

## Kite Ltd., UK: SME case 06

### Kite Ltd.: A teleworking enterprise in a rural area (telecottage)



**Kite Ltd. is an illustrative example of teleworking potential for rural areas. It can also be inferred what kind of support and strategy is required in order to ensure success of teleworking initiative in this setting.**

#### **1. Name of Company:**

Kite Ltd. (Kinawley Integrated Teleworking Enterprise Ltd.)

#### **2. Function of company i.e. what business are they in**

Kite Ltd. was established on 25<sup>th</sup> November 1993. The company provides a full range of data management services to its clients. This type of service often requires the company to use a combination of telephone and computer integration. Its main clients are predominantly companies that rely on some form of outsourcing. The company is based in a rural location and prides itself in opening up new possibilities for the local community. The teleworking initiative is of primary importance to the company and the whole strategy is based upon it. Kite Ltd. is an ISO 9002 company employing 19 people.

#### **3. Distinctiveness of the case i.e. why was the case selected**

Kite Ltd. is a winner of 'the most entrepreneurial use of telework in Europe 1998'. One of the main reasons for selecting this case was to highlight the fact that leading edge technology can be successfully operated from a remote rural area. However, it has to be stated that its rural location continues to remain a considerable disadvantage and was particularly pronounced in the setting up phase, both due to ICT infrastructure deficiencies as well as to a lack of a trained workforce. The other reason for selecting this case was the intention to show how a telecottage set up could surpass local market and provide a viable export business opportunity. Indeed, 60% of Kite Ltd. customers are from overseas.

#### **4. Description of the initiative (Genesis, response to a problem/opportunity/request, strategy/ response developed and Implementation)**

The initiative is a brainchild of the managing director. Interestingly enough, its genesis can be traced to the changes in Irish agriculture. Many small farm businesses are becoming less viable and the farmers have looked to supplement their income with some alternative, rural-based, value-added business. Kite Ltd. is both the example of such a trend as well as illustrative of potential for rural development. Having realised from the outset that its own private funding would not be sufficient, the owner managers tirelessly sought outside support for the initiative from various social partners. After almost seven years of lobbying, that support was eventually extended in the form of grants from EU funds (European Social Fund, Human Resource Initiative, European Regional Development Fund), and national and local sources (Department of Agriculture, Northern Ireland Economic Development Agency – LEDU, and Community Business Programme). All the above partners recognised that the local community's economic and social life would be enriched by this initiative. The company had started from a Greenfield site and is operating from a purpose built office. Due to this, it had experienced all the familiar problems regarding the ICT infrastructure and the general infrastructure during its development phases. The company was well aware of the rural location disadvantages, but it has managed to overcome them. Thus, ISDN2 and fibre optic cables have recently been installed to support the communication requirements of

the initiative. Generally speaking, the ICT requirements of this telecottage initiative are very extensive, given the nature of the business. Thus, the company uses both analog telephone networks and mobile telecommunication services. Communication requirements of teleworkers also warranted that a Novell network is installed, which links fifty workstations. The nature of the tasks undertaken requires extensive use of computer software – text processing, spread sheets, business presentations, database, terminal emulation, remote LAN access, file transfer, PC fax, e-mail joint editing and Group Ware are all in use. Full Internet capacity is available from the premises. The employees have full access to host based central data, main frame e-mail system, LAN based central data and voice & video contact to their clients. Given the nature of the business, there is both industry specific as well as company specific arrangements to maintain confidentiality of data (either processed and / or transferred).

Kite's customers vary from overseas corporations, small to medium enterprises, Area development partnerships, academic institutions, and even to students struggling with their workload. The company also offers complete computer training facilities on site and its qualified trainers provide a number of fully accredited courses. Kite Ltd. is a registered centre for RSA (Royal Society of Arts), ECDL (European Computer Driving Licence) and FA'S (training Agency in the republic of Ireland. The following courses are offered: CLAIT – Computer Literacy and Information Technology, IBT2 – Integrated Business Technology level 2, graphical presentations, IBT3 – Integrated Business Technology level 3. The outreach-customised training is also provided according to the required specifications. The company is offering its childcare facilities to the clients' employees attending the training courses on the site. However, should the client require the training to take place at its premises, Kite facilitates them by offering mobile training, and its trainers are provided with laptop computers for this event.

The tasks performed by staff include telephone research, transcription, targeted mail shots, www searches, web page writing, database building, reporting, customer training and telephone calls handling and tasks relating to remote conference management. The above tasks require an ability to work alone as well as a part of an effective team. Although these were the guiding criteria for recruitment and selection, the Managing Director soon realised that further training would be warranted and this has subsequently been undertaken.

There are 15 employees working on these types of assignments, which amounts to 80% of the workforce (remaining four are employed as childcare workers in company's crèche). All employees are on standard, full time contracts consistent with national norms. However, employee controls over working hours is tempered by customer needs and inevitably, the company has to rely on flexitime. In addition, Kite provides mobile training on clients' premises, which requires adequate working arrangements.

Management activities are structured in line with ISO 9002 standards. These standards are particularly applied in the areas of supervision and control, and workload management. Management by Objectives and other Quality Management procedures are in place. The company also relies on the use of partnership in its business practice.

A major part of the company strategy is to avail of the time difference between the USA and Europe. The contract with a group of US hospitals to provide overnight data processing services (which in effect extend the client's working time) was a major breakthrough. The company has realised that profitability was crucial for its survival, and that the long-term strategy required the acquisition and retention of customers beyond initial local businesses and partners. The company is also actively engaged in consulting work and provides expert advice in areas of feasibility studies, business planning, technology needs analysis and technology implementation plans.

##### ***5. What changes, if any have taken place since the scheme started)***

The scheme has already been expanded with further expansion anticipated. This course of action was required given the expansion in both volume and scope of business activity. Of course, acquiring new clients called for acquiring new skills and this is the area where the company's strategy is well aligned with its HRM strategy.

## **6. Innovative aspects of the initiative**

Innovative aspects of the initiative are two-fold. On the level of enterprise, telecottage types of teleworking can surpass local limits and make successful inroads into the most demanding of markets such as those in the USA (medical services). On the level of individual employees, it highlighted the need for continuous employee training and development as an integrative part of the company's strategy. Linked to this is the company's drive to offer training to the local partners and SMEs. This is driven by the realisation that IT skills are critical for rural based companies.

## **7. Benefits**

The benefits of the initiative are particularly visible at community level. Thus, the initiative resulted in net job creation (these jobs would not have been created in the area otherwise). In order to facilitate women's return to employment, the company included crèche facilities on the site. Although additional costs have been incurred, (four employees are working in this crèche as childcare workers) they are outweighed by benefits to the workforce and indeed, the wider community.

The benefits of the initiative are considerable at the individual level, given that staff have upgraded their existing skills and acquired new skills. Thus, some workers have received additional training designed to facilitate client-specific operations. There is a widely held perception, which is not necessarily true, that these skills are narrow, client-related and less enriching. However, Kite's staff has gained new areas of expertise particularly in relation to medical knowledge and conference organisation abilities.

## **8. Barriers**

One of the biggest barriers to the initiative was its rural location, given that the ICT requirements of the initiative were extensive and it took time to obtain all necessary communications links established.

Furthermore, given the relatively skilled and specialist tasks to be performed, the company had to invest in extensive staff training, as the (particularly local) labour market did not already provide people with such skills.

## **9. Impact**

The teleworking initiative had a considerable impact on the community and individual level namely through job creation and skill acquisition. Its well thought policy of providing child care facilities are rather novel in the UK and Irish context and the impact of this initiative might be far reaching, should it become widely emulated.

## **10. Lessons learned**

Kite's teleworking initiative, illustrates the importance of detailed and formal planning in order to attract collaborative partners and obtain funding. It also highlights the fact that this funding is not readily available as some might expect. Policy makers might take note of the fact that it took an inexcusably long time (seven years) to obtain them.

It could be seen that rural location does present some difficulties but that they are not insurmountable. Another aspect of teleworking is highlighted i.e. its international potential. Thus providing 'overnight' data processing effectively extends clients' working day. This in turn reduces pressure on conventional type of working and the need for the introduction of overtime/ nightshift. Paradoxically, the extension of teleworking might facilitate the survival of conventional type of working.

Finally, this case provides an illustrative example of how ICT does indeed facilitate rural development and job creation.

## **11. Expectations and future plans**

The Company expects to further expand its operations and to provide more employment opportunities to the local workforce. It recognises that market developments will inevitably

impinge on such plans and all possible measures are undertaken to follow and anticipate relevant trends in its market. Due attention is given to ICT developments and it is planned to keep pace with them in order to continuously be able to provide the level of service, at least equivalent to any comparable urban enterprise.

### **12. Contact information**

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