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| AGrico Case Review  October 21, 2020 | | |
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**Introduction**

Agrico, Inc provides farm and ranch management services or 691,000 acres of land in several midwestern states. Agrico acting as an agent bought equity interests in farms and ranches for their clients and managed them to provide operating cash flow and capital appreciation. Agrico had four regional offices housing an average of five farm managers each. It was one of the nation’s larger architectural management firms. Agrico provides a cost effective management services for then 350 farms and ranches. They had 83 employees and 170 different clients. They had 175 tenants with a crop-share lease and 197 cash-rent leases.

Agrico needed an office for automation to improve productivity. Its executives decided in its business planning process to get a computer system. Agrico had two developing an internal computer system staff. It has a consulting a firm for its recommendations on their computing needs and responsibility for them. It’s got recommended that they use a software package rather than attempt to develop a custom-coded system.

AMR, a small software outfit, had the solution to Agrico's recommended software package. AMR agreed to provide Agrico with the software. The software ran on a minicomputer that also provided excellent office automation capabilities. The only risk that was found was that AMR was a small company. AMR would be required to modify its software package. The agreement also stated Agrico’s access to the source code was limited to “viewing listings reasonably necessary to test the system.” Only AMR could modify the code.

The Dilemma

“It was not a pleasant experience”. This was the comment made by George Burdelle, vice president of the information systems. Burdelle was the project manager during the system installation project. The software purchase agreement required AMR to maintain the software in escrow with a third party to ensure adequate backups. Burdelle hired new systems staff to help conduct its software acceptance test. Both AMR and Agrico were involving the test.

Burdelle felt something was not right with the testing. He found out most of the functions had never been tested anywhere. He felt the AMR software package approach would not work well with them. AMR gave Agrico the object code according to the agreement but Burdelle felt they need the source code. The source code would allow Agrico to enhance and modify the software system. AMR would not let Agrico have the source code because AMR was afraid Agrico would steal a copy of its software.

The relationship between Agrico and AMR was tense in the testing staging. AMR owner felt Agrico was aggressive in the testing stage, Burdelle felt he had to be ruthless. More discussions were made about the object code and source code. Their discussion was empty and concerning for both parties. Burdelle rough experience made him believe their source code was not adequately protected. AMR wanted control of the source code. The contract allowed AMR to provide them access to the source code so they could understand it, only if AMR had the right to copy and store it. Agrico wanted the code for themselves so it could make future modifications without developing a new system. Technically getting and storing the code violates the contract.

Burdelle was faced with a dilemma when he heard an AMR programmer working with Agrico had the source code on his computer. Burdelle decision could either help or jeopardize everything.

**Industry Competitive Analysis**

Industry Rivalry

Agrico is one of the main agricultural management corporations, they have a substantial amount of market share within their system, and their extensive portfolio has been valued at $500 million. Agrico services are offered to a confined and limited market. Ranked as one of the nation's largest in its market, Agrico must have strong competitors since it’s not ranked the nation’s largest. The market share also shows its worth would attract competitors. *high*

Threat of Substitutes

A lack of differentiation in the market makes the threat of substitutes is low. The leasing of farms, which includes cash-rent and crop-share, Agrico services was not offered anywhere else. It also provides cost-effective management services. Farm and Ranch Management services were not common during the 1980s. Farmers would have issues try to run their management systems without the resources. *low*

The threat of New Entrants

All the services offered by Agrico, none is unique. New entrants could easily enter the market with good capital and investment. New entrants would enter the market, but it would be hard for them to compete with an already established company. *medium*

Bargaining Power of Suppliers

The only supplier for Agrico was AMR. AMR offers a software package that would help Agrico develop its new computer system to help improve its productivity. No other company was offering its services to Agrico. *Low*

Bargaining Power of Customers

Agrico customers are in a lease with them, so they have little decision to make about the services they are offered. Customers simply cannot change companies and go to other providers due to the lease. Customers have the power to both stay with Agrico or change management systems and go elsewhere if they are not satisfied. *Medium*

**STAKEHOLDERS**

Employees

Agrico employees especially the Burdelle systems staff, who are in charge of the functionality of the new software. They will also be heavily affected by Burdelle decision with the source code. They could be charged for their involvement in the use of the source code, if Burdelle copies and stores the code or lose their job if the computer system is canceled due to Burdelle actions.

Clients

Agrico is at risk of losing its management systems if the systems are not updated. The clients rely on Agrico management systems, the quality of AMR solutions could cause clients to lose funds. Agrico would also lose its clients.

Executives

George Burdelle is the executive in charge of getting the software solution from AMR to function according to Agrico standards. His ethical decision about the source code is a big dilemma that could either help the company or not. Burdelle fears the relationship with AMR is put the company’s future at risk. He has the biggest stake in Agrico future success.

He is also the main person that is entangled in the contract between AMR and Agrico. The decision to get code would breach the contract and put the company and Burdelle at risk.

AMR

The Nebraska based software company has the source code that provides the software consistent with Agrico needs. AMR owner, A.M. roger is irrational about giving the code to Agrico. AMR feels the need to have the source code since it could provide more benefits for Agrico if sold. The contract with Agrico also gave them the right to store the code.

**DECISIONS**

Copy and Store Code

Burdelle has Agrico’s best interest in mind, he wants the company to have the access code so he would be confident in the store and ensure future modifications could be made. “Which will allow them to plan for the future with greater accuracy” (Morgan). Taking the source code will also allow them to back up all their systems. Agrico was running out of time to have a system without one it would cost them dearly. According to Burdelle, Time was of the essence. Copying the code will breach the contract between Agrico and AMR. It would come with risks if Rogers decided to take Agrico to court for violating the Contract.

Morally, it would be wrong to take the codes, but business is not about morals its about ethics. From a business ethical perspective, the action is wrong because it would be against the law (breach of contract). AMR determines if Agrico should be questioned and face the consequence for its actions. AMR owner (Rogers) had a tense relationship with Burdelle during the testing stage, there will be a fall out in their relationship if rogers finds out Agrico has the code. An investigation will be launched, and the people involved could face some sequences.

Agrico could pay its way out of the contract with legal fees or settle a resolution with AMR. Potential lawsuits could also push current and future Clients away. Agrico image as a trustworthy company would be damaged. Software companies could restrain from working with them in the future.

Do Nothing

AMR only benefits if nothing happens. AMR would keep the code in the hopes of continuing to work with Agrico. Agrico would have to trust AMR with the source code. Agrico will still depend on AMR heavily to make modifications. Burdelle’s Project would be view as a failure if the system fails in the future. He could lose his job. He may have to consider other vendors if he is not still satisfied with AMR, discontinuing their relationship. This could put the company in a dilemma.

Recommendation

Doing nothing is not a successful way of running a business. Business is about taking risks. Burdelle decision is a tough one to make. The moral thing to do will be to ignore the computer and do nothing but Businesses are not based on morals (Barker). If I was Burdelle I would calculate the risks if I was to take the source code. I would copy and take the source code if it will create more benefits than risks. Having the code would eliminate the reliance on AMR bug-filled software. “Every action that brings a company closer to its goal is productive” (Goldratt). With a good court argument, Agrico could reach an agreement to store the code and pay some legal fees.

By choosing this decision, employees would retain their jobs, the company would receive profit, executives would be able to use the computer system to make more future business plans and customers will benefit from the updated system. every organization's goal is to make money now and, in the future. (Goldratt) Doing nothing will create a dilemma for the company’s future. Burdelle has to make the decision based on the company’s future

Citation

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