*Problem Faced by Connor Formed Meta Products*

*Industry Competitive Analysis*

Mission Statement: The goal of Connor Formed Metal is to provide cheap and reliable metal parts for large US original equipment manufacturers.

Generic Strategy: Low-cost provider. While they do produce diversified and complex stamped wire molds. The overall goal is a reliable and cheap product to compete with companies from overseas that are indeed cheaper and more reliable.

Porter’s 5 Forces (*Michaux 1)*:

1. Competitive Rivalry – High, there is a strong competitive rivalry in this market. There are several companies overseas that are putting pressure on Connor Formed Metal by providing very low-cost products that boast more reliability.
2. Supplier Power – Low, providers seem to change often, and the choice of supplier seems to come down to current price implying there are several options.
3. Buyer Power – High, with there being so many other companies with competitive pricing there are a lot of option for buyers to purchase their metal goods elsewhere. Also, the buyers are implied to be almost exclusively large companies who probably have a large budget giving them more options.
4. Threat of Substitution – Low, formed metal products need to be metal for structural integrity and there probably aren’t many things you could substitute a metal part for that would take many of the customers.
5. Threat of New Entry – Mid, new entrants could purchase all the equipment to form metal and establish a new company with the only barrier being cost. But it seems as though suppliers and buyers are fluid meaning you could establish a customer base without much issue.

Value Chain vs Value Shop: Connor Formed Metal is a Value Shop providing the service of manufacturing for large US original equipment manufacturers.

Organizational Structure: Connor Formed Metal Products operates as a Matrix organization *(Cash 110)* with different locations that operate with small groups to handle tasks,

*Stakeholders*

1. Stockholders – Stockholders have a financial interest in the wellbeing of the company
2. Customers – There is a very low interest in the company from customers because there are lots of replacements, but they don’t want to see the company to fail.
3. Employees- Employees have a financial interest in the wellbeing of the company to continue to provide for themselves and their families.

*Actions & Effects*

1. Do Nothing: Under this scenario we would assume that Los Angeles continue running under the new custom-made system, and that the rest of the divisions are running under the Boss system. If this is how the company continues then Los Angeles will continue to perform well and other divisions that performed well using the Boss System would continue to do so. Any divisions that were not performing well under Boss would also continue to struggle. The company would have non-standardized IT and this could lead to issues down the road, as information is shared between divisions things could go wrong leading to delays or losses of orders/ information. Divisions that liked the idea of the new system who had to continue to run under the old system would most likely lose motivation which in turn would lead to a decline in productivity. On this steady decline the large-scale US manufacturers using the parts provided by Connor Formed Metal
2. Alternative: Push for the new system to be used in all divisions regardless of current preference or performance. Under this situation I believe the company would see improved performance in divisions where the new technology was readily accepted or integrated with the informal structure in place effectively. I believe that in divisions where the changing of systems was unappealing or resisted by the people there the productivity would decline and lead to issues with compliancy from employees there. Overall turnover may result from the lack of input the employees had and the implementing of a system they disapprove of, but new employees can be hired and trained on the new system to increase productivity with someone who never had the old system for comparison.
3. Alternative: Allow each division the choice of which system to have implemented. Some of the divisions interviewed sounded open and optimistic about the opportunity to have the new system implemented. Overall, for employees seeking success in their work the addition of more responsibility and accountability with the new system would be a positive factor for motivation and productivity. This could lead to the same issues stated before where there is a lapse in communication between the systems and information could be lost or damaged in the future as both systems continue to be updated. The matrix style organization structure would lend itself to allowing different options to be pursued by different divisions in the spirit of autonomy, but the current systems clearly isn’t working well enough.

*My Choice*

My choice would be to implement the new system into all divisions regardless of what they originally desired. I would do this because sharing of information is important especially in a process where things change often. With this the ready access to information by employees as well as the ability to make notes along the process would promote the flow of information. With this access you also increase responsibility *(Hackman 2)* and task significance *(Hackman 1)* by giving them the tools they need to find information they previously would have to request and having them protect that information’s privacy and integrity along the process. The employees who resist will eventually cause enough issue to warrant firing them or will leave by themselves either way the employees that come into the company because of the openings will only know about the new system and will have no place of reference on the old system to be displeased with. The system sounds as though it is simple enough for the cost of training the new employees to be low. Overall, I see productivity increasing in the long run.

Citations:

Hackman, J. and Oldham, G., 1980. *Work redesign*. Reading, MA: Addison-Wesley Publishing Company.

1. Task Significance described as a core characteristic that influences motivation, productivity, and job satisfaction
2. Autonomy described as a core characteristic that influences motivation, productivity, and job satisfaction

Michaux Stéphanie, Cadiat, A.-C., & Probert, C. (2015). *Porter's five forces*. 50Minutes.com.

1. Performed an industry competitive analysis with Porter’s 5 forces

Cash, J. I. (1994). *Building the information-age organization: Structure, control, and information technologies*. Irwin.

(110) Cash describes a Matrix Form org structure and the features it possesses

LaMarco, Nicky. “What Is the Chief Difference between a Low-Cost Provider Strategy and a Focused Low-Cost Strategy?” *Small Business - Chron.com*, Chron.com, 19 Dec. 2018, https://smallbusiness.chron.com/chief-difference-between-lowcost-provider-strategy-focused-lowcost-strategy-57401.html.

1. Describes low cost providers as, A low-cost provider seeks to sell its products at the lowest price it can, while still making a profit so that it can draw customers to the market.