

2018

CIS 410-02

Kimberly Roeten

[CASE 5-2: THE INCIDENT AT WACO MANUFACTURING]

Executive Summary

Waco Manufacturing is known as a leading supplier of custom-machined parts to the automotive industry. In 1986, the company installed a security and information system in one of its manufacturing plants that included transceivers, which are devices that can both transmit and receive radio signals. They were embedded in all badges worn by employees and plant corridors as well. This certain technology allowed Waco to almost continuously track the location of each employee.

Problem

Even though this new installment of technology supported the almost continuous tracking of each employee at Waco, in September of 1987, an incident occurred where an area manager named Monique Saltz informed a plant engineering manager named Monk Barber that she was not satisfied with the new set of designs for composite-based products, not to mention they were behind schedule. Barber explained, "I have repeatedly met with Sherman McCoy, Telly Frank, and Wanda Gogan, the three engineers assigned to this project, and have tried to impress upon them the importance of this set of designs. They simply have not responded, I am at wits' end." (Cash) When called in for interrogation, all three claimed they never met with Barber to discuss the importance of the project, and using the new tracking system of the transceivers, according to the records neither of them were in the same room at the same time as Barber, meaning Barber either lied about working with them or their system is not 100% and made a mistake. So the

question is is it ethical, moral and/or even legal to use tracking devices on employees while at work?

Mission Statement

Waco's mission is to provide high quality customized automotive parts to the industry.

Generic Strategy

The generic strategy of Waco Manufacturing is focused on differentiation because they focus on a target market that aims towards customers with a high demand of custom-machined parts. As explained in Porter's Generic Competitive Strategies, differentiation strategy is when a "firm seeks to be unique in its industry along some dimensions of its product or service that is widely valued by customers." (Tanwar)

Industry Competitive Analysis

Industry Rivalry

In terms of the degree of rivalry, the risk of this occurring runs anywhere from medium to high risk because while they may be the leading supplier, they are still targeting a very broad industry.

Threat of Substitutes

If the risk of competition is medium, the threat of substitutes will then be rated medium because while Waco may be listed as the leading supplier, there is always a chance that they still have competition and that something could happen where a bigger company can take over.

Bargaining Power of Suppliers

When it comes to the bargaining power of suppliers, the threat is medium because Waco even though solely relies on raw materials from the suppliers to make these customized automotive parts, they always have the option to find another supplier if their current supplier threatened to not work with them anymore.

Bargaining Power of Buyers

The risk of bargaining power of buyers in this case is high because if Waco messed up in any way shape or form, customers could find a different service with similar capabilities.

Barriers to Entry

The threat of new entrants is low because other businesses “must focus on acquiring appropriate technology that will advance the firm’s competitive position, and doing this properly requires a dedicated effort.” (Fried) In other words, they would need a significant amount of machinery and

production equipment that are good enough to compete with Waco and potentially take business away from them.

Stakeholders

In this case, Shelly Tomaso, who is the plant manager for Waco Manufacturing, along with top managers, executives and supervisors including area manager Monique Saltz, have the largest stake in the success of the Waco because they are in charge of monitoring the system and the employees. Plant engineering manager Monk Barber and engineers McCoy, Frank, and Gogan would fall underneath them, and other employees of Waco lower in the hierarchy would also have a stake in the success of the company. Shareholders are also considered stakeholders in this situation because those who put money into a business contribute to the financial success of the company, so they have a right to be informed about what all is going on in the company. The customers also have a large stake in the success of the Waco externally because they are the ones that owe money and ultimately keep the company going or else it would not survive.

Alternatives

- 1) **Do Nothing:** If Saltz and Tamaso decide to do nothing, the results could go both ways. It could hurt the company more considering a project is already behind schedule, but continuing to use the security and information system could allow for the company to have more efficient communication.

- 2) **Fire Barber:** In a business setting, lying is unacceptable, especially if it's to your own boss. Even though this alternative would certainly teach him a lesson, the company would obviously need proof that what he claimed was not true, and firing an employee isn't necessarily an easy option either, because there are other stresses involved, including finding someone else to fill his position, or him possibly filing suit.

- 3) **Create a privacy policy:** Creating a set of formal procedures is viable option because not only will this establish an understanding amongst all employees that they will be tracked, but this alternative calls for documentation, better communication, and other controls that will increase the likelihood of accuracy.

- 4) **Stop using the tracking system:** If this alternative is chosen, Waco would no longer have a system to track down their employees so they would lose out on money they've already invested into it not to mention the benefits. But knowing your being tracked all the time can lead to a somewhat uncomfortable environment for employees, so perhaps a more selective tracking method is the better way to go.

Impact on Stakeholders

When it comes to considering the impacts the alternatives would have on stakeholders, doing nothing would hurt all areas of stakeholders. The executives and managers could potentially make errors if the accuracy and consistency of the system are not ensured, not to mention not holding Barber accountable for his actions could hurt the company on many levels. "Information

often gets distorted as people hide errors and the true nature and magnitude of problems for fear of being held responsible for them.” (Morgan) Employees, customers, and shareholders would also suffer due to the lack of policies and procedures meant to increase accountability. And it also won’t benefit Barber either way. When it comes to firing Barber, yes the stakeholders could potentially benefit, but suffer as well, because again he could file suit and win if he proves Saltz used output based on an inaccurate system. The only ones who would most likely not suffer from this are the customers. If a privacy policy is created, the effect it could have on the stakeholders is more beneficial, as it could potentially increase the likelihood of more positive outcomes, not to mention everyone will be better behaved. If executives decide to stop using the tracking system, again the company will lose money and benefits from it, not to mention the other stakeholders will suffer from decrease in accountability and getting a hold of certain employees would be challenging. “If you think that you can change a process without changing everything else related to the process, you are fooling yourself.” (Hammer)

Recommended Course of Action

When it comes to the policies and/or guidelines for potentially governing the storage of and access to location data collected by the system, I would suggest taking the alternative involving creating a new policy. Doing nothing will obviously hurt the company more if no one steps up to the plate on doing something about the projects that are behind schedule, firing employees won’t necessarily help the company, at most Barber deserves to at least get confronted about the situation at hand and get a warning if not force him to take a leave of absence from work. Creating a private policy will ensure 100% accuracy and possibly increase the productivity at

work knowing you're being monitored. As stated in *Images of Organization*, "Mechanistic approaches to organization have proved incredibly popular, partly because of their efficiency in the performance of tasks that can be successfully routinized and partly because they offer managers the promise of tight control over people and their activities." (Morgan)

Bibliography:

Barker, Robert. Cash, J. Management of Information Systems. Case 5-2: The Incident at Waco Manufacturing. Gray's College Bookstore, 2012. Print.

Tanwar, Ritika. Porter's Generic Competitive Strategies. IOSR Journal of Business and Management. Volume 15, Issue 1, PP 11-17. Nov-Dec 2013.

Porter's Five Forces: Strategy Skills. Free Management EBooks, 2013.

Fried, Louis. Managing Information Technology in Turbulent Times. Wiley-QED Publication, John Wiley & Sons, Inc. Canada, 1995.

Morgan, Gareth. Images of Organizations. SAGE publications, CA, 1986.

Hammer, Michael. The Reengineering Revolution: A Handbook, Reengineering the Corporation. HarperCollins Publishers Inc., New York, 1995.