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CIS 410

**Agrico Use Case Analysis**

**Business issue/Background**

Agrico is a farm and ranch management service for farmers in the Midwest. Agrico buys equity in the farms and ranches and manages them while providing funding to keep the farm afloat while being cost-effective. Agrico began working with AMR to develop software that will allow Agrico to manage its properties and allow for more efficient decision-making throughout the company.

The issue stems from the inconsistency of the relationship between Agrico and AMR. AMR had shown a lot of inconsistency in their work and how it would affect their business and the cost that they paid for the service. Agrico tried to buy the source code of the system that was built by AMR at the time, but AMR refused thinking it would be sold and harm their business which was relying on selling the system. While both companies have been butting heads due to both not holding up their agreements to the contract that they signed. An engineer from AMR has left their computer logged in and left the source code exposed.

Now the Agrico managers must decide on whether to copy the code and send it offsite. The options all have their issues and problems that come with them.

**Industry analysis**

Agrico has a functional structure since the regional offices aren’t the major parts of the company and they use a cost leadership strategy which is best in a functional structure. As Cash states, “The functional form works well when the organization’s dominant competitive issues stress functional expertise, efficiency, and quality, and when its environment is relatively stable” (Cash). Their strategy is differentiated focus since they focus on multiple different properties like cash rent, and management of farms it’s not entirely focused on one property.

**Porter’s Five Forces**

**Competitive Rivalry**: Agrico’s competitive rivalry is low. Agrico has the hold of a very narrow market, and they are the largest agriculture management company at the time and there are no know rivals. For a company to come into this market and create a threat they would require a sizeable amount of property and workers to offset the power they have over the market.

**The threat of New Entrants**: The threat of new entrants is low since the company requires a high amount of contracts and people to trust the company to even enter the market and then you’re competing with that Agrico and their surplus of customers would cause immediate issues.

**Threat of Substitutes**: The number of substitutes against the company is low since there aren’t currently running companies to replace the services that Agrico. Agrico has a range of services that no single company can take over their hold on the market.

**Bargaining Power of Suppliers**: The bargaining power of the suppliers is low. The price of goods is run by the market and since the farms need the management, they can limit the ability of the farmers to get larger cuts from the harvest.

**Bargaining Power of Customers**: The bargaining power of customers is medium. Since the farmer’s contracts are necessary for the company to remain in business and if they lose the contract, they lose money.

**Stakeholders**

**Employees**: Employees can be affected by their decision since they could easily get sued and cause a lot of money to be lost and they must get laid off or they must take over as the development team for the system.

**Shareholders**: Shareholders in this sense are anyone with stock in the company. The news about the suit and or just the fact they stole will hurt the company’s credibility and stability. Leading to a possible loss in shareholders and their stock price to begin to plummet. From there the company would be seen as volatile and push away all possible investors moving forward

**Customers**: The customers would face the same issues as the employees and would deal with their properties getting less and less help from Agrico. The move then would be the possible sale of their shares in some farms to recoup.

**AMR:** With Agrico stealing the code, AMR would act and sue but the issue of their code now being open to the public would cause the company to take a massive hit since competitors have gained an advantage against them.

**Alternatives**

The first alternative would be to do nothing and make no changes. Agrico gets the software from AMR eventually and avoids the issue of stealing. The employees would remain the same and not possibly lose any jobs as they wouldn’t lose any money in the company. Customers would remain the same as well getting better help from the management system that is custom-made for their issues. Stakeholders would be happy since the system would help the company gain more customers and increase sales. That would then increase stock price and make the stocks more valuable. AMR would be able to make the system a reference and could increase their potential customer base since the system helps guarantee the efficiency of Agrico.

The second alternative would be to steal the code and begin working on the system themselves. The theft of the code would greatly hurt AMR as their system code is now out to be reused by whoever sees fit. Workers would face a new issue of the company being sued if they are caught which would cause possible budget cuts and even people being fired. If they didn’t get caught the workers would face a larger workload since they are now required to manage and work on the system that they are going to create. The farmers are going to see that the company stole from AMR and would possibly leave the company to other possible competitors and if they aren’t caught the farmers still might not stay since the system might take longer now to adjust and can possibly leave farmers under-supported due to the change in attention. Shareholders will see that the PR nightmare that the theft would be it would cause shareholders to pull out their shares to avoid the possible loss. Making the stock of the company volatile and creating an image that the new shareholders would likely avoid.

The third alternative is to move to legal proceedings against AMR. Agrico could take AMR to court and create a possible case for how AMR is treating the system and the company’s work ethic. Employees would face the issue of the costs of the case interfering with their budget and attention. The case would hurt AMR as well since the company would face possible costs and legal issues that they would not be able to deal with as well as the system. The shareholders might pull away from the company since they can see that there are going to be losses from the company making the image of the company overall tank and suffer. The customers would notice the lack of attention to their services and their possible loss of service they would lose interest in working with the company.

**The Best Alternative**

After reviewing the case and the alternatives that are presented, the best option I believe is for Agrico to just do nothing. The possible issues and costs that will come if they get caught would immediately cause the company to lose its image and its place in the market. The use of the system once completed can offset the costs that would come from stealing. The move to a legal case also wouldn’t work since both Agrico and AMR are both violating their contract and overstepping the boundary between each other. They would face numerous costs and both companies would end in a complete loss there’s no other way to see it.

**Citations**

Tanwar, Ritika. “Porter’s Generic Competitive Strategies.” IOSR Journal of Business and Management 15.1 (2013)