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Case 3 - Symantec Case

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**Introduction**

Symantec designed, distributed and supported information management and productivity software for business users. It was founded in 1982 by AI and language processing expert, Gary Hendrix. In 1984 Symantec merged with C&E Software. Hendrix became vice president and Gordon Eubanks founder of C&E became the president/CEO. Their corporate headquarters were in Cupertino, California.

Breakthrough Software, Living Videotext, and Think Technologies were the three companies that were acquired in 1987. Breakthrough Software was in Novato, California; Living Videotext in Mountain View, California; and Think Technologies in Bedford, Massachusetts. The years between 1982 and 1989 were years of significant growth for the company. The number of employees went from 30 to 316 and in 1989 the revenue for the company was 50 million. They also added nine new products to their product line and upgraded several of their old ones. Symantec was organized into five product groups and had centralized departments to handle functions like human resources, finance, and sales. The expanding of their employee base also brought in almost $50 million dollars’ worth of revenue for Symantec. While the merger brought about positives such as profits, the expansion was causing Symantec internal issues that would be expected with a growing company.

**Problem**

The problem is Symantec’s MIS department and its complete lack of any specific IT planning as well as the general effect of rapid growth without consolidation. The department that oversees Symantec’s systems still operates with an attitude to do it now and fix it later mentality. Symantec Software Company is having internal communication and information flow problems (Cash). There is no attention to the fact that their smaller self-contained organizations do not experience the same IT problems that the headquarters does and no real effort has been made to confirm the whole company to a standard when it comes to their IT systems. Their tendency to allow acquired firms to continue to operate on their own and in their native locations has served to spread the company thin and require a steady and reliable communication system, which at this point, the company cannot seem to achieve. According to Leavitt, the company must make changes to its people, tasks, structure, and technology in order to solve the current organization issues.

**Industry Competitive Analysis**

Symantec’s mission was to design, distribute and support information management and

productivity software for business users and to innovative new software to meet the needs of the market in a timely and strategic manner. When analyzing Symantec's competitive environment it’s helpful to consider the five competitive forces described by Harvard Business School professor Michael Porter.

1. **Intra Industry Competition**

According to Porter’s theory, rivalry is most intense when competitors are numerous, or industry growth is slow (Porter). There were a few competitors to Symantec Corporation in the software service industry. The direct competitors to Symantec Corporation include Lotus and Ashton-Tate. The lack of direct competitors was due to the customization of the services and the lack of companies in the market. Symantec Corporation is able to overtake their competition through better foresight or on time development as the company was known for not missing a release date. Symantec gained a competitive advantage by introducing new products, upgrading its old products and establishing these products as leaders in their market segments.

1. **Threat of New Entrants** The threat of new entrants into the software industry is high because it is new and rapidly growing. Profits are high, and competition is low, so this makes entering the industry very attractive (Porter). This market also has low entry costs because the products are intellectual and don’t require much of an investment in raw materials.
2. **Customers** In the software industry, Symantec’s has many different customers to whom they offer their custom solutions. The company has taken over enough of the market share to compete with well-established companies like Lotus and Ashton-Tate. Due to there being other software packages similar to what is offered by Symantec customers are a high threat to the company as they can switch to another company. Customers received good quality products and communications about upgrades from the company decreasing the chances for customers to jump ship**.**
3. **Suppliers** Symantec’s main suppliers were IBM, Macintosh, and Hewlett-Packard which provided the operating system and computers used by the company to develop their software on for consumers. As major companies, this is a medium threat as they are established in the market place with no indication to fail or raise the prices on Symantec. Symantec has little to no bargaining power with these suppliers as the company is not large enough to receive preferred treatment.
4. **Threat of Substitutes**The software service industry is young and there were not many options for companies to choose from that offered similar products. The company is on the cutting edge of the industry making it even harder for customers to justify needing to leave to a competitor. This results in the threat of substitutions being low as the software service offered was specialized for customers’ demands.

**Organization Structure**

Symantec was organized into product groups and centralized functions, which is why their structure is a divisional organizational structure. An example of this is where there are five product groups and each has its own product development, marketing, quality assurance, support, and management. This allows for an economy of scale for the company by having cost reductions based on the level of production. This type of structure allows the company to be responsive to the market; however, it is not as fast a company with a matrix structure which is completely based around the project.

**Organization Strategy**

According to Dr. Goldratt, the goal of any company should be to make money now as well as into the future while not violating employee security and providing satisfaction to the market. The company prior to the acquisition has a generic strategy of differentiation. To achieve the goal the company should not look at cutting cost because it will result in a zero gain and cost cannot always be cut. Symantec Corporation should look to increase their revenue to increase the profitability of the company, so they can meet their current goals. Because of the advantage of different divisions of the company, Symantec has reached a broad market with their diverse software packages which according to Porter falls into a company with a differentiation strategy. According to Aha!, “Creating a differentiated product which appeals to your target market can help to build your competitive advantage over other brands.” (Aha!)

**IT Architecture**

The current IT architecture for Symantec Corporation under a divisional organization structure is very decentralized. This is due to the high degree of redundancy found in each division because of the lack of cross-division asset utilization. The company is an inventor organization due to the company constantly seeking out unique opportunities that will give them an edge over their competitors. This has allowed them to gain an advantage and market share in the industry. To maintain its competitive edge the company is constantly working on projects through research and development and interpret the market at the right time with the desired service. All departments functional or product groups had to prepare annual budgets every six months.

**Stakeholders**

The greatest number of stakeholders are Symantec **customers**. They rely on the products and support that Symantec provides to run their businesses.

The second largest group of stakeholders are Symantec **employees**. Their bonuses are tied to the performance of the company. If the company does well, the employee’s share of the profit will have more value. If the company does badly then they will get less money, or potentially lose their jobs if things get bad enough to cause layoffs.

The third group of shareholders is Symantec **managers**. Success in a management career is directly related to the performance of the company. If things are going well then management gets the credit and if things are going badly then managers are often quickly replaced. According to Images of Organization, managers can think of companies as “machines which tend to manage and design them as machines made up of interlocking parts that each play a clearly defined role in the functioning of the whole.”

**Alternatives and Impact on stakeholders**

One solution would be to fix MIS. Symantec Corporation had a lack of proper initial planning to fix the company’s operations it is key to take the time and fix the current system. It was described as a “poor use of engineering resources” the requests sent to MIS were prioritized which resulted in long waits before responses were received. If MIS didn’t get to certain requests teams would be unable to perform their job functions and would have to wait until services had returned. Providing a better system for prioritizing requests and services employees send in for fixes will allow more the company to be more effective.

Another solution would be to reorganize the entire structure because of the complaints of a lack of communication within the company. The employees, as well as Eubanks, seem to want a more of a network-style or matrix style organization. This would shift the boundaries to multiple interfaces as well as change the basis of authority from that of positional and functional expertise to knowledge and resources. However, this is not a good solution. The people do not decide the organizational structure of the company, the organizational structure decides the people. Looks like Symantec is in a stable environment and have an outstanding resource efficiency. A change in the structure would not support Symantec’s company strategy of acquiring smaller companies but keeping them as close to how they were as possible while under the umbrella of Symantec. This type of extensive change would also greatly impact the culture if the company.

The final alternative would be to do nothing. This would be the default decision for the company as they could keep everything the same as it was. New employees could be stopped by their peers when a mistake is made, or new hires could learn about how the company operates through observation (Unknown). This option will keep the company on trend to chaos which would result in loss of net profit and could eventually be detrimental to the company, employees, and customers who would have to go competitors who would be able to charge more in face of lower competition.

**Best Course of Action**

The best course of action, in this case, is to do nothing because it seems like the company is already successful and does not need any cultural change. The company should not change its strategy, organizational structure, nor its information technology. Symantec has in place everything it needs to be successful. The divisional organizational structure is best suited for the Symantec.

If the company were to make any changes, I believe the employees need to be more educated on Symantec’s strategy and especially the organizational structure. Their company is divided into individual divisions for a reason and communication is meant to flow in certain ways. With this understanding, employees are less likely to make a problem of something where a problem does not exist.

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