CIS 410

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Case 4-2: Symantec

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2020.2.20

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Symantec was founded in March 1982 by Gary Hendrix, an expert in artificial intelligence and language processing. C&E software was merged with Symantec in September 1984 under the name Symantec Corporation. After the merge, Hendrix became vice president in charge of advanced technology and Eubanks, who founded C&E Software, became the CEO. Later, in 1987, Symantec acquired three more companies, the scale of the company became larger. However, after acquiring, those three companies became Symantec product groups but stayed in their original locations. Eubanks did not believe in relocating workers or imposing a culture on the new product groups. “During the 1960s, the confidence and impact of American management and industry seemed supreme.” (Cited from “Image of Organization”, by Gareth Morgan). Thus, while acknowledging the communication and control problems of a geographically dispersed company, Eubanks was adamant in his decision not to relocate product groups after acquisition. And he planned to continue to make acquisition. The company grows larger and it brings more profit, more employees. Also, it brings some problems. “Reengineering leads to quantum leaps in performance – not incremental improvements.” (Cited from “The Reengineering Revolution”, by Hammer Michael).

1. The competition in the industry

The number of competitors in the industry are small but most of the competitors are large size companies. Which means that that firms in the industry will not make moves without being unnoticed. This makes the competition within existing firms is a weaker force. The very few competitors have a large market share. So the competitors will engage in competitive actions to gain position and become market leaders. This make a stronger force between the competitors within the industry. Symantec Corporation is growing every year and is expected to continue this growth for years to come. Positive industry growth means competitors don't need to take competitive action because they don't need to grab market share from each other. This makes competition among existing companies a weaker force in the industry. In the industry in which Symantec Corporation operates, fixed costs are high. This allows companies in the industry to strive for maximum capacity. It also means that these companies reduce prices when demand drops. This makes competition among existing companies a stronger force in the industry. Products produced within the industries in which Symantec operates are highly differentiated. As a result, it is difficult for competing companies to win each other's customers because each of their products is unique. This makes competition among existing companies a weaker force in the industry. Symantec can conduct market research to understand supply and demand conditions in the industry and prevent overproduction. They also need to focus on differentiated products so that competitors' behaviors have less impact on customers seeking unique products.

2. Potential of New Entrants into The Industry

It is difficult to achieve the economics of scale in the industry that Symantec operates. This makes it easier to have a price advantage for those large capacitates producing. It also makes the cost for new entrants became higher so that the threats of new entrants became smaller. The customers are looking for differentiated products. They also have a strong emphasis on advertising and customers services. These factors make the threat of new entrants weaker. In addition, the government policies within the industry require strict licensing and legal requirements to be fulfilled before a company can start selling their products. This create a barrier for the new entrants and make it more difficult to break.

3. Power of Suppliers

Even though the suppliers do not contend with other product within the industry, which means there is no substitutes for the product other than the one the supplier provide, there are lots of suppliers provide the same products. Which means the bargaining power of the suppliers are weak. Also, the product that the suppliers provide are standardized, less differentiated and have low switching costs. So the buyers such as companies like Symantec Corporation, can easily switch suppliers. What’s more, the Symantec Corporation also provide customers for their suppliers, which means the suppliers are tied with the industry like Symantec. This factor also weaker the suppliers’ bargaining power.

4. Power of Customers

Symantec's industry has far more suppliers than the number of companies producing the product. This means that the buyer has several companies to choose from and therefore does not have much control over the price. Products vary widely and different within the industry, which means that buyers cannot find alternative companies that produce specific products. So the switching costs for the buyers will be high. This difficulty makes buyers' bargaining power a weaker force in the industry. As long as the buyers need the specific product from Symantec, it means there is pressure to buy at lower prices, making buyers more price sensitive. The quality of a product is important to buyers, who often make purchases. All these factors make the buyers bargaining power low. Symantec could focus on innovation and differentiation to attract more customers. Product differentiation and quality of products are important to the customers. Also, they can build up brand loyalty with those long-term buyers. “Resonance is characterized in terms of intensity, or the depth of the psychological bond that customers have with the brand, as well as the level of activity engendered by this loyalty (repeat purchase rates and the extent to which customers seek out brand information, events, and other loyal customers)”(Cited from “Strategic Brand Management”, by Kevin Lane Keller).

5. Threat of Substitute Products

There are very few substitutes available for the products that are produced in the industry in which Symantec Corporation operates. The very few substitutes that are available are also produced by low profit earning industries. This means that there is no ceiling on the maximum profit that firms can earn in the industry in which Symantec Corporation operates. The very few substitutes available are of high quality but are way more expensive. Comparatively, firms producing within the industry in which Symantec Corporation operates sell at a lower price than substitutes, with adequate quality. This means that buyers are less likely to switch to substitute products. All these factors mean that the substitute products have a low threat to the Symantec Corporation.

In this case, the problem is communication and control of the company. Due to lots of acquired other companies and merge them together, but the companies which are acquired will stay where it was. Because the Symantec Corporation is only focus on the product the acquired company could provide, the managing and communication became a big issue. “Rapidly evolving information technologies are altering employee life in three ways: by creating new work, new working arrangements, and new human resources issues" (Cited from "Management of Information System", by Dr. Robert Barker). The human resources communication also became a large problem. As their jobs became more complex, so do their communications needs. They need to build communications mechanisms into the structure as much as they build financial plans. That there are also many managers are inexpedient and do not know what they should be communicating. They are uncertain about how to conduct a staff meeting and present information. The communication and management development are the two issue the Symantec need to focus on.

I would like to suggest a few solutions for this situation. First, the organization structure might need to change. As long as there are lots of subsidiary corporations which develop different products, functional structure will suitable for Symantec Corporation. They need to train their managers for each department, such as Finance, Marketing, Human Resources, etc. Each department will send a lower level manager to the subsidiary companies, and in charge of the subsidiary companies' department. All these lower level managers will control and set up their own group to manage the subsidiary company. They need to report to the central office manager of each department and also communicate inside the subsidiary company, allocating task for employees and let them know what they should do. "The organizational structure is transformed from a hierarchy to a flatter arrangement." (Cited from "The Reengineering Revolution", by Hammer Michael).

Second, the managers need to be trained. They need to know how to control their employees and assign them task and encourage them to achieve the goal. Also, create a standard for performance evaluation, like specific rules of actions. Symantec Corporation needs to perform three types of controls: people control, action control, and results control. People control means when they are hiring new employees, manager or try to promote someone to a higher lever manager, they need to know their ability and skills set. They need to make sure the people they hire or promote can bear and perform well in the position they provide. “People within the organization become empowered as opposed to being controlled.” (Cited from “The Reengineering Revolution”, by Hammer Michael). They also need to ensure everyone in the company, whether it was the parent company, or the company acquired, the employees should behave the same way in the same situation. Also, they need to have a annual evaluation or a quarter evaluation for every employees. They need to know everyone’s performance and what they need to improve.

Third, build up the organizational culture. “Just as individuals in a culture can have different personalities while sharing much in common, so too with groups and organizations. It is this phenomenon that is now recognized as ‘corporate culture.’” (Cited from “Image of Organization”, by Gareth Morgan). The organizational culture is actually sharing frame of reference across individuals and ignore the information that we don’t need which is not important. Communication is important. The employees inside the company need to know what to do and what not to do. “Brands have greater impact as cultural icons than ever before. Brands can help consumers feel a part of something and allow them to signal to and connect with others.” (Cited from “Strategic Brand Management”, by Kevin Lane Keller). Building organizational culture is also helpful for the company to expand their product selling and attract more customers.