



Project Mi-Net – An Inter-Organizational E-Business Adoption Study

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EXECUTIVE SUMMARY

This case gives a detailed description of the adoption of an e-business initiative by Miracle Industries Limited (MIL), a fast-moving consumer goods (FMCG) organization in India. The initiative involved linking up with key distributors so as to get important sales-related data on a real-time basis. The case describes how the decision to adopt the project was taken after a comprehensive analysis involving a detailed cost-benefits study, and an examination of the roles of various stakeholders—the distributors and the Territory Sales Officers. It also illustrates how the organization proactively managed the changes introduced by the adoption by communicating extensively about the benefits of the project to the stakeholders, and by providing training and incentives to them. The role of the existing IT infrastructure and unambiguous support from the top management in enabling a smooth rollout is also discussed. Finally, the dissatisfaction of some distributors in the post-implementation stage has been captured.

THEORETICAL BASIS FOR THE STUDY

Electronic business, or e-business, is a new business paradigm increasingly being adopted by organizations around the world to capitalize on the potential of new technologies such as the Internet and the World Wide Web (WWW) to “rethink business models, processes, and relationships along the whole length of the supply chain, in pursuit of unprecedented levels of productivity, improved customer propositions, and new streams of business” (Feeny, 2001). The sheer scale of changes brought about by the Internet and related technologies have thrown up a host of possibilities for organizations, in terms of how they conduct their businesses, that were simply not practical, or even possible, before (Straub, Hoffman, Weber, & Steinfield, 2002). As Evans and Wurster (1997) put it, the traditional tradeoff between ‘richness’ and ‘reach’ is now being disputed by the Internet. The use of the *public Internet protocol standard* (TCP/IP) allows rapid growth in *internal and external links* at much lower costs than was possible earlier, say with Electronic Data Interchange (EDI), which is typically proprietary and more expensive. The *many-to-many communication* model made possible by the Internet is also a radical change from the traditional one-to-many broadcasting paradigm (Straub et al., 2002).

According to Porter (2001), while by itself the Internet might not provide a sustainable competitive advantage, what would differentiate the winners from the losers would be the ability to use the Internet as a complement to traditional ways of competing. The key to success for conventional firms, as Gulati and Garino (2000) put it, is in carrying out the integration between virtual and physical operations. Ross and Feeny (2000) posit that relatively speaking, the technology aspect of an e-business strategy is now easy, and that “vision and holistic thinking rather than technology rollout are the key requirements.” The literature on IT adoption also suggests that, increasingly, implementation failure—and not technology failure—is responsible for many organizations’ inability to achieve the intended benefits of the IT they adopt (Klein & Sorra, 1996).

Zaltman et al. (1973) propose a two-stage adoption process for innovations in organizations—a firm-level decision to adopt the innovation (primary adoption), followed by the actual implementation, which would include the individual adoption by users (secondary adoption). In the context of adoption of inter-organizational systems, the secondary adoption phase can be considered as involving not just the users within the organization, but also external entities in the value chain. Though there are a number of studies on adoption of inter-organizational systems, the most commonly studied inter-organizational system, EDI, is fundamentally different from e-business in a number of ways that impact the attitude of both the initiating organization and its partners. EDI has evolved around industry standards, whereas e-business relies on more open standards. On the other hand, the Internet is a ubiquitous public network that provides many advantages over value-added networks (VANs), including low costs, worldwide connectivity, platform-independence, and ease of use infrastructure. This makes the adoption of e-business practices typically a less expensive proposition for the partner organizations. Also the fear of getting locked into a particular system can be handled more effectively in the e-business scenario. To illustrate, a buyer has to invest in a single personal computer (PC) and Internet connection in order to access any number of supplier sites (or extranets) to check its order status or statement of accounts. In fact the varying diffusion rate for EDI and e-business practices is itself an indicator of the

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