Waco

CIS 410-02: Case 5

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**Contents**

1. The Problem…………………………………………………………………………………....3
2. Environmental Position…………………………………………………….................3
3. (ICA)………………………………………………………………………………………………...3

A. Mission………………………….……………….……………….……………………………3

B. Generic Strategy……………….……………….……………….…………..……………4

C. Organizational Structure……………….……………….……………….……………4

D. The Five Forces……………….……………….…………………………….…………….4

a. New Entrants……………….……………….……………….……………4

b. Substitutes……………….……………….……………….……………….4

c. Customers……………….……………….……………….…………………5

d. Suppliers……………….……………….……………….…………….…….5

e. Competitive Rivalry……………….……………….……………………5

1. Alternatives………………………………………………………………………..…………….5

A. Do Nothing…………….…………….…………….…………….…………….……………5

B. Stop Using the Security and Information System Completely…..…..5

C. Have the Employees Sign a Privacy Agreement Contract.……..………6

1. Stakeholders…………………………………………………………………………………….6

A. Employees…………….…………….…………….…………….…………….…………….6

B. Top Management…………….….…………….…………….…………….…………….6

C. Waco’s Shareholders……………………………...………………….………………..6

1. Alternative’s Impact on Stakeholders………………………………….……………6
2. Employees…………………………………………………………………………………..6
3. Top Management………………………………………………………………………..7
4. Waco’s Shareholders……………….…………….……………………….…………..7
5. Recommendation…………….…………….…………….…………….…………….……..7
6. Works Cited………………………………………………………………………...…………..8

**1. The Problem**

The security and information system implemented by Waco allowed them to know the location of all employees at any given time. In September 1987, an accident occurred that would put the use of the system under question. An area manager, Monique Saltz, informed Monk Barker a plant engineering manager, she was unhappy that a design was behind the scheduled date of release. Barber explained that he met with Sherman McCoy, Telly Frank, and Wanda Gogan, three engineers assigned to the project and they ignored his attempts to \_\_\_\_\_\_\_\_\_\_\_\_\_. When Saltz subsequently met with McCoy, Frank and Gogan all three engineers claimed they had never met with Barker to discuss the project. Saltz then reviewed the plant records of employee locations as recorded by the transceiver system. The transceiver records showed that Barber, McCoy, Frank and Gogan had never been in the same room at the same time. Saltz now had proof that proved Barker’s claims incorrect. The dilemma facing Waco is whether the use of the new security and information system is ethical. Business is neither moral, nor immoral. It is amoral. It exists in a world without morality (Organizations as Sociopaths).

**2. Environment Position**

**3. ICA**

1. **Mission**

Waco’s mission is to

1. **Generic Strategy**

Waco’s generic strategy is cost-leadership.

1. **Organizational Structure**

Waco’s organizational structure is divisional. Waco is organized around manufacturing auto parts and is driven by the market.

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

The threat of new entrants is low. Waco is introduced to us as a “leading supplier of custom-machined parts to the automotive industry” (Cash). This would lead me to believe that they are a high-volume supplier, which needs expensive custom machinery to do their business. Because of this and the limited number of auto manufacturers that could be courted by potential new-entries, the threat is low.

1. **Substitutes**

The threat of new substitutes is high. Waco is not the only established company providing the automakers. Another company with the ability could make the parts if provided with the specs from the auto manufacturer in question.

1. **Customers**

The customer’s power is high. These are custom parts; if they are not ordered by automakers then they will nearly be impossible to sell.

1. **Suppliers**

The bargaining power of suppliers is high. Waco cannot do business without the metals and composite materials provided to them without their suppliers. They could not operate without these materials therefore supplier power is high.

1. **Competitive Rivalry**

The threat of competitive rivalry is difficult to decide. Not enough information is given, however, I would assume there is plenty of already established companies competing with Waco so I would assume they would need to consider their competition – so I will assume that the threat of competitive rivalry is high.

**4. Alternatives**

1. **Do Nothing**

This alternative involves the continued use of the security and information system in its current state. This would allow Waco to cut down on communication time by creating the opportunity to contact employees at the phone nearest to their immediate location, rather than waiting until they are back in their office or at their desk. However, they would inherit the risk of privacy issues throughout the organization. Since the system allows managers to see where employees are located throughout the building, the employees may feel as if it is inappropriate in certain locations. Also, they may feel they are untrustworthy which could affect their productivity.

1. **Stop Using the Security and Information System Completely**

This alternative involves Waco Manufacturing to cease all use of the security and information system to track employee location while on the property. This would cause Waco to lose money on its system investment as well as lose the benefits that the system can provide.

1. **Have the Employees Sign a Privacy Agreement Contract**

By having each employee sign a privacy agreement it protects, and benefits, the managers and shareholders from being sued or attacked by the employees for invasion of privacy. Although the employees may not agree with the transceiver system, this contract would ensure they know and understand all of the policies and legal provisions in accordance with the new system. Ethically, I believe this is a very good decision for Waco because of the cost of creating and storing this contract for each employee is lower than the potential cost of rehiring employees or any invasion of privacy lawsuits. Morally, I believe this is right because it protects both sides of the agreement. Legally, this is of if not, the best decisions for Waco because the document would release them of almost all liabilities regarding the tracking of employee locations.

**5. Stakeholders**

1. **Employees**

The employees have a responsibility to follow management decisions and to perform their job to the best of their abilities. But they also have the right to personal privacy as well as a fair and equal work environment. This means the employees have the right to have their own space and time when is needed, as long as it is not on company time. However, they do not have complete privacy because what they do at work is on Waco’s property, which could range from intellectual property to full functional machine parts.

1. **Top Management**

Top management has a fiduciary responsibility to the company to ensure their employees follow all policies and procedures. The managers are to encourage the use of all resources at their disposal in order to carry out these responsibilities, which could mean leaving the security and information system for tracking employees location while at work.

1. **Waco’s Shareholders**

Waco’s shareholders have the right to receive dividends on their investments as well the right to vote on important decisions within the company. If the transceiver system were to negatively affect Waco’s operations then the shareholders would receive fewer returns on their investment. Since the shareholders make up the foundation of any company, they have a great deal of potential risk by using the tracking system.

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

1. **Employees**

By doing nothing, the employees will be in the same position they are already in. They will continued to monitored by the security and information system, and the system will continue to be used in the original way it was intended – to track all of the employees locations when on the clock at Waco.

1. **Top Management**

By doing nothing, top management will be in the same position as they currently are. The system will still be implemented and top management will still have to find ways to ensure there is no harsh bounce back because of privacy and employees expectation to it. This could benefit managers because it would allow them more control over projects, meetings, and work in general.

1. **Waco’s Shareholders**

By doing nothing, the shareholders could benefit from increased work productivity if it could increase Waco’s profits.

**7. Recommendation**

My recommendation for Waco Manufacturing is to continue using the security and information system as they are now. But to also have their employees sign a privacy policy agreement contract. This course of action provides the best result for each stakeholder and I believe a contract is ethically good, morally right, and legally acceptable. Using an employee contract may increase the cost of training, but those costs will be outweighed by the increased costs and productivity. The system provides a great deal of benefits and creating a contract protects those benefits while minimizing the cost.

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