# Waco

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# Introduction

Waco Manufacturing was a leader of automotive parts, specializing in custom made goods. In 1986, a security and information system was implemented into one of their manufacturing facilities. Waco installed transceivers in the plant for every 25 feet, as well as in each employee’s name badge. Manager’s had hopes that this new system would allow for tracking capabilities.

# Summary

Waco became a leading supplier of custom goods for the automotive industry by adhering to a focused-differentiation strategy. By “focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market.” (Tanwar) It may be more expensive to make, but the custom build allows Waco to charge a premium. This strategy creates barriers of entry for competitors, as well as brand loyalty from the customers (Tanwar).

# Problem

The newly installed security and information system allowed Waco to determine the location of its employees at any given time provided they had their badge. In September 1987, area manager Monique Saltz informed Monk Barber that she was unhappy that a design was behind schedule. Barber explained that he had met with the three engineers supposedly tasked with the design and stressed the importance of the task. When Saltz met with the three engineers, they all claimed they had never received such information from Barber about the project. Saltz then reviewed the plant records of employee locations to discover Barber and the three engineers had not been in the same room at the same time at all. Saltz now has an issue of management not telling the truth. The transceiver system was installed to operate as a management control system, and has revealed that management staff may not be handling projects or using correct management skills when approaching their product goals.

# Porter’s Five Forces

Competitive Rivalry: Medium

* Waco targets a broad market for automotive parts, so there are still different suppliers out there available to be used.

Threat of New Entrants: Low

* New entrants would need significant capital to be able to produce custom goods comparable with Waco.

Threat of Substitutes: Low

* Waco provides differentiated products that have increased value due to customization. “As a focus strategy it may be used to select targets that are less vulnerable to substitutes…” (Tanwar). This customization allows them to be distinct from the competition.

Bargaining Power of Suppliers: Low

* Multiple suppliers could provide Waco with the raw materials needed so supplier power is low.

Bargaining Power of Customers: Medium

* Waco must maintain customer loyalty to remain successful.

# Critical Stakeholders

**Shareholders**: Individuals/groups that have invested into the company. Stockholders have the right to receive a return of their investment.

**Monique Saltz**: Area manager of Waco Manufacturing. Has stake in new tracking system working as well as the integrity of her management and teams.

**Monk Barber**: Engineering manager at Waco Manufacturing plant. Has stake in his job security if he is unable to manage properly.

**Customers**: Customer of Waco Manufacturing. If employees aren’t able to get specific products done in time or within a reasonable time, customers will have to wait and have stalled products.

**Employees**: Those employed by Waco Manufacturing.

# Alternative Options

1. Do Nothing

* Do not punish Barber for lying about his meetings with the engineering team, and do not create any type of procedure or policy to increase personal accountability.

1. Fire Barber and hire a new manager.

* This would eliminate a manager who wasn’t adhering to best practice, although you would lose experience and must train a new manager in that position. This could cause more delays in the short term.

1. Restructure corporate policy to enforce personal accountability

* Restructuring corporate policy to enforce personal accountability would allow for distinct guidelines to be put into place when addressing issues such as the one Saltz and Barber ran into. “Most often, organizational structure, rules, regulations, and procedures are viewed as rational instruments intended to aid task performance.” (Morgan). Adding new corporate policy would help aid manager’s in task performance by comparing themselves to specified criteria and acting accordingly.

# Recommended Options

I would recommend Waco fire Monk Barber and hire a new manager. Organizations are designed to run as a machine, and as Morgan points out “whoever uses machines does all his work like a machine…he who does his work like a machine grows a heart like a machine…” (Morgan). When you have a fault in that machine, it could ruin the whole product. In an organization, trust between management is crucial so that you can have faith the job will get done. By lying and trying to avoid the fact that an important work item was delayed, Barber displayed his lack of trustworthiness. Once you are caught lying once, it is very difficult to gain the trust back for other projects. By firing Barber and hiring a new manager, you will be able to gain trust back between management much quicker than keeping him hired on.

# Works Cited

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