

Computers for small scale business ventures

Posted on

An in-house sales training session was going on. The Marketing Manager, one of the most famous marketing professionals in the island (but yet new to the Information Technology field), was on the podium. He was lecturing both, his team of marketing representatives and a few people from the engineering department about marketing tactics.

“One golden rule in sales that you should adhere to is that when you approach a prospective buyer always ask yourself whether the concerned person really needs your product and never approach him if the answer is negative”, he said. “...Otherwise you will simply be wasting your valuable time. For instance, when you want to sell a comb do not go after a bald-headed man or when you want to sell a computer do not go after a Karola Mudalali or a Bakery owner.”

At that point the Engineering Manager, who has less experience in sales, but has known customers for a longer period, interrupted, “You should have taken a better example,” he said with a smile. “We do have a few Karola Mudalalis in our customer list too!”

This small incident, happened more than two years ago when I was working at one of the premier computer firms in Sri Lanka. Those days everyone thought that computers are only for blue chip companies. In this Internet era, no computer salesman can imagine who will turn out to be the next prospective buyer. For many business organizations, a data processing system is becoming something as indispensable as a telephone system, and the day when we will turn to our computer terminals to buy a few kilograms of sugar may not be that far away.

Why at all, one might ask at this point, do small scale businessmen like Karola Mudalalis, vegetable sellers and grocery owners need computers? Haven't they done their business without even calculators, let alone computers, for such a long time? Aren't they still doing it? After all, can you show any experienced grocer who does not know the exact quantity of any food item, be it rice, sugar or flour, available in his stock at any given moment? Why does he need a computer to give him an inventory report? Why does a bakery owner need a computer to tell him the optimal number of loaves of bread he should bake on a particular day to satisfy the market requirements, when he can tell it, without doing a single

calculation, solely based on his past experience? So what's the use of computers? Are they really essential for these small scale business men?

Why at all, one might ask at this point, do small scale businessmen like Karola Mudalalis, vegetable sellers and grocery owners need computers? Haven't they done their business without even calculators, let alone computers, for such a long time?

At least for the present, we have to agree that the answer to the last question is a 'No'. An electronic system to keep track of accounts is one of the least needed things for a small shopowner. It will not be a surprise if he elects to buy an electronic balance instead of investing in a computer system. However, things are gradually changing. As with any new technology, it will take sometime before they realize the real advantages of this and see how much more a properly maintained computer system can earn for them.

If we observe closely, we can see that the starters have already entered the field. The Karola Mudalalis are not the only people who use them. Some small and medium scale. bookshops, jewellery shops, restaurants and showrooms in Colombo already maintain fully computerised accounts systems. Ask any of them and they will tell you the difference in efficiency before and after the installation of these systems.

We also hear, though not officially confirmed, that a giant in the consumer products marketing in Sri Lanka, has planned to launch a huge program to introduce a computer network for its local retail dealers. According to this program, dealers even in very remote areas like Kekirawa or Nawalapitiya, will be able to log on to the company database server in Colombo and place their orders. At present they do the same thing using the phone system, but as observed in developed countries, computer ordering can be much more efficient and easier. For instance, a dealer will be able to make his order fit his budget exactly, if he knows the exact and latest prices of all the items and this is possible if he uses the computer system.

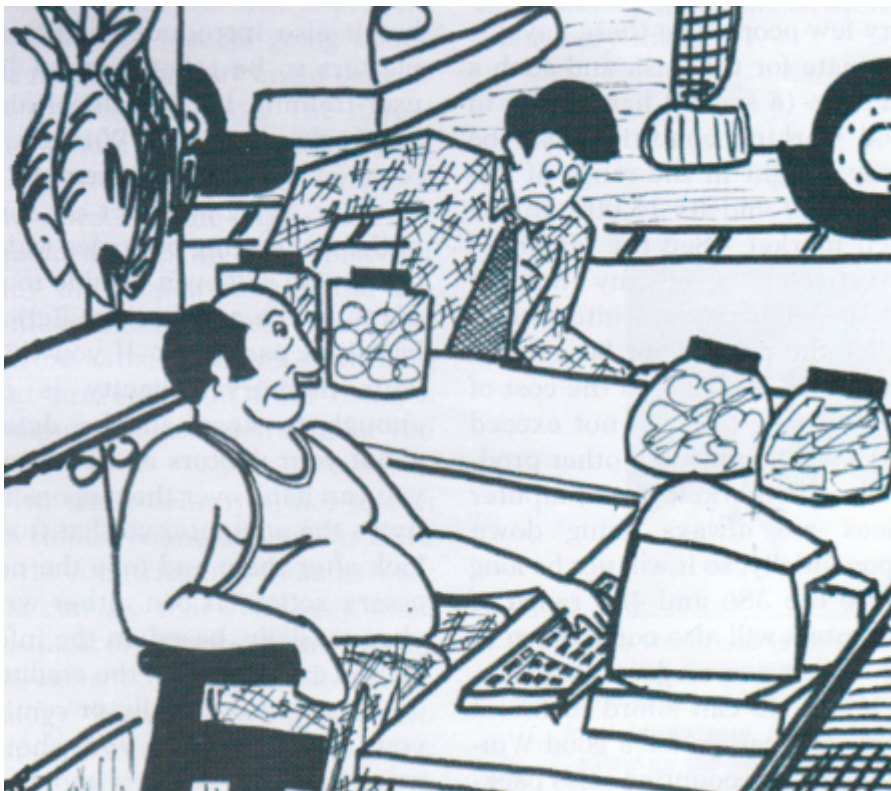
Under normal circumstances a retail dealer may not be able to get the prices of all the items so easily for different reasons. Naturally, in a large organization there are several sales managers who handle different products. With one handling tooth pastes, one washing powders and someone else instant noodles, the dealer may have to talk to several people to get the prices. Further, it is quite possible that even the sales managers some times do not know the exact prices and the availability of a particular product at any given moment.

To illustrate the efficiency of a computer ordering, let us look at this example. Say, a dealer

in Akuressa needs 2000 packets of milkfood immediately and the company does not have a stock as large as that in their main stores at the moment. Instead of making several phone calls, the sales manager can easily look where they have excess stocks, within a few seconds, using the terminal on his desktop. If this too is inconvenient, the dealer at Akuressa himself can log onto the database server and check from where exactly he can get his requirements. So, instead of getting the stock from Colombo which might take more time, he can order from the regional sales centres at Galle, Hambantota and Matara if the stocks are available at those places.

The retail sellers as well as the consumers will certainly welcome such a system, perhaps with one condition. The additional expense they have to bear to have such benefits should be within reasonable limits.

A dealer will be able to make his order fit his budget exactly, if he knows the exact and latest prices of all the items and this is possible if he uses the computer system



One obvious reason for the reluctance from the side of small scale businessmen to go for total computerisation, you may think, has something to do with the huge costs involved. However, this is true only in a few cases. It is relevant to point out that now you do not have

to pay through your nose to own a computer system and some people even present them to their children as birthday presents.

Moreover, a small enterprise, never needs massive Client Server based systems like Oracle, Informix, Gupta or Sybase with their high-end facilities. What they need is a low-end, DOS-based, readymade-tailor-built package developed using a simple database like DBase or Foxbase. A good old 286 personal computer system or even an old XT system (which only very few people use these days) is adequate for this task and such a machine (a second hand one), in good working condition, can be easily bought in the range of Rupees 8000 and Rs 15,000, in the open market. (See the classified advertisements of any Sunday newspaper if you are interested) As for the printer, an 80 column dot matrix is ideal and the cost of a brand new one will not exceed Rs 12,000. Unlike any other product in the market, the computer prices are always going down exponentially, so it will not be long before the 386 and 486 range of computers will also come down to the same price range.



The importance of the proper maintenance of a computer system (especially if it is supposed to work online), should never be underestimated. Just imagine what will happen if the machine gets stuck at the exact moment you want to bill a customer

If anyone can afford to invest more, one can go for a good Windows based accounting sales package like Quicken. This solution may not only be more expensive but it also introduces

additional matters to be taken care of like user-training, but it will certainly justify the extra cost. With a well-planned package (Quicken, ACT!, Daceasy, Sybiz and Fact are some of the accounting packages widely used), one will even be able to get outputs like market predictions based on past sales. If you think your memory capacity is not enough to keep all the details about your debtors and creditors, you can hand over the responsibility to the computer so that it will look after them and take the necessary action. It can either write cheques daily, based on the information gathered from the creditors database automatically or remind you what cheques you should write that day, or every morning.

Unfortunately, there are many obstacles that prevent a person from efficiently automating his venture so efficiently and effortlessly. One of the major problems is the maintenance of the computer system. Contrary to the case of cars and motor cycles, there does not exist a huge market for used computers. In Sri Lanka, as far as I know, there is not a single major vendor who sells second hand computers. Many of them even refuse to repair a machine that was not purchased from them. Further, you just cannot find a good computer repair centre at each and every town in the same way you find a garage or a car service centre. There are places which do repair old machines but their charges are quite high. In addition, it is doubtful whether any of them will bother much to repair or maintain a pre-386 machine these days, because sometimes the cost of a spare part in the local market exceeds even the estimated cost of such a machine. They will simply advise you to go and buy a new machine, instead of trying to repair the old one, because it is not worth the effort.

With this type of support it is difficult to think that anyone will find their work getting easier with the use of high technology.

The importance of the proper maintenance of a computer system (especially if it is supposed to work online), should never be underestimated. Just imagine what will happen if the machine gets stuck at the exact moment you want to bill a customer. No customer is going to wait until a technician, programmer comes, to bring the system into working order. The customer will ask you to fly a kite and cross the road and buy the same items from your competitor, on the opposite side of the road!

However, from the point of view of a computer professional, computerizing a small scale business venture is a real challenge and can be very interesting.

When an analyst designs a system for a large company he/she faces only a few limitations. In most such cases expense is not a major constraint, so he/she can ask for all the hardware resources he needs. The same goes for a software professional. His/ her, only problem might be the time limit before which he/she has to deliver the goods. Training the client's staff

may also pose a problem, but such things will happen rarely. Usually there are at least two or three experienced computer professionals in any major company and they will take a large burden off the analyst programmer's shoulders.

On the other hand, one will not find all these facilities when automating a bakery or a grocery. He/she cannot ask for all the hardware resources under the sun because the budget is limited. So he/she has to stretch the hardware resources to the maximum extent. The software should be designed accordingly. This optimization is something only an expert can achieve. The software system might be less complex and he/she may not need any assistants but the analyst she has to face the problem of training the staff. Some assistants who work at these places may not even speak English, and certainly it will be a Herculean task to train them. Still, it can be done. I am so sure of this because I have seen with my own eyes such people using computers very effectively in many places. One only needs to be intelligent and not necessarily educated to learn to use a computer properly. Once I met a small businessman a retired civil engineer, who keeps three computers (all of them were used 286 machines), in a shed somewhere near Horana and had trained some village girls to do all his accounting using them.

In other countries, not just in developed countries, but in third world countries like India as well, you can see that even very small business organizations are getting the benefits of information technology

One more reason that prevents many from getting their business computerised, is the feeling that computers should never be kept in dusty and open environments. This feeling is justified only in a few cases. The computer systems purchased ten or fifteen years ago might always need to be kept in air conditioned rooms, but their younger brothers are hardier. There is no need for an air conditioned environment at all, and if they are regularly and properly serviced, the computers can be used under almost any condition.

However, there are a few obvious precautions to be taken. If the computers are kept in a store or a house, you should always prevent rodents and insects going inside the machine or they might damage its tiny components. The machines should never get wet and they should not be subjected to shock and vibration. The floppy diskettes should be kept in a dry place or they may catch fungus and become unusable. If these conditions can be satisfied there is nothing that prevents you from using a computer in any environment you wish.

In other countries, not just in developed countries, but in third world countries like India as well, you can see that even very small business organizations are getting the benefits of information technology. There are computer vendors and software firms who exclusively

cater to this market which is widely known as the Small Office Home Office Market or The SOHO market. The 1994 August issue of the foremost computer magazine in India, Computers Today, did a cover story on this and they have analyzed a large number of case studies. Many users had said that they are entirely satisfied with the performance of their systems and only very few had complained. Most of them had found that the IT solutions were far more efficient than the conventional manual systems and some had even found them more economical.

It is a pity that our major software and hardware vendors have not taken any steps to exploit this unique market so far. No doubt it is a big challenge, but there should be someone who is brave enough to bell the cat. When one person starts, it will not be very long before the others follow. I think this is the exact moment for computer firms in the island to take the cellular communications industry as an example, and come down from their ivory towers.



[REDACTED]