can make people's lives better and more productive, he adds. "Look at the evolution of the fax machine. At the time it was wow, what a wonderful bit of kit. If you invested early enough you had a massive advantage: what it produced looked good, felt more professional and you could get quotes out quicker without having to translate what you had written into telex code. Then, when the price dropped from thousands of pounds to £200 everyone got one and if you didn't have one you were at a competitive disadvantage."

"The technology cycle goes: you have an advantage if you have a piece of new technology and then as time goes on, you

are at a disadvantage if you don't; and then eventually it's no use to anyone. No-one sends a fax any more; it went through the entire life-cycle and then died. I think email is on its way there too, and possibly the same with the phone. The secret is to find a product that will give you an advantage before it becomes a must-have, and to be utilising it before it becomes a disadvantage not to have it."

Meanwhile, the ease-of-use and lower cost of video conferencing means that companies like AuDeo Systems are no longer primarily targeting the IT departments in client businesses. It means the sales message is different, says Wilson. "The mistake IT vendors make is to say 'this will change the way you work'. I don't want to change the way I work, I just want to enhance how I work and do it quicker."

One customer sector that AuDeo tend not to engage with is what Wilson calls video virgins. "We like to talk to people who get it, who see the value for money and productivity returns," he explains. "The 'virgins' will say 'FaceTime is free so why should we buy your system?' It's difficult to make them understand there's a big difference between personal and corporate video conferencing. FaceTime is personal; you are unlikely to call a business supplier on it. And you need specific devices to use it and what we are trying to achieve is ubiquity."

"Controllability is also important to corporates. Companies can be wary about WhatsApp, for instance, as their employees could leave and still be part of the WhatsApp group. And as for Skype, it's a closed platform; you can talk only to other people who have Skype as it doesn't inter-operate with anything else. It's using old technology that is clunky and hard to use. And the video conferencing element of it is inefficient. I describe it as the equivalent of papier mache and string."

Demonstrating how an incoming video call 'rings' a device just like an incoming phone call, Wilson says: "With up-to-date



cloud-based systems you can communicate with anyone, anywhere, and access it from your iPad or mobile. When I hear it ring I can pick up any of my devices to answer the call.”

He predicts that video will soon become seen as just another everyday communications tool - “the same as voice except that you can see people” - with customers choosing their own agnostic hardware devices and service providers, like they do with mobile phones. And he believes after-sales support will also become the preserve of video conferencing. “It’s quicker to resolve support issues if you can see people when you explain it to them,” Wilson maintains.

But he can’t see a time where IT will replace humans. “I was at a round table meeting where they were talking about robotics and automated decision-making. The guy peddling this idea said humans will soon have no meaningful work and I said I don’t believe that; humans have been producing and introducing new technology for decades.”

Indeed, the danger is that people can become slaves to IT, he suggests. “It’s forcing a change in how we work. My phone is never off. It’s also making remote working more the rule than the exception.”

He identifies a clash in attitudes between generations in the workplace. “The millennials come up against the attitude of older people that you must get in to work at nine and you stay until five. There is a battle between the generations, and it’s the kids who will win. They will be there long after we have gone so we have to learn to deliver the lives they want so we can create a business that they will want to stay with.”

Wilson believes that done well, this will generate a competitive advantage as it will help businesses to attract the best people. “Yes, there have always been people who want to take advantage, whether it’s being on Facebook all the time or having seventeen cigarette breaks a day,” he points out. “If

you give them the freedom that technology allows, they will either develop or turn it into a rope to hang themselves. But if you choose the right people in the first place, they’ll get it right.”

## Everything is IT dependent

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**And enhances what the customer is able to achieve**

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“Impossible” is how John Golding describes life without IT would be like. “We just couldn’t do what we do without IT,” adds the managing director of RJM International, supplier of products and services that enable utility supply companies, power generators and industrial combustion plants to operate more efficiently and reduce their emissions.

“All our work is IT-based, whether communications with customers, the technical drawings that we produce using CAD software or the combustion modelling work that we do using our bespoke design tool,” he explains. “IT is the mechanism that helps us deliver service to the level which is expected today by our global, blue-chip customers.

“Advances in IT actively enhance a company’s ability to deliver its work: so for example, increased computational power has enabled us to undertake massively complex – and faster – simulations which enable us to arrive at the exact, unique solution for every power plant that we’re working on.

“One of our key USPs is that we use IT not just to design the physical plant but also for detailed analysis and accurate measurement of all aspects of its current performance.

“This entails analysing very complex combustion data – involving things such as air velocity and size of flame - using

sophisticated software and supercomputers that we have built ourselves. We then harness computational fluid dynamic analysis (CFD) and other modelling techniques to validate the solutions off-line, in the virtual world, before we actually make the physical changes at the plant to deliver the performance improvements required.”

Goldring says that such analysis, in advance of anything being actually constructed, means a plant’s performance can be accurately predicted. “We could otherwise be at the site for weeks, getting the settings right for air, fuel and instrumentation,” he says. “For example, one big electric turbine had been shut down for three months after major physical changes and we were able to bring it back up to full operation in one day. That’s pretty amazing, to be honest. And we have done that on more than one occasion. It means huge savings for the customer.”

And, on a somewhat micro level by comparison, IT brings flexibility, indeed expediency. Such as the time RJM carried out a survey on a boiler in China remotely rather than in situ. A worker at the site simply walked around the installation and filmed it with his smart phone. “We wouldn’t recommend not doing a survey in person,” says Goldring, “but it did give us the ability to assess that particular situation quickly.”

Ever-tightening environmental legislation means that RJM International have to be able to harness IT to cope with customer demand. Goldring says plants are now trying to reduce their carbon emissions by moving away from coal to biomass fuels or ‘new generation’ lower carbon fuels such as energy pellets. But many of them were built from the sixties, and they just weren’t designed to meet today’s pollutant emissions targets. “Even with modern plants which are supposed to have been designed to meet them, there are often problems in running to tighter regulations because there just isn’t the operational experience,” Goldring explains.

The company recently won a high-profile, world-first project to convert a coal plant in

Wales to run on energy pellets made from non-recyclable waste. And such projects, says Goldring, involve recurring issues that competitors have been unable to resolve. “With our investment in our IT resource, we can tackle the most complex emissions and combustion challenges, often with spectacular results,” he states. Such as? “For a client in Hong Kong, who found the heat value they produced at their 1980s-built plant was lower than the original design had envisaged, we were able to get the plant back to the original output,” he reveals.

The nature of the work means there is an “intense” exchange of information with customers that involves very large file sizes. That calls for ever faster processors and more storage, and the business has recently migrated to a cloud-based solution that allows staff to access shared files from anywhere, on any device, and stay in secure 24/7 contact with each other and with customers.

“Our focus is to utilise IT so we are able to operate as efficiently as possible, and this means internally as well as externally,” says Goldring. “With team members working all over the world, whether at customer sites or our offices in Europe, Singapore and the USA or via agents in Hong Kong, India and Indonesia, our systems have to give everyone immediate access to the same data that they would have if they were sitting in our head office in the UK.”

Ensuring that the HQ data connection was suitable for a cloud-based architecture - and that it was secure - was initially a major hurdle, he says.

And as part of the move to the cloud, the business provided staff with Microsoft Surface laptops – equipped with the latest Windows software - which surpass the power of their erstwhile desktop machines.

“We see IT as an intrinsic part of a plan to expand our already global operations,” explains Goldring, “but keeping up with fast-changing computer technology is difficult so we work with specialist IT companies to evaluate new options.”

“Fundamentally it’s people that enable the business to do what it does,” he says. “And IT is the tool that people harness to make it happen and help us achieve our objectives. We have allocated one person to liaise with IT providers and we take advice from them and make decisions on new software on the basis of whether it will help us operate more effectively.”

Headcount at RJM International increased by a third to around thirty-five in 2018, partly as a response to the industry’s need for more expertise in green energy technologies. The biggest hurdle in this context is training, says Goldring. “We employ a diverse range of professionals, from undergraduates to Fellows of professional institutes and with such a diverse age range, they have widely different backgrounds in terms of IT knowledge. Add to that the fact that we are using only a fraction of the capability of the software we have already, and it means that training requirements – so we are utilising IT to get the most from it - is a big hurdle. And we do need to do more in this area in order to keep up with the speed of change.”

One of the issues with IT generally is the ‘always on’ mindset, he says. “People expect answers quickly, and the biggest bottleneck is humans, not necessarily the systems. But companies have to try to respect people’s downtime outside work; you can’t expect them to react to business matters all of the time as a matter of course, just because technology makes them accessible as a consequence of them having their phones on all the time.

“People are already switched on, looking at a screen, most of their waking hours, especially as social media has now permeated the workplace. Who knows how much influence all of that has on stress levels?”

## Not just for the sake of it

### Technology applied for benefit, not availability

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 the point they engage with us at races, and there is not always a reliable wifi signal. We are looking at a barcode system or creating invoices from a tablet but for now it’s just quicker to do it manually with a pen and a piece of paper because that has always worked for us,” 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.

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,” he explains.

But 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 enhance performance and customers 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 consumer 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, owners 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 keeps returning to them 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,” says Hildebrand, “because in a way, price is irrelevant as the machinery uses so little of the product. And the owners won’t have to breathe in petrol fumes; they will enjoy the aroma of cut grass.”

A rare tranquil moment! One downside with our lives becoming more dominated by technology according to Hildebrand, is that everything happens so fast. “People expect you to reply within minutes simply because they’ve sent you an email.” But he makes the point that actually, it isn’t IT that determines whether an 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



Anders Hildebrand

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 because 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."

## IT influences who to hire

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### Companies need people who really take on board technology

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Not so long ago, a broken-down lift would be a time-consuming and expensive incident, involving the cost and time of calling out an engineer – not to mention the drama if people were trapped inside.

But technology has enabled big advances in electronic lift control, which in turn have reduced costs. Sean O'Sullivan, MD of Platform Lift Company, explains: "Even two or three years ago we would have to go out to every call, but now lift control technology means we can dial in from anywhere in the world to fix most problems. We can even

send a video to a client to show them how to address particular issues themselves. It means we don't need to send out an engineer and it saves the client money as well because lift maintenance and repair can be a considerable cost."

The typical lift used to have a motor room "this big," O'Sullivan says, stretching out his arms to refer to the generously sized meeting room; but now the controls are on a board the size of a laptop. At the same time, lifts have become more reliable; breakdowns, at an average of one per year per lift, are less than a quarter of what they used to be.

Which is why O'Sullivan hopes to double the installation of about twenty lifts per month in five years without having to increase the overhead by a similar percentage – just some extra sales people will be needed resource-wise to achieve that.

A former lift engineer, he founded the company in 2000, having spotted a opportunity created by legislation around disabled accessibility. That has very much driven the progress of the business, he says, with major contracts having involved providing step-free access to London Underground and Dubai Metro stations.

"It was very much a start-up industry within an industry at the time and other products were just not fit for purpose," comments O'Sullivan. "We saw the opportunity, and it's still a massive market as only 20% of commercial buildings in the UK are really accessible to disabled people."

The business has about sixty staff and there's a flat management structure. "The surveyor, the sales person, the fitter's mate," says O'Sullivan. "Nobody actually reports to me."

Employees are given freedom to do what they want within reason. "For example, one member of staff wanted to order a new screen for her computer, which cost £80," says O'Sullivan. "I don't want people to ask me about that sort of thing; and as long as they get the work done, nobody is watching the clock, which I think improves efficiency."



When hiring, he looks for people who will want to embrace IT and says younger applicants are attractive in this respect. "It's second nature to the new generation; they can sit with a new bit of software and be solving problems with it in five minutes. But we have to work hard with the older staff to show them how the technology will benefit them. Last week we had two sessions about what we are doing with IT and some of them really struggled with it."

One vital benefit of embracing technology is that it can make a business appear bigger than it is, says O'Sullivan. "We are just a little company in terms of size but we are able to demonstrate market leadership credentials purely because of the technology we use. It means we can attract work from architects who work on prestigious buildings, such as Kensington Palace."

Talking of which, the company has worked for some interesting clients, including a Russian oligarch who wanted a lift car made of gold and another clad in leather and brass, recalls O'Sullivan. "And a young banker in Knightsbridge wanted a television installed in his lift so he wouldn't have to miss any of Match of the Day if he needed to go upstairs. Another bizarre request was to have a lift that was identical to the ones in a particular, traditional five-star hotel. Interestingly, that project was made possible by IT; the Platform Lift Company team was able to go to the hotel, look at the lifts and then replicate the design by using 3D design technology."

The business is gradually migrating from 2D to 3D design software which is bespoke for their needs. "If there was a standard package available to meet our needs we wouldn't need to do as much training," O'Sullivan muses. "But I suppose the developer would sell it to every other lift company because we wouldn't own the IP - but somebody has to lead the way."

He adds: "It's the same situation with our database, which stores every phone call, every email and the details of 28,000 customers."

The American company that developed the software then sold it to other businesses. I actually thought it was outrageous we still had to pay for training and upgrades."

The Platform Lift Company have been using two servers, with data backed up three times: on the premises, to a local IT company and to an external data centre. But the decision was made to move entirely to the cloud, which O'Sullivan says will be more expensive initially but worth it in the long term."

He feels that fundamentally companies have no choice other than to continually invest in IT if they want to progress as a business. "We could have continued to run design on 2D and having two servers with the addition of some more hard drives, and as a result kept some more money in the bank," says O'Sullivan. "But that isn't an option if you are serious about taking the business forward. We have no choice."

## Never been a better time

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### Why technology enables new brands to quickly get established

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"I tell people there has never been a better time to start and run a business because of technology," says Rupert Holloway, founder/head distiller of Conker Spirit.

"Before, starting a business was much more of a complicated procedure, with rites of passage and other time-honoured ways of doing things, but now it's about having a goal and being prepared to make it happen."

After gaining his MSc (Hons) biological sciences, he then spent seven years working up to be a chartered surveyor, only to realise when he qualified that 99% of the time he wasn't really enjoying the job.

“It just didn’t fit me,” he explains. “So I made a commitment, in my own mind, to do something else.” That something else hadn’t formulated itself as gin at the time, so Holloway took to reading books about entrepreneurs to see how they came up with business ideas. He began to rationalise that while there were plenty of local ales being brewed, a locally distilled spirit would have uniqueness. What bar would turn down a locally made, classic gin, he reasoned. And in an ideal world, how could they?

He handed in his notice just before his thirtieth birthday, telling friends and family that although he had no knowledge of making gin, or anything like it, absolutely it could be learnt. “Initial ignorance of a subject can be a real benefit when you’re trying to create something new and exciting,” he says. “But continued ignorance is inexcusable, because the knowledge you need to accumulate is only a click away, with YouTube and Google. Technology means that existing big business no longer has a natural competitive advantage. Fifteen years ago I would have needed a massive marketing budget to launch Conker Spirit. Now it’s a Facebook page and building up a social media following.

In addition to 40% Dorset Dry Gin, brand extensions now include RNLI navy strength gin (57%), port barrel gin (Dorset Gin ‘rested’ in used port barrels from Portugal), plus a cold brew coffee liqueur (actual coffee, not flavourings).

‘Dorset’ is not just about location but is the source of botanicals such as the hand-picked gorse. “But we’re still talking about a traditional gin and tonic,” explains Holloway. “When I started, gin was either Bombay or Gordons, but now most bars will stop at least ten. I got on the curve just at the right time.”

Being able to distil the gin mattered to Holloway in terms of provenance. “There are so many new spirits popping up, but they aren’t actually made by the companies concerned. I think business needs to be real, and honest,” he says.

Adhering to that wouldn’t have hindered

Conker Spirit gaining facings in Fortnum & Mason, Harvey Nichols, Majestic, as well as being stocked by wholesalers for the restaurant and hotel trade.

“Without IT I couldn’t have done this, or even considered it really,” he muses. “The internet and social media technology means you can run a business from your garage and sell your product anywhere in the world, building a customer base from your smartphone or desk.”

Against that, it is getting harder and more expensive to be seen as the result of there being so much digital noise, with so much on the internet being content for content’s sake. “I do blog, but with ideas, like a new cocktail recipe, rather than to promote product,” Holloway explains.

Curiously, his brand kind of owes its name to technology. Holloway was texting his girlfriend about something (probably someone) who had upset him at work, when autocorrect resulted in her response coming across as ‘conker’. Puzzled at first, Holloway then thought it would be the perfect name for the new business.

## Who needs to do the adapting?

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### Should companies invest in bigger ‘trousers’?

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One of the big challenges with IT isn’t so much the technology itself but getting people to embrace it and use it to its full effect. That’s a common thread, but Graham Yates, managing director of the Graytone Group takes it further. He suggests companies need to adapt to IT and not simply expect it to adapt to them.

“With the integration of enterprise planning systems with customer relationship

management, IT still has the potential to reduce overheads massively,” he says. “It is a powerful tool provided you can get it working for the business and don’t become a slave to it.” He’s alluding to the need to be able to pull meaningful information from the system rather than simply data.

“Every day we get a transaction report of debtors, creditors and of stock levels. We can see what we are selling and at what margins, and how many orders are in the system.”

But he says it takes time to learn to trust an IT system. “You go through a period of not being one hundred per cent confident that the information is really accurate,” he says. “I would be checking what the computer said against what I thought the answer was.”

Through subsidiaries PSG and Pexa, Graytone Group distribute coatings, packaging, adhesives, composites and energy to the aerospace and defence industries.

What Graytone invested in was “a bigger pair of trousers than we need,” Yates explains, “but something we intended to grow into; the idea being that we have the capability to scale up and manage growth expectations.” The stock control aspect is particularly important, he says, because in the aerospace coatings industry there are thousands of colours and finishes. “We have got a seven-figure inventory and all of it has a shelf life and a release life of two years, so order forecasting has to be accurate. It follows the 80/20 rule: eighty per cent of the value comes from twenty per cent of the product range. It’s easy to get stock-bound and that soaks up cash so it’s critical that we manage stock rotation. A large number of aerospace customers demand a 75% shelf life on any product at the point of sale.”

When it comes to the sales process and the collection of customer data, one challenge is to streamline CRM. “We have to define the sales process and build the CRM accordingly,” explains Yates, “otherwise you can lose yourself in it. In return we will extract good information about the sales pipeline, our customers and their needs,

and of course that has real value. “When I was in sales we didn’t have anything like it. There was a manual reporting system which everyone hated and the company had to take a whip to sales people to get us to use it. Even now, the big obstacle can be the sales people themselves. They don’t like administration so getting them to embrace the CRM system is difficult. But it’s no good trying to blame IT. The system is only as good as what you put into it. Managing CRM requires discipline, and it is a constant challenge.”

Worth the effort, he maintains, because IT could help make the company easier to deal with, maybe through offering a portal that customers could use to identify stock availability, and access for example material safety data sheets.

Similarly, he rather likes the notion of e-commerce enabling customers to place orders at a time which suits them. “IT can be a great enabler,” he explains. “I like the idea of selling a product to someone on the other side of the world while we’re sleeping.

“That said, we are quite happy to talk to people on the phone; you can get a good bond with a customer that way. Our businesses want to build relationships; there’s no substitute for it. On the other hand, having a portal that works could make customers more reliant on a supplier, but there are some issues to address before launching that kind of initiative. For example, how do we avoid corporate customers having to duplicate effort by in-putting purchase orders and then ordering online?”

But, he continues: “You can get too carried away with wanting to offer something that customers are not ready for. In any market sector, customers are going at different speeds and not everyone is at the same point of the curve with digital information. We need to be flexible to ensure we don’t sacrifice customers for the sake of IT advancement.”



Mike Borowski

## Best opportunity for cross-selling

**Although IT integration has to be sufficiently in place**

When Mike Borowski started his business, his intention was always to be a manufacturer as well as a distributor of other company's

products. The right approach? Says the managing director of Wessex Chemical Factors: "Most of the other independents at the time who were just suppliers have either gone or they've been acquired by private equity or other accountancy-led corporates which have dismembered them."

"We've always worked on the basis that if someone presents us with an interesting problem, if we can then solve it we both delight the customer and create products which we can sell to others. And then we finally worked out that if we can produce



them on a white label basis, then we don't have to worry about doing the marketing and sales."

That problem doesn't always have to be technical. A boat builder buying teak cleaner from the USA contacted Borowski because they felt they were paying over the odds and wanted a more affordable alternative. The resulting Wessex product can also remove fire damage from oak and if used on ceramic tiles brings them back to almost new condition. The eclectic product range also includes a membrane cleaner used on waste tanks on board submarines. There are some 10,000 items in the catalogue, and usually ninety new ones are added each year.

Technology has assumed real significance. "A customer relationship management system is essential now for SMEs to keep track of what their customers are buying, and the frequency, and should provide us with a good enough reason to pick up the phone and speak to them," says daughter and co-director Hannah Borowski. "Being able to take that snapshot of an individual customer, with a clear view of their history means we can set up reminders to get in touch with them and identify what similar customers are buying so we can bring those products to their attention. It provides the best opportunity for professionalising cross-selling.

"But where CRM can fall down is when it is not sufficiently integrating with accounting and logistics. It has to be seamlessly connected. Integration is key, and that includes IT and telecoms.

"What IT has to do is to make it as simple as possible for the customer to engage with you, such as them being able to send a quotation request or an order through their portal. With material safety data sheets available on our website, the customer can be given the relevant link to download them with their enquiry or order."

One of the issues for an SME is keeping pace with up-dates, according to Mike Borowski. "All too often, software can be too complex for what the business actually needs,

and that results in confusion, uncertainty, and less effective utilisation," he says. "What is important is that the technology sector provides IT which makes it easier for the owner-manager to run their business, and that includes being able to use the software to deliver what it was bought for."

## Extra ingredient to maintain values

### A requirement if growth isn't to be compromised

As mission statements go, it's well-crafted. "We always work to three clear principles, and they guide us in everything we do," says Alice Edgcumbe-Rendle, managing director of Edgcumbes coffee roasters and tea blenders. "That our range of products and services, though wide, must be relevant to the individual needs of individual customers. That we must work to increase the profitability and success of our customers, ensuring they have the best quality advice and products at all times. That only an exemplary service allows our customers to trust and rely on us."

Then she pauses. While it might not be centre-stage as far as the customer is concerned, there's another ingredient which needs to be included.

"IT is the elephant in the room for SMEs," she suggests. "Their focus is on growth and they make that happen first. They know the right approach would be to have better systems in place to cope with growth effectively, but they want to see the money coming in first. The result is that we create so much more work for ourselves. The danger then is that a company compromises the values which have brought success.

"Of course the owner-manager has so

many different tasks - they are all things to all people. But IT should be the enabler so that they can break out of that. What a company in this position needs is a root and branch review, but that in itself is tough for a small business which is growing, both in terms of time, and a loyalty to an existing service provider.”

It is unusual to be known for the quality of both coffee and tea, but because of hydration and other health benefits, the latter has increased in popularity and there is growing demand for green and herbal infusions, in particular from the millennial generation.

Not that in terms of business development, Edgumbe-Rendle thinks the diversification is particularly left-field. “A long-established business has to be innovative if it is to stay relevant,” she asserts. “Otherwise, if you don’t continue to reinvent yourself, you can just get lost in the marketplace as newcomers arrive with new ideas.

“The internet has meant that all supply chains have flattened, so we will find manufacturers and producers selling direct to hotels and restaurants as well as wholesalers. That means there is a need to keep coming up with value added services for the customer, such as bespoke packaging, providing the actual coffee machines, and offering support so that their staff are proficient in team and coffee-making skills..

Over the years Edgumbes have always introduced new IT but what the company suddenly realised is that it was out-growing everything. “As a business grows faster, systems can begin to creak,” muses Edgumbe-Rendle, “and there is a sudden realisation that having production, EPOS, the internet, accounts, all on different platforms is no longer sustainable.

“The core requirement is for IT to produce accurate data, but SMEs usually don’t have the knowledge or the staff resource to make informed use of the information. Compared to our knowledge of tea and coffee, we know diddly squat about IT. But unless investment is made, at the very least it will

hamper growth. Fundamentally, without an understanding of analytics, it isn’t possible to get the best return from a website.”

What does concern Edgumbe-Rendle is that she believes IT can constrain how people communicate. “I say to people in the office, don’t just email a customer: why not follow it up with a phone call,” she explains. “After all, before the internet we would send a letter and then make that phone call. I think there is a risk that IT can make us lazy or removed from the customer without realising it.”

That extends to attention to detail when it comes to a company’s web presence, she says. “If your website isn’t customer-focused, they will just click off and go elsewhere because they can. Customers want to use the internet to compare prices so there has to be transparency when it comes to transportation costs for example. I wonder if some suppliers are reluctant to invest in IT, even though they can see the requirements, because they know it will change their market and how they do business forever.”

Certainly IT enables Edgumbes to set out their environmental credentials fulsomely. Their used coffee grounds are used to fertilise plants; LED lighting has been installed in the roastery, and in conjunction with Brighton University, Edgumbes are working on how to create new products from recycled coffee sacks which otherwise would eventually be discarded. Then there are the certifications, including from the Rainforest Alliance, Fairtrade Foundation and the Beverage Standards Association, and the Specialist Coffee Association. Customers (and that includes B2B as well as B2C) who have their coffee or tea containers refilled get a 10% discount.

“I am sure there is a law of unintended consequences which can be applied to IT,” Edgumbe-Rendle suggests. “New companies are going to be fresher, run by a generation more comfortable with IT. So for established businesses, which like it or not will be stuck with legacy, there is a need to accept that they need to listen to experts.



Unfortunately SME owners aren't so good at that."

## No improvement without change

### Only one way to avoid a downward spiral

If there's one expression that Richard Austin, director at KFA Connect would consign to a museum of language it would be 'if it ain't broke, don't fix it.' Technology, he says, has rendered it redundant - and potentially injurious to corporate health.

"Arguably it has always been the case that you will never improve a business if you don't consider change, but today, ageing IT will only serve to put a company on a continuing downward spiral of being less efficient, less able to meet customer expectations; in other words, their IT is making it less likely they can be competitive and stay in business."

"Not only do customers expect their suppliers to have systems and processes that are as efficient and fast as their own, but staff have certain expectations too," adds Austin. "Younger people in particular are so familiar in their own lives with IT that is new and stimulating that they come to the workplace wanting the same experience. "There comes a point where expecting staff to use older computers and systems will affect staff engagement and even retention."

Defining, rather than making assumptions about the purpose of IT is important, adds Austin. "I often see companies which will say they need a tool that does 'this'. But then they realise further down the line, what they really wanted was 'that'. Effective IT is an opportunity to grow a business and delight the customer, but in order for that to happen,

it has to be fit for purpose and that can only be achieved if it is defined properly in the first instance."

Human input and insight is critical here in terms of specifying what's needed, says Austin. "A good system will give a company the information required, but companies often don't know what information they actually need; the challenge is sorting out the information which is valuable from all the rest. What is the data you need in order to make the right decisions? That means understanding exactly what the business or department is trying to achieve. If it's making sure you always have enough stock for example, then forecasting, not sales figures, is what you need to focus on."

Even then, it's not a given that the system will entirely deliver. "Management reporting can be a weakness of many systems," suggests Austin. "There are so many software applications which don't quite cut it. That in turn has seen the growth in bolt-on business intelligence reporting tools."

Austin doesn't see much merit in continuing to debate the cloud option any more.

"The fact that global corporates feel it is secure enough and that customers' data won't be compromised by it should give smaller businesses the necessary confidence," he says.

"Cloud systems are mainstream now and are making it easier for small businesses to start up, with low cost of entry and good basic functionality available for small monthly fees. Start-ups don't need to recruit IT specialists or buy infrastructure.

"The alternative to the cloud is the ongoing cost of buying and maintaining kit, which inevitably gets slower as it ages, and having to keep an eye on the latest upgrades and security patches," says Austin. "That means time and effort spent on operating IT that could be deployed on developing the business."

According to Austin, companies should think more about where their data is actually

hosted. "With some providers you can choose what country you want it kept in and they have to be open about that," he points out. "It's a question small businesses should be asking. Backups are something else which can't be taken for granted: companies need to ask themselves the question, if our data was to be lost, how long would it take to get it back?"

"IT isn't just defining how we work but where," he observes. "Not that many years ago, to do our jobs we had to go into an office and sit at a desk. Now we can run our businesses from practically anywhere in the world, communicating with anyone no matter where they are, and making decisions based on what's on our laptops and smartphones."

"But the downside is we're never away from work and that does not necessarily make us more productive. Whether you use IT to work every hour of the day or to reduce pressure and stress is a personal choice. When I go on holiday I spend half an hour a day looking at my emails and anything which does need to be dealt with, I assign it to someone else at the office. I'm still in touch but I'm not at work."

#### Reference:

For more than thirty years, KFA Connect have been "developing innovative software solutions that make sales order processing, logistics, management reporting, and eCommerce functions run perfectly." This is achieved by uniting the best parts of current systems with modern bespoke software so that it perfectly fits an organisation's own individual processes and ways of doing business.

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### Case study:

£500,000 saved in year one

For a telecoms company requiring a design and development of a new distribution override system, KFA Connect identified ways to reduce distribution costs across all sales channels and prepared an irrefutable business case. The new system had to integrate with existing order management and warehouse systems and provide a reporting suite to measure the cost savings achieved.

The project was completed on time and in budget, and achieved savings in distribution costs of more than £500,000 during the first year, with the potential of savings of up to £1million per annum.

