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**Case #8: Connor Formed Metals**

**Mission Statement:**

At Connor Metals, they are focused on developing and providing the best metal stampings and wire forms that are 100% reliable for their customers.

**Introduction:**

In 1947, brothers Joe and Henry Sloss, decided to take a risk and invest into Connor Metals. They were owning and operating their family hardware store before making the decision to invest into Connor Metals. The risk paid off as Connor Metals became the metal springs and stampings for most of the United States equipment manufactures.

Joe and Henry managed the company from afar until the early 1960’s when they decided to sell their hardware store and decided to focus their attention to Connor Metals full time. The brothers decided they should expand the Connor Metals brand to bring in more business around the country. The company went forward with the opening of divisions in San Jose, Phoenix, Los Angeles, and Portland, Oregon. During that time, while the Sloss brothers became invested full time in the company, they appointed George Halkides as Vice President of Operations.

George maintained an involved presence over and within the company. He believed that the company should have a tight grip through traditional accounting and control systems, but they were split between Los Angeles plant and the Connor’s corporate headquarters in San Francisco. When was heading toward retirement in the early 1980’s, Bob Sloss (Joe’s Son), was in line to fill Mr. Halkides role when it came time for him to retire. Bob had minimal experience, but he had the enthusiasm required to take on this role.

Bob Sloss, who was 34 when entered his new position, recognized that Connor Metals wouldn’t be able to survive if they continued to maintain doing their traditional ways of conducting business. He began noticing that offshore competitors had lower pricing and better product quality as they infiltrated the United States market. These companies were stealing the market share from Connor Metals and other United States companies. This was causing Bob to take a new course of action.

In 1984, Connor Metals opened a new facility in Dallas, Texas. This movement brought on a shift in structure to the company. Bob decided to decentralize the company. The new direction would give the day to day operations and authority over to the plant managers. This created new opportunities and new ways of processing the business.

**Current Situation:**

Mr. Sloss decided to bring a new face along with the change to the Connor Metals team. Bob hired Michael Quarrey. Michael was going to be the new human resources and information systems manager. The new role of information systems manager brought on new responsibilities for Michael. He quickly developed an order tracking system. This new tracking system helped the designing, manufacturing, selling, and servicing each of Connor Metals products and other companies’ products. Connor Metals did this test run for six months in their Los Angeles division. This provided positive results that encouraged Bob Sloss to adopt it for all branches. He began to think that this new order tracking system would help make Connor Metals more profitable. Now, he must decide whether to implement this in all the divisions or just keep it locally to Los Angeles.

**Porter’s Five Forces:**

1. **Threat of New Entrants:**

The threat of new entrants is high for Connor Metals. The new entrants are mostly offshore companies that are providing products and services at a cheaper cost than Connor Metals. Connor Metals is always going to have new entrants come into their market as offshoring labor and products are more cost effective for big businesses.

1. **Threat of Substitutes:**

The threat of substitutes is very low since Connor Metals does specialty orders for their customers. The substitutes are lower since there are no other companies that do special orders for their customers. Typically, most companies will mass produce products which doesn’t all for special orders.

1. **Supplier Power:**

The supplier power is quite low because Connor Metals is the supplier for their own products. They are working with a very small number of products.

1. **Power of Customers:**

The power of customers is important to Connor Metals. Customers can make or break the company with their decisions by either being loyal to the company or taking their business elsewhere. Since the company relies on special orders, it is imperative that they maintain customer loyalty and satisfaction.

1. **Degree of Rivalry:**

The degree of rivalry is high because Connor Metals has a lot of different entrants into their market whether it be within the United States or internationally. The competition will drive down the prices and could cost Connor Metals to sell certain products lower or expand their market of production.

**Stakeholders:**

A stakeholder is “a person, group or organization that has interest or concern in an organization” (Business Dictionary 2018). Connor Metals 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 in this case is the employees of the Connor Metals because “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 may arise within the company that could have a profound effect” (Chron 2018). The decision to whether to implement the system in the other divisions will affect the employees because the new system will require training to learn how to use it. There will always be some employees that don’t want to adopt this new tracking system. Furthermore, while the test run had great success at one of the divisions, there is uncertainty of how it would operate on a larger scale. How the employees respond to the new tracking system as well as its effectiveness will affect Connor Metals customers as well.

The customers of Connor Metals would be the next stakeholder, and this would be referencing taxpayers. 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 can make or break Connor Metals with the purchasing of their products and services. As stated previously, since the company specializes in customer orders and not mass-produced options, the customers vital in the success and failures of Connor Metals which in turn affects their President, Bob Sloss.

Bob Sloss, who is Connor Metals’ Vice President, is an important stakeholder (Connor Manufacturing Services, 2018). Mr. Sloss wants to improve Connor Metals because he wants his father’s original investment to continue to be successful. He understands that the company must adapt in order to compete with the competition. Bob began to look for new company ideas and that’s where he got to know Michael Quarrey (LinkedIn, 2018). Michael showed Bob a new tracking system that could help benefit the company in the long term and the short term. This decision facing Bob Sloss could aid in sustaining Connor Metals. The decision whether or not for the company to adopt this system company-wide rests on the shoulders of Bob Sloss.

**Possible Solutions:**

Connor Metals is falling behind in their competition and Vice President Bob Sloss knows they need to make changes quickly or they will not be able to compete in their industry. The new Human Resources and Information Systems Director Michael Quarrey came to him with this new tracking system. This system was tested in Los Angeles and has had great proven results from the trial basis. Now, Bob Sloss is faced with deciding to implement the new tracking system companywide or not.

The first possible solution is for Connor Metals to not do anything. The doing-nothing approach would keep the new system only in the Los Angeles office. Connor Metals was falling behind the competition and this new tracking system was catching them up to their competition. The do-nothing approach could benefit the company or cause the company to fall further behind the competition because only one office has the new system.

The next possible solution is for Bob Sloss to implement the new tracking system company wide. The new tracking system was designed by Michael Quarrey to improve Connor Metals for the better and so they could gain be competitive within the market. The new system was proving to be successful in their Los Angeles office and it could possibly cost more to implement the new system company wide. This would cost the company a lot of money to train all the offices on the new system and make sure all their equipment was applicable to implement the new system. This is just another possible solution that Bob Sloss and the team could consider.

One other possible solution is to just the keep the new system in the Los Angeles. The new system was starting to take off in Los Angeles and it caused productivity to increase significantly. The system could be proven to be unsuccessful when it comes to other divisions in the other cities. Bob Sloss believed to grow the business into the successful company that his father and uncle believed the business could be. They could just keep this system in Los Angeles then continue the day to day operations in the other divisions.

**Impact on Stakeholders:**

**Option #1: Do-Nothing:**

**Connor Metal Employees:** Employees would continue their day to day job without anything affecting them. Connor Metals might continue to get by their competition, but it won’t affect the employees’ short term.

**Customers of Connor Metals:** The customers of Connor Metals would be affected if they can’t get their orders in a proper amount of time and low cost with 100% percent reliability. The customers can look to other options if they decide that Connor Metals isn’t meeting their needs.

**Bob Sloss:** This decision would contradict what Bob was wanting to do and that was to get Connor Metals back on the map. This new system would help with his plan to fix the company and works toward eliminating the competition that they face in their market.

**Option #2: Adopt the New System Company Wide:**

**Connor Metal Employees:** Employees in the Los Angeles offices were very pleased with the results so far. They also responded to the training well. The adoption of this new system will continue to make the employees feel safer that their company is making changes necessary to stay in business.

**Customers of Connor Metals:** The customers will see that Connor Metals is making changes necessary to stay in the industry. Customers might turn their attention to Connor Metals if they prove to be the cheaper and more reliable option than any other company in the industry.

**Bob Sloss:** Adopting the new system companywide would show that Bob is invested in the well-being and making sure Connor Metals stays in the machinery industry. He has been wanting to make sure that this company will stay profitable for a long time.

**Option #3:** **Keep It Just in Los Angeles Office:**

**Connor Metal Employees:** Some employees might not want to train and learn new things. These employees may want to continue to do operations the way they are used to. This will help make the decision to keep the system in Los Angeles.

**Customers of Connor Metals:** Customers might see that there is a problem that is facing Connor Metals. They might decide to take their business to another company if they are determined to be more stable than Connor Metals. This software might not work in other markets other than Los Angeles.

**Bob Sloss:** Bob believed that the company needed a change. The company deciding to keep it in the Los Angeles office would push back the plan the Bob wanted to implement. Bob wouldn’t want just one office having the new system and not have it implemented in all the offices.

**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). My recommendation for this current situation that Connor Metals is facing would be to implement this system company wide. The reason I decided to have them implement this new system companywide is because of the success rate it was having in Los Angeles. Connor Metals needed to have a change around the company to help guide them into the future. Connor Metals was working to be successful and the implementation of the new system in all divisions would take a step in the right direction.

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