

Connor

Formed Metal Products

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1. Executive Summary

Connor, under leadership of Bob Sloss, has become one of the leading manufacturers of metal products such as springs, metal stampings, complex wire forms etc. Sloss hired Michael Quarrey, who had a bachelor of science degree in computer science and had completed his MBA, as human resource and information systems manager. Michael has implemented a well-designed system at a major plant which made the plant more profitable. Sloss is now faced with the question about how to implement the system throughout the company.

2. Competitive Analysis

Connor Formed Metal Products, originally Connor Springs, was managed run by Vice President of Operations George Halkides who took a more conservative, bottom line approach to running the company by maintaining tight control over the accounting and control systems. Connor was continuing at a steady pace but as Morgan said, "Without regular updates, any knowledge gained from using Porter's model will quickly be out of date as it was only designed to provide a snapshot of any particular market" (Morgan). Sloss understood the cost of stagnation and adjusted his management style accordingly. This was different from management style of Bob Sloss, who took over after retirement of George Halkides, as Sloss wanted to give more access, accountability and control to employees. He understood the need for a new IT and how that could help transform the company into one which can better compete with the foreign competitors. Armed with the knowledge of this need of new IT and to

give more access and independence to employees, Sloss created a position for Human Resources and Information Systems Manager which was filled by Michael Quarrey.

Connor follows a divisional organization structure as the company is divided into different regional offices in several cities reporting to a central management. Sloss believed in giving up control to the employees and hence gave up control to move it one step down. He gave up his decision rights on capital expenses, pricing, P&L, and business development to the division manager who in return transferred their decision rights to the product team which included Engineering, Sales, Manufacturing, and Quality Control. This provided company with better responsiveness by increasing adaptability, accountability and time efficiency should the situations change due to customer demand, local competition, or other conditions affecting the divisions (Cash, 41). Connor was successful against local competition which had terrible efficiency and reliability but had trouble competing with foreign companies who had cost lowering systems in place. According to Morgan, Connor could be very successful as company based on machinist view if they can improve precision as everything else is already working out in their favor (Morgan 27).

Quarrey has designed a system based on the four-stage model of IT adoption(Barker). He worked with the production floor along with the other teams to understand the current process and requirements to have a system that meets the needs of everyone involved. He took time to listen to input from production employees as they will also be the ones using the system. He wanted to use Sloss's approach of providing more autonomy and responsibility to the employees. Quarrey demonstrated the system to each employee and took further input to improve the system. Quarrey only allowed the reports to be generated based on the jobs

instead of the employees because Sloss wanted the new system to be seen as a resource instead of the control in order to increase the adoption of the new system and decrease the chances of a boycott. System was designed with ease of use in mind which allowed employees with little to no computer experience to quickly learn and use the system. Employees also began to demonstrate and teach the system to their colleagues which helped the adoption rate. Quarrey was able to successfully install the system in Los Angeles plant which was the largest one in the company and now had the responsibility to implement it in other divisions. Sloss now that the problem about if he should implement the system company wide and how in order to be most productive because different divisions has different cultures and requirements.

The analysis of Porter's five forces is as follows:

High threat of new entrants: Threat of new entrants is low due to the large amount of resources and specialized knowledge required to successfully build new manufacturing plant, and design and manufacture new parts.

Low threat of substitutes: Connor provides special services to design custom springs, complex wire harnesses, metal springs etc. which requires a specific skillset reducing the threat of substitutes.

Low supplier power: Connor requires some raw materials for supplies but almost everything is that can be ordered from vast number of suppliers. These supplies can be imported from other countries in order to reduce cost.

Low buyer power: Most customers of Connor have some kind of contract that hinders their ability to move on to something else. That combined with the specialized knowledge and skill required to produce the products drastically limits the buyer power.

High degree of rivalry: Most of the competition faced by Connor is by the foreign supplies who have specialized in cost reduction instead of the local competitors as they are inefficient and unreliable. Sloss has made changes to better compete with foreign suppliers by increasing quality and reliability.

3. Generic Strategy

Generic Strategy for Connor was differentiation as Connor provided custom parts for manufactures that were high quality. Sloss put the focus of the company towards the customer where Connor would provide custom parts of high quality, better support, and guaranteed deliveries to its customers in order to provide the best experience.

4. The Stakeholders

- a. **Connor**: The company, including the stockholders, is a major stakeholder. The decision made by Connor could have drastic effects on the company as it could reduce income due decrease in productivity of employees because of decrease in morale. Connor is spending resources in hopes that it would increase productivity which will not happen if employees do not adopt the system.

- b. Connor Employees:** Any decision made by Connor would influence the employees as it would affect the daily jobs for employees. Employees would not want to adopt the new system if it does not provide them with something in return or if it makes their job less reliable, decreases autonomy, and/or decreases responsibility.
- c. Bob Sloss:** Sloss family has been running the company for several decades without failure under a conservative leadership. Bob Sloss would like to change this to modernize the company with the new system being the major symbol. Successful implementation of the new system must increase profits for the company for Bob's management style to be successful.
- d. Michael Quarrey:** Michael has been hired to modernize the company by implementing the new system to increase profitability of the company Michael had be hired for his ideas on maximizing returns from the ESOP which was created by Bob Sloss through the implementation of new IT system. Any decision made by the company would have an effect on the amount of effort required by Michael and on the success of Michael's ideas for the company.

5. The Alternatives

- a. Do nothing:** This would be the default decision for the company as the executive could decide to leave rest of the company as it is with existing processes in place. The inefficient system in place at most other divisions would eventually result in loss of revenue like the processes described by Goldratt (Goldratt, 10). Employees are experienced with the system in place and some plants are

returning record profits. Change could decrease or increase in company morale whereas retaining the current process would keep the current trajectory of the company.

- b. Implement the new system in all divisions:** Connor has a new system in the Los Angeles plant which has been successful at turning the plant into one that returns profit. It has made the process more efficient, allowed flow of information between departments, and has allowed the employees to become more involved and autonomous by providing them a sense of control and increasing the value of their job and hence increasing satisfaction. Current system in place at some divisions is inefficient and most likely will not be able to meet the future demand which makes it a bottleneck resource, defined as any resource whose capacity is equal to or less than the demand placed upon it (Goldratt, 145). Implementing the new system could also negate the value of jobs performed by employees in divisions returning record profits. It would increase the efforts of employees who have already learned the functional process in place. The new system could be same as the old one if not better but only if it is adopted by the employees.
- c. Customize the new system to the needs of each division:** Sloss could have Michael Quarrey start the four-stage model in every other division to design a custom system for each division. This would require considerable amount of time because Michael would have to start anew for by understanding the requirements of the division, taking input, demonstrating the system, having

employees teach their colleagues following implementation of the system. This option will most likely negate the job value for Michael as his job will become repetitive. He could be forced into looking for another job that will allow him to test new ideas to keep his work interesting. But Michael's satisfaction is not the concern of the organization as it is duty of the executive to work in the best interests of the shareholders as told by Morgan in THE UGLY FACE: INSTRUMENTS OF DOMINATION (Morgan, 298).

6. The Recommendation

The recommended option for the company is to design a new system for each division based on the system already in place and the one implemented in Los Angeles. This would allow the company to retain the gains that it has made in plants returning a profit while increasing the chances of loss making plants to turn a profit. Michael would probably dislike the idea of having to redo all the work that he has done but it a new system might necessary in certain divisions to keep the company profitable. Using the systems that have already been developed would decrease developmental costs and time which in turn would mean quicker profits for the company. Employees can teach their colleagues and other future employees like the apes did which might also result in reduction of costs due to reduction in cost of training (Unknown, 1). Company has already making waves in the market and has started to be known to provide reliable, high quality parts for which customers are willing to pay a premium. The productivity provided by the system would allow company to expand into other markets such as Mexico by better competing against other foreign suppliers.

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