

Business claws: Bobbi Stephenson of Fulton's Crab House, with dinner



BUILDING TO SCATTER

MIDAFTERNOON AT FULTON'S CRAB HOUSE AT DISNEY World. It's a few hours before the rhythmic thunk of knives chopping herbs gives way to the dinnertime blare of banging pans and shouting waiters. Just-arrived crates of produce will be arranged on white plates with burgundy rims—matching Fulton's riverboat décor.

B Y E R I K S H E R M A N

This is when restaurant managers earn their keep. It's a high-profile but low-margin business: efficiency in ordering and paying for food are critical to success. Consider those crates of greens at Fulton's. Until recently, the invoice was sent to parent corporation Levy Restaurants, which owns 19 other establishments and also manages food businesses in major sports arenas. Levy is at best a midsize firm, with fewer than a hundred people at its Chicago headquarters. It was having trouble processing invoices from the field; with various de-

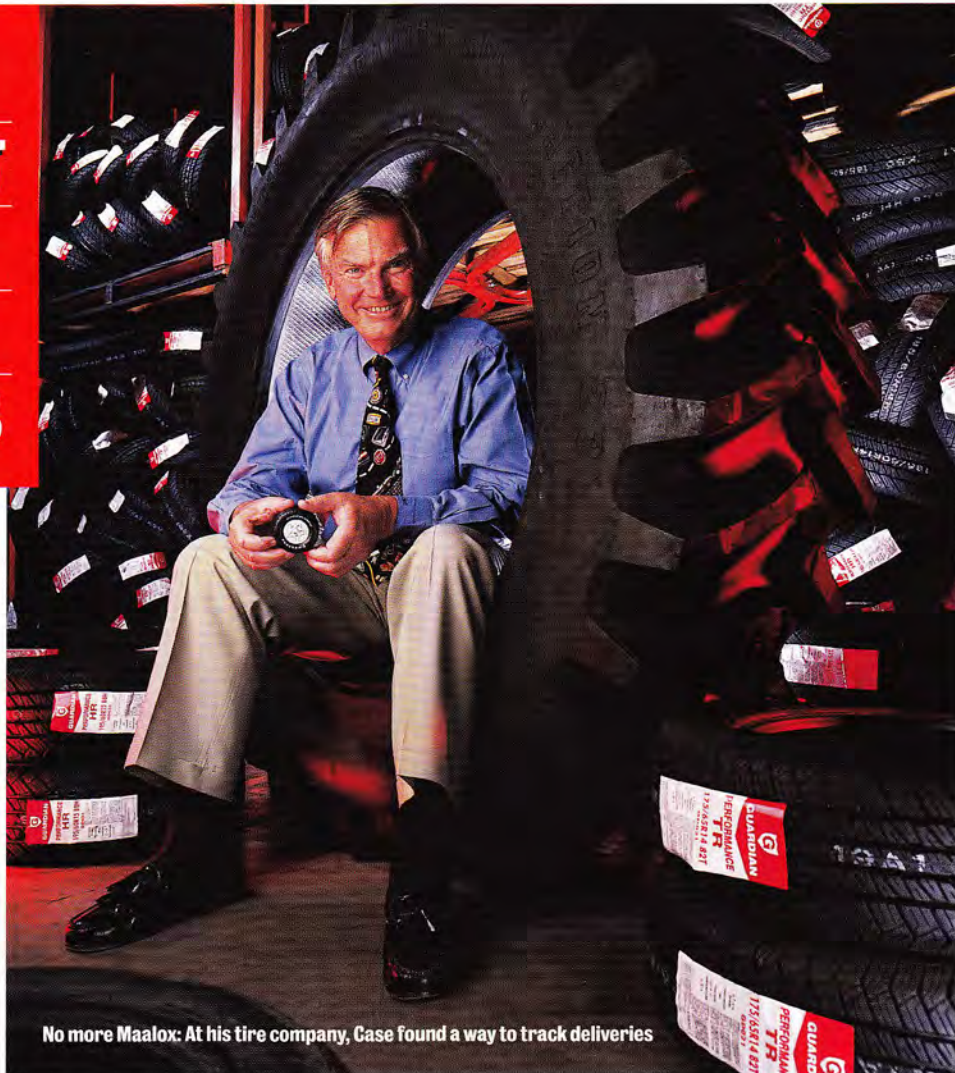
A \$65,000 INVESTMENT PAID FOR ITSELF IN SIX MONTHS

partments demanding information from an invoice, at least nine people touched each one. "It was probably taking us two to two-and-a-half weeks to close the books because of all the paperwork coming in," says **Craig Dooley**, manager of enterprise systems at Levy.

To free up staff time, Levy needed to automate the movement of data from one application to the next. With a business his size, the question was how to do so. A typical big company would either adopt a new set of applications or integrate all programs to make them interact. Dooley liked the idea but had neither the time nor the budget for such an undertaking. Since the main intention of integration is to move information freely where it is needed, he chose the more limited approach of extracting the invoice data from one place, then reformatting and copying it everywhere else.

Using a tool called Scribe Integrate from Scribe Software Corp. of Bedford, N.H., Dooley's team let individual restaurants around the country type in their own invoices. Scribe Integrate would then take the data every night from the company's network and move them as necessary. Newly freed staff at headquarters moved to other positions, eliminating the need for additional hiring; and the \$65,000 investment in software and custom development work paid for itself in six months.

What made the difference? Taking a page from the books of the Fortune 500. Many technology tools and services associated with large corporations now come in versions that allow small and midsize companies to compete with the best and brightest of the busi-



No more Maalox: At his tire company, Case found a way to track deliveries

ness world. Devices like the request for proposal (RFP), virtual chief information officers and application service providers can help even the smallest companies save money while opening new business opportunities.

Because of their simpler structure, small companies often find a faster return on their investments in computer systems than big corporations. In some cases, more compact firms can actually have an easier time implementing new technology than their larger brethren because of better communications. "You're typically talking to someone who is close to all the decision makers and department folks," says Chuck Gillingham, vice president of marketing for ICONICS, a software-manufacturing company in Foxborough, Mass.

One company able to implement new technology quickly is Britt Manufacturing. The 16-person Port Huron, Mich., metal-injection molder mixes metal powder with plastic, injects it into molds, then heats the molds so that the plastic burns away and the metal fuses. Manufacturing firms are

usually conservative and slow to adopt new technology, but Britt is using a furnace from Elnik Systems with ICONICS software that can page employees on call if there is a problem. "That lets us operate lights-out with no people," says general manager Mark Ward. "It saves me at least \$60,000 a year" in labor costs alone.

Finding the right solution does require work. Levy Restaurants regularly uses the large-company technique of sending RFPs to vendors. These documents explain in detail what a company wants and asks vendors to explain how they would solve the problems.

To make an RFP work, Dooley says companies have to be diligent in assessing their business and needs. They should also avoid questions vendors can answer with a yes or no. "Present business-case scenarios," Dooley says. "As in, 'This is a process we're doing today. We think it could be better. How could your product make it better?'" A proposal's tone and approach can give important clues as to whether a vendor fits your needs. Finally, Dooley sug-

gests informing vendors in the RFP that software demonstrations must be based on your business scenarios. Don't rely on canned demos designed to make an application look good.

Not every small company has an information-systems staff like Levy's, but sometimes even a single hobbyist can help an employer. Gateway Financial Services, a Portland, Ore., mortgage company with 35 employees, had a sticky-pad system for tracking sales leads: employees covered their cubicles with yellow slips to remind them whom to call. At the end of one day, president Scott Everett saw someone walking out the door with a yellow slip stuck to his trousers. It was a stunning revelation. "People are walking out of here with loans on their feet," Everett remembers thinking. Company management had extensive background in financial services, but not in technology. Luckily Larry Betz, a loan officer who has since become chief information officer, was a computer enthusiast.

Gateway was already using GoldMine Software Corp.'s popular contact-management system, but inefficiently. "We were entering information into GoldMine; then we were handwriting it onto a loan application and handing it to a processor, who would type it into a loan-processing software application," says Betz. "And then the processor would print it out and hand it to our closing department. It was being entered into a computer three times."

Betz got the company to upgrade to GoldMine FrontOffice 2000, a small-business sales-force automation pack-

age. He added hundreds of data fields and configured the software to mimic Gateway's business processes. Now employees enter data only once and the system takes care of everything else, including generating personalized letters to clients.

"From our standpoint, it's been great as far as internal efficiency, as far as speed of loans going through our system," says Everett, who has seen the time between receiving an application and delivering a check go from 45 days to three. "We're at the top of our performance level. Our originators are closing more business than ever." Better yet, according to Betz, the cost of acquiring the software for the entire company was only \$7,000.

Companies that don't have technical expertise have to find it some other way. Large corporations either hire high-flying experts or send questions to pricey specialized research firms. Smaller firms can look instead for information on the Web, from articles at technology-magazine sites to locations with specialized product data, like cnet.com (for PCs and peripherals) and Asktec.com (which covers business software and hardware).

Informed decisions need more than product features, because what you don't know can hurt you. Jim Dowling, a vice president at TechnologyEvaluation.com—the Woburn, Mass., firm that runs the Asktec site—notes that system costs can be more than the initial outlay. Some companies that have provided major systems to large clients have started targeting smaller cus-

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tomers. Some of these companies will say they can install a system in 90 days. But long-term costs of consulting, customer support and hardware and network upgrades over five to seven years of software use can inflate expenses by a factor of 10 or more.

Dowling also says to look for warning signs when talking to vendors. "When the architect or construction company comes in and tells you [a building] will cost \$26 million," he says, "no matter how you negotiate, when the smoke clears, you will have paid them \$26 million." The same principle applies to network technology and software development.

Large corporations regularly pay six-figure salaries for a full-time chief information officer (CIO). Using a little cleverness, it's possible for small companies to get expert help for less. Dowling advocates what he calls virtual CIOs. "There are former CIOs who contract themselves out on a part-time basis," says

'Two Bucks and Change'

IN MAY 1999, MARIANO FERRARI STARTED HEALTHY DISCOUNTS Inc., a 14-person Austin, Texas, company selling nutritional supplements on the Web. In its first week, Healthy Discounts received an \$8,000 order from a Singapore distributor, but Ferrari didn't have the expertise to unsnarl the tangle of complex regulations governing international trade. "If you have even one bottle of [prohibited product]," says Ferrari, "the customs officer could reject the whole order and you'd be stuck with the shipping."

Ferrari obtained that missing knowledge from Syntra Ltd., which sells exporting software to large corporations. Syntra had made some of its applications available on the Web for "two bucks and change" for each hit, according to Ferrari, who can now check export regulations and even see if someone placing an order has a history of backing out on deals.

Ferrari finally got to ship that \$8,000 order last November. Since Healthy Discounts found a way to handle overseas orders, international sales constitute 6 to 8 percent of its total business, and Ferrari is looking to expand foreign sales. The Web really does bring the world to you.



Thinking outside the box: Ferrari (right) with his exports

Don't Buy It. Rent It.

PAUL ZYMBA, DIRECTOR OF CONSULTING AT E-COMMERCE VENDOR YANTRA Corp., had a booming business helping companies electronically process orders. With clients scattered around the world, Zymba needed sophisticated software to manage projects and 50 employees, but didn't have the budget. "Spreadsheets and [Microsoft] access databases just don't cut it anymore," says Zymba. He found what he wanted at a bargain price from Portera, a Campbell, Calif., application service provider (ASP). This new breed of vendor runs powerful applications—often identical to what large corporations buy—and makes them available through a Web browser, typically for a monthly rental. According to Zymba, Portera's software was built for Fortune 500 firms, which gives his company room to grow. "It's like buying the Suburban while only having one child. You'll have more kids, and it's always there for you," he says.

Besides saving the purchase cost, access to software is obtained on the Web, which means that the companies avoid local maintenance and upkeep expenses that can increase costs up to tenfold. Rodger Berlin, information-technology director for Stellar One Corp., a 70-person, Redmond, Wash., provider of interactive broadband services, says that using software through a browser is easy. "This is pretty simple," says Berlin. "All I have to do is log on."

Supplyaccess.com, the ASP used by Stellar One, lets Berlin and his co-workers order

computer products while providing complete tracking of orders, as well as product look-ups and electronic order authorization. Previously, people at Stellar One would have to call the vendor for information. Berlin can remember asking, "Where's my order?" only to be told the products were already shipped. Good feature: the services are free to Stellar One, because Supplyaccess makes its money by getting a percentage of each sale from the vendor. That's a pretty good deal for both.



Dowling. Organizations like the Service Corps of Retired Executives (SCORE) and such professionals as bankers and lawyers can often provide leads. Over time, a virtual CIO can come to know your business requirements and provide advice on anything from choosing software to negotiating contracts.

Contract-negotiating skills alone can be a critical aid. Yantra Corp. of Acton, Mass., makes software and has a 50-person consulting arm that helps clients implement e-commerce systems. Consulting director Paul Zymba (box) has extensive experience negotiating vendor contracts. His list of "musts" includes explicitly guaranteed levels of system reliability and performance, clearly stated liability in the case of

problems and the ability to audit data changes, where a vendor hosts the client's information.

Contract wording can have subtle ramifications. For example, the importance of performance reliability can change at different times of the year. "Take financial packages, month-end closes or quarter-end closes," says Zymba. "An outage then—holy cow! Even a short outage at a key time of the year could be more impactful than at a random time." Even with his experience, Zymba depends on lawyers experienced in vendor contracts. Many companies might find that their usual legal help may have little or no background in these areas. In such a case, Zymba strongly suggests hiring additional help for negotiations.

Other types of technical expertise are available from specialized service providers. For years, corporate giants have used outsourcing—where an outside firm takes on operational responsibility for an area like computer support. Now service companies are tailoring offerings for small businesses because it lets them expand their client list while avoiding direct competition with huge consulting firms like EDS or Anderson Consulting. Oli Thordarson, president of Alvaka Networks in Huntington Beach, Calif., says that for about \$2,500 a month, a 50-person firm could hire Alvaka to monitor its network remotely round the clock. In case of a problem, a technician is on site within four to eight hours, and the price includes necessary network-management software and the cost of replacement parts. Since the salary of an experienced network administrator alone can run to \$60,000, an outsourcing cost of \$30,000 a year can be a bargain.

Companies can also make use of their existing vendors and suppliers. Every month at billing time, Charlie Case Tire, a Phoenix company, had customers asking for proof of product delivery—in many cases, simply to delay payment, says CEO Claude Case. "It was almost a person and a half devoted to this project, plus a lot of Maalox. Everywhere we went, we would ask people how can we eliminate this headache."

The answer came unexpectedly. Case heard about a company called ImageTag, Inc. It makes software that manages scanned documents, using Xerox digital copiers already in-house. After some investigation, it turned out that by installing the software and adding printers, Case Tire could retrieve delivery documents and fax them out as fast as customers could demand them. That change saved Case from hiring a full-time clerk to manage delivery documents, and reduced the waiting time for accounts receivable.

Even better, by printing multiple copies of invoices and eliminating custom multipart forms, the company has saved enough in reduced paper costs alone to pay for the entire system. "There's no way someone my age can be technically up to date," says the 57-year-old Case. "But at least you can be aware of what's going on." Luckily Case has found, like so many others, that these old tricks provide a business a fountain of youth.

SHERMAN is author of *"Home Networking! I Didn't Know You Could Do That"* (Sybex, \$19.99).