



WACO CASE ANALYSIS



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Background

Waco Manufacturing is a leading supplier of custom-machined parts to the automotive industry

In 1986, Waco installed a security and information system in one of its manufacturing plants.

This new system implemented transceivers that were embedded into the plant corridors every 25 feet and in badges worn by all the employees. This technology supported almost continuous

tracking of the location of each employee and allow them to push phone calls to the nearest employee.

Problem

In September 1987, area manager Monique Saltz informed Monk Barber, the plant engineering manager that she was unhappy that a design of the new system was behind schedule.

Barber explained that he had met with Sherman McCoy, Telly Frank, and Wanda Gogan (3 engineers assigned to the project) and have not received any responses and they are neglecting the importance of the project. When Salts subsequently met with McCoy, Frank, and Gogan, all three engineers claimed that they had never met with Barber to discuss the project in question.

The plant records of employee locations shown on the receiver demonstrate that Barber and the three engineers had never been in the same room at the same time. This means that either Barber lie about stressing the importance of the designs and meeting the engineers or the three engineers are lying and the tracking system was not functioning correctly.

Industry Competitive Analysis

Mission Statement

Waco Manufacturing's mission is to be the leading supplier of custom-machined parts for the automotive industry.

Generic Strategy

Waco Manufacturing follows a differentiation strategy by supplying custom-made products for its customers. "Differentiation is aimed at the broad market that involves the creation of a product or services that is perceived throughout its industry as unique." (Porter)

Organizational Structure

Waco manufacturing has a functional structure because the teams were group based on similar functions. The project is expected to be completed by the engineering team so we can assume that the company is structured based on employee's skills and knowledge

Stakeholders

- Shelly Tomas: the plant manager for Waco Manufacturing
- McCoy, Frank, and Gogan: engineers that are responsible for the design of the system.
However, they claim that Barber never met to discuss the project.
- Monk Barber: If he is found to be telling the truth and has spoken with McCoy, Frank, and Gogan about the importance of the designs, then the employees need to be properly evaluated, along with the functionality of the transceiver equipment. However, if he was lying, then he will most likely be fired.

- Monique Saltz: The area manager and the one who first brought the problem to the forefront with her performance review with Barber.
- Shareholders: people who put money into a business contribute to the financial success of the company.
- Customers: the performance of the project impacts the service that the customers will have.

Porter's Five Forces

New Entrants

The threat of new entrants is very high because the technology industry has a low barrier for entries, meaning that new businesses can merge into this market easily.

Substitute

Waco Manufacturing's threat of substitutes is low because they specialize in a particular service for their customers. Automobile manufacturers are unlikely to be faced with a substitute for custom-machined parts from another market or industry

Customers

Waco Manufacturing's customers are a high threat because they can easily switch to another company or hire someone to do what Waco Manufacturing did for them.

Suppliers

Waco Manufacturing's suppliers are a low threat because they are a service company and supply the technology and resource themselves.

Competitive Rivalry

Waco Manufacturing's competitive rivalry is any company that can do the same thing as them but according to the case analysis, there isn't any particular company that is offering similar service so competition is low.

Alternatives

Do Nothing

If Saltz and Tomaso decided to do nothing about the problem, then the company will need to face some consequences of missing the project deadline and employee relationship being unharmonious. Assuming that they ignore the problem and continue to have Barber and the engineers to work on the project, the design will mostly be complete but late. While we have no background in the current relationship between Barber and the engineers, we can assume that Waco will only receive lying employees which can harm the company. This can sometimes be an issue, where the manager in charge is the greatest obstacle. "... the biggest obstacle to the success of any project is management itself." (Adams)

Fire Barber

Managers view sharing information and skills as a zero-sum game and more knowledge in their subordinates meant a loss of power and status for them (Cash) and that can be a potential reason why Barber is not willing to meet with the engineers. The Theory of Planned Behavior predicts that Barber's action is based on his perception that McCoy, Frank, and Gogan will become a threat to his value as the manager.

If Tomaso and Saltz decide that Barber needs to be fired, they could have to confront him personally to let him know that the employees have claimed that he never met with them. To prove credibility, the company will be exposed that they are tracking the employee's location through the badge which greatly violates their privacy. If they decide to hide the information of the badge, then they cannot explain why they are confident that Barber is the lying person. From an ethical perspective, the company should inform its employees of the usage of the tracking system.

Once the tracking system is revealed, there could be negative consequences of enraged employees. No matter what decision is made regarding Barber's employment status, McCoy, Frank, and Gogan will need to complete the project. This also demonstrates that there was a consistent lack of communication between employees and the supervisor, and the company must work to increase the communication system.

Fire the Engineers

Tomaso and Saltz will first need to investigate whether the tracking device is 100% accurate before they can fire the three engineers. If it is proven that McCoy, Frank, and Gogan are lying, they will most likely be fired.

However, if the company follows this approach, they will need to put time and effort into the investigation process which will delay the completion of the project design and result in missing the project deadline. In the current situation, this alternative is not beneficial to all the

stakeholders so it is recommended for Tomaso and Saltz to follow this approach after the project is complete.

Create Privacy Policies

Waco Manufacturing needs to create a privacy policy and procedures that inform the employees of the company of the usage of any tracking devices. This should increase productivity because the employees know that they can be held accountable by the control system. This action would also help prevent a privacy lawsuit but managers will have a limitation on their ability to monitor employees. As long as employees are aware that they are being monitored but agrees to the policies, then the company will hold no liabilities or legal issues.

Recommendation

I think Waco Manufacturing should do nothing until the project design is complete or when the project is fully complete. Since the current project holds priority and the organization's primary goal is to generate profit (Goldratt), then they should finish the project at hand and delay the termination of Barber or McCoy, Frank, and Gogan until they fully determine who was lying.

At the same time, it is highly recommended for Waco Manufacturing need to create privacy policies that would outline how employees are monitored and detail how the system will be used. It is the management's role to carefully monitor all aspects of the organization and the business has a responsibility to everyone who holds a stake in the company to ensure that profits are maximized by any legal means necessary (Cash). Creating privacy policies gives the company or

legal and valid reasons to use the tracking device which prevents them from involving in a lawsuit that can ruin the company's reputation.

If Waco decides to do nothing about the system and leave it the same, it may work in the short run by completing the current project, but creates a great risk in the future.

Citations

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