Connor

Case Evaluation 5

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Mission Statement

Connor Formed Metal Products was a small manufacturing company which specialized in producing “metal springs and stampings for large U.S. original equipment” (Barker 263). In order to successfully produce its products, Connor utilized a generic strategy of differentiation and a divisional organizational structure.

Generic Strategy

As a part of a differentiation generic strategy, Connor’s customers “typically chose their suppliers based on price, particularly since quality and service were notoriously poor within the industry” (Barker 264). Because of this, and after Bob Sloss became the President of the company, the organization made significant changes in providing products that would “100 percent reliable” (Barker 264). This allowed their customers to choose their products regardless of price, but because of the overall quality and reliability of the product. Even though “approximately 20 percent” was considered a commodity, “the remaining 80 percent” (Barker 263) required a unique design for each order which enhanced the need for a differentiation strategy. In order to succeed in this reliability, Connor implemented a divisional organizational structure at this time to help manage the transition to quality over quantity.

Organizational Structure

With the divisional organizational structure, Connor was able to decentralize from a current hierarchical organizational structure into “four autonomous divisions, giving each full profit and loss as well as capital expenditure responsibility” (Barker 265). Because of this, each of the 4 divisions was allowed to “maintain administration, quality control, engineering, sales, and manufacturing functions” while Sloss established “a hands-off approach to overseeing the

business" (Barker 265). Each division oversaw its own geographical location and provided support to its customers within that area.

Porter's Five Forces

Competitive Rivalry

Connor faced a moderate form of competitive rivalry during the time of Bob Sloss' Presidency of the company. Within the country, Connor's competition included "600 to 700 primarily owner-operated job shops" (Barker 264), which posed a lower threat because of Connor's size. However, Connor's main competition came from "offshore competitors, many with lower cost structures and superior product quality" (Barker 264). Sloss mitigated this threat by driving the company through significant change and customers began to continue to purchase through Connor despite their high prices (Barker 278).

Threats of New Entrants

The threat of new entrants is also high for Connor as the foreign competitors "were also attempting to buy the larger more successful U.S. competitors as a way of entering the market" (Barker 264). As these offshore companies have lower cost and superior quality, Connor must find some type of competitive advantage to lower this risk.

Threat of Substitutes

Connor faces a moderate threat from substitutes as they have established a high switching cost with their customer base. Despite having higher prices than most of their competition, the company continues to service existing customers and develop new customers through their improve product quality and service (Barker 278). By doing this, Connor lowers the risk of substitutes within their market.

Bargaining Power of Customers

Connor's customers included any organization or equipment manufacturers that needed metal springs and stampings. These customers included "large companies such as Honeywell, Motorola, and Hewlett-Packard" (Barker 264). The customers have a low bargaining power because they have a high value on the reliability and quality of the product offered at Connor, which gives them a high switching cost (Barker 278).

Bargaining Power of Suppliers

The suppliers for Connor are any organization that provides raw materials to the company, as well as the engineers that develop Connor's specifically designed products. Although the providers of raw materials have a low bargaining power, the engineers employed at Connor have high bargaining power as they provide "significant engineering expertise to produce" the complex springs (Barker 264).

Problem Statement

At Connor Formed Metals, the problem facing the company is developing a strategy that will expand the current order tracking system at one of the organization's divisions to the rest of the organization. The system, the Connor System, was developed and functional at the Los Angeles division and began showing dramatic improvements. Run speeds had increased by 20%, defective jobs had been reduced from 14% to 4%, late jobs declined from 10% to less than 1%, and sales had risen 28% with profits increasing by 5% (Barker 278). This, along with the customers seeing an improvement in quality and service, caused Sloss and Michael Quarrey, the Connor System software developer, to "quickly roll out the system to the other divisions" (Barker 278). However, when presented to the other division's decision makers, many believed that the system would not be compatible with the much smaller divisions. The San Jose plant,

with only 60 employees, felt their current system had already helped them to reach "record profits…and [they] had already invested a lot in training" (Barker 278). Conversely, the quality control manager within the Portland division supported the move to the new system across divisions because their current system was too limited and that it hindered productivity within their branch and throughout the company.

The main problem with the acceptance of the Connor System deals with the four stage model and Connor's ability to utilize it. The four stage model is used to better plan for assimilating new information technology and is developed in four stages: opportunity identification, organizational learning, rationalization, and wide spread technology transfer. The first stage begins with discussion and decision of which technology to use and how it can be utilized within a company. If accepted, the process moves to stage two but if it is not, stagnation block A is reached and the process ends. In stage two, the other members of the organization are introduced to the technology, accept its benefits to the organization, and are eager to use it. If the members do not accept the technology, stagnation block B is reached in the process ends. If the technology is accepted then the process moves to stage 3 in which the company sets the standards on the technology to be assimilated into the organization. If the technology cannot be assimilated, stagnation block C is reached and the process ends. However, if the technology can be assimilated, the process moves to the final stage. In the final stage, the technology becomes a standard part of the company that all necessary workers should utilize. In the case of Connor, the Connor System itself is currently in the fourth stage at the Los Angeles division but overall, in an organizational prospective, the technology is still in stage one. With the system being in two stages, the problem lies in how Connor should move forward in implementing the system across the organization.

Stakeholders

Customers

Connor's customer includes all the companies and individuals that require their products and services.

Connor's Divisions

Connor's divisions are the 4 autonomous divisions in Los Angeles, San Jose, Portland and Dallas.

Bob Sloss

Bob Sloss is the president of Connor during the time of the Connor System development and implementation.

Solutions

Implement the new system into all Divisions of Connor Form Metal

For this solution, Connor would implement the Connor Software in all of its divisions. With Los Angeles as its pilot plant, the system would be implemented in all divisions in a similar fashion. Los Angeles had already experienced improvements in their quality, customer satisfaction, sales and profitability while using the systems and Sloss had hoped "to push the technology out to the other divisions in an attempt to improve the firm's profitability" (Barker 263). However, many of the other divisions had already expressed mixed feelings about implementing the system and the new technology was not being implemented properly. Many plants believed they did not need to adopt a different communications system when they had one already in place, providing them with sustainable profits. Other branches believed the new system would vastly improve the overall productivity of the organization. According to the Unified Theory of Acceptance of the Information Technology (UTAUT), in order for a technology to be properly accepted,

performance expectancies must outweigh effort expectancies. Performance expectancies include all the benefits, improvements, or rewards that an individual will receive if they adopt a new technology. Effort expectancies include the different actions, training, or cost of change that is incurred from adopting that new technology. If the effort expectancy is high, employees will experience more work and process and less of the benefits to themselves. Conversely, if the performance expectancy is high, employees will experience added benefits and perceive less of the work and process to learn that new technology. In order to properly implement this system, Connor will need to increase the incentive program beyond monetary benefits. In the past, Connor's employees would receive increased base salaries, quarterly cash bonuses, and encouraging employees to become stock holders (Barker 270). In order for an incentive program to be properly utilized, the incentives must apply to more of the employee's needs to have the desired effect.

Allow the divisions to accept the new system on their own according to the four stages model

Currently, within the context of the Los Angeles division, the Connor Software System is in stage 4 of the four stage model. Because the software has been successful implemented and allowed to progress on its own within the division, this division has seen rapid improvements and added benefits from the system. However, in an organizational context, the software is currently in stage one of the four stage model and trying to force the technology into stage four at the other divisions could cause the technology to fail. Many of the other divisions have expressed concerns in regards to the software, making their effort expectancy far greater than their performance expectancy. Pushing these divisions towards the new system will only create stronger negative attitudes towards the systems and any added benefits will be lost. By allowing

these divisions, particularly the San Jose division, to move the process into stagnation block A, the technology can be placed on hold until the division is ready to fully accept it. However, for the more enthusiastic divisions, the technology can be allowed to move into stage two of the four stage model and utilize its benefits. This would allow each division to pull the technology through the natural progression of the four stage model to achieve positive outcomes. However, allowing this to happen could cause delays and disconnect across the organization as some divisions will operate differently than others.

Do nothing

For this solution, Connor would continue to operate as normal without business changing.

Solutions Impact on Stakeholders

Solution 1

Customers

After implementing the system at the Los Angeles division, customers were hiring the company despite the fact that they had higher prices than other firms because of their perfect quality ratings (Barker 278). Similarly, the other divisions could see similar improvements to their systems, which would directly affect the customer in their region. However, the system would greatly improve relation with customers by giving employees the ability to answer customer questions immediately with timely and accurate information (Barker 278),

Connor's Divisions

The divisions within Connor could experience the same results as the Los Angeles division but would need to have the employee's embrace the system. However, with some divisions having negative feelings toward the system, it would be difficult to have each division accept the product. If they felt pressured into accepting the system, the employees could grow to resent it

and therefore have negative attitudes and experiences toward it. They would have to motivate employees in a way to fully accept the system as a part of their routine, which may cause them to skips stages within the four stage model.

Bob Sloss

With this solution, Sloss would be pleased with the implementation of the software at all the plants. His goal was to "empower workers by providing them with better access and availability of information" (Barker 263) and the system moves toward that goal. However, he may need to establish a new incentive program in order to have all the divisions accept the software.

Solution 2

Customers

The Los Angeles customers will continue to see reliable and quality service and as the other divisions chose to adopt this system, they will see the same results. The customers of the divisions who want to immediately begin adopting the new system will start to see improvements with the products immediately as the divisions adapts to the software. However, with divisions that wait to adopt the software, the customers will continue to experience the same type of service.

Connor's Divisions

Similarly to the customers' impact, the divisions would experience the same impact as they start to move forward with the new system in the four stage model. However, instead of the divisions have negative attitudes toward the system, the divisions will have the ability to accept the software at their own pace and move naturally through the four stage model. Because of this, a new incentive program would not have to be designed because each division will naturally accept the software on their own as time went on.

Bob Sloss

Sloss would still reach the goals he has set for the company but with this solution, they would happen gradually over time instead of all at once. He would still see the benefits from the system in each of the divisions but would not have to experience the negative attitudes from employees.

Solution 3

Customers

With this solution, the customer would not see a change as business would continue as usual.

Connor's Divisions

Connor's divisions would not experience any changes.

Bob Sloss

Bob Sloss would not experience any changes as business would continue as usually until profits began to increase or decrease as time went on.

Conclusion

In conclusion, the best solution for Connor would be to allow the software to take its course within the four stage model in regards to the various divisions within the organization. With this solution, the divisions of Connor would be allowed to accept the software at their own pace and within the confides of the four stage model, which would ensure the total acceptance of the system. Additionally, with many of the plants eager to accept the new software, as more and more of the divisions began to adopt the software, the less eager divisions would also begin to adopt it as well. With more positive attitudes in regards to the software at each of the divisions, the software not only has a greater success rate, but employee turnover is mitigated during the transition process as well. Over time however, if one division was unwilling to adopt the system after all over divisions had chosen to, then the first solution would have to be implemented in order to provide uniformity across the organization.

Works Cited

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