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Cerco Training Ltd

Customer Service Training—A New Initiative

There is an acknowledged shortage of personnel with the right skills in the computer industry and this shortage will become more acute as the number of young people entering the job market continues to fall. One U.K. company, Cerco Training Ltd, has taken steps to fill the shortfall of skilled personnel in one specialised area: maintenance. The aim of the company is to retrain people of all ages, from all walks of life, in computer maintenance and to equip them with the necessary skills to enable them to take employment as field service engineers. Cerco markets its training programmes directly to potential trainees in advertisements in national newspapers, and to TPMs and dealers needing personnel.

Background

Cerco Ltd was formed in 1988 and began trading in April 1989 as a recruitment consultancy. Cerco Training was formed in September 1989 to provide training for people wishing to pursue a career in maintenance, providing that they have an aptitude for such work. Cerco

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Ltd and Cerco Training now operate separately. Cerco Ltd is run by Alan Fair and Cerco Training is managed by its founding directors John Forster and Roger Parr. Both have extensive experience in the maintenance industry—John as an operations manager and Roger as a training manager. Cerco Training also employs a personnel manager, three professional instructors and a secretary. Cerco Training's mission is to encourage industry to spend more on training. John sums up the current climate by saying that there is "too much poaching and not enough coaching."

The concept for the company goes back to the 1960s and 70s when Control Data Institute ran courses that were perceived as producing motivated engineers. At first it received partial government funding, then became entirely funded by government and its priorities changed. The directors of Cerco Training believe that the ability of a maintenance organisation to expand depends on its success in recruiting and retaining good people. They believe strongly that training should begin right at the bottom of the career ladder, and should be continuous, thereby offering a definite career progression and continuity of staff for the employer. Cerco's directors' previous experience had taught them that if companies train their staff from the beginning and continue training throughout an employee's career, the result is quite simply a drop in staff turnover, sometimes to less than 10% a year.

The Benefits of Training

The directors believe that training saves organisations money in the long term. Many maintenance organisations are often not structured to provide training at the right level. Their strategy is to convince industry that training is an investment, not a cost. They feel that they have a considerable amount of re-education to do within the industry, as the training budget is often the first economy in any cost cutting exercise. The directors see enormous benefits for companies that invest in training. They believe that around 40% of costs in customer services are associated with manpower. If a company trains its staff, it will see improvements in the quality and productivity of its staff. This leads to greater job satisfaction and reduced staff turnover, which in turn leads to a better quality of service to the client, better relationships because the staff turnover has been reduced, and a better understanding of clients' systems and needs.

The Seven-Week Course

Cerco Training gives people the opportunity to re-skill. However, the directors only accept people on the courses who show an aptitude. Potential students, who usually hear of Cerco through its advertisements in national newspapers, are invited to attend a series of tests which takes place on a Saturday, either at the Cerco training centre in Nantwich or at Imperial College, London. The tests, developed by the National Institute of Industrial Psychology, are designed to pick out only those candidates who will be successful on the course. There are three tests—one to test intelligence, one to test mechanical aptitude and then a practical test—and an interview to assess the candidates' motivation and to see how they present themselves. The directors of Cerco are convinced of the necessity to screen their candidates first, even though its means turning away over 75% of the applicants. Their aim is to produce only good, highly motivated engineers who can make an immediate contribution to a maintenance organisation.

Once accepted, the students are given a very intensive 7-week course covering all aspects of maintaining PC-based systems, and are instructed in the generic

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principles of computer maintenance, thus providing a sound foundation for further product training. Customer relations is an important element of the course. Although only one day is specifically devoted to the subject, it is emphasised during the other modules. The directors of Cerco see that the role of the engineer is changing. Companies are no longer looking for electronics geniuses, but for an ability to relate well to other people and an interest in problem solving. The concept of quality service is also stressed early on.

The lecturers use a mix of conventional teaching techniques. Roger Parr believes that the most important thing about teaching methods is to use a variety of them. These include video, overhead projector, 35mm slides and white boards. The lecture rooms are also equipped with monitors through which computer graphics and the contents of the lecturer's screen can be shown. Exhibit A lists the complete training process and Exhibit B details the course content. The course is designed for a maximum of 16 students and provides a mixture of theory and lectures and hands-on practical sessions. Students are both continually assessed and given a series of tests. They are also set assignments in the evenings. At the end of the course, if successful, they are given a certificate and are fully equipped to take a job as a service engineer. The directors believe it is realistic for successful trainees to reach a position such as a senior mini systems engineer within two to three years.

Exhibit A

Computer Engineering Training Scheme

Stage 1	Applicants are assessed for aptitude and motivation
Stage 2	Successful candidates are offered a place
Stage 3	Students follow an intensive, practically based 7-week course
Stage 4	Course graduates receive a certificate in computer technology and maintenance
Stage 5	Cerco provides a free career advisory and placement service

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Exhibit B

Computer Engineering Training Scheme

Seven-week course content

- Basic electronics
- Fault finding
- PC maintenance
- VDU maintenance
- Computer architecture
- Introduction to networks
- Introduction to communications
- Quality and stock handling
- Customer care
- Health and safety
- Printer maintenance
- Disk drive maintenance

Financial Benefits

The financing arrangements are interesting. Cerco aims to obtain sponsorships for as many of its students as possible, which guarantee them employment at the end of the course, if successful. Students are currently sponsored by organisations such as TIS and Sorbus. The directors believe that sponsorship is a very cost-effective method of recruiting. The recruiting company does not have to spend money on advertising or agencies, or spend valuable time on the initial sifting of candidates. The fact that the students have been accepted on the course indicates a potential to be more than capable of doing the job and to be highly motivated. Sponsorship costs are around £85.00 per day for the seven-week period. During the course, the company does not have to pay a salary, National Insurance, pension or pay for a company car or for accommodation in hotels, all of

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which are typical costs borne by companies training their own staff. The sponsorship arrangements vary between companies—some operate repayment clauses if the employee leaves the company within a specified time. Students who do not receive sponsorship sometimes finance their own training or obtain loans.

Cerco aims to attract students from as wide an area as possible and hopes to increase the number of sponsored students. Its first course began in February and a second began in March. Each course has 7 students, ranging in age from 18-42, from previous jobs as diverse as a diving instructor, a market stall owner and a coal miner. One disappointment at Cerco Training is the lack of applications from women. There are no women on either of the courses running at the moment (April 1990), and it has only had applications from two (out of around 1,000 in total).

Views from Students and Sponsors

The students are all enthusiastic about the opportunity that the course is opening up for them. They all feel confident that they have sufficient knowledge to be employed as service engineers. All agree that the course is very hard work, but well worth the effort. One student said that the fact that he had taken an aptitude test gave him a tremendous amount of confidence and meant that he went on the course with a very positive attitude. One student praised the quality of the course content, saying that it was obvious that the company had years of industry experience.

David Bradshaw is Managing Director of TIS Computer Maintenance Ltd and is sponsoring seven students. He thinks that Cerco's training concept is completely appropriate for the industry. He says that currently, there is no good route for people to enter the maintenance business and no formal qualification exists for maintenance engineers; Cerco is taking steps in the right direction to correct this. He agrees with the benefits of putting money into sponsorship rather than recruitment. Bradshaw thought that the screening procedure was carried out well, and his Operations Manager was impressed with all the candidates he interviewed. This was very important to Bradshaw, as he has spent a lot of time in the past interviewing. He acknowledges that there is an element of chance. The first recruits are only now finishing the course, so there is no established track record. (Cerco, however, undertakes to replace any unsatisfactory employees joining an organisation from the course). However, the feedback from the course has been very positive. An important advantage for TIS is the fact that the trainees will be entry-level people with realistic salary expectations, giving TIS scope to work with them and promote them through the organisation. In addition, they will not have developed any bad habits from previous companies. David Bradshaw is confident that this is the correct way forward.

Sally Mayo, Personnel Manager from Sorbus, echoes Bradshaw's comments. Sorbus is sponsoring some students, which involves paying for the students' course fees and guaranteeing them a job at the end of the course, and is recruiting other students directly from the course. Mayo has been very impressed with Cerco's approach. She, too, appreciates the fact that Sorbus' time is not wasted in interviewing unsuitable candidates. All the candidates interviewed were of a very high calibre and she has confidence in the thoroughness of the screening procedure. A graduate from the first course joined Sorbus recently and has adapted very quickly to the working environment. Mayo believes that the courses address an area where there is a considerable skills shortage. She has been very impressed with Cerco's directors, saying that the fact that they come from

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within the industry means that they have a very good understanding of the industry's needs and concerns. She is also appreciative of the fact that Cerco has had the vision to take into account changing skill needs: there is a great emphasis on customer relations in the course content. Customer contact will increase in the future and technical skills are assuming slightly less importance as equipment becomes more reliable.

Future Directions

Cerco's directors do not believe that they have any direct competitors. There are, of course, many training companies, but none are considered to produce such high-calibre maintenance engineers. Cerco plans to expand its operations. By the end of the third year, they expect revenue in excess of $1.5 million. As they have not finished their first trading year, there are no revenue figures available yet, but the company is currently operating ahead of budget. In theory, Cerco will accept students from anywhere, although in practice—because all students must attend the aptitude tests—their catchment area is mainly in the U.K. In the future, Cerco will consider taking on qualified agents to administer the tests elsewhere in Europe, or wherever there is demand.

The directors see that training will do much to fill the skills shortage and they aim for industry recognition as a supplier of high-calibre, motivated engineers. They foresee a much greater demand for UNIX training in the future and hope to reach more people in this fast-growing area.

In addition to its service engineer training scheme, Cerco Training also offers commercial training, aimed at people already in maintenance organisations. At present, this represents only about 20% of its revenues. The commercial training covers all the aspects of the service engineer training scheme as well as more product-specific training and management training.

The product or functional courses typically last for a week or less, and are either based on a specific manufacturers' products, or can be elements of the seven-week course. The directors view management training as an important element of their services and are convinced of the need for good management skills in the computer services industry. Cerco will also undertake customer-specific training, where a package is customised to fit the client's requirements. ■

Exhibit C

Cerco Training Ltd—Activities

- Computer engineering scheme
- Product training
- Management training
- Customer-specific training

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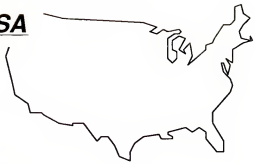
News from the USA

Decision Data Service Inc.



Decision Data, Inc. is a result of the late-1988 merger of Decision Industries and Momentum Technologies. The new Decision Data organization, strengthened by the operational and financial synergy of the merger, has become a more aggressive player in the third-party arena in the past year, and will most likely continue in its acquisition strategy in the 1990s. Decision Data Service, with 1988 TPM revenues of $125.0 million, has assembled a field service force to rival top third-party competitors. Continued growth will place it among TPM leaders in 1990.

Early in 1989, Decision Data Service strengthened its third-party operations with the acquisition of FDR Field Service from American Express Travel Related Services Company. FDR had been a long-standing TPM player since its entry into the TPM arena in 1984 with the acquisition of its Indeserv unit, and later with the NJ-based Kalbro third-party company. FDR's service organization had grown into an estimated $25 million business over its five years in the third-party market. The acquisition will also bring Decision Data Service considerable business in the point-of-sale (POS) terminal maintenance arena.

Decision Data Service—The Company

Decision Data Service has 1,300 service employees at 125 offices across the U.S. The firm's field engineering staff has grown to 700, and third-party activities contributed $125 million in revenues in 1988.

Decision Data's business has traditionally included a number of industries, as well as the federal and state/local government markets. Heavy presence in the midrange IBM arena has allowed the company to foster relationships across industry lines. The acquisition of FDR's service business will extend this presence in the DEC marketplace. The importance of the distribution sector in Decision Data's business plan will be increased with the POS business acquired through the FDR merger.

Decision Data Service targets the IBM System/36, /38, and AS/400 service markets, and

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complements its support offerings with the sale of peripherals (terminals and printers), add-on memory, and power supplies through its sister corporation, Decision Data Computer Corporation. Other brands supported are listed in Exhibit D, with the products maintained listed in Exhibit E.

Decision Data Services provides a wide range of services, including hardware maintenance, training, consulting, installation/relocation, conversion/upgrade, refurbishment, and fourth-party maintenance.

Exhibit D

Brands Supported

- IBM
- Wang
- Texas Instruments
- Qantel
- Mohawk Data Sciences (MDS)
- Decision Data Computer Corp. (DDCC)

Future Plans

Decision Data Service has remained focused on the midrange marketplace, and its calculated acquisition strategy has successfully provided penetration into this target market. With competitors such as IBM, Wang and DEC, Decision Data Service has concentrated on fortifying its field force and expanding geographic coverage over the past few years in order to hold its ground in the highly competitive minicomputer arena.

The company's presence in the DEC marketplace has been

Exhibit E

Products Maintained

- Minicomputers
- Superminis
- Microcomputers
- Peripherals
- Telecommunication modems and multiplexors

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strengthened by the recent acquisition of FDR and its customer base. Decision Data has also been able to capitalize on Wang's deteriorating financial condition, winning considerable business in the Wang VS systems marketplace in 1989.

Despite a number of new extended-service announcements made by IBM in 1989, Decision Data Service has not felt the competitive pressure as severely as in previous years in the IBM arena. The company's management has an optimistic outlook on the IBM marketplace, feeling that the market may have seen the end of heavy price competition induced by IBM discounting. The next wave of competition is expected to come from the trend toward unbundling of services, and the importance such flexibility has for users.

Certain third-party firms who have catered to this flexibility have consistently given the competition a run for the money. Other TPMs, including a number of major players in Decision Data's marketplace, have been slower to react to this trend in market demand, and have suffered at the bottom line for it. Decision Data is attempting to take heed of this, and to leverage its newly strengthened service resources to meet user requirements.

Decision Data Services foresees the network support trend as one of the new market and strategy challenges for the 1990s. Decision Data recognizes the requirement (and opportunity) to support these networks facing the TPM market as networks become the important issue of the 90s. Decision Data Services is planning to enter the network support arena in the coming year, expanding service offerings to include a full range of hardware and software support involved in PC/network services.

Overall, Decision Data Services has perceived a new atmosphere evolving in the third-party marketplace, as market consolidation becomes more intense. More specific than individual acquisitions made over the past year, the company sees the third-party market changing, and the TPM arena beginning to rival the overall information systems marketplace in terms of instability. Decision Data Services has been a significant participant in this change of face, and will undoubtedly continue in its acquisition strategy in the 1990s. ■

PC/Workstation Service and Support Requirements Examined

INPUT's new report, *Personal Computer/Workstation User Requirements*, examines users' requirements for service and support. This report, available during the first quarter, analyses current service and support requirements, users' experience with and contacts by third-party maintenance providers, and service opportunities.

User groups representing Altos, Apollo, Apple, Compaq, IBM, Sun, and Tandy PC/workstations are examined first as a whole and then individually to facilitate comparisons. Areas covered include: factors important in choosing a service vendor; service contract coverage; and user requirements for and satisfaction with system availability, response time, repair time, hardware maintenance, software support, and ancillary services. Each analysis concludes with a summary of strengths and weaknesses as reported by the users.

This report can be ordered from any INPUT office. ■

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Questions from the USA

The following are questions that some of our U.S. clients have asked us:

Question:

Is there a "Bluebook" available for used computer equipment similar to that for used automobiles?

Answer:

The only "Bluebook" that INPUT found in production is published by Computer Merchants in New York City for used IBM equipment. The price guide is published quarterly and a subscription is available for $48.00 per year.

Question:

What services are available for the Unisys On-Line Transaction Processing (OLTP) equipment that have many of the features of the fault-tolerant machines and are not covered by the Surety program?

Answer:

The Unisys OLTP machines are yet to be released and therefore are not covered by Surety. Unisys anticipates releasing these machines by the end of the year.

Question:

Has any maintenance pricing been released on the new Hewlett-Packard Laserjet III for beyond the warranty?

Answer:

Maintenance on the new Laserjet III will be the typical support offering under the Success Line Program printer/peripheral support. ■

Hitachi Data Systems Profile

Correction: There was an error in Hitachi's revenue figures on the graph on page two of last month's Service Update. The revenue figures are in billions of dollars, not millions. INPUT apologises to Hitachi Data Systems for this error and for any misunderstanding this has caused. ■

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Snippets

- Comparex Informationssysteme GmbH saw its net profits decline by 33% in 1989, giving a net margin of 3%. Comparex, based in Mannheim, Germany, is owned by BASF and Siemens. Last year it was involved in an unsuccessful bid to merge its business with NAS' (now HDS) European operations. Around 16% of Comparex' 1989 revenues of $1,806 million were derived from maintenance and service.

- TRW, owner of one of the longest established independent maintenance businesses in the U.S., has decided that it wants to sell off the business. Potential bidders include Bell Atlantic and NCR Corp.

- Datasolve U.K. has won a $12 million systems operations contract with the Cambridge County Council.

- A new cabling company has been launched: Case Cabling, a subsidiary of Case Communications Ltd. It will specialise in an unshielded twisted-pair system, CTSE (Communications Transport System, Europe, a European version of AT&T's premises distribution system). Case Cabling anticipates that most of its clients will be companies that are moving premises or undergoing major refurbishment, and some property developers. Installation in the U.K. will be carried out by Case Cabling and distributors that have obtained a franchise. On the Continent, it will be installed by the franchise holders.

- MBS plc has acquired VISIsytems Ltd. of Sutton, Surrey, a professional services company specialising in installing computer systems for franchised motor dealerships and petrol forecourts. MBS plc is now an independent maintenance company, following the management buyout of its sales and distribution organisation.

- Sherwood Computer Management, based in Gloucester, U.K., is expanding its disaster recovery services. It supports Digital, IBM, and UNIX on Pyramid and Sequent, and offers cold and hot restart. It has recently set up a new standby centre in Leeds. Sherwood also offers a range of consultancy services aimed at reducing the risk of disasters.

- Kode International plc, based in Swindon, U.K., is concentrating its efforts on computer maintenance, having just sold the computer and peripherals distribution arm to Comart. The new company will trade as Comart Systems Ltd. Kode will continue its business in printed circuit boards under Kam Circuits.

- British Olivetti's customer support group has won a third-party service contract for the installation and maintenance of point-of-sale terminals for the Midland Bank.

- Bell Atlantic Enterprise's Electronic Service Specialists Ltd. announced that it was adding selected Sun, AT&T and Fujitsu equipment to diversify repair offerings from the traditional DEC offering. Depot repair services will be provided for the Sun 350 and 360 desktop workstations, the AT&T 3b20 Model II, and the Fujitsu Eagle M2351A and Super Eagle M2361A hard disk drives. This decision supports the effort to better serve ESS customers who have equipment installed from a variety of manufacturers.

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INPUT provides planning information, analysis, and recommendations to managers and executives in the information processing industries. Through market research, technology forecasting, and competitive analysis, INPUT supports client management in making informed decisions.

Continuous-information advisory services, proprietary research/consulting, merger/acquisition assistance, and multiclient studies are provided to users and vendors of information systems and services (software, processing services, turnkey systems, systems integration, professional services, communications, and systems/software maintenance and support).

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