**University of Louisville**

Case 2

Appex Corporation Case

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**Executive Summary:**

This case is taking about the challenges that happen to a new COO/CEO Shilkhar Ghosh to the Appex Corporation. He led the company with multiple changes that happen to the company over 30 months. This company provide management information systems and network service to cellular telephone companies. The Appex services can divide to two categories; intercarrier services (ICS) and cellular management information system (IS). ICS was a very high service it is around 60 percent of the total company revenue. Is system is very different from ICS. It designed to manage the primary functions for cellular.

Ghosh philosophy was Appex structure should change always. For example he will change the organizational structure every 6 month. Because the company is growing 10 percent every month. So, in his opinion when a company will grow 50 percent, they should do some changes. He also believes in listening to the employees suggestion because it will benefit the company. "Changes come about because people identify a problem and propose a solution to me. I get confidential suggestions about what structural changes to make." Management of information system, Chapter 2.

In this Case analysis, I will look over the structure of the company. What the problems that they were facing and the solutions that they tried. I will decide which solutions that fit best for the company.

**Problem:**

The company grows fast at the beginning, but it was more than what they can support. Shikhar Gosh tried to do new organizational structure to help the company. He was eager to try his idea at small company and little hierarchy which Appex was like that with 25 employees and 2 million dollars revenue. The company was losing money and the venture capitalist who invested in the firm was hoping that Gosh will be able to help save the company. “Appex was spending cash quickly and not monitoring its expenses. Shikhar Ghosh was recruited in May 1988 to head Appex because Appex's investors believed that the company was spending cash too haphazardly. “Management of information system

 Appex need more control and structure. Everybody in the company was doing what they want to do. They will show whenever they want and the way they were dealing with the customers was just they tell them we will call you back without solving the issue. There are some customers who did not hear anything from the employees at all. In the company there was no one plan for the schedules and meetings. The orders of the customers were increasing, and no one can handle that increase. They did not know to who they should talk and who should get the things done. They did not know who has the power and make the decisions.

Ghosh faced several issues for example How many functional teams should they have? Like the marketing should be separate from sales? Should the finance and accounting be separate from each other? Who should be the leader for each section?

**Porter’s Five Forces:**

**Competitive Rivalry:**I think when they reach to point, they cannot deal with the services, the other companies will get advantage of that. And they will be more competitive.

**Threat of New Entrants:**

I think it is high. Because any other company can get in since it is not that hard to start that type of companies. But I think to keep maintaining the company is the hard thing.

**Threat of Substitutes:**

I think they can do different services that any other company is doing so that will make them better and the consumers will keep staying with them. Other companies could start do the same services that is why they need to stay creative, so they come up with new and modern ideas for their services.

**Power of Suppliers**:

I think since the company do not depends on physical materials. They just need more organization and instructions and good staff and manager so the power of supplier will be low.

**Power of buyer**:

It is high. The buyer will not use this company again for their service if they experienced a bad service at the first time. Other companies could take advantage of that.

**Stake Holders:**

**Manager:** it would be hard for manager to get the new performance of the company and how to deliver that to the employee. They need to know how to organize the divisions and let the team collaborate together**.**

**Employee:** They are affected with the changes that the company will have. They need to adapt the new system and depends on themselves instead of letting the manager have control over so many details. But I think with good managing from the manager it will be easy for them to adapt the new system.

**Consumers**: I think the changes will affect the consumers directly, but in a good way. Before some of them they did not hear back from the company at all which in this case they are not going to deal with them again. According to the book “Customers began to complain too. One customer claimed to have called 150 times before he received a response. Appex could not address all the technical assistance requests of customers.” Management of information system

**Potential Alternative Solutions:**

1.Do Nothing: Gosh can decide to do nothing and not staying in the company:

This is will keep the company in unorganized way. The employees are going to keep being irresponsible and some of them will be working on the same problem and they do not know because of the poor communication between them. And consumers will still have the same bad services

2. Functional structure: Gosh can decide to go back to what he decided at the beginning. Which might be hard for him to keep up because he will be responsible for every small details. Which he should be worried about bigger things. There should be managers for each section that they will report to Gosh and keep him updated. Even though that Ghosh established a hierarchical for functional structure. I do not think that this is the best option because he will be worried about small details and day to day operation.

Here I am going to talk about the functional structure for the company according to the book. There was no operational plan. There are no financial forecasts. No one just the president, is responsible for products and projects across departments. There is no "checks and balances" system among departments. Nobody is responsible for the architecture of the system, capacity planning, and the network. There is limit for the teamwork. There is a lack of accountability, the jobs definitions were unclear. Employee do not know who is responsible for what. There is a shortage in tactical planning, and scheduling for meetings. They were doing the meeting in the last minute. There were staffing delays because Of recruiting problems. There was no evaluation about getting the people that they need.

**Selected Option and Reason/ Recommendation for the case:**

In my opinion the divisional structure is the best option because it has so many advantages “It improved accountability, budgeting, and planning. Employees focused on meeting financial targets. Within divisions, there was a great deal of cooperation “. Management of information system.

Also, they need to corporate with IS and ICS. It would be better if Gosh divide the operation between the divisions and let each one has a manager on it. Which they will be able to communicate with each other and all of them will know about the updates that is happening. By breaking down the mission it will help them in communication and how they want each division to work on specific things that other division work on so they do not waste time working on the same thing without them knowing. Also, to create international division is a good idea that can help the business expand to the whole world. “The divisional structure works well when coordinated action is required to develop innovative products, satisfy client expectations, or maintain a market segment.” Management of information system, Chapter 2.

**References:**

Management of information system, Chapter 2. Dr. Robert Barker. University of Louisville.