

A desk setup featuring a silver laptop on the left, a white desk lamp hanging from the ceiling, and a large white Apple iMac on the right. In the center, a white water bottle with a red smiley face and the text 'MAKE ME HAPPY' stands next to a small wooden sign that reads 'NEVER SETTLE' on a base labeled 'UGMONK'. The background is a light blue wall.

# Top 5 New Technologies For Door, Frame & Hardware Distributors

5 KEYS TO SUCCESS SERIES

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# Introduction

Do you still use paper, pen and spreadsheets to run your business? If so, know that you are not alone. According to Wakefield Research and Concur Technology, **84% of small business owners use paper, pen and spreadsheets as the primary tools to manage their business.** In fact, 49% of managers still use handwritten records to track, manage and analyze their business.

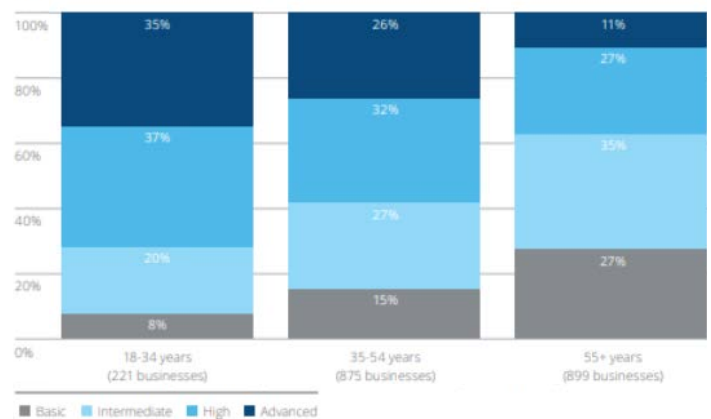
Surveys show that this “old school” approach occurs within small businesses across all industries. Whether retail, manufacturing, or door, frame and hardware supply, most small businesses under-utilize available technology. Deloitte Research discovered the level technology spend for a small business inversely relates to company executive’s age. In other words, the spend for technology decreases as the age of the business owner increases. Hence, if you are a “Boomer” business owner, expect that your Millennial competitors are investing more in technology.

**“Most small businesses under-utilize available technology.”**

This generational relationship to technology particularly impacts door, frame and hardware distributors as this industry is rapidly transitioning from Boomer to Millennial leadership. As a result, businesses across the industry increasingly realize the need to leverage new technologies for success.

However, any new technology must fit within the tight cash flow and budget limitations of a small business. Consequently, **this whitepaper specifically focuses on the Top 5 high-payback, low cost, new technologies affordable for the typical door, frame and hardware distributor.**

Chart 9: Digital engagement by age of respondent



Sources: Deloitte Consulting LLP, Research Now (2017)



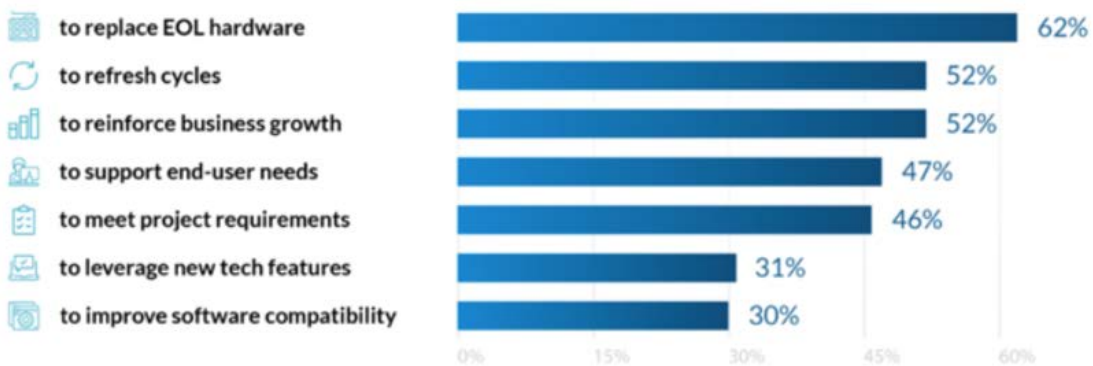
# What type of technology?

Technology is a broad term. This whitepaper focuses on technology specifically applicable to a small business. Capterra surveyed 700 small and mid-size businesses nationwide and found five clear categories of technology systems investment: CRM/accounting, cloud computing, data security, digital marketing and mobile access. These five functional categories largely fit into two “benefit areas”:

## 1) Customer Service and 2) Employee Productivity

### Why do businesses invest in new technologies

Source: Spiceworks



This whitepaper explores the top 5 small business oriented technologies that provide solutions for improving customer service or increasing employee productivity. The technologies highlighted have been proven successful by small businesses nationwide and are recommended for small to midsize door, frame and hardware distributors.

## How much to spend?

Robert Ingersoll, 1892, first uttered the phrase, "There are no free lunches in life." A truism back in the 19th century remains true today. Even "free" technology comes with a cost. A cost in terms of implementing, learning and maintaining the technology. Hence, the first question we must answer when evaluating the technology marketplace, how much should a door, frame and hardware business spend?

According to IDC Research, **businesses worldwide will spend \$5.2T on technology in 2020** which includes software, hardware, and tele-communications, an annual increase of 7.5%. The CompTIA 2019 Small Business Technology survey found that small businesses, ie. under 100 employees, reported an average IT spend of 5.2% of annual revenue. For a typical door, frame and hardware distributor with 10 employees and \$5M in revenue, this industry benchmark suggests an annual technology spend level of \$250,000. Most door suppliers reading this whitepaper scoff at such a high number.



Dave Brewer, CEO BC Networks, suggests a better benchmark for small businesses. Brewer recommends measuring tech spend vs. payroll expense, not revenue. Brewer advises an appropriate **target tech spend for a small business should range between 10% and 15% of company payroll expenses**. For example, a \$5M distributor supporting a staff of 10 employees and a \$750K payroll salary, their annual IT/technology budget would range between \$75K-\$100K.

Where does your technology spend measure compared to 10%-15% of payroll expense? If your total annual technology spend (ie. computers, software, internet, telecom, etc.) falls far below 10% of your payroll costs, you should contemplate a budget increase.

## Why spend on technology?

If you determined that your company significantly underspends on technology vs. industry benchmarks, so what? Assuming your business is profitable and maybe in operation for decades, why dump money into technology to just reduce profits? The answer is that wise spending on technology actually increases profits. CompTIA 2019 annual Small Business technology survey found that 93% of businesses that achieved

their strategic growth goals attributed investment in technology as either the #1 or #2 reason for success. In addition, McKinsey & Company researched the supply chain industry and found similar results. Increasing technology spend correlated to higher productivity and revenue gains. Technology enables operational efficiency improvements which drives customer satisfaction and ultimately profitability.



# Return on Investment

Dozens of studies confirm the relationship between technology spend and financial gains. But does the tech cost actually outweigh the gain? If so, what's the return on investment? You can quantify the expected ROI with some well reasoned, conservative, benefit estimates.

For example, let's use the benefit area, customer service. Assume, that a potential technology investment would significantly improve customer service and customer satisfaction. How much would revenue increase as a result of higher customer satisfaction? 5%, 10%? Make a conservative estimate and translate that % improvement to revenue amount. Next, apply your average margin to determine the incremental profit generated.

To demonstrate, assume your technology project ultimately results in a 10% revenue increase. Based on \$5M annual revenue, 10% increase = \$500K revenue. A 20% margin then results in \$100K incremental annual profit. Next, reduce that expected profit by 50% just to be safe

Figure 1: Representative characteristics of US small businesses at each level of digital engagement

Basic	Intermediate	High	Advanced
<ul style="list-style-type: none"> <li>Business only has a business email address</li> <li>Marketing activity focused on traditional advertising methods (e.g. post)</li> <li>No business website or social media presence</li> <li>Unlikely to use digital tools for internal purposes.</li> </ul>	<ul style="list-style-type: none"> <li>Business with a simple website with no e-commerce or booking capabilities</li> <li>May be listed on online directories, free search engine listings, or third party marketplace platforms</li> <li>Limited social media presence</li> <li>Makes use of basic online marketing tools (e.g. email advertising).</li> </ul>	<ul style="list-style-type: none"> <li>Business has an advanced website, e.g. one that is mobile-responsive or has e-commerce capabilities</li> <li>Engaged through multiple different social media channels</li> <li>Greater use of online marketing methods (e.g. webpage ad banners, paid social media advertising)</li> <li>Utilizes digital tools internally, such as video conferencing or cloud software.</li> </ul>	<ul style="list-style-type: none"> <li>Business uses data from its website to analyze customer trends and inform business decisions</li> <li>More likely to have a mobile app to enable customer engagement</li> <li>Uses sophisticated online marketing tools such as search engine strategies and video advertising.</li> </ul>

Source: Deloitte Consulting LLP

and even more conservative. Hence, the tech investment resulted in a projected \$50K incremental profit.

Now you have a disciplined methodology to determine the right technology spend for you. If you question the hypothesis that tech spend can improve customer service and revenue, just look at the financial services industry. Banks and investment firms lead all industries in annual technology spend and they do so largely because new technology drives customer service and customer experience which leads to higher revenue.

# Top 5 Technologies to Consider for Your Business



## 1 Mobile App

Ten years ago, mobile app development for smartphones required expensive, custom, development and best left to sophisticated high tech companies. Today however, literally dozens of firms provide “off-the-shelf” mobile app development platforms. **Vendors such as AppPie, BiznessApps, SnAppi and others provide do-it-yourself platforms to create and host an app for iPhone and Android.** A simple app, branded with your logo, designed for your customers, linked to your data system, can be developed and hosted for as little as \$50 to \$250 per month.

Do your customers often call or email you to simply inquire as to job status? Imagine if your customer could immediately access that information themselves without your employee needing to answer the phone, or email, look-up the information, then respond back to the customer. Your customer immediately gains the power, and confidence, that they are up-to-date about their projects with your company. You

gain an increase in employee productivity by eliminating unneeded work. Plus, you potentially create a competitive advantage over your local competition. Building your own mobile app can be a viable solution.

The key to making a mobile app a reality is integrating your information system to the app via an API (Application Protocol Interface) or a file export (CSV, XML, etc). For example, Software for Hardware® integrates with numerous accounting programs using different protocols. Similarly, an integration to your own app would make specific data elements and project information directly accessible to your client via their smartphone. The smartphone app would import that data and provide your customers a self-service view of that information. A door, frames and hardware supplier that provides customers an app to access and monitor their orders would stand apart from the crowd. This inexpensive technology investment could **differentiate your business and provide a new level of customer service.**

## 2 New Hardware

While not a seemingly provocative recommendation, the frequency at which businesses should replace employee computer workstations may be surprising. Businesses typically “refresh” employee computer hardware, ie desktops or laptops, every 3-6 years. Larger businesses trend closer to 3-4 years and small businesses trend toward 5-6 years. In fact, Spiceworks, 2019, surveyed small businesses and found that 70% wait at least 4 years and 24% don’t replace employee workstations for 7 years. Many small business owners believe in the old adage, “If it ain’t broke don’t fix it.”

But, an older computer reduces your employees’ productivity and essentially robs your business of profit. Older computers run slower and less reliably. New software demands greater processing power and larger memory resources. In addition, older computers, running older operating systems, encounter more random glitches which can temporarily freeze processing and force a restart. Do your employees report instances of computer issues that required a re-boot and resulted in losing important client work and hours re-entering jobs?

**“An older computer reduces your employees’ productivity and essentially robs your business of profit.”**

J. Gold Associates, an IT consulting firm, published a well documented research study that tested different age business computer workstations and concluded that companies should actually **replace employee computers every 2 years!** This may seem extreme, but the test results indicate a 6.35% increase in office worker productivity which translated into productivity gain of \$10,153 for a 2 year period. Gold utilized a total annual compensation (salary + benefits + employer taxes) of \$80K/year for their research. Even if your average worker compensation lies closer to \$50K/year, the productivity gain still calculates to over \$6,000. With a business workstation computer costing less than \$2K, purchasing a new computer workstation every two years makes straightforward financial sense.

Figure 3: Average Productivity Improvement by Roll-Based Function

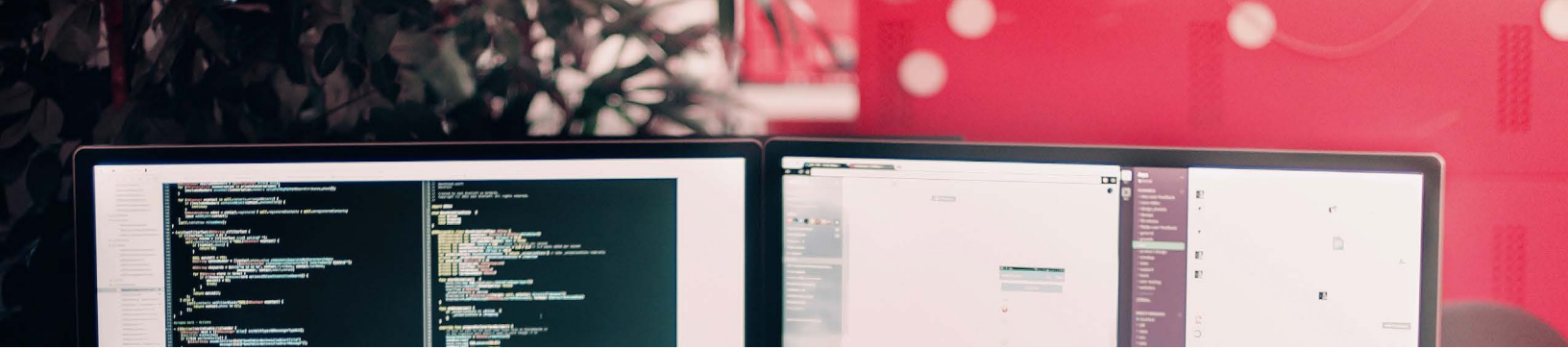
Roll-Based Scenario	Office Worker	Engineering	Admin	Business Analyst	Web Programmer	IT Staff
Productivity Improvement	6.35%	10.92%	11.57%	4.49%	9.29%	6.78%

Figure 5: Two Year Productivity Gains Benefit

Roll Based Scenario	Office Worker	Engineering	Admin	Business Analyst	Web Programmer	IT Staff
Two Year Benefit	\$10,153	\$26,207	\$16,193	\$10,770	\$22,303	\$10,170

Source: J. Gold Associates Research, 2018





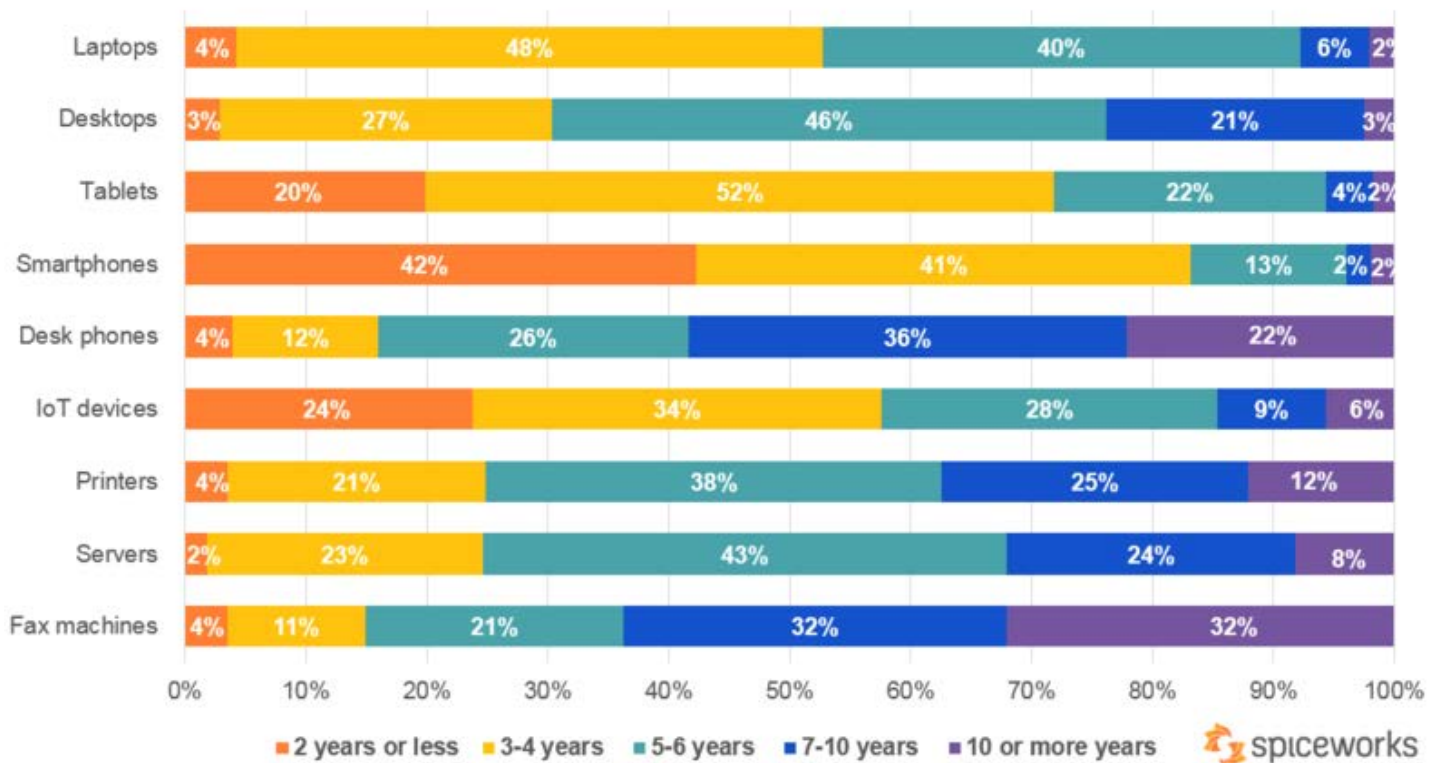
In addition to the direct productivity improvement, more frequent computer replacement produces other side benefits such as: increased employee morale, fewer calls for IT support, and **modern office equipment can be a selling point when attracting new hires**. The basic requirement to increasing employee productivity is first increasing employee retention. Staff turnover is the most costly and productivity robbing event that small businesses face.

Not surprisingly, research by Visual Capitalist, 2017, reported that 83% of small business own-

ers rank retaining quality staff members as their top operations goal. In the door industry, we know this imperative well as our industry faces a significant shortage of skilled and experienced door people. Purely conjecture, but posing this employee retention question to door distributors would probably elicit a 90%+ agreement.

So, what technology does your business need to retain and attract top employees? One answer may simply lie in just updating your computer hardware.

### How Long Organizations Use Company-Owned Technologies Before Replacing/Decommissioning Them





### 3 Voice Over Internet Protocol (VOIP)

VOIP, Voice Over Internet Protocol, technology was introduced in 1995 but mass market commercialization did not begin until 2004. Initially business began to adopt VOIP technology and ditch the traditional local telecom carriers strictly for cost reasons. Domestic calling via VOIP was significantly less expensive and international calling savings even greater. The cost savings still exists but today small businesses now leverage VOIP technology for many other reasons.

One benefit of VOIP is mobility. VOIP allows business employees to place and receive phone calls from any internet device. A PC workstation, laptop, or cell phone can be configured to place and receive VOIP calls. The caller ID remains your company name and company phone number regardless the location of your employees. VOIP also brings easy conference calling features in addition to integrated video calls. Most VOIP providers include video conferencing as part of the service.

The fact that VOIP handles voice simply as data

over the Internet makes the saving and transferring of voicemail and messaging easy. You can retrieve voicemail via the VOIP online dashboard, download as audio files or transcribe to text. These files can be save and shared with colleagues.

Most recently, many CRM platforms (Customer Relationship Management) like Salesforce.com, Microsoft Dynamics and Zoho provide direct integrations with the leading VOIP providers. This integration enables an incoming call to trigger a pop-up window on your employee's screen with the relevant client information pulled from your CRM system. **Your employee now becomes immediately prepared for an effective customer call** with all the necessary info and history immediately at their fingertips. This saves your employee time from searching while simultaneously handling the call and creates a better conversation experience. Also, integrating VOIP to your CRM enables click-to-phone call from the CRM screen; another time saver for your employee.



## 4 Collaboration and Utility Tools

Smart technology spend also involves software and today that often means cloud software. Specifically, a new range of cloud based collaboration enables your employees to operate better as a team, improving productivity and customer service. In addition, these cloud based tools can increase employee satisfaction. Simple data and file sharing tools like: Google Docs, Dropbox, and Microsoft OneDrive provide common shared cloud storage areas for employees to collaborate. Cloud online storage and collaboration tools can be free for individuals; business plans for your entire staff cost around \$100/month.

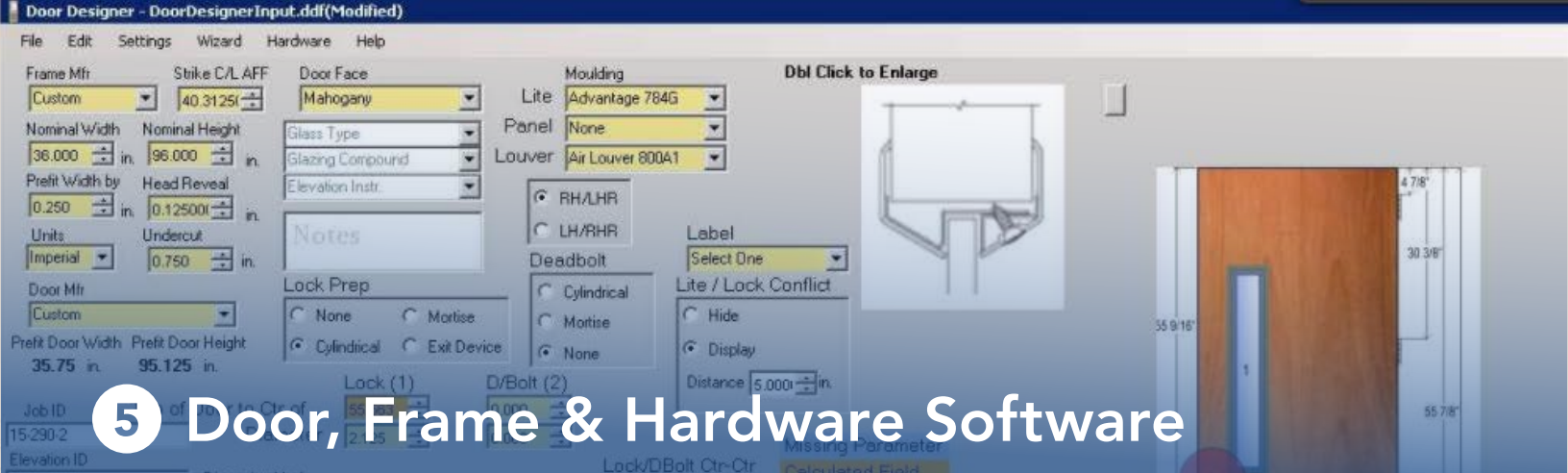
**"A new range of cloud based collaboration enables your employees to operate better as a team, improving productivity and customer service."**

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To help improve employee productivity by simplifying repetitive tasks, many cloud tools are available for different tasks. For example, the weekly task of assembling your travel expense report can be simplified and organized with [Expensify.com](https://www.expensify.com). Or, for the task of assembling receipts come tax time, take a look at [Shoebox.com](https://www.shoebox.com). Shoebox can save a lot of time and help you find that one receipt when needed.

For general productivity and time management, [RescueTime.com](https://www.rescuetime.com) tracks your daily activities and presents your daily time distribution to help you identify where you are productive and not productive. Users of this product claim significant productivity gains through awareness and planning functionality within RescueTime.

One approach to providing employee collaboration and utility tools is to involve your employees in researching and evaluating the options available. Provide a budget limit, say \$500/month. Let your employees research and recommend the best tools to subscribe for their productivity.



## 5 Door, Frame & Hardware Software

Of all the technology investments you can make for your business, the one which will generate the highest return on your investment is technology designed specifically for a door, frame and hardware business. There is a reason why hundreds of distributors across North America use specialized door software to help run their business. The technology, like Software for Hardware®, allows distributors to handle more jobs and more complexity without hiring more staff. Software for Hardware®, and all practice management software designed for door distributors, will provide the biggest boost to your bottom line.

Specialized practice/project management software designed specifically for door, frame and hardware distributors comes with a price tag ranging from \$10K to \$50K. Use the methodology described in the prior section of this whitepaper to determine the potential benefit to your business and what your budget can afford. As a reference point, Lisa Oxman, Co-Owner, Software for Hardware LLC, states, **“New customers to Software for Hardware report upwards of 25% gains in productivity and revenue** after implementing Software for Hardware®.” Remember, be safe and use conservative estimates. For most door distributors, a revenue gain of just 5% fully supports the cost to implement such software.

Many distributors that purchased Software for Hardware® do so specifically for customer service reasons. Case in point, a successful and

rapidly growing distributor in Houston purchased Software for Hardware® specifically to provide his customers more accurate and detailed schedules with professional frame and door drawings. These RFQs and submittal packages are so complete that this distributor regularly wins business simply because the package he provides makes his client’s job much easier.

Another example, a mid-size distributor in the Pacific Northwest, came to Software for Hardware® seeking software not to necessarily improve customer service or generate revenue. Rather, they needed new software technology to retain staff and attract new employees. The company had lost employees due to their frustration with the company’s manual process. The owner realized the extent of the issue when a replacement job candidate refused his offer after learning the company didn’t use any productivity software. Implementing Software for Hardware® improved employee retention and hiring new talent. Ultimately this drove new business and revenue.

**“A replacement job candidate refused [an] offer after learning the company didn’t use any productivity software.”**



# Cybersecurity

While this top 5 IT list focuses on spend that will help you grow your business, we would be remiss not to mention a critical IT spend toward protecting your business; cybersecurity. Small businesses often mistakenly believe that hackers only target large businesses and municipalities for their ransomware attacks. Unfortunately for small businesses, and door, frame and hardware suppliers, the reverse is actually true.

**Most ransomware attacks target small businesses with smaller ransom requests.** The FBI reports the average cyber ransom payment across all business and public municipalities reached \$36,295 in 2019. Beasley Breach Security studied 3,300 cyber-attacks in 2019 and concluded that 71% of business cyber-attacks targeted small business. The majority of attacks gained entry to the business network via an email.

Even though as a door, frame and hardware distributor you don't typically store personal information, social security numbers, medical data, etc. that does not protect you. Ransomware cybercriminals seek to cause you disruption. Disruption to your business AND your

customers. So much disruption that you will choose pay a ransom in order to restore your systems and data.

Ransom attacks have victimized small businesses in the door industry. Don't fall victim yourself! SafetyDectectives.com tracks cybersecurity statistics and reports in 2019, 13.4% of construction industry companies were targeted by ransomware. Small businesses paid an average ransom of \$5,900 but the full business loss reached \$141,000. This included significant lost business, tech consulting fees, legal fees, and the purchase on new computer equipment. Please contact an IT security professional to review and update the cybersecurity software protecting your systems.

In addition to cybersecurity software, ensure that your systems are properly backed-up. All small businesses need proper back-up systems and processes in case of hardware failure, sever weather, or cyberattack. Software for Hardware® reviews the back-up processes and redundancy setup with all customers in the P3 training and consultation program.

# Conclusion

Most seasoned small business owners know that long-term success requires an ability to listen to customers, read the market, and adjust as needed. In short, being good at reacting and effecting change. However, this ability to change seems to not apply toward technology. Small businesses typically resist tech change and minimize technology investment. However, for the door, frame and hardware distributor, **new technology often presents some of the least costly and most impactful strategic investment opportunities.**

This whitepaper explored 5 areas of technology investment that will create a positive return on investment via productivity gains and improved customer service. The first recommendation, an “outside of the box” idea, create a mobile app that links to live customer and job information. Second, refresh employee hardware on a much quicker timeframe; ideally

on a two year schedule. Third, invest in cloud based collaboration and utility tools. Fourth, leverage the cost savings and many features of VOIP for communications and conferencing. Fifth, invest in software designed specifically for door, frame and hardware distributors. Clients of Software for Hardware® report the investment paid back many times over from winning more jobs to attracting new hires.

Bottom line, **powerful technology becomes more and more affordable everyday.** Long gone are the days when only big corporations could afford technology to boost employee productivity and enhance customer service. Every small business, even door, frame and hardware distributors can afford technology powerful enough to transform their business. As Steve Jobs said, “Let’s go invent tomorrow instead of worrying about what happened yesterday.”

Based in Atlanta, GA since 1996, Software for Hardware® provides software to commercial door, frame and hardware distributors across the U.S. and Canada. Nearly 1,000 door industry professionals rely on Software for Hardware® to improve their business efficiency, client responsiveness, and bottom line profitability. As a result, Software for Hardware® has become the fastest growing software company in the industry and the software of choice for door distributors.

Distributors across North America contact Software for Hardware® seeking new technology and advice to help manage these transitions and position their business to operate more efficiently and profitably.



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THE SOFTWARE OF CHOICE FOR DOOR DISTRIBUTORS

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