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CIS 410

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Connor Metal Case

4/11/2021

Problem:

The problem with Connor Metal is that when Bob Sloss changed the entire organizational structure to decentralized division, he wanted to ensure that information flow is continuing to happen between division and the employees. Before Bob Sloss took over Connor Metal did not have enough information technology infrastructure, and the only technology the had was an IBM System 34 minicomputer at corporate office, which had limited usage to only those in financial and accounting. Other divisions were frustrated with this as they had to use a pen and paper which also led to inefficiencies within the organization. Later Bob Sloss introduced an IBM System 36, to reduce paperwork for the Los Angeles, San Jose, and Portland offices. Employees were uncertain about the use of this piece of technology; however, it was well design and employees were able to use it.

The Los Angeles office saw improvements due to the changes that happened using this system, within months run speed on the jobs were increased by 20 percent, repeat defective job were decreased by 14%, credit issued to customers and late jobs also decreased, Sales had increased to 28%, as customers were paying for the higher quality products, as the company was recognized as a high-quality company. The main concern for Bob Slos is to whether or not to implement the new Information Technology system to other divisions in the company.

Industry Competitive Analysis

The mission statement of Connor Formed Metal Products is to produce reliable high-quality metal, custom-developed, springs and stampings for large U.S original equipment manufacturers with a high customer service satisfaction.

Porter's five forces:

1. **Threat of New Entrants: High.** Connor Metals threats of entrants is high due facing foreign competitors, offshore companies provide similar products and services at cheap cost, thus these offshore companies are the biggest threat to Connor Metal.
2. **Threat of Substitutes: Low.** This is low because the complexity and variety of products were hard to duplicate, and the quality is better than any other companies that supplied this service at the time
3. **Bargaining Power of Supplier: Low.** The supplier power is low because Connor uses raw material and those can be obtained from any supplier without effecting its quality.
4. **Bargaining Power of Customers: Low.** Connor Metal produces high quality products, customers are willing to pay premium. Connor Metal is makes custom parts, where customers would not want to switch.
5. **Intra-industry Competition: High.** Competition for Connor is high because overseas immerging manufacturing markets across the globe operate at lower cost than Connor Metals.

Porter's Generic Strategy:

Connor Metal first started competing at a cost leadership strategy like many other industries their goal was to make money, when customers choose the supplier based on cost of the product the quality industry-wide was extremely poor. By 1984, Sloss then switched to a differentiation strategy by increase it focus on customized metal stampings and wire forms delivering 100% of its reliability.

Stakeholders

A stakeholder is “a party that has an interest in a company and can either affect or be affected by the business.” (Investopedia) The stakeholders are:

Management: Include the executives of Connor Metal, including Sloss as he is stakeholder because his decisions will highly impact the organization and his image so he must have strategic plan to decide the future.

Employees: They are stakeholders because the system change could possibly change, they way they complete tasks, they might also have to learn the new system. If they fail to learn the new system, the company will struggle.

Customers: They are stakeholders because they acquire customized parts that are high quality. The change could impact the quality or the cost of the service they receive “what customers want with hassle-free service and superior value” (Kalakota).

Shareholders: They are the ones who invest their time and money on this company, have rights to receive and loss profits on their investment. The system could affect the shareholders if the employee’s productivity improve or decline in each of the divisions because the profits would vary at nearly the same rate.

Alternatives and Impact on Stakeholders

1. Do Nothing

This option means that Connor Metal should not implement the IT system in the other divisions, this means that Connor should continue to produce a high-quality product and maintain its large earnings. “Effective performance management is essential to businesses. Through both formal and informal processes, it helps them align their

employees, resources, and systems to meet their strategic objectives.” (Capri) This option has the least amount of impact to its stakeholders because the current system would have to remain the same, the only effect this might have is it could result in loss of competitive advantage. The impact on stakeholders as this might be well received by the employees since they do not have to train again for the system. Customers will keep getting the same high-quality service they get. Shareholders would be most likely to continue profit as the company is already doing great. Management in San Jose might be a little frustrated with this because they will continue to use pen and paper.

2. Implement the system in all divisions

If Connor Metal decides to go with this route, then they will need to spend money, in unnecessary area that does not require the system “Storing information electronically is far less expensive than the equivalent storage in filing cabinets, when the cost of office space is factored in.” (Cash). This could benefit some of the stakeholders. Employees would most likely have to be trained on this system, some might find it hard and frustrating while others could benefit from this. Management would most likely be affected by this depending on how well their employees perform. Shareholders could be harmed by this because the company’s expenses rise tremendously. Customers could be happy with this as their product may improve even more and could have more variety of products to consider.

3. Implement the system in select divisions

Connor Metal could choose which divisions need the new system installed, this could increase the profit in those divisions that need it, since San Jose does not want to change its system, others could greatly benefit from this. This course of

action can save Connor Metal money and increase its profit. Shareholders would like this idea because they do not have to spend more money than necessary, “Timely and flexible access to information is a critical element of time-based competition.” (Cash) managers may benefit from this as well it all depends on how well their employees perform under it. Employees will be happy with this decision as they may have the option to use this system, as stated San Jose is performing well thus, they do not need the use of this system. Customers would benefit from this because their product quality will improve.

Best Course of Action

The best course of action Connor Formed Metal should implement is to implement the system in selected divisions. Some organizations are doing well at their current state without the use of this system, based on the four staged model “proposes that every organization traverses four stages of learning in sequence” (Cash) Connor Metal have already implemented the system in Los Angeles division with great result which is making them move into the third stage. As per their first stage they chose the system after identifying the opportunities, the second stage was they found how great of a success it was and weather or not to fully implement it throughout all other divisions. I believe that Connor Metal were to implement the system in selected division they will increase their productivity and profit if they will continue to produce high quality products “the goal of an organization is to make money now and in the future” (Goldratt) . The second-best course of action would-be do-nothing Connor Metal not to implement the IT system in the other divisions, this means that Connor should continue to produce a

high-quality product and maintain its large earnings. This option has the least amount of impact to its stakeholders; however, it may put them behind competition. The third alternative is Implement the system in all divisions, I think this is not a great choice because Connor Metal will need to spend money, in unnecessary area that does not require the system, companies' expense will very high.

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