Agrico Inc.

CIS 410-02: Case 4

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**1. The Problem**

Agrico Inc.’s information system’s vice president (George Burdelle) has one hour to make an ethical decision: should a software program, left inadvertently on the company’s computer, be copied and stored? Copying the program would protect client’s assets, but it seems to violate the vendor contract.

**2. Environment Position**

Agrico Inc.’s environmental position is

**3. ICA**

1. **Mission**

Agrico Inc. was started by two farmers in Des Moines, Iowa, in 1949, provided farm and ranch management services for 691,000 acres of land in several mid western states. With market value of its portfolio at $500 million by 1987, Agrico ranked as one of the nation’s larger agricultural management firms.

1. **Generic Strategy**

Agrico Inc.’s generic strategy is cost leadership. They are able to provide cost-effective management services for more than 350 farms and ranches. They have three different arrangements for the properties; Crop-share lease arrangements, which represent 47% of their portfolio, tenant farmers would agree to farmland managed by Agrico in return for a portion of each year’s crops, which Agrico would sell in commodities. Cash-rent leases (51% of portfolio), farmers made cash payments for use of the land. Agrico also directly managed a few properties (about 2% f its total).

1. **Organizational Structure**

Agrico Inc.’s organizational structure is divisional. Agrico was ranked as one of the nation’s larger agricultural management firms and has four regional offices housing an average of five farm managers each. The regions are set based on location of farm and ranch management services they provide for 691,000 acres of land in several midwestern states.

1. **The Five Forces**
2. **New Entrants**

The possibility of new entrants is medium. While the door is open if new companies want to do what Agrico is doing, the amount of money needed to compete it a large sum.

1. **Substitutes**

The threat of substitutes is low. Farmers must have land to produce, there are no other places they can go to produce their product that isn’t on land.

1. **Customers**

The threat of customers is low. Since Agrico is providing land for farmers to produce their crop on, it leaves them with little to none bargaining power.

1. **Suppliers**

The threat of suppliers is low. Agrico purchases land and receives money for farmers using that land and a percentage of their products. Suppliers have no control if they want the land Agrico holds.

1. **Competitive Rivalry**

**4. Alternatives**

1. **Do Nothing**

If Agrico chooses to do nothing, they will be in the same position as before with AMR and the source code. They won’t have the code as promised, and they will still be running at a high security risk. If there were to be an issue with their $500 million portfolio after it was converted to the new system, then there would be the possibility that the existing code could not be reproduced.

1. **Take Source Code**

Burdelle could choose to take the source code from AMR’s software engineer’s computer since she left it up while she went to lunch. While this is highly unethical, Burdelle could justify it due to AMR’s non-cooperation in putting it in a safe escrow as discussed from the beginning.

1. **Give AMR Ultimatum**

Burdelle could opt to not take the source code and instead give AMR an ultimatum. Since they are completely aware that the source code is readily available, then either AMR can make the decision to allow it to be put it in escrow to ensure Agrico is protected if a disaster does happen to their $500 million portfolio, or they could go elsewhere with their business. Obviously, Agrico is doing exceptionally well as a company. So why take a backseat to an I.T. system when they (as the customer) aren’t getting any cooperation from AMR – who needs them more than Agrico needs AMR. I’m sure the other option (since there were only two plausible choices) would love to cater to Agrico’s needs.

**5. Stakeholders**

1. **Employees**

The alternative chosen highly depends on whether it will affect the employees or not.

1. **Top Management**

Top management are the ones making this decision and have the most to lose or gain from this choice.

1. **Customers**

The alternative chosen highly depends on whether it will affect the customers or not.

**6. Alternative’s Impact on Stakeholders**

1. **Employees**

By choosing to do nothing, the employees would be in the same boat as they currently are. Nothing would deviate from what their day-to-day is currently. By choosing to take the source code off of the computer, it would depend on the affect to the employees. If AMR sues Agrico Inc. and AMR wins, it could have a financial impact on the company. Which could lead to issues arising down to the employee level. If Agrico Inc. wins, it could keep things the way they currently are. By giving AMR an ultimatum, it could lead to things going in the same direction they already are. AMR would hand over the source code (legally) and things continue with the software plan. Or AMR could refuse and lose Agrico’s business. Either way, this shouldn’t have much affect on these stakeholders.

1. **Top Management**

By doing nothing, these stakeholders would be in the same position as they are currently and they would continue without the proper assurance that the code is somewhere safe. If taking the source code without permission is chosen, it could lead to some upper management, specifically, George Burdelle, to get fired and the potential for the company to be sued by AMR. If give ultimatum is chosen, it could lead to AMR complying and handing over the source code to be placed in Agrico’s escrow, or AMR refusing and George Burdelle having to start from scratch finding a new I.T. System.

1. **Customers**

By doing nothing, the customers aren’t affected. They are in the same position as they were before. However, if Burdelle chooses to take the source code without the written permission of AMR, it could highly affect the customers. If AMR brings a lawsuit against Agrico Inc. if won, it could depend on the extent of the lawsuit, shut down Agrico. Or it could be smaller than would hurt Agrico. If Agrico files for bankruptcy, the customers would have to find new business. If Agrico chooses to give AMR an ultimatum, I don’t think it would affect customers. Either way, Agrico would be looking for a new I.T. system, or get the source code from AMR. The customers wouldn’t be affected by either option.

**7. Recommendation**

My recommendation is for Agrico to give AMR an ultimatum. Give them the choice to place the code in escrow or you’ll find another company that can give them what they want and are promised. By AMR refusing to acknowledge that the code is suppose to be in escrow they are already in breach of contract. I don’t think Burdelle should steal the source code due to it being unethical. If Agrico does nothing, they will be in the same position they are currently in, so I don’t think that is the best option either. Although AMR has had good reviews from its current customers, I don’t think it is enough to deal with breach of contract. Burdelle needs to tell AMR that a meeting within the next week needs to happen regarding escrow, so everything can be decided and Agrico, as the customer, can feel safe if something were to happen in the near future.

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