

San francisco bay consulting argumentative essay

[Business](#)



**ASSIGN
BUSTER**

San Francisco Bay Consulting (SF Bay Consulting), as described in the Harvard Business School case by Baker and Monsler (1995), is a leading business consultancy and litigation support group following the goal of providing “ practical application of economic theory to business problems” (p. 1). In order to manipulate and analyze data, high-end software and computers are used to serve clients’ needs.

The company faces serious internal problems regarding the relationship between their consultants and the computer services (CS) staff because of disagreements concerning the transfer pricing system, which is applied to alleviate the procurement and payment of computer resources. The major challenges for this system are the heavy price drops for computer hardware and the broadness of the researchers demands.

The management of SF Bay Consulting forbids their employees to purchase their own computer hardware and software which leads to frustration among the consultants, especially in the case when the CS department refuses to buy and supply certain hardware and software requested by the consultants. The worst scenario occurred when transfer prices produced charges to clients’ bills that exceeded the current market price for the computer as it has happened with the SUN workstation.

Donald Learner, Chief Financial Officer of SF Bay Consulting, now sees himself in charge to find a solution to the current problems that is able to satisfy both, the consultants as well as the CS employees. For this purpose, he has identified three options: a) Stick to the current system, b) make CS a profit center, or c) run CS as an expense center. Due to the fact that the current situation at SF Bay Consulting is going to escalate if it is further

<https://assignbuster.com/san-francisco-bay-consulting-argumentative-essay/>

made use of, option a) is not recommendable and a different solution has to be found.

Otherwise the workingenvironmentwill be seriously affected in the long run and thus efficiency of the company might decrease to an undesirable level. Option b), to make CS a profit center, would lead to the situation that consultants themselves are allowed to purchase any hardware or software they like and thus focus on problems, others as they are supposed to do. However, this option would lead to the freedom for researchers to purchase the equipment they would like to work with and might free them of their frustrations.

Since IT specialists are running the CS department their core competency is not to focus on earning a profit within a competitive environment. While focusing on equipment procurement would distract researchers, the argument of distraction also holds true for the computer experts, which have to refocus and be in charge not only for maintenance but also running a business in a competitive manner. On the other hand this could lead to a more competitive price management that could cause lower costs for the two internal groups.

Notwithstanding, Learner and Alex Whalen (founder, president, & CEO of SF Bay Consulting) both agree that computer purchasing decisions should stay within CS to secure a certain level of compatibility among hardware and software and to avoid maintenance problems. Lastly, option three, to run CS as an expense center, would eliminate internal billing and lead to group profit generated from client charges greater than the CS overhead costs.

Even though, there is a possibility of researchers ignoring the costs they provoke with a great deal of requests for CS, this problem might be minor due to the fact that they are not as frustrated as before and thereby reaching a higher level of overall satisfaction. In order to make all employees more sensitive for working efficiently an elaborated group-profit-related bonus system could be introduced at SF Bay Consulting.

However, the impact of the bonus system for CS employees has to secure a balance between profit orientation and reasonable investments into hardware and software. Moreover, if all employees generate one overall profit together, there will not be any internal competition but a jointed overall goal. In conclusion, choosing option c), to run CS as an expense center is the right recommendation for SF Bay Consulting in order to solve its internal problems.