CASE 5:

Agrico, Inc: A Software Dilemma

William Tyler Brown

ID: 5049760

CIS410-02

3/22/2018

Tables of Contents

Agrico, Inc. is the one of largest agricultural management firms in the United States and primarily acts agents for buying and managing the best interests of farms and agricultural, which are their clients. Another responsibility of this organization is to provide operating cash flows and capital appreciation of their equipment and supplies. Their clients include more than 350 agricultural organizations such as farms and ranches which are contracted under three property arrangements: crop share (47%), cash-rent leases (51%), and managed properties (2%) (McFarlan). “The goal of every organization is to make money now and in the future” (Goldratt 2), which Agrico obviously tries to emulate when trying to implement their new software system.

The competitive strategy of Agrico, Inc. is a cost leadership, which is defined as an organization that utilize all of their resources of cost advantage and become a cost producer in their respective industry in order to survive. In the case of Agrico, Inc. the author states that they must differentiate themselves from the competition thus producing a cost-effective management service for their more than 350 clients. By using competitive differentiation, Agrico has been able to grow themselves into the United States’ largest agricultural management firms.

Adding to the analysis of their competition and how they should be reacting to their industry changes, Porter’s Five Forces will help display what type of industry that Agrico is dealing with and why the alternative chosen in the later part of this paper is the correct one.

The competitive rivalry is low in this industry because as the case states, Agrico is already one of the nation's largest providers of agricultural management and services a large portion of the market share. The threat of entrants is high due to the agricultural industry being massive in the United States and would not require a significant investment but more knowledge of money management of the clients.

Stakeholders:

- Agrico, Inc.
- George Burdelle, VP of Information Systems
- AMR
- Clients of Agrico
- Stockholders of Agrico

The threat of substitutes is low due to their clients having to sign a lease to allow work to be done on the lands owned by Agrico and results in a high switching cost for their clients. The bargaining power of suppliers is very high because the software system that this case revolves around is only offered by one other company, AMR. The only problem with that is that their solution does not meet the requirements for the system. The bargaining power of customer is very low because most of Agrico's clients build their farms and/or ranches on the land that is property of Agrico and must pay rent in order to keep their farm on the land. With all renting, the client must sign a lease agreement which makes it binding to the price and services by contract, essentially.

The problem with this case on Agrico, Inc. is that Vice President of the Information Systems department of the company, George Burdelle, has encountered an ethical dilemma

with the new software system that they are trying to implement. He has a decision to save money, time, and resources by copying the AMR's source code from Jane Seymour, AMR software engineer, but is pressured by time to make this decision as the modification of the copied code will still take significant effort to implement according to Agrico's requirements into their current architecture. There are only two alternatives for him to decide between that pose a choice between being ethical and unethical. According to our course discussions, the definition of ethics is beliefs centered around what is good and what is bad, whereas morality is based on what is right and what is wrong.

Referring to the definition of ethics, defined in the previous paragraph, there can only be two alternatives: do nothing and do not copy the code from AMR's software engineer or take the source code and modify it according to Agrico's requirements for implementation. Now, in most ethical dilemmas the answer is quite obvious, and this case is no different. The choice of which alternative must come from which decision is right. Before writing in more detail on the alternatives and why, it is clear that Burdelle must decide not to copy and modify the source code from AMR.

The do nothing alternative is simple even though the result will require a massive effort to develop the code from scratch. Burdelle and their programming manger Louise Alvaredo should decide to not copy code that had been left open on a company computer and to honor their agreement with AMR. This is the most ethical and ethically correct decision for Agrico. The

first reasoning behind deciding this alternative is that it would prevent any chance of having a potential lawsuit filed against these two leaders as well as Agrico as an organization. The only disadvantage that can be thought of for choosing this alternative is that the code will have developed from scratch and will cost the organization a lot of money and will take a lot longer to complete the system on their own. This will be damaging to the organization from a financial viewpoint.

In the long run, it will prove to be beneficial as it would not lower their market share as they will choose the ethical choice and their clients would most likely leave if they ever found out that their system was based off of copied code. Even though, the development of their own, new system would be expensive from a resource standpoint. It would be twice as expensive if they were to copy code from another source without permission because of the financial penalties that would come along with copyright infringement. This software system that they were planning on using for their own needs would improve the processes and services provided to their clients and internally. However, this does not in any way make the decision good from any viewpoint. Potentially, choosing to do nothing could strengthen the already existing relationship with AMR but is not likely because AMR would have never known in the first place that they were even deciding to “steal” AMR’s source code.

The second alternative is for Agrico’s leadership to decide to use AMR’s source code for a similar software solution that was found on a company computer without the consent of

AMR. First, I would like to discuss that implementing AMR's code without their consent is unproductive to the Agrico in the long run. The developers could run into issues or bugs when trying to apply their requirements to another's software system. This is because the Agrico developers would not have the knowledge of what exactly the code does on the back-end in order to resolve bugs or misconfigurations. This quote from Goldratt's Theory of Constraints helps explain why stealing the source code from AMR can prove to be bad for an organization rather than developing a solution on their own, "The minute you supply a person with the answers, by that very action you block them…" (Goldratt 1). Even if Agrico was planning on storing the code as a backup in case they went overbudget on their development, their actions would still be considered illegal and unethical.

If AMR would find out that this unpermitted copy of their code was in the hands of Agrico, there would be grave consequences of legality. In the case, there is an excerpt from AMR's agreement stating, "The software may not be copied or reprinted in whole or in part without the prior written permission of AMR" (McFarlan). Theft of intellectual property is a serious offense especially in the realm of technology as it is easy to claim as your own because there is the possibility of having the same code as another without stealing. Therefore, it is hard to prove but is also hard to seek out. The impact of using this alternative would have serious negative effects on the organization as a while with losing clients when the story goes public and the unethical side would be common sense to anyone that had any respectable ethical thoughts. As a result of choosing this alternative, anyone who was involved or knew of the actions to copy the code should and would be immediately removed from their position from

Agrico and would most likely find themselves in court against AMR, which probably can afford some good lawyers to aid in their prosecution.

Obviously, as stated before in this paper, it is clear for what Agrico leadership should do and that is nothing. As the organization has already signed an agreement, which is a binding contract, to not copy any part of whole of their source code. Theft of intellectual property, no matter how small or large, is a serious criminal offense and not to forget unethical. It would be hard for someone like Burdelle to continue on with his job, if he were to select to copy their code. Furthermore, an organization like Agrico has the market value and profits to invest the resources into development of their own solution, which, once completed, they can in turn sell their solution to other organizations that would need it. This would help cover the initial investment of the project and could help spread their name to even more agricultural clients in addition to showing them that they take pride in this production and relying on their employees for solution engineering. Therefore, my recommendation for George Burdelle and Agrico leaders is to not copy AMR's source code for their own use in a similar software system and to either pay AMR for use of their system or develop a software system from their requirement on their own.

References

Goldratt, E.M. (2017). *Necessary, but Not Sufficient: A Theory of Constraints Business Novel*. Routledge.

Goldratt, E. M., Goldratt, E. M., & Cox, J. (2014). *The Goal: A Process of Ongoing Improvement*. Great Barrington, MA, MA: North River Press.

Morgan, G. (2006). *Images of Organization*. Thousand Oaks, CA: Sage Publications, Inc.

McFarlan, F. Warren. (1988). *Agrico, Inc. – A Software Dilemma.* Harvard Business School.

Kalakota, Ravi, and Marcia Robinson. *e-Business 2.0: Roadmap for Success*. Addison-Wesley, 2007.