

## Chapter 2.20

# Developing an Online Fleet Management Service: AlertDriving.com

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### EXECUTIVE SUMMARY

This case illustrates the new generation of e-business ventures made possible by the Internet and enabling information and communication technologies. AlertDriving is a recent Canadian start-up, which has moved through the microbusiness to the small business stage, and aims for continued growth. First-to-market with a Web-based driver training and fleet risk management service, the business combines e-learning, risk management, and e-business. Their new approach replaces traditional methods of classroom and behind-the-wheel driver training and paper-based fleet management systems. Growth has brought both opportunities and challenges to the firm and its two entrepreneurs/brothers. In particular, they face important decisions concerning continuing to grow revenue and profit.

### ORGANIZATIONAL BACKGROUND

Incorporated in 2001 by the Martin brothers (Gerry and Rob), AlertDriving's roots went back almost two decades. Gerry was a mid-1980s business graduate from Wilfrid Laurier University in Waterloo, Ontario. During his undergraduate days, he noticed the increasing interest in all-terrain vehicles and started importing more aggressive off-road tires for them. This was a small, profitable sideline for him, until the growth in off-road vehicles led larger firms and retailers to enter the business. Following graduation he took a sales and marketing position with Procter and Gamble (a large multinational engaged in the manufacture and marketing of various consumer products). Procter and Gamble had a rigorous training and development program, in which Gerry thrived. His brother, Rob, had his eyes set on a National

Hockey League professional career, having been drafted by the Ottawa 67s (a Major Junior A team). However, injuries forced him to leave ice hockey, and he founded a property development and renovation business in Toronto. A few years later, Gerry left Procter and Gamble to join his brother, and they ran this business profitably for several years. With Gerry's sales background and the brothers' entrepreneurial aspirations, they saw an opportunity in the motivational and sales tape area. Sonic Sales Aids was launched to develop and distribute a series of such tapes for sales personnel. Their customers preferred these lesson tapes to be filled on one side only, and Gerry came up with the idea of putting driving tips on the other side. Eventually, the brothers became dissatisfied with the real estate business. While profitable, it required unrelenting hard work, and there was little opportunity to build a bigger business. And although Sonic was profitable, it served a niche market with little growth potential.

With this background, the brothers started a systematic search for "something better" — a venture that would satisfy their entrepreneurial aspirations and personal goals. Gerry and Rob started putting aside time every weekend to define their search criteria, to consider potential businesses, and finally to examine the most promising possibilities in greater detail. It was a disciplined approach, taking some three years before they put together the concept for AlertDriving. Gerry remembered those years:

*One of the key things for us was the fact that we saw all of our past business experiences as stepping stones or building blocks that would help us be successful — we sensed right from the beginning that it was vital to incorporate what we'd learned from past successes and failures into our new venture. Each experience has taught us something about what it takes to be a successful entrepreneur.<sup>1</sup>*

It was the emergence of streaming video technology that caught their attention. They saw the potential for developing much better driver training aids, delivering the system over the Internet at a vastly reduced cost to in-car or in-class training, and giving participants the opportunity to choose the time and place of training. It was as if a light had gone off in Gerry's head.

*This was going to be revolutionary. Rob immediately went out and bought the hardware and software, which we set up in his apartment. It cost us about \$15,000. Then we had to figure out how to use it.*

Neither brother had much of an IT background, but they quickly found someone who was interested in working with them on such new and exciting technology. During their first year of operation, a crude prototype was developed and tested locally. True to their sales background, they simply "cold called" a few businesses, and found seven willing to look at their prototype and provide comment. Based on this feedback, they felt they had a winner. It would take much more effort and cost to develop the final product, but this was definitely something that firms would seriously consider purchasing. The brothers decided they would sink their personal savings into the venture.

An immediate concern was whether to go solely with their original idea of online driver training (a rifle approach) or hedge their bet with several other online training programs (a shotgun approach). The brothers felt they needed to focus on what they knew best and were concerned that their limited resources were insufficient to tackle other training areas. Yet trusted advisers, with much more business experience than they had, counseled them to consider a range of offerings. For example, there were proven markets for training in hazardous material handling and

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