



## Factors Critical for CRM Success

Saurabh Singh<sup>1</sup> and Kavita Chauhan<sup>2</sup>

### Abstract

*Continuous shift in consumer behavior due to changing business-technology continuum is increasingly leading to complexity in managing customer relationships. This has required organizations to look for factors that promise CRM success to cope with changing attitudes and values in consumers, and at the same time, for marketers to create strong differentiators for value creation. Is there a way to find out what will eventually make an effective CRM since one size doesn't fit all? Mostly studies in this direction pointed out 'similar-looking' factors however the range of their contribution and their order varies depending upon the business requirements, and resources available. Our study is a milestone in direction that critically reviews these factors and prescribes why some of these are more critical to organizational CRM success than others. We find that CRM is more of human function than perceived as a technological factor. Some factors that are found critical in its evaluation are training for its rightful adoption, the role of culture and leadership support and its integration with other business processes and applications.*

**Keywords:** Critical Factors, CRM, Culture, Integrations, Leadership, Technology

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### Introduction

“Science and technology innovations are giving people the power to make over their identities, and they are using them. To what extent people can figuratively and literally reinvent themselves through a combination of computer simulations, computer-human mergers, biomechanics, bioelectronics and genetic engineering is more a matter of speculation than reasoned debate”

- G. PASCAL ZACHARY (<http://www.nytimes.com/books/first/z/zachary-global.html>)

Business these days is no longer seen in isolation of the technology. Be it any stream or any kind, technology has become the integral part of the business world. Rather it would not be wrong to state that technology has become so critical these days that it has been seen as a critical factor regarding the long-lasting relationship between the customer and business. In order to customize the services so offered, to recover from service failure if any and to delight customer instantly technology is a facilitator and critical aspect (Bitner, Brown, & Meuter, 2000).

The traditional view regarding the technology was limited to inward optimization of various business processes such as fulfillment of customer order, customer services, management of customer, and other. But with the expansion of technology such as internet the above horizon expanded the wings and brought customer under direct touch. The major challenge that technology oriented businesses face is to provide a clear cut proposition of value to the customers. Value proposition though shall be an outcome of customer centric approach. Customer-centric approach primarily deals with the organizational attitude and resource (DiVanna, 2003).

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1. Research Scholar - Centre for Management Studies, Jamia Millia Islamia (Central University), Delhi.
  2. Professor - Centre for Management Studies, Jamia Millia Islamia (Central University), Delhi.

(Xu & Walton, 2005) stated that CRM systems that are currently available are majorly governed by operation based applications and analytical application of CRM is being overlooked.

### **Customer Knowledge and CRM**

CRM without the relevant knowledge of customer is not effective. Companies have began to realize that - "if we only knew what we know also includes if we only knew what our customer knew" (Gibbert, Leibold, & Probst, 2002).

(Gebert, Geib, Kolbe, & Brenner, 2003) both CRM and knowledge management aims to gain the competitive edge by efficient resource allocation to various business activities. CRM takes care of the relationship of both existing and potential customer base and company whereas knowledge management deals with the management of critical knowledge availability with the company, as both the aspects forms the pre-requisite for success of the company.

(Fidel, Schlesinger, & Cervera, 2015) stated that literature seems to be lacking on the front of understanding the collaborative role of the customers in innovation.

(Rowley, 2002) explain customer knowledge in two aspects:

- Knowledge or know how about customer including potential customer along with the customer segments.
- Knowledge that customers possess regarding the varying ranges of product

### **CRM systems - an analytical view**

The basic concept behind the CRM is to utilize technology along with the human resource in order to have a better understanding about value, behavior and customer attitudes(Eid, 2007). At times companies find it difficult or uphill task to discover the insights which provide them differentiation and making it tough for the competitors to copy. Even though systems pertaining to data mining and exploration are available in the market but still having the customer insights with clarity remains a tedious process. (Sharma & Goyal, 2011) states that analysis of data provides the support or base to CRM and helps to uncover opportunities and also to trace any ill effects of CRM initiatives.

### **Research Objective and Methodology**

The study is conducted to review the various factors critical for the success of CRM and prescribe why some of them are more critical to organizational CRM success than others.

The study is largely based upon the secondary data collected from various studies that are undertaken by different scholars over the period. Continuous shift in consumer behavior due to changing business-technology continuum is increasingly leading to complexity in managing customer relationships. This has required organizations to look for factors that promise CRM success to cope with changing attitudes and values in consumers, and at the same time, for marketers to create strong differentiators for value creation. Is there a way to find out what will eventually make an effective CRM since one size does not fit all? Mostly studies in this direction pointed out 'similar-looking' factors however the range of their contribution and their order varies depending upon the business requirements, and resources available. Our study is a milestone in direction that critically reviews these factors and prescribes why some of these are more critical to organizational CRM success than others.

### **Critical Success factors**

Customer expectations keeps on increasing or changing, this has made the companies to implement various CRM programs. However, companies fails to recognize the internal processes

that are needed in order to assist the learning regarding individual customer based relationship (Campbell, 2003)

CRM technology plays a role in maintaining and sustaining relations but (Richard, Thirkell, & Huff, 2007) states that customer based communications and the aspects of people shall be considered most important.

Over past few years, CRM has no longer been address as ambiguous rather it has been an area of prime importance. Service industries such as banking Industry (Patwardhan, et al., 2009), especially is considered one of prime sector where CRM is among the critical success factor to ensure the effective and efficient service delivery. Several empirical studies have been done regarding the implementation of CRM. Similarly there have been reports regarding the dissatisfaction pertaining to the improvement post CRM implementations (Becker & Goetz Greve, 2009).

The elements for knowledge based customer-centric organizations inclined towards learning are summarized in the below mentioned table:

**Table 1: Components for knowledge based customer-centric learning organizations**

Elements	Description
Physical	<ul style="list-style-type: none"> <li>Workplace is global, virtual, less hierarchical, and ICT-enabled</li> <li>Control is distributed throughout a networked structure made up of self-control units or teams</li> </ul>
Physiological	<ul style="list-style-type: none"> <li>Customer-facing Processes are Knowledge-based, Innovative, and Value Driven</li> <li>Based on Continuous Learning, Processes are reviewed, redesigned and continuously improved</li> <li>Customer-centric, redesigned processes are value -adding, flexible, objective and timely</li> </ul>
Psychological	<ul style="list-style-type: none"> <li>Democratic governance based on distributed locus of control</li> <li>Share a common customer-centric vision, values, culture</li> <li>Culture fosters communication and collaboration anytime, any place</li> <li>Culture stimulates creativity, innovation, continuous learning, and sharing of information and knowledge</li> </ul>
Informational	<ul style="list-style-type: none"> <li>Workers are empowered to act using Computer Supported Collaborative Work (CSCW)</li> <li>Acquiring, developing, and coordinating customer data, information and knowledge from integrated customer touch - points and databases</li> </ul>
Analytical	<ul style="list-style-type: none"> <li>ICT networks are used to integrate and manage CK across customer contact and delivery touch points</li> <li>Learning is continuous, life-long, and integrated into work experiences.</li> </ul>
Serial	<ul style="list-style-type: none"> <li>Community is created through alliance with customers and suppliers</li> <li>Customer loyalty is assessed and improved</li> </ul>
Managerial	<ul style="list-style-type: none"> <li>Managing proactive, customer - based adaption to changing environment</li> <li>Planning is used to create strategic organizational alignment and cohesion, both mentally and externally</li> <li>Knowledge sharing and teamwork initiatives are valued and rewarded</li> <li>Workforce empowerment, satisfaction and retention are emphasized.</li> </ul>

Source: Al-Shammari, M. (2009).

An Oracle white paper (Ten Critical Success Factors for CRM: Lessons Learned from Successful Implementations, 2006); highlighted critical factors contributing to CRM success:

- it is very essential to define business goals which are measurable. Organization must be aware of what is expected out of CRM such as

### *Factors Critical for CRM Success*

- o increasing the average revenue
- o enhancing customer retention
- o improvising response time in relation to customers and so on
- One must realize the fact that CRM is all about technology rather technology serves as one part of it. Alignment of information technology with the business is a pre-requisite for CRM success.
- Organization must acknowledge the fact the CRM is a strategic initiative. Thereby an active top management support is required for successful CRM.
- Organization must take care that business goal drive the CRM
- Over- customization is among the major issues which leads to budget over shooting and at times delay in response.
- In order to ensure the proper integration and implementation of CRM organization must look for experienced and trained consultants.
- The involvement of end users is another critical factor. Unless end user's are not involved in the solution design it would be very difficult to develop successful CRM
- CRM project requires adequate training of end user.
- Organization shall not rush in CRM implementation. Phased roll out of CRM may be more effective and successful.
- After the CRM has been implemented organization must actively monitor and measure the CRM system with an intention to improvise on continuous basis.

The prominent factors found that forms pre-requisite for the success of CRM among the several factors identified in the study and work of (Maleki & Anand, 2008); (Adhikari & Adhikari, 2009); (Arab, Selamat, Ibrahim, & Zamani, 2010) (Kavosh, Bakar, Melat, & Zaleha):

- *Organization Culture as a essential parameter critical for CRM success:* (Arab, Selamat, Ibrahim, & Zamani, 2010) CRM success lies in the hand of the employees of the organization to the great extent. Culture needs to develop wherein the employees of the organization are motivated to learn from the information gather through the CRM systems and shall continuously strive for the improvisation. (Al-Duwailah & Ali, 2013) organization culture refers to basic assumptions and values that runs across the organization. Organizational culture is a relevant factors that leads to adaptive learning and successful implementation of CRM system as it facilitates the employee involvement.
- *Top management involvement and effective leadership:* Without proper leadership no organization can be successful in its venture. Organization must ensure that the top management should be able to lead from the front by ensuring the commitments and support required by the CRM initiatives and implementation. (Arab, Selamat, Ibrahim, & Zamani, 2010) highlighted this parameter and stated that it is the role of the top management to convince and motivate the employees under their supervision and make them believe in the CRM benefits. (Mohd, Rababah, & Ibrahim, 2011) even before adoption of CRM and its implementation top management support is warranted. Commitment of top management entrust the same across the organization and contributes to a large extent in CRM success.

The Organization culture and effective leadership when complemented by the factors namely - technology adoption (Viljoen, Bennett, Berndt, & Zyl, 2005) and its integration (Rahimi & Berman, 2009) across adds strength to the CRM.

## Conclusion

CRM has its existence since long time. Even though CRM is not a new concept but still at times it is seen with the skeptical view reason being the mix response regarding its implementation and the results afterwards. Organization today must give relevance to the aspect that CRM is not only about the technological adoption or the installation of the system software rather it is the combination of human and technology with the customer centric approach. Also CRM implementation is an integration of the systems across the organization aiming for better understanding of the customers and providing a proper response in apt time. The CRM success not only requires a theoretical base rather it needs a proper understanding, implementation and execution. Thus organization must pay heed to several critical factors such as precise objective of CRM, active participation of top management and adoption of relevant technology for ensuring the success of the CRM. Top Management being the initiative takers for the CRM is among the prime factors and is required to create an adaptive organization culture through effective leadership wherein the employees who are the main users of the CRM systems shall overcome resistance to change willingly and use CRM system to nurture the organizational goals. Thus, factors that are found critical in CRM success evaluation are training for its rightful adoption, the role of culture and leadership support and its integration with other business processes and applications.

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### Factors Critical for CRM Success

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