

A VISIT TO BRUN PASSOT IN FRANCE

Even a relatively small company can use information technology to gain a competitive advantage. Brun Passot is a French company that took advantage of the great advances in technology during the 1980s and 1990s.

Brun Passot started as a family firm in 1949. By the early 1990s with 160 employees it offered 12,000 products to 6000 customers, delivering to up to 15,000 locations. From 1970 to 1992 its sales rose from 5 million to 254 million French Francs (FF). In 1980 Brun Passot decided that it could distinguish itself from competitors by offering customers the opportunity to purchase items electronically. By 1983 the company developed Bureautel, a system that ran on Minitel, the French national videotext network and allowed customers to place orders electronically. Brun Passot's own employees could also inquire against its inventory and obtain sales and cash flow information from the system. In 1989 the company enhanced this system by issuing a credit card with a predefined maximum purchase limit per customer department. As the customer placed orders, their value was subtracted from the credit card. The card was not actually used for payment, but as a way to let customer personnel order supplies without generating a purchase order or getting management approval. The system made it easier to order from Brun Passot. The card also helped customers maintain control over their department budgets for office supplies. By 1985 large customers encouraged Brun Passot to develop a personal computer (PC) based system for them. This system was cheaper for customers than Minitel; they could centralize ordering even though requests were generated from multiple locations. As the capacity of the French telephone system grew, this system was expanded to provide colour photos of each of Brun Passot's 12,000 products.

In 1989 Brun Passot developed the capability of electronically sending product files, delivery status reports, purchase quotes, shipping notices, invoices, payments, and e-mail messages to clients. (Unfortunately, the company had to print paper invoices, too, since at the time the French justice system did not recognize electronic invoices.)

Brun Passot estimated its investment in these applications at FF550000 with ongoing operating costs of about FF100000 covered by fees paid by users. By 1992, 40 percent of Brun Passot's orders were electronic. By the end of the 90s, the company's number of non-Minitel electronic orders doubled. The introduction of these systems simplified procedures and freed 25 people to do more selling and visit customers. Since it is easier to predict customer demand, stock rose 9 to 16 times per year while inventory management costs dropped 7 percent (Jelassi and Figon, 1994).

Brun Passot presents a successful application of technology. It shows that a company does not have to be in the "Fortune 500" to take advantage of IT. The company realized as it faced increasing competition, technology might help it differentiate its services from others in this crowded industry. It successfully managed the development of multiple applications of technology. Management had to do more than just create systems. It changed the way the firm operated to take advantage of the capabilities provided by electronic links to customers. Brun Passot recognized that a computer is more than a computational device; modern information technology provides novel opportunities for communications. As technology contributed more and more to the firm, management began to see electronic commerce as a part of Brun Passot's strategy: Information technology and strategy became intertwined.