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Case 7

Waco

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Waco and Their Mission

In 1986, Waco Manufacturing, a leading supplier of custom-machined parts to the automotive industry, installed a security and information system in one of its manufacturing plants. Transceivers (devices that can both transmit and receive radio signals) were embedded in the plant corridors every 25 feet and in badges worn by all employees. This is a form of electronic monitoring, which is, “Electronic monitoring, described below, is either constant or perceived as constant, since the employee may not be able to detect when it is or is not in effect.” (Cash). This technology supported almost continuous tracking of the location of each employee, a capability that fostered many interesting applications. “Electronic monitoring systems can help improve efficiency and reduce errors by providing works with timely and accurate performance feedback” (Cash). This quote helps support the statement of how the new technology for Waco worked and how it was keeping track of the location of each employee.

Waco’s mission is to provide a differentiation management to its customers by supplying them with custom-machined parts in the automotive industry.

The Problem

During a third-quarter performance review in September 1987, an area manager Monique Saltz informed Monk Barber that she was unhappy that a new set of designs for composite based products, required in the 1987 plan, was behind schedule. Barber had stated that he had expressed to his three engineers assigned to the project that it needed to be done and how important the project was. However when Saltz went and discussed with the engineers themselves about why the project wasn’t on schedule, it had turned out that none of the engineers

had met with Barber about the project and how important it was. Saltz also went to look at the plant records using the transceiver system to also find that Barber and the three engineers had never been in the same room at the same time. “Second, increased access to timely information about operations enables a broader managerial span of control” (Cash). This quote is used to support how Saltz was able to access the information about the locations of the engineers to come across how neither of them had been in the same room with Barber at any given point in time.

The problems falls down to you have a plant engineering manager, Barber, who lied about talking to his engineers about completing a very important project. The question then stands is: How do you go about with handling Barber given the situation?

Porter’s Five Forces

The first of the five forces is interindustry competition. This can be seen as low as the case itself doesn’t discuss any form of competition they may have.

The second of the five forces is threat of new entrants. This is also low because in the industry they are in, which is supplying custom parts to the automotive industry, would be very difficult to enter into.

The third of the five forces is threat of substitutes. This is also low because if threat of competition is low then substitutes are low as well.

The fourth of the five forces is bargaining of suppliers. This can be seen as low because the only suppliers they have currently is of a system that was implemented, which is working just fine.

The fifth of the five forces is bargaining of customers. This can be seen as low as the case doesn't describe any customers upset or the company having any issues with customers.

Stakeholders

Currently the stakeholders that Waco has are: Waco's employees, their management, their shareholders, and their customers. Employees are stakeholders because they are responsible for making the custom parts and sending them off. If something goes wrong with a project not being on schedule they could lose their wages and jobs, and thus require everything at work to run smoothly. Management are stakeholders because they expect Waco and its employees to finish their projects on time. If the projects aren't done then they could lose out on profit and customers, which could potentially hurt their company. Shareholders are stakeholders in this because if more projects get lied about and aren't being worked on then they are losing money. Shareholders are expecting the company to be working towards the goal at all times, which can be described as, "to make money now and in the future" (Goldratt). Finally customers are a stakeholder in Waco because they expect the company to get their projects done on time so that they can get the parts they need. Without any of their parts, they cannot do any work that is needed by them.

Alternative Solutions

The first alternative is to just simply do nothing. The managers will ignore that Barber lied about a very important project being worked on and will just simply look the other way. I don't think this is the right decision to make, as it symbolizes lack of controls on the user. "The purpose of control is to create a set of conditions that improve the likelihood that desirable

outcomes will be achieved,” (Cash). It symbolizes without any controls then the person will do whatever they want since they see they won’t be punished or have anything negatively affect them from their choice. I would not recommend picking this as the solution to the problem.

The second alternative is to simply fire Barber for lying about something so important. While this can be seen as the right thing to do in some cases, I wouldn’t recommend in picking this choice. Barber is a plant engineer manager for a reason, implying that he has done great work in the past despite his most recent screw up. Firing him wouldn’t be the best decisions, as simply changes can be made to make sure he does what is asked from others to do from now on.

The third and final alternative would be to punish or reprimand Barber in some way. This is the choice I would pick because it sends a clear message to others as well, and to Barber about what happens when expectations and projects are not met to standards. Reprimanding Barber will make him better understand why lying about the project and not having it on schedule is not what should be done. The reason behind this because firing him just sends one thing, and that is Barber would be out of the company for good. It won’t do anything to help him change his methods or ways when joining a different company to work for. However reprimanding him can be set as a sort of controls that can help implement better outcomes and behaviors that are expected from him and other users. “In general, tight control of actions and results is appropriate in a situation of relatively high stability and certainty.” (Cash). This means that reprimanding Barber would be seen as a tight control of actions and will help change his behavior so that he will never lie about a project ever again.