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Case 5

CIS410 Connor Formed Metal Products

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1. **Dilemma:** Is it beneficial for Connor Formed Metal Products to implement their new system throughout the entire company? Only one division has used the system and other divisions are doing well without it, so is it necessary to distribute the system to each division?
2. **Role of IT:** The role of IT, for Connor Metal, was the system developed by Michael Quarrey. The system was intended for order tracking and innately distributing information to the employees such as job history and the production process. The system allows the employees to manage the process for design, manufacturing, selling and servicing throughout the organization. (Cash)
3. **Critical Stakeholders and their rights:**
   1. **Connor Metal shareholders –** The shareholders of Connor Formed Metal Products have the right to earn profits and loss on their investments in the company. The system could affect the shareholders if the productivity increases or decreases in each division because the profits would fluctuate at approximately the same rate.
   2. **Employees –** The employees are greatly affected by this new system because the increase in information increases their power and motivation. The increase in power and motivation will increase employee productivity and consequently, raise profits. The employees have the right to any company resources that may increase work performance as well as the right to information within the operations of the company.
   3. **Customers –** Connor Formed Metal Products was repositioned as a service oriented company, which would provide custom-made metal stampings and wire forms. The customers consist of large companies such as Honeywell, Motorola and Hewlett-Packard. The customers have the right to a high quality product, reliability and timely delivery.
   4. **Divisional Managers –** Managers of individual divisions are affected by the new system because Sloss would like to integrate it into each division after seeing the benefits from the Los Angeles division. The system may not work the same for each division so the divisional manager must make a decision about whether to implement the system or not. Division managers have the right to control their division with respect to the higher managers and executives.
4. **Porters Five Forces**
   1. Buyers have a large amount of power because within the industry there are many companies that do the same thing. Stamping metal and wire forms are not specialized traits. (Cash)
   2. Suppliers have little power because there are many sources of the raw materials that Connor Metal needs in order to produce their products. These raw materials can come from all over the country and sometimes from other parts of the world. (Cash)
   3. The possibility of new entrants is high because the products Connor Metal creates are not unique. This allows small mom and popshops the ability to enter the market easily. (Cash)
   4. Substitutes are high for the metal industry, although since Connor has been repositioned as a service industry with custom made metal stampings and wire forms the substitutes for them are now low. (Cash)
   5. The industry Connor Formed Metal Products is in has high competition due to the many little shops and low supplier power, which means very high entrant threats. The price will be lower because the competition and low supplier power drives the price down.
5. **Alternative courses of action**
   1. **Do nothing (Only use the system in the Los Angeles division) -** If Connor Metal were to do nothing and not integrate the new system into all divisions, they would continue to produce quality products and earn large profits. Currently, Connor Metal’s four divisions are operating efficiently and effectively enough to sustain business. San Jose is currently making record profits and if the system were to be used then the profits could possibly decrease. On the other hand, some divisions are in need of a system to facilitate information travel in order to increase productivity and improve customer satisfaction. Not all of the employees would benefit from this because the information system would not reach every division. The division managers could possibly be disgruntled if their division did not receive the system even though they could benefit from the information it provided. The shareholders could benefit from this because the increase in profits for the Los Angeles branch could increase their returns even though it may not be as much as possible since Connor Metal would not use the system in any other division. The customers would still benefit from this because they are currently receiving high quality stampings and wire forms.
   2. **Implement the system in every division** – If Connor Metal were to implement the system into every division then they may be spending money in areas that do not need the system.This would benefit the employees and division managers of the divisions that truly need the new system, although it is a potential unnecessary cost for those divisions that are operating well without it. The shareholders could be harmed by this decision because the increased expenses may not equally translate into increased income, which means they may not receive a high return on their investment. Lastly, the customer would most likely benefit from this because the majority of the divisions would benefit from the new system, which means the metal products they receive would be better.
   3. **Implement the system in select divisions –** If Connor Metal were to choose which divisions to install the new system then they could possibly increase the profits where they have unused capacity. They would not need to implement the system in divisions such as San Jose, although many other divisions could greatly benefit from the new system. This could possibly save Connor Metal money while increasing profits, which would benefit the shareholders. Connor Metal’s customers would benefit by this decision because each division would be evaluated and essentially optimized based on whether they need the system or not. The employees and division managers would benefit if their division needed the system because it could be implemented. This would increase their power and motivation by increasing the information they have available.
6. **My normative recommendation:** My personal recommendation is for Connor Formed Metal Products to implement the system into selected divisions. The organization has shown that they are doing well in areas without it so if they were to implement where need be then they could optimize each division. According to the four-stage model, Connor Metal seems to be moving into the third stage because they have already completed the Los Angeles experiment with great success. In the first stage they chose to use the system after identifying the opportunity and investing in it. The second stage, Connor learned how well it worked and now they must decide whether to implement Quarrey’s system throughout each division and help the employees with the technology or remove it all together. I believe if Connor Metal were to evaluate and implement the system in select divisions, they would increase their productivity where it is needed and assume the remaining divisions will continue to produce high quality products. Each division is different and operates as if they were their own segment by controlling quality, engineering, sales and manufacturing so Connor cannot assume each division will react the same way Los Angeles did. The increased information in the divisions with the new system would increase motivation temporarily. Motivation would also increase from wages, bonuses and stock options that Connor has decided to distribute. Since both information and monetary motivations are considered hygiene factors, the divisions without the new system would not be any less motivated than those with the new system.

**Works Cited**

Management of Information Systems by Professor Barker/ Cash: Chapter 6

Management of Information Systems by Professor Barker/ Cash: Case 6-3 Connor Formed Metal Products

Porter’s 5 forces