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Case 2: Appex Corporation

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**Problem**

Appex Corporation’s first CEO was Brian Boyle, he had been the CEO of Appex before it merged with other company named Lunayach Communications Consultants. Appex’s investor’s hired Shikhar Ghosh as the new CEO of Appex Corporation because Brian couldn’t handle the company very well and the company was spending cash too carelessly, so if nothing was done then the company could go bankrupt. Ghosh realized that the company did not have any structure and the employees did not care about their job. “employees need to feel some sense of accomplishment in order to continue to do a good job.” (Morgan) Employees just solved whatever problem they are facing that day and they don’t do any kind of future planning on what they should be doing. Brian Boyle also said that **“People had particular expertise, but everybody did anything.” (Cash pg. 45)** Gosh’s main goal was to set up a good organizational structure. He tried 3 different structures but each one had its flaw, so at the end Gosh decided that the structure will keep changing after the company has grown at least 50 percent.

**Industry Competitive Analysis (ICA)**

**Mission Statement**

The mission for Appex Corporation is to give service to the cellular carriers to help them manage their customers by using latest technology that is focused on efficiency, lower costs, and best customer service.

**Porter’s Five Forces**

**Bargaining Power of Customers**

Buyers in the rising cellular industry had a lot of control and bargaining power. They had lot of different alternative companies that they could choose to do business with. So, if Appex wanted to stay on top with other competitors then Appex would have to have competitive pricing and offer innovative technology. Otherwise, it could lose business and customer would find other company that would meet their requirement. Appex doesn’t have a good structure and their customer service is also having big problems. If this problem continues then it could really hurt Appex.

**Bargaining Power of Suppliers**

Suppliers had a really low control or bargaining power because Appex is service-based company so there are not any suppliers that could have bargaining power on them. They create their own hardware and software.

**Threat of new entry**

The threat of new entry is relatively high because the cellular industry is fairly new so there is a chance that there would be new competition. Cost of entering the market is low because you wouldn’t need your own cellular infrastructure. Appex is also struggling to do their business effectively so it would be very easy for a new company to come in its place and steal away their customers.

**Threat of substitutes**

The threat of substitute is low for the Appex Corporation. The technology is relatively new so there aren’t many substitutes for this kind of technology.

**Competition**

Appex’s competitors were GTE, Cincinnati Bell, and McDonnell Douglas. They requested a proposal to join all different company into a single company but boyle came up a with a solution and the merger was disbanded. Appex’s biggest competition was itself because they didn’t have a good organizational structure and customer service. **“The four types of competition are cost leadership, differentiation leadership, cost focus, and differentiation focus” (chron.com)** They would help some of the customers, but more than half of the customers didn’t get any help. They didn’t have plan to handle issues. So, their customers are constantly complaining and thinking about stopping their services.

**Stockholder Analysis**

There are different stakeholders in the Appex Corporation

**CEO** – Shikhar Ghosh is the current CEO of the Appex Corporation and he makes important decisions for the company and ensures that the company is going on the right track. His main task was to create a good organizational structure.

**Employees** – They came at work and just paid attention to whatever the emergency was. They weren’t making a plan ahead of time on what they had to do. It didn’t matter what they specialized in they just did whatever they wanted. **“This way if an employee is not working on anything urgent, and then sees a high priority issue, they would know how to drop what they were doing and handle it right away.” (Goldratt)**

**Shareholders** – Shareholders of Appex are worried on the direction the company is headed because their personal money is also at stake. They invested the money to make some profit. They voted to appoint Ghosh as new CEO because they wanted him to create a good organizational structure which would make the company profitable.

**Customers** – customers make the business. Some of the customers were with how Appex ran the business but some were very unhappy because they had to call Appex multiple times and their issues would not get resolved. So, some of the customers were thinking of stopping the services with Appex.

**Solution Alternatives**

There are multiple solutions for this problem. Regardless, the main goal for the company is to maximize profit, increasing efficiency, and get a great Return on Investment. I will give three different solutions for this problem.

**Alternative 1**

One of the solutions is to do nothing and continue to operate within EDS. EDS asked Appex to follow their requirements like financial planning systems, resource allocation systems, and administrative procedures. They also had to do operations with divisional structure. **“A divisional structure groups diverse function such as manufacturing, research and development, and marketing within each division.” (Cash pg. 36)**

**Stakeholder Consequences:**

Employees – Using this solution could result in lot of people losing job because of the divisional structure.

Shareholder – Doing nothing would make the shareholder very unhappy that you aren’t doing anything for the best interest of the company.

CEO – This would give him a big loss because he is not the CEO of the company anymore and he would have to follow EDS’s orders.

Customers – Some customers would happy, but some customers would be unhappy to see that Appex is not doing anything.

**Alternative 2**

Another solution would be to restructuring the Appex and EDS. It would allow Appex restructure their operations and make everything efficient. **“A restructuring organization uses downsizing to eliminate costly overhead and enable a company to return to profitability.” (Chron.com)**

Employees – It would require them to relocate and create more issues

Shareholder – This decision would make shareholders happy because they want to see some change and positive return

CEO – He would not be happy with this decision because he would have to change all of the plans he had made for the company.

Customer – They would be happy to see that Appex is making some effort to improve their organizational structure

**Alternative 3**

The final alternative would be to implement a matrix structure that can manage large and complex projects. It allows different departments to collaborate with each other very easily and different departments work things out as whole. **“The matrix structure also allows for better interdepartmental communication and collaboration” (indeed)**

Employees – they would be forced to collaborated with other departments

Shareholder - This decision would make shareholders happy because they want to see some change and positive return

CEO – He would be happy to see good collaboration between departments because he could focus on other things than structure.

Customer - They would be happy to see that Appex is making some effort to improve their organizational structure

**Recommendation**

My recommendation is implementing matrix structure that could manage large and complex project very easily. It allows different departments to collaborate with each other very easily and different departments work things out as whole. Employees and executives wouldn’t be fighting each other on who made which decisions. They would talk with each other and share talent to come up with the best feasible solution for the problem.

**Rejected alternatives**

Doing nothing wouldn’t help the organization in any way but it would just delay the inevitable. Appex will slowly start to lose business and eventually go bankrupt because of their mismanagement.

I didn’t go with option with reconstructing the Appex and EDS because employees are already confused on what they should do. Changing everything would just break their motivation because they can’t get things done.

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