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CIS 410

Symantec Corporation

Case 3

Background and Mission:

Symantec was a software company founded in 1982 by a man named Gary Hendrix. The company merged with another software company, C&E Software, two years later in 1984, and the merger resulted in a new entity called Symantec Corporation. Three years later, Symantec Corporation acquired three companies, two in California and one in Massachusetts, and offered their services as Symantec Corporation's main product groups. The mission of the company, therefore, was to create and further develop business applications within these product groups by implementing a differentiation strategy as their generic strategy.

Business Strategy:

A differentiation strategy targets several parties in the market and, according to Ritika Tanwar "involves the creation of a product or services that is perceived throughout its industry as unique" (Tanwar). The kinds of companies who go for a differentiation strategy will rely on that uniqueness to move more product than a company whose products and services can easily be substituted. Oftentimes these companies will be able to charge more money for said products and services.

The Problem:

Symantec Corporation experienced unprecedented growth between its inception in 1984 and 1990, multiplying their revenue by ten in the process. Any company would see this as a net positive, but this growth in cash flow and customer base was so great that their internal systems of communication could not keep up.

To quote Symantec Corporation CEO Gordon Eubanks, "When you are a company of 30 people, you shout over the side of a cubicle, but as you grow, you need proper communication flow or else you cripple the company. A methodology for getting information to flow among different departments was never set up at Symantec" (SC). The largest issue was a lack of consistent, quality communication within and between groups. There was not, however, a lack in the sheer quantity of information. Newsletters and reports were sent out across departments, yet employees were still frustrated with the fact that only some relevant information was shared, while certain groups didn't communicate with each other and their parent and partner groups. This lack of information sharing was attributed by the executive VP to the satellite offices in California and Massachusetts.

Compounding the communication issues was the issue of a shoddy information systems architecture. The system that Symantec Corporation used to process orders was not able to handle the quantity of orders coming in now that they had grown so considerably. The IT system in place was regularly failing and needed constant redundant maintenance.

<u>Porter's Five Forces:</u>

Competitive rivalry is low for SC, and this is down to the fact that their economic growth was substantial between the mid-80s and early 90s, with profit margins climbing higher and higher as revenue increased tenfold. Symantec became as highly regarded as other major leaders in the industry, including companies like Lotus and Ashton-Tate (SC). While there were several software companies offering similar services, few had the growth and feasibility that Symantec Corp. had at this time.

The threat of new entrants is high. As previously stated, software engineering was a burgeoning industry in the 1990s with the rise of the internet and digitally oriented business practices becoming more and more attractive to consumers and business executives alike. Also, as programming was much less nuanced, the entry barrier was substantially lower, and many presently successful companies started in this time.

Threat of substitutes is low. As SC is concerned with a differentiation strategy, their product line offers unique benefits to the end consumer, whether that's in the form of customer service, the timeliness at which the end product is delivered, or the methods by which the end product is delivered. Symantec Corp. also has the two offices in California and one in Massachusetts, so their reach spans a large part of the nation.

Bargaining power of customers is medium, leaning high in this case as there is no cost to the end consumer for switching services. Symantec Corp. tries to remedy this by offering regular upgrades, but it doesn't seem like their clients are signing any contracts with Symantec specifically. Symantec also offers large information packets as well as training sessions to its customers, and according to Free Management eBooks, "the more knowledge the customer has about the product the greater their bargaining power will be" (FME). However, should Symantec Corp. try to improve profit margins by overcharging on their diversified premium, the market cost would remain the same and buyers would be more likely to switch, again at little to no cost. Symantec Corporation must be careful not to overstep in the market, or else they could forfeit their customer base.

Bargaining power of suppliers is low. The software industry is self-made, and Symantec Corporation's sole product they push out, being software, is not made up of any tangible raw materials other than the computers on which it is programmed. Even so, Symantec Corporation does not license a specific hardware seller, and they can easily migrate to whichever system best fits their needs at any time.

Stakeholders in Symantec:

As with all these cases, the persons affected by Symantec's decision go from the employees on the front lines of the business process to the investors in the company and the bigwigs running everything. When one stakeholder is affected, another is bound to be as well, both in positive and in negative cases. Employees face layoffs or promotions depending on whether the company and its executives are making money, and that all depends on the satisfaction of the customer with the end product.

What to Do and Why to Do It:

Symantec Corporation faces a few decisions: they could do nothing, they could improve their IT system (or create a new one in-house), or they could implement company-wide communication standards across all departments and satellite offices.

By doing nothing, Symantec Corporation will not organically solve their own problems. Managers would love the sound of this, as doing nothing is always unequivocally the easiest thing to do. However, Symantec's growth, even if it is stinted and the net revenue remains the same, has shown that their current methods of communication leave much to be desired. Future growth would exacerbate these issues, perhaps to the point where the final product would be affected, and as soon as the final product is affected, that's when customers become affected. Customers become dissatisfied, then they pull out, leaving shareholders and executives with less money and leaving employees with the threat of layoffs.

By addressing only the IT system, Symantec Corporation will solve the immediate problem of internal dissatisfaction with their productivity, as the broken email and message deliverance systems lead to a big point of contention between departments. This will also incur an expense in acquiring the new technology as well as training employees on how to efficiently use the new systems. Management and executives might not be happy about the expenses, but the immediate improvements might be worth it. Customers and shareholders would not likely notice a change and therefore would go unaffected by this decision. This does not, however, solve the problem of communication timeliness and quality/accuracy of data between departments, and could lead to extraneous information being sent across departments.

The biggest thing Symantec Corporation needs is a new standard system by which they deliver information. My recommendation is to implement a control system to handle intradepartmental and interdepartmental communication. This would clarify to both managers and employees who needs to know what and when they need to know it, as well as what kind of quality of information is to be expected. To quote Cash directly, "Specification of information flows (such as who will have access to which information) is necessary" (Cash). This also addresses a larger underlying issue than fixing the IT solution, as it will improve communication across the board and will have a lasting improvement effect on the company, whereas fixing the IT architecture seems more like putting a very expensive band-aid on a broken bone.