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| Connor Formed Metal Case |
| CIS 410 Dr. Barker |

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| November 18, 2020| Samuel Akinfenwa |

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**Introduction**

Connor Formed Metal is a small custom metal spring and stampings manufacturer. Connor manufactured metal springs and stamping for large U.S. original equipment manufacturers. In 1947, Joe and Henry Sloss purchased the Connor metal company. The Sloss family expanded the company in the 1960s, building divisions in San Jose, Phoenix, Los Angeles, and Portland. Vice President of Operations, George Halkides ran the company during this time. Halkides used traditional accounting and control systems to manage the company. In the early 1980s Halkides retired, and Joe Sloss’ son, Bob Sloss, became president.

**Bob Sloss’ Impact**

Halkides had a conservative, bottom-line approach to running the company. Sloss had a progressive approach. Sloss went to Stanford for an executive education program. At Stanford, Bob gained business knowledge and had a new vision for Connor. He believed the company would not survive it by maintaining its traditional way of doing business.

Connor offshore competitors had a lower cost structure and superior product quality. These offshore competitors were entering the U.S. market and capturing the market share through purchasing large, proven U.S. competitors. Sloss took initiative transforming Connor into a service-centric business by focusing on custom developed metal stampings and wire forms that would be “100 percent reliable.” “If you don't make a quality product all you've got at the end is a bunch of expensive mistakes” (Goldratt). Sloss also decentralized the company by turning over day-to-day operations to each plant.

Sloss revolutionized the company in drastic ways. Sloss hired engineers for the first time in the company’s history to increase technical expertise. He changed the company name from “Connor Springs” to “Connor Formed Metal Products” in attempting to identify the type of business they were. He produced new marketing supplies, modernized their sales presentations, and produced a professional commercial for the company. He also valued motivating employees, he raised wages, established quarterly stock ownership, and set up an employee stock ownership program (**ESOP**).  
 Sloss’s strategic and drastic decisions paid off quickly as Connor became vendors to large companies like Honeywell, Motorola, and Hewlett-Packard. Shipments rose from under $8 million in 1982 to over $17 million in 1988.

**Problem**

Despite all the overall results and profits, Sloss felt they have not reached the goal he has for the company. He also felt additional changes could still be needed to be implemented. Sloss hoped to push a new technology system out to the other divisions to improve the firm’s profitability. Before Sloss took over the company’s information technology was an IBM system 34 minicomputer in the corporate office. Sloss felt the system was unorganized. To reduce some of the paperwork, Sloss bought an IBM System 36 for the Los Angeles office, San Jose office, and Portland office. These were used for basic office tasks but were not complex enough to produce estimates and shop orders which were typed out.

The divisions responded differently to the IBM system 36. System 36 and its upgraded version, system 38, were underwhelming and could not do anything other than basic administrative processes. In 1986, Connor’s San Jose Division Manager, Stan Petty developed a system using personal computers and “Job Boss,” a manufacturing software. This system automated many of the division’s office tasks. Sloss considers the idea to help the business become more profitable.

Around this same time, Sloss hired Michael Quarrey as the company’s computer programmer. Quarrey believed he could as Connor’s human resource manager and help Sloss find a solution to Connor’s information problem. Quarrey wanted to test ways to empowering employee-owners with information. By 1990, Quarrey had completely developed the new system and it was operating at the Los Angeles division. The system produced vast improvements throughout the LA division, but This new system was very beneficial to the Los Angeles plant mainly due to their large size and Quarrey’s involvement.

Sloss and Quarrey were happy with the results, were tempted to quickly roll out the system to the other divisions. Sloss was also concerned whether the success of the system in the Los Angeles plant partially came from Quarrey’s presence. Sloss wondered how other plants would do without Quarrey’s expertise based on the other division manager's questions and concern about the system. Also, how would the smaller divisions function with the new system?

**Industrial Competitive Analysis**

**Mission Statement**

Connor Metal’s mission was to be the leader in producing high quality, reliable metal springs and stampings for large U.S. original equipment manufacturers in the aerospace, automotive, healthcare, transportation, semiconductor, and telecommunications industries

**Generic Strategy**

The generic strategy for Connor Metal is cost leadership. Sloss’s involvement turned Connor Metal transitioned from functional to the divisional structure. Their cost leadership strategy shifted towards a differentiation strategy for a company that would be focusing on providing different materials.

**Organizational Structure**

Sloss changed Connor’s functional structure into a Divisional Structure when he arrived. Before Sloss arrived, they had a structured hierarchy that Sloss disliked. In a divisional organization, “Coordination across divisions is overseen by a group of managers at corporate headquarters, who are responsible for allocating resources amount divisions and setting long-term strategy. (Cash.) Sloss decentralized the company into four autonomous divisions

**Porter’s Five Forces**

Bargaining Power of Supplier

There is no way the company can use different products to provide for its customers. Connor metals manufacture its products. Also, raw materials suppliers are rare, not a lot of companies supply metals. *Low*

Bargaining Power of Customers

Connor’s Customers are willing to pay for its premium price. Customers understand what they are getting from Connor metal. If the customers are not happy with the products or services, it would hard to find better service or products. Connor’s Customers still hiring them despite its higher prices. *Low*.

The threat of New Entrants

The threat of new entrants was high for Connor metal. Offshore firms with lower cost structures and superior products were entering the market by purchasing large, proven U.S. companies. Sloss felt Connor won’t survive if not changes, he made drastic changes to help Connor stay on top and prevent the new entrants from competing. *High*

Threat of Substitutes

Connor metals pride itself on its product quality and services. In an industry where the quality and service are notoriously poor, Connor has a low threat of substitutes. *low*

Competitive rivalry

The competitive rivalry will be high because of new competitors coming into the market trying to compete against the company at a lower price. Connor’s competition comprised 600 to 700 primarily owner-operated job shops. The industry is stacked, customers also chose their supplier-based price. *High*

**Stakeholders**

Employees

Sloss valued motivating his employees. The Los Angeles Experiment shows how the employees in different divisions reacted to the new technology system.

Bob Sloss

Sloss's hiring as president of Connor formed Metal Products was a revolution. Sloss changed Connor’s organizational structure, identity, public image, control system, culture, and information management. Sloss ‘biggest responsibility is implementing a new system throughout all of Connor’s divisions is necessary or not.

Customers

Connor’s Customers will impact by Connor’s new technology system. Connor’s Customer at the Los Angeles plant reaped the benefits of the new system. Customer service and quality ratings rose to unprecedented levels.

Division managers

Sloss established a “hands-off” approach to overseeing the business. Sloss decentralized the company into four autonomous divisions. Each division had its managers. The managers felt that had a huge responsibility with the new systems. Some managers felt the system will be helpful, while other managers felt the system might not work well with smaller divisions despite its success with larger divisions.

Shareholders

Connor’s Shareholder will be pleased with the new system. One of the positive results from the implementation in the Los Angles Experiment was Connor Stock value increased 35 percent in the past year.

**Four Stage Model of Growth**

The four-stage model by Gibson & Nolan, and later modified by McFarland and McKinney, is used to analyze how new technologies are assimilated into IT architecture.

Stage 1 - Technology Identification & Investment Stage

Identifying a potential addition to an organization’s information technology and deciding whether to invest or not; Despite the good overall result, Sloss felt there is room for improvement. Hiring Michael Quarrey to develop a new system to fix the information problem. “The first phase is initiated by a decision to invest in a new information processing technology.” (Cash.44) After the dramatic improvements from the new system. Sloss and Quarrey had to consider implementing the system in the other division.

Stage 2 - Organizational Learning and Adaption Stage

The implementation of the new information system in the Los Angeles plant worked well. The success of the Los Angles experiment meant adapting the technology to the entire company. “The second phase involves learning how to adapt the new technology to particular tasks beyond those identified in the initial projects.” (Cash. 45)

Sloss saw the success, the tough decision was adapting the system to the company. The San Jose and Portland plants were generating “significant profits. It would be taking on an unnecessary risk implementing the system in those plants.

Stage 3 - Rationalization and Control Stage

Sloss’ Control of Connor was important to the implementation of the new information system. To promote the sharing the information within each division, Sloss encouraged the division's managers to hold weekly meetings with employees. Sloss believed in involving employees in the business process through the exchange of information. According to Sloss “The more employees know the better off the company will be”.

“This phase typically involves a significant change in the organization’s approach to technology, continued of the uses of technology, and, most importantly, development of management controls for guiding the design implementation of systems that use these technologies.” (Cash. 46) These weekly meetings assisted the transition to the new system; would be necessary for a successful implementation at other plants. The new information system was equipped with controls to emphasize simplicity so its employees would not have a problem accessing the system effectively.

Stage 4 - Widespread Technology Transfer Stage (Integration)

This stage shows how an organization integrates new technology into IT architecture. This stage helps describes why changing business processes and structures, especially with new technology, should be executed carefully. “This final phase occurs when the technology is embraced throughout the organization.” (Cash. 46)

The Goal of every information technology implementation is to reach this stage. This stage that Sloss and Quarrey are stuck at. If the new system is forced, the response might not be a good one. Sloss should ask its managers to try out the system to see how it fits.

**Decisions**

Do Nothing

This option is good if Sloss wants to spend no resources to implement the system in the other division.  Each of the divisions will continue to do their tasks and the system will not be implemented. The Customers of the Los Angeles plants will continue enjoying the dramatic improvements. The company will continue to grow, and the shareholder will be happy.

Division Managers in Portland may be worried if they don’t get the new system. They consider the system a perfect custom for them. This could lead to some conflict between the Portland and Los Angeles plants. “Conflict will always be present in organizations. Conflict may be personal, interpersonal, or between rival groups or coalition.” “Whatever the reason, and whatever the form it takes, its source rests in some perceived or real divergence of interests” (Morgan) The Portland plant will think they don’t have enough support that Los Angles receives.

Implement the System in Select Divisions

This option allows Sloss and Quarrey to present the system to the other divisions, they will choose whether to implement the system or not. Thorough technology assimilation would be performed at each division. If some division chooses to execute the information system because they know they are struggling, then this would benefit the shareholders by bringing in more profit. This will also benefit the customers because they will also receive great service and quality records.

Connor metal will have to hire a programmer in each division to facilitate the transition to the new system or send Quarrey to each division that implements the system. The employees would have to adjust to a new IT architecture whether they like it or not. Sloss is also allowing his plant manager to make important decisions. This will make the implementation more successful and efficient. It could be a long process.

Implement the system in all branches

There is a massive threat of employee or managers pushback with this option. This option allows Connor Metal to implement the new information system in all of the branches with force. The implementation of the new system may go very smoothly, and customers will benefit, if it does not customers will have to experience the not so good service. This option also requires the most resources and time out of the three options. Shareholders will also benefit or lose depending on the implementation.

**Recommendation**

Implementing the new system through Connor’s divisions would require a huge investment of time and resources. Doing Nothing would not benefit some division and its customers. The option I would recommend shows the best example of technology assimilation and the best option in the long run. This option will be to implement the new information system in select divisions.

Forcing the plant managers to use a system highly disruptive information system after giving them the autonomy to decide how their plants should best operate could lead to distrust between the executives and management. “Effective managers and professionals in all walks of life have to become skilled in the art of ‘reading’ the situations they are attempting to organize or manage” (Morgan).

Based on the four stages model of growth, the best way for Sloss and Quarrey to proceed with the system due to the unique combination of Quarrey’s involvement and the circumstances of the particular plant without the other division find it too structured or bureaucratic would be to allow the divisions to implement the system its plant.

**Citations**

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