

HippoWaste: solving the growing pains of an adolescent business

The Start Up

Many of the best business ideas have unusual beginnings, and waste management specialist HippoWaste™ is no exception. It all started with a trip to Barcelona: a founding director with a background in the construction industry noticed a novel approach to waste collection through the use of large bags as a cost-effective alternative to skips. Recognising the potential, the idea was taken back to the UK and the now ubiquitous HippoBag was born.



That was in 2002, when HippoWaste was launched in southern England. It offered a unique idea: a branded yellow skip bag with a waste collection and disposal service for business, industry, local authority and domestic use. And the results were extraordinary: the company has experienced exponential growth; its bags are now stocked by most of the leading trade and consumer retail outlets nationwide; it has 70 staff, eight depots and a fleet of 39 vehicles; it is experiencing 38 per cent monthly growth in bag collections, and it is likely to hit a £6 million turnover in 2006.

While this success has been extraordinary, it has also presented HippoWaste with a number of significant challenges, in common with most start ups which experience rapid and substantial growth. In effect, they run the risk of outgrowing their strength – they go through what might even be described as severe adolescent ‘growing pains’. Systems and processes put in place in the early days simply can no longer cope, but at the same time the pressures on the business prevent it from diverting time and resources to reviewing existing systems and implementing something more appropriate. Eventually something will implode. This is exactly the area in which Compsoft specialises: working with organisations which have capitalised on a unique business idea and have seen rapid growth.

The Problem

The crunch for Hippowaste came at Easter 2005, which is the peak season for DIY. It experienced unprecedented demand for bags and consequently for its collection services. But it recognised that internal expertise was not sufficient. As a result, it turned to Compsoft to carry out an in-depth independent review of existing business processes and to develop and implement new systems where needed. As with all projects, the starting point was for one of Compsoft's development teams to get 'under the skin' of HippoWaste's business: in particular, to identify why it had achieved such extraordinary success and to pinpoint how it was likely to develop. As with many high-growth businesses, its main internal IT system had grown organically. Many processes were not particularly rigorous; they had evolved gradually and depended on a number of key people. Phil Lenton, Managing Director of Compsoft, recognises this as a typical problem in a high-growth business: "In the early days of the business, organically-grown systems are perfectly adequate. But there are usually far fewer staff in those days, and the knowledge of how things worked doesn't have to be shared. As the organisation grows, information has to be accessible to more people."

Lenton also stresses how the unique nature of HippoWaste's business was also in this instance its major challenge: "As no other organisation offers a similar combination of product and service, there was simply no suitable IT system commercially available which would underpin its business. We quickly identified that a solution was required which would keep the essence of the operation and not change fundamentally the way it worked. At the same time, it had to cope with existing demand and accommodate predicted – and unpredicted - growth. And so it became obvious that the only way forward was to implement a completely new, bespoke system."

Certain standard activities, such as email and accounting, were working well using standard proprietary software. It was the more specialist and unique areas of HippoWaste's business which would need bespoke development, and these were identified as Bag Collection Booking, Pricing Matrix, Workflow/Issue Management, Fleet Scheduling, Payment Processing and Customer Account Management.

A priority was customer management and service. HippoWaste could no longer rely on its rather ad hoc system which had evolved over the last four years, with individual members of staff dealing with customers in isolation. A new system was needed to offer a seamless, efficient and responsive service.

Bag Collection Booking is the primary contact between the end user and HippoWaste. The company had ambitious aims as its operations grew: in particular, to offer a 24/7 facility to arrange collections and make payments.

The Solution

Compsoft's solution was to take the system online, removing the need for staff intervention. Lenton stresses how bespoke development was needed to make this work: "Fundamental to this automated approach are 'wizard-style' forms which lead the user through the various steps involved in carrying out the desired action.

Developed specifically for HippoWaste, this enables customers to log in, enter collection details and make payments. We decided to integrate it with proprietary address management software, which simplifies the process, and it also includes short questionnaires to give HippoWaste invaluable marketing information about its customers. And we extended this, to enable the collection wizards to be used in-house if customers prefer to be guided through the process on the telephone. "Managing any consequent customer issues had been carried out in an unstructured way in the past – and it relied rather too heavily on the multi-purpose Post-It note. In most cases, issues had been dealt with efficiently but some inevitably had slipped through the net. To reduce the likelihood of errors as the company grew, information on customer issues needed to be formalised and accessible to more staff on a more timely basis in what had now evolved into an in-house call centre. An added complication was the need for seasonal temporary staff in times of high demand, all of whom would need access to the same information.

A workflow management system was therefore designed and implemented to cope specifically with the types of issues and requests HippoWaste is likely to face. It allows tasks to be created and passed to relevant members of staff for immediate action and resolution, and for instant access by all staff to status reports so that customers can be dealt with by anyone in the call centre at anytime.

While this addressed end-customers – primarily householders – HippoWaste also needed to implement systems to accommodate its growing number of trade and affinity partners. HippoBags are distributed not only through major garden and DIY retailers but also through organisations such as Dolphin Bathrooms, whose plumbers carry HippoBags in their vans. HippoWaste had always aimed to offer partners a choice of how they do business without being constrained by rigid systems.

Phil Lenton saw the importance of this as part of HippoWaste's success and the contribution it would make to its growth: "We understood that each partner has very different demands. We started by integrating trade access into the online booking system, allowing partners to order and pay online. A trade portal was integrated alongside the new customer online facility, creating a unified website with different pathways for householders, partners and trade.

"But HIPPOWASTE wanted to develop its business model to include flexible and tiered trade pricing structures, quantity breaks and loyalty rewards. As a result, we designed a

complex automated pricing matrix which allows for almost unlimited permutations of bag pricing. It has ambitious growth plans, and the matrix needed to support this. It can now offer new trade customers and partners attractive pricing schemes, and can deal with whatever unusual requests may arise. In addition, the matrix underpins plans for expanding the business into related areas which may entail complicated compound pricing.”

Another area which was automated was the scheduling of HippoWaste’s ever growing fleet of collection vehicles. This has now grown to 39, based at depots around the country and making thousands of journeys a week. Each vehicle is involved in both collections and deliveries, as well as waste disposal. The new system manages the fleet effectively and has achieved significant savings through improved routing. Ever-improving vehicle efficiency is required due to an 18 per cent month on month increase in bag collections.

Other critical business processes were also integrated into the new system. With the leap in demand and therefore in the number of active accounts, more people were needed to handle payments and credit control. The system now gives wider access to payment information, flagging up debtors when new orders are placed, integrating credit limits into partner negotiations and raising invoices more quickly.

Lenton recognises a common challenge in successful high-growth organisations which was faced by HippoWaste: “As part of its growth strategy, it had received funding from a number of venture capitalists. The investment inevitably imposes aggressive targets and demands constant monitoring of performance. The new system has been designed to produce reports based on live information and to provide updates on key performance indicators automatically, reducing the administrative burden.”

As HippoWaste grows, the number of depots around the country will also grow: the network is likely to increase by 50 per cent. All aspects of the new system are scalable, allowing it to be rolled out to more locations and enabling any member of staff to work away from headquarters on live data. In short, the organisation is poised to move on to the next stage in its phenomenal growth.

The Outcome

The partnership established between Compsoft and HippoWaste was crucial in the success of the new system – and this is only the beginning. According to Lenton, “We believe very firmly that successful design and implementation is only possible through a true partnership between us and our clients. We need to understand exactly what our clients want to achieve, both immediately and in the future, and how technology can enable this. Often our clients are so closely involved with their everyday business that they can’t take an objective view of how they operate and what they need to grow, and our objectivity can help significantly. Our initial project with HippoWaste is only the first stage in this partnership. They have ambitious growth plans, and we have jointly designed and implemented a system which can grow alongside them and take them on to even greater success.”

Robin Coe, Financial Director of HippoWaste, is confident about the future: “The Compsoft system we’ve implemented has successfully addressed the challenges we faced: in short, how to position the business for growth and to take it to the next stage in its evolution. Our infrastructure now offers easy access for customers and partners; seamless tracking and information to staff; and live information to make management reporting and problem identification easier. In short, we’ve grown up.”