In 1998, Marisa Rivera, CIO of the international electric measuring tools company Catatech Industries, experienced some difficulty with her CEO, Carlos Fernandez. Despite similarities in background and Marisa's track record of effective IS management and proven business value, she and Carlos had never quite connected. Carlos had quietly refused to listen to her warnings about the emerging power of the Internet. "This is not something we need to get into at this time." was his sentiment. Now Marisa had found a website, called "E-herramientas", run by a company previously unknown to her. What she saw terrified her; a product line very similar to their own, available overnight, anywhere in the world via Federal Express, complete with product descriptions, usage recommendations, and "ask the experts" project help. Where did this company come from and how could she represent this threat to Carlos so that Catatech could respond quickly?

Company Background
Catatech was founded in 1911 by Jose Fernandez, Carlos' grandfather. The product line had always been the same: Professional measuring tools for electricians, sold through a sales force of experienced people with deep knowledge of how the tools would be used. More often than not, the sales representatives would be former electricians themselves. The company had struggled for a number of years, but then began to expand internationally, primarily through small, local acquisitions. Catatech typically kept local management in place, and allowed these units considerable autonomy in the way they operated, provided that they met their numbers. Although each operating unit offered a core set of products, there were different pricing structures for these products in each region, and some additional products, customized to the local markets, were offered.

In 1998, Catatech's revenues were nearly US$2 billion. The company had enjoyed steady growth and a healthy cash flow. Carlos was widely credited for staying the course set by his father and grandfather, ensuring that securities analysts and board members were not unduly surprised. Carlos was low-key, quiet, and conservative; a man proud of his company's accomplishments and well known in the community.

The IT Organization
Ms. Rivera had been in her position for 5 years, following a 10-year stint as a General Manager of a business unit of Hewlett-Packard in Barcelona. Prior to this, she was a information technology market analyst with Morgan Stanley in London. Her main achievement in Catatech had been to oversee their selection and implementation of an ERP package. She was credited with streamlining the company's global supply chain, significantly decreasing inventory levels and improving fulfilment times. During her tenure, she has also presided over a major across-the-company desktop upgrade, and a sales force automation laptop project.

These projects had been successful, but Marisa had become weary of the amount of discussion generated
by the Executive Board at every step of the way. Marisa longed for Carlos to just make some decisions, but he preferred to stay out of the middle of the arguments and let the Board make its way through their lengthy negotiation process. Marisa rarely spoke with Carlos directly, and when she did she sensed tension; she was outspoken and forthright, while Carlos was taciturn and understated. Still, he nearly always supported her point of view, and she never had trouble securing approval for the yearly operating funds and infrastructure investments.

The IT organization was located in three main physical locations, Madrid, Singapore, and Rockford, Illinois. Madrid, with 80 people, was the largest location, while Singapore and Rockford had about 30 staff each. The company had common systems for Finance, ERP, and Manufacturing, although considerable local variation in these systems has been allowed.

The Current Dilemma
The main marketing organization in Madrid was very interested in electronic commerce, and a few informal groups were investigating both the business possibilities and the technology options. The US operation, feeling the impact of the Internet most acutely, had set up a Web site on their own, where customers could view product information and locate dealers. The site was growing in popularity, with a substantial number of hits coming from non-US locations.

Marisa had been watching this evolution and now felt that a decision on how to approach electronic commerce was necessary. The tentative and localized Internet initiatives would need to be formalized soon, requiring education of the Board and Carlos, a preliminary strategy, and initial funding. Marisa was worried, because this represented a departure from the corporation's localized, independent culture. The great power of the local marketing organizations would make consensus on a strategy hard to achieve, and the local variations in the systems supporting operations might mean that a global electronic commerce strategy would be difficult and expensive to implement. The simple approach would be to let one marketing organization—for example in the US—run electronic commerce globally. But that would be perceived as undermining the local marketing and sales efforts if not handled well internally.

Marisa wondered what to do. She needed to find a way to communicate the urgency of the situation to the company—and to Carlos. Through the regular process, the company could take years to debate the issue and drum up the courage to fund it. "Catatech needs to push forward now, or we may find ourselves out of business!" Marisa thought.