

## CRM Success Factors in Software Services firm: A Case Study Analysis

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### Abstract

This study is undertaken to gain better understanding of Customer Relationship Management (CRM) success factors in software service and Information Technology (IT) companies. The literature on CRM gives the impression of being inconsistent. The objective is to uncover the success factors associated with a CRM project. A case study involving a Bangalore based IT company which had implemented CRM, was done. Semi-structured interview method was adopted for gathering data. The key finding is that effective leadership is critical for CRM success. The study confirms that the people, process and technology factors are crucial for a CRM program. IT companies are emerging significantly all over the world especially in Asia. These companies operate in a very competitive market and there is a need to distinguish a service from the competition, for survival. The effective use of CRM systems to improve service, performance, customer satisfaction and productivity is essential. However, the success factors for CRM in the service industry have not yet been studied. The value of this paper is that it illustrates how a case study approach can be used to understand the real CRM success factor in software service firms.

**Keywords:** Software service industry, CRM success factor, Implementation, Case study investigation

### 1. Introduction

Customer Relationship Management (CRM) is all about managing customer data to better understand and serve their needs. In today's business context, many organisations have made CRM an integral component of their information technology systems, a significant contributor to their front office efficiencies and their customer experience (Ling & Yen, 2001; Nguyen *et al.*, 2007). The ability to access and analyse all customer interactions and the information thus collated, is essential to providing the high quality of services that today's customers demand. Most industry players and academicians agree that for the outsourcing industry in the context of Information Technology (IT), CRM is a significant part of the business strategy that helps organisations in establishing strong relationships with existing and prospective customers, to support their revenue goals. Over the last two decades, CRM has grown rapidly (Buttle, 2004).

Despite advances in IT and the huge investments that have gone into it, most CRM implementation face challenges and sometimes failures (Arnold, 2002; Davids, 1999; Doherty & Lockett, 2007; Ragowsky & Somers, 2002). Many projects suffer from issues relating to lack of corporate customer focus, low management commitment, inefficient change management. In addition there are people, technology and process issues that sometimes cause failures (Kale, 2004; Raman & Pashupati, 2004). The biggest reason for this is that the focus of IT companies is gradually shifting from customer satisfaction to higher returns on investment. The backbone of a good outsourcing engagement is customer satisfaction, which is no longer the focus. Since it is imperative that a service provider's contract is aligned with a customer's business objectives and requirement, any other focus will cause the contract to wither. In most failure tales, the basic failure of the implementation is its dismal performance as a business tool, i.e. failure to meet the revenue targets (Raman & Pashupati, 2004). With the concept of CRM fast taking centre stage in the business policies of most organisations, there needs to be an in depth study of what it is all about, how it works and how to make it a business success factor.

### 2. Literature Review

We take as a given fact that as a concept, CRM was born in and has been developed in environments that are

industrially and economically developed (Sanzogani *et al.*, 2008). But under the current global circumstances and the increasing use of information and communication technology, business has become dynamic as never before and the speed of transfer of goods and products is unprecedented. Because of this scenario, CRM is required for businesses across the globe. Today it is an essential part of local as well as global organisations. CRM is no longer merely a tool to increase sales; it is now globally recognised as a software aid to a sales strategy. It demands changes in organisational structure, changes in processes, employee behaviour and of course technological ability to connect through customer channels, as well as the readiness to be willing to do so, to make it a success (Chen & Chen, 2004).

CRM, today, needs to be viewed as a 'strategic dual-creation of value activity' because there must be benefits to both the organisation and customers, for CRM to be successful (Payne & Frow, 2005). This means that in the process of designing a CRM strategy, companies also need to consider the customer perspective on their business goals and strategies. Hence, the basic requirement that makes a CRM implementation stand in any enterprise is the structure of the business and its focus. Only in organisations where customer relations are a focus for all strategies across the departments, will CRM ever be successful. This is a given fact. This attitude also gives them an edge in technology usage since the buy-in and hence, usage is much focused, giving them a definitive edge over competition.

CRM has aptly proved its utility to the enterprise and there is no doubt about customer relationships being the mainstay of a good sales strategy. However, there are still statistics to prove that failure rates of CRM projects can reach between 50 per cent and 70 per cent (Morrel & Philonenko, 2001; Kale, 2004). Researchers such as Achuama & Usoro (2008) and Rigby & Ledingham (2004) claim that the major problems associated with CRM are non-technical and the issues commonly include organisational change and instability, inaccurate and inadequate and customer information. Sometimes other changes that affect the business – like a merger or an acquisition may be a reason for failure of CRM implementation.

For any successful initiative, a senior sponsor needs to be identified and the same holds true for CRM. This is important, in order to create a vision that matches the strategy to the objectives and facilitates a cross-functional working environment within the organisation. With the involvement and buy-in of Top Management, the other two factors become easier to take care of. Clearly, senior level understanding, sponsorship and leadership play a critical role in a complex CRM implementation. Organisations whose Top Management personnel take an active part in working on customer relations are usually more successful in implementing CRM initiatives. It is obvious that the success of a CRM implementation is heavily hinged upon the commitment and support of the company's Top Management. Chalmeta (2006), Pan & Baik (2007), Mankoff (2001) and Eid (2007) opine that it is imperative that the Top Management needs to be supervising and providing feedback to the employees who use CRM application on a regular basis, in order for it to be working according to requirements. This is a part of the process of measuring the effectiveness of the implementation.

According to Payne & Frow (2006), CRM is not an appropriate approach for a company to adopt if it does not have the leadership of the firm engaged in supporting CRM and a board-level sponsor committed to its success. The results of a survey conducted by Roberts *et al.* (2005) also confirm this. The survey was carried out to confirm on the critical factors in successful CRM implementation and based on responses given by marketing executives. Almost 32 per cent said that pre-implementation strategies were the most important while 26 per cent maintained that executive commitment was the most important. While the CRM vision helps create shared values and a customer focus, the involvement of senior management also ensures that this vision is aligned to the strategies that are identified in the business mapping.

On a second level, it is a critical requirement for a successful CRM is that 'people' members of different departments such as sales & marketing, customer support & service, information technology and human resource, need to work together for a common goal, a common business strategy that is communicated from the Top Management. The demands of a complex project management can only be mitigated by a committed and enthusiastic employee group and that is certainly critical for a customer focussed application, after all, that is where money comes from. The role of employees in the CRM processes and implementation activities cannot be emphasised enough. It is clear that an organisation cannot develop and operate an efficient customer-focused system with all its appropriate processes without the involvement of motivated, well qualified and trained employees.

All aspects of a CRM requires employees as an indispensable part of the implementation and the processes that follow- customer service, improving efficiencies and nurturing consumer relations, maintaining the communication

channels and ensuring satisfaction levels and thus, repeat purchases. Srivastava *et al.* (1999) considers processes as meaningless when they are viewed as separate entities, without including the people in-charge of implementing them. Staff motivation is a part of employee engagement, which regular monitoring and feedback on new sets of rules are also required. Inter- departmental integration will also be a critical factor here, since the customer relationship strategy will be implemented across the board. Even before the strategy is developed and implemented, it is absolutely critical that the technology and infrastructure readiness of the organisation is thoroughly assessed. This would include the training of the user group of employees (Eid, 2007; Mankoff, 2001).

The very essence of CRM that puts it apart from regular sales communication involves systems which bring together the principles of relationship marketing and the power of information technology. This new paradigm represents a new source for value generation and business growth and can be called 'information-enabled relationship marketing' in the context of technology solutions (Ryals & Payne, 2001). As in all enterprise applications, in CRM too, technology is an enabler making possible greater customer contact through more insight, increased access, more effective interactions and integration across channels. One significant part of CRM technology is Data Management (King & Burgess, 2007). Saloman *et al.* (2005) and Mendoza *et al.* (2007) focus on gathering and analysing accurate customer's information to assist in meeting customers' needs. With burgeoning data comes the need for additional storage and some innovative technologies like cloud can help there. CRM can thus be equipped to promise infinite support to sales decision making, with newer technologies and innovative processes in place.

A successful CRM strategy cannot be implemented unless there is a massive organisational process change, which includes reforms at all levels. Starting from the thought process to business plans focus, the changes in behaviour and accountability for customer satisfaction forms the backbone of the successful implementation and also the operation of the CRM strategy. Therefore, a critical dimension is an effective change management within organisations (Pries & Stone, 2004). Change management, which is primarily concerned with organisational structure, processes, systems and culture, is a critical factor in a successful CRM system.

According to studies by Chen & Popovich (2003), Plakoyiannaki & Tzokas (2002), Sawhney & Zabin (2001) and as seen by the discussion above, the relative success or failure of CRM initiatives is strongly influenced by the interplay between three key organisational elements: people, process and technology. Additionally, the most critical success factor can be identified as integration of activities, such as cross-functional processes (Wilson *et al.*, 2002; Kale, 2004; Meyer & Kolbe, 2005). The business success of customer relationship activities works only on certain dimensions such as people, strategy, processes and technology and hence it is possible to define the success factors of a CRM implementation that answer to the wide definitions and even wider contexts of success. Since the studies that have helped define these are also strategic in nature, the definition of CRM also needs to become more holistic, to fit into wide ranging contextual issues. Goodhue *et al.* (2002), for instance, identified the following as CRM success factors: Top Management commitment and support, planning, change process, information sharing and communication.

Alt & Puschmann (2004) in their study also highlighted some factors with a strategic and wide scope and they have contributed to the success of a CRM implementation. These can be enumerated as:

- Path of evolution
- Timeframe
- Organisational redesign
- System architecture
- Change management
- Top Management support

In addition to these generic factors, there have been some studies that have focused on identifying more technical factors. The work of Roh *et al.* (2005) is on these lines and they have identified the following factors as obligatory for the success of CRM:

- Defined and enforced process
- Technical support
- Efficiency and effectiveness
- Customer satisfaction

- Accuracy of Customer information
- Profitability

However, there are certain factors that receive acceptance from a large majority of researchers. Among them are actors such as Top Management commitment and strategy development and communication. The attributes received wide acceptance in CRM research literature. Some other factors however do not find such quick acceptance as general issues while some factors are rarely mentioned in the literature. These factors, for example, are sales automation and benchmarking.

### **3. Research Methodology**

The objective of this paper is to uncover the CRM success factors in the software services companies. A case study methodology was adopted as it allows the researcher to ask over open-ended questions relating to what happened, why it happened and how things happened (Yin, 1994). The case study illustrates the experiences of CRM project at a Bangalore based IT firm. Due to the confidential nature of the study, the company's name has been changed to 'Corp 1' to mask company's identity. The data for the study was collected by several semi-structured interviews with members of the business development team within the company. The target audience for interviews was the Sales Director. The semi-structured interview methodology facilitated to gather data that was rich in detail (Miles & Huberman, 1994).

### **4. CRM Success factors at Corp 1**

The research developed a list of success factors that have been quoted by many authors and researchers in their studies. The purpose of presenting these success factors is to add value to the CRM practice by focusing on these factors as a source of success as well as a way to avoid possible reasons for CRM failure. The success factors cover different aspects that influence the CRM program and indicate a clear vision for monitoring of the implementation process as well as its utilisation. It has been found from the evidence of the case study that the success factor approach is implicitly applied within the CRM projects, yet it is not formally documented and monitored. They were aware of the importance of considering all success factors in CRM implementation. The most important factor that influenced the success of the company's CRM implementation was the strong commitment by the Top Management to the project. For the company's sales operations, the most crucial factor in the success of the CRM implementation is data management. The value of data is significantly high for Corp 1 (name changed) as they target a highly niche market and their customer data was built since its inception and this customer database is very valuable to them since it was manually created by the market research team. Process change was considered as another very important factor in CRM success as the weakness of the company's previous processes were a major barrier to the CRM implementation. For the current CRM implementation, staff motivation and training added big volumes to the success of their CRM.

### **5. Discussion**

Corp 1 though did not use all proposed success factors explicitly in the implementation process, though all of them were recognised as important with different levels of importance. Top Management buy-in is the biggest influence on the success since it has repercussions on all other activities which is in line with Payne and Frow's (2006) opinion that, CRM is not an appropriate approach for a company to adopt if it does not have the leadership of the firm engaged in supporting CRM and a board-level sponsor committed to its success. Employees at every level also need to be in sync with the sales strategy thrown out by the CRM system, so it is finally about people. Corp 1 identified the success factors very clearly in this research establishing that the relative success or failure of CRM initiatives is strongly influenced by the interplay between three key organisational elements: people, process and technology. This is in agreement with the results drawn by Chen & Popovich (2003), Plakoyiannaki & Tzokas (2002) and Sawhney & Zabin (2001).

## 6. Conclusion

The foremost requirement of a successful CRM practice starts at the top. The Top Management of a user organisation has to be the first evangelists for the concept. The mindset for adapting processes and people to implementation of a CRM has to flow down from the top, making it a company wide effort, with active support from senior management. Executives in decision- making positions need to be actively involved in changing processes to make them more customer-centric and cross- functional. This would help facilitate putting in place new processes that use technology better. It would also help in instilling disciplined cooperation and collaboration in carrying out the cross-functional processes. The system would need proper training of employees in order for them to become more customer-centric, thereby adding value to their customer interactions. This would also help enhance their market and customer related skills and thus motivating them to achieving CRM goals.

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Factor	Rank
Top Management Commitment	5
Clear CRM strategy	2
Data management	5
Process Change	5
IT Systems	2
Staff motivation & Training	5
Monitoring and feed backs	4
Inter- departmental integration	4

**Table 1: CRM success factors at Corp 1**

The evaluation of the CRM success factors is shown in Table 1 (5= most important, 0 least important). The Table was filled by the Sales Director in Corp 1 after providing a description of the table by the researcher. The evaluation was based on the importance of these success factors to the implementation of CRM project for Corp 1.

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