Shivani Patel

CIS 410-01

Dr. Barker

Agrico Case

03/21/2019

**Summary**

Agrico was founded in 1949 in Des Moines, Iowa. Agrico was a farm and ranch management service started by two farmers. It rapidly became known as one of the largest agricultural management firms. By 1987, they provided the services for 691,000 acres of land in the Midwest and the market value of Agrico’s portfolio valued more than $500 million. Agrico accomplished this by providing low-cost management services for farms and ranches throughout the Midwestern U.S. They had four regional offices and managed more than 350 farms and ranches. There were three arrangements for the properties. A crop-share lease agreement, cash-rent leases, and direct management. Crop-share leases made up 47 percent of their portfolio and in this arrangement, tenant farmers would agree to farm the land in exchange for part of each year’s crops. Cash-rent leases made up 51 percent of their portfolio and in this arrangement, farmers made cash payments in exchange for use of the land. Only 2 percent of the portfolio was land that was directly managed by Agrico.

Throughout the organization’s history, Agrico had the same computer services. In 1985 they decided that their current computer system needed to be upgraded. As Agrico grew, these computer services and software quickly became outdated and inhibited employee productivity. They hired a consulting firm who analyzed their business needs and recommended that they purchase a software package rather than try to develop one themselves. They needed a software system that was skilled enough to handle the three different land management arrangements. They finally decided on the software vendor AMR because they were able to demonstrate that their software package had the features that Agrico needed. AMR began work on the system in July 1986 and the conversion date was set for June 1, 1987. They hired George Burdelle, who was the project manager from the consulting firm, to be vice president of their information systems. According to author James Cash, when beginning an IT project, it is important to specify “who will have access to various resources, how that access will be controlled, and how and by whom maintenance, upgrades, and user support services will be provided” (Cash). Making those decisions began to create problems between the two companies.

**Problem**

The primary problem between Agrico and AMR was that even though the agreement stated that AMR would be responsible for any modifications and that Agrico only had a right to the source code listings that were needed for testing, Agrico wanted access to the source code so that they could make their own modifications. AMR was not willing to share their code with Agrico. The software was proprietary and making it available to Agrico would increase the likelihood that the code could be stolen. Agrico first tried to buy the source code and offered to sign a nondisclosure agreement, but AMR was still not willing to share the source code.

Agrico was concerned that AMR would go out of business and leave them with no source code and no way to make modifications, so they agreed to compromise by putting a copy of the source code in escrow with a third party.

Another problem occurred when they started doing software testing. Although AMR delivered the software on time, it did not come without issues. Instead of modifying standard software, AMR altered the code based on the needs of each individual client. It was AMR’s usual practice to install the software and then fix any problems with it as they were discovered. This did not make Agrico happy and it began to create a tense relationship between George Burdelle and AMR’s founder A.M Rogers.

The main problem occurred when AMR employee left the source code on an Agrico computer when they stepped out of the office. This gave an opportunity to the Agrico employee to steal the code. Agrico now has to decide if they should take the source code without AMR knowing or leave it alone.

**Industry Competitive Analysis**

Agrico’s mission was to provide management services to farms and ranches by buying equity interests in the land and managing them to provide cash flow and capital requirements.

When analyzing Agrico’s competitive environment it is helpful to consider Porter’s five forces described by Harvard Business School.

**Porter’s five forces:**

1. **Competitive Rivalry:** According to Porter’s theory, the rivalry is the most intense when competitors are numerous, or industry growth is slow (Porter). In this case, the industry growth is slow but there are not a lot of other businesses that are offering the same service. Therefore Agrico does not have any rivals at the moment.
2. **Bargaining power of customers**:  
    The power of customers is very important to Agrico. Customers are what help Agrico be successful since they are predominately a service company. Agrico must have farms and ranches to manage in order to be successful. They can’t be successful if they don’t have customers to make the business run.
3. **Bargaining power of suppliers**:  
    The threat of suppliers is quite low because Agrico is providing a service not selling a product. Agrico doesn’t have to worry about supplier costs and markups for certain products since it is more of a serviced based company. Thus, supplier power isn’t critical to the success of Agrico.
4. **Threat of New Entrants:** The threat of new entrants is very low for Agrico. Agrico is one of the leaders in farming and ranching maintenance. These new entrants won’t have the recognition that Agrico has. People will continue to use Agrico as it continues to be one of the top choices for farming and ranching maintenance.
5. **Threat of Substitutes:** The threat of substitutes is low for Agrico as well. Agrico has been very successful in the industry thus far. There haven’t been many substitutes to replace Agrico with. The threat of substitutes shouldn’t have to be a worry for Agrico.

**Stakeholders**

A stakeholder is “a person, group or organization that has interest or concern in an organization” (Business Dictionary 2018). Agrico has some stakeholders when it comes to their company and below are a few of their stakeholders and why they are categorized as one.

Agrico **managers** are the main stakeholders because they are responsible for the successful purchase and transition to a new software system.

Agrico’s **clients** are another stakeholders. If their assets are not managed correctly then they lose money.

**AMR** is a stakeholder because they own the rights to the code that Agrico is considering to make a copy of. If their code is stolen and not protected, then other businesses would be able to use their intellectual property for free and AMR will lose money.

**Alternatives and Impact on Stakeholders**

There are only two alternatives in this situation. They can either copy the source code, or they can do nothing and not copy the source code. If they copy the source code, they open their business up to legal consequences. The contract with AMR clearly states that AMR is the only one that can copy and store the code and so Agrico will only have access to as much of the code as they need to test the software. Which means making a copy of the code is illegal and would be theft of intellectual property and could lead to big fines. According to author Alexis Writing, “piracy of software can be seen as a criminal act akin to stealing. In this case, the infringer can be charged with a criminal offense. In the United States, the maximum criminal penalty for copyright infringement is a fine of up to $250,000 and a jail sentence of up to five years” (Writing). Customers would not be affected until the system is done. Customers would notice the same benefits if Agrico were to do nothing. Burdelle and Alvaredo may be excited at first that they do not have to battle with AMR anymore. However, if anyone were to find out that they took the source code without permission, they could lose their jobs and may have legal issues to deal with. AMR would lose trust with Agrico if they found out, and they would also take Agrico to court for stealing their source code.

The second alternative is to not copy the source code and honor the agreement with AMR. If the third party verifies that AMR is updating the code every year like they agreed to do the Agrico is legally bound to honor the agreement as well. This would benefit the managers and the clients because it would not create a legal and financial risk to the company. It would also benefit AMR and would probably help to restore the relationship between the two companies. According to author Morgan, “Successful networking or coalition building involves the awareness that besides winning friends it is necessary to incorporate or pacify potential enemies” (Morgan).

**Best Course of Action**

The best course of action in this case for Agrico is to not copy the source code. It will be illegal because their contract says not to get a copy of the software. It is illegal and immoral. According to author Michael Hammer, “If an organization’s leadership can convince people to embrace a set of values and use them to guide their behavior, then that leadership can be relatively confident that people will do the right thing” (Hammer). In order for that statement to be accurate at Agrico, George Burdelle has to do the right thing and tell Louise Alvaredo not to copy the AMR’s code. There are many issues with Burdelle and Alvaredo taking the source code without AMR’s permission. First, AMR will take Burdelle and Alvaredo to court, and could potentially sue Agrico as an organization. It would be very easy to see that this source code was copied without AMR’s permission, even if Agrico were to take the source code and change it to create their own system. As stated by Nigel Jones, “In many cases, they can even detect the plagiarism (theft) even if you have switched languages. In other words, if you have indeed stolen the source code, then the chances of it not being conclusively proven at this stage are pretty slim. In short, life is about to get very unpleasant.” (Jones.) Copying the code is the wrong alternative because it exposes the company to the potential legal action because it is morally and ethically wrong. “Ethics refer to rules provided by an external source, e.g., codes of conduct in workplaces or principles in religions. Morals refer to an individual’s own principles regarding right and wrong.” (Diffen.)

**Works Cited:**

Business Dictonary. (2018, September 9). Business Dictonary. Retrieved from Business

Dictionary: <http://www.businessdictionary.com/definition/stakeholder.html>

Cash, James I et al. Corporate Information Systems Management. McGraw-Hill Companies, Inc.

1999.

“Ethics vs. Morals.” Diffen. Web.

Hammer, Michael. The Reengineering Revolution. Harper Business. 1995

Jones, Nigel. 11 February 2011. “Why you really shouldn’t steal source code.” Embedded Gurus.

Morgan, Gareth. Images of Organizations. SAGE publications, CA, 1986

Porter. The Five Forces. Harvard Business School. <https://www.isc.hbs.edu/strategy/business->

strategy/Pages/the-five-forces.aspx.

Writing, Alexis. June 15, 2017. Legal Penalties for Software Piracy.