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# LA CREME DE LA CREME

## FOR TOP PROFESSIONALS

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**C**OMPUTERISATION can take the path of routine work reduction if it is not given a direction and meaning by the business expert. Unless the Information Technology (IT) head is a good business analyst himself, his computerisation effort would be a shot in the dark without the torchlight of the business expert.

It is very rare to find an IT expert who is also an expert in the business for which he is developing systems. The business head can contribute very positively to the effectiveness of computerisation if he has done what could be called a "Bottleneck Analysis" for his business - an analysis of where the shoe pinches the most.

The business head needs to make himself aware of the market forces, the critical success factors for his business, and the controllable and non-controllable parameters which affect the performance of his company. He should know which parameters when controlled or improved would yield the maximum results with minimum efforts.

The business head not only needs to do such an analysis himself, he also needs to educate his IT head. This will help the IT head in taking some very fundamental decisions which every IT head needs to take. For instance, it will help him decide where to utilise his limited resources in order that they yield maximum benefits. It will help him identify areas to computerise and to set their priorities. Most important of all, it will help him to design systems which can directly contribute to the business instead of using his resources in activities peripheral to the business.

Being in the IT profession, I have often asked several business heads what are the bottlenecks and the critical success factors for their business. I have asked this question to experts in several industries like the automotive tyres unit and sugar mill (where the process is repetitive), heavy engineering unit with jobbing work (where almost each order is a new process), Oil exploration business, Turnkey Construction business, etc. Surprisingly, not all had given a serious thought to the matter.

I will take up one simple case of a computer application in a sugar mill, namely farmers' accounting and their payments, to illustrate how a clear understanding of the

## Bringing computers in

*Unless top management has appraised itself of all possible bottlenecks, computerisation in an organisation is likely to run into trouble, says **PREM KAMBLE***

bottlenecks can give a new direction to computerisation. I will attempt to show how an understanding of the business needs can help the IT head to design even a routine application system to contribute to the company's business and objectives.

The general manager of the sugar mill, who in this case was the head of the Profit Centre, had a great deal of clarity of thought.

According to the general manager, the sugar industry operates in a very controlled environment, where most of the parameters are regulated by the government. The price of sugarcane and of sugar are fixed by the government. Among the few controllable parameters are —

- the quality of sugarcane received,
- the manufacturing efficiency measured by the recovery rate of sugar per tonne of sugarcane crushed.
- the quantity of sugarcane crushed in the sugarcane growing season, and
- the funds flow, as in most other industries.

The first two parameters, namely quality of sugar and the manufacturing efficiency are beyond the scope of the farmers' accounting system and are not discussed. The other two issues, namely, the quantity of sugarcane crushed and the funds flow depended to a large extent on the sugar mill's relations with the farmers, the confidence and goodwill that the sugar mill enjoyed with the farmers fraternity.

The farmers delivered sugarcane in lots by tractor trolleys or carts and collected receipts for the quantity delivered. They were not paid immediately but on production of receipts after a credit period.

Strangely enough, a number of farmers preferred to leave the money with the company even after it was due. They thought that if they collected their payments, they would tend to spend the money instead of saving it. In

other words, they looked at the company as a means to build their savings. But of course, they could leave the money with the company only if:

- they were sure that they would get the money which was due to them,
- they were sure that the records maintained by the company were accurate and dependable,
- they were kept well informed about their balances and transactions and got easy solution to their redressals, and
- they were assured of prompt payment whenever they wanted the money in an emergency.

When the farmer has cordial relations with the company on one hand, and on the other he finds his savings growing, the farmer is attracted to sell more sugarcane to the company instead of diverting his cane to other markets like jaggery (*gur*). So are the other farmers attracted to switch from other crops to sugarcane.

This analysis shows how farmers' goodwill increases cane supply quantity and improves the cash flow. It thus becomes one of the few very critical controllable parameters affecting the company. The computerised farmers' accounting system should then be designed to address this need. The system must help win their confidence, help gain credibility and in general, improve relations with the farmers.

The computerised Farmers' Accounting and Payments system (a system to keep an account of the sugarcane delivered by the individual farmers, the payments made and payments outstanding) can be a routine number crunching application. But with the knowledge of the company's business, it can be given a new meaning and direction — that of "Total Service to the farmer", and designed to contribute directly to the company's business.

The, objective of the cane accounting system, keeping in mind the business requirements were:

To offer better service to the farmer so that

- more farmers are attracted; to deliver cane to the factory
- each farmer is attracted to deliver more cane.
- more farmers are attracted to save more money with the company for a longer period.

In order to make this possible, it was required that the computerised system provided

- correct and timely information on his account
- prompt payment when required by the farmers
- clarifications regarding his account
- secure and convenient facility to the farmer to keep his money.
- a means to build the farmer's confidence in the company.

Once the IT person knows what is critical for his company's business, he knows what information to generate on the computer. He is in a better position to take decisions on the allocation and utilisation of his hardware resources.

With the knowledge of the business, the emphasis shifts from mere manual work reduction and speed of operation to complete and efficient service to the farmer. Just as a small change in strategy can win battles, this small shift in emphasis can make a world of difference to the IT person in designing the system and to the company in deriving the fruits of computerisation.

It becomes the primary responsibility of the Chief Executive to educate his IT head about his business needs if he is to reap the benefits of computerisation. Otherwise the computer may well end up as a super efficient clerk.

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