



## **Chapter XXVI**

# **A Three-Tiered Approach to Global E-Commerce: Experiences of Nu Skin International**

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## **EXECUTIVE SUMMARY**

*Access to the world enabled by the Internet facilitates internationalization as never before. However, lack of a coherent global Internet strategy can relegate any company to a strictly provincial “neighborhood” status. Globalization strategies and tactics should therefore be of central concern to all enterprises. To research the strategic issues involved in Internet-based globalization, we embarked on a case study. Our goal is to explore how the Internet and its related technologies can serve to help organizations better deal with the challenges of conducting global business. Our research enabled us to identify a set of heuristic “rules of thumb” that might be used to support Internet-based globalization efforts. In our study we discuss the many challenges to establishing successful global enterprises. We then introduce a model for understanding global*

*business requirements in the e-commerce age. We conclude by analyzing a case study to initially validate our theoretical model and summarize our findings.*

## INTRODUCTION

Many organizations look to the Internet as an instrument to support their global aspirations, to allow them to enter new markets, to extend their brands and offerings geographically, and to use increasingly pervasive Web access to enter global markets. The hope is that instant worldwide access to information via the Internet can serve as a global “calling card” in consumer and business-to-business environments alike. The current global climate of peace and openness appears to be conducive to global business. The Cold War is over. China is moving toward being an “open” trading partner with the world (Weeks, 2000). Moreover, access to the Web is relatively inexpensive as compared to the past.

The Web appears to be the new vehicle to global business exchange. It seems that Web merchants are satisfied if they can get credit card money verified in real-time while leaving other business processes to a complex maze of e-mails, sticky notes, and off-system paper trails. However, basic business principles should still apply in e-commerce. Successful global e-commerce requires more than a Web site and simple data interchange functionality. The way of the Web has been to slide through fulfillment requirements. Few Web-based tools provide much in the way of inventory control, for example. As a result, organizations face a continental divide between whatever systems they have used in the past and new Web-based technologies. ERP, the hoped-for “do all” and “be all” of the mid-1990s, didn’t meet expectations (McNurlin, 2001)—the long-term implications of which are still to be determined in the marketplace.

The question confronting large-scale organizations around the world is how these two technological worlds—the Web and internal enterprise computer systems—can and should come together. The Web is of necessity directed outward at customers and markets and collaborative partners. Traditional enterprise systems, from ERP to older legacy systems, are by their very nature mostly inwardly directed, focusing on the need to coordinate employees and manage materials according to financial, tax, and operating imperatives.

Furthermore, immediate access to the world as enabled by the Internet forces the internationalization issue as never before. Lack of a coherent global Internet strategy can relegate any company to strictly provincial “neighborhood” status. In the face of such challenges, globalization strategies and tactics should be of central concern to all enterprises. We therefore embarked on a study to explore how the Internet and its related technologies can serve to help organizations better deal with the challenges of conducting global business. Moreover, we want to identify a set of heuristic “rules of thumb” that might be used to support Internet-based globalization efforts. We begin by discussing the challenges to global enterprises. We then introduce a model for understanding global business requirements in the e-commerce age. We continue by analyzing a case study to initially validate our theoretical model.

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