

The paradoxical twins: acme and omega electronics assignment

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The Paradoxical Twins: Acme and Omega Electronics Prepared by Samuel Jackson Rene smith Pedro curiz Tomm Brown for Dr. Jordan MAN 701 - Organizational Design and Theory School of Business/Graduate Studies Barry University Miami Gardens, Fla. Term A2/Spring, 2006 March 25, 2006 Case Summary: In 1986 a Cleveland manufacture bought Technological Products and subsequently sold the electronics division to separate investors that manufactured computer chips and printed circuit boards. One of the investors renamed their company Acme Electronics and the other investor renamed their company Omega Electronics, Inc.

The Acme company retained its original management team and promoted the general manager to president. The Omega company hired a new president and upgraded several of its existing personnel. Both companies are located in the same geographical area and compete for the same contracts. Acme employs 550 people, whereas the Omega employs 480 people. In the 1990s, production of complex circuit boards by Acme and Omega was threatened by mixed analog and digital devices. Both companies realized the pending threat and started to aggressively seek new customers.

In July of 1992, a major photocopier manufacturer was looking for subcontractors to assemble digital memory units for a new experimental copier. The project contract was estimated between \$7 million to \$9 million in sales. Both Acme and Omega submitted competitive bids for the production of units and both companies were selected to produce 100 units. The photocopier manufacturer explained to both companies that production speed was a critical element of the contract and that each company would

only have about two weeks to produce the prototypes or risk delaying the final copier production.

On July 13, 1992 the Acme company started ordering the necessary the parts and began production on the memory units. Each department worked separately and encountered problems that led to delays in the production cycle. Two days prior to the delivery date the photocopier manufacturer informed Acme that the rival company Omega had discovered a design flaw in the connector cable and that he would be sending over a new blueprint to re-work the memory units. According to the photocopier manufacture, Acme would still be held to the delivery date.

On July 10, 1992, Omega started having meetings to get production underway. Within days the Drafting department prepared blueprints, while the engineering and production departments work together to begin methods design. However, on July 20 Omega discovered a design flaw in the connector cable. The engineering department redesigned the cable and the drafting department finalized the changes in the manufacturing prints. The additional delays in reassembly of the units at Acme caused them to deliver the 100 units late.

However, Omega completed a full quality inspection of all 100 units and delivered the final units on time. The photocopier manufacturer split the contract between Acme and Omega and included additional provisions stipulating zero defects and reduced final cost. Ultimately, the Acme reduce it overall cost by 20 percent and won the total contract. Summary

Recommendation: The Omega company should consider redesigning its

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organizational structure to become more functional in design in order to take advantage of economies of scale; in-depth skill knowledge and overall efficiency.

The company should implement organization charts with clearly define job duties and responsibilities so employees fully understand their role in the organization. Also, the management team should used formal written communication to covey project expectations and a sense of urgency to complete the assignment within the allotted time frame. Case Analysis: The Acme Company appears to be designed around being efficient and task oriented in order to be a high volume manufacturer. The company has detailed organizational charts and job descriptions which define clear responsibilities.

Management believes in providing written communication to achieving the task at hand. In fact, as soon as the company received the blueprints management immediately sent out written communication to all department heads and executives indicating the critical constraints and the expectations of performing efficiently. Based on the organizational structure, each department worked independently and at different speeds. Mr. Tyler, President was developing a relationship with the photocopier manufacturer by keeping in telephone contact and trying to learn of new developments.

The Acme strategy has traditionally been to keep the client happy. In a time of crisis, Mr. Tyler was able to give direct orders and instruct certain departments to reconfigure the components as needed. At the same time critical decisions were made to skip normal quality control processes to stay

on course. Ultimately, the company generated 90 quality made units with 10 being defective. On the other hand, the Omega Company appears to be designed around the team work approach to achieve production goals.

The company does not have organizational charts and management believes that all employees should be familiar with various activities throughout the organization. Also, management does not allow written memos to the staff employees. Once the company received the blueprints management began having meetings to discuss the production method instead of dividing up the specific work assignments to achieve. The engineering and production departments pooled resources to work on the methods design. On the positive side, most of the problems identified within Omega's production cycle were resolved quickly and overcome by the team effort approach.

In the time of crisis and rapid changes needed to produce a quality product the company was able to effectively work as a team. Ultimately, the company delivered a high quality product with no defects and within the required time frame. Alternative Identified: Since, Omega is relatively small with only a few product lines the first alternative would be for the company to be more formal in its organizational design and structure, which includes organizational charts and well defined job responsibilities in order to become more efficient and reduce cost. Recommendation:

First, Omega needs to restructure the company within the next three to six months. Implement a functional organization chart that has a well define hierarchy. Next, Omega needs to immediately implement a formal communication process throughout the organization to provide clear

guidance and management expectations to reduce wasted manpower and maximize available staff resources. The Omega Company should consider sending out memos to show the significant time constraint of each job deadlines and definitely continue the company's meeting process before productions.

The Acme Company needs to meet with multiple employees involved in the workflow to prevent any complication to appear during productions. Acme should require each employee to have some sort of knowledge of everyone functions in the organizations. Perhaps, have a day dedicated to altering each employee positions to have a vivid understanding of their job titles. This would slow down further delay in production if a crisis occurs. Furthermore, it's best that Acme improve the communication flow between the actual employees.