

CRM System Implementation in a Multinational Enterprise

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Abstract. The concept of customer relationship management (CRM) resonates with managers in today's competitive economy. As more and more organizations realize the significance of becoming customer-centric in today's competitive era, they embrace CRM as a core business strategy. CRM an integration of information technology and relationship marketing provides the infrastructure that facilitates long-term relationship building with customers at an enterprise-wide level. Successful CRM implementation is a complex, expensive and rarely technical projects. This paper presents the successful implementation of CRM in a multinational organization. This study will facilitate in understanding transition, constraints and implementation of CRM in multinational enterprises.

Keywords: Customer Relationship Management, CRM, Implementation.

1 Introduction

As the business environment is dramatically changing, companies today face the challenge of increasing competition, expanding markets, and rising customer expectations (Wu, 2008). A good customer relationship is the key to business success. Relationship building and management, or what has been labeled as relationship marketing, is a leading approach to marketing [11]. The use of customer relationship management (CRM) systems is becoming increasingly important to improve customer life time value [27]. So more and more businesses begin to attach great importance to electronic customer relationship management (eCRM), which focuses on customers instead of products or services, that is, considering customer's needs in all aspects of a business, ensuring customers' satisfaction. By providing information on customer data, profiles and history they support important areas of a company's core processes, especially in marketing, sales and service [7]. eCRM is all about optimising profitability and enabled businesses to keep customers under control, as it makes the customer feel they are really a part of the business progress [22].

In spite of the wide use of sales force automation systems in sales [20], a Forrester study [3] observes significant deficits in today's marketing, sales and service processes. It was found that just 22% of the companies surveyed possess a uniform customer view and only 37% know which customers are looked after by the individual business units [1]. To eliminate weaknesses in customer contact, many companies are

either planning or in the process of implementing CRM systems. According to Gartner survey [8], 65% of US companies intended to initiate CRM projects in 2002. In Europe, roughly 3% of companies had fully implemented a CRM project in 2001, 17% had initiated more than one local project and 35% were developing concepts for the introduction of CRM [24]. The software CRM market is expected to increase from \$7 billion in 2000 to 23 billion in 2005, even though conventional wisdom is that 30 to 50 percent of CRM initiatives fall short of meeting company objectives, while another 20 percent actually damage customer relationships [2].

Different organizations are approaching CRM in different ways. Some view CRM as a technology tool while others view it as an essential part of business. According to Verhoef et al. [26], the success rate of CRM implementation varies between 30% and 70%. According to industry analysts, almost two-thirds of CRM system development projects fail [4]. Another report estimates that between 60 and 90 percent of enterprise resource planning implementations don't achieve the goals set forth in the project approval phase [19]. Hence, key factors of success or failures during CRM implementation have been the subject of active research in recent years (Wu, 2008). The results show that there is no 'unique' CRM project and that successful implementations are rarely technical projects [1]. Therefore the objective of this paper is to report successful CRM implementation and lessons learned in a multinational enterprise.

CRM is synthesis of many existing principles from relationship marketing [14][21][17] and the broader issue of customer-focused management. CRM systems provide the infrastructure that facilitates long-term relationship building with customers. Some examples of the functionality of CRM systems are sales force automation, data warehousing, data mining, decision support, and reporting tools [16][23]. CRM systems also reduce duplication in data entry and maintenance by providing a centralized firm-database of customer information. This database replaces systems maintained by individual sales people, institutionalizes customer relationships, and prevents the loss of organizational customer knowledge when sales people leave the firm [13]. Centralized customer data are also valuable to firms managing multiple product lines. In many cases customers will overlap across different lines of business, providing an opportunity for increasing revenues through cross-selling.

The paper is organized as follows: Section 2 reviews the literature on CRM implementation. In section 3 we have presented the CRM implementation in a multinational organization. Finally section 4 draws conclusions from the case study in terms of its practical relevance and lessons learned.

2 Literature Review

The first requirement for the successful implementation of CRM is clarity regarding CRM terminology. From the many approaches available, the distinction between the following three areas has become generally accepted [5].

- **Operational CRM** supports front office processes, e.g. the staff in a call center
- **Analytical CRM** builds on operational CRM and establishes information on customer segments, behavior and value using statistical methods.

- **Collaborative CRM** concentrates on customer integration using a coordinated mix of interaction channels (multi-channel management), e.g. online shops, and call centres.

CRM is therefore understood as a customer-oriented management approach where information systems provide information to support operational, analytical and collaborative CRM processes and thus contribute to customer profitability and retention.

CRM system is the automation of horizontally integrated business processes involving “front office” customer touch points –sales (contact management, product configuration), marketing (campaign management, telemarketing), and customer service (call center, field service)-via multiple, interconnected delivery channels. Therefore, CRM system implementation is commonly used in functional areas such as customer support and services, sales and marketing. CRM life cycle includes three stages: Integration, Analysis and Action [12]. Second stage called analysis is the most critical to CRM success [12]. CRM analytics enable the effective management of customer relationships (Wu, 2008). Using CRM analytics, organizations are able to analyze customer behaviors, identify customer-buying patterns and discover casual relationships [12]. The final phase, Action, is where the strategic decisions are carried out. Business processes and organizational structures are refined based on the improved customer understanding gained through analysis [29]. This stage closes the CRM loop and allows organizations to cash in on the valuable insights gained through analysis.

According to Gefen and Ridings [9], a CRM system consists of multiple modules including: operational CRM, which supports a variety of customer-oriented business processes in marketing, sales and service operations; and analytic CRM which analyzes customer data and transaction patterns to improve customer relationships. Operational and analytic CRM modules provide the major functions of a CRM system. Successful CRM implementation often entails significant organizational transformation due to the complexity of multiple operations involved in managing customer relationships [15]. Implementing a CRM system is only part of the needed change. To adopt the new ways of interacting with customers, firms need to align various organizational aspects with their CRM systems, e.g. business processes, strategies, top management support, and employee training [10]. A typical CRM implementation can be classified into six iterative processes including exploring and analyzing, visioning, building business case, planning and designing solution, implementing and integrating, and realizing value [29]. Resulting from a variety of catastrophic ERP implementation failures, research on ERP systems points to the need to reduce application complexity. The likelihood of success is related to reduced project scope, complexity, and customization of the application. Defining a reasonable (i.e., smaller) system scope by phasing in software functionality over a series of sequential implementation phases is an important means of decreasing complexity. Similarly, reducing or eliminating customization of the specific functionality of CRM application software is critical to lowering risk. It is the business needs that should determine the CRM application functionality – the scope of functions to be implemented [18]. Organizations are finding that implementing

CRM functionality beginning with quick, clear-cut and profitable ‘hits’ helps to insure the initial success, and thus long- term success of a CRM initiative.

Generally, the case study method is a preferred strategy when “how” and “why” questions are being posed, and the researcher has little control over events [28]. The case study method, a qualitative and descriptive research method, looks intensely at an individual or small participants, drawing conclusions only about the participants or group and only in the specific context [28]. The case study method is an ideal methodology when a holistic, in-depth investigation is required [6]. Case studies are often conducted in order to gain a rich understanding of a phenomenon and, in information systems research, the intensive nature, the richness of a case study description and the complexity of the phenomenon are frequently stressed in case study reports [25].

3 Case Study

3.1 Background of the Company

Company ABC is a trans-national company with operations in different segments. This company engages in the design, manufacture, and sale of precision motion and fluid controls, and control systems for various applications in markets worldwide. The company has been growing rapidly in all segments.

3.2 IT Setup

Company has highly skilled engineers and has grown from being a small to a large company. IT in company has been “home-grown”, i.e. systems were created using available tools to capture processes. Employee empowerment is very high in the company. It also meant that the company’s business units could decide what systems – hardware, software and networks wanted individually. This has led to a plethora of IT systems. The CIO of the company started rationalizing the “basic” infrastructure to Lotus Notes for e-mail and Microsoft Office Suite for office applications. An Enterprise Resource Planning System (ERP) from QAD called MFG/PRO was implemented to take care of manufacturing, financials and logistic transactions of the company. This system was implemented individually in each of the countries. Customization was not allowed without confirmation by a change request committee. Since reporting in MFG/PRO was weak, the company went ahead with a data-warehousing solution called “Cubes” based on Progress database. Data needed for financial and management reporting was extracted on a daily basis from MFG/PRO into the cubes for analysis. The group is now considering moving all the disparate MFG/PRO systems to its data centre in the main office.

3.3 The Search for IT Solution

The company has doubled its’ operations over the past five years. The growing number of customers in the various segments calls for a solution in information technology (IT). Company has over 5,000 customers spanning various markets like Power, Plastics, Metal Forming, etc. Due to the large number of customers using

company's components in various markets for various applications and lesser profitability, it was decided to bring together senior managers in the company for determining its future strategy for the IT solution. They found that use of IT in CRM would help company in maximizing revenues in a cost-effective manner through various applications to a consolidated database, for example, sales forecasting, decision of marketing strategies, and customer identification.

3.4 Motivation for CRM

CRM can be defined as a management process of acquiring customers by understanding their requirements; retaining customers by fulfilling their requirements more than their expectations; and attracting new customers through customer specific strategic marketing approaches. This requires total commitment from the entire organization. CRM uses IT to track all the ways in which a company interacts with its customers; analyses these interactions to maximize the lifetime value of customers while maximizing customer satisfaction. Company has a large customer base, though the value of business from each customer is currently low. CRM would help the company in identifying customers who provide the greatest revenues for every marketing or service dollar spent or customers who cost little to attract. Typically, these 'good' customers present 80 to 90 percent of the company's profits, though they are only 10 to 20 percent of the client base.

The motivation for selecting CRM in the company was to increase business value due to the following:

- Information about customers is stored in disparate applications as the employee empowerment is very high. These customer related information from these various systems needed to be brought in, analyzed, cleansed and distributed to the various customer touch-points across the enterprise, such that the various stakeholders – marketing, sales and engineering teams see a single version of 'truth' about the customer.
- This single source of customer data can be used for sales, customer service, marketing etc thereby enhancing customer experience and reducing churn-rate. Churn-rate measures the number of customers who have stopped using the company's products.
- By storing information about past purchases, sales team can make customized selling or personal recommendation to the customer. Also, this helps in up-selling or cross-selling opportunities.
- Capability to better current sales forecasting, team selling standardizing sales and marketing processes and systems.
- Support direct-marketing campaigns by capturing prospect and customer data, provides product information, qualified leads for marketing, and scheduling and tracking direct marketing communication. Also, it helps marketing team fine-tune their campaigns by understanding the prospect to customer conversion.
- To help engineering in understanding market demand for specific product designs and act accordingly.

- Single out profitable customers for preferential treatment, thereby increasing customer loyalty.
- Easing sales account management through consolidated information.

3.5 ERP Implementation

3.5.1 ERP Selection. Since there were two different ERP systems in the company, but one mail system, it was difficult for the company to choose the right CRM system. In the end, a relatively unknown system called Relavis was selected as the preferred ERP system. Relavis was chosen because it tightly integrated with IBM Lotus Notes, the common infrastructure across the whole enterprise. Relavis is a small company. The product is much economical than a Seibel, SAP or Oracle. The system has modules to cater for eMarketing, eSales and eService.

3.5.2 Scoping. The scope covered sales and marketing processes and followed the ‘service platform’ approach. A service platform integrates multiple applications from multiple business functions (in this case, sales, marketing, engineering), business units or business partner to deliver a seamless experience for the customer, employee, manager or partner. As shown in figure 1, the new system (Relavis) integrated information from Marketing, Sales to provide input to the ERP and Data warehousing applications and finally created analytical reports to make better business decisions e.g. to understand the sales results of specific leads, recommend better selling techniques and target specific leads etc. The new application could track the status of a lead through all stages of the sales and marketing lifecycle.

Marketing was working on branding strategies and segmentation. Events were managed by marketing. These events would come up with a huge number of leads for new opportunities and marketing wanted to handover the leads to sales. Sales filtered the leads from marketing and their own sources into opportunities. Opportunities were defined as those having specific sales persons assigned to. These accounts were

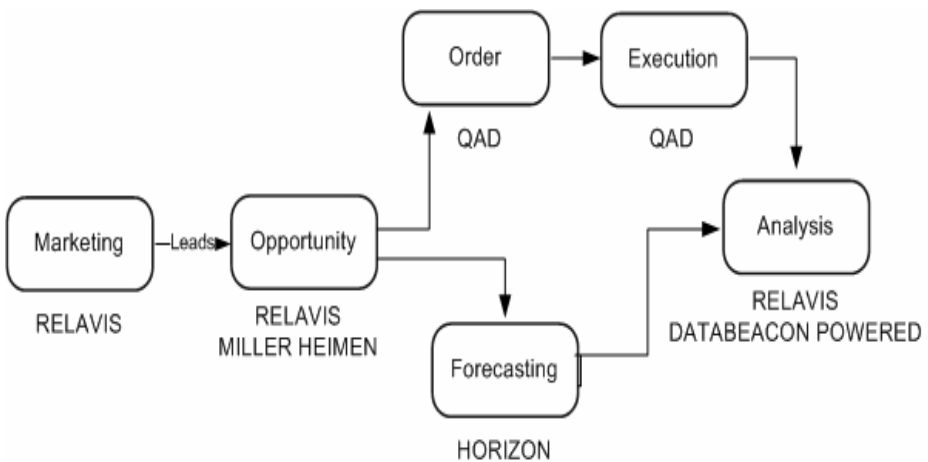


Fig. 1. Enterprise's Overall Process Flow

carefully evaluated to see if they fit with company's overall strategy of increasing revenue and profitability by solution selling. The Miller Heiman Process was used to capture relevant information on the opportunity and the blue-sheets of Miller Heiman was closely monitored by VP Sales and top management. The non-strategic product sale was channelled to distributors and agents. Consolidated forecast numbers were reviewed by senior management on a regular basis. Orders that were received were executed.

3.5.3 Design. A "gap analysis" is conducted since CIO wanted a successful "business" implementation of the system vis-à-vis a technical implementation, the sales and marketing process was mapped. The "as-is" process described the cradle-to-grave aspects of the process. The "to-be" process incorporated Relavis, together with other tools like Miller Heiman eforms, Horizon system for forecast, MFG/PRO system for order execution and Datawarehouse Cubes for analysis. Relavis was customized a bit to include "Business Intelligence" – a piece of software extracting account specific information from past sales through the Cubes.

3.5.4 Implementation. Implementation would involve reviewing the resources requirements and availability, both in terms of hardware and software. The company had Lotus Notes skills in the organization. The system was simple. Hence the implementation was done using in-house resources. Training on the product was arranged from Relavis and its partners. The system approach should involve a "big-bang" approach. After all, an audit and review should be undertaken to determine the monetary as well as non-monetary benefits against costs incurred. The implementation primarily consisted of the major steps as given in table 1 (Please see Appendix).

3.5.5 Impact. The system was packaged software, with very minimal customization. The only additions to the software were the Business Intelligence part and electronic Miller Heiman blue-sheet for strategic opportunities and gold-sheets for Large Accounts.

Some key users were involved in the decision-making. The project implementation plan was received well by them. IT department made sure that the project was driven by sales for the eSales module and marketing for the eMarketing module. A steering committee comprising senior managers of each country (called REPCOTE or Relavis Pacific CORE TEam) was formed to drive the implementation. IT took the role of being facilitators.

With the implementation, sales believe that the whole process needs to be changed. Business Process Maps with the process, key performance indicators (KPIs), responsibilities and systems were drawn up for possible scenarios. After training, in local languages (Japanese in Japan, Korean in Korea, Mandarin in China), the users were comfortable. A pre-cursor course of general Lotus Notes training was offered to make sure that the users are comfortable with functions such as calendaring, to-do lists, etc. An audit of the implementation is planned by the end of the year to find out

key success factors and lessons learnt from the implementation. Besides facilitation of documentation about effectiveness of the new system, this audit also provides a baseline measure for future reference. It is best if the audit can provide information about monetary and non-monetary benefits. For example, a balanced scorecard (BSC) approach, a framework developed by Kaplan and Norton, can be adopted. The BSC is organized around four different perspectives: financial; customer (user, or internal customers); internal business processes; and innovation, learning and growth. This approach does provide a balance between quantitative and qualitative outcome measures. This project provides company a chance to look for the potentials of virtual office, business process reengineering and knowledge management activities. The potential benefits derived here should not be underestimated.

4 Conclusion

Implementation of CRM system was identified as a critical need to align with the overall business strategy of selling solutions, instead of products. The implementation was driven by the business users, with IT playing a facilitating role, thereby making sure that users derive maximum value out of the implementation. After successful implementation, the CRM system may get into an impact mode, which may challenge the business strategy. Various case studies provide different findings which are unique to CRM implementations because of the integrative characteristics of CRM systems. As a future work we would like to compare various CRM implementation in different organizations on selected significant attributes.

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Appendix

Table 1. Major tasks during implementation and their duration (please double-click on the following project plan. This needs Microsoft Project application)

ID	Task Name	Duration
1	Infrastructure readiness	2 days
2	Get Licenses	1 day
3	Synch with Lotus Notes team on training	0.1 days
4	Client PCs / Notebooks and network connecti	0.1 days
5	Give training sys implementn doc to local IT s	1 day
6	Process Mapping	5 days
7	Sales process data gathering	3 days
8	"To-be" Sales process mapping	1 day
9	"To-be" Support process map	1 day
10	Data cleanup	15 days
11	Send excel formats to countries	1 day
12	Identify account-supporting documents to be i	1 day
13	Existing - MFG/PRO data	4 days
14	Update MFG/PRO customer data with lat	3 days
15	Download cust, add, contact, type ... to e	1 day
16	Contact data (non-MFG/PRO sources)	2 days
17	Update data to Relavis	1 day
18	Upload existing customer activities into Relav	5 days
19	Review business rules	1 day
20	Train users	4 days
21	Configure user profiles and relationships	0.5 days
22	Install Training Database in all users	0.5 days
23	Miller Heiman eLearning	0 days
24	Notes training	1 day
25	Calendaring, sharing calendars, to-do lis	1 day
26	Relavis training	2 days
27	Relavis Product training	1.5 days
28	Business Intelligence	0.1 days
29	Horizon screen-show	0.2 days