

Case 5.1 Agrico

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The Problem

Agrico Inc. was a firm that provided farm and ranch management services for roughly 691,000 acres of land in several midwestern states. In 1987 its portfolio had a market value of \$500 million, so they were well established. They were so well established that they had outgrown their original computer system, and a need for a brand new one had arisen. Agrico selected AMR, a small software firm, to provide them with the new system. The problem presented by this decision, however, is that AMR was very secretive about the source code of their software, and Agrico's project manager for the new system, George Burdelle, was very adamant that Agrico be allowed to keep a portion of it. After an AMR employee insecurely leaves the source code available on one of Agrico's computers, Burdelle must decide what to do. Burdelle must decide to make a copy of the source code and store it in one of Agrico's off-site facilities, or Burdelle follows AMR's strict source code rules.

The ethical dilemma presented by this is one involving data access. According to James Cash, the "fundamental issue" at stake for data access is about who owns the data created by or about individuals. Cash goes on to state that the law concerning data access is usually ambiguous, we see an example of this in the case when Burdelle discusses the AMR contract with Agrico's lawyers, and that it can be interpreted in different ways by different individuals. While personal information may not be covered by copyright laws, intellectual and corporate property are. In this case, the source code of AMR's software should definitely be considered intellectual property, or IP, and should be covered by copyright law. On the other hand, Agrico needs to be granted access to at least view the source code, so they could make enhancements to it in the future if they had to. Agrico also wanted to be able to fix bugs on their own time because they valued their clients' assets. Time was one of those assets. That is the ethical dilemma for Burdelle, and the main problem presented by this case.

Industry Competitive Analysis

Mission Statement

The mission of Agrico is that management services provider in the agricultural industry that provides management services to farms and ranches. Agrico ranked as one of the nation's larger agricultural management firms, so they operated with a focus differentiation strategy.

Organizational Structure

The organizational structure of Agrico is functional. They do not appear to have many personnel in their organizational chart, and common activities have been grouped together. Cash states that, "a functional organization is one that is grouped by function, and as the organization grows, main functions may be sub-divided and new functions may be added." This is exactly what the organizational chart of Agrico conveys. Marketing is broken down into more marketing functions, and operations are broken down into subfunctions of operations. That is why I believe they are a functional organization.

Business Model

Agrico is a value shop. They provide different services that satisfy the needs of different customers, and they aren't manufacturing anything. Those are the reasons why Agrico is a value shop and not a value chain.

Generic Strategy

The generic strategy of Agrico is focus differentiation because they offer multiple products to many different customers on an economy of scope, which means that they provided their services in a way that they could be sold anywhere in the world. They also associate specific customer needs with a specific product or service. Another reason is because Agrico is ranked as one of the nation's larger agricultural management firms, and the case makes no mention of their competition. From here it can be assumed that they produce a service so well that no one tries to compete with them. That is why Agrico uses a focus differentiation strategy.

Analysis of Porter's Five Forces

1. **Intra-Industry Competition: Low Risk** because the case makes no mention of their competition, and there probably isn't that much competition in the farm management service industry to begin with
2. **Threat of new entrants: Low Risk** because agriculture is one of the oldest industries in the country, and there are many barriers to entry
3. **Customers: Low Risk** because Agrico's customers have low bargaining power. I doubt they have too many choices to pick from
4. **Suppliers: Low Risk.** No one is supplying Agrico with anything unless you count their customers' farm land
5. **Threat of Substitutes: Low Risk** because there is not a lot of competition in the farm management service market that customers can easily switch over to, although the services may be easy to reproduce

Stakeholders

The stakeholders within this case are:

- Burdelle
- Agrico Shareholders
- AMR Founder, A.M. Rogers

Burdelle is the most obvious stakeholder. His decision causes the main problem presented in this case study, and he is at the center of the entire ethical dilemma. He is responsible for the decision and any consequences that come along with it. The Agrico shareholders are a stakeholder because it is their money that is being invested into the firm, and Burdelle has a duty to make good on their investment. Rogers is a stakeholder because he is the rightful owner of AMR's source code. He is responsible for AMR's strict rules about the source code

and one of the primary contributors to the main problem of this case. Those are all the stakeholders within this case.

Alternatives

There are only two alternatives to the main problem of the case. Burdelle chooses to do nothing when he is presented with the AMR source code, or he chooses to copy it and ship it to an off-site facility. In short, the alternatives are to:

- Do nothing
- Copy the source code and store it

1. Do Nothing

The first alternative solution is for Burdelle to ignore the fact that Jane Seymour left the source code, and follow the rules and regulations set forth by Agrico's contract with AMR. This is a legally binding document that cannot be broken under any circumstance. The contract between the two explicitly states that the software may not be copied or reprinted without AMR's permission, and that the source code listings not be removed from Agrico's premises. If Burdelle were to copy the source code and ship it to an off-site facility, he would be in violation of two of the formally agreed upon rules presented by the contract. This would open Agrico up to for legal action, and the potential damage to their reputation that a potential court case may cause. In this solution, however, Burdelle does not copy the source code and he does not ship it off site. He avoids legal action, Rogers is satisfied, the project eventually completes, and yes, the shareholders are satisfied because Burdelle still makes good on their investment and their interests.

The downside to doing nothing is that AMR has the potential to miss the deadline and jeopardize Agrico's clients' assets. In this case, Burdelle would not be fulfilling his duty to the

shareholders, the shareholders lose money, and Rogers damages his reputation. Those are the pros and cons of doing nothing, and how this solution affects all of the stakeholders.

2. Copy the source code and store it

The second alternative solution is for Burdelle to copy and store the code. In this solution Burdelle decides to go ahead and copy AMR's source code even though it will violate their contract. Burdelle now has to deal with all of the consequences if Agrico is caught, but there is a chance that AMR doesn't notice. If they don't, Agrico has a backup of the source code and is now free to make modifications to it in the future as they see fit. If the deal with AMR falls through, Agrico now has a solution to secure their clients' assets. The only catch to this is that Burdelle doesn't do anything stupid, like randomly terminating the contract with AMR after he gets a copy of the source code. That would seem suspicious, and it could invite some inquiry into how the project got completed after the fact. In the end, Burdelle completes the project and secures a portion of the source code for the new software, the shareholders interests are made good on by Burdelle, and Rogers loses his valuable source code to someone else.

The obvious downside to Burdelle making a copy of the source code is that he gets caught and AMR pursues legal action, thus damaging his and Agrico's reputation, but one less obvious downside is that Burdelle and Agrico are making a making a copy of one individual iteration of the source code. It could be bug filled, or AMR could release a better version later in the development cycle. If the source code is outdated it will be of little use to Agrico, especially if some things in the software were written in a way that it becomes unrecognizable when compared to the copy. Burdelle must also consider the fact that Jane Seymour could have left the source code on purpose to see if Burdelle and co. were trustworthy. The case states that Seymour and the team at Agrico had a good relationship, but Seymour could have used that to her advantage in order to test the integrity of Agrico. Should this be the case, it is not a good idea to copy the source code. The outcome of these downsides are ultimately that Burdelle is

hurt in the long run, the shareholders potentially lose money, and Rogers wins a legal battle against Agrico while losing his source code at the same time.

One last thing that should be examined in this solution is Burdelle's duty to make good on the shareholder's interests and investments. According to Milton Friedman's shareholder theory, the only responsibility of a business representative is to maximize profit for shareholders within the law or ethical customs. This means that the good thing to do is always to maximize the shareholders profits, and the bad thing to do is to minimize them. This ethical theory has been adopted into many laws today, so Burdelle has a legal obligation to make good on the shareholders' interests and investments. If Burdelle copies the source code and stores it, is he actually making good on those interests? It can be argued that he is insuring the integrity of Agrico's clients' assets, but this solution comes with a ton of downsides. The legal actions will most likely cost Agrico, and in turn, the shareholders money and reputation. They could also make a mistake in using old source code, which will also cost them. Both of these factors minimize the shareholders' profits, which would be considered the "bad" thing to do in this situation. Doing nothing does not present any immediate profit for shareholders, but it involves the least risk and the biggest chance at a return. The shareholders profits will eventually be maximized if the project completes, and there is no damage to Agrico or Burdelle. This would be considered the "good" thing to do in this situation. That is an overview of the copying solution.

My Solution

Burdelle should make the decision to do nothing. He shouldn't make a copy of the source code and he shouldn't store it in an off-site facility. He is operating purely based off interests, and in this case, doing nothing is in *his* best interest. According to Gareth Morgan, "interest are predispositions embracing goals, values, desires, expectations, and other orientations and inclinations that lead a person to act in one way rather than another." More specifically, Burdelle

is operating based off task interests. Morgan states that task interests are interests that are connected with the work one has to perform. Burdelle is trying to perform his task of pleasing the shareholders but copying the source code does not do that. In fact, it does the opposite. This is because doing nothing has less risks, and it makes Agrico better off in the long run. Copying the source code may present a more immediate benefit, but the potential downsides of that decision outweigh the benefits. It's always good practice to follow contractual agreements, especially ones that are very explicit in their word choice. Burdelle may believe that he is acting in the shareholders' best interest, and an argument can be made that he is, but he creates too much potential to damage the firm. If Agrico is operating on shareholder theory, then this is the bad, or unethical, thing to do.

Another reason Burdelle shouldn't copy the source code is because doing so is immoral, and the "wrong" thing to do. Copying someone else's IP is just a nicer way of saying that you are stealing their IP. If you're going to steal something you might as well come out and say that you stole it instead of going through the trouble of trying to hide the fact and fighting a potential legal battle over something Burdelle should already know is wrong. As the saying goes, "honesty is the best policy." Burdelle should also have his own set of interests based on Gareth Morgan's Three Organizational Interests. They are tasks, as mentioned before, career, and personal. Stealing the source code to AMR's software likely isn't in the best career interest for Burdelle. Getting caught will damage his reputation, and potentially end his reputation. Even if he doesn't get caught stealing, he can still be called out for his actions when they do benefit Agrico. That's why stealing isn't in his career interests, if he enjoys being employed. According to Gareth, Burdelle should also have some personal interests. If he has a family, I don't think it's in his best personal interests for his family to see him get caught stealing source code. It doesn't set a good example, and it can potentially ruin some of Burdelle's relationships with other people. Those are the reasons why stealing isn't in Burdelle's task, career, or personal interest. If you

take all of the consequences, downsides, risks, Burdelle's interests, and most importantly, the shareholders' interests into account, it's clear that the obvious solution for Burdelle is to do nothing.

Conclusion

This case study involves Agrico, a farm and ranch management service provider, and Agrico's vice president of information systems, George Burdelle, and the ethical dilemma of copying another company's source code for their software program. The alternatives to the problem presented in this case are to copy and store AMR's source code, or to leave it alone. The best solution is to do nothing because it involves the least amount of risks, it maximizes Burdelle's interests, it maximizes the Agrico shareholders' interests, and it makes Agrico better off in the long run. That's Agrico's problem within this case, the alternative solutions to solve the problem, the best solution, and why Agrico should have pursued this solution.