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Connor

CIS 410-01 Case

11/20/2018

**The Problem**

Connor Formed Metal Products has undergone a lot of changes as a business. They’re latest change is an initiative to utilize information systems in their shops. After a pilot run in their Los Angeles location the results were very promising. Now they need to decide how to move forward with their other locations. I will provide my recommendation.

**Industry Competitive Analysis**

## Mission

Connor manufactures metal springs and stampings for large US equipment manufacturers.

## Market

Connor is a major player in the industry and is a vendor to large companies like Honeywell, Motorola, and Hewlett-Packard. Connor had to adapt their strategy due to offshore competitors entering the US market with lower cost structures and superior product quality.

## Strategy

Connor uses a differentiation strategy. In this case they are trying to install an IT solution that can help them be more effective and efficient. First you must become more effective than efficiency can be added later (Barker). Their differentiation strategy allows them to generate higher profits than a cost leadership strategy (Tanwar).

## Porter’s Five Forces

**Inter Industry Competition** is a high concern for Connor. There are a lot of firms and there isn’t a high switching cost. Customers in the industry usually just choose the cheapest option because service differentiation didn’t really exist in the industry before Connor.

**Substitutes** is a low concern for Connor. There is really no substitute product available. The custom parts have to be made by someone in the industry. There is nothing like this that would meet the customers need in another market (Bristoll & Newton).

**New Entrants** is a high concern for Connor. There are not a lot of barriers to entry and competition from foreign firms can continue to increase.

**Suppliers Bargaining Power** is low for Connors suppliers. They don’t have very much business with suppliers.

**Customers Bargaining Power** is high for Connor customers. Customers are price sensitive.

Connor is in a good position in the industry. Their service and quality have allowed them to maintain a differentiation strategy and remain competitive with offshore firms. The problem they are facing is that they are not profitable enough and they are looking to be more efficient to solve that problem. Connor’s solution was to use information systems to achieve that.

**Identifying Stakeholders**

**Bob Sloss** – As president it is his job to maximize the company’s profitability in the short and long term.

**Connor Employees** – Connor is an ESOP company so the employees’ own stock in the company and have a large incentive for the company to perform well and be profitable. They also have an interest in making their jobs easier and safer.

**Division Managers** – Managers will want their locations to be as profitable and efficient as possible.

**Generating Alternatives**

1. **Do nothing** –The system will remain in place at the Los Angeles location and will not be implemented at any other locations. This would mean that Los Angeles would continue to see the benefit of the system, but no other locations would get the opportunity to benefit from it as well. This would be very tough decision for managers to support because managers usually want to maximize innovation (Cash).
2. **Install the system at all divisions** – The system will be installed at all locations, replacing all other systems. Many managers seem to think the system would have a positive impact on their location, but there are concerns of switching from Job Boss at San Jose.
3. **Install the system at select divisions** – The system will be installed at some locations but not all. San Jose in particular does not seem to want the new system as they believe it wouldn’t give them the same benefit it gives the Los Angeles location.

**Analyzing Impact on Stakeholders**

## Do-nothing

**Bob Sloss** – Sloss would not be satisfied that the system is not able to be installed at any other locations. It will be tough to accept that the systems success could not be replicated at other locations.

**Connor Employees** – Employees at other branches would continue to have the communication problems they currently have currently.

**Division Managers** – Managers will also continue to face the same problems they currently do.

## Install the system at all divisions

**Bob Sloss** – Sloss will be satisfied that the system is being installed at all locations. He will hope the success at the Los Angeles location will transition to all divisions.

**Connor Employees** – Employees at some divisions will be satisfied. The system will address the issues with their current process and make their jobs easier. Employees at other locations may find the system unnecessary and view it as fixing a problem that didn’t exist.

**Division Managers** – Divisions managers at some locations will also be satisfied. While at other locations, just like employees, may find the new system unnecessary.

## Install the system at select divisions

**Bob Sloss** – Sloss will be satisfied that the system is being installed at locations where it will be effective.

**Connor Employees** – Employees at the divisions where it is installed will be satisfied that their job is being made easier. Employees at the divisions where it is not being installed will be satisfied that their jobs aren’t being complicated for no gain.

**Division Managers** – Similar to employees, where the system is installed, they will be satisfied with the increased performance of their division. For managers at divisions where it isn’t implemented, they will be satisfied that they aren’t being forced to use technology that they don’t want.

**Solution**

My proposal is that Connor implement the system at select divisions. The company is already divided into divisions that operate autonomously from the other divisions. There is no need to try to unify them all under a single system at this point. It is already clear which divisions would benefit and which would not. The division managers already have the power to make decisions about everything else, so it should be up to them to decide to implement the new system or not. With this approach it seems that San Jose is the only division that does not want to adopt the new system. They are already a profitable division and the option will always remain for them to adopt the system later.

Looking at the technology assimilation four stage model Connor is in stage three. They are standardizing the system to ideally implement it at all locations (Barker). The divisions that don’t want the system are leading the system to stagnation block C. This is okay in Connors case because the organization is split into divisions. Each division can have its own technology assimilation process.

Doing nothing is not the right solution. The system clearly has potential to help other locations in the company. They have already spent the money to invest in the system and keeping it just in the Los Angeles division would be wasteful. While it’s true that the success from Los Angeles will not translate completely to other divisions, it can certainly prove to be an upgrade from their current systems. Doing nothing does not match president Bob Sloss’ vision for the company either.

While doing nothing isn’t the best option, neither is installing the system at all locations. Managers at San Jose have made it clear that the system will not be a perfect fit for their location and there is no reason to force the system onto them.

The company is set up in four autonomous divisions. This was done so that the divisions could make decisions that would work best for them and make the most profitable. The divisions need to be able to decide if they want to implement the new system or not. Each division can assimilate technology at the rate that is best for them.

**Citations**

**Barker, R. Lecture 9/04/2018**

**Barker, R. Lecture 11/15/2018**

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

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

**Tanwar. Porter’s Generic Competitive Strategies**