

The Incident at Waco Manufacturing

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Waco Manufacturing was faced with a unique ethical issue when an employee was caught red-handed lying about repeatedly meeting with some co-workers about an important company project. She expressed concern for the project, claiming that despite her efforts in trying to relay the importance of the project, the other workers involved simply did not care. However, Waco had installed an employee tracking system that utilized a badge system and radio transmitters that were installed throughout the plant. Records logged by the tracking system clearly showed that the three employees had not been in the room together for the last several months, meaning that those meetings had never happened. The manager that lied about the meetings, Monk Barber, was caught, and McCoy, Frank, and Gogan, the managers that were blamed, were innocent. Tomaso and Saltz, who reviewed the employee records were now faced with a decision, what happens to Barber?

Since this case is very short, I would first like to begin by stating some assumptions that we can use as we evaluate decisions going forward. When the security and information system was installed at the Waco plant in 1986, each employee was given a badge. The case offers no information on how the employees used the badge, only that it allowed for employees to be continuously tracked throughout the plant. Because of this, I will operate on the assumption that Waco employees were properly informed of the purpose of the badges, which could further be inferred by the fact that employees knew that incoming calls would be routed to the phone that was nearest the employee that the call was intended for. We should also assume that employees know that, since their badge transmits a tracking signal, that someone could see their location in real-time and review that information, potentially revealing information that could be used against them. Again, these are only assumptions, since the case doesn't provide this information, but I will use these assumptions moving forward.

Normally, we would next conduct a Porter's Five Forces Analysis (Porter) to better understand how the business sits in its environment. Unfortunately, the Waco case provides little information to do so, so again, some assumptions will have to be made. We do know that Waco is a leading supplier of custom-made parts for the automotive industry. With this information, we can infer that the bargaining power of customers would be very low, because these custom-made components may not be made elsewhere. As far as inter-industry competition, we know that Waco operates in the automotive industry, but again, since it operates in a unique segment of the market by offering custom parts, direct competition is probably low. We can assume since Waco is considered a "leading" provider that market substitutes are considered inferior at this point, and that the threat of substitutes is low. We can also assume that the threat of new entrants is low given the specialized nature of Waco's products. A new entrant would face high barriers to entry in that they'd have to invest capital for equipment, infrastructure, etc., and Waco may have patent protection on their products that would prevent a new entrant from directly competing at all. Lastly, we will have to assume that Waco's primary suppliers, who likely provide raw materials such as sheet metal for building parts, have moderate or low bargaining power, given the number of potential alternatives in the market. If Waco purchases the machines needed to build their custom parts, that supplier would have very high bargaining power, given that Waco needs that equipment for its critical business processes. Again, this analysis is based largely on assumptions, given lack of relevant information in the case.

Next, we should briefly identify the stakeholders involved in this scenario. They are the ones would be affected by any rendered outcomes at Waco. (Destination Innovation) First, we have the guilty party, Barber, who lied about the meetings, and the records prove it. Then we have the accused parties, McCoy, Frank, and Gogan, who were blamed for a lack of progression

in the composite design project. We have Tomaso and Saltz, who have reviewed the information, and must choose how to proceed. Lastly, and in a much broader sense, the employee body of Waco as well as key Waco decisionmakers, who had the system implemented and could influence the direction of the system moving forward, could also be affected by this scenario.

Next, we should discuss the ethical scenario that Waco has created by tracking its employees. Given the assumptions established prior, how should Tomaso and Saltz proceed? Is a tracking system even ethical? Well, the decisionmakers at Waco who implemented the system would say yes. Tracking employees would allow information to reach its recipients more quickly, offering a boost in productivity. There may also be other unspoken implications in that the system could affect employee safety, awareness, communication etc., in ways that improve day-to-day operations in the Waco manufacturing plant. All in all, the system is probably a good investment in their minds, and is a positive change for Waco. From an employee perspective, this system probably sucks. But they probably think it sucks for reasons that are moral, not reasons that are ethical. The system functions entirely on an invasion of privacy. With employees getting tracked, they probably get a sense that they are always being watched and don't have any privacy as a result. They may feel "trapped" into being productive, as if someone will come to scold them if they aren't at their workstation. This creates a work environment that may not be healthy or productive for a lot of people, especially those who worked there before the transition into the new system and know what working at Waco was like before the switch. So again, what do Tomaso and Saltz do?

There are several alternatives they could consider to resolve the issue. These alternatives include, firing Barber, reprimanding Barber, and doing nothing. First and foremost, Tomaso and Saltz will probably considering firing Barber. This assumes that they have the authority to do so,

but considering that Barber reported to them to help resolve the issue, it infers that Tomaso and Saltz are Barber's superiors. This would likely be the first option they would consider, given that they have evidence that Barber lied directly to them, placed the blame on someone else, and created artificial delays and setbacks for an important company project. With that in mind, the odds are stacked against Barber. However, taking action against her could have an impact on other stakeholders. McCoy, Frank, and Gogan, the engineers who were accused by Barber of holding up the project, would be relieved, since there is proof that they aren't at fault for the delays. The employee body at Waco would likely respond negatively, since the firing would reinforce a belief that they are constantly being watched and recorded. Waco decisionmakers would be mixed, they would be upset that the project is behind and of potential employee unrest, but they would be glad that the root-cause of the issue is dealt with.

Tomaso and Saltz could use the information to approach Barber and somehow reprimand him. This may involve anything ranging from temporary suspension, to reassignment, to demotion, which is a choice that would be made at the managers' discretion. This alternative would have an outcome much similar to that of the first. The engineers would be relieved, the employee body may become uneasy, and Waco decisionmakers would be mixed. Personally, I don't feel that this is an appropriate course of action, given the nature of Barber's actions. Not only did he lie, but he also tried to use misdirection by placing blame on other employees that he was in charge of, an action that could have cost them their jobs had the situation played out differently. Given that they have enough information to prove his lie, and given the nature of his actions, I think that Barber is no longer trustworthy in his role at Waco.

Lastly, Tomaso and Saltz could choose to do nothing and allow Barber to continue getting away with his lie. This is a bad idea for several reasons, the foremost being that Barber's

actions should be punished one way or another. It would also establish a precedent that would allow Barber to continue getting away with negligent and abusive behavior in the workplace, which jeopardizes the engineers and projects that he manages. The only positive outcome I could see of this is that there is less risk of employee unrest like there would be in the other alternatives. Waco employees would remain unchanged, Waco decisionmakers would be upset because a key project is behind, the engineers would be upset and confused because they were wrongly blamed, and Barber would be happy because he got away with it.

To me, the choice is clear. Barber has to go. By committing such an act, he is untrustworthy to continue in his position at Waco, and I think he is unfit to continue leading project teams. In the interim, one of the engineers assigned to the project could take the lead role, and maybe one of them could even move up to replace Barber. This may put strain on the project initially, but it's not like progress was being made to begin with. Employees at Waco may feel uneasy, and think that Barber is being used as an example of "we're watching you". Sure, they may think that, and they may dislike it, but in reality, the security and information system at Waco allowed Tomaso and Saltz to uncover information that was ultimately used to get rid of a bad employee and protect three others. As we all know, the goal is to "make money now and in the future" (Goldratt) and the actions of Barber are hindering the company in reaching that goal. To me, it sounds like the system is working exactly as intended.

Sources Cited

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