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**Appex Case**

**Mission Statement**

Appex’s mission is to deliver management information systems and intercarrier network

services to telephone companies. Appex is able to deliver on their mission to the cellular telephone business by designing and engineering cellular radio networks and management information systems for businesses in the cellular industry.

**The Problem**

Appex Corporation has a ton of issues with the organizational structure of their company. The company was just doing what had to get done in order to make money on that particular day, one day after another. They had no plan whatsoever. They had no scheme set up for creating any personal ranks for who oversaw what, or who to go to if you had a question about something important. Appex has hired Shikhar Gosh, their new COO, who is expected to become CEO soon. He quickly realized that the company is severely lacking organizational structure and control. This has resulted in employees coming in whenever they want and doing their tasks on their own time. This became a massive issue for Appex as it was losing money, falling behind schedule and losing customers/clients at a rapid rate. Gosh made it his personal goal to find an efficient structure for Appex.

**Stakeholders**

**The employees at Appex Corporation:** Workers are the essence of the association and manage a great deal of client relations, thus having a major role to play with the success of the organization.

**The shareholders of Appex Corporation:** The investors of Appex are a stakeholder in the decision since whatever choice Appex makes, will influence how their return on investment is. It can possibly get them more on returns; however, it likewise has the potential for them to lose money.

**EDS/General Motors:** EDS just bought Appex which makes them a partner. All things considered it is presently their organization, the organizational structure that is chosen can possibly cut them down or rise them up.

Customers: Clients/customers drive business, and for Appex to stay in business the clients need to be happy with Appex’s services. Hence, making them a stakeholder in Appex's business. If Appex can’t get their organizational structure in order, their services will drastically decline in quality, and negatively affecting relationships with customers.

**Generic Strategy**

Appex gave phone organizations two separate services. The first was known as intercarrier services (ICS) and the other is known as management information systems (IS). ICS permitted phone organizations to deal with their clients' calls from the local and well-known territories. ICS was responsible for about 60% of Appex's incomes in 1990. The other service, IS was a bunch of programming that permitted organizations to deal with their monetary records and it was responsible for about 40% of Appex's income in 1990. The cost leadership strategy Appex used, and their creative business concepts permitted them to produce beneficial incomes from these two services. Cost leadership allows an organization to create for a generally minimal price and handle bigger orders. (Tanwar) Appex's first Chief, Brian Boyle, was efficient during the beginning phases of Appex, using an informal organizational structure. Informal relationships between a company’s members are just as important as the formal roles. (Cash). The new COO, Shikhar Gosh, executed the circular structure and afterward the horizontal structure which both weren’t exactly fit up for Appex. They then attempted a hierarchal, functional structure, which had issues with heads of departments began creating their own polocies instead of the organization's policies. Lastly, they tried a divisional structure was then attempted, and different divisions were set up for every one of Appex's services, but the awful communication and sharing of assets turned into an issue. Information technology will continue to affect business whether or not it is welcomed. (Fried)

**Organizational Structure**

**Porter’s Five Forces Model**

1. *Threat of Substitutes:* (Low) The threat of substitutes is low for Appex. At the time, this was the most current and efficient for this industry. One thing that helped Appex acquire a big portion of the overall industry and notoriety was the addition CMIS (Appex Cellular Management Information Systems) which included data about the customers, billing, accounts receivable, credit and collection data, inventory control, and cell network analysis. They additionally offered the Appex billing service which was created for more modest organizations that couldn't bear the cost of CMIS. The various items offered by Appex made them standout and made substitutes creations have a tougher time competing on the grounds that they would not have the choice to offer similar services and products that Appex can.
2. *Supplier Power*: (Low)They don’t really have any suppliers. They are the suppliers to different organizations.
3. *Competitive Rivalry: (Low to Med)* Appex Corporation doesn't have a great deal of rivals in the cell phone industry because it was new and there were relatively few organizations that were in the field., A few of their rivals were GTE, Cincinnati Ringer, and McDonnell Douglas. Appex's rivals tried to get together and created ACT to address the specific necessities in the wireless business. Appex created new items and innovations quickly which made it difficult for ACT to achieve anything, which prompted the fall of ACT.
4. *Buyer Power:* The power of buyers is exceptionally high. Customers could simply change to one of Appex's rivals. Clients that are disappointed with their service have no reason to keep working with Appex and will switch if another company can satisfy their needs.
5. *Threat of New Entry: (Low)* The threat of new organizations entering the market was somewhat low. The market was developing quickly, but since, it requires a ton of cash-flow to acquire a good portion of the market. For an organization to get any portion of the overall market, they would need to get up to speed with Appex, and progress past them to take a portion of their share. At the speed Appex is innovating, this would be exceptionally difficult to do.

**Alternatives**

**Do Nothing:** One thing that Appex Corporation could do is nothing. Doing nothing would mean maintaining the divisional structure that is implemented as of right now. They are having numerous issues with this structure like asset allocation, terrible communication across divisions, and that every division began to behave like little organizations (Cash). These issues are for the most part feasible, meaning that there is a potential for Appex to have the option to utilize this structure to maintain their business. If they happened to pick this choice, these issues would need to be acknowledged for the divisional structure to be effective.

**Effect on Stakeholders:**

CEO and management might lose their positions as the organization is sinking. Investors would lose cash as the organization's stock costs drop. Workers would either stop working or end up exhausted for low pay. Customers will not have the option to get what they need on schedule.

**Matrix Structure:** Changing to a Matrix structure is something that they have not attempted at this point. The employees sort of began to do this themselves, however it was not how Ghosh set it up to function. The organization would benefit from the bureaucratic structure of having useful segments of the organization while having the various divisions in the company (Cash). It is essentially joining the advantages of both functional and divisional structures. The matrix structure offers them better resource efficiency, better responsiveness, dual reporting relationships, and shared rights (Cash). These would assist with lessening the current issues that Appex is dealing with the current structure.

**My Solution**

The Appex company should change to a matrix structure. The matrix structure is the best fit for Appex. The matrix allows an organization to meet multiple demands from the environment. (Cash) While there are negatives using the matrix, a couple of these conflicts are beneficial and advantageous. “… it forces discussion and coordination to resolve issues that pertains to both functions and projects” (Cash) This kind of conflict will assist with developing the organization overall. Conversation will carry innovative plans to the organization. Creating these new plans implies product improvement for the organization, which would go in to more development for the organization.

Work Cited

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