



## Supplier profile: Evesham

In part three of our *Supplier profile* series, which goes behind the scenes at some of the best-known PC manufacturers, Andrew Charlesworth visits Evesham – the online vendor that relies on good old-fashioned trust and courtesy to woo customers

Evesham.com isn't very dotcom. Sure the company has the right credentials: it sells computers over the internet, has a hi-tech greenfield HQ that wouldn't look out of place in San José and is courted by the likes of Intel, AMD and nVidia. But dotcoms should be flimsy and vacuous like modern art, whereas Evesham feels solid and permanent. We're not saying that its products are old hat, but its values border on the chivalrous.

Evesham has shops. How old-fashioned is that? These are hybrid branches that house showroom, business consultants (aka sales staff) and onsite engineers. Sales from the internet and magazine ads are concentrated in geographical areas where these branches are established, almost as if customers respond to the reassurance of a physical presence rather than trust the ephemera of a website. And of course they do – all business is based on trust and Evesham is the PC manufacturer you'd trust to babysit your children.

"The best advertisement is a happy customer," says managing director Richard Austin. It's an attitude that, if Austin weren't so modest, he'd admit permeates the company from his office down.

### Taken on trust

This is an attitude taken to its logical conclusion. If Evesham has a personality, it is that of the caring control freak: everything is done in-house. All production staff and engineers are on the payroll, which is reasonable, and third-party contractors aren't used. This may be unusual but also understandable given that, to a customer in distress, they are the face of Evesham.

There is even a four-strong in-house studio that designs all the advertisements, brochures and manuals. "The company does best if it has complete control over all the processes," explains Carolyn Worth, external relations manager.

And dotcoms are supposed to be loose with their money – not so with Evesham. Its financial management is decidedly

conservative. A few years ago Evesham bought nothing that couldn't be paid for. Now at least the company uses loans – and it only started accepting credit cards from customers six years ago.

### Infinite variety

Despite the complexity of the finished product, there are relatively few individual operations needed to make a PC. There are, however, millions of permutations – processor speed, memory size, hard disk capacity, graphics options, software configuration – and they change monthly as new products are developed.

Consequently, despite the hi-tech image of the companies that make computers, PC assembly isn't very automated. Humans put the bits together, not robots.

Most PC makers these days build to order not for stock – that is, they only build what their sales staff have taken orders for and promised to deliver. When you think about the speed at which the computer industry changes, this makes perfect sense. PC specifications are superseded every month by new processors, more memory, bigger hard disks, faster graphics and cheaper prices.

The trick for the PC manufacturer, then, is to keep just enough components in stock to build what they think will be the number of orders before the next

delivery from the component supplier. If a PC maker orders too many components for the number of PCs it can sell, it runs the risk of making a severe dent in its profits and going out of business very quickly.

### Keeping one step ahead

Let's say a component – widget 1.0 – costs £125 per unit at the beginning of the month. By the end of the month, widget 1.1 is released at £130 each and version 1.0 has dropped to £99. If you've got a stock of units bought at £125 each, but your rival PC maker is buying them at the lower price and passing on this saving to his customers, you will have to match his end price and swallow the £26 loss of profit. The alternative is to lose sales.

On a £700 PC, the profit for the manufacturer is about eight percent – that is, £56. So overstocking on 1.0 widgets would wipe out nearly half the profit. If the PC maker made that mistake on processors he would be selling at a loss.

The acknowledged master of this balancing act is Dell (profiled in December 01). Dell is so big it can force component suppliers to deliver only as many widgets as it needs exactly when it needs them at the best possible price. Consequently, it doesn't really keep inventory, but just enough widgets to keep the factory going for four hours.

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### Where's my widget?

Companies such as Evesham don't have this luxury. Rather than risk overstocking, which leads to financial ruin faster than you can say 'depleted working capital', smaller PC makers tend to under-order. This is why, when they suddenly get more orders than forecast, your PC takes weeks to build – they've literally run out of components.

This also explains why you often end up with a better specification – for example, more memory on your video card – than you ordered. You've basically got widget 1.1 for the same price as version 1.0.

When an order is placed by a customer, it generates a specification and, from that, a BOM (bill of material). This is a list of all the components required to make the customer's machine. Those components

are then pulled out of stores (assuming they are in stock), placed in a plastic box and put on the production line.

Some manufacturers use line manufacture, where the plastic box of bits get passed down the line and at each station a bit is assembled into the casing. When it is complete, it goes to be tested.

If the PC maker uses cell manufacture, as Evesham does, the box of bits goes to a team who assemble the whole PC and perform the first test between them. Cell manufacturing encourages personal responsibility for quality, says Worth. The cell team can see from the BOM the name and location of the person for whom they are making the PC.

### Bonus scheme

When we visited Evesham's HQ in Worcestershire in August 2001, cell teams were expected to make a set number of PCs a day and were given a bonus if they made more. But to ensure they don't just sling them together, there is a penalty of £56 shared across the cell if an engineer has to be called out to a customer due to a fault caused by assembly.

Most PC makers test their machines three times. First, a basic electrical functionality test ensures all the component parts turn on; second, a software configuration test fires up

the operating system and all the applications and utilities. Third, a burn test or soak test puts the PC through simulated customer use for several hours. Frequently, this test is done overnight when the assembly line is idle. Tests are automated: similar PCs are tested together.

Unusually, Evesham doesn't perform a soak test. "We used to burn-in for 24 hours, but the number of failures was very low – less than one percent," says Worth. "The majority of dead-on-arrivals [PCs that don't work from the moment the customer unpacks them] occur because of misplaced cards. PCs don't transport well."

Evesham is a big local employer. "Round here you can build tractors, make pies, pick sprouts or work for us," says Worth. Being trained up for a job in manufacturing is quite an honour. Graduating to customer support is like being invited to join the gods on Mount Olympus.

## Evesham at a glance

- Founded **1983**
- Turnover **£84m in FY2000**
- Number of employees **500, about 400 at HQ and 100 in local branches. The factory at Evesham ships out 2,000 PCs a week**
- Mix of business **40 percent from business account customers; 30 percent from direct individual sales; 30 percent from Evesham's shops – that is, a mix of small business and consumer**
- Ownership **98 percent owned by managing director Richard Austin; two percent by a sleeping partner**
- Address **Vale Park, Evesham, Worcestershire WR11 1TD**
- Telephone **0870 160 9700**
- Website **www.evesham.com**



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### What's the diagnosis?

Supporting consumers is notoriously expensive. They know less than business users and make greater demands on technical support resources. With increasing numbers of individual consumers buying PCs for more sophisticated purposes, the issue of customer support has become quite a problem for manufacturers the size of Evesham.

Providing technical support is a bit like the problem the government has with pensions: they've promised support because it's humane to do so, but no one really thought through just how many people would require support and how much it would cost. Providing onsite support is especially expensive. But to renege on the promise looks shoddy and would cause uproar, so another solution has to be found.

Evesham's solution is a remote diagnostics system called BigFix. It enables Evesham's technical support people to 'look inside' a customer's PC via the modem, without actually visiting. The tech support agents can examine the machine's log file to find out exactly what went wrong and when.

Tech support personnel are recruited as much for their attitude as for their technical knowledge. "You can train people in the latest products, but not necessarily to take care of customers," says Worth.

On the whole Evesham has a high reputation for customer service. When *PC Advisor* paid a visit in August 2001, it was at an all-time high. While other PC makers were getting stick from their customers for patchy post-sales service,



Evesham was getting nothing but accolades from its customers. The company was rated number one for service by *PC Advisor* readers in the annual Service and Reliability survey, published in our November 2001 issue.

### Too good for its own good

But such success came with a price tag. Moans about long delivery times began to surface on *PC Advisor's ConsumerWatch* forum in September, and continued through October. Worth admitted that Evesham had become a victim of its own success. Orders jumped 75 percent year-on-year and the company struggled to keep up. It's a story *ConsumerWatch* has heard from more than one PC manufacturer in the past.

Evesham is a small but rapidly growing UK PC maker with an unusually good reputation for customer service. Cautious financial management means it is likely to be around for many years to come. Evesham's strategy of setting up local stores gives it a local dealer feel, and its sales and support efforts are geographically concentrated around these shops. The company prides itself on integrity and personal service. Oh, and it makes pretty good PCs, too. ■