



Chapter IV

Implementing CRM Systems: Managing Change or Accepting Technological Drift?

Bendik Bygstad

The Norwegian School of Information Technology, Norway

ABSTRACT

Many companies have large expectations of the use of Customer Relationship Management (CRM) systems, expecting to harvest benefits from dialogue marketing and internal knowledge synergies. How should these systems be implemented? And how easy do the benefits come? The research approach is a longitudinal, six-year case study of a company implementing CRM both as a marketing principle and as an information system. The implementation was, from the outset, regarded as an organizational experiment, and the case is laid out in some detail to provide a somewhat “thick description” of the social setting and actors’ behavior. The high failure rate of CRM projects illustrates the gap between our intentions and outcomes. Interpreting a longitudinal case study and the research literature, we find two options to improve our practice. From a managerial view, we should treat CRM projects as complex challenges, needing tight project control and the application of change management techniques, focusing on the marketing process and data quality. In contrast, we could accept that the mechanisms at work at

the micro level are only partly controllable by management techniques, and we should let the infrastructure grow organically.

INTRODUCTION

Increasingly, companies' ability to implement new IT solutions is of crucial importance for the company's ability to change (Applegate, McFarlan, & McKenney, 1999). Both strategically and economically, it is therefore vital that a company has the skills to implement information systems fast. As documented in IS research, implementing information systems into an organization is hard and often unsuccessful (Markus & Benjamin, 1997).

This is also the case with Customer Relationship Management (CRM) systems, and perhaps even more so. While there are well-known and impressive success stories (Hines, 2002; SAS, 2002), failure rates of CRM projects may be as high as 70% (Tafti, 2002). Comparing the large expectations regarding CRM with the actual results in companies, a picture of sobering consideration and sometimes downright disappointment emerges. Why is it so difficult? It is documented that most problems in CRM implementation are not technical. Instead, common problems include organizational change and fluctuation, different views on customer information, and changes in the business, for example, mergers (Schwartz, Schliebs, & Wyssusek, 2002).

Argyris and Schön (1996) describe the gap between intent and realization, between what our strategists have recommended that we do and what we are actually capable of doing, as a major challenge for strategic management theory. The core of the challenge is not related to the strategic analysis itself, but to the level of *real-time microactions*, that is, all the small decisions managers and employees make during the implementation of change and creation of knowledge. Examples may include problem solving, communication with employees, inter-departmental conflicts, and single customer relationships—situations where the battle of change and learning really happens.

We suggest that studying these microactions and the defensive routines at work in an organization is relevant for understanding the implementation puzzle of CRM. This chapter tells the story of a six-year CRM project and describes in some detail how a knowledge-based organization addressed the challenge.

The gap between intent and outcome may also be described as *technological drift* (Ciborra, 2000). Arguing that the modern knowledge-based organization cannot be as planned and controlled as an industrial enterprise, Ciborra suggests that the alignment between technology and organization is a process of conflict and negotiations between different actors, including the

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