Dylan Thomas

CIS 410-01

11-1-2017

**Agrico Case**

**Problem:**

The problem with the Agrico organization is whether they should copy AMRs source code or not. AMR is a small software company that provides a system for managing farm and ranch portfolios. Agrico made a contract with AMR to provide customer software and maintain this software. Agrico is worried that AMR will not keep up with software or fail as a business and the source code will be lost. For this reason, Agrico wants to keep the source code, but AMR does not want them to have it. They agree on a third party keeping control of this code. Within the contract, it states that Agrico is not allowed to backup or copy the source code. Jane Seymour, the software engineer for Agrico’s new AMR system, left the source code on one of Agrico’s computers when she left for dinner. Agrico’s systems and programming manager, Louise Alvaredo, found the source code and notified the vice president, George P. Burdelle. George faces a decision, copy the source code to benefit his company and ensure access to it in the future, which is what he believes is the moral thing to do. Or make the ethical and legally correct decision, which does not break the terms of the contract, which is to not copy the source code.

**Competitive Analysis**

**What**:

Agrico provides farm and ranch management services for 691,000 acres of land in several midwestern states.

**Who:**

Agrico provides services for farmers and land owners who are primarily located in the midwestern United States.

**How:**

Maintaining four regional offices housing an average of five farm managers each, Agrico could provide cost-effective management services for more than 350 farms and ranches. This is an example of cost-leadership.

**Five Forces**

**Competition:**

Agrico’s competition is low. Agrico is in a niche market which makes competition low. There biggest competition would likely be with the farmers themselves who could instead go directly to the software provider (in this case AMR) and cut out Agrico from the process. Since this market is not very big, once Agrico gets a client, they most likely will continue working with them for a long time.

**New entrants:**

The threat of new entrants is also very low because this is such a small market. People are not very likely to enter this market during this time. With most of the customers for this market being in contracts, it would be hard for another organization to come in and gain market share, according to Porter [2].

**Suppliers:**

The bargaining power of the suppliers is moderately high. Under the crop-share lease arrangements, Agrico is reliant on the farmer’s ability to produce crops to sell them. The farmers could easily change their prices and directly affect Agrico, according to Porter [2]. To make software, Agrico is not as reliant because there are multiple providers of this service. However not all of them have exactly what they need.

**Customers:**

The bargaining power of the customers is low. This market is not very big; therefore, the farmers do not have many options. Once a farmer signs a contract with Agrico, they are locked in and have little to no bargaining power.

**Substitute products:**

The threat of substitute products is at a medium. Agrico provides a wide range of services which are not likely to be offered by another organization. However, there is some threat of substitution because banks could offer similar financial services to farmers. There are also other companies who can offer management for the farmers.

**Organizational Structure:**

Agrico can be handled by a single group of people and one boss which make it a functional organization, according to Cash [1]. Agrico maintains four regional offices housing on average five farm managers and they provide services for more than 350 farms. These regional offices can work together and provide cross-functional procedures, according to Cash [1].

**Stakeholders:**

1. Employees
2. Customers
3. AMR

**Alternatives:**

1. Do Nothing
2. Renegotiate the contract
3. Backup the source code

**Impact of Alternatives:**

1. **Employees**

The employees would still have work to do if nothing was done. They would still have the contract with AMR and not have as bad legal issues like they might have had they stored the source code. On the other hand, it is likely they would never solve the disputes within the contract and both parties would end up agreeing to void the contract. This would cause less work for the employees and possibly layoffs.

**Customers**

The customers would be negatively affected by this. The customers would not have their software requirements met and would end being disappointed with Agrico and possibly take their business elsewhere.

**AMR**

AMR would not be as mad with Agrico as they would have if Agrico had saved the source code, but they would still be frustrated with the contract. The disputes over where the source code should be stored, the testing of the software, etc. would possibly cause AMR and Agrico to scrap the contract and end in bad terms. AMR would likely never do business with Agrico again.

1. **Employees**

Renegotiating the contract would inevitably make the employees more satisfied. This would cause the employees to know they have work to do and they will not be doing all this testing for no reason.

**Customers**

The customers are going to be very happy with this alternative. By renegotiating the contract, the two businesses can find a medium and get to work. This will cause the project to be done much sooner than if they kept disagreeing about parts of the contract.

**AMR**

AMR would also be happy with the renegotiation of the contract. AMR would be happy with the clearing up of the term “satisfactory”, which is used to describe how they will store the source code. With the clearing up of these small disagreements, it would make Rogers, the founder of AMR, happy and the two organizations could carry on with their contract.

1. **Employees**

The employees would be satisfied in the short run if George Burdelle decides to back up the source code. If this eventually gets out to AMR, then AMR will take Agrico to court for breach of contract and likely cause Agrico to owe AMR a large amount of money. This will cause Agrico to lay off some of their employees or possibly close the organization. This could also cause the development of separate subcultures, according to Morgan [3].

**Customers**

The customers are likely to be happy with this. This will cause the project to continue and will cause the customers to get the product they want. If AMR finds out the source code was leaked, it most likely will not directly affect the customers.

**AMR**

AMR would not be happy with this alternative. By storing the source code, Agrico directly breeches the contract with AMR. This puts the two companies on bad terms and means AMR will have to take Agrico to court. AMR will likely win, but regardless who wins in court, AMR will no longer work with Agrico.

**Best Alternative:**

The best alternative is by far to negotiate the contract. This is the only alternative that benefits all the stakeholders. The organizations will not have to get into a legal battle and cause the companies to be put on bad terms. Agrico’s employees will be satisfied knowing they have work and their company can end disputes with other organizations in a positive manner. Agrico’s customers will be pleased because their work will get done on time instead of constantly being pushed back. Doing the right thing comes with a since of responsibility and will have great impact to the firm according to Morgan [3].

**Sources**

1. 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
2. “Porter's Five Forces: Understanding Competitive Forces to Maximize Profitability.” *Strategy Skills Training*, [www.mindtools.com/pages/article/newTMC\_08.htm](http://www.mindtools.com/pages/article/newTMC_08.htm).
3. Morgan, Gareth. *Images of organization updated edition of the international bestseller*. Thousand Oaks, 2006.