Appex Corporation

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The Appex Corporation Case discussed the strengths and weaknesses of Appex Corporation, a business that provided management information systems and intercarrier network services to cellular telephone companies. The case went in detail about the issues that Shikhar Ghosh faced as the chief operating officer of this company, and how his job entailed figuring out a proper business organizational structure that fit this corporation, allowing it to thrive again. After having all the information reviewed and analyzed, the conclusion of this topic is that Appex Corporation was a divisional organization-based business that had trouble finding an organizational structure that worked best for the business, and due to this reason, they should try to continuously adjust and enhance the organizational structure in place to best fit the needs of the business as well as the needs of the market. After much revision, there are a few reasons as to why the organizational structure needs to be maintained and kept up with as the company progresses and grows over time. These reasons will be addressed below alongside the few improvements that were made to the company before their Electronic Data Systems (EDS) acquisition.

To begin, the issues that Shikhar Ghosh first faced with Appex when he got the position as the company’s chief operating officer will be discussed. When Ghosh first entered the job, he was very excited to see how he could help turn this business around so that they could be conducting business efficiently and spending their finances in a smart manner. As he saw the business perform their daily tasks, he soon realized that the there was no defined organizational structure in place. Coming into Appex as an outsider, he realized that the environment of the company was very unstructured and that employees would do any job that they were able to or willing to do because no defined jobs were given. Alongside that, he realized that there was no set schedule the employees had to follow either, so the business strategy was missing. Due to these reasons, there was no proper organization structure that was maintained. Not having a proper organizational structure in place is the reason Ghosh realized that the business was lacking and was starting to go into the deep end as the company grew into something larger. With this information, Ghosh decided that he needed to try and implement different organization structures in place to best fit the environment at Appex Corporation.

Beginning the task of implementing the correct organizational structure in place, Shikhar Ghosh decided to implement the circular structure in place. He soon realized that this structure was very inefficient because no employee knew how to get things done with this structure. They had a lot of questions and were confused about what exactly the company had to do and what job they had to fulfill. Although in theory the idea was good because in the core would be the top managers, so the CEO and COO, around them would be the managers that would report up to them, and around the managers would be all the lower employees which were surrounded by the customers. Ghosh found out soon enough that this method did not work well for an unorganized business where the environment was still in the Appex Coporation Case Analysis start-up mindset. As the business grew drastically, increasing 1600% from 1987-1990, they had a surge of employees as time went on. Ghosh then realized that in order to get this business back on track, he would have to try and get control of the business and try a traditional, hierarchical structure. Ghosh had the proper questions and he had figured out the way to begin solving the problem with a trial and error approach (Porter).

The way the business was currently running, none of the stakeholders were happy. This includes everyone from senior management that consisted of Brian Boyle, the CEO, and Ghosh himself as he played the role of the COO. Then moving on down, the other managers were concerned that the business was going to be in trouble if things were not changed around the work environment. After that, the employees were not happy with the direction the company was taking the business because the way they have been conducting business was changing and they were not able to keep up as well as they expected. And finally, the customers were the least happy in this whole situation because the employees had the mindset that the customers were the enemy, so a lot of the customers were disregarded for and only the ones were attended to were happy with the service, leaving a multitude of others dissatisfied. This is the reason that a lot of change and organization needed to start to be put into place because as the company grew, the unstructured environment that everyone was used to was seeming to be the downfall of the company.

In order for a business to select a proper organizational structure, certain criteria need to be checked on. This would include the division of labor, division of decision rights, coordination mechanisms, organization boundaries, informal structure, and data and information regarding the business (Cash). Ghosh went through all these criteria to figure out which organizational structure would work for Appex Corporation. He realized going through that the division of labor that was in place was inefficient because there was no set job for individuals and they chose to do whatever job they feel was best. He realized as he started testing out implementing various organizational structures that the division of labor cannot be too broad, but narrow instead. This is because at the time he entered, the employees had a very broad description of what they did, however as the organization was starting to be implemented, they had to narrow down the focus so that certain individuals could have specific jobs that they had to follow from that point forward. By doing this, the company and Ghosh realized that there were a lot of gaps in the business that needed to be attended to, and as a result the business would start hiring more employees as the work-load got to be a lot for the business as it stood at that time. This led to the surge of new employees. At the end of the day Ghosh had realized what his goal needs to be and he did everything in his capabilities to make sure that this would be carried out (Goldratt).

The division of decision rights at Appex Corporation meant that a hierarchy needed to be kept in place. No employee should be able to make decisions themselves if it affects others on the team and business in a negative manner. When Ghosh entered this situation, the employees did as they choose, so he decided to implement a more traditional route where the employees lower on the hierarchy will be reporting to someone above them. This would be determined by what they did and then a job description was provided to them. This either made people happy because they had a sense of organization or then they were dissatisfied with the result. Ghosh also realized soon into the game that the work force would be changing every few months, and for this reason, he would have the newer employees report to the ones who are managers and will be there for longer period of time than the ones who are only there for a limited amount of time. This sense of organization also made it so that deadlines are easier to reach because there would be someone who would be checking in on them rather than have major chaos in terms of what needs to be done when. Prior to the organization, every department believed that their project that they were working on was most critical, when in reality that was not usually the case for most projects. Some clients would be more important than others and those projects or assignments needed to be completed beforehand.

Coordination mechanisms and organizational boundaries tied into the division of decision rights in the sense that by having the division of decision rights, employees were able to see how their job would change day-by-day and how it was very routine. With the organizational boundaries, this stepped into what exactly their job entailed and they should only be focused on that particular job rather than their job and then the job of someone else. Having the hierarchy in place allows for both organization as well as the enforcement needed in order to maintain this balance between roles and what the tasks for each person would be. Boundaries from prior to current were drastically different, and Ghosh made it a duty to set it up like that so that the business would be focused on being more efficient (Goldratt). He had considered all the problems and then evaluated them so that in the future there would not be any drastic failures. A good leader needs to realize the different organizational methods and then use their knowledge to do the best they can in order to accomplish the task at hand. Ghosh is definitely one of those individuals to follow that rule (Makenzie).

Moving onto the informal structure of the business, these were not as much discussed but rather put into place as time went along. As the business saw a gap in their system, they tried to fill that position up with someone who matches the criteria. With this being said, they ended up employing 103 workers in the system although they only imagined to be employing 55 by that time period. This was both a positive and negative. The positive being that the business was more organized and it had the ability to fill in the holes of the business that were making it inefficient. However, more employees, almost double of what they imagined was not good for the cost of labor. The cost of labor went up drastically and most employees had a salary at that point in time, so that started to eat up the cost of running the business which then ate into the revenues and how much the business actually profited at the end of the day.

Last but not least, would be the data and information and how Appex Corporation would be addressing that segment of the organizational structure. Ghosh decided that he would have to change the business as time went on in order to meet the business needs and the needs of employees. He came across a lot of issues while changing the organizational structure because the employees were not use to this sort of set-up, however, he also tried to make them realize and realized on his own that not everyone is going to be happy with the changes that were being implemented. With that he also realized that there will times where people just have to realize that this is the best option for the business, and as the COO, he had to be the one to step his foot down on these matters. Once he figured that out, then he came up with an organizational structure that worked for the time period and once some new problem came up that could not be fixed with the current structure, he would tweak it so that it would fit appropriately. After that occurred, the data and information that was being collected at the organization found a pattern of having all the data go from the bottom all the way up to the top and to him. As for the information, that travelled throughout the business as new technologies and plans would come into effect. Over time, Ghosh was able to implement the organization the way he wanted to to make the whole process more efficient (Morgan).

As has been discussed, there have been so many different aspects that have had to be discussed and reviewed in order to make Appex Corporation more efficient. By the time of the acquisition, Ghosh had a system in place and then with the acquisition, he continued to change the organizational structure to meet the new business that had bought over this so that all their goals could align normally. With the information and data that the company has collected, going forward and continuing to change the organizational structure as time goes on seems to be the best bet for the business. This decision would make the overall of stakeholders satisfied. Upper management would be content because they would be able to see the improvement in business progress as time went on, and although they have not reached the point of effectiveness, they have reached a level of efficiency which is what the business needs to focus on first. Then, regular management should be happy because their jobs are focused and they have a set task of jobs to accomplish. The employees may not be the most accustomed to the changes that will be thrown at them, however not all of them are going to be disgruntled at the end of the day. However, for the sake of the company, it is better that a few employees are not happy rather than having the customers be unhappy. The customers should be glad with the new organizational structure because for the most part, it would not be directly affecting them. In fact, it should not affect them at all. The organization structure is kept in place in order to make their lives simpler so that they get the goods that they have requested in the allotted period of time, and as a result they should be content with the results.

Due to the riskiness of the business, the job of changing the organizational structure is critical. The technology is not the issue at the business, however because their structure needed to be fixed that lead to this being a higher risk project. The money was not the issue for a while, they have enough profit in order to cover all the employees that they kept hiring, even though it was double than what they had expected. Due to this reason, Appex Corporation should be modifying their business structure as time moves forward. There is a lot of risk tied into not changing the way the business is running, so some action needs to be taken in the future to maintain the way things are going after Ghosh started to take on this task. The supplies have been an issue once he got started, but that aspect will also calm down in the future when everything is stabilized. The biggest issue that Ghosh and the company faced was to see how the employees would react and how they would act to this change. Not everyone is going to have the right training so placing them in roles that would fit them was key to try and start the whole project (Mallach).

Due to all of these reasons and more, the decision to continue updating the organizational structure at Appex Corporation is critical for the business to succeed. The acquisition of the business will and can be very beneficial to the business as a whole, as long as they keep maintaining the systems that they are working on currently because there has not been a real sign of competition. No real entrants were discussed and though that can change in the future, having this strong base will lead the company to success. The buyers were there and that is why the acquisition occurred, but besides that, the substitutes will be kept in place whenever there is a lack in the business so that no large problems ever occur.

Citations

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