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CASE STUDY: WHELAN SHOES, IRELAND

Abstract

Whelan Shoes is the only Irish footwear manufacturing enterprise that is still going strong after nearly three quarters of a century. In addition to its main business line, as the exclusive Irish distributor of several imported international brands, Whelan Shoes manufactures and sells Irish dancing footwear. It is in the process of adopting web-based B2B for its wholesale distribution operations, and for direct sales to Irish dancing schools worldwide. This study is an example of how a small enterprise is using information technology to improve their key business processes in a global business context.

Case study fact sheet

■ Full name of the company:	Whelan Shoes
■ Location:	Cootehill, Co. Cavan, Ireland
■ Sector (Main business activity):	Manufacturing and distribution of footwear
■ Year of foundation:	1939
■ Number of employees:	40
■ Turnover in last financial year:	€12 million
■ Primary customers:	Retailers and Irish dancing schools
■ Most significant geographic market:	Ireland for distribution; global for Inishfree Brand
■ Focus of case study:	Constraints of complexity of technology for SMEs
■ Key words:	B2B online ordering, distribution

Background and objectives

Evolution of Irish Manufacturing

By the mid 1970s, the fate of footwear manufacturing in the Republic of Ireland was clearly written on the wall: “*the industry is disintegrating. Whole factories are going into liquidation*” (quote from Dáil Éireann Debates - Volume 281 - 10 June, 1975). Since then, general footwear manufacturing has practically ceased in Ireland. Well known footwear companies that no longer manufacture there include Blackthorn, Dubarry, Halliday, Lee Footwear, and Winstanley. One company alone stands out as a living testament to the time worn reality “he who adapts, survives”. The story of Whelan Shoes provides a microcosm of a much wider picture still impacting the footwear manufacturing industry in Europe. How it has succeeded, and how it is using information technology today, is outlined in this case study.

Whelan Shoes

Whelan Shoes has a mixed business model. In addition to its main business line, as the exclusive Irish distributor of several imported international brands, Whelan Shoes manufactures Irish dancing footwear for the global market.

Whelan started their activity in 1939. In the late 1960s, Whelan Shoes began manufacturing their own brand of boys' and men's shoes. The dual business –distribution and manufacturing- expanded and soon there was a need for extra space. In 1974, a warehouse was built for the sole purpose of wholesaling and distributing to retailers. And in the 1980s, a 20k sq. foot footwear manufacturing plant was built for the production of their own Drifters range of men's and boys' shoes and of their new branded range of Inishfree Irish dance shoes.

At its peak the company employed 120 people. The recent past has seen a decline in sales of their traditional own brand Drifters footwear. The work force now numbers 40 people, of whom 20 are employed in manufacturing. In January 2006, the manufacturing unit returned to the original building in Cootehill town.

Today, the second generation family business services retailers throughout Ireland, and exports its Irish manufactured dance products to all corners of the globe. Manufacturing and sales of their own brands comprises about 10% of the annual sales volume. The bulk of the business consists of the exclusive distribution in Ireland of "Wrangler", "Susst", "Ikon" and "Propét" footwear.

Irish dance phenomenon

From the mid 1990s, triggered by Riverdance and similar shows, the worldwide market opportunity for Irish dancing shoes increased significantly. The demand has led to the emergence of new manufacturing interest and companies being established to serve this market. Because of the obvious marketing cachet several of these are based in Ireland. However, due to its early investment and established base, Whelan Shoes remains very well placed. In addition to its own brand of Inishfree dancing footwear, Whelan Shoes also manufactures the basic footwear for other international brands such as Rutherford (<http://www.rutherfordshoes.com/>) and Antonio Pacelli (<http://www.antonipacelli.co.uk/>).

Whelan Shoes uses its extensive linkage network to dancing schools to market and sell its Irish dance products worldwide. The demand for their Inishfree dancing footwear, which is directly suited to beginners and part-time dancers of all ages, is consistently high across all major regions of the world not just in the traditional areas such as Ireland, the UK, North America and Australia. However, anecdotal evidence has indicated that not all schools are aware of the product, and that a simple focussed online web-based ordering presence would be a strategic advantage.

e-Business activities

Whelan Shoes' investment in technology is entirely a business driven decision. Connie Whelan summarised the clarity of the expectations: *"We are a service industry. Our information systems are simply a tool to make it easier for our customers to do business with us, and for us to do business with our suppliers and logistics carriers. They must be good, and they must be slick. We invest in line with our requirements and expectations. And, we will evaluate our IT systems accordingly"*.

Whelan Shoes has a successful history of information technology adoption. In the early 80s, they computerised stock control and internal office systems which provided needed financial and personnel operational management as the business grew. These systems were replaced in the early 1990s to take advantage of the emergence of the internet and the wider communications it enabled. An example of how this has changed business processes is as follows. Whelan uses its knowledge of the Irish market to select the shoes and products it will distribute. In the case of the Wrangler brand this includes input to the design of the shoes which are subsequently manufactured overseas and imported into Ireland. Previously two designers were employed directly. This work is now conducted remotely via exchange of images over the internet with the assistance of a freelance designer based in Portugal.

Website

Since the early 2000s, the website www.whelanshoes.ie has successfully met the requirements to showcase Whelan Shoes products, and the Irish retailers of these products, to existing and potential, national and international customers.

In 2005, it was decided to go beyond this basic shop window to a new system capable of handling B2B purchase orders, sales and invoicing. The target audience and objectives were clear. Direct B2C is not seen, at this time, as a viable business model for Whelan Shoes. On the other hand, dancing schools and Irish retail chain-stores are beginning to require online ordering capabilities for continued and increased trading in Whelan supplied products. Thus the target market is clearly B2B and falls into two categories: the global dance school market for Irish dancing footwear, and within Ireland the independent shoe retailers that stock Whelan products.

The expectation was that these needs could be met by a relatively straightforward application of tried and tested web technology. Being a small company, and naturally cautious about the dangers of entrusting their business future to the wrong hands, Whelan Shoes management invested significant effort into researching the different options. They investigated many systems and potential suppliers before finally deciding to choose a small UK based company for the task of providing a tailor made system to suit the company mixed business model of distribution and manufacturing plus sales. This decision was taken on the expectation that the relationship will last 10 or more years, and would be seen as a partnership of equals. In other words both companies would have a serious commitment to mutual success.

Impact and new processes

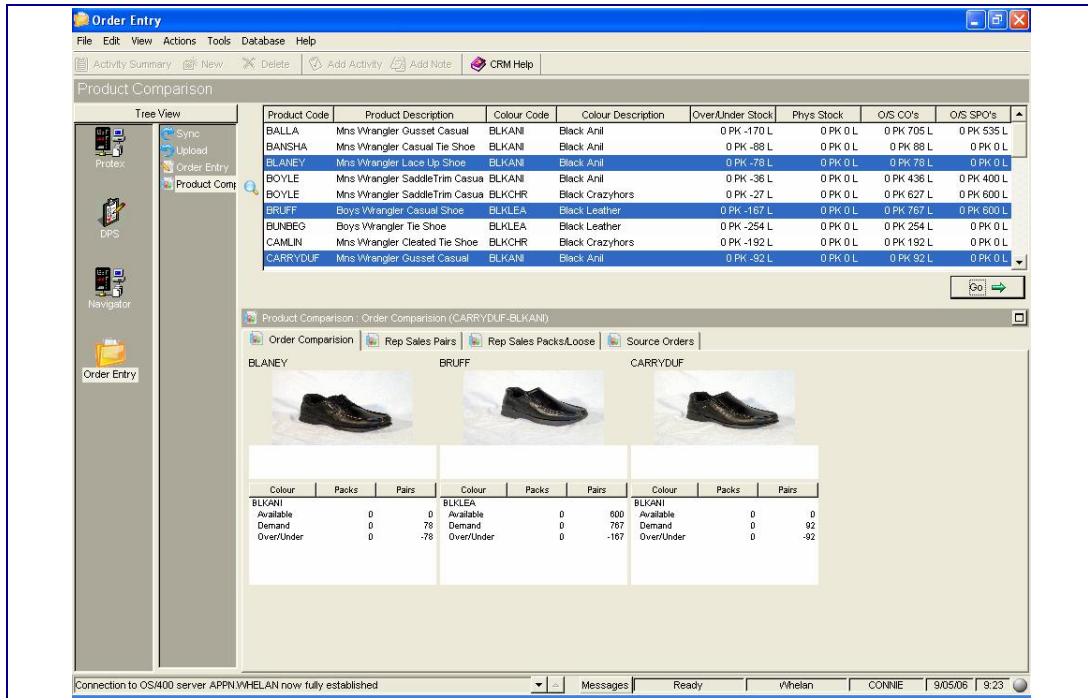
Sales and ordering

The immediate requirement is for the global marketing of the Inishfree dancing shoes. A simple web based online ordering system has therefore been designed to make it easy to market and sell the basic pumps and jig shoes for all age groups to the Irish dancing schools worldwide. The offline forms based parts of this solution was implemented in May 2006 for use in Ireland by the direct sales representatives serving the Irish retail stores. Using their individual laptops the representatives complete an electronic order form indicating the quantity, sizes and colours of particular shoe products required by individual retail stores. Within the same day this information is sent via electronic mail to Whelan Shoes. This new process has significantly improved the retail store's order turn-around time and has also eased the internal administrative workload. This has

established confidence in the new systems and databases in readiness for the planned roll-out of direct ordering facilities.

The overall user interface design is deliberately simple, straightforward and intuitive as can be seen from the sample CRM screen shot taken from the sales distribution side of the new online web-based ordering system and shown in Exhibit 1.

Exhibit 1: B2B Online ordering (planned)



Logistics

At present the shipping label and packing slip are produced on different systems. As part of the current automation project, this process is being simplified so that a modified shipping label can double up as the packing slip. In addition, although the details are not yet resolved it is also intended to have the packing slips and labels applied at source in China and elsewhere.

Benefits

With the exception of global marketing and sales outreach for their global Inishfree brand, Whelan Shoes information needs are being met satisfactorily by the existing internal business information systems. In anticipation of an inevitable downturn in the Irish economy, and the consequent need to do more with less, this is considered to be exactly the time at which new systems should be developed and implemented. The latest investment in web based marketing and ordering systems to increase global reach and shorten the cycle time between receiving and fulfilling orders from the retailers is therefore being done at a time when business demand is good. It will position Whelan shoes to meet new needs as retailers limit their inventory and move more towards a just-in-time philosophy and also to expand their marketing base and demand for their own branded dance footwear products. To these ends, recognising that - however intuitive it can be made to appear - technology alone will not solve all problems, they have also recently (2006) hired a marketing expert.

Lessons learned

Implementation

It was originally expected that the new system could be operational by early 2006. This has not happened. Despite regular project meetings, implementation is much slower than anticipated. The delay is considered in hindsight by Whelan management not to be such a bad thing. It is recognised that innovation in the supply chains must be carefully planned for business advantage of customers and implemented without disruption to current business. This, rather than simply cost containment, is one of the primary objectives and reasons behind their decision to develop and implement a web-based B2B online trading system. Connie Whelan observed that "The constraints of complexity in the implementation and roll-out of technology can only be overcome 'one bite at a time'. Several strands of our primary objectives are being met already with significant impact and we are confident of a full and successful roll-out in due time".

Conclusions

Echoing the observations stated earlier on the reasons and recipe for success, and signalling the determination that has made Whelan Shoes a survivor, the last word rests with Connie Whelan: *"Nothing just happens. You have to have a vision suited to the knowledge society - which must involve business use of modern technology, work hard, keep your goals in mind and persist through the bad times. We have a motivated, committed and loyal staff – some with over 30 years work in the company. As long as the focus of all is clearly on the vision and its realisation, difficult decisions and consequences are understood as a necessary element in the everyday fight for survival. This includes recognition that the core skills (strong retailer relationships, in-depth customer knowledge, effective manufacturing, sales, distribution and fulfilment processes) can also be applied to entirely different product portfolios"*.

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Research for this case study was conducted by Henry J F Ryan, on behalf of e-Business W@tch. Sources and references:

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