**Case Study Analysis of**

**Agrico**

CIS 410-50

Ben Lascurain

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**Executive Summary**

This is a somewhat sad scenario. Burdelle is recently appointed VP of Information Systems of Agrico. He is trying to implement a new software system by contracting with AMR. Burdelle imagines threats that aren’t truly there, and to make matters worse he is in an echo chamber where no one disagrees with his idea to steal the AMR’s source code.

In a nutshell the issue is that Burdelle doesn’t trust Rogers (the owner of AMR) to properly backup their custom version of software they have developed for Agrico’s agricultural operational management system. They have a contract, but it is ambiguous to how and where the backup of the software should be stored.

Burdelle decides Rogers is unreasonable and his only viable, or at least his only seriously considered option, is to steal the source code and keep it in case they need it. If Burdelle does steal the software, he is acting ethically for his company in that it creates the most good for them (supposedly). Burdelle would have to morally compromise and commit a wrong act, but he believes it may be legally and ethically justifiable.

In short, this entire case revolves around one man’s paranoia, him working in an echo chamber where no one disagrees with the immoral option of stealing the source code. Even his attorney offers poor advice when he suggests it could be a defensible argument. Where was this attorney when the contract was being drafted and this glaring ambiguity was allowed to remain?!

The recommended action has not even crossed the mind of Agrico’s council or its IS department. Burdelle should speak with Rogers, express his concerns, acknowledge Rogers’ legitimate concerns in having the software stolen, and work out an agreement as to how to ensure the software is appropriately stored for access if needed. This may not work, but it should definitely be the first course of action.

To write more in a summary would overcomplicate a simple problem.

**SWOT Analysis of Agrico**

Strengths – Agrico is steadily growing from the previous year. They have limited overhead at only 83 employees and successfully managing 691,000 acres. Is one of the nations largest agricultural management firms with a firm grasp on their market share.

Weakness – Their current software for managing the logistics of running a farm or ranch (offered through a nearby commercial real estate) is insufficient and needs to be replaced to meet future and current needs.

Opportunities – Through AMR’s software delivery Agrico can increase operational efficiency and either cut costs or expand operations without strain. This could lead to gaining further market share and/or greater margins.

Threats – The case study provided no direct competitor names, but it is assumed they have competition. If the implementation of the new AMR system is delayed, cancelled, or legal suite is brought (if contract is broken) this will negatively affect Agrico’s image and could lose customers. Furthermore, it will result in loss of resources if any of the three possible outcomes is fulfilled.

**Introduction to the Dilemma**

The dilemma lies in ambiguity of the contract’s provision for how the custom software will be stored. Agrico’s general distrust of AMR, coupled with AMR’s founder’s fears of intellectual property being stolen.

In March, 1986 Agrico selects AMR to customize their farm management software systems to fit their specific needs. AMR was chosen over another possible vendor, but was ultimately chosen because it did not require a mainframe and all of their other twelve customers seemed satisfied with their delivered products.

The issue with the current plan boils down to the issue of ambiguity in the contract between Agrico and AMR in how and where their source code will be stored, and updated. According to the contract the source code will be escrowed – “AMR shall place a copy of the source code for programs comprising the software in the custody of the third party (in escrow) that is satisfactory to both Agrico and AMR.”

This ambiguity over the subjective meaning of “satisfactory” has led to deteriorating relationships between Rogers and Burdelle. A general sense of distrust has formed between the two and Burdelle is faced with an opportunity to secure the source code for Agrico, and against Rogers’ (AMR’s) will.

**Analysis of Ethics**

Ethics is not concerned with what is right or wrong.

Ethics are beliefs based on what is good and bad.

The above two points are left in separate lines to clearly delineate the internal conflict that Burdelle will be experiencing when deciding to copy the code to a tape or not. The ethics of the situation, from a business perspective is clear. In order to minimize the bad, of not having the code secured in their possession, they would want to create their own copy. By creating the copy, they know they would be breaking the contract between themselves and AMR. But breaking the contract will be another legal aspect, which is separate from Ethics and Morals, and will require separate analysis.

If Agrico is amoral does that mean that anyone who works there is not bound to follow any moral compass? Do corporate workers get a free pass on morality if it is maximizing the “good” that the company gets? No. Companies are never separate from the actions of the people that work there, but when the actions of the company as a whole (the summation of individual actions) these actions are treated differently.

*“When everything is an abstraction, everything is easy. The answer to any question, posed either by a reporter or late-night awakening of conscience, is always the same: “I’m just doing my job. I’m maximizing the return for the shareholders.” -* **Organizations as Sociopaths, by Political Loudmouth**

The morale thing (not concerning ethics) is to not copy the code, but clearly to minimize the bad and optimize the good for Agrico Burdelle should make the tape. There is little to argue here (assuming the definition of ethics is right) that in order to maximize the good for Agrico, Agrico should make their own copy of the software.

**Analysis of the Legal Aspect**

Legality cares little for morals or ethics except what has been explicitly ascribed to them. Laws are created often with legal or ethical intents, but ultimately are limited to their verbiage and interpretations. Contract attempt to be explicit in the terms of agreement, but often fail to capture every contingency or offer perfect clarity of terms.

Agrico and AMR’s contract are no exception to the failure of having clarity. There are multiple aspects in the contract that should be thought through, as the legality of actions directly affects the ethics of a business. To maximize good often means to not breach a contract and get sued.

The summary of important contract points are as follows:

* The software cannot be copied or reprinted without AMR’s consent
* AMR shall place a copy of the source code for programs comprising the software in the custody of the third party (in escrow) that is satisfactory to both Agrico and AMR
* AMR shall update the source code in the possession of the third-party custodian, annually, at no cost to Agrico
* Agrico reserves the right to test the escrow disk pack at AMR’s office to insure the software is an exact duplicate of Agrico’s current version

The above contract points are important because they offer security to both parties knowing the full extent of the law is on their side to remedy any breach of contract. The issue for Burdelle is that his attorney - “felt that if we could get access to the source code, we might have a good court argument for storing it ourselves.” The issue here is that everyone at Agrico is binding together against an imagined enemy; AMR is not the enemy, but rather their unwillingness to compromise and collaborate is.

*“...Fight-flight, in which the group tends to project its fears on an enemy of some kind. This enemy embodies the unconscious persecutory anxiety experienced by the group. The enemy may take the form of a competitor in the environment, a government regulation, a public attitude, or a particular person or organization that appears to be “out to get us... Time and energy tend to be devoted to fighting or protecting the group from the perceived danger rather than taking a more balanced look at the problems that are evident in the situation.” –* **Morgan, pp 224**

The enemy, AMR is imagined by Agrico. AMR has delivered the software on time, has worked through numerous (nearly petty) bugs in good faith, and Burdelle himself said, “I am confident that the software now worked as it should...”. From an outsider’s perspective, the issue isn’t AMR, but rather Burdelle. He is under the stress of his new position, needs to prove his value, and is taking out his anxieties on AMR. This perspective infected the rest of Agrico’s Information Systems department, and they have been warped to believe that AMR is the enemy.

*“People are mindless, irrational, easily manipulated dolts... It’s how our brains are wired. You make up your mind first and then you rationalize it second. But because of the odd mapping of your perceptions you’re convinced beyond a doubt that your decisions are based on reason. They aren’t.” -* **Adams, pp. 4**

Although the above statement is a bit harsh, it is important to realize the true message. Rationality is used to create arguments to justify your decision, not for making the decision in the first place. Burdelle has imagined Rogers’ as an unreasonable individual despite all the other 12 clients glowing recommendations. Burdelle labels AMR’s operations as a group of “carpenters” rather than architects when Burdelle was the one to choose them for their expertise that he did not have. Most of the issues derive from Burdelle’s paranoia.

**Analysis of Morality**

Morality, what is right and wrong, NOT what is good or bad. Burdelle is pinned between choosing the right or wrong choice; stealing the source code or not. The issue can be played out in various ways in Burdelle’s head. He could be thinking what will cause the most overall good (utilitarian), or what is the absolute unwavering correct course of action (to not steal). But most importantly to this analysis is that Burdelle is wrestling between business ethics, what is moral, and what is legal. To say that it is moral to steal the source code of a contracted vendor is to disregard what nearly everyone is taught from a very young age.

Burdelle has convinced himself that in order to act in the best ethical interest of the company he needs to secure a source code backup. To make matters worse he is working in an echo chamber. Louise Alvaredo is aware of the issues, likely because of Burdelle’s need to justify his potential actions. Louise is the one who brings to attention the fact that Jane (AMR’s programmer) has left her code unattended. On top of this, the legal council says that it would likely be defensible in court if they were to steal the source code because of Rogers’ unreasonable (imagined) behavior. Agrico is an echo chamber, resonating with the plan to steal the source code.

*Kennedy on the Bay of Pigs - “’How could we have been so stupid?’... In retrospect the plan looked completely misguided. Yet it had never seriously been questioned or challenged... This kind of ‘groupthink’ has been reproduced in thousands of decision-making situations in organizations of all kinds.” -* **Morgan, pp. 211**

This groupthink that plagued the Bay of Pigs in Kennedy’s Whitehouse plagues Agrico now. No dissenting view is found when it is needed most. Everyone echoes the idea of taking the source code, and there is no other viable solution.

*“All the forces that help people and their organizations create the shared systems of meaning that allow them to negotiate their world in an orderly way, can become constraints that prevent them from acting in other ways.”* **– Morgan, pp. 209**

These ideas become constraints on Agrico’s IS department and prevents them from seeing any other option. In order to follow through with this plan not only does Burdelle need to breach the contract, he needs to disregard common foundational morals of human society. Though shall not steal. Regardless of Biblical beliefs, stealing is accepted as an immoral thing to do.

**Stakeholders and the Impact**

The stakeholders and how Burdelle’s potential decision may affect them are as follows:

* The workers of Agrico: Burdelle’s decision can make any future interactions with AMR very difficult when looking for enhancements or to resolve bugs.
* Burdelle: Could be viewed as a champion for Agrico if he secures stolen software, at the expense of his morals.
* AMR: They would lose the control over their software, and if Agrico is willing to steal their source code in the name of what is good for their company what is stopping them from selling it after they have it?
* Clients of Agrico: the clients need a secure and reliable means to perform operations, having the code secured would mean they would be less likely to be disrupted if the backup were needed (assuming AMR would not be able to fulfill their contract).
* Clients of AMR: if AMR found out about the stolen code, it would likely impose stricter control of its code in the future.
* Agrico: If the code is stolen and AMR found out about it, legal proceedings would occur. If Burdelle doesn’t authorize the software theft, it could mean uncertainty in knowing they have their software available.

**Decision**

I’m surprised the option of speaking with Rogers about how they will implement the portion of the contract that would settle the issue. I’m not talking about the ambiguity of where it will be stored, but rather that, “Agrico reserves the right to test the escrow disk pack at AMR’s office to insure the software is an exact duplicate of the current version of the Agrico software.” - (Agrico case, pp. 41)

If Burdelle were to speak with Rogers about his concerns that the incorrect software or not an updated version will be in escrow WITHOUT trying to bully Rogers into changing the escrow facility, he may be pleasantly surprised. I’ve seen nothing to indicate Rogers as an unreasonable man, and is taking necessary precautions to protect his intellectual property.

If Burdelle and Rogers were able to come to an agreement about procedures on how Agrico will verify the correct version of the software is available in escrow it would be a positive sum game.

**Ethically**, it would be good in that Agrico would have its software’s availability confirmed.

**Morally** Burdelle would not need to fold and steal the source code. His personal morality would not need to suffer in favor of business “ethics”.

**Legally**, Agrico would not be in breach of contract and these recommended actions are provisioned by the contract they both entered. This provision is not ambiguous either.

**Alternatives Not Chosen**

1. **To do nothing**

This would mean that Agrico would still be worrying about their software’s availability. It would leave Burdelle with his morals intact, and his business ethics deprived of securing more “good”. This would leave anxiety within the IS department, but would not breach legal or moral codes.

1. **Drop AMR’s Project, and Write it Off as Sunk costs**

*“From time to time it will be necessary for you to kill a project without being identified as the assassin. That’s why large companies have legal departments. No project is so risk-free that your company lawyer can’t kill it.”* ***-* Adams, pp 88**

This option wasn’t chosen because it would be a sunk cost of roughly $75,000 all for a threat that is minimal at best and mostly imagined by Burdelle. If AMR isn’t chosen as the vendor, then they would have to get new hardware, start a new project, and go through the extensive software development cycle again with the new vendor. Although this isn’t the chosen solution it is favorable to stealing the source code. This would also allow Burdelle to deflect the choice to the legal department.

1. **Steal the Source Code**

This option wasn’t chosen because although it is seen as the only option by Burdelle, it is not legally viable, immoral, and even not as ethical because of potential externalities. The possible ethical externality is the potential bad that would occur if legal suite were brought against Agrico.