INVESTIGATING THE SUCCESSFUL INTRODUCTION OF A CRM SYSTEM

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1. ABSTRACT

The complexity of internal corporate processes has reached a level that made IT support absolutely necessary. The explosive growth of corporate information systems has promoted the development of corporations in the field of information technology. The introduction of information systems necessitated the rationalization of processes.

The competition increase among companies has made the proper treatment of customers increasingly important. In order to support this philosophy, a strategy was first developed to lose as few customers as possible. After that, due to the requirement to store the multiplied amount of data, the software solution was created.

The aim of using the system is to systematize the information incoming through various channels and to display them in a unified form for each customer.

However, the introduction process of a CRM IT solution means a complex series of measures, as a result of which the operation of the corporation might be more effective, its customers will be more satisfied and the competitiveness of the corporation will increase.

The situation of micro, small and middle-size enterprises in Hungary has become very difficult due to the economic changes in the recent years.

If a company decides to support customer management by information technology, it must be aware that it is starting a longish, costly but certainly worthwhile investment. The introduction of the system has several phases, each of which is fraught with various problems.

As a result of our investigations, with the help of route model validation we have mapped the relationship among the elements of the successful introduction, their correlations and the strength of the relationships.

2. INTRODUCTION

According to Mester, two important trends played a role in the emergence of CRM. One of them is the decrease of the differences between products, which causes market players to try to differentiate themselves from competitors by customization. The other trend is the development of information technology, which enabled companies to collect and analyse the data generated in relation to customers with the help of a variety of software support. [5]

The aim of companies is to sell the widest variety of products to the customer realising the largest possible profit so that the customer is fully satisfied. This shift characterizes today the strategy of companies which are struggling in the economic crisis and which are able to survive. [4] As a result, the relationship between the companies and their customers is surely gradually changing.

Nowadays, it is not only service provider or trading companies but also manufacturing companies that pay more and more attention to their customer service activities, complaint handling and to the most extensive appearance of CRM features.[1]

Introducing the CRM system is a complex and long project task that affects several fields in which company employees and informatics suppliers participate jointly.

According to Révész, such changes include the increase of sales and of customer satisfaction, the specific decrease in general and marketing expenses and the improvement and higher efficiency of the coordination among internal processes. [6]

According to Gritsch, the starting point of introducing CRM should be in each case describing the strategic objectives of the company and the determination of customer oriented corporate processes.[3]

In our work, we have focused on the Hungarian micro, small and medium enterprise sector exclusively. The reason for that is that in the case of large companies different environmental conditions (financial standing, credit worthiness) are typical. Our investigation does not include utility service or telecommunications companies, neither bank sector actors, who are typical CRM users.

It is also important to unfavorable investment climate created due to the economic crisis is changing. The domestic business investment intentions are passed the low point according to the K&H SME confidence index research among the domestic SME leaders in II. quarter 2013. In the first quarter of this year increased again the investment ratio and 58% of the SMEs are currently planning improvement. Concerning the subject of investments the IT development projects are the highest. [7]

3. RESEARCH METHODOLOGY

In order to examine the domestic distributors and users of CRM, we organized our research work around two primary quantitative surveys, which are the following:

3.1 CRM distributors' opinion on CRM users' introduction motivations

We detected the experts' opinion by non-structured long interviews. After that, we conducted a questionnaire survey of both groups.

During our interviews, we contacted and asked the representatives and senior specialists of fifteen software supplier companies. In each case, we contacted a staff member who knew the market, had participated in several introduction processes and had acquired several years of professional experience. The areas reflected on during the interviews were defined as follows:

- Who take the initiative to introduce? What size companies are they with what profile? (number of employees, income, number of customers). Are there characteristic industries? What are they?
- What motivation is typical? How do customers choose software? What criteria do they decide on?
  - Does such a thing exist as one's own introduction methodology? Describe the main steps briefly.
- What is the introduction success-failure ratio? (failure: unfinished project, unused system, unreal introduction). What are the reasons for failure?

- How long does introduction take in general? How long is the longest and shortest period? What does introduction time depend on?

The research lasted from April to October 2013.

3.2 Mapping the CRM introduction habits of domestic SME participants

We turned to 57 Hungarian distributors asking them to fill in our expert questionnaire and forward our user questionnaire to their existing customers. During the six months of the research we received 31 expert and 104 user responses. Identifying the users[1] was implemented through suppliers because at the moment no database exists which could identify the SMEs that have introduced and use a CRM system. During data collection we also had to pay attention that the introduction should possibly not be earlier than one year before, otherwise the respondent may not remember the process and it is also possible that the technician who accompanied the process no longer works for the company. The 31 questionnaire respondent experts have 170 years of experience altogether. Among them, the one with the longest experience has worked for 13 years as an expert; and six of them have worked ten years in the profession. On average, the respondents have worked five and a half years in the field. 11 experts have already participated in three or more different types of system introductions, whereas ten experts have only taken part in the introduction process of only a single system.

We assessed our results based on 15 long interviews and 134 expert and user responses. Our respondents represented a single company in each case.

4. RESEARCH RESULTS

Based on the expert long interviews, it has become obvious that for the informatics project to be successful, the company needs to take each and every step of it planned in advance. Before a choice is made, it is worth assessing the company regarding its **maturity.** If the need for informatics development arises, it does not necessarily prove that the company is mature for such development. Possible influencing factors include the size of the organization, its organizational structure, the quality of the organizational culture, the roles and abilities of the people making up the organization, the size of the market

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[1] Users are the companies who have bought a CRM system from the software supplier.

served by the company, and the availability of corporate resources. Business functions must be reviewed including the operation of finance, planning, and procurement, the effectiveness of management, the operation of project management and the existence and meaning of indices – **streamlining processes.** Submitting to an **independent consultant company** is not essential for a successful preparation, although according to experts, introducers often seriously lack knowledgeable support.

If the result of the investigation supports informatics introduction, searching for a supplier may start. The first step for that is to set up a professional team which helps to assemble a criteria system that will aid in making an objective decision. This process and the whole introduction process requires a great deal of dedication, a lot of time and energy, for which the presence of **management support** is essential. It is very important to persuade the management at every level of the usefulness, efficiency and necessity of the software. Among the reasons for unsuccessful system introductions, the negative attitude of the staff is among the first ones. Among the reasons for that we can find that a running system makes it possible to keep track of each process. For instance, the wrong decisions and steps, improper handling of the customers of the company or the "forgotten" jobs. The issue of responsibility can also be accurately determined. The time spent on working and the number of tasks performed can be counted, which gives an accurate picture of the efficiency of the staff member working in the given area. Before introducing the software, all affected **staff members must be informed,** the necessity of the system must be justified, and its positive possibilities

must be emphasised. Formally, staff members should also be involved in the decision so that they could also feel ownership of the software and the related project. However, it must not be forgotten that the system is not primarily aimed at doing good for the staff. It is the customers who need that in order that they receive proper servicing. Also, the management needs it in order to gain access to real-time information.

Naturally, the issue of **financial possibilities** cannot be overlooked either as the market offers a wide range of solutions in that respect as well from a few tens of thousand to the magnitude of millions.

The user target group of our research was small and medium-sized enterprises who use a CRM system. As we did not have any information about the sampling population (in this respect so far no survey has been made, databases are not available), it is not known what proportion CRM users represent within each category of businesses. Despite that, we examined the proportions of currently registered businesses and the proportions occurring among our respondents within each category so that the difference could be clearly seen.

Our investigation was aimed to find out in what proportion these two segments (micro and small enterprises) appear in the sample compared to the proportion appearing in the total number of registered enterprises (Table 1). It is likely that among micro and small enterprises, the budget for introducing CRM and the number of staff members involved in the project are lower. Consequently, specific problems may surface that play no role in the life of larger sized companies.

Number of registered companies as to staff size categories					
	1–9 heads	**10–19 heads**	**20–49 heads**	**50–249 heads**	**Total**
	1 136 332	21 179	10 051	4 696	1 172 258
	96,94%	1,81%	0,86%	0,40%	100%
Number of companies participating in the research as to staff size categories					
	1–9 heads	**10–19 heads**	**20–49 heads**	**50–249 heads**	**Total**
	56	25	13	9	103[2]
	54%	24%	13%	9%	100%

Table 1.
The distribution of enterprises as to KSH (Hungarian Central Statistical Office) categories
Source: KSH data 31st October 2013 and own research

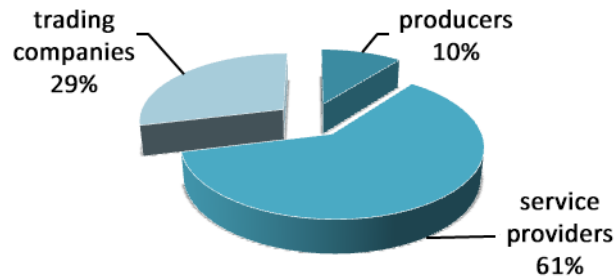[2] One respondent out of 104 did not provide staff number data.

Figure 1.
Proportions of company profile in the research sample
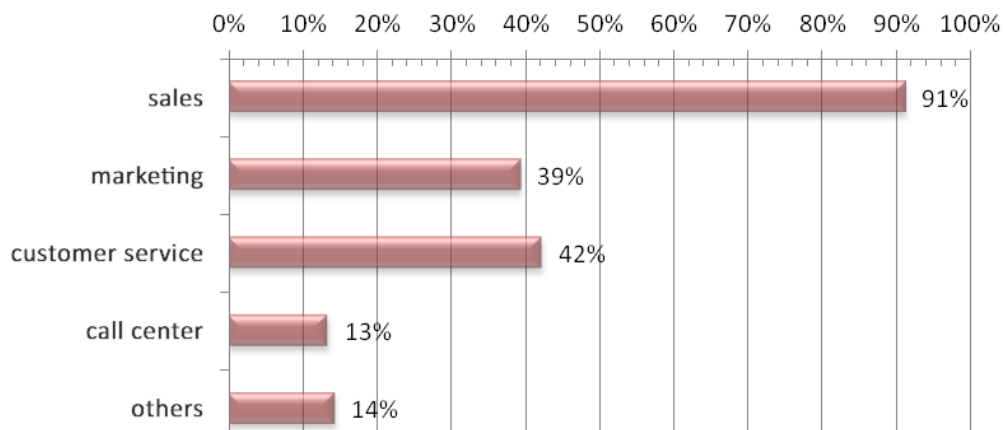

Figure 2.
Areas of CRM utilization in the SME sector

Based on corporate profile, we also looked at the respondents and compared their proportions to KSH data as of September, 2013. At this question, giving a response did not induce resistance, thus all the 104 interviewees answered. 37% of the respondents are producers, 38% are service providers, whereas 25% of them were trading companies (Figure 1).

Compared to KSH data, producers are underrepresented, while service providers are overrepresented in the sample. The reason for that might be that the CRM system had been mostly introduced by service provider and trading companies so far; its appearance has not been typical at producer companies.

Based on the interviews with experts, it can be hypothesized that the proportion appearing in the sample can roughly correspond to the corporate profile proportion appearing among CRM users; nevertheless, the company does not keep records in that respect so they were unable to provide data.

It can be clearly seen from the distribution of the CRM application areas that a significant number of SME players – 91% use CRM as a sales support software. Customer service was relegated to the second place, while marketing to the third place. (Figure 2) This order is only slightly different from the results of the corporate research carried out by NetSurvey in 2001, in which the respondents also marked sales in the first place, however, marketing was relegated to the second place with the same percentage value. [2]

5. THE ROUTE MODEL

The main aim of our research is to establish a model and a methodology based on it. To this end, on the basis of the responses we received in the questionnaire, we examine the validity of our introductory methodological process model made on the basis of the interviews, as well as the existence and strength of the relationships assumed in it.

We measured the opinions on the following question of the respondents on a 10-stage high-level measurement Likert scale. The statements were formulated based on the expert opinions.

16/22 Please mark on a scale of 1 to 10 how important you consider the following conditions for a SUCCESSFUL INTRODUCTION.

1 not at all important, 10 very important

	1	2	3	4	5	6	7	8	9	10
mapping company maturity										
rationalization of processes										
involving an independent consultant company										
working out a customer management strategy										
continuous managerial support										
accurate needs formulation										
informing staff members										
accurate mapping of financial possibilities										

The route model is in fact a series of regression models, which are built on each other. The route analysis assumes the ordering of variables based on some criteria. The ordering of our process model established on the basis of interviews with informatics suppliers is based on a time series. The route model contains the preparation phase. In the route model, the values indicated on the arrows are the regression beta values belonging to the significant relationship. The cases in which no significant relationship was found between two factors were marked by dashed arrows. (Figure 3)

In the route model related to the preparation we considered informing the staff members as a result variable because this step takes place when the head of the company or the team appointed by the head make the professional decision on strategic issues. Thus, that means the dependent variable, on which variable the other variables have an effect, but which does not have an effect on any other variable.
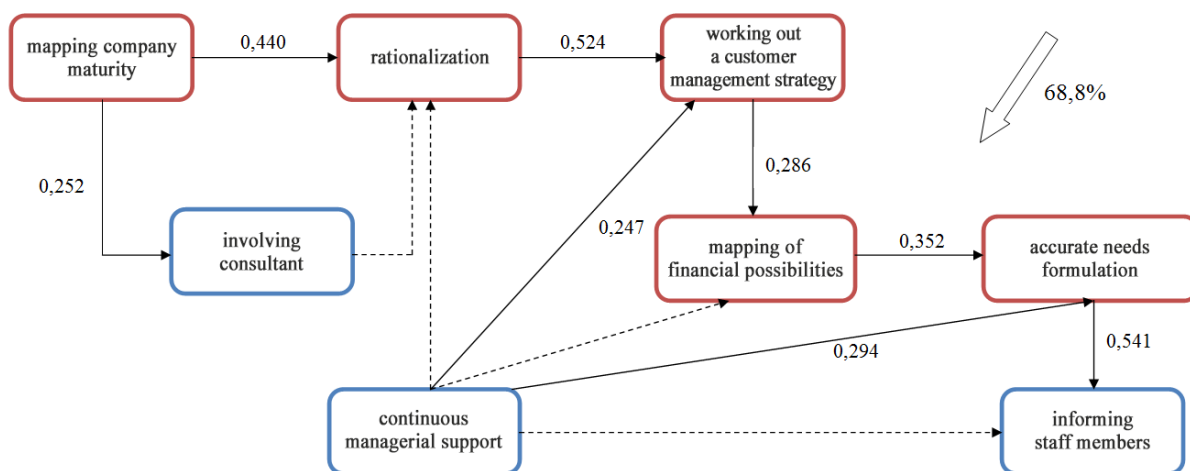

Figure 3.
Route model investigation of the preparation phase

Dependent variable	Independent variable	Direct effect (Beta)	Indirect effect
informing staff members	continuous managerial support	–	0.294*0.541= **0.159** 0.247*0.286*0.352*0.541= **0.013**
informing staff members	mapping company maturity	–	0.440*0.524*0.286*0.352*0.541= **0.12**
accurate needs formulation	continuous managerial support	0.294	0.247*0.286*0.352= **0.294**
financial possibilities	continuous managerial support	–	0.247*0.286= **0.070**

Table 2.
Direct and indirect effects of the factors influencing the preparation of CRM introduction

The total explanatory rate of the route model established on the sample is 32.2% (R. Square: 0.322). Therefore, the model explains 32.2% of the factors influencing the tasks emerging in the preparatory phase of the introduction, while 68.8% depend on other factors.

Our hypothesis was that a strategic and a human variable component have direct influence on informing the staff members, however, the linear regression analysis did not confirm our hypothesis. It can be clearly seen on the figure illustrating the model that according to our respondents continuous managerial support is far from being continuous. A significant linear effect can be detected regarding only certain strategic issues. Those who consider continuous managerial support important, take establishing a customer strategy and accurate needs formulation as important strategic issues, however, no unanimous opinion has been established regarding mapping financial possibilities or rationalizing processes.

As we established the route model in the dimension of time, several elements influence indirectly informing the staff members. Its values can be seen in Table 2. The table shows that we found direct influence only between continuous managerial support and accurate needs formulation. The independent variable of the remaining three pairs influences the dependent variable exclusively indirectly.

It can be seen that mapping maturity has a very strong influence on rationalization, which has an effect on establishing a customer strategy. From the above, it can be concluded that the introducers – whether suppliers or customers – who examine the abilities of the company ordering the introduction will consider it important during further phases of the introduction to keep in mind

strategic issues. However, it can also be observed that the attitude toward the independent consultant is quite ambivalent. Those who consider company mapping important feel the necessity of the help of the consultant, an exterior expert eye. Nevertheless, after the mapping, the professional consultant is not hired. Their presence is not considered important for the steps of rationalization, not felt necessary any more in the solution either. Our model did not contain the possibility that the consultant joins the process after skipping steps, thus we did not mark that on the figure either. However, during our investigations we looked at if their presence was considered important in the case of other steps. The result of calculations proved that the presence of the consultant will not be important at the further steps either.

It can be observed that the human factors are not directly related to each other in the route model, their appearances are not related to each other.

Based on the results, it can be concluded that in the preparation necessary for a successful introduction, the proper planning of the strategic steps indirectly exerts a severe impact.

6. CONCLUSIONS

To sum up, it can be stated that in the route model, the effect of the human variables considered important based on the interviews *(managerial support, informing staff members, involving an independent consultant)* was not detectable. The managerial effect does not play a dominant role according to the respondents. A strong direct effect can exclusively be detected on informing the staff members. A similarly large difference is demonstrated by the effect of involving an advisory consultant. The most powerful

determining factors of a successful introduction seem to be the strategic steps.

At the same time, it can be clearly seen that the correlation system of the route model established on the basis of expert interviews is valid; the individual elements of the strategic, human and technological components built on one another regarded in the dimension of time exert an influence on the whole of the introduction process and its success.

7. REFERENCES

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