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Case 5: Waco Manufacturing

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Dilemma

Waco manufacturing is a leading supplier of custom-machine parts in the automotive industry. Recently, Monique Saltz, an area manager for Waco, informed her plant engineering manager that the designs for the new products were unsatisfactory. The plans are behind schedule and not even been started by the engineers assigned to it. Monk Barber, the plant engineering manager, told Saltz that he has repeatedly met with the engineers and despite him stressing the importance of the project, they have not started it. This is a sharp contrast to the engineers who have stated that while they knew about the project, its importance wasn't translated to them. In an effort to clear this miscommunication, Saltz resorted to the security information system placed around the manufacturing plant.

In 1986, Waco had installed a system in their plants that utilized transceivers and employee badges to support a continuous tracking of each employee. Saltz and Shelly Tomaso, the plant manager, used the information system's record to track the location history for Barber and the three engineers. Upon reviewing the data, it has been determined that Barber had never been in the same room as the three engineers for all of 1987.

Industry Competitive Analysis

What – Waco manufacturing is a supplier of custom-machined parts in the automotive industry.

Who – They supply their products to various automotive customers.

How – Waco Manufacturing follows a differentiation strategy. They are described as a "leading supplier", which implies that they find success based on their ability to appeal to a broad market scope. However, they make custom products, which puts them in a position where they are offering a product that's unique in the industry (Tanwar p. 14).

Five Forces Analysis

Competition – (Low) Waco currently holds a large portion of the market along with a high barrier of entry. They offer custom parts, which is unique, and are in a market with a high expense.

Bargaining Power of Customers – (Low) Waco manufactures custom products, which makes the bargaining power for their customers low. With their leading share in the market, there most likely aren't many other options for the customers at a reasonable price.

Threat of New Entrants – (Low) The market for custom-machined parts for the automotive industry will be one that's difficult to break into because of the high cost. Even if the assets needed to start such a business was formed, they would be at a severe disadvantage compared to Waco's superior position in the market.

Threat of Substitutes – Waco doesn't have a lot of competitors in their market and their leading position doesn't give other companies much of a chance to compete with them.

Threat of Suppliers – (Low) The supplies used by Waco Manufacturing will primarily be raw materials. Raw materials are considered commodity items, therefore having a low bargaining power. Commodity items can be purchased from a multitude of sources, which implies that whoever is supplying them is replaceable (Porter's Five Forces p. 23).

Organizational Structure

Waco Manufacturing is a functional organization. There isn't much information given, but we do know that there is a well-defined employee hierarchy and they have a large market share in the custom-machine automotive industry. They do custom parts, but they aren't divided

into divisions based on the product. Their structure and hierarchy allows them to maintain leadership in the market (Kalakota p. 18).

SWOT Analysis

Strengths

- Employee tracking information system
- Leading market position
- Has employee records

Weaknesses

- Composite-based product is behind schedule
- Possibility of lying employees

Opportunities

- Modify employee tracking system
- Discover where employees need to be punished in the hierarchy
- Proceed with completing products

Threats

- Possibility of missing product deadline
- Loss of future business
- Losing employees
- Having to revisit employee tracking system

Stakeholders

Waco Manufacturing – The company in question. The decision could affect the behavior of both employees and management moving forward.

Sherman McCoy, Telly Frank, Wanda Gogan (Engineers) – The employees who were supposed to be working on the project. Tomaso and Saltz's decision could impact their jobs.

Monique Saltz (Area Manager) – Ultimately in charge of the behind-schedule project. She obviously wants to get it completed and punish those responsible for its delay.

Monk Barber (Plant Engineering Manager) – In charge of the engineers who were assigned the project. Reports to Saltz and is held responsible by her if the project isn't complete. Because of the situation, his job is on the line.

Shelly Tomaso (Plant Manager) – In charge of the plant the product is supposed to be coming out of. She is helping Saltz with the investigation.

Waco Employees – The decision could be crucial in how information systems are used within the company moving forward.

Alternative Courses of Action

1. Do Nothing – In this scenario Tomaso and Saltz take the information they have and don't do anything with it. This would result in the job not being completed on time and the responsibility not falling on the right person. The task was assigned to Barber and his team of engineers, but he wouldn't face any repercussions in this scenario. Concerning control systems, this creates a system where laziness isn't discouraged and responsibility doesn't have to be taken from failed tasks.

This would also mean that the employees of Waco won't know that their performance can be measured by how much time they spend in certain locations. Doing nothing in this scenario makes the assumption that the information system is at fault and not the employees. No immediate action will be taken, which will allow the problem to persist. This will also cause issues with morale of the employees.

Although it could be normal for meetings to be held in alternate forms (e-mail, telephone, etc.) this is something neither Barber or his engineers even hinted at. If nothing is done all they see is that there is little to no repercussion for underperforming on the job (Fried p. 142). Essentially, under this course of action the problem persists and nothing is done to fix it based on an assumption that neither party even suggested.

2. Punish Barber – Barber was the employee who was in charge of meeting with the engineers to get the product done. While he claims that he had met with the engineers several times and attempted to impress the project's importance upon them, the actions of the engineers suggest otherwise. They have informed Saltz that they haven't met with Barber about the project and had no idea of its importance.

   Protecting Barber involves too many assumptions. For example, you would first have to assume that all three of the employees under him are lying. Also, the information system's results strongly suggest that Barber is the liar. Going with this decision will create a culture where the information system can't be trusted to produce useful results even though it has proven itself useful in the past with tasks such as delivering more effective phone calls. Employers have the right to view employee information exchanges

as private (Cash p. 174) and they should use the gathered data to make informed decisions for the best of the company.

3. Make changes to Current Information System – The current system allows Waco to track its employees and use location data for things such as efficiently directing phone calls. While it is legal for Waco to track their employees, and use the data, it may not be the most effective use. Employee monitoring systems have been shown to disconnect employees from their job, decrease autonomy, and creates inaccurate measures of control (Cash p. 175).

   While disciplining one of the parties involved might seem ideal, we must consider all the effects of such a decision. This will create an environment where employees are looking to the system's measures for how their performance will be assessed. This will cause employees to go out of their way to succeed within this faulty control system. For example, they will feel as if they must be in the same room with someone to show they contacted with them. This is obviously less efficient than emailing, calling, texting, etc., but it will be something employees will feel they must do. This is evidence of a faulty control system that rewards the wrong behavior.

   Considering the lack of information from this case it wouldn't be wise to punish any employee based on hearsay. It shows that we know for sure that the system isn't good for this company and it should be altered if they want to use it to make judgements like this in the future. If it will be used to judge the employees work the system should be changed to make better measures in those areas.

This is my recommended course of action because it doesn't make any bold assumptions about what happened. According to the heuristic technique Occam's razor, the theory with the least assumptions should be selected because assumptions can't be properly observed or measured (Encyclopedia Britannica). The other courses of action offer too much assumptions in their theory to be properly measured.

Works Cited

Porter’s Generic Strategies. Tanwar

Organizational Structure. Cash

Encyclopedia Britannica, Occam’s Razor

Business Context of Information Systems. Fried

E-Business 2.0, Kalakota