

Patrick Warren  
Case Study – Waco  
Due: 04/09/2018  
CIS410-02 SP2018

## Overview

Waco Manufacturing is a leading supplier in custom-manufactured parts for several automotive companies which has allowed them to corner the market. In 1968 they installed a security and information system in one of its manufacturing plants. Every 25 feet, transceivers were embedded in the plant corridors which would keep track of where the employees were at any time of the day. If a call was made to a certain employee, the nearest telephone they were at would ring. (Cash)

The current incident at Waco involves Monique Saltz (area manager), Monk Barber (plant engineering manager), and three engineers, Sherman McCoy, Telly Frank, and Wanda Gogan. A project involving composite-based products was never relayed from Saltz to the three engineers who would oversee developing them. However, it was found out that Monk Barber had never been in the same room as the engineers after saying he was to give them the information. (Cash)

## Mission Statement

Waco Manufacturing's mission is to provide the highest quality, custom-machined parts to the automotive industry.

## Company Generic Strategy

The generic strategy of Waco is one of differentiation. They create custom-machined parts for the automotive industry and by doing so they put great emphasis on making the highest quality part for each customer. What they are not doing is simply pumping out generic

made parts by the hundreds each day, but rather focusing all their effort into certain parts.

Because of this, they can charge a higher markup on their sales. (Morgan)

## Organizational Strategy

The organizational strategy of Waco Manufacturing is divisional. Each division is broad and will have something unique about them such as Finance, Engineering, Accounting, and Research and Development. Or each division will be grouped around a product line. All decisions flow vertically and horizontally, and we can see this behavior between Monique Saltz and Monk Barber, as well as Barber and his three engineers. Given the requests by Saltz, we can also see that the coordination mechanisms are driven by routine and exception. (Cash)

## Porter's Five Forces

“Whilst understanding the macro-environment is essential for developing your strategy it only gives you half of the picture. You also need to have a thorough understanding of your competitors and the impact they can have on your organization. To gain this knowledge, you need to conduct Porter's Five Forces Analysis,” (Porter). Porter's Five Forces Analysis is used globally by companies either entering a new market or trying to get a better understanding of the current market they are in to improve their standing.

**Bargaining Power of Customers:** This will be medium to high since losing sales from a company would not be in Waco's best interest. Customers may be willing to pay a higher price for the quality, but they can easily switch to a competitor if angered.

**Bargaining Power of Suppliers:** This is low, given the fact that raw material can be bought from many different companies other than the vendors they currently do business with. Switching cost would be extremely low.

**Threat of New Entrants:** This is low as well. It's possible that other companies start up with a good amount of capital, but Waco has most likely cornered the market with their parts which means all organizations currently buying already have relationships set up with Waco.

**Threat of Substitutes:** Low. Waco focuses on differentiation and have made their parts completely unique to any other.

**Competitive Rivalry:** Medium to high. Waco isn't just competing with other companies who make custom parts, but also any other company supplying parts to automobile companies.

## Stakeholders

**Employees:** Individuals working for Waco Manufacturing. They would hold various positions in the company, including area manager, plant manager, plant engineering manager, and product engineers.

**Shareholders:** All those who have a vested financial interest in the well-being of Waco Manufacturing. If the company does poorly, so do the shareholders.

**Customers:** All those who currently buy custom-manufactured parts from Waco Manufacturing. New product line would attract revenue from Waco's current customers, plus could bring in new avenues.

## Alternatives

**Do Nothing Regarding the Security System:** With this alternative, the company goes on with their current security system hoping it is 100% secure and accurate. The company would also not bring punitive action against Barber for possibly lying about not bring up the composite-based project to the engineers.

**Impact on Stakeholders:**

**Employees:** No impact to the employees and normal operations continue.

**Shareholders:** Shareholders would not feel the impact of doing nothing in this regard.

**Customers:** Customers will not have a chance anytime soon to purchase the composite-based products from Waco.

**Saltz Brings Punitive Action Against Barber:** Monique Saltz can either decide to reprimand Barber for being dishonest with her and delaying a project that she introduced, or fire him completely. Either way Barber directly be negatively impacted by his decisions

**Impact on Stakeholders:**

**Employees:** Barber will be the main person negatively affected by this alternative. However, the plant will be affected by the loss of an employee and will have to fill that role eventually.

**Shareholders:** No impact to the shareholders. Production will continue and thus will not feel the effects of internal struggle.

Customers: Customers may feel this decision negatively as well. It is possible that relationships have been set up between Monk Barber and various customers. Losing that relationship could mean a loss in business for Waco.

### Create Better Communication Systems to Ensure Accuracy and Strengthen the Security System:

Better communications systems can be put in to place to ensure that all accounts of interactions can be validated. Documentation on everything is critical and will eliminate future events such as these. As well as create control systems, the team needs to verify that the security system currently in place is 100% accurate.

#### Impact on Stakeholders:

Employees: All employees will become more effective at documenting all major processes, any projects that are introduced, and any major conversations that occur. Not only will this provide accuracy, it will also keep employees honest.

Shareholders: It's possible that shareholders will see an increase in revenue, but most likely there will be no impact.

Customers: Customers will be given the same level of service they have always been had. By creating a control system, customers could even see an increase in customer service from Waco.

### Solution

## Create Better Communication Systems to Ensure Accuracy and Strengthen the Security System

The best alternative here would be to create better communication systems to ensure accuracy and strengthen the security system. It would create an environment at Waco that creates honesty. Not only that, but it would ensure customers are getting the best quality products that Waco Manufacturing can create. Customers will respond very positively to this.

Occum's Razor is the "meta-theoretical principle that 'entities must not be multiplied beyond necessity' (*entia non sunt multiplicanda praeter necessitatem*) and the conclusion thereof, that the **simplest solution is usually the correct one.**" (Bliss Integrated). Given this information, we can infer that the simplest solution is to make sure communication is truthful and that the security system is 100% accurate. Doing nothing is not the simplest solution, since it assumes that everything is functioning correctly.

**Sources:**

Management of Information Systems CIS410-02 Cash – Gray's Books

"Porter's Five Forces: Strategy Skills." Team FME, 2013, pp 1-33

"Keep It Simple, Stupid: Occam's Razor and Business Communications." Bliss Integrated,

[www.blissintegrated.com/2010/03/10/keep-it-simple-stupid-occams-razor-and-business-communications/](http://www.blissintegrated.com/2010/03/10/keep-it-simple-stupid-occams-razor-and-business-communications/).