**Appex Case**

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**Problem:**

The problem with Appex is that they have many organizational problems. When Appex changes their organizational structure to improve/fix some of these problems, new problems always arise. When it seems, they have found a good solution, the organization grows to a size that can no longer function properly under the previous structure. This problem seems never ending and is always consuming large amounts of the organizations time and resources. Apex is eventually acquired by Electronic Data Systems (EDS), a company owned by General Motors, and its challenge becomes to work out its own divisional structure and structural changes in its place as a part of a much larger organization.

**Competitive Analysis:**

**What:**

Appex provides service to cellular carriers so they can manage their customers at home and off home locations. They provide a service that attracts a wide range of people and has a great value to people who need cellular services.

**Who:**

Appex serves people in both the United States and Canada. They serve people who need phone services and they have a cellular management information system to manage the primary functions of a cellular carrier in its home market.

**How:**

Appex provides this product and service to people by the generic strategy differentiation. Appex provides a service that is available to many different people all over the United States and Canada. Appex relies on their customers to continuously use them so their services can be utilized. Ghosh works on improving Appex’s clients expectations which is huge under a divisional form according to Cash [2].

**Porter’s Five Forces**

**Competition:**

Appex’s competition is other providers of service to cellular carriers. Their competition is not very strong because it costs an abundance of money to get into the market and is hard to get customers without having good service.

**New entrants:**

The threat of new entrants is very high. With a company with a such high growth rate, many companies will try to enter this market. It’s hard for new players to emerge with the price of entrance, but if they have the income, they can easily become a huge threat to organizations in this market.

**Power of Suppliers:**

The suppliers have a medium amount of power. Only so many companies sell the products necessary so the suppliers have power but more people are beginning to hop into the market especially considering they made AT&T break up their monopoly in 1980 according to the Technologizer [1].

**Power of Customers:**

The customers do not have a strong bargaining position. With it being hard to get into the market, not many people provide this product so the customers do not have much of a choice of what service to pick for their cell phones.

**Substitute Products:**

Substitute products to Appex are internet providers and other management information systems. The internet providers provide internet for people at their homes and works, this is the biggest competition for Appex’s services.

**Organizational structure:**

Appex has a divisional organizational structure. They divide their organization into four different divisions, ICS division, IS division, operations, and finance and human resources which makes them divisional according to Cash [2]. The structure cares about being effective with their management processes. Ghosh made the cross-functional coordination stronger with his new structure which made it more of s divisional form according to Cash [2].

**Stakeholders:**

1. Appex company
2. Customers
3. Employees

**Alternatives:**

1. Do nothing
2. Change the organizational structure semi annually
3. Functional organizational structure

**Impact of alternatives on stakeholders:**

1. **Impact on Appex company**

The first alternative for Appex is to do nothing. Doing nothing would cause the problems to worsen and eventually lead to the collapse of the organization. If Appex did not handle their organizational structure problems, then they would most likely fail within a year. This is because the company grows 50% on average every six months and requires restructuring.

**Impact on customers**

If Appex did nothing about their organizational structure problems, then the customers would receive poor service. The organization would not be able to satisfy the customers without constantly changing their structure. The customers would once again have to wait long periods to get help or not get help at all (like the customer who had claimed to have called 150 times before getting a response). The customers would eventually find different service providers.

**Impact on employees**

The choice of doing nothing would have a great impact on the employees. The employees would eventually want more power within their groups. They would want more funds and more priority within the organization. This would cause the groups to not communicate efficiently and cause problems to pop up at an exponential rate. The teams would eventually fall through and the employees would get fed up and either quit or inevitably lose their jobs when the business fails.

1. **Impact on Appex company**

If the company continues to change its organizational structure on a semi-yearly basis (more often if the company starts to grow at a faster rate) then the company should be able to withstand the rapid growth. The company will be able to handle all the problems between the different groups of the organization by constantly altering and updating the structure.

**Impact on customers**

The customers will be happy with the continuous change and the ability to adapt to the environmental change. This will allow the company to find the best structure to increase customer service and satisfaction every six months. The customers will continue to use their service if they continue to adapt to the changes and provide high quality service by using agile organizational structures.

**Impact on employees**

The interval changes of Appex’s organizational structure will cause the employees to be satisfied. The employees will have problems and complaints with certain aspects of the structures which will be addressed every six months with the new iteration of the structure. This will keep employees happy, which will cause the organization to do better, and will be a great attempt at improving the company and keeping the employees employed.

1. **Impact on Appex company**

The apex company will have to change their structure from a divisional structure to a functional structure. Appex would have to build a hierarchy system with a centralized structure according to Cash [2]. They would have to change their structure from fluid to static. This would mean Appex would have to have another huge remodel with their organizational structure. This would probably not be the best way to run the organization considering this was an attempt they had before that did not function as well as other structures that they implemented.

**Impact on customers**

The customers would likely not like this structure because the last time they implemented a functional form structure, they had problems with their customer service. They have learned since then how to implement a structure that allows them to focus on their customer service so some of these qualities could be involved but most likely they will still end up having problems with customers and losing some of their customer base.

**Impact on employees**

The employees of Appex will most likely like the hierarchical system at first but politics will come into existence once again and cause problems. The teams in this structure are likely to become polarized once again and cause different divisions to not get along and communicate efficiently. One of the biggest problems with the functional form is that the source of authority is functional, not managerial, expertise.

**Best alternative and defend**

The best alternative to the organizational structure problem that Appex is currently facing is the change of the organizational structure semi-annually. This will allow the company to constantly evolve. The remodeling of the company will help prevent bottlenecks from limiting the company’s throughput according to Goldratt [3]. It will give them goals and help remove some of the problems that have risen from the current structure. This will obviously be a better choice than doing nothing because doing nothing would not work in a company that is rapidly growing and evolving. A functional form would not be as good of a choice because the hierarchical structure makes it harder for groups to communicate with each other.

**Sources**

1. McCracken, Harry. “A Brief History of the Rise and Fall of Telephone Competition in the US, 1982-2011.” *Technologizer*, 10 May 2014, www.technologizer.com/2011/03/20/att-buys-t-mobile/. Accessed 12 Sept. 2017.
2. Cash, James I.. “Corporate Information Systems Management” from CORPORATE INFORMATION SYSTEMS MANAGEMENT : THE CHALLENGES OF MANAGING IN AN INFORMATION AGE , (MCGRAW-HILL COMPANIES, INC. – BOOKS, 1999) /5 ed. Pp. 60-87, 547-561 [43 pages] ISBN: 9780072902822
3. Goldratt, Eliyahu M., and Jeff Cox. *The goal: beating the competition*. Hounslow, Creative Output, 1986.