Case 7.1 Waco

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The Problem

Waco Manufacturing is a leading supplier of custom-machinated parts to the automotive industry. They installed a security and information system that tracks the location of every employee while they are on company property. The problem arises when an area manager, Monique Saltz, questions an engineering manager about the status of a project. All of the employees that report to the engineering manager act like they have no clue about the project, so Saltz goes to Shelly Tomaso, the plant manager, to report the situation. They both used the new tracking system to confirm the engineering team's locations for the year and found that none of them had been in the same room together a single time during the year. Now Saltz and Tomaso must decide what to do next.

The root of the problem originates from the assumption that the system will always be right, and this simply isn't true. The new security system could potentially have a bug that causes it to record the wrong location for an individual employee. Overall the system doesn't seem too bad. According to James Cash, employee monitoring systems typically do four things," set standards, monitor, analyze, and provide data," and the new security system does all of these things well. The issue presented by the system now is that Saltz and Tomaso must choose to use the results of the security system or to ignore them when deciding the next best course of action concerning the project. That's why the main problem of the case revolves around whether it's ok for Saltz and Tomaso to completely trust the new security system, or if they should use their own judgement and trust in the engineering team.

Industry Competitive Analysis

Mission Statement

The mission of Waco is that they are a supplier of custom-machinated parts for automakers in the automotive industry. They produce a commodity, so they most likely use a cost leadership strategy.

Organizational Structure

Not much is said about Waco as an organization, but they seem to be a large one. For this reason, it can be assumed that they use a divisional organizational structure. According to James Cash, "Each division can be held accountable for its performance, and one potential disadvantage to this form is a reduction in efficiency due to a loss of scale economies." This means that each division is held accountable for their work and instead of having all of the engineers in one place, each division is given a small portion of engineers. In this case, Saltz's division is most likely manufacturing, and the manufacturing division has a team of three engineers. The division is also responsible for completing the project mentioned within the case, and it is held accountable for its completion of the project. That's why Waco has a divisional structure,

Business Model

Waco is a value chain because they are a manufacturer, not a service provider. Their security IT system is in place in operations because it monitors the status of the manufacturing plant. That's why Waco is a value chain.

Generic Strategy

The generic strategy of Waco is cost leadership because they produce commodities and sell them at the lowest possible price. Their custom-machinated parts are produced on economies of scale, meaning that each successive unit is cheaper to produce than the last. That is why Waco uses a cost leadership strategy.

Analysis of Porter's Five Forces

1. **Intra-Industry Competition**: **High Risk** because they are a low-cost provider, so it can be assumed that they have steep competition in their market

2. **Threat of new entrants**: **Low Risk** because the automotive industry is already well established

3. **Customers**: **High Risk** because the automakers could always just go with the cheaper, next-best alternative, and have high bargaining power

4. **Suppliers: Low Risk.** There are no supplies involved. Waco is a supplier.

5. **Threat of Substitutes**: **Low Risk** because Waco makes custom machinated-parts. A business that is very similar to theirs could exist, but Waco's individual parts probably cannot be replicated

Stakeholders

The stakeholders within this case are:

- Monique Saltz

- Shelley Tomaso

- Engineering Team

Saltz and Tomaso are a stakeholder for the same reason. Both must make a decision based off of the security system's findings, and both are at the heart of the problem presented within this case study. The engineering team, including its manager, Monk Barber, are a stakeholder because they are the ones that should be completing the project, and their badges are the ones that call the integrity of the security system into question. Those are all the stakeholders within the case.

Alternatives

In this case study, all alternatives seem to lead to the same or at least a very similar outcome. They are to:

1. **Do Nothing**

2. **Ignore the results of the system**

1. Do Nothing

In this solution, Saltz and Tomaso trust the results of the security system and decide to gather the engineering team together in one place to explain figure out why they haven't met, or why they are all lying about meetings. In either case, Saltz and Tomasa must gather the entire engineering team in one place to get more information about why the project hasn't been completed, and what the engineering team has been doing for the entire life of the project. Saltz and Tomaso are impacted by this because they get more information on the situation and can now decide on how they can remedy the situation. It's also Saltz's responsibility to review the results of the security system, as she is the manager of the engineering team, and according to Shoshana Zuboff, a manager's role legitimization is derived in large measure from his/her being accredited as someone fit to receive, interpret, and communicate based on information received form newer technology. It is her job to analyze the results of the system and use them to decide on how to manage the engineering team. The same goes for Tomaso. The engineering team is impacted by this alternative because they can now potentially lose their jobs due to the findings of the security system. That is what happens in the do-nothing alternative

2. Ignore the results of the system

If Saltz and Tomaso ignore the results of the system, then everything is left to their judgement and the worth of what the engineering team has to say. In this alternative, Saltz and Tomaso do not solely rely on the security system and believe that there is something wrong that's causing it

to function incorrectly. The outcome, however, is the same as the do-nothing alternative. Saltz and Tomaso will still gather the engineering team together in one place and get more information about the situation. Based on what the engineering team says, whether they have actually met or not, Tomaso now seeks to test the new security system to see if it is functioning correctly. The engineering team is impacted because they now have a chance to explain themselves, but they could still potentially lose their jobs due to poor performance. Both alternatives essentially lead to the same outcome, but Saltz and Tomaso's decision may be different depending on whether they trust the system or not. That's what happens if Saltz and Tomaso ignore the results of the system.

My Solution

My solution to this case study is to ignore the results of the new system. It is estimated that between 75 and 90% of all systems fail, so it's statistically incorrect to assume that the system will always be right. It's much more likely to fail due to some reason or another. That's why the correct alternative solution is for Saltz and Tomaso to ignore the results and question the engineering team about the status of the project, regardless of what the system says. There are too many variables to take into account for that security system as well, even if it is functioning correctly. The engineers and their manager could have simply spoken over the phone or meeting outside of work. The engineers could also just be lying about meeting or not meeting with their manager. It's simply a bad idea to just rely on the new technology for every problem that comes up. Waco can have the system tested after the engineering project is completed, but its integrity is called into question when put up next to an issue like the engineering project. Again, that's why the correct alternative solution is for Saltz and Tomaso to ignore the results of the security system.

Conclusion

This case study involves Waco Manufacturing, a leading supplier of custom-machinated parts in the automotive industry, and the decision of two managers, Saltz and Tomaso, on whether to trust the new information and security system or trust a team of human engineers. The alternatives to the problem presented in this case are to do nothing or to ignore the results of the security system. The best solution is to ignore the results, because as far as the case is concerned, nothing has been tested with this system, and it could just be failing. The system itself is not guaranteed to work, so the managers should simply confirm the situation with the engineering team to get the quickest and most accurate results. That's Waco's problem within this case, the alternative solutions to solve the problem, the best solution, and why Saltz and Tomaso should have pursued this solution.