

CONNOR METAL CASE WRITE-UP

CIS 410-01 - Management of Information Systems (Spring Term)



MARVIN WEAVER DR. ROBERT BARKER 14 April 2021

Background

Connor Formed Metal Products was a manufacturing company that produced metal springs and stampings for large original equipment manufacturers within the United States. Connor Formed Metal Products was purchased by Joe and Henry Sloss in 1947. Throughout the 1960s the Sloss family expanded Connor Formed Metal Product's, and built new divisions in: San Jose, Phoenix, Los Angeles, and Portland. During this time period, Connor Metal was being run by the Vice President of Operations, George Halkides. In the early 1980s, the company was taken over by Bob Sloss, because George Halkides decided to retire. Bob Sloss was now the president of Connor Metal. Bob Sloss had been working for the company for a number of years and was actively preparing to assume the role.

Bob even enrolled in Stanford Universities summer executive education program, hoping to learn how to manage a company of Conner Metals magnitude. While studying at Stanford, Bob Sloss used his recently gained business knowledge to develop a new vision for Connor Metal. Bob became aware of the threat of foreign competitors, and how they could drive Connor Metal out of business by providing superior products at a low rate. Bob wanted to apply some of the information he had obtain from Stanford about how new technologies were changing the business world.

The Case & Problem

Before Bob Sloss assumed the role of President of Connor Formed Metal Products, was a mostly paper based company and did most everything manually without the use of computers. The company's IT architecture consisted of an IBM System 34 min-computer. The company used this computer for their payroll, accounts receivable, and accounts payable. In 1985, in an

effort to reduce the use of paper in the office Bob bought an IBM System 36 for their divisions in Los Angeles, San Jose, and Portland. The IBM System 36 was not complex enough to calculate estimates or shop ordering, so they were mostly used for everyday office tasks. The head of the San Jose division, Stan Petty, developed a system called Job Boss, which automated most office tasks, and was complex enough to calculate ordering and estimating.

Bob Sloss had a desire for some sort of data analytics software that would allow him to gain insights such as company inefficiencies or who their target audience is. For example, Bob wanted to be able to find out which one of his department's machinery produced the best margins. Bob saw that this was attainable through the use of PCs and custom developed software. So, Bob hired Micheal Quarrey, a programming expert, and tasked him implementing his computerization project within the poorly performing Los Angeles division. Using a relational database PC package, called Clipper, Quarrey was able to build a network for the Los Angeles division. By 1990 the system was fully functional at the Los Angeles division, and it drastically changed Connor Metals business process. They were using less paper, and increased efficiency on estimate proposal.

Bob Sloss and the executives of Connor Metal saw some pretty amazing results from the use of the relational database software at their Los Angeles division, such as: 14% decrease in defective jobs, 20% increase in run speeds on jobs, and a 28% increase in sales. Which left Bob and the executives with a decision to make; should they implement the relational database software as a company standard? They held a meeting with their other division management, and Portland was ready to implement the new technology, but San Jose management saw no need for it, because they were operating efficiently in their eyes. The San Jose managers could see this new technology as a threat to their current business processes, and it is causing them to reject the

idea of change within their division. "Groups of employees usually have a clear understanding of power relations inherent in current work arrangements and are usually ready to marshal all their resources and ingenuity to fight changes that threaten their position." (Morgan)

Industry Competitive Analysis (ICA)

Organizational Structure & Generic Strategy

Prior to Bob Sloss assuming the role of President of Connor Formed Metal Products, the company seemed to operate on a functional structure. Therefore, while Connor Metal was a functional organization their generic strategy would have been cost leadership. But, once Bob Sloss' became the President he decided to decentralize the company into four autonomous divisions. Changing the organizational structure from functional to divisional. This change also resulted in Bob Sloss shifting Connor Metal to a service-oriented business. Bob realized that "speed of service, convenience, personalization, and price" (Kalakota and Robinson) were vital for the growth of Connor Metal. Resulting in Connor Metal's generic strategy to change from cost leadership to differentiation. "Differentiation is aimed at the broad market that involves the creation of a product or services that is perceived throughout its industry as unique. The company or business unit may then charge a premium for its product" (Tanwar).

Porter's Five Forces

Competitive Rivalry: High

The threat of competitive rivalry for Connor Metal is high, as there was no shortage of other metal companies within the industry, roughly 600 to 700 other metal shops within the

industry. Conner Metal differentiated themselves within the industry by focusing on the manufacturing of individual products.

Threat of New Entrants: Low

The threat of new entrants for Connor Metal is Low, as there is a large amount of capital needed to insert yourself within the business. For example, the cost of machinery to produce fabricated metal in bulk. Therefore, it would be challenging for a company to enter the industry, and be able to compete with Connor Metal, when it comes to reliability or quality of service.

Threat of Substitutes: Low

The threat of substitutes is low because the custom metal parts manufactured by Connor Metal are structurally often structurally necessary in the particular structure, vehicle, or consumer good. At the time of this case there realistically was no substitute for those parts, due to a lack of technology.

Bargaining Power of Suppliers: Low

The bargaining power of suppliers would be low because Connor Metal suppliers would be providing raw materials, which generally is sold at a low price for a large amount of product. These types of relationships are usually held under locked contracts.

Bargaining Power of Customers: Low

The bargaining power of customers would be low because Connor Metal is manufacturing a custom product for their customer, that at the time no other company in the industry could compete with.

Four Stage Model of Growth

Stage 1: Initiation or Investment

Stage 2: Contagion

Stage 3: Control

Stage 4: Maturity

The first stage in the Four Stage Model of Growth, in terms of Connor Metal implement a new information system, would be technology identification. Which is the initial process of determining the worth of the new information system and determining if it is the correct decision for the benefit of the entire company. The second stage consists of technology learning, which is the understanding of the benefit of the new system. Leading to its growth through advocates with plenty of experience navigating through it. The third stage would be technology rationalization, consisting of the entire company buying into the idea of implementing a new information system. The fourth step is widespread technology transfer, where the company would start to make the information system a default part of the company's IT infrastructure. The first three steps of the Four Stage Model of Growth have correlating stagnation blocks, which would come into fruition when the company does not see a benefit or need for the software and decides to not move on to the next stage.

Connor must attempt to assimilate the technology without taking away from the autonomy of the employees by creating a structured technology that the employees feel they are being forced to use. Sloss and Quarrey need to find a way to implement the technology in such a way that they are not forcing it upon their employees, but rather the employees want the implementation of new technology. Perhaps providing incentives to employees for embracing the change in IT architecture. "A successful company organization strategy includes organizational, control, and cultural variables, which are managerial levers used by decision makers to effect changes in their organizations" (Cash, Eccles and Nohria).

Stakeholders

Bob Sloss, President of Connor Formed Metal Products Management of Connor Metal Divisions Connor Metal Employees Connor Metal Customers

Alternatives

Implementation Across all Division

This decision involves Bob Sloss making an executive decision to implement the new information system across all divisions of Connor Metal. Ideally, this decision would result in the seamless implementation of the new information system, but there is a chance that it is met with force by both the employee and the management of a division. The employees and management could see this forced implementation of the new system as an attack on the autonomy of their work. This could result in an increase in turnover rate within the divisions fighting the implementation. I believe that this information system would benefit the company in a positive way, but they must figure out a way to implement it within each division without interrupting the employee's autonomy.

I believe that Bob Sloss would not back this decision because it would lead to him having to deal with disgruntled management and employees, due to the implementation. I believe the management would be upset with the decision and would see it as a threat on their current business processes. The employees of Connor Metal would either be unhappy or happy depending on how they feel about the use of technology as an aid in business processes. The customers again would be indifferent as long as they continue to receive their products on time.

Give each Division the Choice to Implement the System or Not

If Bob Sloss decides to give each division the choice of whether or not to implement the new information system, he would see a discrepancy in the efficiency between division that implemented the new information system and branches that did not. For example, San Jose said during the meeting that they did not see a need for the implementation of the new system because they were operating efficiently with their current business processes, so let's say that they do not implement that new system, but the Portland division does. In those next coming months Sloss would see a discrepancy between the numbers of his Los Angeles or Portland division and his San Jose division. Because Portland and Los Angeles are operating on the newly implemented system and would be steadily increasing their efficiency and decreasing their inefficiencies. While San Jose continues to operate under the same business processes and running into problems that could have been fixed by the implementation of the new information system.

I believe that Bob Sloss would not agree with this decision because he would be decentralizing the business processes of Connor Metal. The manager of the Connor Metal divisions would be happy with the decision because they would be able to choose if they want to implement the new information system. The employees of Connor Metal would be neutral on the decision because if their division decides to implement the new system, they would get to learn a new system that makes their jobs much easier, and if they do not implement the new system they will just continue to work as is. The customers would be indifferent on the decision as long as they continue to receive their products on time.

Do Nothing

If Bob Sloss decided to do nothing then his Portland and Son Jose divisions would continue to operate under the same business rules, but Los Angeles would continue to reap the benefits of the fully functional new information system. I assume that San Jose and Portland would soon be trying to compete with the efficiency of the Los Angeles branch, because they cannot compete with their turnover rate and job run speeds. Bob could revisit the implementation of the new information system to the next quarter or year, where he could present the benefit of the new system Portland and San Jose

Bob Sloss would not be happy with the decision, but I assume he would not give up on the project, but rather revisit the issue in the near future. The division managers would be happy with the decision because they would get to continue operating under the same business processes. The employees would be indifferent because only one branch would be using the system, and they are fully functional. The other divisions employees would not know the difference of the new information system. The customer again would be indifferent on the decision as long as they continue to receive their products on time.

Recommendation

I believe the correct course of action for Bob Sloss would be to give each division the right to choose if they would like to implement the new information system. I believe this is the best course of action because Sloss would not be forcing the new system upon his branches, but rather allowing the managers to make the decision. In my opinion, this would not take away from the autonomy of the employees because it is not being forced on them, but rather they are given the option to decide. "The brain does not process information from an environment as an independent domain... Rather, it establishes and assigns patterns of variation and points of reference as expressions of its own mode of organization" (Morgan). As I stated above, I see this as a great opportunity for Sloss to instill some incentives for the embracement of the new information system. For example, he could provide an incentive for improvement. If one of the employees or managers of one of the divisions finds an issue or an inefficiency with the system, they would be incentivized to form a solution or report the problem to their superior. This decision will allow the most accommodation to the culture of the company, maintain a cohesive ordinance, instead of invoking disgruntlement within the workforce.

Works Cited

- Morgan, Gareth. Images of Organization: International Version. Thousand Oaks, CA: SAGE Publications, 1997. Print. Pg. 175.
- Tanwar, Ritika. IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, pISSN: 2319-7668. Volume 15, Issue 1 (Nov. - Dec. 2013), PP 11-17 www.iosrjournals.org
- Kalakota, Ravi and Marcia Robinson. e-Business 2.0: Roadmap for Success (2nd Edition). Boston, MA: Addison-Wesley Professional, 2000. Print.
- Cash, James I., Robert G. Eccles and Nitin Nohria. Building the Information-Age Organization: Structure, Control, and Information Technology (3rd ed.). Chicago: Richard D Irwin, Inc., 1994. Course Pack. Print.