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## *Factors Associated with Success and Failures in CRM*

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*Abstract: Customer relationship management (CRM) solutions have come a long way from the humble Rolodex and filing cabinet. Today, we have tools that allow marketing teams to predict when a customer is about to expect a baby based on changes in their buying patterns. We also have technologies that allow customer service teams to identify and immediately respond to customers venting on Face book about bad experiences – whether they are half way around the world or in the next suburb.*

*This is why smart businesses are using CRM solutions to cross all the different touch points of a customer, from managing new enquiries, preferences, service delivery, all the way to billing and customer support. But the maturation of CRM technologies is not without its pitfalls. As businesses have rolled out CRM solutions to support marketing, sales and customer service teams, CRM has increasingly moved into the realm of IT and further away from business decision-makers. Today, many of the conversations businesses have about CRM solutions begin and end with technology, and businesses that leave CRM in the hands of the IT department almost immediately set themselves up for failure. In this paper a brief study has been made about how CRM is used today? Why Your CRM Implementation Is Quietly Failing? Why CRM Fails — and How to Fix It, Elusive Capabilities for Developing Customer Relationships etc.,*

*Keywords: Customer Relationship Management.*

### I. INTRODUCTION

Customer relationship management (CRM) has attracted the expanded attention of practitioners and scholars. More and more companies are adopting customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management. They are realizing the need for in-depth and integrated customer knowledge in order to build close cooperative and partnering relationships with their customers.

The emergence of new channels and technologies is significantly altering how companies interface with their customers, a development bringing about a greater degree of integration between marketing, sales, and customer service functions in organizations. For practitioners, CRM represents an enterprise approach to developing full-knowledge about customer behavior and preferences and to developing programs and strategies that encourage customers to continually enhance their business relationship with the company.

Marketing scholars are studying the nature and scope of CRM and are developing conceptualizations regarding the value and process of cooperative and collaborative relationships between buyers and sellers.

Many scholars with interests in several sub-disciplines of marketing, such as channels, services marketing, business-to-business marketing, advertising, and so forth, are actively engaged in studying and exploring the conceptual foundations of managing relationships with customers. They are interested in strategies and processes for customer classification and selectivity; one-to one relationships with individual customers; key account management and customer business development

processes; frequency marketing, loyalty programs, cross-selling and up-selling opportunities; and various forms of partnering with customers including co-branding, joint-marketing, co-development, and other forms of strategic alliances (Parvatiyar & Sheth, 2000).

### **What is Customer Relationship Management (CRM)?**

CRM is the abbreviation for customer relationship management. It entails all aspects of interaction that a company has with its customer, whether it is sales or service-related. CRM is often thought of as a business strategy that enables businesses to:

- Understand the customer
- Retain customers through better customer experience
- Attract new customer
- Win new clients and contracts
- Increase profitably
- Decrease customer management costs

In the marketing literature the terms customer relationship management and relationship marketing are used interchangeably. As Nevin (1995) points out, these terms have been used to reflect a variety of themes and perspectives. Some of these themes offer a narrow functional marketing perspective while others offer a perspective that is broad and somewhat paradigmatic in approach and orientation. A narrow perspective of customer relationship management is database marketing emphasizing the promotional aspects of marketing linked to database efforts (Bickert, 1992).

Another narrow, yet relevant, viewpoint is to consider CRM only as seeking customer retention by using a variety of after marketing tactics that lead to customer bonding or staying in touch with the customer after a sale is made (Vavra, 1992). A more popular approach with the recent application of information technology is to focus on individual or one-to-one relationships with customers that integrate database knowledge with a longterm customer retention and growth strategy (Peppers & Rogers, 1993).

Thus, Shani and Chalasani (1992) have defined relationship marketing as “an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value added contacts over a long period of time” (p. 44). Jackson (1985) applies the individual account concept in industrial markets to suggest CRM to mean, “Marketing oriented toward strong, lasting relationships with individual accounts” (p. 2). In other business contexts, Doyle and Roth (1992), O’Neal (1989), and Paul (1988) have proposed similar views of customer relationship management.

## **II. HOW CRM IS USED TODAY**

While the phrase *customer relationship management* is most commonly used to describe a business-customer relationship, CRM systems are used in the same way to manage business contacts, clients, contract wins and sales leads.

Customer relationship management solutions provide you with the customer business data to help you provide services or products that your customers want provide better customer service, cross-sell and up sell more effectively, close deals, retain current customers and understand who the customer is.

Technology and the Web has changed the way companies approach CRM strategies because advances in technology have also changed consumer buying behavior and offers new ways for companies to communicate with customers and collect data about them. With each new advance in technology -- especially the proliferation of self-service channels like the Web and smart phones -- customer relationships is being managed electronically.

Many aspects of CRM relies heavily on technology; however the strategies and processes of a good CRM system will collect, manage and link information about the customer with the goal of letting you market and sell services effectively.

### III. WHY CRM IMPLEMENTATION IS QUIETLY FAILING

Most Customer Relationship Management or CRM implementations are governed by an incomplete vision, one that is far too internally focused, and as a result, they are quietly failing to live up to their potential. To get the most out of the massive investment that most companies have made in time and money, it is time to pursue a grander vision for CRM in which everyone who touches the customer is provided with help. This approach requires expanding the capabilities and the rewards that are typically associated with CRM.

The vision for CRM at most companies is too small because of the success of Siebel and then Salesforce.com, which defined CRM as a way to track and manage the sales process, essentially as sales force automation (SFA).

While CRM failures are not entirely prescriptive, a relatively small number of contributing factors are cited in the majority of CRM projects gone wrong.

#### 1. *Failure to secure visible, vocal and active executive sponsorship*

Successful CRM projects have active and enthusiastic sponsors. Unsuccessful CRM projects do not. Executive management has to be visibly and vocally committed to CRM success—and the waning or absence of such commitment is clearly associated with CRM failures. Without executive sponsorship, all but the most limited CRM implementations are correlated to failure.

#### 2. *Failing to involve users in the software selection process*

Many failures show a pattern of project managers, IT staff or software selection spearheads making a purchase decision in a vacuum—and without the input or functional requirements important to line staff. This generally results in acquiring CRM software that meets the executives' requirements for information reporting, but not the users' requirements for particular feature sets, ease of use, data entry methods, data management tools and automation capabilities.

#### 3. *Failing to perform an objective software selection project*

This often results in choosing a product that is not best aligned to the business needs. In fact, this is often the result of getting enamored with gadgets, bells and whistles during the software selection process—which is a recipe for a challenged implementation and failed ROI. Some CRM vendors are excellent at the hype and only too proud to boast of their latest marketing award or advertising run. Some emphasize the hype of their newest software features in a guided effort to change your buying criteria to align with their latest product announcements. This dynamic adds even more confusion and complexity to the already arduous task of selecting the optimal CRM software which best aligns to your most strategic objectives and resolves your biggest pain points. Even worse, force fitting new, never before considered software features into an implementation effort may unnecessarily add cost and risk. Focus your software selection on the most salient and concrete criterion gathered during an internal information gathering phase and which most directly correlates your organizations most strategic business objectives.

#### 4. *Approaching CRM as a technology project*

When CRM becomes an IT project, the project is destined to be challenged. One of the most common causes of CRM failure is to approach CRM strategy as a software or technology project. Too many failed implementations begin with the IT department installing the system, getting it running and then wondering why the strategic benefits fail to be realized. Even when the technology installation and integration is flawless, the implementation will fail if the software fails to deliver for its internal customers or the company culture fails to orient itself to the customer's viewpoint.

#### 5. *Choosing CRM software without regard to prior technology investments.*

Choices in CRM technology can have far reaching implications, which if not considered in advance may not be recognized until an implementation is underway. There are a plethora of CRM technology options, such as proprietary or open source CRM, vertical market or horizontal CRM, and on-premise or cloud CRM. Other technology impact factors such as analytics, mobile CRM, consumer technologies and legacy systems can all impact a new software investment. These choices are best made when they consider prior IT investments and the context of the current IT infrastructure. When business users or rogue departments procure cloud CRM systems without IT involvement and IT environmental considerations, these new applications often incur difficulties during integration, customization or support.

#### 6. *Unclear goals*

A failure to failure to define a clear set of measurable business or economic objectives. This also includes trying to go through an implementation without measures and milestones.

#### 7. *Dirty data*

Data quality must be in place for information to be believed, trusted and acted upon. This is why data integrity and data quality measures are critical to CRM software implementations. Many challenged CRM implementations incurred an early project delay because of a failure to survey the data prior to the conversion. This was then followed by the untimely discovery of dirty, duplicate, incomplete and bogus data. This then results in added activities to the project plan for data cleansing routines and puts the project behind relatively early in the project.

#### 8. *Over-customization of the CRM software*

This is often a reaction to choosing the wrong CRM software system. No packaged software will meet all of your functional requirements. More so, it's often the feature sets that support the company's competitive advantages that are more difficult for packaged software. Therefore, software customization is often warranted. But when customization goes beyond the core constructs of the application it inherits great risk of time and budget overrun. And even if and when it is finished it becomes difficult to manage, hard to upgrade and expensive to support.

#### 9. *Failing to anticipate user adoption challenges*

Ah, the dreaded change management. User adoption fails when users apply a grudging acceptance of what management believes is inevitable change. Even though you might believe you are achieving your goal at first glance—simply because users are using the CRM system—if they aren't doing it enthusiastically, you will likely end up failing, albeit more slowly than if they had rejected it from the beginning. Employees who are just going through the motions without the motivation and intent to achieve cited business benefits are simply passing time and delaying the CRM benefits. Force normally doesn't work for the long term and trying to make it work is often like death by a thousand small cuts.

#### 10. *Big bang implementations*

Deploying every CRM module at the same time often injects more business process and culture change than most organizations can accommodate. This big bang or watershed practice often leads to cross-functional chaos that can delay or destroy ROI.

### IV. THE KEY SUCCESS FACTORS FOR CRM

#### 1. *Strong Executive Commitment:*

There's nothing that gets company employees more worked up than dramatic changes in company processes, especially if they can potentially impact performance bonuses or sales commissions. Sales think with its pocketbook, service measures the

cost, and marketing asks for all the customer information it has always wanted but never got from IT. Make sure someone's there to set the vision, step up to the costs, and follow through to address the inevitable learning curve and company change process.

## **2. Measurable Project Goals**

Sure, CRM's about knowing your customer. But for what purpose? Start with a few measurable goals improved service levels, reduced customer loss in key customer segments, improved response or conversion rates. And then figure out how you are going to measure results ó against a pre-established baseline.

## **3. Clear Customer Focus**

A key part of CRM success is breaking down organizational boundaries to focus on what the customer sees. Look at the overall customer experience from their point of view .not just what's easiest or "traditional" for each department.

## **4. Incremental Approach**

It took most companies three to seven years to implement comprehensive back-office enterprise resource planning (ERP) systems, and yet CRM vendors sometimes seem to promise results overnight. Of course, the reality is somewhere in between a strong three-to-five year customer vision, with frequent, quick-hit projects to deliver business value quickly. Use prototypes, business process simulations and project reviews to ensure that the business is involved with and can make the appropriate business trade-offs for most effective deployment.

## **5. Business Process, Not Technology, Focused:**

There are many technologies available for CRM. Sales-force automation, product configuration, ecommerce, contact center, and lots of technical architecture to enable the "single customer view." But all these technology and architecture decisions are only relevant in a business context. Map out the business processes first (from a customer perspective) and then pick the technologies and approaches that deliver the highest value. Too much customization is a warning sign that the software application is not a good fit for the business proceeds with caution!

## **6. Build the Right Team:**

Most successful CRM projects have an equal number of business users and technical staff, especially if the project significantly changes customer processes (almost any project for the Web). Get input from the organizations that deal with customer exceptions today (finance, sales operations, relationship managers, sales) to make sure that the new processes fit the business. Don't rely on sales managers to represent the sales team . they have very different, often conflicting, ideas about information sharing and solution requirements. Use your most experienced, business-focused project manager who can understand the viewpoints of both business users and IT when weighing features and project risks.

## **7. Organizational Incentives Match Customer Goals:**

People do what they're measured on. Don't measure customer service on throughput and then expect service levels to rise. Don't ask for cross business-unit sales leads, and forget to compensate workers for successful referrals.

## **8. Treat Different Customers Differently:**

Every company has different types of customers that value different combinations of products and services, different selling models and different service strategies. So don't try to treat them all the same with CRM. Weigh each CRM project against its impact on different classes of customers, and consider staged rollouts to make sure you get the process right for each set of users. Figure out ways to build in rewards for high-value customers.

## 9. Build In and Monitor Success Metrics:

No one gets it all right the first time. Sales people balk at awkward interfaces, customers misunderstand instructions and knowledge bases miss key questions. Determine key metrics that give early indications of lack of use or misuse, and act quickly to correct key gaps. Help key executives measure progress against business goals (starting with a baseline) and drill down when required to better understand key trends. Compare customer results to goals, and identify and fix process gaps.

## 10. Don't Under-Staff the Rollout:

CRM is all about change, and no one really likes change. Use pilots to work out solution kinks and develop internal "champions." Go to every office to train users in their environment. Develop training that covers the process as well as the products put the technology in the context of the overall job. Don't assume that "Web-based" means "roll-out not required" new technology almost always required intensive walkthroughs and human assistance.

CRM critical success factors aren't very different than project success factors for any technology product. And, in fact, CRM projects fail for many of the same reasons that ERP projects fail: unclear business objectives; long, "big bang" projects; extensive customization; and poor project management. But the business potential of CRM means that project success or failure may be at least as visible and potentially more costly, especially if competitors get there first.

## V. CONCLUSION

Managing a CRM initiative in the right way is vital to success and achieving (or exceeding) the projected benefits. To implement CRM quickly, and successfully gain competitive advantage in the 21st-century Internet economy, enterprises must estimate requirements and carry out actions in a framework with the right management of project, program or endeavor. All three approaches are valid in the right context. However, implementation of a true CRM strategy will require more than project management skills. Quick wins through discrete projects are a valid short-term objective but they must exist within a larger framework, otherwise the quick wins will fizzle out and change nothing.

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