

nucleus computer services



summary

As experts in the computer industry for twenty-four years Nucleus Computer Services has experience and skills that make customers return and allow the business to expand. With seven permanent employees Nucleus is a small business with huge potential. The rapid changes in technology keep Nucleus continually learning and adapting to be competitive in the market. Specialising in computer repairs but also in specific networking and industrial products Nucleus differentiates itself from competitors by providing products that no one else has. Nucleus has managed to thrive over so many years by keeping updated in new technology and by continually finding new niches in the market.

Our huge range of parts and equipment include:

- Accessories
- Cables
- Components
- Computers
- Consumables: ribbons, ink and laser cartridges
- Fans
- Interface cards
- Manuals for equipment and software
- Memory cards and specialised modules
- Monitors
- Network cards and hubs
- Parts
- Power supplies
- Printers
- Specialised cards
- Specialised floppy and hard drives
- Software: DOS and Windows applications
- Terminals
- Wireless Networks

Nucleus are also distributors for:

Caprillon: Eprom programmers, Chroma: Memory testers, Grandtec: Multimedia products, Alptech, Decision and Flytech: Industrial Control and Data Acquisition Cards and FBTs.

NUCLEUS COMPUTER SERVICES



The Sales Room



The Workshop



The Office

CRITERIA 1

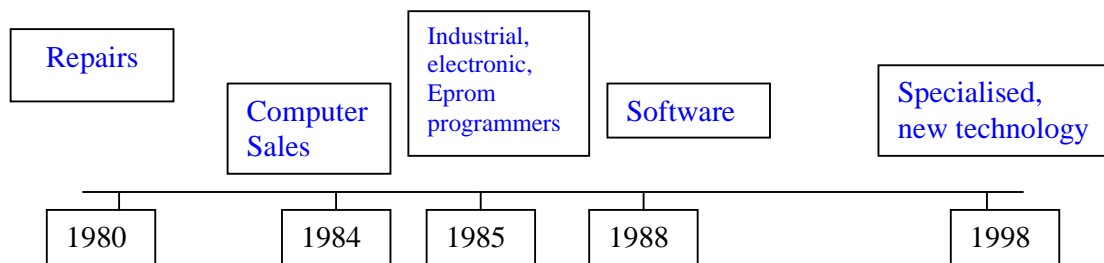
The Business

HISTORY

1.1 "I found people were needing my expertise and unable to find help elsewhere.."

In 1980 when Managing Director of Nucleus Computer Services, Peter Holdenson, placed an advertisement in the Yellow Pages it was the first company listed to offer computer repairs. Mr Holdenson had found a new niche in the computer industry. As an Intel Components and Development Systems Salesman he "found people were needing my expertise and unable to find help elsewhere." With Peter's great skill in repairing equipment and with his microcomputer and electronic educational background he created Nucleus Computer Services.

IBC, a computer company selling Mini-Computers (larger than current PC's) in Mt Waverley requested Nucleus's services. Nucleus kept its trade name whilst residing rent free next door to IBC as their service centre. Whilst servicing IBC's computers Nucleus gradually accumulated its own client base and became established enough to move to larger premises closer to the city. The new location was a prominent site on Dandenong Rd, with a very large workspace and attractive front foyer. There was a large difference between these two premises and Nucleus found that something in between both would be most appropriate. Its current location off Koornang Rd in Carnegie was ideal for both workshop and office space with manageable rent. Although this location is just off Carnegie Shopping Centre it is not in a retail area, however does receive coverage from travellers at Carnegie Station.



Nucleus began by repairing Mini-Computers until 1984 when PC's became available in Australia and they were then able to open this new product line. In 1985 they began selling industrial and electronic equipment and Eprom Programmers. By 1988 computers were widespread and Nucleus took this opportunity to install and maintain software and networking for customers. In 1997 Nucleus realised that the market perceived them as only repairing and maintaining old computers so to change this perception they introduced new technology such as cooling devices and other equipment to customers requiring specialised equipment. This was highly successful, as these products were difficult to acquire.

Since establishment the service of the business has changed from all electronic and mechanic repair to 50% product related. The rapid changes in technology, in particular the Internet, has enabled Nucleus to gain efficiency in contacting customers and advertising products and services.

The Computer Marketplace has changed rapidly since 1980. As hardware has decreased in price customers are now able to buy new rather than require repairs. To compensate this change energy has been devoted to software service. Previous tax laws for buying computers decreased the profit margin for Nucleus. With the new tax system Nucleus is able to more profitably sell PC's. With the fast pace of the computer industry Nucleus is striving for more efficiency to ensure that profit is not eaten by cost. Ideas that are to be brought forward are to train staff to "upsell" at all times and to offer "packages" to customers. Nucleus ensures that staff is continually being trained so that they are competitive in all product lines of the computer market.

The vision of nucleus's future

1.2 "To be known for our ability to provide for any want or need, in a friendly, helpful environment."

technology

Efficiency is a very important factor for Nucleus to run smoothly. A mail server that displays tasks and messages to be relayed to staff effectively has solved many problems in Nucleus's split-level building, where communication between staff can be difficult. In an industry that is constantly changing Nucleus must be always aware and be in possession of new equipment. In particular, equipment for demonstrations, to influence customers to buy new products.

proficiency in customer service

As a small business customers and staff have a very informal relationship that gains respect for both parties. To enhance this respect staff must always remember the attitudes set by larger companies that the "customer is always right." The presentation of the business is a key factor in customer's perceptions. A recent move of furniture to improve the reception was very successful and plans to continually improve the appearance of Nucleus are underway.

future growth

Nucleus plans to obtain wide market share from schools by providing video surveillance systems. Currently with many frequently visiting customers from this segment Nucleus sees this along with government offices, such as libraries and council offices, as high growth areas.

CRITERIA 2

KEY SUCCESS FACTORS

2.1 "Demand for industrial and electronic products to design industrial control systems provided Nucleus with a new area to excel in."

As mentioned in Criteria 1.1 the key success factor for Nucleus was their beginning. Opening in an industry that was just about to take off provided huge growth for the business. Not only did this provide an excellent start for Nucleus, it also produced a strong client base.

When the manufacturing industry grew, Nucleus set about to take advantage of this change and acquired imported industrial and electronic products to design industrial control systems. This was a major success as not only was the demand high but a new market segment was introduced to Nucleus. With ventures such as this, advertising was extremely important to provide awareness of Nucleus's new expertise.

With Nucleus's vast knowledge of all computer products a logical expansion was to also sell cables. When moving to Carnegie Nucleus localised the electronics industry by being situated in close vicinity to the large electronic store Radio Parts. This affiliation has proved to be very successful as both businesses can refer customers to the other. This not only helps the customers but also increases Nucleus's sales and customer database.

2.2 " PROFITABILITY DEPENDS ON CUSTOMER SATISFACTION."

For over twenty years Nucleus has been providing network support to customers large and small with a team of qualified Network Engineers and Technicians from installation and setup to ongoing management. We pride ourselves on our professional attitude and our ability to maintain high availability.

CRITERIA 3

CUSTOMERS

3.1 "Customers discover that Nucleus can repair or provide anything and everything."

Nucleus realises that customer expectations for prompt, accurate and foolproof solutions must be provided for. Their needs are that they require reassurance, knowledge and advice from professionals. Nucleus presents this but the aspect that differentiates the business from competitors is the personal service Nucleus provides. When dealing with customers, particularly in service and repairs Nucleus strives to be on a first name basis and to always remember when they last came in or what their current problem is. Customers understand that the staff at Nucleus are not salesmen who gloss over details but technicians who can fully explain the computer situation.

When initially dealing with a customer Nucleus endeavours to seek out the customer's needs immediately. Their market segmentation greatly determines Nucleus's approach, the range of technologies available to suit every need means customers vary greatly. When dealing with other businesses Nucleus will not take on such a personal tone compared to when dealing with customers at home.

Nucleus is positioned in the market as a business able to cater to every need. Due to this range Nucleus has developed positioning to target each segment. This is done through selectivity in advertising. For example, an email out on digital cameras and presentation may be sent out to all customers in the database who are from schools, whereas another email out on networking may only go to large businesses. Due to Nucleus's location there is a large segment of customers who have low disposable incomes and will only buy cheap products. They receive less advertising directed at them but specials and sales appeal to them.

3.2 "Customers leave Nucleus knowing their equipment is in reliable hands and will be fixed hassle-free."

Advertising through email from our customer database has proved to be cost effective while distributing widely and customers gain awareness of Nucleus's expertise and then visit the business.

Nucleus has conducted a seminar at Melbourne University to attract new customers who are unaware of new and current technology that Nucleus can provide. These have targeted the manufacturing industry and the public sector.

3.3 "We try as hard as possible to uphold customer satisfaction while persevering to have excellent business morals."

Nucleus sets very high standards in upholding customer satisfaction. Along with giving customers the utmost respect a 24-hour turnaround on service is provided.

When customers require service Nucleus enters their details into a multi-user system. This system is excellent for measuring customer's visits. Nucleus must depend on their suppliers to provide promptly and accurately. Gaps have arisen between planned and actual performance levels when suppliers have let Nucleus down. This has improved as Nucleus has found the most accurate suppliers and couriers and follows up particularly important orders to ensure the customer gets the best service available. This has had many benefits that counteract the higher prices. The turnaround time is quicker making it better for the paperwork to be processed and staff don't have quiet times when they are waiting on parts.

CRITERIA 4

PERSONNEL

4.1 "Nucleus requires staff that will fit into our culture. We need team players, not 'heroes.'"

When hiring new staff Nucleus must take into account their experience in new emerging technology and market requirements. Although Nucleus prefers taking on staff with a degree in electronics or Information Technology, the individual's life experience and skills are also of utmost importance. Applicants with sales and technical ability will be favoured.

Nucleus respects the opinions of staff in all matters of the business, particularly thoughts on how to improve the work environment. Within a small business being sympathetic to staff's personal commitments is essential to maintain harmony in the workplace.

There is a low turnaround of permanent employees; the length of stay is generally at a minimum of two years and up to eight years. Nucleus values the benefits that work experience students gain from being in the workplace. It also helps the permanent staff to learn patience and communication skills that can then be implemented to customers. Often students are very competent and are asked back to do holiday or weekend work. They are always encouraged to continue their study in computers and to return for more work place experience when they are doing higher education.

4.2 "Encouraging employees to attend seminars provides huge benefits in training and socialising."

As mentioned above the work experience students learn a great deal from the leaders in the business. Nucleus always encourages the benefits of extra study but also that of on-hands experience. Training seminars ensure staff are always learning and are networking with other businesses, achieving confidence and leadership skills. Industry magazines are an excellent way to keep updated with new technologies and marketing strategies Nucleus can implement. With subscriptions for PC Update, What's New in Electronics, PC World and many others, staff can always access any information they require.

4.3 "Recruiting customers is a skill that staff strive to achieve as they realise that Nucleus will reward them for their effort."

The manager daily produces a "To Do" list to be passed around to staff, so that their tasks are clearly known. When these jobs have been completed or organised, staff generally have ongoing jobs that they can proceed to do.

Financial bonuses are given to employees if they do a large service job or for high profit margin product sales. Permanent staff are given mobile phones and Etags. Regular meetings are held in which staff are able to voice their concerns in a very open environment.

This award was researched by the creation of surveys, which were filled out by staff in order to receive a rounded view of the business.

CRITERIA 5 PLANNING

5.1 "Empower staff to look at their own direction within the business."

In a small business personal and business values are often intertwined as both are related to each other. Personally, time is a commodity that must be taken more in to account. With more efficient use of time in the business there will be more time to spend personally. With efficiency in the business more time can be devoted to marketing and planning. This will hopefully lead to more profits.

In taking steps to determine business direction, staff must clearly understand the business's goals and aims. This could be a profit margin goal or providing examples of what is appropriate behaviour to other employees.

Capital purchases must provide essential value to the business in gaining efficiency and in producing profits. Accessibility to all the staff is also important, whether they must learn how to use the machine or they already know, every staff member must be able to benefit and learn from the investment.

5.2 "Staff are encouraged to provide input to the Managing Director for business improvement."

In a small business each staff member has a key role that they must fulfil. The Marketing and Administration Manager, through advertising and continual efforts to improve the business's presentation has been vital in making improvements to Nucleus's image. As Managing Director Peter must oversee all the work that goes on at Nucleus. He must approve final implementation of official plans.

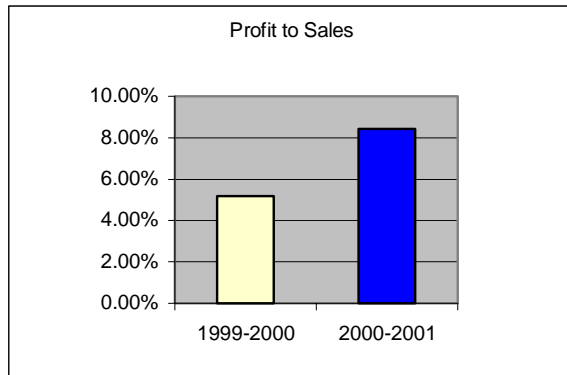
As mentioned earlier improvement is promoted through meetings where all the staff meets to discuss plans. In addition, meetings between the Manager and Peter occur to make final decisions.

Day-to-day planning is linked with strategic planning in many ways. The cashflow at Nucleus is closely monitored to study patterns of growth and the ability to buy more inventory or capital purchases.

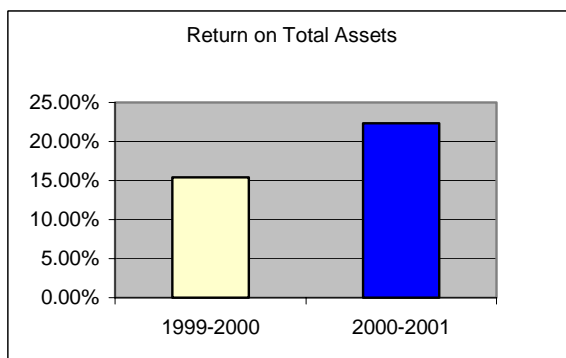
5.3 "Growth is measured regularly to measure performance against plan."

Increases (or decreases) in sales and productivity are measured to ensure business strategies implemented are working. If they have not created positive growth they must be altered or removed. Monthly financial reports are shared with all staff to compare results to previous months and to govern what strategies are working. The marketing is strongly focussed on methodology where monitoring is available. Lessons are continually being taught about reaching out to customers and what works.

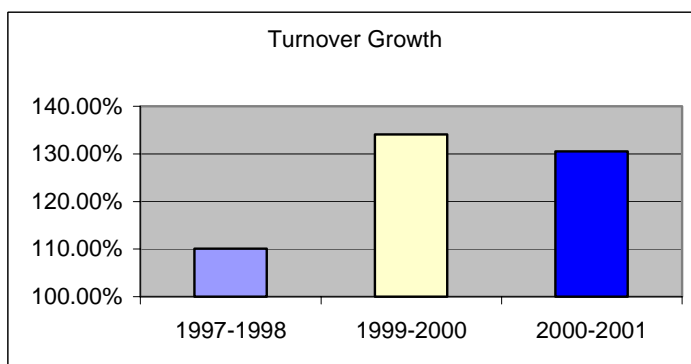
CRITERIA 6 FINANCIALS



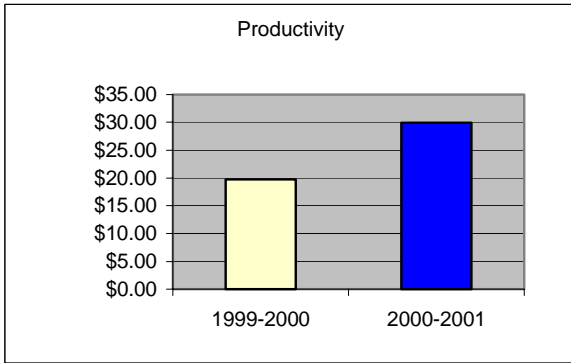
Profit to Sales is thus far performing significantly better than 2001-2002. This reflects higher efficiency gains which results in lower costs and thus a higher profit. The 2001-2002 period also reflects higher sales growth



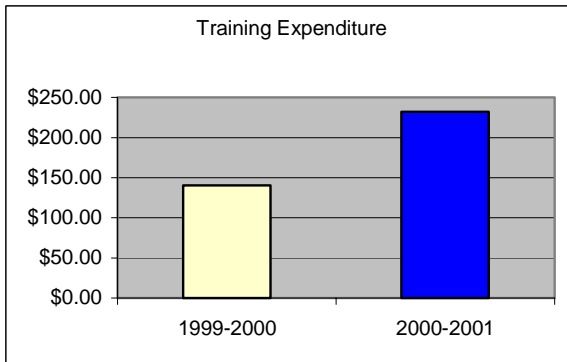
Return on total assets has improved by liquidating unused assets, which were taking up valuable resources and time to manage. Total assets decreased during 2002-2003 and profit increased.



Turnover Growth signifies Nucleus' expansion into profit maximising industries such as cables since 1998. There was a lag effect during this expansion, which resulted in strong growth in the 2002-2003 period when our brand and product range became stronger in the market.



Productivity is strongly related to training expenditure and the emphasis placed upon efficiency through technology use.



Training Expenditure has been a necessary component to instil higher efficiency gains and productivity within staff. The increased training expenditure has contributed to higher productivity.

CRITERIA 7

INFORMATION TECHNOLOGY

7.1 "The internet has provided Nucleus with a marketing strategy that ensures efficiency and productivity."

Nucleus uses no manual systems any more, everything is entered into databases or into the accounting program. Using the bank software Nucleus is able to efficiently pay bills, receive payments and pay wages through the modem in a matter of minutes. Through a network all of the computers in the business are connected and able to use the internet.

Nucleus is increasing sales through the Internet. Customers can enter the site from Nucleus's home page www.nucleuscomputer.com.au and make purchases. Another advantage that Nucleus has experienced is that customers visit the web site and then order products by email. Through scanning equipment and digital photos the site also displays the products. Customers also can be referred to the internet as an efficient way to find specific information 24 hours a day 7 days a week.

7.2 "technological change has resulted in all of the staff learning invaluable new skills."

As mentioned above training seminars have been excellent sources of information in new technology. Within Nucleus the onsite technicians allow all staff to seek help and be trained in new technology. This produces a workplace with more shared knowledge and support. Roles have had to change to allow adaptation to new technology. Administration must now integrate accounting and reception knowledge with marketing and information technology. Although the changes are occurring rapidly they are all for the benefit of the business. Dealing with computers staff must always be up to date with new technology for customers. Staff have had little or no resistance to change, if anything are always eager to purchase and learn about new systems. When hiring staff, however it is imperative that they have this attitude to technology.