

## CRITICAL SUCCESS FACTORS (CSFS) OF THE PRE-ADOPTION AND PRE-IMPLEMENTATION PLAN OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SYSTEM

Haslina Mohd<sup>1</sup>, Khalid Rababah<sup>1</sup>, and Huda Hj. Ibrahim<sup>1</sup>

<sup>1</sup>Universiti Utara Malaysia, Malaysia, [haslina@uum.edu.my](mailto:haslina@uum.edu.my)

<sup>1</sup>Universiti Utara Malaysia, Malaysia, [khalid\\_rababah@yahoo.com](mailto:khalid_rababah@yahoo.com)

<sup>1</sup>Universiti Utara Malaysia, Malaysia, [huda753@uum.edu.my](mailto:huda753@uum.edu.my)

**ABSTRACT.** The success of Customer Relationship management (CRM) is not an easy thing to be achieved. The understanding of the main factors that could contribute in the success of CRM initiatives will make the difference toward successful CRM systems adoption and implementation. An extensive review of the literature was conducted in order to highlight the main success factors that if the organization be aware of and dealt with properly will achieve success and will gain the intended benefits of their CRM initiative or program. This paper revealed that top management support, managing organizational and cultural change, CRM understanding, organizational readiness, and users' involvement are among the most important CRM systems success factors. In addition, this paper proposed plan of six success factors to be as a pre-adoption and pre-implementation plan for the successful adoption and implementation of CRM systems.

**Keywords:** Customer Relationship management (CRM), Critical success factors (CSFS)

### INTRODUCTION

Organizations are increasingly relying on CRM to initiate, enhance, and tighten their relationships with customers. The increasing competition among businesses and the decreasing customer loyalty creates the need for a new paradigm for doing business. CRM makes a transformation and reform for the traditional marketing applications and capabilities. CRM turns the focus of organizations to customers rather than to products and it has been defined from different perspectives by researchers and scholars. Rababah, Haslina, and Huda (2010) defined CRM as "the building of a customer-oriented culture by which a strategy is created for acquiring, enhancing the profitability of, and retaining customers, that is enabled by an IT application; for achieving mutual benefits for both the organization and the customers". Another definition is provided by Lun, Jinlin, and Yingying (2008) who stated that "CRM is the philosophy, policy and coordinating strategy mediated by a set of information technologies, which focuses on creating two way communications with customers so that firms have an intimate knowledge of their needs, wants, and buying patterns". These information technologies or IT applications are referred as CRM systems. Lin (2003) defined CRM system as "a software system designed to empower a company to maximize profits by reducing costs and increasing revenue; to increase competitive advantage by streamlining operations; and to achieve business goals".

The adoption and implementation of CRM has become prevalent among organizations from different kinds of business (Adebanjo, 2006). However, there is clear indication in the literature regarding the high rate of failure of CRM initiatives (Rigby, Reichheld, & Scheffer, 2002; Zablah, Bellenger, & Johnston, 2004). In addition, there is a broader debate among

researchers and scholars regarding the reaching of the expected benefits of CRM. Lindgreen, Palmer, Vanhamme, and Wouters (2006) assured that CRM systems have failed to achieve economic benefits and, in some cases, have destroyed the relationship between an organization and its customers. Despite the huge investment in CRM, organizations are still unable to reap the expected benefits from these investments (Corner & Rogers, 2005). Karakostas, Kardaras, and Papathanassiou (2005) indicated for a criticism regarding the CRM effectiveness and contribution in achieving competitive advantage. On the other hand, the tremendous benefits associated with the successful CRM initiatives encourage and stimulate the continuing of adoption of CRM and motivate the researchers to more and more study the causes of failure and try to tackle it out (Kristel, Koen, Malaika, Jerry, & Nicholas C. Romano, 2007). Regardless of the high rate of CRM failure, there are substantial opportunities of the successful CRM where it will help an organization identify and adapt offerings to the needs of their customers, reduce transaction costs, and enable the development of closer relationships with loyal customers (Sharma & Iyer, 2007). The factors of successful adoption and implementation of CRM systems are of widespread debate (Arab, Selamat, & Zamani, 2010). Therefore, they need to investigated and identified.

This paper aims to highlight the main critical success factors of CRM systems adoption and implementation that need be taken into consideration by organization in order to increase the success rate and decrease the failure rate of CRM initiatives or systems. Specifically, this paper will emphasize on the pre-adoption and pre-implementation success factors of CRM systems in organizations. The organization of the rest of the paper is as the following; the identification and summarizing of the critical success factors of CRM systems then, the discussion of the main success factors of the pre-adoption and pre-implementation CRM systems. The last section discusses the conclusions and recommendations of the paper.

## CRM SYSTEMS CRITICAL SUCCESS FACTORS

The identification of the CSFs of CRM systems is an important issue for the successful adoption and implementation of CRM. The critical success factors have been defined by Rochart (1979) as “Critical success factors are the limited number of areas in which results, if they are satisfactory, will insure successful competitive performance for the organization. They are the few key areas where "things must go right" for the business to flourish. If results in these areas are not adequate, the organization's efforts for the period will be less than desired”. This definition explains and emphasize on how much are important these factors to ensure success. Defining these factors and ensuring the right fulfillment of these factors will definitely contribute and enable the success of an organization. In this case, identifying and understanding these factors will lead to the success of CRM systems implementation.

Many studies have investigated and studied CSFs for CRM. For example, Mendoza, Marius, Pérez, and Grimán (2007) indicated for the top management support and communication of CRM strategy as the most important success factors of CRM. In addition, Caldeira, Pedron, Dhillon, and Jungwoo (2008), Wikstrom (2004), and Zhong Hong (2008) emphasized on managing the organizational change associated with the CRM project as an important success factor. Table 1 provides a summary of these CSFs based on several studies conducted from 2002 to 2009.

**Table 7. Summary of CSFs of CRM**

Success Factors	Sources
Top management support and commitment.	(Alt & Puschmann, 2004; Caldeira et al., 2008; Chen & Chen, 2004; Croteau & Li, 2003; Harej & Horvat, 2004; Injazz & Karen, 2003; King & Burgess, 2008; Kotorov, 2003; Maleki & Anand, 2008; Mendoza et al., 2007; Zhong Hong, 2008).

The communication of the CRM strategy.	(King & Burgess, 2008; Mendoza et al., 2007)
Managing the organizational change associate with the CRM project.	(Alt & Puschmann, 2004; Caldeira et al., 2008; Wikstrom, 2004; Zhong Hong, 2008).
The business process change.	(Christopher, 2003).
The understanding of CRM.	(Injazz & Karen, 2003; Pedron & Saccol, 2009)
The effective leadership.	(Chen & Chen, 2004; Christopher, 2003).
User training and education.	(Caldeira et al., 2008; Christopher, 2003; Harej & Horvat, 2004; Injazz & Karen, 2003; Maleki & Anand, 2008; Zhedan, Hyuncheol, Jongmoon, & Hojin, 2007)
The existing of project champion.	(Wilson, Daniel, & McDonald, 2002).
The existing of targeting and evaluation strategies.	(Christopher, 2003)
The cultural change.	(Chen & Chen, 2004; Injazz & Karen, 2003; King & Burgess, 2008; Wilson et al., 2002).
Aligning business IT operations.	(Chen & Chen, 2004; Maleki & Anand, 2008).
Knowledge management capabilities.	(Chen & Chen, 2004; Croteau & Li, 2003; King & Burgess, 2008)
The evolution path (from operational to analytical to collaborative CRM).	(Alt & Puschmann, 2004; Zhedan et al., 2007).
Operational and strategic perceived benefits.	(Croteau & Li, 2003)
Users or employees involvement	(Maleki & Anand, 2008; Payne & Frow, 2006; Wilson et al., 2002).
Forming cross functional or multidisciplinary team	(Kotorov, 2003; Mendoza et al., 2007).
The existing of timeframe for CRM implementation	(Alt & Puschmann, 2004; Zhedan et al., 2007)
CRM readiness assessment	(Caldeira et al., 2008; Croteau & Li, 2003; Payne & Frow, 2006)
The data quality and data integration.	(Chen & Chen, 2004; Karakostas et al., 2005)
The integration of CRM system with other systems	(Chen & Chen, 2004; Christopher, 2003; King & Burgess, 2008; Mendoza et al., 2007; Meyer, 2005; Zhong Hong, 2008).
Customer information management, customer service, sales automation, marketing automation, customer contact management, and objectives definitions.	(Mendoza et al., 2007)

The next section discusses the most important factors for the pre-adoption and pre-implementation of CRM systems in organizations.

## **DISCUSSION**

In Table 1, it is clear that the most CSFs that are referred by researchers are top management support, users training and educating, managing organizational change, the integration of CRM system with other systems, the cultural change, the knowledge management capabilities, and the users' involvement in the implementation of CRM systems.

As stated earlier, this study focuses on the pre-adoption and pre-implementation success factors of CRM systems. Therefore, based the thorough review of the literature, this paper recommends the following six factors as the main factors for the pre-adoption and pre-implementation plan of CRM systems.

The first thing and the most important factor is the ensuring of top management support and commitment before the adoption and implementation of CRM systems. This factor is not only important for the pre-adoption and pre-implementation plan of CRM systems but also in all the upcoming stages. The inadequate support from the top management was referred by Kale (2004) as one of the seven deadly sin for CRM initiatives. Therefore, the existence of top management support and commitment is very essential for the success of CRM.

The second factor is the understanding of the concept of CRM and the communicating of the expected benefits and values of CRM and CRM systems to the organization, employees, and customers. The failure to understand business benefits is considered as the most common CRM failure's causes (Caldeira et al., 2008).

The third factor is the setting of CRM objectives and corresponding measurement systems for the achievement of these objectives. Mendoza et al. (2007) emphasized on the definition of CRM objectives as an important factor for the successful adoption and implementation of CRM. Caldeira et al. (2008) indicated for the inadequate measurement systems as one of the most common CRM failure's causes.

The fourth factor is the assessment of the organizational readiness for the adoption and implementation of CRM system which include technical and financial readiness assessment. The importance of this factor has been emphasized in many studies (Caldeira et al., 2008; Croteau & Li, 2003; Payne & Frow, 2006).

The fifth factor is creating a plan for managing the different types of changes that are expected to accompany the adoption and implementation of CRM system such as cultural change and processes change. Managing the organizational change associated with the CRM project is an important success factor for the adoption and implementation of CRM systems (Alt & Puschmann, 2004; Caldeira et al., 2008; Wikstrom, 2004; Zhong Hong, 2008).

The sixth factor is creating a plan for dealing with the users' acceptance. One of the major problems that encounter the CRM system implementation is user acceptance (Mankoff, 2001). The user acceptance of a CRM system has a crucial role in its success (Carter, 2009). According to Anderson (2001) user training and acceptance of the new processes and software solutions is essential to the success of CRM transformation. Hence, system use is an important issue in information system research and is often correlated with user attitude and satisfaction (Wu & Wu, 2005). If the end users did not realize how the new technology of CRM will enable them to serve customer better, they will resist it (Petouhoff, 2006). According to Petouhoff (2006) the resistance of end users will contribute to the failure of CRM project where, it will make the project end up with longer time-lines, scope creep, missed mile stones, higher implementation costs, and fewer realized benefits. Besides, according to Mike (2007) end users' willingness to integrate CRM system into their work environment determines the success of the system. In addition, communicating, listening, proving, training, and rewarding the end users are determining their attitude toward the CRM system (Mike, 2007).

These six factors are proposed to form a pre-adoption and pre-implementation plan for the successful adoption and implementation of CRM systems in organizations. The next section provides suggestions for the future work in the area of CSFs of CRM systems.

## FUTURE WORK

CSFs of CRM systems could be related to the characteristics of CRM technology, organization, individuals, tasks of CRM, or environment. Hence, further empirical researches are needed for the investigation of the influence of these factors on CRM adoption process.

## CONCLUSION

In conclusion, identifying and understanding the critical success factors of CRM systems is very essential for its successful adoption and implementation. The critical success factors of CRM span for diverse areas covering different issues. The review of literature has shown that these factors are related to organization culture and structure, technology that is, the CRM system and its characteristics and features, an environment in which an organization runs its business, or human aspects like users' acceptance. The thorough review of the literatures revealed that the most recommended success factors to be given more attention for the successful CRM initiatives are top management support, managing organizational and cultural change, users training and involvement, understanding CRM, the assessment of the organizational readiness, and choosing the right technology. This paper proposed a pre-adoption and pre-implementation plan of six success factors for achieving success of CRM systems. This study also recommends more empirical investigation of the influence of these technology, organizational, human, and environmental factors on the adoption and implementation of CRM.

## REFERENCES

- Adebanjo, D. (2006). *Evaluating the effects of Customer Relationship Management using modelling and simulation techniques*. In proceedings of IEEE International Conference on the Management of Innovation and Technology, 2006.
- Alt, R., & Puschmann, T. (2004). *Successful practices in customer relationship management*. In proceedings of the 37th Annual Hawaii International Conference on the System Sciences, 2004.
- Anderson, W. O., Jr. (2001). *Customer relationship management in an e-business environment*. In Proceedings of the international conference on Change Management and the New Industrial Revolution, 2001. (IEMC '01).
- Arab, F., Selamat, H., & Zamani, M. (2010). *An overview of success factors for CRM*. In proceedings of the 2nd IEEE International Conference on the Information and Financial Engineering (ICIFE).
- Caldeira, M., Pedron, C., Dhillon, G., & Jungwoo, L. (2008). *Applying EA Perspective to CRM: Developing a Competency Framework*. In proceedings of the Third International Conference on the Convergence and Hybrid Information Technology, 2008. (ICCIT '08).
- Carter, Y. (2009). Know your customers better. *NZ Business*, 23(7), 42-45.
- Chen, Q., & Chen, H.-m. (2004). Exploring the success factors of eCRM strategies in practice. *Journal of Database Marketing & Customer Strategy Management*, 11(4), 333-343.
- Christopher, B. (2003). Strategic issues in customer relationship management (CRM) implementation. *Business Process Management Journal*, 9(5), 592-602.
- Corner, I., & Rogers, B. (2005). Monitoring qualitative aspects of CRM implementation: The essential dimension of management responsibility for employee involvement and acceptance. *Journal of Targeting, Measurement and Analysis for Marketing*, 13(3), 267-274.
- Croteau, A., & Li, P. (2003). Critical success factors of CRM technological initiatives. *Canadian Journal of Administrative Sciences*, 20(1), 21-34.

- Harej, K., & Horvat, R. V. (2004). *Customer relationship management momentum for business improvement*. In proceedings of the 26th International Conference on the Information Technology Interfaces, 2004.
- Injazz, J. C., & Karen, P. (2003). Understanding customer relationship management (CRM): People, process and technology. *Business Process Management Journal*, 9(5), 672-688.
- Kale, S. H. (2004). CRM Failure and the Seven Deadly Sins. *Marketing Management*, 13(5), 42-46.
- Karakostas, B., Kardaras, D., & Papathanassiou, E. (2005). The state of CRM adoption by the financial services in the UK: an empirical investigation. *Information & Management*, 42(6), 853-863.
- King, S. F., & Burgess, T. F. (2008). Understanding success and failure in customer relationship management. *Industrial Marketing Management*, 37(4), 421-431.
- Kotorov, R. (2003). Customer relationship management: strategic lessons and future directions. *Business Process Management Journal*, 9(5), 566 - 571.
- Kristel, P., Koen, M., Malaika, B., Jerry, F., & Nicholas C. Romano, Jr. (2007). *Voids in the Current CRM Literature: Academic Literature Review and Classification (2000-2005)*. In proceedings of the 40th Annual Hawaii International Conference on the System Sciences, 2007. (HICSS 2007).
- Lin, M. C. (2003). *A Study of Main stream Features of CRM System and Evaluation Criteria*. Paper presented at The Annual Conference & Exposition on the American Society for Engineering Education, 2003.
- Lindgreen, A., Palmer, R., Vanhamme, J., & Wouters, J. (2006). A relationship-management assessment tool: Questioning, identifying, and prioritizing critical aspects of customer relationships. *Industrial Marketing Management*, 35(1), 57-71.
- Lun, Z., Jinlin, L., & Yingying, W. (2008). *Customer relationship management system framework design of Beijing Rural Commercial Bank*. In proceedings of IEEE International Conference on Service Operations and Logistics, and Informatics, 2008. (IEEE/SOLI 2008).
- Maleki, M., & Anand, D. (2008). The Critical Success Factors in Customer Relationship Management (CRM) (ERP) Implementation. *Journal of Marketing & Communication*, 4(2), 67-80.
- Mankoff, S. (2001). Ten Critical Success Factors for CRM. *Siebel System, White Paper*.
- Mendoza, L. E., Marius, A., Pérez, M., & Grimán, A. C. (2007). Critical success factors for a customer relationship management strategy. *Information & Software Technology*, 49(8), 913-945.
- Meyer, M. (2005). *Multidisciplinary of CRM Integration and Its Implications*. In proceedings of the 38th Annual Hawaii International Conference on System Sciences, 2005. (HICSS '05).
- Mike, S. (2007). Winning Friends For CRM: Five Keys To Gaining End User Acceptance. *Customer Interaction Solutions*, 25(10), 26.
- Payne, A., & Frow, P. (2006). Customer Relationship Management: from Strategy to Implementation. *Journal of Marketing Management*, 22(1/2), 135-168.
- Pedron, C. D., & Saccol, A. Z. (2009). What Lies behind the Concept of Customer Relationship Management? Discussing the Essence of CRM through a Phenomenological Approach. *Brazilian Administration Review (BAR)*, 6(1), 34-49.
- Petouhoff, N. (2006). The Scientific Reason for CRM Failure. *Customer Relationship Management*, 10(4), 48.
- Rababah, K., Haslina, M., & Huda, I. (2010). *A Unified Definition of CRM towards the Successful Adoption and Implementation*. In proceedings of the 3rd Lifelong Learning International Conference, 2010. (3LInC'10), Kuala Lumpur-Malaysia.
- Rigby, D. K., Reichheld, F. F., & Schefter, P. (2002). Avoid the Four Perils of CRM. *Harvard Business Review*, 80(2), 101-109.
- Rockart, J. F. (1979). Chief executives define their own data needs. *Harvard Business Review*, 57(2), 81-93.

- Sharma, A., & Iyer, G. (2007). Country effects on CRM success. *Journal of Relationship Marketing*, 5(4), 63-78.
- Wikstrom, C. E. (2004). *A case study of emergent and intentional organizational change: some implications for customer relationship management success*. In proceedings of the 37th Annual Hawaii International Conference on System Sciences, 2004.
- Wilson, H., Daniel, E., & McDonald, M. (2002). Factors for Success in Customer Relationship Management (CRM) Systems. *Journal of Marketing Management*, 18(1/2), 193-219.
- Wu, I., & Wu, K. (2005). A hybrid technology acceptance approach for exploring e-CRM adoption in organizations. *Behaviour and Information Technology*, 24(4), 303-316.
- Zablah, A. R., Bellenger, D. N., & Johnston, W. J. (2004). An evaluation of divergent perspectives on customer relationship management: Towards a common understanding of an emerging phenomenon. *Industrial Marketing Management*, 33(6), 475-489. doi: 10.1016/j.indmarman.2004.01.006
- Zhedan, P., Hyuncheol, P., Jongmoon, B., & Hojin, C. (2007). *A Six Sigma Framework for Software Process Improvements and its Implementation*. In proceedings of 14th Asia-Pacific Software Engineering Conference, 2007. (APSEC 2007).
- Zhong Hong, S. (2008). *Information System and Management Strategy of Customer Relationship Management*. In proceedings of the 3rd International Conference on Innovative Computing Information and Control, 2008. (ICICIC '08).