

COMPETITIVE ADVANTAGE

As APEX project manager Alex Franklin watched Sean McBride, vice president of First Street Bank, walk out of the office, he realized that he was having one of those defining moments he had so often read about. He glanced at the folder labeled “Computer Solutions” that McBride had left on the coffee table and then at his two colleagues. Franklin knew he had to make an immediate decision, one that could well define his future with APEX and his career in general. He had some vague recollections of business school ethics class discussions, but he still wasn’t sure what he should do.

Background

APEX was a local computer company that provided software solutions to financial institutions, particularly banks. The company’s software programs helped these institutions manage data and keep track of the immense flow of their daily transactions. It was a highly lucrative business, but was forced to be more competitive every day, as software programs became more sophisticated, almost on a daily basis. As one of two major players in the region within this industry, APEX controlled roughly 35% of the market.

In the two years he had been with APEX, Franklin had quickly moved up through the ranks of the company. He aspired to a senior management position; if all went well and he continued to bring in business, he was fairly certain he would be rewarded with a promotion. Nonetheless, he was becoming somewhat frustrated because one of APEX’s senior management staff members had left the company recently and had not been replaced. Franklin suspected that senior management was waiting to see if he could really perform before promoting him, so he needed to get the First Street Bank account.

First Street Bank, the largest potential new account on APEX’s radar screen, had a solid reputation for overall financial health and integrity. The bank officers did business by the book and had gone out of their way to establish the bank’s reputation as a good corporate citizen. First

This case was prepared by Research Assistant Jenny Mead under the supervision of Andrew C. Wicks, Associate Professor of Business Administration Senior Fellow, Olsson Center for Applied Ethics, at the Darden Graduate School of Business Administration at the University of Virginia. Although many of the facts have been altered, the premise of the case is based on a real incident faced by an EMBA student at the Helsinki School of Economics and Business Administration. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2003 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. *To order copies, send an e-mail to sales@dardenbusinesspublishing.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation.*

Street represented a major new client, not just in raw dollar terms, but in prestige and in securing APEX's future. With the new revenues that the First Street Bank account would provide, APEX could further invest in R&D and help keep up with (and possibly stay ahead of) the competition.

Franklin had pressed his supervisors to allow him a shot at the First Street Bank account—something that would really make a splash and show them he was the right guy for a promotion. After several discussions and talking at length with his mentor, Sally Hopson, a senior vice president at APEX, he had finally gotten his chance. With two younger and fairly inexperienced new hires that were assigned to assist him, he had spent long hours preparing his First Street Bank presentation.

The Bidding

For reasons unclear to Franklin and the leadership at APEX, First Street had decided to solicit bids for their accounts on a secret bidding basis. Each firm would submit a bid by a certain time without knowledge of the bids of its competitors. Franklin and the APEX senior management people believed that this was done in the expectation that firms would be induced to put forth their best deals, but they weren't sure what other reasons were behind the decision to utilize this practice.

First Street wanted to work with a local firm, and Franklin was aware that there was one other company that stood a serious chance of winning the bid: Computer Solutions (CS). APEX had entered the market before CS, had a larger market share, and had historically outperformed CS across the board. But CS had been slowly gaining on APEX for some time and was now nipping at its heels, both in terms of financial performance and in the quality of the software solutions they provided. Thus, though only two months earlier Franklin had been confident that he could win the bid based on APEX technology alone, now he was less sure. Indeed, he had recently heard rumors that CS had made a breakthrough that put them equal to or ahead of APEX in terms of their company's sophisticated technology.

During the bidding process, Franklin had worked exclusively with Sean McBride, who was relatively new to the company. In all their interactions, McBride had been very helpful and supportive. Although he didn't come out and say he wanted to see APEX win, McBride gave every indication that he looked very favorably on APEX, its management, and its products and services, as well as Franklin and his team. Franklin was confident that, so long as APEX could produce a competitive bid, the company had the edge on CS.

The Opportunity

Two days before the final bid deadline, Franklin received an unexpected call from McBride, who said that he urgently needed to meet with Franklin and his two coworkers who were handling the bid. When they arrived at First Street Bank, McBride invited Franklin and his

coworkers into his office. Everyone sat down around the coffee table and made small talk while waiting for McBride to tell them what was so important. After several minutes of chitchat, McBride suddenly stood up and announced that he had completely forgotten an imminent meeting with his boss. He then walked over to his desk, picked up a large folder, and carefully placed it on the coffee table. Visible to all in bright, bold letters were the words “Computer Solutions” on the cover.

“Forgive my forgetfulness,” McBride said. “I’ll try to be back within half an hour.” With that, he turned toward the door. Franklin felt a sudden rush of adrenaline—he realized what McBride was offering him. He also knew that what happened from here on was his call, and that he didn’t have much time to choose.

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