Case Analysis: Waco

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**Waco Overview**

Waco Manufacturing specialized in custom-machined automotive parts. The case focused on the new transceiver information system that was implemented by the company. The transceivers tracked employees by utilizing sensors attached to the walls. The company had access to the location of every employee at any given time.

**Waco Generic Strategy**

Waco primarily used a differentiation strategy due to their involvement with production of custom parts. They offered high-quality automotive parts that couldn’t be found elsewhere, no two parts were the same since they weren’t mass-produced.

**Porter’s 5 Forces**

The threat of substitutes is high even though they manufacture custom parts. Most automotive parts can easily be obtained by contacting local auto stores, and likely at cheaper prices since they aren’t custom. The threat of new entrants and competition is high because there are lots of automotive companies wanting to sell parts. The supplier power is high because there may not be many options for obtaining raw materials. There are lots of manufacturers and limited resources. The buyer power is low because the customer wants custom parts instead of a stock part.

**Waco’s Dilemma**

Should Waco discontinue the use of these tracking systems? Have they been used unethically at Waco? This tool makes employee actions visible, so management can track movements and length of time taken to complete tasks. Do workers have the right to privacy of their coordinates while on company property? Perhaps this system isn’t much different than security cameras, which can document people’s locations and be referenced in the future. As stated in The Goal, “…the goal of our company is to make more money now as well as in the future (Goldratt 95).”

**Stakeholders**

Employees are the main stakeholder in this situation since their locations are being monitored electronically. The management that is using/enforcing the transceiver system is involved by using it to make decisions about employees. Customers may be impacted if employees feel unhappy about the transceivers and it affects their productivity.

**Alternative Actions**

**Option 1: Do Nothing**

One option is for Waco to continue using the transceiver system as implemented. They may do this if it is proven to be useful, save the company money, or catch people who violate company policies. Mallach might encourage this option, since he believes in teaching people “to work and live during technological change” (Computerworld vol. 30 iss. 41 pg. 37).

**Stakeholder Impact:** Employees wouldn’t like this option because their exact locations would still be recorded and monitored at all times in the facilities. Most of them would probably feel that their privacy is being compromised and seek other employment or let their effort suffer. Management would be fine with this option if it didn’t impact productivity. They may see it as their right to monitor employee locations since they own the property and tools being used. Customers could be impacted negatively if the transceivers are used, since the employees aren’t fond of them.

**Option 2: Remove the transceiver system**

For the benefit of the company, it may be better to stop tracking employees with this system. The invasion of privacy can create a negative environment that affects employee performance. Depending on the size of the work force and employee attitude towards the transceiver system, this option may save the company money in the long-run and prevent turnover.

**Stakeholder Impact:** Employees prefer this option because they would feel less ‘stalked’ and like someone’s not watching their every move. Some employees may be indifferent, but most of them would likely want the transceiver system to be removed. The management might feel like it’s a waste of money to get rid of the system they just funded and implemented. They could think that employees are just pushing back because of apprehension to new technology. Management does not prefer this option because they are trying to make money; from their point of view, “organizations that used machines became more and more like machines” (Images of Organization p. 17). Customers might notice more reliable service if employees aren’t upset about the system anymore.

**Option 3: Give incentives to opt-in to the transceiver system**

If Waco is serious about wanting to monitor the locations of employees, they should be more transparent about it and allow workers to give permission for this. Additionally, incentives could motive employees to be a part of the program if they feel like it’s worth it. Possible incentives could include small bonuses, long lunches, additional breaks, etc. Adapting to new technology and “the realm of information processing” can “[save] money and time in the process” (Zwass, Electronic Commerce: Structures and Issues, pg. 13-14).

**Stakeholder Impact:** Employees would prefer this option over the current operation of the transceiver system because they would feel like their privacy is being respected. By having the option to opt-in or not, employees might be more inclined to let the company use that data. Management would have a lot of location data and happier employees, so this seems like a good compromise for management to offer. Customers wouldn’t notice this option much unless it is as satisfying for employees as getting rid of the system altogether.

**Recommendation (Option 3):**

Since Waco already invested in the transceiver system and fully implemented it, they should choose Option 3 and continue using it for employees that agree. Although it may not be unethical for workplaces to monitor their property as they choose, forcing this system on employees will cause backlash and turnover, which will affect profits eventually. According to Kalakota, “technological advances can rapidly create conditions in which companies that once were king of the mountain can wake up one day to find no mountain at all” (Kalakota pg. 17). With the right incentive program, management can convince most employees to opt-in to the transceiver system and prevent complaints.

It could be argued that the emotional aspects of the impact on stakeholders should be ignored, but this view is outdated. It matters how employees feel about their jobs and whether they feel respected. It’s important to remember that “employees are people with complex needs that must be satisfied if they are to lead full and healthy lives and to perform effectively in the workplace” (Morgan). Monitoring systems that are forced on employees without transparency makes them feel like they’re on opposing sides to their own company.