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**Case #5: Agrico**

**Mission Statement:**

Agrico’s mission is to supply the best farm and ranch maintenance while providing excellent service that is cost effective.

**Introduction:**

In 1949, two farmers from De Moines, Iowa started a company called Agrico. The company was founded on farm and ranch management. By 1987, Agrico had over 691,000 acres of land with a market value over $500 million (Barker, 2018). Agrico was one of the largest agricultural management firms (Agrico, 2018). They have four different regional offices across the United States with five different farm managers for each location.

These four different regional offices provided management services for over 350 farms and ranches. Agrico has crop sharing leases, cash-rent leases, and they owned some properties. Share leases are when Agrico will manage the farm land for a portion of each year’s crop yield (Barker, 2018). Whereas cash-rent leases are where the farmers rent outs their farm to a company to grow crops on that farm (Barker, 2018). These were just a few different arrangements that Agrico made with these properties. Crop sharing properties were 47% of properties that Agrico managed and 51% of Agrico’s portfolio is cash-rent leases (Barker, 2018). The last 2% was privately owned by Agrico.

In 1985, Agrico executives decided that their computer services wasn’t adequate enough for a yearly fee with their current needs and future needs. During this same year, they identified a need for an office automation to improve Agrico’s productivity. The executives at Agrico set June 1, 1987 as their target conversion date.

In March 1986, Agrico decided to reach out to a large computer consulting firm, AMR for recommendations (AMR Consulting, 2018). AMR was a consulting company founded by A.M. Rodgers in 1977 and they had only sold one software package. At the time, AMR had only twelve clients in nine different states. (Barker, 2018) As the expanded they gained more clients such as Agrico. AMR put some of their employees on this case and assigned George P. Burdelle as the project manager. George P. Burdelle, was a recent graduate student of Harvard Business School. In July 1986, the system installation project began. Burdelle decided to step down from his position at the firm to take the position. The new computer hardware was delivered in September.

**Current Situation:**

In July 1986, when Agrico signed the deal with AMR, they agreed that AMR would provide software consistent with Agrico’s needs. AMR is required to make any modifications to the software package. Agrico wants to be able to get the source code to be able to create back ups and push out updates into their systems. AMR doesn’t want to give out their source code to Agrico because AMR creates their own source for each of their companies they provide their services to. The dilemma that Agrico is facing is that George came in one night to see that Jane Seymour (AMR’s software engineer) had left the source code open on her computer. Now, George Burdelle is faced with the predicament either to get the source code for Agrico from the computer or just leave the source code alone.

**Porter’s Five Forcers:**

1. **Threat of New Entrants:**

The threat of new entrants is very low for Agrico. Agrico is one of the leaders in farming and ranching maintenance. These new entrants won’t have the recognition that Agrico has. People will continue to use Agrico as it continues to be one of the top choices for farming and ranching maintenance.

1. **Threat of Substitutes:**

The threat of substitutes is low for Agrico as well. Agrico has been very successful in the industry thus far. There haven’t been many substitutes to replace Agrico with. The threat of substitutes shouldn’t have to be a worry for Agrico.

1. **Supplier Power:**

The threat of suppliers is quite low because Agrico is providing a service not selling a product. Agrico doesn’t have to worry about supplier costs and mark ups for certain products since it is more of a serviced base company. Thus, supplier power isn’t critical to the success of Agrico.

1. **Power of Customers:**

The power of customers is very important to Agrico. Customers are what help Agrico be successful since they are predominately a service company. Agrico must have farms and ranches to manage in order to be successful. They can’t be successful if they don’t have customers to make the business run.

1. **Degree of Rivalry:**

Agrico doesn’t have any rivals that the case mentioned. Rivals aren’t important to Agrico currently because there are no rivals in their market. The market can have new entrants come in and possibly challenge Agrico in their market, but at the present moment they do not.

**Stakeholders:**

A stakeholder is “a person, group or organization that has interest or concern in an organization” (Business Dictionary 2018). Agrico has a couple of stakeholders when it comes to their company and below are a few of their stakeholders and why they are categorized as one.

The first stakeholder is George Burdelle. George was the project manager assigned to Agrico by AMR before coming over to Agrico. He made recommendations that Agrico needed to do before they could continue to be one of the top businesses for farming and ranching maintenance. In the current situation, George must decide what he should with that AMR’s software architect, Jane Seymour, who left the source code that was designed for Agrico which was opened on her computer. George must determine whether to bring this information to Agrico so they can push updates or make changes to their systems or whether to ignore it.

The second stake holder would be Agrico’s employees. Employees should always be considered as stakeholders because they invest their time and labor into the company as well as any interests or concerns that arise within the company that could have a profound effect (Chron 2018). Agrico employees make decisions everyday that impact the company in either a good or bad way.

The third stakeholder for Agrico is their customers. Agrico’s customers are foundational to how the company would succeed or fail. Sam Walton, who is a part of the Walton family that owns Walmart and Sam’s Club said, *“There is only one boss. The customer. and he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else”* (Dizon 2018). Customers’ decisions can make a company a successful one or could falter depending upon what goes on in and outside of the company.

The fourth stakeholder is Agrico’s competition. Their competition is a stakeholder because they play a vital role in the success or failure of Agrico. A famous American entrepreneur, Victor Kiam, once said *“In business, the competition will bite you if you keep running; if you stand still, they will swallow you.”* (Kiam, 2018)*.* Agrico must be ready in case any other competitors decides to become the forefront of farming and ranching maintenance and push them out of business.

The last stakeholder in this case is AMR. They are the consulting and designers of Agrico’s new system that they are trying to implement to all their business. AMR did not have a large company that invested in them like Agrico did. Agrico saw them as a local company that could help them be successful and cost them less money than the other companies who were charging them for the services they provided to Agrico. AMR doesn’t want to leak out any of their information because it is private content. AMR, like the others mentioned above, are stakeholders because they meet and exemplify the definition of what are stakeholders.

**Possible Solutions:**

The first possible solution is for George Burdelle is to do absolutely nothing with the source code and close the computer. We must understand that he is frustrated that AMR won’t give him or his team the source code they designed for Agrico. AMR was paid to do all the implementations themselves without the help of Agrico doing anything. George shouldn’t steal the source code and let Agrico continue to grow the company with the help of AMR.

The second possible solution is for George to steal the source code from Jane’s computer while she is out of the office. George is irritated that he can’t get his team to implement and test new things on their own because they don’t have the source code to do these things. His frustration has been voiced to upper management and AMR’s management as well because he would like to implement new things for Agrico to try and see if it saves them money or if it costs them more do certain things. George is faced with two options that both have their good and bad sides to each. This is a matter of him choosing which is best for him and all the people around him.

**Impact on Stake Holders:**

**Option #1: Do Nothing and Shuts the Computer**

**George:** George decides to do this because there is nothing wrong and doesn’t want to cost the company any more money. He should discuss with Jane when she gets back from dinner that her computer was opened with source code available to see and he was lucky to stumble upon this as he was about to leave the office for the evening instead of someone else.

**Agrico Employees:** The employees will continue like nothing happened. This could affect them if there are any bugs in the source code that could cause their machines to have unforeseen issues. These bugs would slow down productivity and would affect the company in the long run. It could be a costly fix as well. These bugs, if there any, in the source code would have to be fixed by AMR, not Agrico, because they don’t have the source code to try fixing it.

**Agrico Customers:** This won’t affect the customers unless there are major bugs in the source code. These major bugs could cause Agrico to slow down their processes or close the company if the source does appear to have bugs.

**Agrico Competition:** The competition will not benefit because George didn’t take and use the code for his needs.

**AMR:** This presents an unsecure picture of them that one of their senior software designers left their laptop open with a source code to one of their most important clients. This doesn’t look good for the reputation if George does decide to tell upper management that could make it public. Jane should have never left her computer opened with this vital information laying out where anyone could get their hands on it.

**Option #2: George Uses the Source Code**

**George Burdelle:** This decision wouldn’t look good for George because this would show that he is untrustworthy. Yes, his team will be able to make changes without having to wait for AMR to implement them, but the stealing of the source code could lead to a lawsuit that could be damaging to the company. He doesn’t want to face the legal complications that could follow if he decides to use it.

**Agrico’s Employees:** George stealing the source code could benefit the employees by being finally able to do some edits on the source code without waiting for AMR to implement it. They also could possibly have to start looking at new jobs if there is lawsuit to come from him using AMR’s source code to better improve Agrico. So, the employees have two ways at looking at George taking the source code.

**Agrico’s Customers:** Agrico’s customers will begin to wonder why a high-level employee would go take the source code wants it went public. Their customers may take their business to a different company if there is a lawsuit pending on Agrico. Customers prefer to shop at a business if they are under the assumption that it is an ethical company.

**Agrico’s Competition:** Agrico’s competition might gain more customers if the public gets wind of what happed at Agrico. These competitors will look at this as a victory that they can use to gain the customers Agrico lost. Their competition will use this to their advantage to gain their own businesses.

**AMR:** AMR could sue Agrico and George Burdelle for stealing the source code from them. AMR could also take the hit that one of their developers didn’t keep private information away from the public eyes. AMR could either benefit or hurt themselves with the stealing of the source code. This decision will be hard for AMR to decide whether they will stop doing business with Agrico or will they continue to do business with them and make changes to keep the relationship going.

**Recommendation:**

As Goldratt states in The Goal*, “So this is the goal: To make money by increasing net profit, while simultaneously increasing return on investment, and simultaneously increasing cash flow.”* (Goldratt 1984). There are two decisions that George Burdelle has in front of him. My recommendation is do nothing and don’t take the source code from Jane Seymour’s computer. The reason I say this is because you don’t want to have the negative energy around the company and you don’t want to be in the news for negative publicity. I believe George can work out the details along with upper management to work alongside AMR to be able to push out updates quicker and so that AMR knows what Agrico needs. I understand the frustrations that George and his team are feeling, but as Laurence J. Peter once said, “*Speak when you are angry - and you'll make the best speech you'll ever regret.”* (Peter, 2018). He can speak to upper management again about this issue that he is faced with. Stealing someone’s hard work is not worth getting your point across to work on the settlement. I just feel this is the best thing for Agrico and George Burdelle and that is do nothing with the source code.

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