

Business Solutions

Growth Strategies For The IT Channel



WARNING: The contents of this article will not sit well with some VARs. It is strongly advised that you do not proceed if you're afraid to stand out from the crowd or if you have a sensitive ego.

Now that we have that disclaimer out of the way, I'd like to introduce you to a VAR that lives by the motto:

"Break every rule to take care of the customer." Before you roll your eyes and think that every VAR/integrator makes such grandiose claims, check out what Big Hairy Dog is doing to live up to that motto.

First things first, however. Why would you name your company 'Big Hairy Dog?' According to Michael (Mick) Malaney, president of BHD, "We were just about to name our company 'Advanced Computing' something or other. A close friend came over to the house and was met by our overexcited 120-pound English sheepdog, who knocked him down and proceeded to lick his face. Following my friend's response, 'Get this !@#%!! big hairy dog off me!' the lightbulb went on, and I told my wife, Sandy [CEO and co-owner of the business], 'We're naming the company Big Hairy Dog.'"

In 1993, BHD was established. And, like its unusual name, the company has employed some unusual business strategies — many of which are helping it reach \$9 million in sales revenue.

Turn Your POS Business Over To Your Employees?

Within a couple of years of being in business, BHD's owners noticed that employee morale was down. Plus, even though the VAR was a small business, it was operating like a much larger company where one person didn't know what the next person was doing. So, Mick and Sandy called a meeting with the sales reps, engineers, technicians, and customer service reps — but without their managers. "During the meeting we asked employees about how our four business managers were performing, and the feedback was overwhelmingly negative," recalls Mick. "So, we fired all of our managers and allowed our employees to manage themselves. We told them, 'You can grow this business or drive it into the ground — the choice is yours.'" BHD even allowed its employees to come up with their own pension plan and bonus structure.

One positive result of BHD's work environment is that employees take responsibility for their actions. "Just the other day, I saw one of our senior techs move his desk next to a newer tech," says Sandy. "The more experienced tech felt that the new guy wasn't engaged enough in the support process, so the more experienced tech took it upon himself to do something about it. Because of our culture, people are self-governing."

BHD also doesn't believe in a traditional 8 a.m. to 5 p.m. workday, nor does the company have voice mail. Need to get in touch with someone at BHD? If you're a customer, there's a good chance

you have your sales rep's and technician's cell phone numbers. If you can't reach them, Mick's and Sandy's cell phone numbers are posted on the company's Web site. "We're only closed for Thanksgiving and Christmas Day because we've built a reputation for providing customer support seven days a week," says Mick. This philosophy has played a key role in helping BHD win customers thousands of miles away — both nationally and internationally. For example, one of BHD's specialty retail customers opened a few stores in Europe. Even though there were a few European POS VARs the customer could have chosen, it preferred to have BHD provide training, installations, and postimplementation support because the customer had been so impressed by BHD's previous performance. "We'll do just about anything to keep a customer's business up and running, including overnighting a free 30-day loaner piece of equipment such as a receipt printer, cash drawer, or bar code scanner. After the 30 days, the customer can decide whether to purchase the loaner or send it back. Customers can even choose to purchase a different scanner from a competitor, and we still won't charge for the loaner once it's returned."

Test New POS Products Before Upgrading Your Line Card

It's very feasible that BHD's service and support strategy could have a negative impact on profits. For example, if the VAR has too many POS loaners that don't turn into sales, that could hurt its business. To help thwart this possibility, BHD continuously evaluates and tests new POS hardware, software, and networking equipment prior to reselling it. "We test some products in our lab up to a year before we resell them," says Sandy. "One of the criteria we look for is how compatible a new product is with the existing products we're selling. If, for instance, a POS hardware system isn't compatible with Retail Pro software, the hardware provider has to demonstrate to us that it's willing to create an API [application program interface], and we need to verify that everything works before we'll proceed with our evaluation."

One interesting result of BHD's testing is that the VAR hasn't found any fully integrated all-in-one POS systems that meet its criteria. "Most of our customers beat their POS hardware to death," says Mick. "BHD needs to replace a touch screen within 24 hours of the customer's call, and it can't happen if the customer has to box up an entire POS workstation just to replace the touch screen."

In addition to testing a new product's compatibility with BHD's current offerings, the VAR tests the responsiveness of a prospective vendor's service. "We look for vendor and distributor partners that have service attitudes similar to ours [see sidebar on this page]," says Sandy. "If we have a question or problem at 8 p.m., we need to talk to a person, not a voice mail system."

One example of a POS vendor that wasn't able to meet BHD's service requirements was NCR. As a result, the VAR doesn't resell NCR products, even though a large percentage of its customers own NCR POS systems. In fact, one of BHD's customers, which has more than 500 stores, has NCR POS equipment at every store. "The reality is that if a customer's POS system fails, the customer's not going to make the distinction whether it's the hardware provider's fault or the software provider's fault," says Sandy. "We accept that no matter what, it's our problem, and that's why we've trained our phone support techs to service NCR equipment. We even employ a full-time technician/engineer who spends 60% to 70% of his day troubleshooting NCR equipment and loading our POS software onto new NCR POS workstations." The way this works is that if a customer orders a new NCR POS terminal/workstation through its NCR VAR, BHD coordinates with the NCR VAR to have the

equipment shipped to BHD's facility for prepping and configuring (i.e. staging). BHD also keeps a few NCR units in stock to overnight to a customer for up to 30 days at no charge until the customer's NCR sales rep can fix and return the original unit. Talk about taking service to a whole new level.

MoreInfo ► For another perspective on all-in-one POS, check out ["Transition To All-In-One POS Systems To Boost Sales"](#).

Offer Above-Standard POS Warranties

Once BHD completes its hardware/software testing and makes the decision to resell a new product, it always offers its customers a better warranty than the vendor offers. "Most vendors back up their products with 90-day warranties, plus any parts and labor costs," says Mick. "We'll resell the same POS product with a minimum one-year warranty, and some products we even back with a two-year warranty at no additional charge to the customer."

Because of BHD's thorough up-front testing, it only has to make good on covering an extended warranty for about 20% of all product returns. "In most cases, our vendor sends us repair parts for free, and we simply need to cover the labor cost of installing the new part," says Sandy. BHD's strategy also enables the VAR to support more than 3,000 customers with only 35 employees. One way it achieves this is by funneling new software updates through its lab prior to releasing them to its customers. With some software programs, such as antivirus (AV), where customers may need to be immediately updated with the latest malware protection, this isn't possible and can be a source of IT support grief. "A few months ago, our AV vendor sent an update that caused major problems with all of our Retail Pro customers," says Mick. "After identifying the problem in our lab, we put the AV vendor in touch with our Retail Pro rep so they could work together to fix the glitch and follow up with hundreds of customers." If BHD went through this process every time one of its other software vendors came out with a new patch or updated software version, it would be out of business. By funneling upgrades through its laboratory, it makes sure problems like the one it experienced with its AV vendor are the exception to the rule.

Don't Make Your POS Services Too 'Sticky'

Most VARs are ramping up their professional and managed services offerings, realizing that services are the more profitable alternative to selling only hardware and software. With that in mind, the conventional mindset is that the longer the service contract you can get a customer into, the more successful you'll be. BHD doesn't buy in to this philosophy. In fact, it takes the opposite approach. "Our goal is to make the customer independent enough that it no longer needs our support," says Mick. Like other bold statements the VAR makes, it backs up its words with actions. "Our training services include free refresher courses as well as free retraining," says Mick. "For instance, if we train one of our customer's managers, and the manager quits, we'll train the next manager for free." BHD also doesn't round up service calls to the nearest hour or even half hour. If a customer calls with a technical support issue that's resolved in only 10 minutes, the customer is only billed for 10 minutes of support.

The reason behind BHD's services philosophy is that it believes the customer loyalty generated by helping a customer become independent is far more valuable than a single long-term services contract. But the VAR doesn't leave referrals to chance, however. Just the opposite; it is very

systematic about calling customers and asking for referrals. In fact, BHD's help desk reps are required to contact about 200 customers within 60 days in order to earn commissions. Additionally, BHD's tech support staff places courtesy calls to customers every 60 days to check on the status of recent implementations. During a call, the technician will ask the customer for a referral. "Our efforts generate 25 to 30 referrals per week, which is way higher than if we spent money on a direct mail marketing campaign," says Mick. "Of the 1,300 referrals we generate in a year, about 100 of those [nearly 7.5%] turn into new customers."

When you first look at BHD's business — a business with an unusual name, no voice mail, no managers, very little structure, and an aversion to the status quo, you might wonder how it's stayed afloat since its inception in 1993. But, after you look further into the VAR's farsighted business strategy of 'break every rule to take care of the customer,' you begin to understand why customers as far away as France, Spain, the UK, and even Korea will sign up with BHD over a VAR that resides in their local community.

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