

Connor Formed Metal Products

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Connor Formed Metal is a company that has grown significantly and doubled its number of shipments from 1984 to 1990. In an effort to continue growth of the company, Bob Sloss, president of Connor Formed Metal, helped to computerize information flow in the Los Angeles plant. This system reduced the time spent on some jobs as much as 20% and increased sales by 28%. However, when Bob suggested computerizing the information flow at other plants across the country, he received pushback from some of the other managers who weren't sure they would like it or need the added communication. **Bob needs to decide whether he should (and how he should) computerize information flows at other plants.**

Connor Formed Metal creates custom-designed metal stampings and wire forms for original equipment manufacturers (OEMs). Because of the number of manufacturers in the United States, they have a large target market that they can create metal stampings and wire forms for. Their mission is to be 100 percent reliable in the services they provide to the OEM. Connor uses a focus strategy in differentiation. OEMs are willing to pay a higher price compared to Connor's competitors because of Connor's reliability in orders and high level of service.

For Connor, OEMs are their customers. Because OEMs will consistently need parts in their manufacturing process, the company will have locked in repeat customers. Since the company manufactures metal parts, their supplies are likely raw metal materials that come from commodity markets, which means suppliers have no bargaining power. Given the company's high levels of service and reliability, it is difficult for customers to switch to competitors as they will risk lowering their service and reliability levels. Most competitors within the industry are notoriously known for poor quality and reliability. There is a threat of new entrants as Connor does not hold any specific patents. Anybody with enough capital can purchase a plant and the

same machinery that Connor has. There is plenty of intra-industry competition, but Connor is currently faring better than other companies like them.

Connor is deciding whether to and how to computerize their information flows, which according to Fried will complement “human information-processing capabilities with enhanced capabilities for compilation, analysis, and presentation of data” (Cash & Fried, p. 247). There are 4 primary stakeholders involved: The first is Bob Sloss, president of the company. Second are the managers of each plant. The third stakeholder is the individual employees who work in different departments within a plant. The final stakeholder is the customers or OEMs. The needs of all four stakeholders must be considered when choosing if/how to computerize the information flow for each plant.

The first option that Bob could choose to do is nothing. The Los Angeles plant would remain computerized, but he would not try and further this project at any of Connor’s other plants. This does not meet Bob’s needs, as he is trying to increase revenue and margins for the company. Without adding the system, revenues will not see the growth that was witnessed in Los Angeles. This also does not satisfy all of the plant managers, as even though some managers were enthusiastic to have it installed, others questioned the system’s effectiveness. A “common reason people resist organizational change is that they assess the situation differently from their managers or those initiating the change and see more costs than benefits resulting from the change” (Kotter & Schlesinger, 1979, p. 108). Plant workers would see no impacts on their day-to-day work by continuing to do what they have always done. Customers will also see no changes but could eventually outperform Connor’s.

The second option Bob could choose is to only implement the system in select plants. According to Fried, “Operations managers often have the best understanding of local business

dynamics” (Cash & Fried, p. 251). Because plants are treated as divisional organization, this would allow the plant managers to choose what they believe works best for them. According to Cash, “divisional structure works well when ... selling products in different geographical regions” (Cash & Fried, p. 109). This works for Connor as they have plants located around the United States. However, in this type of organizational structure, IT architecture is supposed to be decentralized. Based on those choices, customers and plant staff may be impacted by increased performance if the system is implemented in a division. However, if only certain divisions choose to implement it, Bob will not see the company-wide revenue growth that he is hoping for.

Bob could also choose to force the system on all plants, regardless of whether or not they like it. This is a bad suggestion for several reasons. Although some managers will be happy to see the system implemented, others will not be. Managers who are unhappy may choose to sabotage or interfere with the system, which will impact an employee’s ability to do their jobs and customers receiving their orders in an accurate and timely manner. Several managers are openly against this system and “individuals or groups can react very differently to change—from passively resisting it ... to aggressively trying to undermine it” (Kotter & Schlesinger, 1979, p. 107). Additionally, Bob will not see the growth that he is hoping for.

Given these three alternatives, Bob’s best choice is to currently do nothing. The system will continue to run in Los Angeles but not be implemented in other plants. However, that is not to say that the project should be abandoned entirely; rather it is not ready to be implemented in other plants yet. This is mainly because plant managers have not had an opportunity to learn the system and discover additional benefits. Plant managers in some cities thought the system was unneeded as employees in the plant already had good internal communications.

According to the four-stage model, this project is currently stuck in phase 2 at stagnation block B. Projects in phase 2 “are often still highly uncertain in their costs and benefits, which leads to problems in planning and implementation” (Cash & Fried, p. 45). Managers from plants that already have good communication have no perceived benefits of using this system; Until those benefits are discovered, it will be difficult or impossible to receive their approval in implementing the system.

Before trying to push the system to plant managers again, Bob should return to the Los Angeles plant and continue discovering additional benefits of this system. What can it do that plants like San Jose can’t already? Education is important, as “one of the most common ways to overcome resistance to change is to educate people about it beforehand” (Kotter & Schlesinger, 1979, p. 109). Once Bob can give managers reason to implement the system, the project can move into phase 3 of the four-stage model which is known as rationalization and management control.

The project would then have to get past Stagnation Block C, in which “control stifles innovation” (Cash & Fried, p. 46). After that block is passed, the project could finally move into phase 4 which is known as widespread technology transfer. It is in this phase that technology is desired and accepted by all levels of users. For now, Bob should choose to do nothing unless he would like to upset some of his plant managers. They’ve currently hit a stagnation block in the four-stage model and will need to address their problems to reach stages 3 and 4. The system seems promising, but at the moment is not ready for widespread adoption.

Works Cited

- Cash, & Fried. (n.d.). *Building the Information Age*.
Kotter, J. P., & Schlesinger, L. A. (1979). Choosing strategies for change. *Harvard Business Review*, 106-114.