



Chapter XIV

Mobile Technology

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EXECUTIVE SUMMARY

Mobile Technology (MT) is a small/medium-sized electronics manufacturer that has been very successful and grown rapidly in recent years. Its innovative products are exported to many parts of the world. The firm relies heavily on information technology and has many staff with very sophisticated computer expertise, yet it has no IS department and has only just appointed an IS manager. The firm's IS staff are part of an EDP team that provides IS services to all parts of MT. However, the firm is soon to be restructured into nine separate business units. This case focuses on where the firm should place its IS staff following this restructuring. The main alternatives facing management are for either a centralised or decentralised IS department.

BACKGROUND

Mobile Technology is based in Christchurch, a city that has become a major centre for electronics manufacturing in New Zealand. MT specialises in the design and manufacture of radio communications products, particularly trunking systems, base stations, mobile radios and hand held radios. Its products are used by police forces, utility organisations, transport fleets and taxi operators in many parts of the world. MT

is part of an electronics industry that has grown at a high rate; electronics exports from New Zealand averaged 30% growth per year during the 1990s.

Company History

James Caddick started designing and assembling mobile radios in 1947 after returning from World War II. This small business was the predecessor of Mobile Technology, which James Caddick founded in 1969 with a staff of 12 people.

During the mid-1970s those initial products developed into an award-winning mini-phone series of mobile radios, and by 1979, it also included handheld radios and base stations. At this stage over 25% of production was being exported, staff numbers had risen to approximately 220, and the first wholly-owned subsidiary was opened in the UK. The company experienced further growth during the 1980s and released several new products, completed major investments in advanced production technology, and opened three new overseas subsidiaries.

By the firm's 25th anniversary in 1994, the head office remained in Christchurch, New Zealand, but the number of wholly-owned, offshore subsidiaries had grown to seven, with 90% of products being exported to over 80 countries worldwide. The remaining 10% was sold through the eight branches of the New Zealand subsidiary MT Communications. The subsidiaries also sold complementary products from other firms. By 1998 the total MT Group employed over 800 staff worldwide. The Group continues to work at increasing market share in well established markets, as well as fostering customers in new markets, such as Asia, Russia, and South Africa.

Mobile Technology is a privately owned company, which in recent years has experienced sales growth exceeding 25% per annum. It has consistently traded very profitably and invests most profits back into the business. The company won the 'Exporter of the Year' award presented at the New Zealand Trade Development Board awards ceremony in 1994. Growth is forecasted to continue at 20-30% per year, requiring significant investment in new product development and manufacturing capability.

MT Products

Mobile Technology (MT) has had a philosophy of design excellence and of manufacturing quality products. Its success is due to a long-established commitment to produce world-class mobile radio equipment, second to none. As a result, MT has become known for providing reliable and effective radio communications.

MT products use conventional analogue transmission, trunking technology, and quasi-synchronous communication systems. MT products can be integrated to provide a complete system solution. Its major radio telephone competitors are the world giants of Motorola, Philips, and Nokia.

MT Operations

MT business operations include research and development of new products, importing electronic componentry, manufacturing, marketing, exporting, and distributing radio communications equipment.

As a privately-owned business that has grown from a small operation, Mobile Technology has managed to maintain a family firm atmosphere through the personal

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