

REAL WORLD CASE 3

Sew What? Inc.: The Role of Information Technology in Small Business Success

What do Sting, Elton John, and Madonna have in common? Besides being international rock stars, they all use theatrical backdrops designed and manufactured by custom drapery maker Sew What? Inc. Based in Rancho Dominguez, California, Sew What? provides custom theatrical draperies and fabrics for stages, concerts, fashion shows, and special events worldwide and has become an industry leader in rock-and-roll staging.

Founded in 1992 by Australian-born Megan Duckett, Sew What? has grown from a tiny kitchen-and-garage operation to a multimillion-dollar enterprise, thanks to Duckett's never-say-no approach to customer satisfaction. "When I see a problem, I just don't back down. I find a way to overcome it and I use everybody I know to help me," she says.

What made it possible for a one-woman business that started in a kitchen to evolve and grow into a multimillion-dollar company with 35 employees? Megan Duckett attributes her success to hard work, quality workmanship, and especially information technology.

Sew What? has enjoyed explosive growth in recent years, reaching \$4 million per year in sales by the end of 2006. Company president Duckett credits much of her firm's rapid growth to its ability to leverage information technology and the Internet to drive sales. "Before we put up our Web site, sewwhatinc.com, our business was almost all local," says Duckett. "But after launching the Web site three years ago, we now have clients all over the world. In fact, last year our revenue grew 45 percent on the previous year's sales, and this year we are on target to enjoy a 65 percent increase on 2005 sales. And nearly all that growth came from Web-driven sales."

Although the company's Web site may take center stage, managing all the business the site brings in requires a lot of effort behind the scenes. In particular, Duckett relies on a solid IT infrastructure to help keep the company running smoothly. "We are a customer-centric company," notes Duckett. "It's critical that we have excellent back-office information technology to manage the business and deliver outstanding service to our customers."

Sew What? runs most of its business with Intuit's QuickBooks Enterprise Solutions Manufacturing and Wholesale Edition software and Microsoft's Windows Server operating system installed on a Dell PowerEdge 860 server, sporting an Intel Xeon processor and 146 gigabytes of disk storage. According to Duckett, "Running our business requires a lot of storage. In addition to customer information and vital operational and financial QuickBooks files, we need to store thousands of drapery and fabric image files, customer instruction document files, and other types of data." Sew What?'s additional computer support includes an older Dell PowerEdge 500 server dedicated to a few smaller applications and a variety of Dell desktop PC systems for employees.

Sew What? started in 1992 as a part-time endeavor, with Duckett cutting and sewing fabric on her kitchen table. She

went full time in 1997 and incorporated in 1998. The important role technology plays in running a successful small business hit home when she lost a big contract. The potential client said that without a Web site, her company "lacked credibility." "Before losing that contract, I thought, 'I run a sewing business, a cottage craft. I don't need a Web site,'" she says. Duckett admits she was rather cocky, mainly because she had grown her business "quite well" by word of mouth alone. "I quickly learned the error of that thought process. You can't have that attitude and stick around," she acknowledges.

Losing the contract also coincided with a period of low growth between 2001 and 2002. That's when Duckett decided to embrace technology. Using Microsoft Publisher, she designed and built her own Web site. "You figure things out and learn how to do it yourself when budgets are thin," she admits.

Duckett kept working to improve the site and make it better for her customers. A year later, feeling that the site needed refreshing, she signed up for a 10-week course in Dreamweaver and again completely rebuilt the site. Yet another Web site reconstruction helped Sew What? grow into a company with customers around the world and a clientele list that includes international rock stars, Gucci, and *Rolling Stone* magazine.

In 2005, Duckett decided she needed to improve the site's navigation because "I wanted it to be sleek and to provide a really good customer experience. That was beyond my abilities, so we hired a Web marketing consulting company to build a custom navigation system for the site."

She worked with the hired guns on branding, search engine optimization, overall design, and site layout. Duckett still provides all the content, including text and images. There's also a Spanish version of the site, and the professionals tuned up the main site's search features to include spelling variants for different English-speaking countries. For example, you can search for the American spelling of theater or the British and Australian version, theatre.

The site also lets potential customers review all kinds of color swatches and teaches them how to calculate accurate measurements for their projects; the differences between a scrim, a tormentor, and a traveler curtain; the proper care and feeding of a variety of drapery materials; and a lot more.

While perusing the Dell Web site one day, Duckett saw a news article about the Dell/NFIB Small Business Excellence Award. The National Federation of Independent Businesses (NFIB) and Dell Inc. present this annual prize to one small business in recognition of its innovative use of technology to improve its customers' experience. The winner receives \$30,000 worth of Dell products and services, a lifetime membership to the NFIB, and a day at Dell's headquarters with Michael Dell and other senior executives.

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"The description of the kinds of businesses they were looking for perfectly described Sew What?" Duckett realized. "Everything they were looking for, we'd done, so I decided to enter. My husband [and business partner] laughed and reminded me that I never win anything." Writing the essay for the contest caused Duckett to reflect on everything she and her employees had achieved over the years: "We got to sit back and feel really proud of ourselves. Just that process was enough to invigorate everyone in our weekly production meetings."

The contest judges also recognized Megan Duckett's passionate commitment to customer satisfaction and use of information technology for business success, so they awarded Sew What? the Small Business Excellence Award. Winning the award proved to be a very emotional experience. Looking at the caliber and achievements of the nine other finalists, Duckett figured Sew What? would remain just a top-10 finalist: "I could not believe that a big company like Dell—so entrepreneurial and advanced in every way—would look at our little company and recognize it."

Like other small business owners, Duckett puts an enormous amount of physical and emotional energy into her work. "Winning this award is so flattering on a personal level," she says. "This business is ingrained in every cell of my body, and to have someone saying, 'Good job,' well, in small business, nobody ever says that to you."

That may have been true previously, but Sew What?'s technology leadership and business success continue to earn recognition. In March 2007, the company received a Stevie Award for Women in Business for "most innovative company

of the year" among those with up to 100 employees. A few months earlier, Sew What? had received an SMB 20 Award from *PC Magazine*, which honors 20 of the most technologically innovative small- and medium-sized businesses (SMBs) each year. "Small and medium businesses drive today's economy. However, they often don't get the attention and recognition they deserve," said *PC Magazine's* Editor-in-Chief, Jim Louderback. "We want to highlight the hard work, technological leadership, and innovative spirit of thousands of SMB companies throughout the world."

Duckett plans to use her prize winnings to add a bar code system that can track the manufacturing process at the company's warehouse. In the drapery business, fabric is stored on a roll in the warehouse and then moves through different stages: receiving, cutting, sewing, shipping, and so forth. The scanning process will enable Duckett's team to track how long the fabric stays in any given stage. These data will give them a better idea of their costs, which will then help them produce more accurate price lists.

"We don't need to charge an hour and a half for labor if the cutting only takes an hour and 15 minutes," Duckett notes. Currently, the company uses a handwritten system of sign-in and sign-out sheets that, she says, takes too long and introduces too many errors. "The new system will also let us track the progress of individual orders," she promises. "We'll be able to provide better service by keeping the customer updated."

Source: Adapted from Lauren Simonds, "Pay Attention to the Woman Behind the Curtain," *SmallBusinessComputing.com*, July 21, 2006.

CASE STUDY QUESTIONS

1. How do information technologies contribute to the business success of Sew What? Inc.? Give several examples from the case regarding the business value of information technology that demonstrate this conclusion.
2. If you were a management consultant to Sew What? Inc., what would you advise Megan Duckett to do at this point to be even more successful in her business? What role would information technology play in your proposals? Provide several specific recommendations.
3. How could the use of information technology help a small business you know be more successful? Provide several examples to support your answer.

REAL WORLD ACTIVITIES

1. Search the Internet to help you evaluate the business performance of Sew What? Inc. and its competitors at the present time. What conclusions can you draw from your research about Sew What?'s prospects for the future? Report your findings and recommendations for Sew What?'s continued business success to the class.
2. Small businesses have been slower to integrate information technology into their operations than larger companies. Break into small groups with your classmates to discuss the reasons for this state of affairs, identifying several possible IT solutions and their business benefits that could help small businesses become more successful.