

Catatech case

Case Context

- **Company:** Catatech Industries, makes professional electrical measurement tools.
- **Founded:** 1911, family-run, now global via acquisitions.
- **Culture:** Decentralized, local autonomy, slow decision-making via board consensus.
- **CEO:** Carlos Fernández, conservative, avoids conflict, cautious with change.
- **CIO:** Marisa Rivera, successful with ERP, supply chain, and IT upgrades; frustrated with slow pace.
- **Threat:** New competitor **eHerramientas**, sells similar products online with global FedEx shipping, product info, and online expert help.
- **Timeframe:** 1999 (early e-commerce era).

Why eHerramientas is a Threat

General:

- Direct product overlap.
- Lower operational costs (no local sales force).
- Immediate global reach.
- Digital convenience and added value services.

1999-specific:

- First-mover advantage in e-commerce for industrial tools.
- Growing internet adoption in professional markets.
- Catatech's slow culture makes them vulnerable.
- Many competitors not yet online, opportunity window.

PC/Internet Context in 1999

- **Offices:** Mostly Windows NT/95/98, LAN networks, Office 97/2000, intranets emerging, broadband starting.
- **Homes:** Windows 98, dial-up (56kbps), early Amazon/eBay use, trust in online payment still low.
- **Implication:** Early adopter customers exist, but many still prefer traditional buying, need to balance speed with education.

ERP (Enterprise Resource Planning)

- Centralized system integrating finance, manufacturing, sales, inventory, etc.
- Marisa implemented ERP, lowering inventory costs by 20% and improving delivery precision.
- Gives Catatech a strong foundation for e-commerce, accurate stock info, global data sharing.

Pros of Entering E-Commerce

- Global reach without opening new offices.
- Builds on existing ERP/supply chain strengths.
- 24/7 customer access.
- Early mover advantage in 1999.
- Potential for brand consistency.

Cons / Risks

- Resistance from local sales teams and dealers.
- Complex integration due to local pricing/product variations.
- Risk of channel conflict (bypassing existing dealers).
- Customer readiness in 1999 is mixed.
- Security/trust issues with online payments at the time.
- Higher operational complexity (returns, service, warranties).

Possible Strategies & Pros/Cons

1. Centralized Global Platform

- **Pros:** Consistent brand, economies of scale, quick global presence.
- **Cons:** Strong local resistance, pricing conflicts, technical complexity.

2. Regional E-Commerce Hubs

- **Pros:** Fits local autonomy, tailored markets.
- **Cons:** Inconsistent experience, higher costs, slower brand consolidation.

3. Phased Pilot in One Region

- **Pros:** Low risk, proves ROI, builds case with data.
- **Cons:** Slower global coverage, competitor can expand in other regions.

4. Partner with Existing Online Resellers

- **Pros:** Fast, low investment, no need for own infrastructure.
- **Cons:** Less control, lower margins, brand dilution.

5. Hybrid Model

- **Pros:** Combines global brand with local adaptation.
- **Cons:** More governance needed, risk of “half measures.”

Key Trade-Off

- **Move fast** → capture early market, but face internal friction and risk.
- **Delay** → preserve harmony, but risk losing online leadership to eHerramientas.

Marisa's 1999 Mindset

- **E-commerce is new and unproven**, especially for B2B technical tools.
 - Many customers and executives **don't yet fully “get” the internet**.
 - **Internal politics** and local autonomy are the biggest roadblocks, not just technology.
 - The **goal is to act fast enough to block competitors**, but without triggering massive internal pushback.
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What She Should Do (1999)

1. Frame eHerramientas as an Urgent, Specific Threat

- Use a live demo or screenshots to show the board exactly what customers see.
- Emphasize the risk of losing *existing customers* rather than abstract “new market opportunities.”

2. Propose a Low-Risk, High-Visibility Pilot Project

- Choose **one strong market** (likely the US, since they already have a website) to launch a small-scale, transactional e-commerce platform.
- Run it for **6–12 months** to gather real sales data and customer feedback.
- Fund it from existing IT budget where possible to avoid big approval battles.

3. Align with Local Sales Teams Early

- Involve regional sales leaders from the pilot market in design and rollout.
- Make it clear their role will not be replaced, online orders can still generate sales commissions or feed leads to them.

4. Leverage Existing Strengths

- Tie the project to her ERP success: “We’ve already cut inventory costs and improved delivery, now let’s open a new sales channel to capitalize on that.”
- Show that Catatech has the back-end readiness to deliver quickly.

5. Educate the Board Without Tech Jargon

- Position e-commerce as a **sales and customer service initiative**, not an “IT project.”
- Use competitor examples (including eHerramientas) to make it concrete.

6. Plan for Gradual Expansion

- Make clear this is *step one* of a longer plan, if the pilot works, roll it out region by region, respecting local pricing and product variations.
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Why This Fits 1999 Reality

- Avoids betting the whole company on an unproven channel.

- Gets Catatech into the game quickly without years of debate.
 - Creates proof points to overcome skepticism.
 - Minimizes backlash from local managers and sales staff.
 - Takes advantage of existing US market momentum and internet awareness.
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Carlos's 1999 Priorities

- Protect the company's market position without disrupting the stability and predictability investors value.
 - Avoid alienating the powerful local sales organizations.
 - Act in a way that preserves Catatech's conservative reputation while still addressing new market threats.
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What Carlos Should Do

1. Acknowledge the Threat Publicly Inside the Company

- State to the board and regional managers that eHerramientas' model is a **real competitive risk**.
- Frame it not as "jumping on an internet fad," but as **protecting our existing customers from being poached**.

2. Endorse a Controlled Pilot Project

- Give Marisa the green light for a **single-region pilot** (likely US) to sell online.
- Cap initial investment to keep it low-risk and board-friendly.
- Tie pilot goals to measurable business metrics (sales growth, customer retention).

3. Protect Local Sales Teams

- Make it clear in communications that online sales will **supplement**, not replace, in-person sales.
- Consider commission-sharing for online orders from a rep's territory.

4. Set a Clear Decision Timeline

- Agree upfront that after **6–12 months**, the pilot will be reviewed and a **go/no-go decision** will be made for global rollout.
- This avoids endless debate, a common problem in Catatech's culture.

5. Use His Influence to Clear Internal Roadblocks

- When local managers resist, Carlos should personally intervene to reassure them and keep the project moving.
- His endorsement will carry more weight than Marisa's in a conservative environment.

6. Prepare Shareholder & Analyst Messaging

- Frame the move as "prudent innovation", not a risky gamble, to keep investors comfortable.
 - Highlight how Catatech's ERP and supply chain upgrades make this a low-risk move.
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Why This Fits 1999 Reality

- Balances innovation with caution, fits Carlos's leadership style.
- Keeps disruption contained while still responding to eHerramientas.
- Leverages the US team's existing internet experience.
- Builds a fact-based case for (or against) expansion before committing fully.