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Dr. Barker

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Case 7: Waco

Introduction to Waco

Waco Manufacturing was a supplier of custom-machined parts. They operated in the automobile industry and specialized in custom made goods. In 1986, Waco implemented a security and information system in one of their manufacturing plants. Transceivers were installed about 25 feet apart throughout the plant. Transceivers were also embedded in the badges their employees wore. The transceivers could transmit and receive radio signals which supported continuous tracking of employee locations.

The Problem

In 1987, area manager Monique Saltz met with a plant engineering manager, Monk Barber, to express her disapproval with Barber's project schedule. Barber claimed to have met with engineers Sherman McCoy, Telly Frank, and Wanda Gogan several times. He also claimed he had stressed the importance of the project to them, but they failed to respond. However, when Saltz met with the engineers they claimed they did not know the project was important. They couldn't even recall meeting with Barber.

When Saltz described the issue to the plant manager, Shelly Tomaso, they reviewed the plant record locations from the transceivers. Barber, McCoy, Frank, and Gogan had never actually been in the same room at the same time. Tomaso used the system to measure the performance of the employees she managed (Cash).

Employees and Badges

Since the case doesn't provide many background details, I will be making strong

assumptions before moving forward. Each employee has a badge, but we are not told whether or not they carried badges before the system was implemented. I will operate on the assumption that employees were informed that their badges were to be used for tracking purposes. This assumption may be confirmed by the fact that employees knew the system had the capability of routing incoming calls to the phone they were nearest to. Employees would then know that their location could be viewed in real time, and that their logged locations could be used for future inquiries.

Stakeholders

The stakeholders are those who would be affected by the chosen course of action at Waco (Destination Innovation). The first stakeholder is Barber. According to the system's records, Barber is guilty of lying about the status of the project. Next, we have McCoy, Frank, and Gogan. The engineers were seemingly to blame for the lack of progress but may have been proven innocent by the system's records. There is Tomaso and Saltz, who must make the decision on how to move forward. There are the customers of Waco, but they will see little to no change as a result of the decision. The particular client involved with this project will see an inevitable delay because they are already behind schedule. Lastly, there are the employees of Waco as a whole. The decision regarding Barber and the continued use or discontinued system could affect them.

Porter's Five Forces

I will again be making assumptions about how Waco operates in its environment due to the lack of case details. We do know that Waco is a leading supplier of custom-machined parts to the automotive industry. We can assume that their customers have

low bargaining power because the likelihood of higher quality custom-parts is low (Porter). In the same vein, we can assume that they operate in a small segment of the market so direct competition is low. We can also infer that the threat of substitutes is low due to inferiority of the products, or even nonexistent. A new entrant would face barriers such as infrastructure, capital, and equipment. Waco may even own patents for some parts or processes. Waco has specialized products that are comprised of specific materials, this means their suppliers providing raw materials have moderate bargaining power. Waco can always shop around for better bulk deals. If Waco contracts an engineering firm to build custom machines, that supplier would have high bargaining power. Since the machines are critical to their business processes, they would be unable to truly negotiate the prices.

Ethical Considerations

Business is amoral, it is an entity that is defined by its ability to follow a process. The goal of the process is to create value (Why Publicly Traded Corporations Behave Like Sociopaths). The decisionmakers at Waco who invested in the new system clearly thought the system was ethical. Tracking their employees allowed information to flow and reach the intended recipient faster, which boosted productivity and efficiency. In addition, tracking locations could be beneficial in a potentially dangerous manufacturing plant. Ensuring employees who shouldn't be near equipment were stopped could affect the overall safety of those employees.

Employees, on the other hand, might not enjoy the system. Especially those who worked for Waco before it was implemented. Beyond an assumed increase in employee safety, there are very few benefits for the employees themselves. Employee complaints

are moral though, not ethical. The system could be considered an invasion of their privacy and reduce their autonomy. They may feel forced to be productive because their recorded locations can be used against them. This work environment is probably not healthy and increases stress in general.

Trusting the System As-Is and Taking Action Against Barber

I will assume that either Saltz or Tomaso has the authority to reprimand or fire Barber. The project was extremely important, which is why Saltz was checking in to make sure the team was working together to deliver the products on time (Cash). If they are to trust the system, they have direct evidence that Barber lied, blamed his subordinates, and created setbacks for an important project. Barber knew better and shouldn't have blamed his team for failing to deliver (Morgan). If Barber was fired, the engineers would be exonerated. Employees at Waco would be displeased because it confirms that an unspoken function of the system is catching them in unacceptable positions. Tomaso would be relieved that the situation has been resolved, but Saltz would have to reconcile the project schedule.

Altering the System via Privacy Policy and/or Location Verification to Avoid Discontinuing Use

Tomaso and Saltz could implore Waco to create formal procedures and communication channels for documentation. This documentation would include project expectations, schedule estimations, and meeting logs. Logs would include attendance, notes, and manager's reports on employee performance at that point in time. A privacy policy would include language that ensures employees understand what the location tracking is for, and how the information is stored and used. They can also run more in-

depth system tests to confirm the locations that are recorded or viewable in real-time are accurate. This would dispel doubt in future cases. Avoiding the abandonment of the system would be in the decisionmakers' best interest. They have already invested in the system, and clearly saw benefits that made project worth it in the long run.

Employees would have the option to sign and agree to the policy. It is within their discretion if this environment is suitable to them or not. Barber would not be fired or reprimanded, but distrust surrounding him would still be present. The team would once again be exonerated but could now count on formal procedures to protect them in the future. Saltz would still have to reconcile the project schedule but she could use new procedures to make sure she is meeting company objectives. Tomaso would not be forced to make a decision and would benefit from the confirmed accuracy of the system.

Doing Nothing

Saltz and Tomaso deciding not to do anything would be a mistake. Assuming Barber is guilty, he may continue to lie about projects and his performance. Barber's situation should prompt action. A serious issue was discovered, letting it slide establishes a dangerous precedent. He would continue to get away with negligent and abusive workplace behavior and continue to jeopardize projects and the engineers he manages. Employees would be the most satisfied with this, while generally unhappy with the system, their fears would continue to be unconfirmed. Barber would be happy he got away with his lie, but his engineers would be deeply upset for being wrongly blamed. Saltz would be displeased because she is ultimately responsible for Barber. Tomaso would be in a questionable position. Those above her would not be happy with

her decision because she would be tolerating an unhealthy work environment and excusing an intentionally delayed project.

Recommendation

My recommendation is that Waco alters the system. This option increases the overall likelihood of a positive outcome. Goldratt believed that every situation can be substantially improved; ongoing improvement should be the goal in this case (Goldratt). A privacy policy offers Waco legal protection. In addition, employees will not expect privacy and can decide whether they wish to remain employed by Waco. Productivity may continue to increase if employees are located where they are supposed to be. Verification that the system is accurate will aid in similar issues that arise in the future. The team currently lacks formal procedures, and their implementation sets a positive precedent. Barber would be dissuaded to behave as he did. Any other option puts the system's implementation success rate in jeopardy. This option offers the most positive perception. Rules and regulations aid task performance; altering the system decreases the likelihood of abandoning it all-together (Morgan).

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