**Connor Formed Metal Products**

**CIS 410-02**

**Case 8**

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# Overview

Connor Formed Metal Products is a small custom metal spring and stampings manufacturer. In this case, we will be focusing on the adoption process of an order tracking system.

Bob Sloss gave plant managers more autonomy. He bought new machinery, established a statistical process control system, and hired engineers in an effort to increase quality and overall efficiency. He raised all employee wages, established a quarterly cash bonus system, and set up an employee stock ownership program (ESOP), all of which were designed to give ownership to employees and incentivize improving the business as well as self-improvement. Bob Sloss changed the name of the company to convey the company's new identity from Connor Springs to Connor Formed Metal Products.

Simply giving employees a form of ownership of the company isn't enough. They need information and the authority to make or influence decisions. So, Bob Sloss encouraged division managers to hold weekly staff meetings with a few employees from each function to review the production schedule for the upcoming week and coordinate on what needs to happen. The leadership of these meetings would rotate as to make sure that every perspective is heard.

In the Portland plant, an extensive statistical process control program was setup and spread to all of the other plants that focused on employees monitoring and taking responsibility for the quality of their own work. In Dallas, this program was extended to include plantwide incentives based on 'managing the numbers.' Employees in the Dallas plant would also record their progress on bulletin boards, tracking their efficiency, on-time delivery, and safety for which they would recieve monthly bonuses per their improvements.

In an effort to reduce paperwork, Sloss brought in an IBM System 36 to the Los Angeles, San Jose, and Portland plants. Each plant responded differently, based on the employee’s levels of computer proficiency at the time. "Technology is a necessary condition, but it's not sufficient. To get the benefits at the time that we install the new technology, we must also" (Necessary) train the employees on how to use that new technology. One issue furthering down the road occurs because of the experiences employees had with this system package was the inability to customize details about orders, making employees expect limited capability of all computer systems. Michael Quarrey is hired by Bob Sloss in order to develop a custom software package for the company, an order-tracking and costing system for the plant, while also investigating and improving the effectiveness of the ESOP program.

The custom software developed by Michael Quarrey offered blue-collar employees in the shop a voice to the white-collar employees in the office. This touched on a perennial complaint that the office never listened to the shop. Shop workers are able to put holds on parts that prevent additional orders being made for that part and forcing engineering and other departments to answer. The people who know the processes best would have input on how to improve them.

Michael Quarrey held many training sessions for employees working in the office as well as those in the shop so that employees would understand how to use the system effectively and wouldn't become confused and furtherly discouraged by computer systems. The fact that the system is user-friendly as described by several employees including a machine operator went a long way in facilitating the adoption of the system. It didn't take long for the system to be adopted through-out the entire division. The system made it easier for employees to do their job, and do it faster than they could if it were to be done on paper.

# The Problem

The issue emphasized in the case is the argument of plant managers about the expected effectiveness of the new custom software package over the old packages being used at each of their plants. Particularly, at the small plants where internal communication is already great, the time-consuming tape the shop hold system creates. Going through the grape vine takes a lot less time and effort than waiting on everyone to agree to clear a shop hold.

# Industry Competitive Analysis

## Mission Statement

Connor Formed Metal Products’s mission is to provide custom-machined parts to the automotive industry.

## Generic Strategy

Connor Formed Metal Products cost-leadership strategy. Connor Formed Metal Products’s products include coiled springs, described as being commodity-like in composition and manufacturing, and metal stamping complex wire forms, and assemblies, all of which were intricate in design.

## Organizational Structure

Like many manufacturing companies, Connor Formed Metal Products is a functional organization. While Bob Sloss has attempted to get away from the functional heirarchical organizational structure, big decisions are still very centralized. “Since an organization’s performance is dependent on all functions working together in a coordination manner, the functional structure requires extensive information exchange among functions” (Cash). “In the functional structure, common activities are grouped together” (Cash).

## Competitive Rivalry: High

The threat of competition is high. Connor Formed Metal Products competition is comrpoised of over 600 job shops trying to serve the same customers.

## Threat of New Entrants: High

The threat of new entrants is high. Offshore manufacturing companies are much cheaper to setup and operate than onshore companies like Connor.

## Threat of Substitutes: Low

The threat of substititutes is low. Substitutes are defined as “those products or services that meet a particular consumer need but are available in another market” (Team FME). Possible substitutes for the products manufactured by Connor Formed Metal Products could be manufactured using different materials but is unlikely.

## Bargaining Power of Suppliers: High

Connor Formed Metal Products requires specific materials and a certain quantity of those materials from its suppliers in order to produce products for their customers. Suppliers can raise prices without affecting demand and their product is critical to the end product.

## Bargaining Power of Customers: High

Customers have many options on where to buy and usually choose their suppliers based on lowest price with the expectation that quality will be low.

Key Stakeholders

## President Bob Sloss

Bob Sloss wants to rework the company such that employees are able to make decisions that improve the way processes are done.

**Michael Quarrey**

Michael Quarrey wants his system to be used by employees as that is what warrants his position. The more successful the system is, the more successful the company can be, the more incentive he has to improve the system.

## Plant Managers

Plant managers want their plant to be the best. They want their employees to be as effective as possible and their products to be of the highest quality. This custom software package is a tool that can help them do just that.

## Office Employees

Office employees need information on-demand about products and orders to perform their respective function and the custom software package gives them that. They want that information so that they can act on the incentives they have, such as the ESOP program.

## Shop Employees

Employees working in the shop, like office employees, need a way to act on the incentives of the ESOP program. The custom software package lets them effect change on how products are made, primarily resulting in improved product quality.

# Courses of Action

## Do Nothing

## Don’t implement the technology from the Los Angeles division to the San Jose, Portland, and Dallas divisions.

## Force the Technology at All Plants

Force employees to abandon the old system and software package and to use the new system and custom software package, and hope for the best.

## Give Plant Managers the Choice

Let the plant managers at each plant decide whether or not the system is right for them. "Technology can bring benefits if and only if it diminishes a limitation" (Necessary). If the technology does not improve communication, productivity, or quality, then maybe it shouldn’t be implemented. The plant managers will know best whether or not the technology will work at their plant, so they should have the final say.

# Recommendation

My recommendation is to give plant managers the choice on whether or not to adopt the system. “Every action that brings a company closer to its goal is productive” (The Goal). I would show all the plant managers the information on how the initial computer system affected quality and overall productivity at each plant and would train an individual technician for each plant, to work on-site as to be available to employees needing assistance with the system, that would report both to the respective plant managers as well as to Michael Quarrey so that changes needed by one plant could be communicated, made, and potentially adopted in the computer systems at other plants as needed. I would emphasize the importance of process improvement to the plant managers to add further value and meaning to the incentives offered by the company, the quarterly bonus and the ESOP program. Even if the custom software package isn’t adopted, employees need the ability to make and influence decisions on how they do their job.

# Work Cited

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