

Case Study – Waco

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Waco Manufacturing is a manufacturing company that specializes and is a leading supplier of custom machined parts to the automotive industry. Since Waco Manufacturing is a supplier of custom parts to the automotive industry, they are operating under a focus differentiation strategy. Another concept that makes Waco Manufacturing unique is their use of a new security system that was installed in 1986. This security system utilized transceivers, devices that can transmit and receive information simultaneously, placed throughout the manufacturing plant. This system had transceivers placed every 25 feet, which enabled anyone with a transceiver in their badge, to be tracked and located throughout the manufacturing floor. This system proved to be interesting and proprietary as it was able to host many new applications. One of the new applications was a system that allowed a telephone call to be directed to the nearest phone for the employee. This meant that if a manager was walking around the shop floor, and they were to get a telephone call to their desk, the system would automatically know their current location throughout the plant and would know the location of the closest phone. This would then allow the system to direct that call to the closest phone so that the manager can immediately answer and not have to go back to their desk, listen to a voicemail, and then return the phone call to the person who called.

To evaluate and benchmark Waco Manufacturing, the Porter's Five Forces model will be used (Afuah and Tucci 187). The first criteria that is evaluated under the Porter's Five Forces model is the threat of new entrants. For Waco Manufacturing, the threat of new entrants is very low. This is due to Waco being a manufacturing facility with a focus on custom car parts. This means that any new entrant would have a high start up cost due to having to purchase a facility, the machinery, and train employees, all of which would take a lot of time and effort. The next criteria to evaluate for Waco Manufacturing is the threat of substitutes. For Waco, the threat of

substitutes is at a medium-low. The reason for this is because Waco Manufacturing is currently the leading supplier in this industry. While there may be other manufacturing facilities who could produce products like Waco, it appears throughout the years that Waco has made a name for itself and has become the industry leader. The next of the Porter's Five Forces model is the bargaining power of suppliers. In the case of Waco Manufacturing, the bargaining power of suppliers is a medium. While the direct relationship to any supplier isn't known or explicitly stated, it can be inferred that Waco receives raw material for their car parts from a supplier. However, the volume of this quantity isn't known. It can only be inferred that if the supplier were to try and raise their prices, Waco may be in a problem for a short amount of time until they could find another supplier of raw materials. The next criteria that will also be evaluated is the bargaining power among buyers. Since Waco Manufacturing is in the business of custom automotive parts, the bargaining power among their consumers would be high. This is purely because Waco is in the business of custom manufacturing. Unlike manufacturing that is proportionate to the quantity they can produce, Waco is one that is concerned about being custom, which means each client is different and can have their own wants and needs, which gives them bargaining power over the item. This also leads into the last of the Porter's Five Forces model and that is the rivalry among existing competitors. Once again, while the case does not explicitly state any competitors, it can be inferred that since the automotive industry is so large, there would be other manufacturing plants who could and would have the capability to supply and manufacture parts similar to Waco Manufacturing. Due to this, the rivalry among existing competitors is medium to high. While Waco is the leading supplier in the industry at the current time, it wouldn't take much for another automotive parts supplier to join in on the profits and take part of Waco's clientele away from them. Overall, Waco manufacturing is situated well

in the industry, however since they are a producer of a product that can be replicated, they do have to watch their existing competitors and always try and stay ahead of the trends and be competitive in the market.

When looking at Waco Manufacturing, it is also good to note their organizational structure, and evaluate how information and data flows across the organization. While there isn't any different data in the case study that points directly to a single structure, it appears that Waco Manufacturing is set up in a functional structure. The reason I came to this conclusion is because it appears the organization would be divided into functional areas. Such as the manufacturing area, engineering, sales, etc. Another big reason that I choose a functional structure for Waco Manufacturing is that data and information in a functional structure easily passes up and down, however it rarely properly flows across or horizontal in the organization. According to Afuah and Tucci, where data only flows top down, employees rarely share information across the organization (Afuah and Tucci 67). I believe that also because of this organizational structure, it has lead to the company having a problem hat is described in the case, and it is directly related to the flow of information across the organization, horizontally.

The main problem within Waco Manufacturing in the case deals with an employee who lied to her superiors in a performance review meeting. The situation took place when Monique Saltz, an area manager for Waco, informed Monk Barber, a plant engineering manager for Waco, that she was very unhappy with the designs for the composite-based products and that they were behind schedule. Monique Saltz then began to state that she had repeatedly met with three engineers assigned to the project, but to no avail they did not get the importance of the project, and allegedly didn't even respond. While this initially seemed alarming in the meeting, the area manager, Monique Saltz, immediately met with the three engineers, Sherman McCoy, Telly

Frank, and Wanda Gogan, after the performance meeting to discuss the problem with the composite designs. When this happened, Gogan immediately spoke up and stated that she was unfamiliar with the projects importance and unfortunately could not remember meeting with Mr. Barber regarding this. After hearing this information, Monique Saltz met with plant manager Shelly Tomaso regarding the situation. Shelly recommended that they replay the locations of the employees, and sure enough, the three engineers and Mr. Barber had never been in the same room since the beginning of 1987. This ultimately meant that Mr. Barber lied to his superior in the meeting.

In the Waco case, there are many stakeholders due to the complexity of the problem. The stakeholders in this case would be Monk Barber, the plant's engineering manager who lied in the meeting. Monique Saltz, the plant's area manager, is another stakeholder. She is the one who met with Mr. Barber regarding the performance of the engineering team and investigated the claims that the engineering team was not adhering to the importance of the project. The next stakeholders are the three engineers, Sherman McCoy, Telly Frank, and Wanda Gogan, who were "thrown under the bus" in the meeting and were accused of not adhering to the project's deadline and importance. Lastly, the other stakeholder in this case is Shelly Tomaso, the plant manager who reviewed the location data.

Waco Manufacturing in this case could take three to four alternative solutions. The first alternative is do nothing. While do nothing is always an option and is something that should be chosen if the choice is something you don't have to do (Freed 120). However, in this case, if nothing gets done, a manager gets away with lying, and a project is behind schedule. The next alternative is reprimanding engineering area manager Mr. Barber on his conduct. This is an option because it is never appropriate to lie to your superiors or anyone for that matter when it

comes to your work. Mr. Barber knew that he didn't meet with the other engineers however explicitly lied to cover himself. The next action that could be chosen is to enact a policy on the access to the location information. According to Cash, "To minimize the problem of inadequate access to information, most large firms delegate decision making and management responsibilities to middle managers, who are positioned where access to both business specific and corporatewide policy information intersect." (Cash 266) If this were to take place, only the appropriate personnel would have access to view the information. This means it could have influenced Ms. Shelly Tomaso in her decision to offer to view the information of employee data. Finally, the company can stop using the tracking system, however I believe this option would have had a major impact on this case if that were to happen. Practically all the stakeholders in this case relied on the information and personnel tracking system to view the truth. Overall, the company is also trying to take an evolutionary approach with this system to improve their business function (Cash 267).

After reviewing all the alternative courses of action, I would personally recommend that Waco Manufacturing take two courses of action in this case. The first is to reprimand Mr. Barber on his actions and statements that were made in the meeting. I think that sending a clean image to the employees of the plant that lying regarding work duties isn't tolerated is something that needs to be done. The second course of action that I would take is to have one of the middle managers create a policy regarding the access of information and data as it pertains to the employee tracking system. While information regarding employee's location can help a business improve its efficiency and functions. It is also important to safeguard access to that data as it does contain location history and patterns, which could pose a safety risk.