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Connor Formed Metals Case Analysis

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Case Overview

Brief:

Connor Formed Metal Products is actively looking to expand its existing information system that it has in place, which assists in increasing access to their own information form their location in San Francisco. This is a divisional organization, and this structure does present itself as an issue to technology adoption with how each division being in a sub organization and having its own logistics and cultures. The president of Connor Formed Metal Products, Bob Sloss, had his worries that the cultures, and differences in size would halt and prevent the success of the system working there as it did in the main branch.

Industry Competition Analysis

Agrico Information:

Industry of operation:

Connor operated in a heavy industry, and they produce two main products and different variations of said products. Commodity steel springs, such as custom metal products, and complex assembly components. Custom metal parts are apart of the larger portion of the produced goods and are treated as more of a service of differentiation. And the commodities are more cost-focused.

Company effectiveness analysis:

Fiscal:

Previously, the overall shipment volume has increased rapidly, from 11.3 million in 1984, to 19.2 million shipment in the year 1990. However, profits have been completely inconsistent and the impact of improvement have had a underperforming impact on the overall profits. Additionally, there were large costs due to how many employees were relocated to Texas and how other divisions were partially profitable.

Market:

There is not much information about the market share, but it is worth noting that Connor is one of the more prominent players, as most of their competition is rooted in job shops of around 30 employees. In the time period of the case, we know that American businesses began to face more and more foreign competition was coming into play at higher quality and much lower prices. The case that an American company would have to do in order to be a viable competitor they would have to be more flexible and reliable. This also caused a shift from custom products to be a priority

Product/service:

A large portion of Connors business is contingent on the service component of the production. In addition to this, there is an advantage in that the machinery has been recently acquired.

Critical Success Factors:

The company gained the ability to be more flexible than other companies in this industry that were domestic. Also, for them to succeed there would

have to be a distributed decision making ability that would allow for responsiveness to be there. Los Angeles gave them the responsiveness that they needed but a lack of information and the fluidity of it, and relying on an older IBM system 36 infrastructure holds the rest of them back; and this was all after Sloss's decentralization.

Five Forces Analysis:

Threat of new entry:

The cost of machinery to produce custom fabricated metal in bulk is pretty expensive. So much so that the cost to enter this field or industry is fairly high for the reason of capital investment. It would also be difficult for a new entrant to achieve the same level of service or reliability that Connor has developed.

Bargaining power of buyers:

The buyers usually tend to be more attracted towards the cheapest product, as the quality and the service in the field has a history of being poor generally. Yet, Connor Metal does appear to be exemplifying this type of behavior. As their attention to service quality allows for them to build a manifest partner relationship that would make them preferred supplier at a slightly higher cost.

Threat of substitutes:

Because coil springs and other metal products are structurally necessary in a number of consumer goods, there are very few substitutes. Until the start of metal 3d printing or higher end materials, there was not a viable substitute for these goods, though it is likely

that smaller objects (like the ones from Hewlett-Packard) could be used by injection molded thermoplastic.

Bargaining power of suppliers:

Suppliers compete with each other to have the lowest prices with the largest margins, and unless that supplier has a very unique method or has a substantial competitive advantage, then there would be very little bargaining power.

Competition:

Most of the competition is made up of around 30 employees that are organized in job shops. The service and quality is not really remarkable.

Overview of Stakeholders

Business Stakeholders:

Bob Sloss: Bob Sloss is the president of the company and is one of the major stakeholders as well especially for creating and the implementation of a successful system. His primary interests with the system was the potential of implementing data analytics, as it concerns customer trends. Yet, he decided to change policies on the control of division and has reservations that each division may not be accepting of the change.

Division Managers (Where software not rolled out, i.e. Petty, Allen): This is referring to the divisions that are outside of the current implementation area. The managers there may be less willing to accept a larger software suit due to their smaller employee base. And

that could result in encouraging information flow by the atmosphere that they already have because of the small team.

Divisional Employees: The employees face a change in their operations. There the possibility that the employees could feel different about the impact the Job Boss software suite would have on them.

Consumer Stakeholders:

Local Consumers: Local consumers usually have a good relationship with the distributors of the area but are still price sensitive. Time is also something that is sensitive as well, something that a local distributions offer.

Large volume consumers (i.e. Hewlett Packard, Motorola): These consumers are normally price sensitive as well, yet for small quantities of things, or other machine parts, they may be willing to pay extra for the added service.

Potential Alternative Solutions

Push to all divisions:

Alternative overview: This alternative would involve a full rollout to each operating division, with its own set of the new software. Additional capabilities would likely need to be added to enable a level of cross-site communication, particularly with networks speeds available. The rollout would be mostly focused on employee stations that showcase high productivity, at least initially. This may create fervent first adopters, who would promote the value and time saved, as other employees would slowly request it.

Potential business impact:

The potential impact would at least be equal to the impact that Los Angeles had experienced, yet it would be smaller for each division, as they have less of a need for parts of the system to start. They would likely be a solid improvement to run speed and defective jobs, which would reduce costs, and help with improving output and responsiveness. It would roughly cost, about $75,000 per division based on its size.

Consequences for stakeholders:

Sloss: Sloss is facing a decision that could potentially affect the company and his reputation holistically. His concern is probably around cash flow, as his memo said that the company would start to have new debts at the beginning of each fiscal year.

Division Managers: For the division managers there may be some hesitation towards the change, as they may feel that it could affect their performance and doesn't take consideration in their experience. Yet a larger number may feel positive about the greater amount of information and trend tracking that the Job Boss system would offer.

Divisional Employees: This is a system that would changes how employees do their job and they may not be as accepting of that. Additionally, the entire system relies on having the terminals at job stations around the facility and it may be harder to implement this in a smaller manner in each division.

Local Consumers: In a successful implementation, the consumers would probably appreciate this service and as smaller consumers are more receptive to service. If the system could incorporate a method of allowing consumers to view their order status, then it could increase orders by easing the burden of information.

Large volume consumers: These consumers would appreciate the faster turnover time that the system could support for order completion, and reductions in cost due to savings in wastage.

Alternative Two: Push the software to a single, smaller successful division

Alternative overview:

This would also prove to be another test for Connor Metal. Because Sloss was concerned about how the Job Boss software would work in a smaller division and testing it in Portland, could be ideal to see how it could do in other divisions like a research study. Since Portland is smaller and still successful, other larger divisions should be still kept in the loop and have it seemed like a reward. Sloss would be able to implement this as a byproduct as the other divisions would be interested in the software and seeing how successful Portland's increasing success.

Potential business impact:

This option is a lot cheaper than a full implementation or rollout would be, and it would only delay the cost if the test is successful. Since Portland is already successful, the gains may be very less successful, than they were in a larger division. Due to the lower cost, the company would have to take out any debt at as well.

Consequences for stakeholders:

Sloss: Sloss would feel not as much pressure in this type of event that it failed because Portland is smaller and has already proven to be successful. Because the cost is low, it can be justified as focus group testing, and the results would give him the information he

needs to be positive that a full rollout would give him the results he desires and not negatively impact the culture.

Division managers: Similar to the first option, the manager would most likely appreciate the information flow and how it has grown. The manager in Portland would feel rewarded and could be incentivized to make the adoption a success. He could also use his influence with the other managers to promote the Job Boss software which could lead to an easier time of the adaptation of this technology.

Division employees: The employees would not have as many issues as they normally had with their work and therefore they would have a greater productivity. It would be asier for them to access information which would save time, as the program is created to manage and monitor jobs not the employees. If the employees knew this then they might be more inclined to heed this change positively.

Small/Large volume consumers: The impact would be the same as the first alternative option had but it would be more localized.

Alternative Three: Do nothing:

Alternative overview:

This alternative would allow Connor Metal to continue its operations with its current software in Los Angeles, but would also delay a rollout to other divisions.

Potential business impact:

This option would probably continue to benefit Los Angeles, especially where the nees was clear. The other division would remain in their current state, either profitable or

unprofitable. Now since the company is making a profit, the company is more likely to make a profit for years to come.

Consequences for stakeholders:

Sloss: This would be a good move for Sloss. The profits would likely end up stabilizing and Connor Metal would be profitable for a while and the disliking of technology may go down in the early 1990s which would make a future rollout possible when the company has a greater cash reserves and less resistance.

Division managers: Nothing would really change.

Division employees: The state and tasks of work probably wouldn't change drastically. The job log books would still require some paper based operations that would continue.

Small/Large volume consumers: Local consumers would be bound to the success of the quality of service that was offered by their local division provider. Larger consumers would likely want to get their parts from multiple division instead of one and would continue to see benefits from the current Los Angeles system that has already been going on.

Selected Option & Reasoning

Selected Option: Push the software to a single, successful division:

This option was suggested because of how safe it is. This is a way to give a reward to the successful division and take advantage of their effectiveness. It is also flexible which leaves the

possibility for further expansion and providing valuable research for future division to expand and do better on for their operations.

Rejected Option: Full Rollout:

Connor doesn't particularly have the cash reserves to support a full rollout at this time, but even if they did, there is not information on how the system would perform in the environment. While the full implementation could be a huge success, it is possible that the rollout could be too forced and fail due to group size differences.

Rejected Option: Do Nothing:

This system is promising to keep it only to one division. Though Connor Metals would continue to make profit, being able to capitalize on other divisions might before difficult without having to modernize.