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Pursuing New Opportunities at *Corporate Office Supplies*

The slowdown in corporate spending has certainly affected Corporate Office Supplies (COS). While its sales have been steady, they are not growing at the rate that Glenn Mathis had projected when he first joined COS as its President and CEO two years ago. Competition in the office supply space is fierce and the margins are very thin, particularly in the corporate arena. Unlike its competitors, COS does not have retail stores and consequently does not sell to individual customers. Rather than viewing this as a competitive disadvantage, Glenn strongly believes that this allows COS to focus all of its resources on its small to mid-size corporate customers. Nevertheless, the executive team at COS is determined to leverage its superior account control and offer additional services to its customer through interactive e-commerce solutions.

Company Background

Corporate Office Supplies is privately owned by Iridium Financial Holdings, a group of private investors and hedge funds. COS is headquartered in Nashua, NH and has 26 regional sales offices throughout the United States with a focus on small to mid-size markets not serviced by its larger competitors. The sales force consists of 178 corporate account executives (CAE) who are either responsible for a region or a specific group of larger client accounts. COS offers over 2,600 products through its sales force. Most of its clients currently shop by catalog, although COS has an electronic store hosted on its web site that has been well received.

While sales have generally been decent, the company faces strong competition from its larger competitors as well as discount retailers, including WalMart and Costco. To differentiate itself among these giants, COS started to provide office design services to

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corporate clients that are generally not well served by specialty office design firms and the larger office supply retailers. Each regional sales office has designated at least one of its CAEs as an Office Design Specialist (ODS). These specialists received extensive training and partner with their local corporate clients in designing and assembling cost-effective office solutions for companies with 200 or fewer employees. These office solutions include conference room configurations, reception areas, and employee work area. COS found a niche in creating solutions for software development and web design firms that follow agile development practices. Among their most popular offerings are “collaborative workspaces” in the form of “team war rooms” and “virtual meeting rooms”. In fact, *Byte Magazine* recently featured their virtual meetings rooms in one of their cover stories – an event that generated even more interest and likely leading to additional sales in the coming months.

The Challenge

With office supply sales likely continuing to retreat over the coming months and years, Glenn Mathis is challenging his senior management team to cultivate new ideas for expansion and further growth.

Jane Wu, Vice President of Sales and Marketing, believes that future growth hinges on expanding personalized office design services for software development and web design companies. However, the number of sales executives trained to design “collaborative workspaces” is a limiting constraint. She would like COS to design a suite of “collaborative workspace” packages that will help jump-start sales and turn COS into a leader in that growing field. She senses that U.S. firms will continue to build more software onshore rather than relying on offshore resources. With that, the demand for “collaborative workspaces” should continue to strengthen; particularly as agile software development project teams increasingly adopt practices.

The creation of packaged “collaborative workspaces” would reduce the need for Office Design Specialists to custom-develop each workspace or meeting room solution, while still maintaining a certain level of individual attention that is paramount to COS’s close client relationship. Instead, the specialists will have a suite of state-of-the-art collaborative workspace packages from which to select and customize. The packages will be based on what has worked in the past and that embody “best practices” in collaborative work environments. Additionally, the availability of packaged solutions may allow corporate account executives who have much less training in these solutions to tap into new markets: large companies looking to build virtual collaborative workspaces to synchronize agile development practices among internationally distributed teams.

Strategic Objectives

Glenn appreciates Jane’s strategic thinking and her drive to exploit new market opportunities in an effort to expand Corporate Office Supplies’ client base. During a recent strategic planning session, the senior leadership at COS came to an agreement on these strategic business objectives:

- Increase the client base by 15% during the next twelve months and by 40% over the next 30 months by introducing collaborative workspace packages geared towards small to medium size software development firms that want to leverage Agile and Scrum.

- Increase product sales by 8% in twelve months and 20% in three years by selling add-on products for configurable collaborative workspace packages through the web.

Call to Action

The sales team is not clear as to how many collaborative workspace packages there should be and how to allow online interactive customization through a web store. Corporate Office Supplies has little experience in Internet retailing other than having an online product catalog with simple shopping cart functionality.

Solution Implementation

The interactive customization mechanism of collaborative workspaces will strain the internal IT team of four software developers, two business analysts, a database administrator, two system administrators, and a single project manager. Much of the previous web store development effort was outsourced to an offshore coding shop. While the code did by and large function as needed, maintenance has been difficult to coordinate and new updates are taking longer than expected. Jeff Gormell, COS's Director of IT, does not want to repeat this mistake and is planning on building the solution in-house augmented by contingent technical specialists.

Maintaining and updating the current web store in addition to numerous internal enterprise applications while developing the new web store will present a further challenge for Jeff. The internal IT staff is at capacity as it is and adding significant new development responsibilities might bring the group to its breaking point.

Jeff is requesting an open and frank discussion with the senior management team so that he can explain the issues more precisely and help them understand the risks of this new venture. He is not sure that they will listen or understand and Jeff is seriously thinking about accepting a position at a different company.