

Supplier profile: Time

With a reputation for selling software-laden systems for a song, Time has long been popular with first-time PC buyers. But, as Andrew Charlesworth explains, the company has had to restructure considerably to maintain a place in today's support-based market

Time is a PC company with an appalling reputation for reliability and customer service. The Burnley-based PC maker and retailer has featured on *Watchdog* and frequently gets a drubbing in Consumers Association Which? reports.

This reputation dates from the mid-90s – ancient history in the computer business – but it dogs the company to this day. Time certainly doesn't deserve to be viewed that way still. After more than a year of dealing with economic downturn, extensive restructuring and formulating a new strategic direction, the company has undergone a major cultural move from box-shifting to focusing on repeat business.

Traditionally, Time sold PCs to first-time buyers. Hence its all-singing, all-dancing packages of PC, scanner, printer, digital camera and more software packages than you could run in a month of Sundays. Plus the high-profile TV and national press ads featuring Leonard 'Spock' Nimoy.

You bought Time if you wanted a computer, but didn't really know what you wanted or why – just something 'for the

family'. Time sold you one quickly and cheaply and waved goodbye for three years, hoping it wouldn't hear from you again until you were ready to replace it. So the reputation goes.

But the market for such first-time buyers declined swiftly in 2000, causing Time to shrink from a £250m a year company to the £180m a year it turns over today.

Expansive moods

The year 2000 was not a good year for Time, admits Tariq Mohammed, marketing director and one of Time's two founding brothers. Overconfidence prompted the company to open a 100-strong chain of Time Talk mobile phone shops, in direct competition with Dixons' Link stores, only to close them six months later. In addition, an ill-advised invasion of Holland was repulsed in short order.

Now Time wants to address a different audience: the second-time or more experienced buyer. And not just every three years, when they want to buy a

new PC, but regularly for upgrades, add-ons, peripherals and consumables. Bought a Time PC? How about more memory? A new printer? Ink cartridges for the printer? Perhaps some paper?

To facilitate this, Time is moving from its out-of-town stores that compete with PC World, to high street outlets from which you can order a PC, take it back for upgrade, buy a branded scanner and USB cable and, yes, even buy paper.

And the company won't just wait for customers to walk in the door: it intends to use its million-plus customer list, sending out offers, promotions and vouchers to drive business into the shops.

"If you buy a PC from us today, in four weeks you will get a follow-up call," says Time MD Brian Lynn. "Is everything okay? Does your PC need a health check? Do you want upgrades, peripherals, consumables?' We want customers to stay with us."

Structural re-engineering

The restructuring Time has undergone has seen the founders – largely the Mohammed brothers Tariq and Tahir – voluntarily devolve much of their power to outside managers that they hired to make up for their shortcomings. It takes courage and humility for the founders of any business to do that.

The family still owns 100 percent of the company; Tariq and Tahir retain influential and pivotal roles in Time: Tariq as marketing director, Tahir as chief executive. But they have surrounded themselves with professional managers, such as chief operating officer Brian Lynn, ex-textile business and MFI; purchasing director Michael Flanagan, ex-Philips and consumer electronics; and customer care director David Hotson, ex-Northwest Water.

"You don't have to get a signature from the family to get anything done any more," says Hotson. "And that's a big cultural change here."

Building blocks

Time is based in Burnley, Lancashire, occupying an imposing if aging 1950s manufacturing/office combo. The curry-restaurant carpet in reception runs up a stone and polished wood staircase reminiscent of dusty engineering institutions, to a security door leading to a maze of corridors. Behind those is the manufacturing hall.

PC assembly at Time is no different to any other PC maker. If anything it's simpler than smaller build-to-order suppliers. Time only uses three different types of motherboard. This means quality control is easier, training assemblers and support

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technicians is faster and makes for a more stable platform for the customer, explains Flanagan.

The planning team makes an early start. At 7.00am it begins consigning components from stores to feed the production line for that afternoon and the next morning. As with other PC makers, sales orders generate bills of material that travel with every PC down the production line as it is made up. Components to fit the bill are picked from racks, sent down the line and assembled.

The finished machine then goes through a series of tests for electrical functionality, software functionality and a visual inspection, before it is put in a cardboard crate and on to a lorry.

There's a maximum of three days' inventory of goods inward and never more than half a day's output of PCs – anything up to 400 – waiting in dispatch. This is

build-to-order, remember; Time doesn't hold PCs in stock for its shops. The shops act as showrooms from which you can order. Seven days after ordering, your PC should be delivered.

Alongside the main assembly lines is an area where one-offs are built, such as a school's network or a bespoke games machine where the customer has specified a supercharged graphics card and enough RAM to do four slices of toast.

On call

The biggest changes at Time can be witnessed in the customer service call centre. How do you measure customer service? Try these figures: Time's requested refund rate has dropped from over 1,200 a month in January 01 to 300 in September. The number of contacts required to solve a technical problem has fallen from five (very frustrating for the customer) last year, to a more acceptable 1.3 now.

The number of people staffing the call centre has dropped by half since October 2000, though they are still handling the same number of calls. That's not because they are being squeezed harder: staff turnover has dropped to one or two percent, where you can normally reckon on 15-20 percent in a call centre. The abandon rate – the callers who give up

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because no one is answering the phone – never rose above half a percent while *PC Advisor* was there in mid-October 2001.

New relationships

What has made the difference, says Hotson, is that customer service, which was once regarded as a necessary evil, is now taken seriously at Time. It has to be: without decent customer support Time will never make its avowed transition to attract repeat business. As Tariq puts it: customer satisfaction equals service delivered divided by customer needs and expectations.

Under the previous regime, if a customer phoned Time with a problem that couldn't be solved there and then, the call was passed, in a succession of annoying holding patterns, from department to department in search of someone who could solve it.

This is what US business gurus quaintly term 'failure to own the customer'. No one wants to deal with the problem because problems take time and distract from the main business of making and selling PCs. A customer on the wrong end of this process will experience extreme frustration.



To prevent this at Time, Hotson has appointed customer service champions, essentially troubleshooters who 'take ownership' of customer problems and have access-all-areas priority to achieve a quick fix. Instead of simply referring a repair to the workshop and waiting for it to be done, the customer service champion can stand over the technician until the repair is done.

Furthermore, first-line customer service is being pushed out to the new high street stores. Time is recruiting staff for these stores who are capable of building a PC from scratch and diagnosing customers' problems. So rather than getting frustrated trying to explain a problem on the phone to a voice in the call centre, you can go back to the shop and discuss it with the person that sold you the PC. In the words of the US business guru, 'sales owns the customer relationship'.

Getting what you pay for

In November 2001, Time recruited an additional 24 staff to add to the existing 310 manning its customer service and technical helpdesks in preparation for the peak buying period. The new recruits already had experience of PC helpdesks. Roles were created to support general enquiries, and others to help more experienced customers with their more advanced problems.

Customer support is notoriously expensive for PC makers, and there is such slender profit in selling PC hardware that companies are struggling to find other ways of funding support. For example, last year, Dell 'unbundled' its warranties from

the hardware sale and started charging for warranty support over and above the cost of its PCs.

PC makers, especially the larger ones like Dell, have a tendency to 'outsource' expensive support services (particularly the onsite variety) to a third-party maintenance company which fields an army of technicians who act on behalf of the PC manufacturer but are not on its payroll.

Anecdotes of technicians who are unfamiliar with the product or couldn't care a toss about the customer are frequent with such arrangements. Time's instore and onsite support people will all be on the payroll.

Time is hoping to fund support through sales of high-margin consumables. A ream of paper may not demand such a high price tag as a multimedia PC, but it can carry a 400 percent mark-up and Time can sell them by the shedload.

Ongoing process

Time is changing from a company that sells cheap all-inclusive packages to first-time buyers, to one that supports customers over many years of purchase, upgrade, service and repurchase. It has to do this to survive.

The company has made fundamental internal management and procedural changes to effect this transformation and has put in place a credible retail-based financial strategy to fund it into the future.

Now what remains is to convince the PC-buying and owning public that it is no longer the Ratners of the PC industry. ■

Time at a glance

• **Ownership** Privately owned by founders Tariq and Tahir Mohammed since foundation in 1991

• **Turnover** FY2000 £250m; FY2001 (estimated) £170m–200m. Two-thirds of sales come through retail, 75 percent of which are first-time buyers; 20 percent of sales come through mail order (press ads), mostly second-time and subsequent buyers. Also a strong educational sales division, lately making tamper-proof PCs built into customised desks.

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