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# Overview

Agrico was a farm and ranch management company based out of Des Moines, Iowa. They had three main business offerings: crop-share lease arrangements, cash-rent leases, and direct management. Agrico’s core competency is the ability to provide ranch and farm management services for these farmers. This allows farmers to focus on their daily work instead of having to focus on things like distribution, assets, finances, budgeting, etc. Agrico both helps farmers to be able to afford their own farms and equipment but also relieves concerns about farm or range management by performing managerial tasks for the farmers.

Agrico had contracted a software development company to develop and customize a complex software solution that would allow for more efficient management practices. Agrico went with a company called AMR to service the project, mostly because AMR was the only company that was likely to offer what Agrico was looking for product-wise. After the decision to use AMR, a contract was formed, and the legalities were bound. This contract wasn’t very specific, and leads to problems with what each company believed to be true down the road.

Agrico wanted to be able to modify and adapt AMR’s code if they wanted to, but AMR did not want them to have the source code, instead making all changes on their end. Eventually, Agrico agreed to not have access to making changes by themselves, and instead wanted to back up the source code in one of their own facilities. The contract signed was not specific as to who was to back up the code, which lead to even more disagreements between the two organizations.

Agrico hired their own in-house consulting and systems department. They hired former AMR employee George Burdelle to be the new VP of information systems. Burdelle insisted that Agrico be able to access their own backups of the software, so they would not be forever locked into the existing system with no chance for modification or enhancements. Burdelle wanted to push to get a plan B set in place for Agrico but AMR insisted their solution would be good enough.

# Problem

The true dilemma lies in a situation that was presented to Burdelle. Jane Seymour, an AMR representative doing consulting at Agrico, left all of the source code open on one of Agrico’s consoles when she left for the day. Burdelle now has the decision of either closing the program and correcting Seymour’s mistake, or taking advantage and moving the source code somewhere else for future use. This issue covered from a legal standpoint presents itself as a question of ethics. In reality, Agricos’s lawyer said using the source code would be a legal thing to do, but would it be the ethical thing to do?

# Company Strategy

Agrico’s strategy is based on cost leadership. As a company they seek to offer the best prices for their services. Agriculture is a commodity, and the market sets the price and demands it as low as possible, and is consistent with supply and demand. Farmers are driven by the market and so search for the cheapest management solutions to meet their needs.

# Organizational Strategy

As an organization, Agrico adheres to the functional strategy. This aligns them with their cost leadership strategy. The division of labor within the organization is split up according to department function, with functional areas being Marketing, Treasury, Corporate Operations, and General Operations. “The functional form works well when the organization’s dominant competitive issues stress functional expertise, efficiency, and quality, and when its environment is relatively stable (Cash 35).” This definition defines Agrico’s market position and products, so they are a prime example of a functional organization.

# Porter’s Five Forces

1. Bargaining Power of Customers: Low
   1. The market sets the price and customer switching costs are high, so there is little customer bargaining power.
2. Bargaining Power of Suppliers: High
   1. The bargaining power of suppliers is high because Agrico relies on the supply of labor from the farmers and the supply of farm machinery and seed supply under its direct land ownership.
3. Competitive Rivalry: Low
   1. Competitive Rivalry is low because Agrico doesn’t have many competitors.
4. Threat of New Entrants: High
   1. The threat of new entrants would be high, because the barrier to entry is low. A new service could bypass Agrico and deal directly with farmers. Throughout all of Agrico’s products, none of them are unique. This makes the barrier to entry very low because the same product could be sold to unlimited number of buyers (Porter’s Five Forces)
5. Threat of Substitutes: High
   1. Banks could have offered similar or even better financial services than Agrico. Their incentive resides with the protections given to farmers by the government in the form of agricultural subsidiaries. Derived ventures from banks can bundle farm management services with financial services. This will potentially reduce the switching cost if the farmers seek convenience and more diversity of offerings (Porter’s Five Forces).

# Stakeholders

Employees:

The employees of Agrico hold a large stake in the success of the business.

Shareholders:

Investors obviously hold a very high stake in Agrico and deserve a return on their investment into the company.

Customers:

Agrico’s customers are concerned with the services provided but not who provides them.

# Alternative Options

1. Do Nothing

Burdelle can choose to do nothing with the source code that is found. Doing this would cause Agrico and AMR to remain on the same terms, but they would still not have the backups on their own servers like they wanted.

1. Make Backups

Agrico has the option of achieving what they had hoped they would originally receive from AMR. The decision to steal the source code remains on the decision of whether taking and replicating it for their own use would be good, bad, right, or wrong. Burdelle has been reassured that nothing legally would be taxing if he decided to take the code, and so he would be able to give Agrico the backups they really wanted.

# Recommended Option

My recommended option would be to go ahead and create back-ups. Morality is only concerned with right and wrong, and being moral isn’t what companies are. Businesses and companies are exactly that: businesses and companies. They are amoral objects that follow Goldratt’s logic of the “goal of our company is to make money now as well as in the future (Goldratt).” Burdelle should make the back-up of the code because it will prove helpful for the Agrico organization. By not having their own backups and relying on AMR to provide them, information could be jeopardized or even lost, or AMR could pull out of the deal and refuse to provide them with the backups they have stored. When it comes to the business world “It’s a measure of survival: stay above the line and you’re okay; go below and you’re dead (Goldratt).”

This situation boils down to the survival of the company. As Morgan states, “the organization is typically viewed as an open system in constant interaction with its context, transforming inputs into outputs as a means of creating the conditions necessary for survival (Morgan).” To not make the backups based on the left source code would set Agrico up to fail rather than to survive, and so to not do so would be inappropriate.

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