CASE REPORT 3

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Summary

In eight years, Symantec grew from 30 employees to 316 over 3 states with revenues garnering $50 million and a share price of $1.05 per share by 1989. Symantec is acquiring new innovation swiftly and without regard to potential internal implications. With three locations and a hodge-podge structure patched together with "let's make it work", Symantec was climbing the life-cycle curve and was clearly within the confines of the growth status. Symantec is acutely aware of the lack of communication and department redundancies. Symantec therefore has created several opportunities to move forward in maximizing resources, information as well as continue to move forward with new products and innovation.

With the "geographically-dispersed" product groups, Symantec appears to be operating within a divisional structure. Each product group worked independently guarding their resources and protecting their interests to survive. Symantec's dedication to innovation and continued interest in new acquisitions imparted itself to this divisional organizational structure. A continued lack of information sharing was the main complaint from management in relations to financial information, resources, marketing and engineering which was remedied with annual meetings involving all product groups. The competitive culture is noted but it appears to be designed that way intentionally. Gordon Eubanks, CEO, encouraged competitive behavior between product groups stating "…[people] How you get more resources is to keep identifying the need for more." (Gladstone and Nohria)

Problem

The quintessential question, what should Symantec do to remedy increased volume and redundancy of sales, finance, and human resources. Five product groups each containing their own product development, marketing, quality assurance, support and management with only finance, HR and sales being centralized. Their current IT solution is inadequate for the growth phase of Symantec. Two information systems one to provide structure for accounting, manufacturing schedules and inventory control coupled with a network system to allow for companywide email.

According to Morgan's Control of Technology, organizations become vitally dependent on some form of technology and has a "major impact on power relations" (Morgan). Resisting change is a natural state. The benefits have to outweigh the status quo. Symantec may be considered an innovator within Fried's realm but was innovating an internal product a good way to utilize their resources? The disconnect between systems and the instability led to from frustrations to conflicts branding the MIS department incompetent when really it's lack of a precise vision and understanding of the organizational structure.

Generic Strategy

Symantec uses a differentiation strategy based on the multiplicity of products with a focus on repeat purchase behavior. Porter's Five Forces presents:

Competitive Rivalry: High

Even with Symantec's active acquisitions team buying up most of the competition by recognizing their expertise and capitalizing on it. Few competitors at the given time which is why Symantec was so diversified in their product group.

Threat of New Entrants: High

With the speed of growth, to new entrants software looks like an attractive industry to enter. Potentially low overhead and brand new ideas lends itself to a competitive market. Entry barriers are low as competitors simply need a computer and language skill to produce a new software package. Low switching costs.

Threat of Substitutes: High

As stated with the New Entrants above, the software industry had several competitors.

Bargaining Power of Suppliers: Low

The suppliers of IT architecture was plentiful but the MIS department chose to not use the products available removing power effectively from suppliers. Symantec's product does not require any raw materials.

Bargaining Power of Customers: Low

While consumers were important to Symantec, their differentiation in the current marketplace was an original product Q&A which provided a unique software solution. There wasn't an overall product on the market all too similar to Q&A.

Stakeholder(s)

Critical Stakeholders of Symantec Corporation include:

- Symantec Corporation and subsidies (employees)
- Symantec Customers
- Symantec Board of Directors
- Symantec MIS Division

Alternative Actions and Outcomes

1. *Do Nothing:* The current divisional structure was temporarily fixing inter divisional issues with a substandard IT system not built for their organizational structure. The initial MIS solution offered an IT structure without the future growth considerations or at least a complete misrepresentation of the expanded data that Symantec had. Without reinvestment, Symantec would lose a competitive edge and potentially prohibit any future growth.

2. *Redevelop a Communication Culture:* Gordon Eubanks inherent competitive nature has bled down into the ranks of the corporation. This is the initial problem because the culture isn't built to foster communication between the divisions. There is redundancy with uncooperative participants. While doing one thing Eubanks says another by developing profit sharing and "filling out his evaluation", but in reality he is passively aggressively controlling through fear. This type of management created a "fragmented culture" that has been subverted by a reward of profit sharing but none of the tools to be efficient (Morgan). The company has been willing to constantly reevaluate the state of the company with meetings reviewing goals, the market and current financing but

never considered that reinvesting in the culture and organization as they morphed into isolated product groups fighting for the centralized functions.

3. *Redevelop an Organizational Structure:* Reevaluating the current divisional structure for a matrix structure to foster inter product group communication. Reorganizing could promote a more stable environment, allow the full capacity of data to be shared regardless of site location. "Culture is self-organizing and always evolving" (Morgan) Improving the communications will help develop the functionality of the matrix structure supporting each product group to have their own culture with a fixed point of reward the parent company.

4. *Hire more Employees and create a new IT system:* According to Fried's *Managing Information Technology in Turbulent Times*, acquisition and introduction of a new IT system requires justification. The MIS Department was crippled from the beginning by Eubanks belief that

    > *I don't like having a department that studies things for a year and says," this would be exactly the perfect way to do this; now let's proceed."*

    Eubanks pushed MIS into finding a solution quickly instead of finding a solution that would be adaptable to the rapidly changing industry. While a decision was needed to move forward and create a solution, potentially hiring the manpower to maintain the system but dedicate a team to building an infrastructure as reliable as their products. "Business management must manage the application of information technology or it may lead to technically correct systems that don't help the business" (Fried). A system that is consistently down more than its available breeds uncertainty, mistrust and lack of confidence. In an already fast paced, high-pressure environment adding unreliability misses the target on promoting "routinization for minimizing technological failures" (Morgan).

Recommendation

  Aligning business needs with unknown needs of the future are difficult to predict and require a time and capital investment to produce a solid system that benefits all of the stakeholders. My recommendation would be hire more IT personnel and create a new IT system. An integrated solution for Symantec would leverage the current talent that they have in addition to solving their breakdown in communication. This solution is not only technological but a need from management to invest and "review the entire scope of the firm" (Kalakota and Robinson). Eubanks mentioned the "uncertainty" of the software and technology industry and needed a solution. The motivation was from fear to create a reaction from the MIS department and find a solution but MIS needs to evolve with the company. If the MIS department can't support the growth of the company, Symantec will start to lose customers and with a low switching cost they could potentially lose market share.

  While expanding the MIS department has the most cost associated with it versus the other alternatives suggested, the capital investment will potentially provide increased productivity. An increase in performance and access to "the right information at the right time" could affect the culture with a sense of confidence and reliability but most definitely would impact sales (Fried). The benefits can be justified by the potential increase in sales by having the information readily available for the sales team to promote cross products as they relevant as well as increased availability for the customer service department.

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