

A Review : Benefits and Critical Factors of Customer Relationship Management

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ABSTRACT

Customer Relationship Management (CRM) is a technical jargon which is a blend of methodologies, software and internet, which are used by a company to achieve its goal through the identification and satisfaction of customer's stated and unstated needs and wants. This software addresses customer life cycle management. This system manages company interactions with current and future customers. It involves technology to organize, automate and synchronize business processes. CRM application is an essential tool for a company to grow and help to increase the satisfaction of customers. There are many benefits of CRM; those make the market environment customer centric. In this paper, we reviewed previous studies and identify those benefits which affect customers and company both. But CRM has many problems also because of them CRM gets failure. Its failure rate is more than its success rate. We also elaborated its failure factors and along with them its critical success factors which help in making CRM a successful project for a company, however implementation of CRM is a complex task.

Keywords - Customer Relationship Management, Information Technology, customer satisfaction, IT resources

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I. INTRODUCTION

The essence of CRM, related to Information Technology (IT), resolution is the opportunity to build better relationships with customers. CRM has the ability to provide highly interactive, experienced & long term relationships than ever before. CRM is the discipline of improving the way customers are managed through changes in business processes, people, organization & technology [1, 2, 3]. The new business environment has different touch points of customers like managing enquiries, preferences, better service delivery and support. Many companies are attracting towards CRM, which is customer centric and efficient [2].

In paper [1], author first represents the introduction of CRM and after that it explores benefits and failure reasons critical components that enable the successful implementation. A recent survey reveals that investment in CRM application is very high but its success rate is very low. Author stated that without an understanding of CRM initiatives, CRM projects generally fail [1, 3]. CRM is not a merely technological application, when it fully implemented it is a customer driven, technology integrated business process management strategy [1, 3]. CRM is basically used to understand the customers, attract new customers and retain the old ones [2].

The key drivers for a CRM program within the Public Sector tend to be the improvement of services to citizens with efficiency by phone, face to face, mails, internet, SMS etc. [2]. Similarly, the CRM application link

includes front office and back office functions, including internet, email, sales, telemarketing, call center etc. [1]. The central component of a CRM solution is a single shared customer database, allowing information to be collected once but used many times. CRM has the potential for achieving success & growth for organizations in this competitive environment & rapid technology development. CRM enables organizations to know their customers better to build sustainable & long standing relationships with them. In the changing market environment, Public Sectors have to use modern methods, technologies & better ideas of management. Some Public Sectors are using electronic files with M.S. Office, but this system does not enable to automate reports.

Now-a-days customers are very sensitive, demanding & they are looking for fast services. So Public Sectors too have to compete in a global market. They also have to maintain a healthy relationship with customers. The effectiveness of an organization depends on the interest, values, motives, teamwork, loyalty & the way of dealing with customers. As to maintain a healthy culture with customers & achieve values, CRM has risen. CM systems can be viewed as Information System aimed at enabling organizations realize a customer focus [4].

The product centric environment is now changed in customer centric environment, now customized product and services are provided with improved customer services [3, 4]. CRM is a business strategy to select & manage customers to optimize long term values. CRM requires a customer centric business philosophy & culture

to support effective marketing, sales & service processes. CRM application can enable effective CRM, provided that an enterprise has the right leadership, strategy & culture [5].

Author referred CRM as Customer Knowledge Management and he suggested that knowledge management plays a key role in CRM initiatives. To improve service & retain customers CRM synthesizes all of a company's customer touch points. Author provides a process framework which includes 4 types of processes- CRM Service Processes, CRM Support Processes, CRM Analysis Processes and CRM Management Process. This paper included some case studies those enhanced CRM initiatives by applying knowledge for, from or about customers. They identified an orchestrated approach that considered strategy, processes, systems and change management aspect [6].

This paper also focuses on customer in relation to the use of CRM in the selected business subject. CRM packaged s/w supported the integration of business processes, data & technology to improve customer facing processes. CRM is used to manage interactions with customers, especially in sales prospect. CRM involves using technology to organize, automate & synthesize business processes. This paper believed that the customer knows the quality of product, if he believes that company does the best for the customers not to just profit then he will be a lifetime customer. Author also supported that companies using MS Office as an electronic file and keeping records, but those are not enabled in documents administration and automated reports [7].

Paper [8] stated that for long term business survivals, it is essential to maintain good relationship with customers. For this purpose CRM is a best option. This paper tells that Business Process Reengineering (BPR) and organizational learning are the first step in constructing CRM. BPR involves staff reward and training, organizational structure and IT tools. Organizational learning involves commitment to learning, shared visions and open -mindedness.

Public Sectors also realize that maintaining relations & providing fast services to customers are necessary in these days, because Private Sectors try to compete Public Sectors in terms of better services at reasonable cost. If Public Sectors want to retain their customers, then they also have to provide fast service delivery at low cost compared to Private Sectors. That's why they need CRM in their organizations.

II. BENEFITS OF CRM:

Adopting CRM brings the knowledge to maintain long term relationship with customers, achieving the customers, achieving the customer's satisfaction, reducing distrust, removal of complaints, etc. This paper focuses on the importance of CRM in Public Sectors. In order to gain confidence in customers & keep them, IT is a supporting tool for CRM. CRM has been recognized to redesign business processes for the improvement of performance. CRM has the advantage of collecting and analyzing data, customer behavior, timely respond with effective

communication and services of the customer. Here data warehousing technology helps to provide a better understanding of customer behavior. Redundant data are removed, so that only filtered and accurate information is provided to the organization so that queries can be solved in a fast manner [1].

Paper [2, 3] stated that CRM helps in decision making while increasing profitability with decreasing cost of management. This also explains that CRM provides new ways to communicate through better services as it integrates with databases.

As paper [3] elaborated benefits of CRM from only customer's point of view and stated eight main topics, which are- improve customer service, increased personalized service, responsive to customer needs, customer segmentation, improve the customization of marketing, multichannel integration, time saving and improve customer knowledge. After using CRM, Organization can keep a customer's record for their future needs and they can provide better pricing of products. Successful CRM promotes customers to purchase more, it increases the benefits of the organization [4].

This improved customer satisfaction and more focused on customer needs. Satisfying customer means increasing revenue and income for the business. Another benefit is elaborated in paper [3] is the reduction of paper; this saves time and money both. More storage and retrieval capacity is another benefit by which system can organize each and every detail of individual. CRM helps in the segmentation of the customers like by gender, ages, geographic, etc. which is helpful in satisfying their needs [3].

CRM provides customer satisfaction, competitive advantages, profitability, reduction of distrust and cost optimization [7, 8].

CRM consolidates contacts, and center all front office operations. It reduces the cost of customer maintenance, because winning a new customer is 5-6 times higher than maintaining existing customer. It reduces the repeat calls for complaints. CRM transforms the market from a product oriented to customer oriented. CRM provides better targeted & more efficient services to its community [8, 3].

CRM increases in product time results in reducing errors & rework, due to consistency in information over compliance burden. CRM provides efficient & speedy transactions with less processing time. Queries of customers can be solved quickly, because it is directly sent to the subject matter experts. After using CRM, all the tasks and responsibilities are fixed for each employee, so it reduces staff absenteeism & turnover. It provides high employee satisfaction also.

III. SOME FAILURE FACTORS:

Even after recognizing so many benefits of CRM, a successful implementation is elusive to many companies, mostly because they do not understand that CRM requires a companywide, cross functional, customer focused business process re-engineering. Although a large portion of CRM is a technology, viewing CRM as a technology – only solution is likely to fail. Managing a successful CRM

implementation requires an integrated & balanced approach to technology, process & people. CRM implementation is a holistic and complex concept, which means that it is not merely an integration of new information technology, but everything that happens around the business process changes [1].

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 them up for failure.

CRM implementation is a complex and challenging task, because it changes the whole process or manner of working of the business. Approximately 65% of CRM implementation results in failure. Less knowledge of CRM definition, scope, processes and technology also leads to failure. Generally, companies underestimated the complexity of CRM and invest heavily in CRM software [1, 4, 7].

CRM has its drawback also; its solutions are not with technology and cannot be work with only IT Tools [1, 2, 7].

Most CRM implementations are governed by an incomplete vision, While CRM failures are not entirely prescriptive, a relatively small number of contributing factors are cited in the majority of CRM projects gone wrong. If commitment to the customers is absent, then also CRM fails. In the software selection process generally users don't involve, but it also would be a reason of failure. Unclear set of objectives may lead to less integrity and bad quality in data, this also makes CRM unsuccessful [2].

Managers even don't know what kind of advantages CRM can provide, that's why they won't be able to implement properly [3]. Failing in selecting the optimal CRM s/w and bad selection of the project team are the biggest pain points of an organization, is a possible reason for failure of the CRM project [4].

We also stated that Software marks a paradigm shift delivery of services. There is a resistance to change against it. Management people have to be visibly and vocally committed to CRM success — Absence of such commitment is clearly associated with CRM failures. Untrained staff may be another reason of failure of CRM software; it changes the working manner from manual to computerize. Failing to involve line staff in software selection makes CRM project a big failure, because it 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. One of the most common causes of CRM failure is failing in proper implementation of CRM strategy as a software or technology project. In this IT department has to play a key role in installing the system, getting it running. If IT infrastructure would not consider before purchasing software then it will result in failure. CRM implementation will fail, if software is not able to deliver to its customers or viewpoint of the customers. Data integrity and Data quality should be maintained in the

software. Otherwise, this dirty, duplicate, incomplete and bogus data will be a big reason of failure of CRM software implementations. Before purchasing software, organizations should warranty a defined time, budget and customization of software. This time and budget overrun could be a reason of failing CRM software. User adoption of a software in an organization could be a reason of failure because it end user does not adopt the new working manner, then it will likely end up failing.

IV. CRITICAL SUCCESS FACTORS:

It is generally observed that 50%-60% of CRM projects fail. It has been found that CRM project failure is largely due to a lack of management discipline and a lack of business process definition during execution, amongst other factors. Success of CRM is not only a concentration on IT alone, but also an effective combination of skilled employees with IT solution. CRM has the greatest impact on firm performance when IT resources combine with organizational capabilities. Some report a negative relationship between IT investment & aspects of firm success, while others have demonstrated a positive relationship between IT investment & firm performance. To gain knowledge on how to turn the barriers for success into possibilities, it is important to take into account some significant success factors.

A strong management committee should be formed in favor of CRM, because if management adopts the new process effectively and participate then it motivates all the employees also. They can provide a motivation bonus to their employees or commission in against using CRM. An organization should have defined and measurable project goals, so that CRM can help in improving customer services. CRM implementation is an incremental approach, management should not think that this will create overnight results. Yes, CRM is fully technology based but still it is a business process also. So don't override the business process against technology. In making CRM project successful, an organization should maintain a right team, including experienced, technical staff, business focused and IT manager who can understand the viewpoints of both the business and the customers. Management should maintain key metrics to indicate the gaps. Implementing CRM is a big change in company, So train the employees already working in the organization. Management should not try to roll out them. Training is a good method for resistance to change [2].

To make CRM implementation a successful project, management must research in both the industry's best practices and adoption capability of their organization. So the management should strategically strong for CRM implementation. Management should have full knowledge of CRM, top management skills and commitment, cross functional communication and mandatory training for all employees [4].

Including all the above discussed success factors, we employ that motivation of employees is an important success factor for CRM implementation. Motivation has

long been acknowledged as a key determinant of general behavior, acceptable behavior & work related behavior. Management should be aware of different motivational needs of the employees. Employee retention is as important as customer retention. All the purposes and goals of the organization should be properly communicated to the users. They need to understand why they need a new system of work and new processes. This will inspire the users and reduce resistance to change. The objectives need to be clearly communicated to the employees to know the expectations and to have a common guideline to work after the change. In the process of decision making, there should be an involvement of employees. After this involvement it will be easier to get people to accept the change in business operations. Participation can result in positive attention and encouragement of employees. It will lead to the success of CRM. An organization which is going to use CRM, has to invest in IT infrastructure. It includes embedded hardware and software.

V. CONCLUSION

In present, dynamic business environment where technology and advancement plays a pivotal role in growth, CRM finds an important place in various business systems. CRM is an old concept, but it is growing very fast nowadays, helping companies to understand the customer's perspective and matching up to their expectations. Managers are now interested in implementing it because of its benefits. This paper will help managers to know and recognize the factors of failure and critical success factors. This study will help them to make CRM success. CRM is an ongoing process which requires frequent investment in technology and training needs to bring along the customer and company on the same platform through the use of technology. Hence CRM brings together people, technology & organizational capabilities ensure connectivity between the company and its customer. It is obvious that improving satisfaction of customers, improves revenue and income of a company. Consequently, it is imperative to understand that CRM is a result of a large investment of time and resources, but it is difficult to implement without having proper research on CRM.

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