



NOVEMBER 16, 2019

CASE ANALYSIS 5-2

THE INCIDENT AT WACO MANUFACTURING

WOODWORTH, KELLY EASH
CIS 410-50 MANAGEMENT OF INFORMATION SYSTEMS
University of Louisville, Fall 2019

Overview

Waco Manufacturing was a leading supplier of custom-machined parts to the automotive industry. In 1986, the company installed a security and information system within one of its manufacturing plants that enabled the continuous tracking of employees throughout the plant using transceivers embedded in the halls every 25 feet. Employees were to scan their badges on the transceivers as they passed, allowing for capabilities such as phone calls for a specific employee being directed to the nearest phone to where they last passed their badge (Sviokla).

The Problem

In September 1987, during the third-quarter performance review, area manager Monique Saltz expressed to plant engineering manager Monk Barber that she was displeased with the lack of progress she saw regarding some designs for composite-based products that were necessary to the 1987 plan. Barber responded that he had not only met with the three engineers heading up the project, but that he had attempted to emphasize the importance of the designs to the engineers, and that they had been unresponsive. Saltz then met with the engineers Sherman McCoy, Telly Frank, and Wanda Gogan, to confront them on the matter, but found that they were all unaware of the project's importance, and claimed to have not met at all with Barber regarding the composite design project. Upon discussing the matter with the plant manager Shelly Tomaso, it was discovered through analyzing the plant records of employee locations that Barber, McCoy, Frank, and Gogan had not all been in the same room together since the beginning of 1987 – the better part of a year (Sviokla).

The Solution

The necessary actions moving forward hinge on the question of how did these three engineers manage to underestimate the importance of the project despite supposedly repeated attempts to reach out to them, especially since the technology should be able to know where they are at all times within the facility. Furthermore, if these three engineers were aware of having been all assigned to the same project, why had they not been in the same room at the same time in nearly nine months? The answer depends squarely on plant engineering manager Monk Barber, who was allegedly in touch with all three engineers and claims to have impressed upon them the importance of the project, and if it is ethical to make a decision about the security of his job based on the data collected. Just because a computer gives us data that leads to a reasonable outcome, does not necessarily mean it is a true fact. How harmful is it that our society puts so much trust and weight into data just due to the fact that it comes from a computer? (Barker)

Industry/Competitive Analysis

Waco Manufacturing's Organization & Strategy

Waco Manufacturing's organizational structure is functional – we see this in the fact that the facility in this case is focused on the manufacturing aspect of the business (Cash). The company's generic strategy is in differentiation, as their product is custom-

machined parts for the automotive industry. They create a unique product for their industry, and serve a broad market (Porter).

Threat of New Entrants

Waco Manufacturing is introduced as a leading supplier in their industry, leading us to believe that they have a large share of the market and are reasonably successful. I would imagine that the threat of new entrants here is low, as a new company would need capital for raw materials, and time to grow enough to compete with Waco.

Bargaining Power of Buyers

Because Waco Manufacturing creates custom-machined parts for the automotive industry, I would imagine that the bargaining power of buyers is relatively high, and I would assume that Waco Manufacturing caters to a specific set of automotive makers to sell their goods.

Bargaining Power of Suppliers

Again, deducing from the fact that Waco Manufacturing makes custom-machined parts, I would assume their suppliers have quite a bit of power, as they rely on raw materials to be able to manufacture their goods.

Threat of Substitutes

Because Waco's goods are custom-machined parts, I would set the threat of substitutes as low. These parts might not be easily imitated, and there may be patents preventing others from creating designs too similar.

Competitive Rivalry

Though not much information is given about the overall competitive climate in Waco Manufacturing's industry, I would set their competitive rivalry to medium, as the case mentions they are a leader in their industry, but not that they have a monopoly over it. There must be some threat of competition in this case.

Stakeholders

Waco Manufacturing

Waco Manufacturing has installed technology that tracks its employees' whereabouts while they are on premises. The company should be transparent with its employees about the implications of using this technology, and make clear that employees understand what information is being collected and for what purpose that data can be used. Employees that are not fully aware that the badging system allows the company to essentially track their locations within the manufacturing facility may be uncomfortable to learn of the extent of monitoring and may feel their privacy has been invaded. If Waco Manufacturing can make a decision about the fate of Barber's job based on the data from the monitoring system, what other decisions will they be able to make based on this data?

Monique Saltz

Monique Saltz is the area manager in charge of a project requiring the designs that were to have been produced by McCoy, Frank, and Gogan. Because the project is not progressing at the pace that she requires, she has a stake in identifying exactly what happened to cause a communication breakdown.

Monk Barber

Monk Barber is a plant engineering manager who oversees McCoy, Frank, and Gogan. Barber has a lot at stake in this decision, as it's basically his word against the data – it certainly looks as if he has not attempted to contact his direct reports about this project, and is lying to Saltz about being at his “wit's end” about the situation. Barber could face losing his job or being reprimanded for not performing as expected and then being dishonest to his superior.

The Engineers

Sherman McCoy, Telly Frank, and Wanda Gogan are the three engineers that were supposed to have been assigned the project designs. Though they state they were aware of the project, they claim to have not known of its importance, and had been awaiting information from their manager, Monk Barber, who had not initiated a meeting with them.

Potential Solutions

Do Nothing

In this case, is it an ethical decision to make a judgement about an employee based on monitoring system results? Can we reliably say that because of this technology, we are positive in concluding that Monk Barber was not doing his job, and therefore must be let go from the company? We should keep in mind that not all systems are perfect – could there be an anomaly in the data that is leading us to an incorrect conclusion? Or, can we safely assume that because of the data at hand, Barber was not performing his managerial duties and not properly overseeing his direct reports, and furthermore lied to Saltz about his interactions with his team and their performance? If there are not concrete conclusions, it may be the safest or most reasonable route to do nothing in this case, but consider how a situation such as this can be better handled if it comes up again in the future. Waco Manufacturing can still use its monitoring system, but might implement a caveat in the usage stipulating that the data alone should not be used for punitive purposes for employees.

Fire Monk Barber

Because it seems that Barber is lying about being unable to handle his team, and it appears that he has made little to no attempt to collaborate with his team on this project despite knowing its importance, it would not be an unreasonable decision for Waco Manufacturing to make in terminating his employment with the company. Not only does the data show that there have been no successful meetings between Barber and his team of three engineers in at least nine months, but the impressions from the engineers

corroborate the data. If Barber is lying to Saltz and attempting to pass the blame for not having made acceptable progress on the project onto his unsuspecting team, he is not fulfilling his job duties, is not being a reliable manager, and his performance and standing with the company should surely be reconsidered.

Discipline Barber, Continue to Monitor Employee Movement

Waco Manufacturing can take the data collected from the monitoring system and confront Barber about the discrepancies between his claim and the story the data shows. They can reprimand Barber for not fulfilling his job duties and falling short on arranging for his engineers to complete this project on time. Although we might be able to conclude that the engineers had not met on the project, we are unable to deduce from this data what they had been working on all these months.

Discontinue Using the Monitoring System

Waco Manufacturing may want to reconsider to what end they are tracking employee movements, and either discontinue monitoring, or implement a different kind of system. The company should consider how helpful this data on employee locations is to making business decisions, and if there is a better way.

Selected Option: Fire Monk Barber

I believe it is perfectly acceptable for Waco Manufacturing to make a firing decision about Monk Barber based on the data from the monitoring system. This data should

obviously be corroborated with more in-depth interviews from the four parties involved, but it looks very strongly like Barber was not performing his duties for at least nine months.

Additionally, I believe Waco Manufacturing should ensure that employees are educated about the purpose and reasoning behind using this type of monitoring system, and understand the implications. Many companies use systems that are able to track employees whereabouts, so I don't feel that it is an ethical issue to use this technology, but the company should certainly take steps to ensure their employees are aware of how they are being monitored, and what the company has the power to do with the data they collect on employees. With some sort of privacy agreement on record with employees, the company can avoid potential future legal issues.

Rejected: Do Nothing

Waco Manufacturing has evidence to reason in favor of firing Barber. The data is corroborated with reports from the three engineers that say they have not met with or heard from Barber about this project despite its importance. Because these designs are necessary for the 1987 project, Saltz should be unhappy that Barber was not fulfilling his job requirements, and subsequently that he was dishonest about the matter, and she should want to take action. Furthermore, doing nothing will signal to employees that lack of communication is a sufficient excuse for missing deadlines, for which there are no consequences.

Rejected: Discipline Barber, Continue to Monitor Employee Movement

While I don't necessarily think that disciplining Barber instead of firing him is a bad choice, I don't believe that having a manager that hasn't met with his direct reports for the better part of a year is by any stretch fulfilling a manager's job expectations.

I do believe that Waco Manufacturing should continue using the employee monitoring system, but that the company should address my concerns above in making it clear to employees the policies involving the monitoring system.

Rejected: Discontinue Using the Monitoring System

I don't think that the monitoring system is a bad thing, and it is not unethical for a company to want to know where its employees are. Many companies use video monitoring systems and two factor authentication like badges to keep data on their employees' whereabouts. It's a security measure for not only the company but the employees themselves.

A business is inherently amoral and do not adhere to the same moral code that individuals do. A business has interest in serving itself (Barker). Waco Manufacturing is a business with the end goal of making money now and in the future, not to serve the wants and desires of its employees (Goldratt). Employees that may take issue with being monitored in this way can either leave the company or come to terms with the fact that their unease is irrelevant to the business.

Resources

Cash, James I. Building the Information Age Organization: Structure, Control, and Information Technologies. CIS 410 Course pack; Dr. Robert Barker. Print.

Fried, Louis. Managing Information Technology in Turbulent Times. CIS 410 Course pack; Dr. Robert Barker. Print.

Goldratt, Eliyahu M., and Jeff Cox. The Goal. North River Press Publishing Corporation. 1984. Print.

Morgan, Gareth. Images of Organization. Sage publications, 1997. Print.

Porter, Michael. "Porter's Five Forces".

Sviokla, John J. Case 5-2 The Incident at Waco Manufacturing. Harvard Business School 189-142. 1989 (Revised 1990).