CIS 410-50

**Agrico**

**Case Analysis**

**Case 5**

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**Executive Summary:**

In this case we take a look at Agrico, which provided farm and ranch management services for over 350 farms and ranches in the Midwest US. Agrico was able to provide cost-effective management services for their clients, which made Agrico ranked as one of the nation’s larger agricultural management firms and allowed a market value portfolio of 500 million dollars for Agrico. Agrico’s main problems came from the business relationship between AMR and the ethical and moral implications that could arise between taking of AMR’s source code. Agrico was looking to install a all-in-one management software package that would help with Agrico’s business, and AMR was the provider of the code and software. In this case I will be going over the case, the organizations mission, the organizational structure, the strategy of the company, the options that Agrico can take, Porter’s five forces, the stakeholders involved in this case, and my solution for Agrico.

**The Case:**

The main issue that was presentient between the two companies was Agrico’s ethical and moral values in taking the source code or leaving the source code alone. Another issue was AMR’s resilience to provide Agrico with the source code for the software, which Agrico viewed as a problem because of the numerous bugs, setbacks, and failed acceptance tests of the system that had been rolled out to Agrico. Also, AMR’s escrow about them maintaining the software with a third party that was in place did not meet the requirements and expectations of Agrico.

If Agrico could get ahold of the source code, it could allow them to store it themselves and allow for better business continuity. “No wonder that questions of survival are such a high priority in organizations, for there is much more than the survival of the organization at stake.” (Morgan 220). But, since both companies were in a legally binding contract that did not allow this to happen, Agrico was in a pickle of sorts. The upper management of Agrico have weighed the option of discontinuing the agreement with AMR, but due to the time and money already wasted they could not afford to look elsewhere for new software for their system. “Every second of wasted time or inefficient use of time represented a loss of profit.” (Morgan 300). They could not risk wasting anymore time, as they already wasted enough time, and time is money. Agrico was hoping for a encompassing system that would allow them to make modifications as they see fit for the future, but without the source code they are not able to do so and would have to rely on AMR to help update their system. George P. Burdelle, the VP of Agrico, had the tough decision to decide if they should take the source code that was left on the open computer, or not take the source code and try to continue the relationship between the two companies.

**Case Analysis:**

Agrico’s mission statement is to provide their farm or ranch clients with top notch management services that also is cost effective and reliable. They want to update the current system into an all-in-one packaged system which will allow integration and flexibility for the company. AMR was the company chosen for this software. AMR had been successfully proven before, and allowed for the all-in-one package that Agrico was looking for.

The organizational structure of Agrico is the functional structure. With George P. Burdelle being the upper management of the company, along with four regional offices, which housed 5 farm managers each. The regional offices provide direct support for the 350 farms and ranches that utilizing Agrico’s service. The main office acted as the headquarters for the company, which provided supervision and decisions for the company and provided the informational flow throughout the company.

The generic strategy for Agrico was cost leadership. The company was providing a cost-efficient managements services for their clients. Since, Agrico didn’t have many competitors, there was no need for differentiation from the competition. They looked to reduce operational expenses and be a leader in their respective region in the midwestern United States.

**Porter’s Five Forces:**

**Competitive Rivalry:** Agrico’s competitive rivalry is very low. The case does not mention any direct rivals with Agrico. The only rivalry that they could have, is similar farm and ranch management companies. It also could be software companies that may sell the products and services directly to the farmers. This would cut out the middle-man, which would be Agrico, and can potentially save money by doing the managing themselves or hiring a small team. Although this may be the case in the future, for the time being, there is very low competitive rivalry for Agrico.

**Threat of New Entrants:** The threat of new entrants for Agrico is low. Agrico being in a specific part of the country and being an already established company with a history of success. Farm management is sort of a niche market that does not have much players in the industry. It would be difficult to start a new management company in this industry because of the upfront capital investment and how the market share is being taken by already established companies. “The least profitable firms were those with moderate market share.” (Tanwar 11). Since most of the market share was already taken, forming a new farm management business would not be a wise investment.

**Threat of Substitutes:** The threat of substitutes for Agrico is low. For the farms and ranches that are located in the region that Agrico is located in, they don’t have much choice besides Agrico. Sure they can probably find a similar management business like Agrico, but they probably cannot get the same cost leadership and quality of service that Agrico provides. Therefore, the threat of substitutes is low for Agrico, because of the niche market and the regional location of the farms and ranches.

**Bargaining Power of Suppliers:** The bargaining power of suppliers is low to medium for Agrico. Agrico as a business, does not rely on any suppliers other than the farms that produce crops. Agrico does rely on seed, machinery, and other farm product needs from suppliers, but from a company’s standpoint they don’t need the supplies. They negotiate the suppliers for their clients. The clients and Agrico wants to insure that the want to negotiate a larger cut for themselves as well. Therefore, the bargaining power of suppliers for Agrico is low to medium.

**Bargaining power of customers:** The bargaining power of customers for Agrico is low. For the farms and ranches that are in Agrico’s regions, they have relatively little bargaining power to negotiate with Agrico, as there are very little or no other farm management services that are close to them. They could switch to their own management, but that would take more time out of the farms and ranches day to day, which would be better utilized for greater crop yield. Therefore, the bargaining power of customers for Agrico is low.

**Options:**

**Copy the source code:** If Agrico were to copy the source code left on the computer by Jane Seymour, they could possibly end up in court as AMR will likely find out they have the source code in their possession. Agrico could possibly win the legal battle that ensues, due to the fact that AMR has been hard to work with and the delays with integration the new software has cost Agrico time and money. If they end up losing they might have to return the source code, pay a hefty fine, and lose the partnership with AMR, which could be drastically bad for the company. On the other hand, this could help Agrico in the long term as they can now update and manipulate the source code to their exact specifications. They could change the source code to find it more satisfactory to them and also escrow the copy to what they want. Allowing for full control over the source code and escrow copies. Also, since the two companies were already having a deteriorating relationship, this could end the partnership and the two companies could go on their separate ways, which may be good. The public image of Agrico may be tarnished, due to the lack of ethics that have been displayed by Agrico as well. The stakeholders for Agrico are the clients, Burdelle, Rogers, Jane Seymour, AMR, and Agrico as a whole, including employees.

The clients may be able to be more productive and have a greater management system with Agrico having access to the source code. Agrico could use the stakeholder analysis to identify who is at stake with the issue and see the benefit of taking AMR’s source code. By doing this, it could also force the clients to search for a new farm management business, due to the court settlements and the returning of the source code and cancellation of the partnership between Agrico and AMR. Burdelle, could be more relieved as the source code is now in their procession, and they company can move forward in implementing the code to more of their liking and having the escrow control. There may be some legal ramifications for taking possession of the source code, which could lead to jail time. Rogers would not have control over the source code, in which the company is very reliant upon keeping in their possession. Their source code allowed AMR to scale and customize various farm management systems, and with the source code not being in their possession, this could lead the code to be copied by competitors, and they would lose their competitive advantage. Jane Seymour might face legal ramifications for leaving the source code unattended for Burdelle to take. AMR will lose the software in escrow, which could lead to the leaking of trade secrets and their source code. This could hurt the company in the long run, as the source code was the differentiator against the competitors in their industry. Agrico could move forward as a company and not have to rely on AMR for updating and modifying their system, leading to better productivity.

**Don’t copy the source code:** If Agrico were to leave the source code as it is, and not copy it, they would just continue on with how operation were running currently. They would avoid any legal troubles as they did not steal the source code made by AMR. “Doing the right thing is equated with a sense of responsibility to have great impact for the firm” (Morgan 143). But, the relationship between AMR and Agrico was deteriorating and could progress into the companies going their separate ways, with AMR taking the source code and management software application with them. This would make Agrico lose valuable time and money, which they cannot afford to lose. On the other hand, the two parties could renegotiate and work better together, which would allow Agrico access to the source code, and ensure that they do not sell the source code to any other parties. This would allow AMR to fulfill their agreement with Agrico, and the two companies could consider their business with each other a success. Morally and ethically Agrico will come out clean, but as a business this may not be wise as the business needs to act in its own self-interest. The business exists to help the clients and to bring money into the company, this option may not be the right choice for Agrico. “No project is so risk free that your company lawyer can’t kill it” (Adams 88). This is why doing nothing may not be the right choice because, the current project Agrico goes through could have more risks involved.

The stakeholders of Agrico will be affected by this option. The clients may face the new system and have to wait for updates that will help them be more productive. Burdelle, would be relieved of all legal action, but runs the risk of the AMR system not working and the two companies having a falling out. Rogers, will continue to run AMR and keep the source code to the company, he could have a renegotiation with Agrico in order to improve relations with the businesses. Jane Seymour would avoid legal issues, but may face the risk of Agrico losing time and money and not implementing the new system. AMR would continue business as normal, and retain their competitive advantage. Agrico as the business, including employees, may manage to run the company forward and avoid any legal ramifications, which would save money and could lead to successful integration of the software system for farm management.

**My Solution:**

**Copy the source code:** Although, morally this may not be the right option, but from a business stand point this is the right move for Agrico. Agrico could move forward into integrating the software into their system to their exact specifications, and be able to modify and change the code to their liking. This would improve business productivity and flexibility for the company and improve the management of clients in the long run. Agrico could run into some legal trouble as stealing the source code could result in fines and jail time, but if lawyers insure that the courts could be in their favor through the legal contract and how AMR was not working well with Agrico. Ethically, this is the right option, because it helps their massive amount of clients and would really only hurt AMR. Agrico needs to run its business in its own self-interest, and if stealing source code is the only way to do it, maybe it is the right choice. “Data become available to a broader range of recipients than ever before, raising additional questions about legitimate ownership and access.” (Cash 248). Agrico should steal the source code, because it was supposed to be made available to them anyways and should have full access to it. Overall, the only downside is the legal ramifications that could occur, if they get caught, the negative publicity that could come out of it, and the falling out between the two businesses. Other than that, Agrico can become more productive, which would benefit all the stakeholders from the company, other than AMR.

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