Implementing a Customer Relationship Management (CRM) System

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INTRODUCTION

A report published by Gartner shows that the worldwide CRM market grew 13.7% from $18B in 2012 to $20.4B in 2013. They anticipate that CRM usage will increase to $36.5B worldwide by 2017, which is a significant increase from the $20.6B forecasted for this year. However, research also suggests that 80% of CRM implementations fail (Rowley, 2002; Muhmin, 2012; Nguyen & Mutum, 2012). Although there has been extensive research into CRM implementation and why it often fails, studies predominantly concentrate on the technical performance of the implementation (Payne & Frow, 2005; Xu & Walton, 2005; Cox 2013), or data migration issues involved (Manjunath, Hegadi & Archana, 2012; Canter, 2013). Therefore, the purpose of this study is to research CRM implementation and the challenges involved in such complex implementations.

This paper will start by exploring the benefits of CRM systems and why companies decide to implement them. We will review the literature on the challenges that companies face during implementation and then we will examine a real-life implementation case study. Our conclusions will provide academics and practitioners with a clearer understanding of the CRM implementation and will summerise the main aspects that need to be taken into consideration during such complex implementations.

BACKGROUND

Clemons (2000), defines CRM from a customer's viewpoint and suggest that in essence a tiny proportion of a company's customers will generate the bulk of its profits, *"identifying, collecting and keeping these clients is the very essence of customer relationship management"* (Clemons 2000:25). However, according to Krauss (2002) a CRM implementation and strategy can only be deemed successful only if it can actually improve customer loyalty. One of the main reasons for failure is the reluctance to put CRM and the customer at the heart of the company. Girishankar (2000) proposes that for CRM systems to become successful companies must take a holistic approach to their implementation.

Research claims that corporate structure, employee involvement and management support are the key factors for the successful implementation of a CRM system (Galbreath & Rogers, 1999; Lindgreen, 2004; Pinto & Rouhiainen, 2001). Companies need to be connected and open to communication while management must be de-centralized and encourage subordinates to innovate since often employees are the ones that can steer the vision of a CRM system. A good project leader will set out a clear mission on what the CRM system will achieve, gain management support, schedule a clear implementation plan, communicate frequently with the end user, recruit

a successful well trained team, train employees successfully and gain end-user acceptance once the implementation is finished.

Siddiqi, Akhgar, and Wise (2011) ague that a clear report must be produced and analysed before a formula for success is produced because success depends highly on how the company views and aims to use the system in the first place. Organizations must choose between a customer focused system that allows a personalized service, or a company focused system that is mainly used for analysis and forecasting. It is likely that using a "soft" approach to the system, targeting specific customer in tailored ways will bring the best financial gains, and therefore employee motivation and support. Furthermore, Kotorov (2003) suggests companies must view CRM as a strategy rather than a technology solution.

Payne and Frow (2005) and Parvatiyar and Sheth (2001) believe that the lack of expertise and communication from IT departments is the most important factor in failure. Payne and Frow (2005) state that due to marketing and IT departments having no previous link, the lack of communication can lead to migration problems. This is a continuation of Parvatiyar and Sheth (2001) model, who suggest that in an enthusiasm to implement CRM, companies can hastily pass the implementation on to the in-house IT department. In order for a CRM implementation to be successful, employees must be involved in the design since the ineffective communication between IT and other departments leads to the implementation of a technically biased system, rather than one with wider benefits (Lindgreen, 2004; Pinto and Rouhiainen, 2001).

Xu and Walton (2005) state the reason for most failures is the lack of technology advancements and companies not pushing for greater analytical power from the systems. They believe that by being comfortable with what the providers currently offer, they are not harnessing CRM to its full potential. Cox (2013) agrees with this, believing that the technology on many systems is not being used to its full potential. However, he suggests that

this is due to the technology selection process, rather than the lack of potential technology. If a company selects an inferior product that does not benefit the employees then there will be issues.

Once the correct solution for the company has been picked, migrating data and information from previous systems is a large part of the implementation. Kostojohn, Paulen and Johnson (2011) are one of the few who studied data migration. They argue that correct migration can add tremendous value. They state that data migration does not cleanse data, and merely drags everything across from the old systems. In order for any implementation to be successful, data must be cleansed and organised. Similalry, Epicor (2005) emphasises the importance of thoroughly cleansing any data and an effective way to achieve this, is by employing data-administrators or specialists to help with the removal of duplicates.

Alongside the need for clean data migration, Kostojohn, Paulen and Johnson (2011) explore the need for adequate training. They state that in order for CRM to succeed, employees must be encouraged to use the system. This is a continuation of Reinartz, Krafft and Hoyer's (2004) research that encourages relevant, well-planned and effective training that rewards employees for engaging in CRM activities. Becker, Greve & Albers (2009) also linked training directly to customer retention rates. Their research is one of the few that directly links components of the implementation plan to the outcome and success of a CRM implementation. They state that ineffective training will have a direct impact on the success of the system. Similarly, Zablah, Bellenger and Johnson's (2004) research proposes that training can be used as a way to push companies' strategies onto its employees. In order for implementations to prosper, training must be used so that all employees know how the company wants to use the system, its core principles and how it will benefit the customer and themselves.

There are limited case studies of CRM implementation that use literature and models to define success. Bull (2003) studied the implementation of a CRM system using the company ELMS as a

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