Case 7: Waco

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Executive Summary

The Waco Manufacturing company is facing an ethical issue of a manager lying to upper management regarding an important project while also facing the moral dilemma of tracking employees via an RFID system.

Waco Background

Waco Manufacturing is a lead company in the supply of custom-machined parts for the automotive industry. In 1986, Waco installed a security and information system inside one of its manufacturing sites which monitors the movements of employees via a RFID chip which is imbedded into their badges. This system allows for constant monitoring of employee position and the movement of employees is stored in a database for a record of employee movement. The system also allows for interesting applications such as phone calls to come into employees at the nearest phone to their RFID chip.

The Problem

In 1987, the area manager Monique Saltz was unhappy about the new set of designs for the composite-based products, an important company project, and relayed this message to the plant engineering manager Monk Barber. Barber then proceeded to claim that he had met with the three engineers assigned to the project multiple times to stress its importance. Barber then claims that the engineers have not responded to him and that he is at his wits end. Saltz then meet with the three engineers whose names are Sherman McCoy, Telly Frank, and Wanda Gorgan to see what they had heard

about the project. They expressed surprise as they had not remembered meeting with Barber at any point regarding the composite design project. They said they knew of the project but were unaware of the importance. Later, Saltz met with the plant manager Shelly Tomaso who suggested they check the employee tracking system to see the location of Barber and the engineers. It turns out they were never in the room at the same time. This is a major dilemma as Saltz and Tamaso need to figure out the proper solution to this issue.

Competitive Analysis

Mission Statement

The mission of Waco Manufacturing is to produce high quality custom-machined parts for the automotive industry.

Porter's Five Forces

Threat of New Entrants

The threat of new entrants is low since a company would require a lot of capital to invest in machines capable of creating custom parts for the automotive industry. The new company would also need to show how its parts were superior to the Waco Parts in both performance and price.

Bargaining Power of Suppliers

The bargaining power of suppliers is low in the case of Waco. This is because the parts they are manufacturing typically only require basic materials such as

aluminum. Aluminum can be purchased from a variety of suppliers whose cost will be competitive with each other.

Bargaining Power of Consumers

The bargaining power of consumers is a middle ground. On one hand, if Waco angers one of its clients it could cause them to seek out other companies. On the other hand, if a company requires a part custom made which only Waco can make then they are forced to use Waco or redesign the product.

Competitive Rivalry

Competitive rivalry is a medium threat for Waco. Waco may not have any competitors for its custom parts, but it is trying to sell to a very specific market, the automotive market, which is constantly flooded with new parts from other suppliers.

Threat of Substitutes

The threat of substitutes is low for Waco as they use a differentiation strategy. This means their products are different from all the other manufactuers within their sector which allows them to set the price for these products. Waco will most likely have their products protected by a patent which will prevent anyone else from manufacturing the products without Waco's consent.

Stakeholders

Monique Saltz

Saltz is the area manager over the plant where the potential lying incident occurred. If this incident leads to major efficiency changes at the plant either due to the employees discovering the monitoring system or from the failure of this project, it could lead to many problems for her

Monk Barber

Barber is at the forefront of this incident with him potentially being liable for lying to his boss. This incident could lead to some severe consequence for his career with Waco.

Engineers

The three engineers could suffer if nothing is done since Barber may know that he can get away with blaming them for project problems. They engineers could also face consequences for things that they are not even aware of due to bad management.

Customers

Customers will suffer if the plant efficiency goes down which leads to less product or the customers waiting on the composite-based components will be angry that their parts are still on further delay due to Barber being fired and a new manager being trained. Customers require the companies with which they do business to continuously improve (Kalakota).

Shareholders

Individuals who hold stock in Waco could endure price changes dependent upon the changes in stock price caused by delayed and subpar projects.

Solutions

"What to change? What to change to? and How to cause the change?" (Goldratt). Saltz must determine how she wants to handle this situation as improper handling could have dire consequences. The solution should also ensure the security of the business and be simple enough to be easily understood by all as to why it was implemented

Do Nothing

In this solution, Saltz decides to believe what Barber said and allow him to continue to handle the project as he sees fit. This is not a good idea since it will mean that manager of this plant now know that Saltz will not enforce the deadlines they are given and will let them off the hook for not having meetings as they will not be aware of the system. This solution could also do long-term damage to the company since missing deadlines leads to delays of project which will make clients of Waco very unhappy and could cause competitors to take over the market.

Effect on Stakeholders

Saltz will be viewed as someone who the plant managers can basically ignore as they know she will not enforce any of the company policies. Barber will get off the hook for not doing his work and will be allowed to continue to operate as usual. The customers will suffer as the projects will constantly be subpar and will likely suffer

delays. The engineers will continue to be in the dark regarding important projects and could suffer work-related consequences from Barber's ethical issues. Lastly, shareholders will see their stock lose value as customers stay away from Waco due to subpar product.

Give Barber a negative performance review

In this solution, upon the next performance review Saltz will give Barber a negative review due to his failure to get his engineers to create a proper design set for the new composite-based product. "Good managers have the capacity to remain open and flexible, suspend immediate judgements whenever possible, until a more comprehensive view of the situation emerges" (Morgan). This approach avoids having to fire Barber and train his replacement. This negative review should motivate Barber to inform his engineers of everything going on and it will provide a notice to everyone to hold meetings or else you could face consequences from upper management.

Effect on Stakeholders

Saltz will appear tough as she is proving there is a standard which must be upheld and if you do not it will affect your career negatively. Barber will be put on notice that he needs to step it up or risk losing his job. The engineers will benefit as they will be aware of all the important details of what is occurring for projects due to the motivated Barber keeping them in the loop. The customers will benefit from the new sense of urgency which should lead to increased quality along with a decrease in managerial-caused delays. Shareholders will benefit as the increase in productivity should help stock prices rise.

Fire Barber

In this solution, Saltz decides that Barber by lying has committed an offense worthy of letting him go. There are several issues with this solution. First, in order to fire Barber you have to ensure the system for tracking employees was working properly to confirm the meetings with the engineers never took place. Second, finding, hiring, and training a new manager to take his place will take time and money and put the entire composite-based products project on hold for a long period of time. “If you think that you can change a process without changing everything else related to the process, you are fooling yourself.” (Hammer) If this project is of the utmost importance it cannot be delayed any longer. Third, if Barber was able to prove to a court of law that the system that tracked the employees was wrong, it could lead to legal consequences for the company.

Effect on Stakeholders

Saltz would have to prove that the system is working properly and firing Barber is the costliest option to the company. She would have to be certain that this is the correct action before proceeding. Barber will lose his job due to the lying incident, but it may be possible if the system is faulty that he could sue the company for wrongful termination. The engineers no longer have Barber attempting to blame them, but they now must find a new manager which will delay their project even longer. Customers will be unhappy as the important composite-based products will likely be delayed due to the need to bring a new manager up to speed regarding the project. Shareholders will be negatively

affected if Barber is able to sue the company or the important composite-based products are subpar or delayed as it could cause the stock price to decrease.

Recommendation

I recommend that Saltz go with the give Barber a bad performance review solution as it is the simplest and rules out certain assumptions made by the other cases. I believe this is the correct solution for a few reasons. First, the solution does not rely on data from the location tracking system which rules out the possibility of it being in anyway faulty. Second, this solution avoids having to hire and train a new manager which will likely delay the important project at the heart of this incident. Third, this solution allows for other solutions further down the road such as allowing for Barber to be fired for continuing bad performance and management of his team. Lastly, this solution will make it know to everyone in the plant who are also managers to ensure they are meeting deadlines as it appears upper management is strictly enforcing its standards. As for the other two given solutions of firing Barber or doing nothing, I believe they will simply lead to more problems than they would solve.

Works Cited

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