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Waco Manufacturing Case

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**The Problem**

Waco has installed a new security and information system that allows almost continuous tracking of employees. Management used the technology to reveal that an employee may have been giving them false information. Waco needs to know how to move forward with this incident and how to handle other cases involving the tracking technology in the future.

**Industry Competitive Analysis**

## Mission

Waco aims to supply their product to their customers at the highest quality. They machine custom parts for the automotive industry.

## Market

Waco supplies custom-machined parts to the automotive industry.

## Strategy

Waco uses a differentiation strategy. The industry requires a differentiation strategy to draw customers to them over their competitors. Their differentiation strategy allows them to generate higher profits than a cost leadership strategy (Tanwar).

## Porter’s Five Forces

**Inter Industry Competition** is a medium concern for Waco. There are not many firms and there is some product differentiation. But there is also low switching costs and some exit costs.

**Substitutes** is a low concern for Waco. There is really no substitute product available. The only other option is for customers to go to other custom suppliers.

**New Entrants** is a low concern for Waco. There is asset specificity required to make the parts and patents and proprietary knowledge also may be necessary (Bristoll & Newton).

**Suppliers Bargaining Power** is low for Waco suppliers.

**Customers Bargaining Power** is high for Waco customers. They are the one that bring the business to Waco and can likely get their machining needs from other organizations.

Waco’s position in the industry is not the focus of this case.

**Identifying Stakeholders**

**Waco Management** – Managers need to decide how to handle the issue, and how they will handle future issues involving the employee tracking system. Management will generally favor more monitoring.

**Waco Employees** – Employees will be affected by the decision management makes. Employees will likely favor less monitoring. Employees play an important role in Waco’s business and must be satisfied to perform effectively (Morgan).

**Generating Alternatives**

1. **Do nothing** – The first option is to do nothing and continue with normal operations. Tomaso and Saltz will not discipline Mr. Barber and the employee tracking system will not be used for any disciplinary purposes at this time.
2. **Use the tracking system as grounds for discipline** – This option would mean the Mr. Barber is disciplined in some fashion as a result of the evidence from the tracking system. This will set a precedent that the tracking system can and will be used to discipline employees if necessary.
3. **Ignore the tracking system during discipline** – Waco management would not use the tracking system in any disciplinary action but could still discipline Mr. Barber for his apparent failure to communicate the importance of the designs.

**Analyzing Impact on Stakeholders**

## Do-nothing

**Waco Management** – Management will have to deal with the delayed designs, no one will be disciplined and they will have to answer for the failure.

**Waco Employees** – Employees will continue with business as usual. No one will be disciplined.

## Use the tracking system as evidence for discipline

**Waco Management** – Management will use the tracking system as evidence to discipline Mr. Barber. This will set the precedent to allow them to use the tracking system for future disciplinary action and monitoring.

**Waco Employees** – Employees will be very upset that management is using the tracking system to monitor and discipline them. They will feel as they are being watch constantly.

## Ignore the tracking system during discipline

**Waco Management** – Management will discipline Mr. Barber without using the tracking system as evidence.

**Waco Employees** – Employees will be satisfied that their voices were heard, and a fair discipline was given. They will not worry about the constant monitoring because they don’t think it will be used against them.

**Solution**

My proposal is that Waco ignore the tracking in discipline or any action they take towards Mr. Barber. First, it’s important to establish some points. We can assume that McCoy, Frank, and Gogan are telling the truth about not knowing the importance of the designs. This claim is verified by the tracking systems evidence that the four: Barber, McCoy, Frank, and Gogan, never were in the same room at the same time. "[W]hen you have two competing theories that make exactly the same predictions, the simpler one is the better" (Gibbs). Rather than using the employee tracking systems as a ground for their decision in any action towards Mr. Barber, Waco management can assume that the employees are not conspiring against Mr. Barber and that they’re telling the truth. There is no need to use the tracking system as evidence and create a controversy. Employees will not like if the tracking system is used for discipline and for such a minor incident it’s not worth creating a bigger incident. When employees know they are being monitored they feel new pressures and behave differently (Cash).

Doing nothing is not a satisfactory option because it allows Mr. Barber to go undisciplined for his poor performance. He’s either lying or incredibly mistaken about the way he has handled the designs. Either way, he has proven himself to be unfit for the assignment and something needs to be done to address that.

Using the tracking system as evidence from discipline will create trouble for Waco. Employees will not be happy with the feeling that they are under constant surveillance. It’s quite possible that this change could have a negative impact on employees’ context satisfaction and reduce productivity (Barker). For the severity of the incident it isn’t necessary to use this technology for punishment and escalate the incident. Not using the tracking system at this time for discipline doesn’t mean it could never be used in the future.

Waco needs to address the communication problem between Mr. Barber and employees and one of the ways to handle that is disciplinary action. The action necessary does not require the use of the location tracking system and therefore it should not be included as evidence in any disciplinary action.

**Citations**

Barker, R. Lecture 11/06/2018

Bristoll, H. & Newton, P. (Team FME), Porter’s Five Forces

Cash, Building the Information-Age Organization: Structure, Control, and Information Technologies

Gibbs, P. What is Occam’s Razor? http://math.ucr.edu/home/baez/physics/General/occam.html

Morgan. Gareth Images of Organization

Tanwar. Porter’s Generic Competitive Strategies