**Sohal Patel**

**CIS 410**

**11/11/2020**

# Waco Manufacturing

## Mission Statement

Waco Manufacturing is to serve the automotive industry by providing high quality, custom-machined parts.

## Background

Waco Manufacturing is the leading supplier of custom-machine parts in the automotive industry. They serve a vast number of automotive companies, which has given them an upper hand in the market. In 1986, Waco Manufacturing installed a security and information system to improve its manufacturing plants' service delivery. The system had transceivers installed in the plant's corridors, and they were 25 feet apart. It also installed receivers on the badges that the employees wore. The system enabled managers to continuously keep track of their employees whereabouts while in the manufacturing plant. The system's exciting capability allowed telephone that was near an employee and not the individual office phone to ring when the official numbers were dialed.

## Company Strategy

Waco has made it in the automotive industry and is the leading supplier of custom-machined parts. The strategy they used is a differentiation operating strategy, and this made them focus on the narrow market that was available and required custom machined parts (Islami et al., 2020). Waco charges a premium charge for its products due to the added value from customization. By doing so, they emphasize making the highest quality products for their clients. The no production of generic automobile parts helps them focus on the one custom part they have to deliver. The differentiation strategy creates barriers to a new competitor entering the market. Also, brand loyalty from customers is affected.

## Company Structure

The organizational structure is divisional as the company is divided into small manageable departments (Maguire, 2012). Each division is unique to the activities they perform, such as Engineering, Finance, Research, and Development. Each division may be groped near a product line for easier management and increased response time. Communication flows horizontally and vertically as shown between Monique (Area Manager) and Barber (Plant Engineering Manager) behavior and between Barber and the three engineers (Sherman McCoy, Telly Frank, and Wanda Gogan) assigned the project. Request from Monique shows the coordination mechanisms are being driven by routine and exception.

## Ethical Dilemma

In September 1987, more than a year since the implementation of the new security and information system, the area manager Monique showed some discontent regarding a required project at the end of the year. She(Monique) expressed her unhappiness to Monk Barber, the plant engineering manager, and this was due to a set of designs of a composite-based product that was running behind schedule. Barber defended himself and stated that he had met with the three engineers assigned the project and explained the urgency and importance of the designs to them. Barber claimed he was "at his wits' end" since the three engineers had not responded to him about the project.

Monique then took it upon herself to confront the three engineers about the late project design. She was surprised when the tree engineers claimed to have no idea that the project was a matter of urgency, and they never recalled meeting Barber about the project. Monique then described the situation to the plant manager, Shelly Tomaso. Tomaso suggested that they use the capabilities of the recently installed security and information system. Through the transceivers on the employees' badges, the system indicates that the three engineers and Barber had never been in the same room that year.

Monique now experiences a problem, Barber is not telling the truth regarding the project's progress, and the project may not be completed by the end of the year. The system acts as a management control system, and she is using the system to know the employees' performance (Łęgowik-Świącik, 2017. She explicitly sees that the three engineers and Barber had not met face to face in the plant from the system. Now it is hard for her to believe Barber had met the three engineers as he had earlier said. Should Monique count on the system, tell the truth, or it had been manipulated to produce erroneous results. Maybe the system is not 100% working, and some radio interferences would have interfered with employee tracking. Barber and the three engineers would have had an online meeting to discuss the project or even had a face to face meeting outside the plant where the system cannot track them anymore.

## Stakeholders

Employees: these are individuals working for Waco Manufacturing. The individuals hold various company positions, including plant manager, area manager, plant engineering manager, and product engineers. Employees are responsible for following management decisions and perform their duties well to achieve the organization's goals (Prof Sir Cary L Cooper CBE & Burke, 2013).

Shareholders: They include all the people, a group of people, or other companies that have shown financial interest in the performance of Waco Manufacturing. When the business makes a loss, so do the shareholders since they have the right to receive dividends on their investments. Shareholders make up the company's foundation and bear the highest risk by using the security and information system.

Customers: It is comprised of all those who buy the custom manufactured parts from the company. The customers are another source of revenue for the company. The new product line may attract Waco's current customers and new ones.

## Porter’s Five Forces

Waco Manufacturing is a big and established brand of custom-machined parts in the automotive industry. Their development made them quickly install a security and information system needed to keep track of employees whereabouts and offer efficient phone call routing.

Supplier's power: the suppliers' power to dictate the market prices of their goods and services is very low in the market. If the suppliers hike their prices, Waco will quickly find another supplier since their production materials can be obtained from anywhere.

Customers power: Customers have a medium impact on the performance of the company. They may dictate the sales of Waco Manufacturing. Customers may be willing to pay more for a high-quality service but can switch anytime to other manufacturers.

Competitive rivalry: Waco's business strategy, which enables them to focus on the unique type of automotive parts, poses a low threat to new entrants in the market. Waco is still targeting a broader market in the ever-growing automobile industry. Therefore, a minimal level of competition will be experienced.

A threat to new entry: The new entrants in the custom-machined automobile industry will pose a minimal threat as they will need a massive amount of capital to match Waco's production.

A threat to substitution: the risk of substitution of Waco's products is very low. Waco provides differentiated products from other manufacturers. The customization of the parts makes them not available in any particular market. As Porter says, substitutes are described as the products or services found in another market ("Porter’s Five Forces of competitive position analysis," 2013).

## Course of Action

Do nothing approach. The mistakes that have been made and the problems created should be left alone. No disciplinary action should be taken on Barber even though he lied to his superiors. The system performance should not be made 100%, and policies to increase accountability should not be created (Selwood et al., 2012). In this approach, all the stakeholders will suffer much. Employees, customers, and shareholders will suffer from a lack of properly documented policies to increase accountability.

Monique will be perceived as too lenient as she does not hold Barber responsible for the project running behind schedule. Not ensuring the accuracy of the system will make her make huge mistakes in the future. She may also seem unorganized if her employees miss a deadline on high priority projects.

Fire Barber based on the system's output. Taking the system output that suggested Barber never met with the three engineer’s contrary to his claims will make the area manager fire him. Monique will be putting trust in the system and ascertain that the system is working 100%. By taking this course of action, it will have a lot of effects. The employees will suffer since the system has not yet been proven to be working 100%, and the inadequate guidelines will not support them. Customers may see no effect since their production will go on as planned. Monique will be considered harsh if she bases the firing on single system output.

## My Solution

Communication is a crucial aspect of a successful working organization (LaBelle & Waldeck, 2020). It reduces the much-used effort in trying to communicate one mind. A clear record of the communication should be kept to ensure the reliability of the information system. A better communication system should be created to increase the accuracy of the security and information system, creating a natural environment that will be conducive to work. The communication system will determine whether the engineers and Barber met outside the plant or via an online platform. An organization should be based on the creation mechanism, not destructive ones.

## Conclusion

Critical decision making should not be based on one form of input. Monique should know the reason why Barber told her that way. Employees should also follow the laid down procedures in the company to ensure the business achieves their goals. Proper ethics should be applied in business.

References

Islami, X., Topuzovska Latkovikj, M., Drakulevski, L., & Borota Popovska, M. (2020). Does differentiation strategy model matter? Designation of organizational performance using differentiation strategy instruments – an empirical analysis. *Business: Theory and Practice*, *21*(1), 158-177. <https://doi.org/10.3846/btp.2020.11648>

LaBelle, S., & Waldeck, J. H. (2020). *Strategic communication for organizations*. University of California Press.

Maguire, E. R. (2012). *Organizational structure in American police agencies: Context, complexity, and control*. SUNY Press.

*Porter’s Five Forces of competitive position analysis*. (2013, June 11). CGMA. <https://www.cgma.org/resources/tools/essential-tools/porters-five-forces.html>

Prof Sir Cary L Cooper CBE, & Burke, P. R. (2013). *The fulfilling workplace: The organization's role in achieving individual and organizational health*. Gower Publishing.

Selwood, I. D., Fung, A., & O'Mahoney, C. D. (2012). *Management of education in the Information Age: The role of ICT*. Springer.

Łęgowik-Świącik, S. (2017). The assessment of capacity informational of intellectual capital measurers and return on sales measurers in the decision processes of enterprises. *Scientific Papers of Silesian University of Technology. Organization and Management Series*, *2017*(102), 203-214. <https://doi.org/10.29119/1641-3466.2017.102.17>