Agrico

CIS 410-02

Case 5

Louis S. Ries

03/21/2018

Table of Contents

[Overview 3](#_Toc509461507)

[The Problem 3](#_Toc509461508)

[Industry Competitive Analysis 4](#_Toc509461509)

[Mission Statement 4](#_Toc509461510)

[Generic Strategy 4](#_Toc509461511)

[Organizational Structure 5](#_Toc509461512)

[Competitive Rivalry: Low 5](#_Toc509461513)

[Threat of New Entrants: Medium 5](#_Toc509461514)

[Threat of Substitutes: Low 5](#_Toc509461515)

[Bargaining Power of Suppliers: Low 5](#_Toc509461516)

[Bargaining Power of Customers: Low 5](#_Toc509461517)

[Key Stakeholders 6](#_Toc509461518)

[Agrico Shareholders 6](#_Toc509461519)

[Agrico Employees 6](#_Toc509461520)

[Agrico Customers 6](#_Toc509461521)

[AMR Consulting 6](#_Toc509461522)

[Solutions 6](#_Toc509461523)

[Do Nothing 6](#_Toc509461524)

[Backup the source code 7](#_Toc509461525)

[Recommendation 7](#_Toc509461526)

[Work Cited 8](#_Toc509461527)

# Overview

Agrico was an agricultural management firm started in 1949 by two farmers in Des Moines, Iowa that provided farm and ranch management services in several midwestern states. During their 1985 business planning process, Agrico’s executives decided that their computer system was not adequately supporting their present and future needs. “Organizations usually become vitally dependent on some form of core technology as a means of converting organizational inputs into outputs” (Morgan). Agrico contracted a large computer consulting firm for recommendations. They were advised that they should do in-house data processing and should use a software package rather than developing their own, which made sense since the cost of developing a custom-coded system is high in both time and money. They also had little expertise in working such a project. A software selection and systems design project began in March 1986. “Successful firms are finding ways to continuously improve the value they offer their customers” (Cash).

# The Problem

Agrico is needing to decide whether they can copy the source code of a system developed by AMR that was accidentally left on their computer system when the software engineer of that system left for dinner. The relationship between Agrico and AMR was not good. There were operational and disaster recovery concerns. The software AMR developed was not standardized between any two firms that it had been sold to. Additionally, upon installation with all features combined (which had not been done previously for any other firm), conflicts were discovered. In the 8 months since the original release, the code had been properly tested and Burdelle, Vice President of Information Systems, was confident that the software now worked as it should. There is much more to consider than just "speed of service, convenience, personalization, and price" (Kalakota) when dealing with AMR. Thinking about what to do, we must consider that “the organization is typically viewed as an open system in constant interaction with its context, transforming inputs into outputs as a means of creating the conditions necessary for survival” (Morgan).

# Industry Competitive Analysis

## Mission Statement

Agrico’s mission is to provide cost-effective management services for farms and ranches. Their mission as with any for-profit organization includes the objective “to make money now and in the future” (Goal). “It's a measure of survival: stay above the line and you're okay; go below and you're dead” (Goal).

## Generic Strategy

Agrico follows the focus-differentiation strategy. “When a firm seeks a narrow competitive scope, selects a segment or a group of segments in the industry and tailors its strategy to serving them to the exclusion of others, the strategy is termed focus strategy” (Tanwar). They are specifically focus-differentiation because they are attempting to differentiate their services using specialty software and property arrangements.

## Organizational Structure

Agrico has a functional organizational structure.

## Competitive Rivalry: Low

Competition is low. Competition for Agrico exists primarily in other regions of the U.S.

## Threat of New Entrants: Medium

The threat of new entrants is medium. The cost of entering the agricultural management industry is relatively low, with the main cost being land acquisition or at least large equity investments, and the difficulty of competing, building, and maintaining reputation and relations with customers.

## Threat of Substitutes: Low

The threat of substitution is low. The only reasonable alternative to using an agricultural management firm is managing your ranch or farm yourself.

## Bargaining Power of Suppliers: Low

Suppliers have low bargaining power. Agrico does not require any regular supplies since they are managing the operation of farms and ranches.

## Bargaining Power of Customers: Low

Customers have low bargaining power primarily due to the contractual arrangements between them and Agrico. Many customers do not own the land they manage, but are merely tenants.

Key Stakeholders

## Agrico Shareholders

Shareholders want the market value of Agrico’s portfolio to increase.

## Agrico Employees

Employees of Agrico have high stake in the success of the firm, which without, would result in them being without a source of income.

## Agrico Customers

Through services purchased, customers are also stakeholders in the company.

## AMR Consulting

AMR is looking to make money by selling their product and services to Agrico, therefore, AMR is interested in the success of Agrico so that may be persist as a source of revenue.

# Solutions

## Do Nothing

Do not look at the source code. Do not copy the source code. The risks of getting caught having copied AMR’s source code without their written permission could easily mean bankruptcy for the firm.

## Backup the source code

While Jane Seymour is still out to dinner, copy the source code onto a tape and store it off-site in case AMR loses the source code due to natural disaster, bankruptcy, or sheer incompetence, or for Agrico to use in its own maintenance of the software without AMR.

# Recommendation

It is my strong recommendation that Agrico does nothing. If AMR Consulting should discover that Agrico had broken item 16 a of Agrico’s agreement with AMR which states that AMR’s “software may not be copied or reprinted in whole or in part without the prior written permission of AMR,” AMR could take Agrico to court where the charges could be incalculable, possibly including complete liquidation of the firm and all assets. The agreement with AMR clearly states in item 23, referring to the escrow of source code, that a third-party would act as a custodian of the source code which would be updated on an annual basis. It also states that in any event that AMR is unable to persist existence as a firm or to provide maintenance of the software, that the custodian will deliver to Agrico the source code and all technical documentation. The concern that the source code, should it ever be required, be out of date resulting in corrupted or incorrectly altered data is valid, but data backup and recovery could be performed while testing against the last received object code from AMR.

# Work Cited

Cash, James I. “Corporate Information Systems Management” McGraw Hill Companies Inc. 1999, 5th edition

Goldratt, Eliyahu M., and Jeff Cox. The Goal: A Process of Ongoing Improvement. 3rd ed., North River Press, 2004.

Kalakota, Ravi, Marcia Robinson, and Ravi Kalakota. E-business 2.0: Roadmap for Success. Boston, MA: Addison-Wesley, 2001. Print.

Morgan, G. (1997). Images of Organization (2nd ed.). Thousand Oaks, Calif.: Sage Publications.

Tanwar, Ritika. Porter’s Generic Competitive Strategies, IOSR Journal of Business and Management