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THE ORGANIZING VISION FOR CUSTOMER RELATIONSHIP MANAGEMENT

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Abstract

Introduced by Swanson and Ramiller (1997), the organizing vision provides a way of looking at information systems innovations from an institutional perspective. Customer relationship management (CRM) is one such IS innovation that is becoming an important concern for many organizations; a recent study (Firth and Swanson 2001) suggests that more than half of the organizations responding may be in the process of implementing some form of CRM technology. This current paper uses the organizing vision as a tool to trace the diffusion of CRM as an IS innovation. We find that by creating, participating, and being influenced by the CRM discourse, managers do not operate in a vacuum when they consider whether to adopt and implement CRM.

Keywords: Customer relationship management, technological innovation, organizing vision, institutional process

Introduction

Customer Relationship Management (CRM) is an IT driven concept used to design the business and its processes around the customers' wants and needs (Burghard and Galimi 2000). The CRM market is said to have grown over 70% in 1999, and is expected to become worth over $12 billion by 2004, representing an annual growth rate of almost 30% (Wardley and Shiang 2000). Although information about the size of the CRM market seems to abound in the business press, limited information exists relating to the progress of diffusion of the CRM innovation. During the summer of 2000, we conducted our own survey of CRM diffusion (Firth and Swanson 2001), and found that more than half of our respondents are either using or implementing some form of CRM technology (see Figure 1).

Given this evidence of extensive diffusion of CRM, and the rapid reported growth in the CRM market, we find that it is an interesting innovation for study. In this paper we use the organizing vision, first presented by Swanson and Ramiller (1997), as our tool to study the diffusion of the CRM innovation. The organizing vision provides a way to look at innovations from an institutional perspective. It
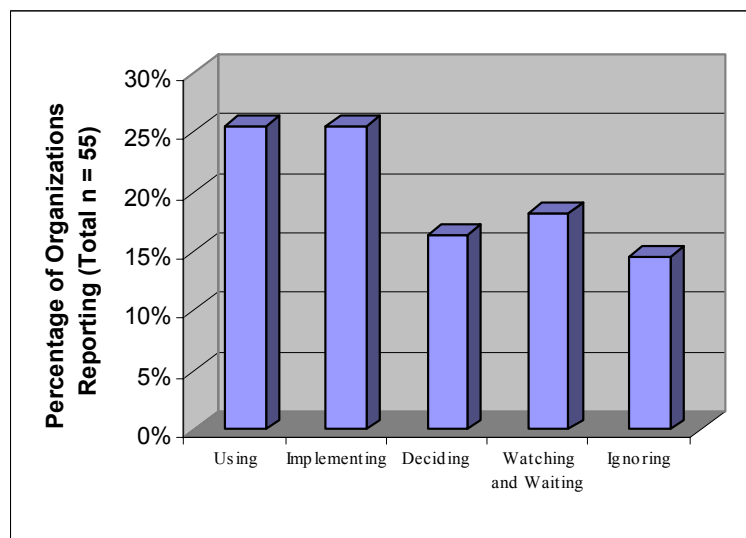
Figure 1. The Diffusion of CRM Technology (extracted from Firth and Swanson 2001)

espouses that the local choices of managers who are faced with options about an innovation make those choices not in isolation, but in the context of, and with reference to, processes taking place at the institutional level.

The paper proceeds as follows: First we introduce the organizing vision in information systems innovation. We then overview the vision for CRM, and present the development of the organizing vision for CRM. Next we look at the diffusion of the CRM innovation, and conclude with remarks about how using the organizing vision can be useful to both academics and practitioners alike.

Organizing Visions

An organizing vision is defined as a focal community idea for the application of information technology in organizations (Swanson and Ramiller 97). What makes the organizing vision important is that it suggests that institutional processes are engaged from the beginning of an innovation's diffusion, and that local choice is exercised in the context of, and with fundamental reference to, those same processes.

The idea of the organizing vision is that a diverse interorganizational community creates and employs a vision of an IS innovation that is central to its early, as well as later, diffusion. The organizing vision is a social construction of the members of the community, which allows the members of the community to make sense of the innovation as an organizational opportunity.

In the process of adopting an IS innovation, an organization is looking to extract business benefit from the application of the technology. Attewell (92) states that firms delay in-house adoption of complex technologies until they obtain sufficient know-how to implement and operate them successfully. Yet how will they obtain the know-how, and what is sufficient? It is clear that managers need to find the requisite information to perform the task ahead of them—the implementation of the innovation. So how then do they get this information? Swanson and Ramiller (1997) believe that managers in the prospective adopter organizations search and exploit the interpretations of others around them, through mechanisms such as the trade press, conferences, relevant friends, searching the internet, vendor presentations and the like.

The organizing vision in information systems innovation, then, is an attempt to describe, interpret, analyze and understand the social world (Orlikowski and Baroudi, 1991), which is built up around the innovation in an attempt to see what possible use the technology might have for the organization. By understanding the diversity, span, and mechanisms underlying the organizing vision discourse, actors who are part of the organizing vision may be better placed to make sense of the innovation with which they are involved.

Customer Relationship Management

Customer Relationship Management (CRM) is an IT driven concept used to design the business and its processes around the customers' wants and needs, combining methodologies, software, and usually Internet capabilities with a customer-focused strategy designed to optimize profitability, revenue and customer satisfaction (Burghard and Galimi 2000). By being attentive to customers' needs, the idea is that they're likely to become better, more profitable customers. Although CRM is easy to define, it is not an easy thing to achieve as it requires a top-to-bottom analysis of the way the enterprise sees its customers, and the way those customers see the enterprise (Blodgett 2000). It is complexities such as this that perhaps makes some organizations reticent to adopt CRM.

A suite of software applications lies behind the vision of CRM, aiming to integrate sales, marketing and customer service (Galimi 2000, Wardley and Shiang 2000), with the back office (see Figure 2).

A review of the offerings of leading CRM vendors such as Siebel and Oracle shows some of the applications needed to support the vision:
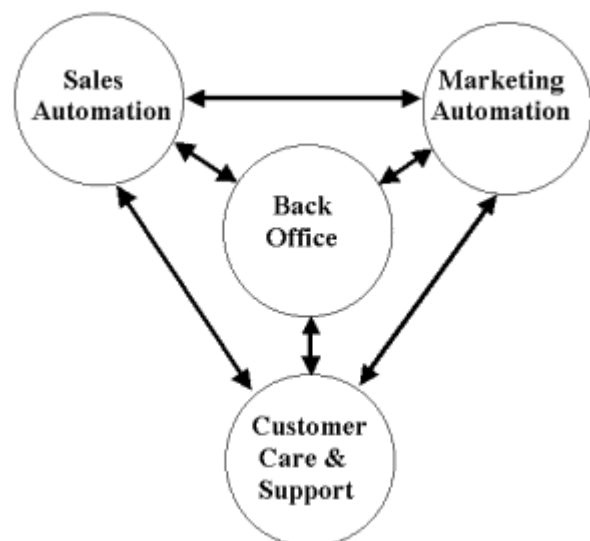
Figure 2. CRM Aims to Integrate Sales Automation, Marketing Automation and Customer Care and Support, with the Back Office

Sales automation includes providing the functionality to perform tasks such as lead tracking, account/contact management, telemarketing and contact management;

Marketing automation allows the automation of campaign management, planning, and execution, handling of customer lists, as well as direct marketing;

Customer-support and call-center applications provide customer information management designed to enhance the management of relationships with existing customers. The applications may include problem tracking and incoming call management.

The Development of the Organizing Vision for CRM

So how does the organizing vision for CRM develop? The following sections refer to Figure 3 (below), which is adapted from Swanson and Ramiller (1997).

1. *The vision is first produced and sustained through discourse*. The vision exists because a collection of social actors agrees it exists, in a process Lee (1994) might depict as social construction. He describes social construction using as an example Euclidean Geometry – whilst the geometry does not exist in the physical world of nature, it is something which can be discussed; people who carry knowledge of Euclidean Geometry can come and go, and yet the object called Euclidean Geometry remains. Likewise we see that the organizing vision of CRM is an object that does not exist in the physical world, yet it does exist in the eyes of those discussing it.

An ABI/Inform search for articles related to CRM found that the discourse begins around 1994 (Jutkins 1994), even though Siebel Systems, Inc., "a company founded to address the growing need of organizations of all sizes to acquire, retain, and better serve their customers" (according to Siebel Systems, Inc.) was founded in 1993. Jutkins (1994) uses the buzzword CRM, although at this time this equates to customer relationship *marketing,* evidence that the early discourse surrounding the vision had a distinctly marketing focus.

Discourse in the community may ebb and flow. A particular upswing in the discourse is often a result of whether the vision is seen as distinct and plausible. A buzzword (Swanson and Ramiller 1997) for the vision then gives a title to the story that the organizing vision represents. So we see that only in 1997 does Slater (1997) report on Capital One having an epiphany in 1988 that their business could be about more than just extending credit: "[We realized] that the credit card business was not just a finance activity but an information-based activity about customers." It seems clear that the roots of CRM go back further than the public manifestation of the organizing vision for it.

What we see then, is that the parties in the discourse are a heterogeneous community united by a common interest in shaping it (Swanson and Ramiller 1997). A process of structuration occurs (Giddens 1984) in which members of the community draw upon existing discourse to understand the technology features available to them, and in doing so create a set of social practices that reinforce, adjust, or change the discourse.

2. Swanson and Ramiller (1997) note that *particular impetus is given to the vision's production through commerce*. It is through commerce that companies start to find that they have connections both to the vision and each other. Some seek to exploit the vision and its "fuzziness" (Swanson 2000), using the lack of clarity in the vision to their advantage, and perhaps swaying the vision in one particular direction.
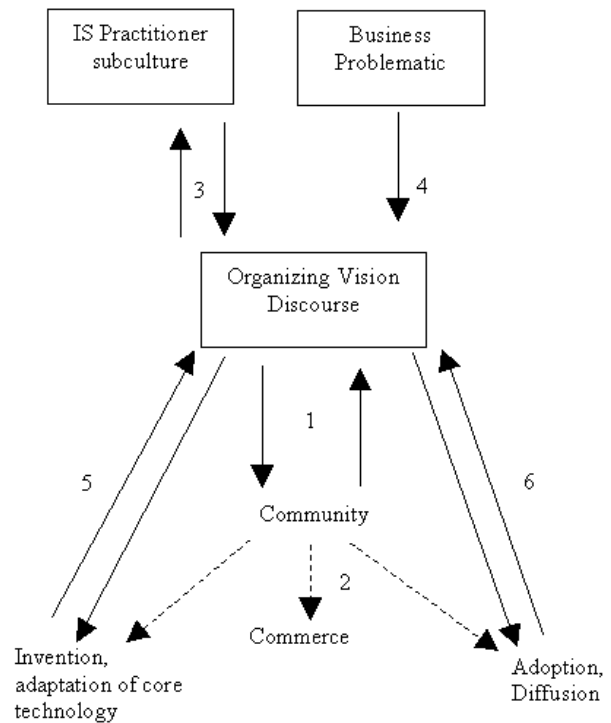
Figure 3. The Institutional Production of Organizing Visions

Companies spring up to support the vision. Siebel Systems, Inc. is one such company, and in one recent survey (Firth and Swanson 2001) they were found to have captured 40% of the market for CRM amongst those responding, although others (Wardley and Shiang 2000) find a more modest 18% market penetration, and PriceWaterhouseCoopers (2000) quote the Yankee Group as giving Siebel a 68% share of the market. Such diversity in market share percentages is likely due to differences in the definition of what gets included in CRM, and it speaks to the fact that whilst there is an organizing vision for CRM, there is instability within that vision.

Further evidence of the diversity of the commerce vision for CRM comes in a recent report from Challappa (2000), which shows that customer relationship management vendors were a part of a larger enterprise resource planning (ERP) schema, and that extensive social networks existed between the different vendors in both the CRM and ERP markets.

3. *The subculture of IS practitioners*. Without a "lingua franca", everyone could be talking about the same thing, and yet believe that they are all talking about different things. The early discourse reflects this as members of the community jostle with a buzzword to describe the vision. In 1994 and 1995 the vision is one of relationship *marketing* (Jutkins 1994, Child et al. 1995), and it is only later that it becomes a broader relationship *management* issue.

Swanson and Ramiller (1997) note that the discourse draws meanings and language from a store of cultural and linguistic resources provided in the subculture of IS practitioners. Thus we see that first time Datamation (Varney 1996) talks about CRM is in terms of database marketing which will allow prediction of customer loyalty. By using the term database, the community idea of what is involved in a database has been engaged, and members of that community now have a common frame of reference.

4. It is *business need* that drives the purchase and deployment of technology to support the core business process of the organization. To the extent that the organizing vision represents a response to a business problematic (Swanson and Ramiller 1997) the organizing vision will gather pace, momentum, and buzz.

Once a business need has been identified, the community finds focus for its discourse. The vision becomes legitimized (Swanson and Ramiller 1997). Grounding the innovation in business terms provides access to the vision for a wider variety of actors and organizations, and allows for capital to be applied to the purchase of technology and skills to support what has been described in the vision. The broader the grounding that can be created, the more likelihood that the vision will continue to grow.

There is evidence that the rhetoric surrounding the business driver of CRM is quite fervent: "For CRM time is of the essence right now, because companies that establish CRM infrastructures are getting a jump on developing loyal customer bases. People are scooping up customers now" (Pender 2000).

5. *Technology.* In an example of adaptive structuration (Orlikowski 1992), we find that the organizing vision provides structures that actors appropriate, and the technology itself provides structure that confines the visions of the actors. Then as the actors use the technology, the technology gets adapted to the vision, and the vision gets adapted to the technology. This is a dynamic process, as the vision is changing organically with reference to, as well as irrespective of, the technology. In addition, the technology itself is in a state of flux, and can cause to alter the organizing vision as it itself morphs over time.

For CRM we see that the technology available in software packages is too constraining; a recent survey found 23% of the organizations responding had developed CRM in house (Firth and Swanson 2001). Pender (2000) reports that CRM packages do not offer adequate tools for ERP integration and without that level of integration, critical data like financial information cannot flow back and forth between ERP and CRM systems. The result is that companies could have difficulty creating customer profiles that include information like shipment performance and customer spending habits. The technology has constrained the vision, and now through articles such as Pender (2000) in the business press, the organizing vision for CRM has itself been altered.

6. The organizing vision is formed and reformed in the *ongoing interpretation of the innovation's adoption and diffusion* (Swanson and Ramiller 1997). Although a variety of players make up the discourse community, the organizing vision specifically addresses the application of technology within prospective adopter organizations.

To be successful, an organizing vision must be distinctive, intelligible, plausible and add business value. To the extent the vision supports this then, it is easier for others to rely on the vision.

IT practitioner magazines such as CIO, with articles such as "Crunch Time" (Deck 2000) are an example of the ongoing interpretation of CRM's adoption and diffusion. The article provides the reader with an insight into the early planning stages of one company's CRM project and shows how that company prioritized the practical considerations for long-term CRM results. In another article (Mitchell 2000) the details of how a company turned to a CRM system that tied sales-force automation to

departments at headquarters like product engineering, customer service and pricing approval, spell out the fact that CRM is distinctive, intelligible, plausible, adds business value, and indeed, here is a company that has already adopted.

Diffusion of the CRM Innovation

In revealing organizational opportunities for exploiting technology, organizing visions facilitate three important aspects of the IS innovation process: interpretation, legitimization, and mobilization (Swanson and Ramiller 1997).

1. Interpretation: the organizing vision represents the community's effort to develop a common "social account." Such a social account may be difficult to measure, as often it is created and recreated in the myriad of interactions that take place between managers at different organizations. However, we are able to capture an element of the process of interpretation: that which gets published.

A review of articles, both academic and practitioner, relating to CRM on ABI/Inform[1] gives us insight into the size of the discourse for CRM and the level of efforts at interpretation that are taking place. As Figure 4 shows, articles relating to CRM have been growing rapidly, indicating a significant effort has been put forth to interpret the CRM innovation.
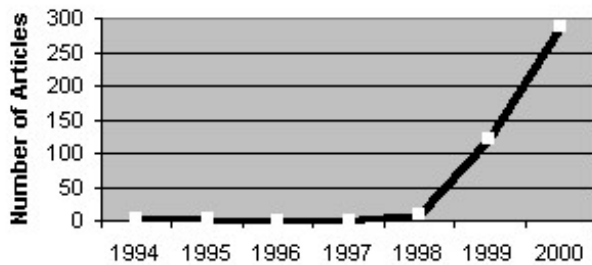

Figure 4. Chart Showing the Growth in Number of Articles in ABI/Inform Relating to CRM

It is important to recognize that looking at the discourse surrounding CRM, as we do here, is different from looking at the actual diffusion of CRM, although Abrahamson and Fairchild (1999) do find that the lifecycle of discourse coevolves with the lifecycle of diffusion across organizations.

2. Legitimization: the organizing vision is a requisite step toward the innovation's potential, eventual legitimization as an element of good organizational practice. The early days of "customer relationship marketing " (Jutkins 1994) have given way to a more broadly targeted customer relationship management vision as part of the legitimization process, grounding the innovation in broader business concerns. With this, there are reports that show revenue growth in the CRM sector is expected to continue at a healthy clip and become a $12.1 billion market by 2004 (Wardley and Shiang 2000).

3. Mobilization: the organizing vision also serves the dynamic function of helping activate, motivate, and structure the entrepreneurial and market forces that emerge to support the material realization of the innovation. Of the organizations responding to a recent survey (Firth and Swanson 2001), over 50% indicated that they were either using CRM or implementing CRM, and a further 16% were deciding when and whether to implement CRM. The same survey found that 80% of those who either had, or were, implementing CRM used one of eight available software packages, evidence that there has been market mobilization around the organizing vision for CRM.

We find that the diffusion of CRM as an innovation occurs as a result of the diverse interorganizational community that created and now employs the organizing vision for CRM. Actors with the community use the vision to facilitate the interpretation, legitimization, and mobilization of CRM as an innovation.

Conclusion

Like a hot-air balloon, the organizing vision is given lift by what is said among those interacting and interpreting it (Swanson and Ramiller 1997). The ability to add lift is a result of each aspect of the organizing vision, and how one aspect interacts with another at a particular point in time.

So at what point are we on CRM's balloon-ride? Looking at Figure 4, which shows the growth in the discourse surrounding CRM, it seems that it is difficult to tell. The year 2000 might represent the apex of the CRM discourse curve, or it might be just

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[1]Uncorrected for changes in ABI/Inform coverage over the period 1994—2000.

a stepping-stone to greater heights. Yet anticipating the change in the discourse is important for managers and academics alike: for managers a downturn in the discourse might signal the end of an innovation's life, and perhaps portend a new innovation; for academics, a downturn may make a rigorous piece of work potentially less relevant to its reviewers.

Swanson and Ramiller (1997) propose the organizing vision as a vehicle to show that institutional processes are engaged from the beginning of an innovation's diffusion, and that local choice is exercised in the context of, and with fundamental reference to, those same processes. We find support for the concept of the organizing vision in its application here to the IS innovation of CRM. By creating, participating, and being influenced by the CRM discourse, managers do not operate in a vacuum. The organizational issues concerning the adoption of CRM are played out at the institutional level.

This is important news for managers. A critical decision such as the adoption of a new information technology is not made in isolation within the organization. Reference is made to the business problematic, to the community of vendors, consultants, and other user organizations who might adopt, have already adopted, or may never adopt. Insights can be gleaned from IS practitioners both within the organization, and from those in the broader community. Managers should be aware of the constraints that technology places, and will likely place on the IT to be adopted. And once one manager has made the decision to adopt, this then feeds into the organizing vision for other potential adopters, and inherently affects the diffusion of the innovation.

Academics should see the organizing vision as an important research tool to help understand IT diffusion. It provides a way of looking at information systems innovations from an institutional perspective considering the interaction of a potentially disparate network of actors with technology that is possibly ever changing. In today's global short-time-to-market economy, this is clearly an important perspective.

The relatively nascent state of the organizing vision leaves us with fruitful avenues for future research. We need to learn how individual organizations, as members of the community that is impacted by the vision, might better monitor the development of organizing visions. We have already seen that it is difficult to know where we are in the vision for CRM. By better understanding how key actors in organizations tap into the vision, we may come to learn how better to predict the path of an organizing vision.

Acknowledgments

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