



dti

**ACHIEVING BEST PRACTICE  
IN YOUR BUSINESS**

Technology, customers  
and suppliers



The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

*Achieving best practice in your business* is a key theme within DTI's approach to business support, providing ideas and insights into how to improve performance across your business. By showing what works in other businesses, we can help you see which approaches can help you, and then support you in implementation. This brochure focuses on these solutions.

More businesses – large and small – are working in partnership with each other. Trading is increasingly based on long-term benefits to all: quality, delivery, flexibility, better service and increased competitiveness. Taking advantage of technology can help make your relationships with customers and suppliers more productive.

**This document is for:** Any business that wants to improve business processes and strengthen its position in the supply chain.

**It covers:** Business processes from product development to delivery and logistics, with advice on how to improve these processes by closer collaboration with supply chain partners, and best practice information from other UK businesses.

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A supply chain is the network of customers and suppliers that your business deals with. Though each one is different, it is usually built around:

- who you trade with
- what you produce and how you produce it
- your position in the chain
- the links and processes that join you up.

Supply chains come in three broad types. Identifying the type of supply chain that your business is a part of will help you establish priorities for working more closely with your customers and suppliers.

### 1 **CONCENTRATION SUPPLY CHAIN**

Businesses in industries such as automotive, consumer electronics or aerospace are in 'concentration' type supply chains. They tend to have few customers but a lot of suppliers.

The customer at the end of the chain is likely to have very demanding requirements, such as expecting just-in-time deliveries. Your customers may expect you to do business with them via their own electronic systems, which means that your systems will have to be compatible.

### 2 **BATCH MANUFACTURE/MEDIA SUPPLY CHAIN**

This type of supply chain covers a wide range of businesses – from engineering subcontractors and semiconductor manufacturers to cutlery and jewellers.

A business in this type of supply chain is likely to have many customers and many suppliers. The speed and flexibility with which you can transfer information – such as proposals, designs and production schedules – is crucial to a business in this position, and technology can help you improve this.

### 3 **RETAIL AND DISTRIBUTION SUPPLY CHAIN**

If you are in the business of retail and distribution, you'll have a lot of customers, but relatively few suppliers. Having to deal with so many customers, as well as attracting new ones, can be done cost-effectively by exploiting the right technology.

# What is a supply chain?



### **WORK FASTER AND MORE EFFICIENTLY THROUGH THE RAPID DISTRIBUTION OF DOCUMENTS**

- Networking your computers gives you immediate access to shared information.
- Networks can now be accessed wirelessly through a greater number of channels.

### **COMMUNICATE BETTER**

- Allowing your suppliers access to a password-protected extranet means they can be better informed about upcoming work and the impact it will have on them.
- Keep in touch with customers via e-newsletters, or by setting up a feedback system on your website so they can e-mail you comments or suggestions.

### **MAKE QUICKER, SMARTER DECISIONS AND REDUCE TIME TO MARKET**

- Phone, web or video conferencing let you collaborate closely with customers and suppliers, and save on time, energy and travel costs.
- Involving your customers and suppliers in your design process from the start means you will have a better chance of getting things right first time.
- Fully exploit the potential of broadband connectivity to foster collaboration, wherever team members are located.

### **CLOSER TRADING PARTNERSHIPS**

- Standardising business documents, such as orders and invoices, and exchanging them electronically will save admin time and reduce costs.
- Integrating your accounting or order processing systems with those of your key suppliers or customers will enable you to work much more efficiently and effectively.

Integrating your own systems, and making them more compatible with those of your key suppliers and customers, can bring you greater efficiency and a real edge over your competitors...

# The benefits of closer co-operation



### **FINDING NEW CUSTOMERS**

- Develop a company website that allows potential customers to browse your product range, make initial contact and buy your products online.

### **KEEPING EXISTING CUSTOMERS HAPPY AND INVOLVED**

- By keeping track of company orders and building accurate profiles of their buying habits, you can get a better understanding of your customers' needs and offer a more tailored service. For example, you could suggest related products they might like or give previews of new products.
- Giving them the opportunity to interact with you, through feedback or access to your extranet, can help to increase customer loyalty. It can make customers feel more involved and adds real value to the service you give them.



# Product development

Design and development are all about close, collaborative teamwork – both internally with project team members, and externally with your customers and suppliers.

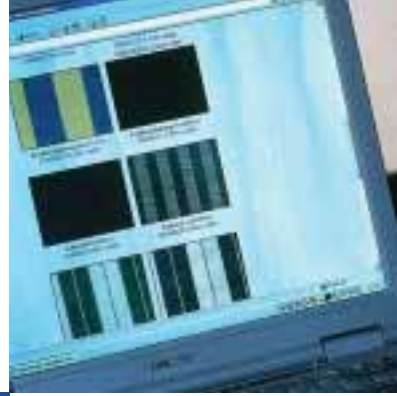
Technology allows everyone who needs to be involved in your product design and development to work together, wherever they are based.

## **BETTER PRODUCT DEVELOPMENT**

Having a bright idea for a new or improved product is rarely enough on its own. Before investing time and money in production, you will want to ask some questions and get some feedback. There are a number of information-sharing options that can aid successful collaboration:

- ADSL (Asymmetric Digital Subscriber Line) is a broadband connection to the internet via your existing phone line. It is 'always on' and offers almost instantaneous web browsing and internet transactions. Broadband's high speed connectivity is also great for promoting collaborative working: you can set up virtual teams wherever people are using workspace co-ordination programmes like Teamsite, allowing everyone involved to work together to complete complex design projects online.
- There are numerous broadband providers, each offering different packages, many targeted at the business user. You will need to shop around for the best deal for you.

Find out more about broadband options at [www.dti.gov.uk/bestpractice/technology/broadband.htm](http://www.dti.gov.uk/bestpractice/technology/broadband.htm).



- Information can be posted on a secure, protected area of your intranet or internet site that only authorised people can access. An intranet is effectively a scaled-down version of the internet, and it links together all of your computers into a network.
- Virtual Private Networks (VPNs) allow secure, controlled access to your computer network from any location.
- Mobile phone technology allows staff to work anywhere and still access network systems. Ever greater connection of technologies, including the latest 3G mobile technology, means that key people, whatever their location, can be actively involved at all stages of design and development.

## Sugarcube

For marketing company Sugarcube, it's essential that staff travelling between different sites can keep up to date with the latest developments in project information. All staff use mobile telephony with GSM and some also with GPRS service. They can also stay in touch via PDAs with automated data transfer to/from office servers. These also allow staff to communicate via e-mail, wherever they may be. The office servers are connected to a combination of WiFi and wired LANs. And the offices are connected via a VPN over the internet with broadband connection.





### **MAKE TO ORDER**

The ability to exchange information with your suppliers, rapidly and in compatible formats, allows greater responsiveness, so you can create one-off or customised orders more efficiently.

### **BETTER SPEED TO MARKET**

Getting your product out there first, or being quickest to react to changing market trends, can have a huge impact on its success. Digital design and information sharing can shorten this time to market, giving you a real competitive edge. Increasingly reliable and scalable solutions such as Electronic Data Interchange (EDI) software are available: these allow computer-to-computer exchange of structured data and can be operated from within your organisation, or outsourced and managed for you.

## **Fracino**

By getting designers, engineers and marketers to work closely together, Fracino has been able to establish itself in an incredibly competitive market. Close collaboration means Fracino's coffee machines meet its customer's requirements exactly.



The business decided to create project teams of designers, engineers and marketers who could work together at all stages of the process to assure the quality of the final project. Now, a three or four-strong team sees each project from original concept, through prototyping and testing, to component supply and assembly. This creates real dedication and focus and means that modifications can be made quickly and seamlessly.

Fracino also involves key customers in the prototyping phase to make sure the final product meets their needs.

# Best practice implementation plan

## 1 SHARE WHAT YOU KNOW

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- Capture what you know about your customers and suppliers and share it internally using a company intranet. Key people in your business can be kept up to date with product development, even if they are not in the same office.
- Set up an intranet or an electronic bulletin board to allow more efficient job tracking and resource management.
- Web-based workgroups allow you to upload work in progress, like 3D or animated images. You can get feedback from customers or suppliers as products are developed.

## 2 TALK ONLINE

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- An Instant Messaging (IM) Service is a readily available, cheap and reliable technology that is highly effective at encouraging collaboration, allowing customer involvement every step of the way.
- Compatibility with your trading partners' business systems and technologies, both now and as they change in the future, will facilitate collaboration.
- Phone, video and web conferencing allow you to hold regular meetings, no matter where the participants may be at the time. It is more convenient and ensures that everyone remains involved.

## 3 LET SYSTEMS TALK

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- Work towards a situation where your systems can talk directly to those of your customers – this may involve an ongoing investment from all parties involved. You will have to conform to industry standards for formatting and transmitting the data you exchange.
- Contact your trade association or industry body to find out more about industry-wide standards and systems. Visit [www.taforum.org.uk](http://www.taforum.org.uk) for more contact details.

## 4 BUILD TRUST

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- Use a password-protected extranet to extend your business intranet and allow customers and suppliers to share information. Ask your suppliers and customers if they will set up extranets so that you can access their networks.
- Ask for, and act on, feedback.
- Involve customers in product development so that what you develop is more likely to fit their needs.

Successful collaboration is likely to involve some up-front investment. It is also likely to take up significant management time. Balance these against the benefits of becoming a preferred supplier. Most importantly, set yourself realistic targets and stick to them.

The internet is a key business tool for improving your purchasing processes. Whether identifying potential new suppliers, browsing online catalogues, or taking part in online auctions, the internet offers purchasers real cost savings and competitive advantages. For example, you will be able to:

- Quickly and easily compare what's around and how much it costs
- Negotiate deals directly with suppliers, with potential cost savings
- Reduce overheads by limiting the time your organisation spends on administration
- Improve response times as you place and track orders.

### **GET CLOSER TO YOUR SUPPLIERS**

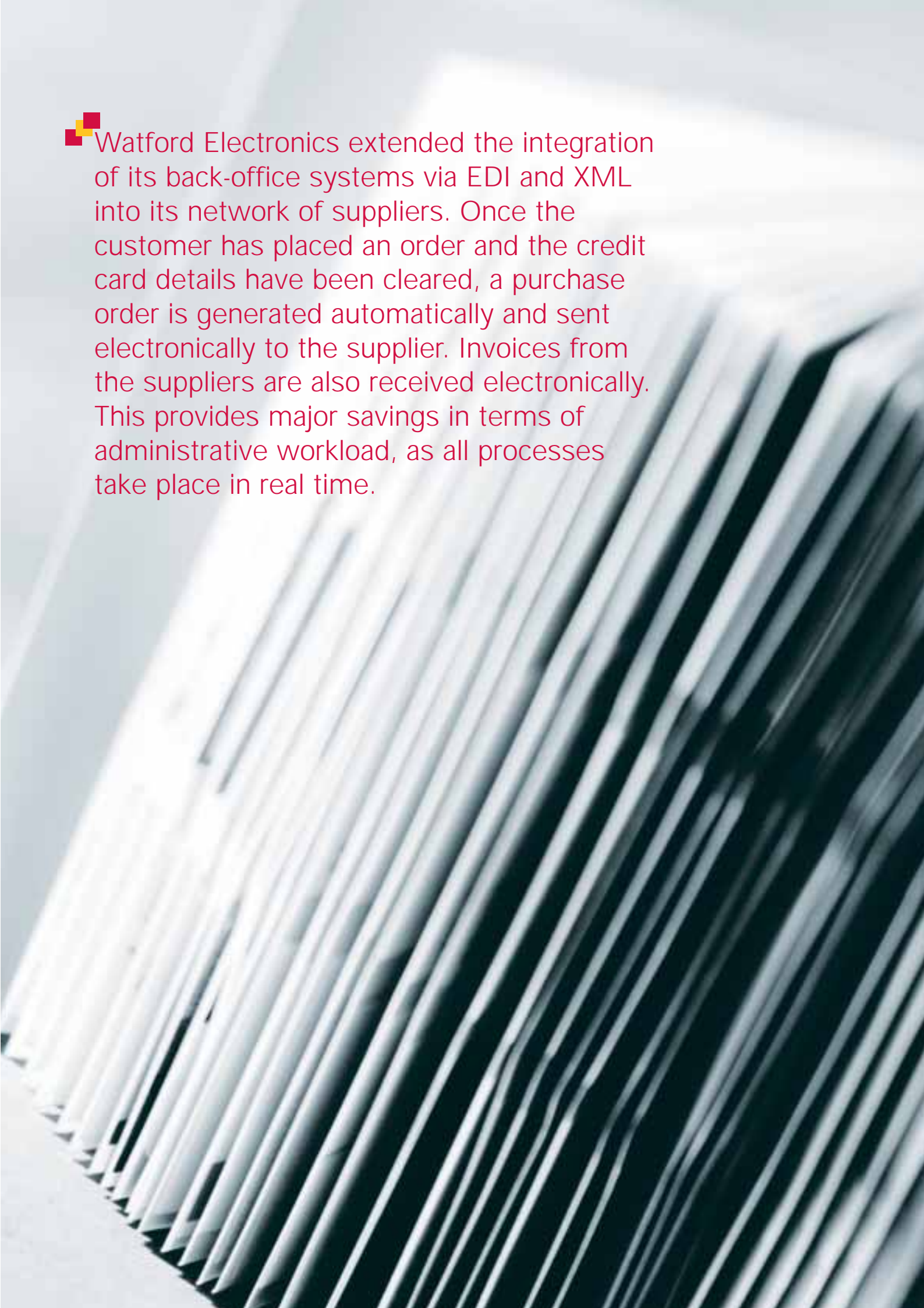
The Chartered Institute of Purchasing and Supply believes that working more closely with your suppliers can reduce your purchasing costs by up to 10%, and can help you deliver a better and faster service. Forging more integrated electronic links with your suppliers helps to eliminate the need for day-to-day purchasing, progress chasing and stock control.

### **LOOKING AFTER KEY RELATIONSHIPS**

Setting up and looking after trading partnerships certainly leads to more productive working relationships, but it does take time. As a result, you may want to reduce the number of suppliers you deal with, in order to align yourself more closely with those who are key to your business. Framework or call-off contracts give you the chance to establish fixed prices with such suppliers over an agreed period of time. Both sides should gain from this: you should be able to negotiate keener prices and the supplier enjoys a consistent workflow.

# Purchasing

- Printoff Graphics orders all its paper and printing supplies online which has led to a substantial reduction in its purchasing costs.

A stack of papers is shown in the background, slightly blurred, with a red and yellow square icon in the top left corner.

Watford Electronics extended the integration of its back-office systems via EDI and XML into its network of suppliers. Once the customer has placed an order and the credit card details have been cleared, a purchase order is generated automatically and sent electronically to the supplier. Invoices from the suppliers are also received electronically. This provides major savings in terms of administrative workload, as all processes take place in real time.

## Points to note

### **DISTANCE IS STILL AN OBJECT**

You may be able to place an order for goods in minutes, but if the order has to be shipped thousands of miles, you may lose your speed advantage. Think about lead-time as a cost that inhibits your flexibility and ability to respond to customer demands. Make sure you understand the full and final cost of goods – you may have to account for shipping, duty, insurance and VAT costs.

### **BUILD FAST AND RELIABLE INTERNAL SYSTEMS**

You'll only get the full benefit from integrating with suppliers if you have fast, reliable internal systems. Many technology upgrades bring long-term cost benefits, allowing production staff to contact suppliers directly and buy what they need when they need it. This can be done without the need for a long chain of command and control over the purchasing process. You will need to make sure that your procedures are easy to follow, and to be clear about who has the decision-making authority.

### **THINK ABOUT WHAT YOU BUY AND WHERE YOU BUY IT FROM**

Consider both how you buy and where you buy things from. Focus on your own efficiency and competitiveness by evaluating the things you do in-house against the cost of buying in the same products or services.



# Best practice implementation plan

## 1 EVALUATE YOUR SUPPLIERS

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- Think about how many suppliers you have and which are the most important – in terms of the money you spend with them and how often you use their products.
- Use your purchasing records to identify suppliers who have been trustworthy, delivering good products within a time frame that suits you. Aim to build closer relationships with them.

## 2 SLIM DOWN YOUR SYSTEMS

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- Simplify the purchasing process for non-critical items. Open up purchasing card accounts and let selected staff call off everyday items.
- Cut multiple ordering and payment by using distributors to supply frequently required items.
- Integrate ordering, purchasing and stock control systems, so the system alerts you when stocks run low and automatically raises a new purchase order.

## 3 INTEGRATE SYSTEMS

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- Talk to your key suppliers about their systems, and investigate integrating them more closely with your own.

## 4 TEAM UP

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- Build 'virtual teams' with your suppliers or with like-minded businesses.
- Technology solutions, such as linked or shared websites, spread costs and raise profiles, providing customers with a one-stop shop.



# Stocks

Efficient stock control depends on three factors:

- Accurate customer records
- Well-managed customer information
- Effective accounting and stock control systems.

Get all three working well together and you could move towards a just-in-time system, with huge potential cost savings and real efficiency benefits to your organisation.

## **AUTOMATE**

The first step is to introduce or upgrade an automatic stock system. Such systems range hugely in price and sophistication, offering everything from basic functions such as invoicing, purchasing and goods-in monitoring, to more advanced capabilities such as product audit trails, batch and single item traceability, multiple product purchase and sale unit quantities, product grouping, and product usage forecasting.

Keeping less stock in-house would give you results. See if your suppliers can hold stock for you, and whether distributors are willing to monitor and replenish stocks of non-critical items without over-burdening your goods-in and stores operations.

## **INTEGRATE**

The next step would be to integrate your stock control system with the rest of your business. Software packages now offer you the chance to integrate your accounting system with stocks functionality – controlling dispatch, invoicing, purchasing and sales through one integrated system. For example, the introduction of the web-page language XML (eXtensible Mark-up Language) means that invoices from a supplier can pass automatically through your business's systems, picking up your company layouts, fonts and logo, as if you typed it all yourself. An XML file can also rework an invoice into a purchase ledger, with appropriate identity and security checks.

## **COLLABORATE**

Closer collaboration with your suppliers and customers can help you manage your stock levels more effectively. Operating compatible systems will make things work more smoothly. Working more closely with your supply chain partners will naturally require mutual trust and potential investment in technology, but the benefits can have a real impact on your bottom line – and theirs.



Online retailer, IrishWear.net, has developed its own in-house software for back-office functions. This includes software for recording customer details, and generating address labels, invoices, statistics and internal management reports.

# Best practice implementation plan

## 1 KNOW WHAT YOU HAVE AND WHERE

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Whatever the product, technology can help you improve stock control. One of the most important recent developments in this area is RFID (Radio Frequency Identification), a development of barcode technology where identification tags can be read at distance, enabling the tracking of goods rapidly, efficiently, and automatically.

The technology is now moving out of the development stage, and certain larger businesses now insist on RFID tagging from their suppliers – especially those in the USA. The good news is that the technology is becoming cheaper as demand rises, so cost is likely to become less of an issue for most businesses.

## 2 STOCKTURN AND HIT RATE

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There is always safety in stock, even though there may be an associated cost. Stock can protect your business from short supply interruptions. So if you are aiming to cut stock levels, it's important to make sure this doesn't negatively affect the level of service you offer your customers.

Use a combination of **stockturn** and **hit rate** to see if you are getting the balance right.

- **Stockturn** is your key stock efficiency measure. It is your total purchase bill for the year, divided by the value of all your stock at year-end.
- **Hit rate** is a measure of how often you meet a request for a stock item on time.

## 3 AIM TO STOCK ONLY WHAT YOU NEED

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You should aim to stock only what you need, when you need it. By connecting your stock control, accounting, purchasing and production systems, you will be well on the way to buying only when you need to. Automated systems provide basic information such as the average lead-time and use rate of key items, as well as more advanced applications like end-to-end stock control and predictive buying.

## 4 STREAMLINE

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Cutting out certain processes could reduce delays and cut costs. Consider issuing orders electronically direct from your production team to the supplier, rather than having to go through a purchasing department. You could also make the move out of warehouse space by implementing just-in-time stock delivery.

Read page 32 for further help and advice. You might also find the following useful:

For information about integrated accounting and stock control systems, visit sites like [www.sage.com](http://www.sage.com), [www.myob.co.uk](http://www.myob.co.uk), and [www.tasbooks.co.uk](http://www.tasbooks.co.uk)

Advanced stock control systems such as RFID are reviewed and assessed on sites such as [www.theregister.co.uk](http://www.theregister.co.uk) and [www.aimglobal.org](http://www.aimglobal.org)

# Production

Computer-Aided Design (CAD) and Computer-Aided Manufacturing (CAM) technology is used widely in business. However, can you be sure that you are getting the best out of the technology if you are already using it? Here are some of the questions you should be asking:

- **Do your CAD systems talk to your CAM systems?**  
Technology that integrates design and production functionality is now available. It is cost effective too, whatever the size of your organisation.
- **Are your design workstations networked?**  
Computer-controlled, networked design allows designers to 'talk' virtually to each other, as well as to customers and suppliers.
- **Does your production process get it right first time?**  
Computer-controlled monitoring systems are now available to tighten up your quality control procedures to ensure accuracy and cut waste.

## **GET YOUR INTERNAL PROCESSES LINKED AND CO-OPERATING**

Automating the links between your various production processes means that information can flow more quickly. Find out if you have logjams, and whether you are waiting for information, components, or both. Identify and do something about the bottlenecks, and you'll fulfil orders faster and provide a more flexible service.

Think about integrating all your general administration on computers, from quotation to dispatch. This should allow you to start production sooner, and respond to customer needs that much quicker. If you also tie in your CAD and CAM capabilities, then efficiency increases are practically inevitable: human error will be reduced and you will see real cost savings.

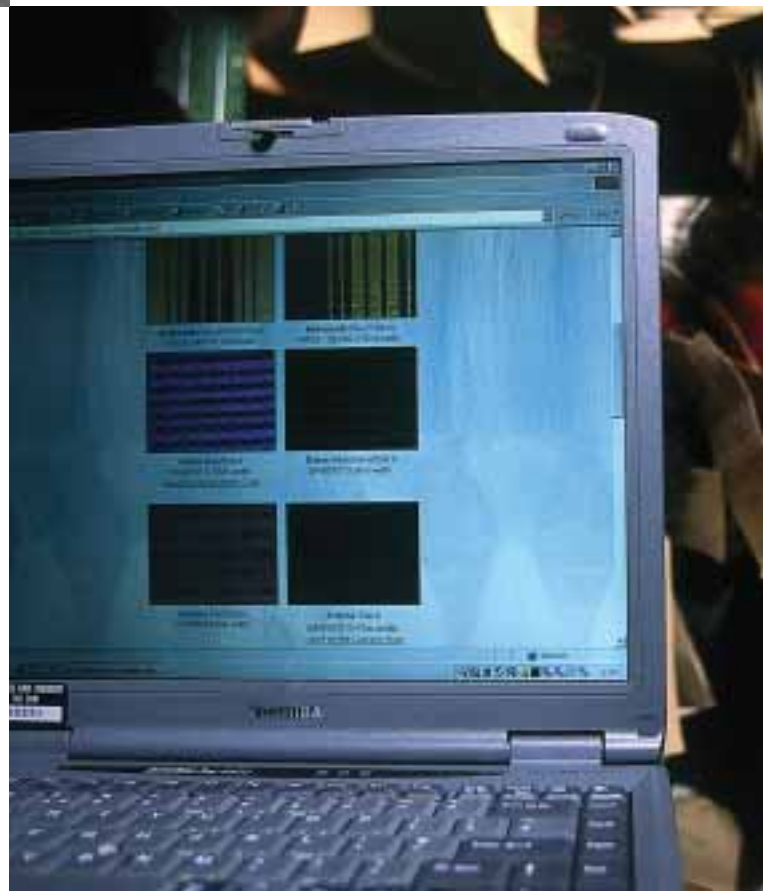
Many businesses are now using Enterprise Resource Planning (ERP) systems as a central 'brain' for their business's processes. ERP systems manage and maintain links between every aspect of your business, from personnel to purchasing to production. They can allow you to forecast your production requirements more accurately, so that the stock and raw materials needed for production can be ordered later, saving on storage costs.

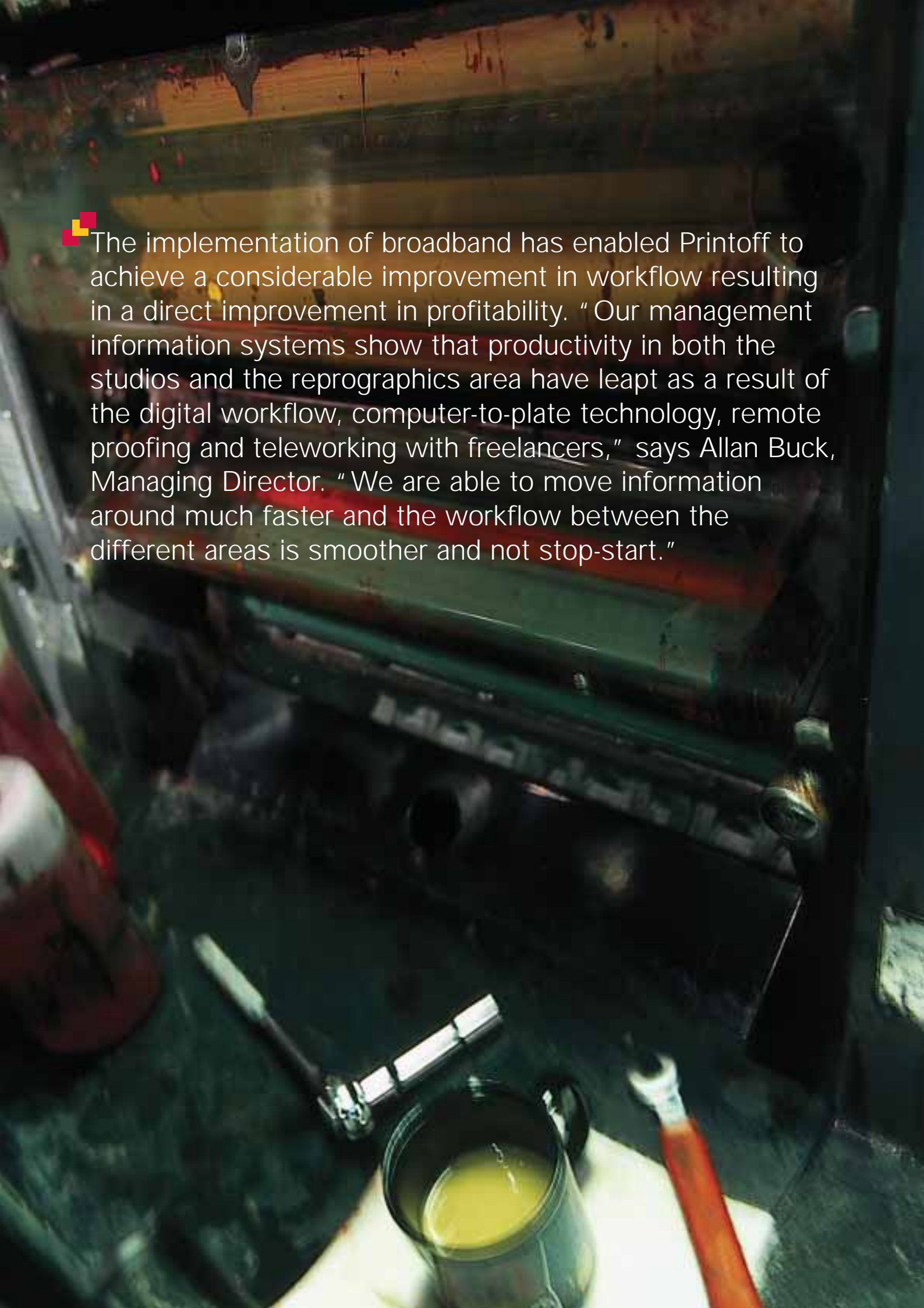
Many ERP systems can now be tailored to cater for your particular needs. Over recent years, choice and functionality have grown while prices for most systems have actually fallen. An investment in an ERP system, or an upgrade of your existing package, is well worth considering.

## GET LINKED AND CO-OPERATIVE WITH YOUR SUPPLIERS AND CUSTOMERS

Linking your production processes with your customers and suppliers is the next big step. You can be more responsive and make fewer errors if your production is linked closely to a customer's CAD/CAM systems.

Similarly, establishing closer links with your customers means that you can benefit from inside knowledge about their requirements. This can increase your efficiency, helping to sharpen production schedules and making it possible for your customers to hold less stock without increasing your own stock burden.



A photograph of a printing press control room. The scene is dimly lit, with a focus on a control console. In the foreground, a white mug filled with a yellow beverage sits on a white surface. To the left of the mug is a silver metal tool, possibly a wrench or a similar mechanical part. To the right, a red-handled tool is visible. The background shows the complex machinery of the printing press, with various panels and lights. The overall atmosphere is industrial and focused.

The implementation of broadband has enabled Printoff to achieve a considerable improvement in workflow resulting in a direct improvement in profitability. "Our management information systems show that productivity in both the studios and the reprographics area have leapt as a result of the digital workflow, computer-to-plate technology, remote proofing and teleworking with freelancers," says Allan Buck, Managing Director. "We are able to move information around much faster and the workflow between the different areas is smoother and not stop-start."

# Best practice implementation plan

## 1 DECIDE WHAT YOU CAN DO TO STREAMLINE AND SET E-PRODUCTION PRIORITIES

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- Consider an improvement that you want to make in your production process – it should be quantifiable in terms of cost saving, reduction in human error, volume of production, or a combination of these.
- List priorities and see if your current technology is up to the job of achieving them. If not, consider alternatives or upgrades.

## 2 AUDIT YOUR PRODUCTION PROCESS

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- Create a process map of your business to identify where logjams, queues and poor information transfer occur. Also identify processes that work well. Decide where improvements in information flow would be most beneficial to your business as a whole.
- Involve your staff, and even suppliers and customers, in the process. This should help you gain a fuller picture of your production processes, from initial concept to delivering the right product or service on time and to specification.

## 3 COMPARE YOUR REQUIREMENTS TO REALITY

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- Are there any standard systems or technology packages that could enhance the connectivity of your business's computers?
- Use the resources of your trade association or industry body to keep you up to speed with what's new and relevant to you. The European Foundation for Quality Management offers a powerful set of tools to help analyse your processes, and your local college or university may offer consultancy, information or partnerships.

## 4 TALK TO YOUR KEY CUSTOMERS SOON

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- You may eventually want to link your systems to those of your customers. Find out what systems they use, and determine whether or not yours are compatible. You may need to move to compatible technology solutions in order to retain a competitive edge over other potential suppliers.
- Keep customers informed about what you are doing to streamline and integrate your systems. This could help to influence the systems that they adopt.

# Orders

Effective order handling involves everything from encouraging initial interest through to stimulating repeat business.

Automating your order process can bring together all departments that handle the order, from website or sales reps to warehouse staff.

Ideally, your whole ordering process should be:

- **Fast** – orders are processed more quickly
- **Flexible** – tailored to the individual customer and responsive to their needs
- **Efficient** – cutting down administration processes.

If placing an order with your business is fast, flexible and efficient, you are more likely to make the sale and to encourage the customer to come back for more. So, while several factors – price, quality of product or service, range of goods, being in stock – are vital to achieving sales in the first place, a responsive, fully automated fulfilment procedure can also play a key part in overall customer satisfaction.



### GET NETTED

Buying online is the preferred choice of more and more people. It is now seen as quick, safe and easy, allowing people to shop around and order goods without leaving their home or office. If your business doesn't have an e-commerce website, now's the time to take advantage of the internet – your competitors may already be online.

### GET THE MOST FROM BEING ONLINE

If you already have a website, think about whether you are happy with it and whether it is bringing in the extra orders that you expected it to. Ask yourself these questions:

- Is the service you're getting from your ISP (Internet Service Provider) good enough? Are you paying too much?
- Does your site come near the top of search engine lists if you key in the types of product you sell?
- Do you have a fully transactional website? Can customers browse for goods, place orders and make payments online?
- Is your site linked with other facets of your business?

## Watford Electronics



Watford Electronics' cross-platform, e-commerce enablement package for its online ordering system has streamlined the business, improved productivity and efficiency and increased turnover. Customers are able to browse through Watford's e-commerce website, available 24/7, to find the required product and then order directly online. Once the customer has placed their order, they are able to track the progress of the order in real time on the website.



### **SMOOTH PROCESSING OF ORDERS**

Automating your internal systems can help achieve the speed and efficiency you need from order processing. Using electronic systems to transfer information between your purchasing, stock control, marketing and accounts department will lead to greater efficiency and faster order processing times. By connecting your suppliers and customers to the system, everyone in the supply chain can benefit – customer orders that arrive in your system can be transformed into orders to your suppliers, so that they can benefit from more timely, accurate order information, with invoices sent and processed automatically.

### **Klicka Couriers**



Integrated online systems allow Klicka Couriers to operate with maximum efficiency. Orders placed by customers via Klicka's website are automatically routed through to Klicka's drivers via their smartphones. Software developed for Klicka enables its servers to sort the allocation of courier requests via its website. This software is then linked to the smartphones with mapping software and the GPRS network to locate the nearest five couriers. The first courier to reply is given the job confirmation. At the same time navigation details for his pick-up destination and the delivery destination are automatically given on the smartphone. On delivery, the driver obtains a signature on the smartphone from the person accepting the delivery which is transmitted directly to the Klicka website in real time. A copy of the signature is then e-mailed to the customer with delivery confirmation.

# Best practice implementation plan

## 1 EVALUATE HOW ORDERS ARE PROCESSED

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- You need to see what links there are between sales, planning, purchasing and so on. Simple software is available to help you map out your processes and highlight the links.
- Consider using Enterprise Resource Planning (ERP) software that will tie in your ordering processes with other facets of your business, such as planning, manufacturing and marketing. Off-the-shelf packages are available at a low cost. Alternatively, you could opt for a bespoke system, tailored to your particular industry and supply chain – this is a more costly option.

## 2 WORK OUT HOW YOU WANT TO WORK

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- What changes will bring you the greatest reward in terms of time and money? This will give you a set of objectives that you can refer to when buying or developing automated order processes.

## 3 RESEARCH YOUR CUSTOMERS

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- If you don't have an e-commerce presence on the internet, ask your customers if they would like to be able to order from you via your website.
- If you already have an e-commerce website, does it have a user feedback channel so that customers can let you know what they think of the site?
- You may want to link your systems to those of your customers. Find out what systems they use and determine if yours are compatible.

## 4 GETTING THE MOST FROM A PRESENCE ON THE INTERNET

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- Make sure establishing your site is part of a coherent business strategy – for example, could you deliver goods from orders accepted online?
- A basic site, with clear links, that is integrated into the rest of your business systems is best. Complex sites can take a long time for customers to load, and can be more difficult and expensive to maintain.
- Most ISPs provide free webspace, but make sure that your provider knows that it is to be used for business purposes. Shop around for the best deal for your business size and type.
- For easy ordering, make sure that you use shopping cart and card payment software, often available as one package. You can outsource dealing with credit card payments: orders can be processed, cleared and paid into your account without any intervention from you. There are costs, but outsourcing payment transactions can help reduce your administration burden.
- If you are going to take payments online, make sure that you comply with the 1998 Data Protection Act and The Consumer Protection (Distance Selling) Regulations, 2000. Guides to these can be found at sites like [www.clickdocs.co.uk](http://www.clickdocs.co.uk)
- Maintain and update your site. Make sure the content reflects all that your business offers.

# Delivery & logistics

Delivering what you promised, quickly, is the culmination of all your business processes. Having links between your order processing system and your warehouse will automatically help your delivery times, by speeding up the time from receiving an order to getting it ready to dispatch. Ask yourself the following questions:

- Are your delivery times as good as they could be – and as good as your competitors?
- Are your delivery times predictable?
- Can your production and delivery processes 'speak' to each other?
- Do you know where a delivery is at any point in the dispatch process?
- Can you tell customers at every point of the dispatch process where their goods are?
- Do you always deliver exactly the right goods at exactly the right time?

If the answer to any of these questions is 'no' then two rapidly developing technologies – Enterprise Resource Planning (ERP) software and Radio Frequency Identification (RFID), could provide the solution.

## **ERP – LINKING EVERYTHING TOGETHER**

ERP software makes it possible for all your business processes to talk to each other. Product planning, parts purchasing, maintaining inventories and tracking orders, can all be integrated into one system. This allows central control and accurate prediction of production and delivery times. It could also improve delivery times.

A variety of ERP packages are now available from mainstream product providers such as SAP, Peoplesoft and J.D. Edwards. These companies also offer outsourcing possibilities if you'd rather not bring the technology in-house. The capabilities of ERP software are expanding, and prices are low enough to make ERP available to businesses of any size.

Be aware, however, that full deployment of these systems, while likely to prove beneficial in the long run, will involve close analysis of your business processes, drawing considerably upon your management resources. You may also need to think about employee training and new work procedures if you are going to get the most from ERP.



### RFID – TRACKING GOODS ALL THE WAY

RFID performs a very similar function to bar coding. Objects are tagged so that their whereabouts can be tracked, and so they can ‘speak’ to computers. RFID tags, unlike barcodes, can be read out of line of sight, at a range of up to 90 feet. They can also carry much more information than a simple barcode.

With RFID you always know where goods are – allowing you to give accurate delivery information to customers. Many large companies in the United States, such as Walmart, are already requiring their suppliers to use RFID, and it is likely that many larger companies in the UK and Europe will follow suit. Deploying RFID inevitably has cost implications, but the prices are falling as demand increases.



## GBS Light Haulage Unlimited



For a fee of £2 a day per van, GBS rents out a computer telemetry system from BOX telemetrics. This system, called a spotonBOX fleet management system, allows proprietor Gary Ball to keep track of the progress of his vans as they make their deliveries. The computer in the GBS office is connected to a wireless transmitter and receiver, which in turn are connected to a GPS (satellite) tracking system. A receiver and transmitter are also positioned in each van and responds to the GPS 'tracker'. Using features of the tracking software, Gary can choose 'events' (such as a van being off the plotted course) to send alerts to his mobile phone. These arrive as SMS messages sent automatically to Gary's mobile phone by the computer when it encounters a pre-defined 'event'. In practice this means that if a van hits an 'event', like being off course, Gary is immediately alerted and can then come to the driver's aid. Using 'interactive polling' Gary can locate, on a map on his computer screen, the exact location of the van. He can then relay messages to the driver, advising them on the best route to take to get back on course.



# Best practice implementation plan

## 1 MAP YOUR DISTRIBUTION NEEDS

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- Look at the physical flow of your goods and add in your estimates of how demand will change in the next couple of years.
- Ask yourself if you are likely to have more or fewer suppliers, where they will be, what volumes of materials will need to be moved, and how often this will need to happen.

## 2 CONSIDER THIRD-PARTY DISTRIBUTION

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- Third-party distribution and logistics is worth considering if you don't want to take on the burden yourself. As technology becomes more complex and sophisticated, outsourcing becomes more attractive. You can take advantage of third-party logistical and distributional muscle, networks and know-how – at a cost that will generally involve operational, rather than capital, expenditure.
- Working out whether it makes sense to operate your own distribution or to buy in third-party services, is not a simple calculation. Apart from straightforward cost calculations, based on past and future expenditure, you must also assess the investment of management time in getting to grips with the technology, and the potential flexibility (or lack of it) of doing it yourself.

## 3 TAKE ACCOUNT OF OTHER LOCATION FACTORS

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- Why are you where you are? You may need to be close to your suppliers, or need to be clustered close to firms like your own. Remember that large businesses are increasingly reducing the number of businesses in their supply chain – might you be cut out of the picture at some point?
- Identify whether you are in the right place for your customers. If not, technology may be able to overcome inappropriate location by facilitating communicating and integrating your systems with those of your customers and suppliers.

## 4 TRY TO WORK ELECTRONICALLY WITH YOUR CUSTOMERS

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- Digital networks allow you to work more efficiently in-house, but they can also help you to link yourself to your customers' systems too. Consider giving, and asking to be given, access to ERP activities via extranets or other lines of communication.
- Your whole supply chain can now be subject to electronic collaboration. Get talking to suppliers and customers about how it might be done.

# Customer service

Good customer service spans all your business processes, from dealing promptly and accurately with initial sales enquiries, through processing orders quickly and efficiently, to delivering on time. Whatever type of supply chain you are involved with, all these processes will work better if you and your customers can speak clearly to one another.

## **MANAGING CUSTOMER RELATIONSHIPS EFFECTIVELY**

A number of things need to happen if you are going to manage your customer relationships successfully. These include:

- **Having accurate information**

Ensure that the information you have about customers is accurate. If you have the wrong details, you are unlikely to be dealing with the right person.

- **Tailoring contacts**

Send the right information to the right kind of customer. Selected, targeted information is less likely to annoy people, and more likely to reach the customers you want it to.

- **Customising the experience**

Technology now exists that allows you to offer customers a fully customised experience, meaning they can tell you exactly what they want and enable you to supply it, thus increasing sales and customer return.

- **Responding quickly**

A quick response shows commitment and good organisation, giving the customer an impression of efficiency and the sense that their custom is valued.

- **Keeping in touch**

Follow up initial enquiries, constantly update your product information, and make sure that existing customers know what you are up to. We all know that it's always cheaper to keep an existing customer than to find a new one.

- **Collaborating right through the supply chain**

Closer collaboration with both suppliers and customers can help you plan production and manage stock levels more effectively, and make you and your suppliers that much more responsive to customer needs. Operating compatible systems will make this run more smoothly. Such collaboration needs trust, and may well involve investment in new technology solutions, but can impact very positively on your bottom line.



Specialist book retailers AquaPress sends out weekly product updates by e-mail to over 10,000 subscribers. Its website also offers features such as enhanced image options and sample chapters in PDF format. This service has had a direct impact on sales of specific books. In one case this resulted in up to an estimated six times the volume that they would normally expect to sell.

## The Everyman Theatre



The Everyman Theatre developed a CRM system to maximise the marketing potential of the customer information it was receiving through its online ticketing system. It built a web service programme that runs constantly, interrogating new bookings to retrieve specific information such as the person's e-mail address, whether the tickets were bought as a result of a specific promotion etc. This information is moved over to the marketing database, which continues to grow as more relevant information is added. The programme also builds a list of everyone who visited a show the previous evening. These customers are automatically e-mailed, thanked for their visit and invited to click on a link that takes them to the website to fill in a survey on their experience at the Theatre.



# Best practice implementation plan

## 1 IDENTIFY THE KEY CUSTOMER SERVICE ISSUES YOU WISH TO ADDRESS

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- Involve staff and customers in this process.
- Where do you want to improve?
- What extra services would you like to offer?

## 2 TAKE A CLOSER LOOK AT YOUR EXISTING PROCESSES AND TECHNOLOGY

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- What does your business do well in terms of customer service, and where might it be falling behind?
- Consider how you could improve your current use of technology, and how upgrading or replacing technology might help.
- Examine the costs – remember that outsourcing is an option if you want to avoid up-front capital outlay.

## 3 CONSIDER TECHNOLOGY SOLUTIONS

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- If your organisation hasn't got a website, you need to think seriously about getting one. A good website needn't be complex: the simplest sites, easy to load and with clear, useful links often work best. Include an FAQ (Frequently Asked Questions) feature, which may save you and the customer time spent dealing with routine enquiries. Website design packages are available to help you set up your own site, or design can be outsourced at reasonable cost.
- If you have a website, make sure it is clearly integrated with the rest of your business. Ideally, your marketing and customer relations functions should be linked, so you can respond quickly to trends. Consider making your site an end-to-end experience for customers – allowing them to browse, make enquiries, place orders and buy online. Most people are happy to buy online these days – are you equipped to cater for them?

- Consider taking things even further with a Customer Relationship Management (CRM) System. Reduced prices and a wider variety of packages mean that CRM software is now a viable option for most businesses, whatever their size.
- CRM systems allow you to integrate your customer service functions with all other aspects of your business. What you learn from your customers via the web, e-mail or phone can be stored on a central database. This database can be mined for marketing information, and may be linked to an Opportunity Management System (OMS) that can turn this knowledge into new business.

## 4 IMPROVE CUSTOMER SERVICE ACROSS YOUR BUSINESS

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- Look at each business process in your company, from product development to delivery. Consider how you can improve customer service in each area. For example, you could get customer input on product development, or provide customised, easy-to-fill-out order forms on your website.

## 5 IMPROVE CUSTOMER SERVICE ACROSS YOUR SUPPLY CHAIN

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- Ensure there is constant dialogue between yourself, your customers and your suppliers.
- Use every available channel – phone, text messaging, e-mail, the internet – to keep your customers informed about your business. Ask to be kept informed about theirs, and act upon what you are told. This will build closer relationships, and they will see you as being more proactive.

# Further help and advice

Achieving best practice in your business is a key theme within DTI's approach to business support, providing ideas and insights into how to improve performance across your business. By showing what works in other businesses, we can help you see which approaches can help you, and then support you in implementation.

## ACHIEVING BEST PRACTICE IN YOUR BUSINESS

To access free information and publications on best practice:

- Visit our website at [www.dti.gov.uk/bestpractice](http://www.dti.gov.uk/bestpractice)
- Call the DTI Publications Orderline on 0870 150 2500 or visit [www.dti.gov.uk/publications](http://www.dti.gov.uk/publications).

## SUPPORT TO IMPLEMENT BEST BUSINESS PRACTICE

To get help bringing best practice to your business, contact Business Link – the national business advice service. Backed by the DTI, Business Link is an easy-to-use business support and information service, which can put you in touch with one of its network of experienced business advisers.

- Visit the Business Link website at [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- Call Business Link on 0845 600 9 006.

## GUIDANCE ON SPECIFIC PROCESSES

### Product development

- Visit [www.dti.gov.uk/bestpractice/innovation/product-dev.htm](http://www.dti.gov.uk/bestpractice/innovation/product-dev.htm)
- Contact your ISP (Internet Service Provider) for more information about ADSL and your telecom services provider for information about phone and video conferencing.

- Sites like [www.searchtechtarget.com](http://www.searchtechtarget.com) and [www.computer.howstuffworks.com](http://www.computer.howstuffworks.com) have e-collaboration guides and updates.

### Purchasing

- Visit [www.dti.gov.uk/bestpractice/operations/purchasing.htm](http://www.dti.gov.uk/bestpractice/operations/purchasing.htm)
- Chartered Institute of Supply and Purchasing [www.cips.org](http://www.cips.org)

### Stocks

- Visit [www.dti.gov.uk/bestpractice/operations/stocks.htm](http://www.dti.gov.uk/bestpractice/operations/stocks.htm)
- The European Foundation for Quality Management tools can be obtained from [www.efqm.org](http://www.efqm.org)
- Sites like [www.techtarget.com](http://www.techtarget.com), [www.theregister.co.uk](http://www.theregister.co.uk) and [www.bitpipe.com](http://www.bitpipe.com) have reviews of CAD/CAM technology.

### Orders

- Visit [www.dti.gov.uk/bestpractice/operations/purchasing.htm](http://www.dti.gov.uk/bestpractice/operations/purchasing.htm)

### Delivery and logistics

- Visit [www.dti.gov.uk/bestpractice/operations/delivery.htm](http://www.dti.gov.uk/bestpractice/operations/delivery.htm)
- Sites like [www.techtarget.com](http://www.techtarget.com), [www.theregister.co.uk](http://www.theregister.co.uk) and [www.bitpipe.com](http://www.bitpipe.com) have information on ERP.

### Customer services

- Visit [www.dti.gov.uk/bestpractice/communications/customers-suppliers.htm](http://www.dti.gov.uk/bestpractice/communications/customers-suppliers.htm)

Examples of products and companies included in this leaflet do not in any way imply endorsement or recommendation by DTI. Bear in mind that prices quoted are indicative at the time it was published.

## **GENERAL BUSINESS ADVICE**

You can also get a range of general business advice from the following organisations:

### **England**

- Call Business Link on 0845 600 9 006
- Visit the website at [www.businesslink.gov.uk](http://www.businesslink.gov.uk)

### **Scotland**

- Call Business Gateway on 0845 609 6611
- Visit the website at [www.bgateway.com](http://www.bgateway.com)

### **Wales**

- Call Business Eye/Llygad Busnes on 08457 96 97 98
- Visit the website at [www.busesseye.org.uk](http://www.busesseye.org.uk)

### **Northern Ireland**

- Call Invest Northern Ireland on 028 9023 9090
- Visit the website at [www.investni.com](http://www.investni.com)

