



SME eBusiness Case Studies

Basta Parsons

This case study is one of a series produced by Enterprise Ireland to meet the need for in-depth eBusiness cases relevant to the needs of our client base, the majority of whom are small to medium enterprises (SMEs) in manufacturing or internationally traded services.

We in Enterprise Ireland hope the case studies not only illustrate the relevance of eBusiness to traditional Irish businesses, but also highlight the problems and pitfalls the case companies experienced and the solutions they adopted to overcome these problems.

These cases are only one of a range of eBusiness resources provided by Enterprise Ireland. Most of the other resources can be accessed through our eBusiness webpages  
[www.enterprise-ireland.com/ebusiness](http://www.enterprise-ireland.com/ebusiness)

Here you can access more cases, "how to" guides about eBusiness and related topics, details of solution providers, access to our free eBusiness e-zine and discussion forum, eBusiness events guide and links to interesting reports etc.

We wish to thank the participating companies for their cooperation in the preparation and publication of these case studies.

Many of the case studies are about participants in our eBusiness Acceleration Fund Initiative under which grants of just under £10 million were made available to 102 Irish companies to encourage the early implementation of significant eBusiness projects. The funding for these grants and these case studies was provided to Enterprise Ireland by "The Information Society Fund" which was established by Government to progress the objectives of the Government's Action Plan for the Information Society.

## Lock of Gold

### 1. History

The Gallagher family, originating in Tubbercurry, County Sligo, had – like many Irish families – gone to work in the building industry in Britain during and after the Second World War. They built up a very successful construction company both in Ireland and England, which subsequently became Abbey PLC. Wanting to do something for their local community, in 1955 they established Basta to manufacture locks and fittings for doors and windows within the Irish market.

At that time, the government offered incentives for Irish house builders to purchase Irish manufactured goods. As Basta was the only manufacturer of locks and handles, these incentives helped to establish and grow the company. However, the advent of Free Trade resulted in Basta losing this competitive advantage.

In 1984 Basta was sold off by the Gallagher Family during a management buy out. However, as it had no significant Sales in Export Markets, coupled with the recession in the construction industry in Ireland in the late 1980s Basta came under severe financial pressure. Problems came to a head in 1990, when with a turnover of only IEP£2.7m; the company was on the point of liquidation. With 65 employees, Basta was Tubbercurry's major employer at that time, and the collapse of the company would have been a disaster for the town. Led by the current CEO, Kevin Norton, a rescue package was formulated. Part of the rescue involved IDA funding to help Basta develop its product range and manufacturing processes while seeking to develop export markets.

Since the rescue in 1990, Basta has gone from strength to strength. Irish Sales have trebled. With the assistance of two acquisitions in Britain in the last four years, Basta's total turnover now exceeds £1.5m. Britain is now their major market. A key element of this expansion has been product innovation. From a narrow product range, targeted at timber doors and windows, the company now has an impressive portfolio of products for timber, PVCu, and steel doors and windows. Peter Norton, Basta's Marketing Manager, believes that the company's Product Development Programme has been one of the major factors in turning the company around. "With our extensive product catalogue we now strive to be ahead of the competition, and continue to innovate with new designs. At any one time, there will be approximately 40 products in development".

Basta now employs 250 people, half of them in Tubbercurry. Not only has the number in Tubbercurry doubled, but the quality of those jobs has also improved; for example, the company now employs six engineers in Sligo compared to none in 1990.

Basta manufactures quality Irish Ironmongery, using the 'Guaranteed Irish' logo to influence buyers in the domestic market. Its major marketing theme is "Quality You Can Trust". This is based on the company's record of product returns for quality reasons of only one out of every 100,000 products shipped.

In making acquisitions in Britain, Basta was looking for additional products, brands, and customers. In acquiring Worcester Parsons in 1998, Basta acquired two British brands 'Worcester Parsons' (the best-known name in Britain for quality brass hinges) and Smith Wallis (the leading name for steel window fittings). Basta Parsons (Basta) was formed. Among the new products acquired were hinges, steel window fittings, and a range of products for PVCu doors and windows.

In January 2001 it acquired 'Lathams'. With this Basta acquired the Conqueror and Gibbons brands, along with a portfolio of products for PVCu doors and windows, and locks for timber doors.

Basta is licensed by the EPA in Ireland. It conforms to the latest EU standards in relation to environmental discharges. One example of this is the treatment of water in its Tubbercurry facility. "The water leaves our plant cleaner than when it arrives" remarked Peter.

## 2. Problem Definition

Although Basta had a supply network consisting of 3 manufacturing bases located in Sligo, Birmingham and Wolverhampton, and a growing network of customers, they still relied heavily on using the fax for communications. The volume of paper circulating throughout the company was growing at an alarming rate. Inefficiencies in communications were coupled with an ever-expanding product file. Constant product innovations and the acquiring of new companies sent the content of the product file spiralling almost out of control.

Basta decided to look for a more efficient means of communicating, both between offices and factories, and to its base of customers. To assist this process they firstly decided to 'email-enable' all their office employees in Ireland and the Britain. In parallel, Basta wanted to offer an online ordering service for all customers to speed up the process. This would also allow Basta to gain a competitive edge whilst streamlining their internal systems.

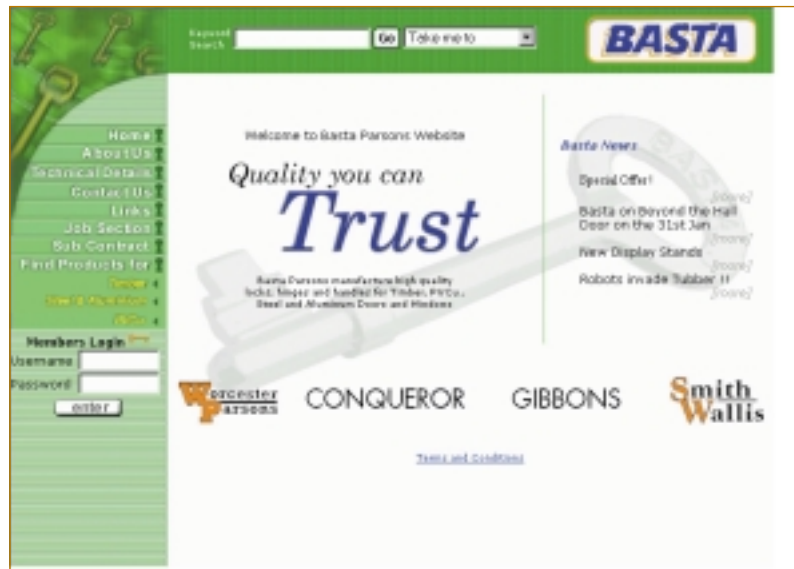
Due to the acquisition of the two British companies, they were faced with the looming prospect of integrating three different computer systems, used to control their manufacturing operations, in Ireland with two different systems in Britain. Basta decided to operate with just two systems, one in Britain and one in Ireland. The company chose to keep the more advanced system in Britain, as one site was already networked and email enabled and discontinued the other. Once that process had taken place, they had to prepare for integration with the manufacturing systems. Starting with Ireland, this process proved to be something of a nightmare. Basta had its own internal product files with no coding consistency for products or product sub types – it appeared to be quite random.

The site was to be aimed at Basta's top customers who provided the largest volume of business. Employing the 80/20 rule, where 80% of their business came from 20% of their customers, Basta was to target the top 10% of their customers with their web offering. Any new customers would be able to sign up to the service at the flick of a switch once they themselves had become web enabled.

Basta decided to build a *Business to Business* (B2B) web site. This meant that the site would be set up in such a way that only shops and similar business customers could buy directly from Basta. Consumers could not do so, and would thus have to continue buying from the shops. This was important to them to secure and maintain good relations with their business customers. However, Basta also designed the site so that at a future date, it would, if necessary, be capable of selling direct to the end consumer. Basta wanted to avoid being vulnerable to price squeezes by over dominant customers. "If one of our large customers, started to look for unfair price discounts or threaten to take its business elsewhere, we would be in a good position to switch to a consumer model," explained Peter, "this form of protection- offering goods directly to the customer – could dissuade our retail customers away from unrealistic bargaining tactics".

### 3. Web History

Manufacturing companies in Ireland run on extremely tight margins. With cheap competition from Asia constantly biting at their heels, Basta approached Enterprise Ireland for assistance. Using the Enterprise Ireland eBusiness Accelerator Fund, Basta were able to secure approval for approximately 40% of the total estimated cost required to get the new web project off the ground. "The site would not have been built without the grant," remarked Peter, continuing "Manufacturing companies do not have that sort of money to throw around on something that is difficult to quantify." The company is looking forward to the long-term benefits the site will bring such as efficiencies when dealing with the export markets, improvement in Technical Support, Customer Relationship Marketing (CRM) capabilities and an increase in sales. CRM is an information industry term for methodologies, software, and usually Internet capabilities that help an organisation manage customer relationships in an organised way.



As the aims of the site have always been to provide a more efficient service to its existing and potential customers and expand its customer base, a web site was an obvious starting point. A natural progression was a B2B site. For this, the company selected 6 of its leading suppliers to run with the pilot phase of the project. Recommended by Basta sales personnel, each supplier had to have an adequate level of technical competence. Each one was selected based on the following criteria:

- good stock control system
- email enabled
- browser access or
- web presence

Each partner was consulted to gauge what kind of service they needed from an online ordering system. Their feedback was to formulate part of the design criteria for the site.

As Basta had no real web design or web implementation skills internally, they sought assistance from an outside organisation. In October 2000 they selected Novavision ([www.novavision.com](http://www.novavision.com)) based in Galway. Novavision had an impressive client list, a good reputation and were very eager to take on the project. (Note: readers can now access Enterprise Ireland's database of solution providers at [www.openup.ie](http://www.openup.ie)). Both companies sat down together to clarify the specification for the site. Once agreed upon, Novavision set about the design.

Unfortunately, Basta had not yet completed the standardisation of their internal product coding or completed the revision of their product file. "Although we were committed to completing the site, much of the information we needed to collate, required input from several people across our organisation," warned Peter, "As these staff members were not dedicated resources, they had other priorities. Sparing only a couple of hours whenever they could, resulted in us incurring delays in getting product information". Compounded by the integration of the Latham acquisition, the project rollout was delayed by some 5 months.

In February 2001 the product file was reviewed and subsequently put in order and the product catalogue could now be transferred to the online system. To avoid lengthy product lists, drop down menus were used to break down product types. "For instance, a handle might come in brass, chrome, black or white, may come with or without a lock and may be packaged in one of several ways," explained Peter! "To avoid our customers having to scroll down long lists, we would break up the product into type and then they would be able to choose, colour, lock, packaging and number from drop down lists". As the company has over 1000 products, some with up to 27 variations, this cataloguing process took time.



Integration with the existing manufacturing IT system could now start in earnest. This is the process of bringing data from one system together with that of another. It ensures that the two systems can use common data formats. To do this a file needed to be written which the manufacturing system could understand as each online order was to be completed. Novavision ensured the integration between the online web store they had custom built and Basta's manufacturing system in Tubbercurry, was as smooth as possible.

The system was built so that sales information coming from the web site, based at a web farm (see Deployment

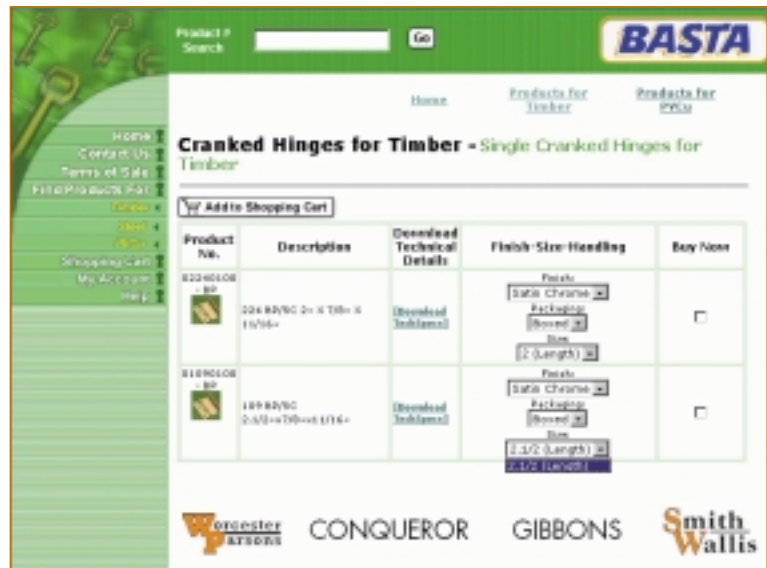
Section) could update the manufacturing system in Tubbercurry. In order for this to happen automatically, there would have to be a dedicated phone line connecting the two sites. Due to the escalating costs of having such a line, Basta decided to take a batch approach to processing their data. Using this approach, sales information was downloaded from the web site and sent in a batch, to Tubbercurry, once every hour. Basta hopes to upgrade this process once Ireland's telecommunication companies offer a competitive, dedicated line service.

The site was rolled out in October 2001 and is currently running as a pilot with 96% of the development work completed. With 6 trial customers on board the company aims to be the best in its class offering its online service to hardware merchants and retailers. Its functionality includes:

- online catalogue accessible to anyone, displaying products with no pricing information
- news section
- Technical section – technical specifications and direct e-mail to our engineers for technical support
- sub contractors section for custom made components
- members only section (i.e. only accessible by those, e.g. shops, to whom Basta had given a password)

- full brochure
- pricing
- technical specifications
- online ordering
- shopping cart
- account history
- account status

In 1997 the company only had 4 email addresses, now everyone in the Irish offices has an address using the www.bastaparsons.com domain with Britain coming on line at the end of quarter one 2002.



## 4. Deployment

Involved from the onset Aaron Keane from Novavision managed the project from the problem definition phase, through integration issues to the roll out of the pilot site. Novavision already had experience e-enabling other manufacturing industries such as Mercedes in Switzerland. Aaron explained that Basta wanted to build a web site that would grow to a B2B site. They wanted to provide enterprise information to their customers swiftly and easily. Clients would be able to log into the site and get instant information on their account status and order new stock.

"The largest problem we came across in the project was the streamlining of Basta's product catalogue. In hind sight, Novavision should have been involved for another week in the initial phase to sort the product book," explained Aaron, "Manufacturing systems tend to have archaic programs and data structures, not suited to displaying in an HTML format. The whole product catalogue had to be re-written and re-structured in order to display products on the web site in a logical manner". *HTML* (Hypertext Markup Language) is the standard code used to describe how the content of a Web page should be displayed and interacted with.

As Basta had limited in-house web experience, Novavision recommended their system be housed and managed on a web farm. This solution also kept costs down to a minimum, with Basta avoiding purchasing costly hardware. "The web server is now sitting on a web farm with pricing based on the space taken – the more space used the more Basta pay," remarked Aaron, "In addition to reduce costs, Basta opted for a back up system based on tape drives rather than having a third machine to back up the system. Rather than pay IRE£6,000 for a server, Basta bought a tape drive at IRE£600. This solution provided 24x7 cover along with a back up facility to provide system resilience at a low cost".

Integration took longer than first anticipated. The Irish manufacturing system in operation was supplied by a third party. Novavision estimated that the integration of Basta's web site and the manufacturing system would take one week. "Unfortunately during the project, the ERP Supplier lost their programming team. This led to an increased volume of work being done by Novavision in the programming of the integration interface," warned Aaron, "instead of one week this phase took three weeks to complete. This was an unexpected and unfortunate occurrence and one it would have been impossible to predict".

As Basta selected *IBM's 'Web Sphere'* product as their web server, they have huge potential to utilise some of the other features this product brings. "The system is designed to be easily expanded" said Aaron, "In the future the company will grow and its operation will become more dependant on eCommerce. The server selected can facilitate this expansion utilising features such as database integration, and support for standard data formats such as *XML* (eXtended Mark-up Language) which is an industry standard data formatting language allowing similar businesses to share common data types.

## 5. Hinging on Success

The development and implementation of the current pilot site has been a massive learning curve for Basta. Despite this, the site now operates with a brochure ware section accessible to anyone and a password protected members section. Basta pilot customers can now sign on and enjoy instant access to the full array of product listings along with images and detailed technical specifications. They can order online, look at their previous order and check their account status.

To make the eBusiness project work, the company purged the internal manufacturing systems, and a major beneficial side effect of the overall project is that they are now far more efficient and streamlined.

Sales reports can now be automatically generated from the web site instead of manually amalgamating reports from disparate manufacturing systems. As a result, reports can now be issued on demand. From a marketing point of view this facility is invaluable. "We are now able to monitor buying trends in the market," explained Peter, "for instance we can now see chrome is the new black! More people are starting to buy chrome opposed to brass which used to be perceived as the best material for door and window fittings". With this marketing data, Basta have put themselves in the position of being able to more effectively target their new product development.

## 6. Future

Basta planned to launch the full site in January 2002 and, so far, looks to be on target. Each new customer will be assessed for their credit rating and if successful will be issued with a username and password.

Basta plan to adapt their system to use CRM more effectively once they have their customers online. They feel, however, that CRM system vendors don't fully comprehend their customer base. "We are dealing with builders merchants not Tiffany's," exclaimed Peter, "...builders are straight talking guys looking for the best deal, they don't expect to receive a good morning and a bunch of flowers on their screen every day! "Previously Basta would use the postal service to inform their customers of factory holidays, discounts and promotions. With the new system in place this process can all be automated via email using the web database to lookup customers and study their trends. Also the company will now start to target the previously untapped but valuable architects market. Their site displays graphical images along with detailed technical drawings and specifications, allowing architects to select the most appropriate fitting in their design process. Apart from registering with the search engines, Basta proposes to promote themselves via banner ads with online architectural organisations, coupled with email communication to leading architecture practices.

One interesting aspect to emerge from communications with their retail customers is their fear that productivity will decrease if web facilities are available at the retailers. "One of our main customers wanted to avoid any access to the Internet for their buyers," explained Peter, "they feared that their staff might waste time surfing sites they had no business surfing during working hours." To allay these fears, Basta is in negotiation with the supplier to provide an automated stock replenishment facility. The retailers own stock control system is set up to issue and alert when stock falls below a specified level. Once this alert has been triggered, it is proposed that the retailer's stock control system connects automatically to Basta's web server and places an order. This process would avoid staff having to manually input orders and block access to the myriad temptations of the www.

## 7. Advice for Other Companies

After managing the web project from start to finish, Peter has the following recommendations, for other companies:

- Make sure your housekeeping is done before starting web integration – make sure your product files make sense!
- Ensure all staff training is completed before rollout, with all personnel being able to use email and spread sheets
- Pick an experienced company to build your site, ideally someone with knowledge of your industry
- Agree a time schedule between your company and the web development team – it must be flexible on both sides to allow for the unexpected
- Get a good email system internally, you cannot have a web system without email
- Think about who your customers are, ask them what they want, and listen to them
- Regard your site as a different sales channel, you may not get countless new customers, but it will allow you to hold on to existing ones for longer. Any new customers you do secure will benefit from the increased efficiencies offered by your service."

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