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**Connor Metal Case**

**Problem**:

The problem with the organization is their decision on whether they should implement the new IT system throughout all the divisions. The system has done well in the biggest division, being Los Angeles, bringing them an increase in sales by 28 percent. It also decreased its head count by 15 percent. However, the other divisions are much smaller and might not have the same reaction to the implementation of a new IT architecture.

**Competitive Analysis**

**What:**

Connor manufactured metal springs and stampings for large U.S. original equipment manufacturers. Approximately 20 percent of Connor’s business was producing coiled springs, which were “commodity-like” in their composition and manufacturing; the remaining 80 percent was metal stampings, complex wire forms, and assemblies.

**Who:**

The organizations customers are anybody who wants to purchase coiled springs, metal stampings, complex wire forms, and/or assemblies.

**How:**

Sloss repositioned Connor as a service-oriented business which would focus on providing custom-developed metal stampings and wire forms and would be “100 percent reliable”. Sloss did this through buying new machinery and establishing a statistical process control system.

**Five Forces**

**Competition:**

Competition is high. Connor’s competition, fragmented around product lines, comprised 600 to 700 primarily owner-operated job shops, most of which had an average of 20 to 30 employees. Customers typically chose their suppliers based on price, particularly since quality and service were notoriously poor within the industry, this makes the competition high according to Porter [2].

**New entrants:**

There is high threat of new entrants. These are primarily from offshore competitors, many with lower cost structures and superior product quality.

**Suppliers:**

The suppliers have little power because there are many organizations that can supply Connor Metal with the raw materials they need to make their products. These materials can come from anywhere in the country as well as outside the country.

**Customers:**

The customers have a high amount of power. This is due to the fact there is many companies that produce stamping metal and wire forms. Neither of these are specialized traits and can be made easily.

**Substitute Products:**

The threats of substitute products are low, according to Porter, because Connor Metal is now focused on custom products instead of commodity products [2].

**Organizational Structure:**

Connor metals has a divisional organization structure. In 1984, Bob Sloss decentralized the company into four autonomous divisions, giving each full profit and loss as well as capital expenditure responsibility, which makes it a divisional form according to Cash [1]. Sloss established a “hands off” approach to overseeing the business. At the division level each plant maintained administrative, quality control, engineering, sales, and manufacturing functions. Product pricing was jointly determined by engineering, sales, and division management. Production scheduling was run by the division’s production manager. Sloss placed an emphasis on the engineering aspect of the business process. Engineers, production supervisors, and salespeople were teamed together and were expected to communicate closely as each order moved through the business process.

**Stakeholders:**

1. Employees
2. Customers
3. Connor Metal Shareholders

**Alternatives:**

1. Do Nothing
2. Implement the system in one of the smaller divisions to test out how it will work.
3. Implement the system in all the other divisions.

**Impact of the alternatives:**

1. **Employees**

If Connor Metal decides to do nothing, then they will continue to make profits and stay in business. The Employees will have jobs and will have mixed emotions depending on their division. The employees at the Los Angeles division will continue to be happy with their IT architecture. The employees at the other branches who want to upgrade will be disappointed if the organization chooses to do nothing. The employees who do not want to implement the new system will be satisfied with the decision of doing nothing.

**Customers**

The customers at the other divisions (besides Los Angeles) will not be happy with this alternative. Without the order-tracking and costing system for the plant, annual quality ratings and customer service will not rise. This will make customers less inclined to do business with Connor Metal.

**Connor Metal Shareholders**

The Shareholders will likely be okay with this decision in the short term because Connor Metal will not have to invest money into upgrading the IT architecture in the other divisions. However, the other divisions will likely not see the profit increases Los Angeles is seeing and eventually lose money. This will make the branches fall behind in technology and it will be the opposite of what Bob Sloss was trying to do with the organization.

1. **Employees**

The employees will likely be happy will the implementation to one division at a time. This will allow them to know the new IT architecture will be implemented in their division only if it continues to do well in the others. This will also please the people who want the new architecture. For the employees who don’t want to switch over, they will likely be unhappy at first, but will like the system once they know how much better it makes their jobs.

**Customers**

The customers at Portland or San Jose (whichever is chosen as the test location) will be happy with this alternative. The increase in quality will likely make the customers choose Connor Metal over the competitors even if the price is higher, like what happened in the Los Angeles division.

**Connor Metal Shareholders**

The Shareholders would have the least risk with this alternative. With the implementation of the system into one of the other divisions, Connor Metal can test and see how successful it will be before deploying it to all the divisions. This will save the shareholders the risk of it failing at all the other divisions simultaneously but also allowing them to try it out and have a chance at it being successful, division by division.

1. **Employees**

The employees will be happy with the implementation of the new IT architecture. It will likely make them unhappy at first, but once they see the value in it they will be satisfied with the change.

**Customers**

The customers will be happy with the increase in quality if it doesn’t increase costs too much. In the Los Angeles division, customers were hiring Connor despite its higher prices. With the other divisions being much smaller and in smaller markets, this might not work out the same. The price might be too high, and the customers might use alternatives. This might also not lead to an increase in customer satisfaction like the Los Angeles division.

**Connor Metal Shareholders**

The shareholders will likely be happy with this alternative. With the implementation of the new system in the Los Angeles branch being successful, it would seem they should implement it in all the divisions. This however is a big risk considering if it is unsuccessful, it could cause the divisions to suffer major losses and possibly lead to the collapse of the organization.

**Best alternative:**

The best alternative is to implement the system in one of the smaller divisions and test how it works. This would reduce the risk of the shareholders, yet still give them the satisfaction of testing out the system in a smaller division. If the system works, then they can implement it in all the divisions and it could be exactly what Sloss was wanting so Connor Metal could stay ahead in the market. This is stage II of the IT adoption where experimentation is more heavily emphasized than is efficiency, according to Cash [1]. This alternative will make employee’s jobs easier (it made run jobs increase by as much as 20 percent) and customers will likely be satisfied with the increase in quality and customer satisfaction. This alternative is also keeping up with the environment which is important, as Morgan says, organizations, like organisms, are "open" to their environment and must achieve an appropriate relation with that environment if they are to survive [3].

**Sources**

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3. Morgan, Gareth. *Images of organization updated edition of the international bestseller*. Thousand Oaks, 2006.