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# A Successful CRM Implementation Project in a Service Company: Case Study

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Customer relationship management - CRM implementations increased rapidly in Slovenia in the last few years, following the trends elsewhere. Studies reporting how the implementation project goes on before, between and after the implementation are scarce. We offer a thorough case study analysis of the CRM implementation with a positive outcome in a Slovene service company. Case study demonstrates that 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 processes changes. We recommend that the company has already established a process approach and the orientation toward customers. Study showed the need for efficient leadership, acquirement of resources and CRM strategy implementation control; trust to the software solution shouldn't be self-understood. Through implemented analytical CRM company can improve the relationship with customers, achieve larger information sharing between employees and accept better strategic decisions.

**Key words:** customer relationship management implementation, customer focus, process approach, quality, customer information, communication, marketing, service company, Slovenia

## 1 Introduction

Organizations nowadays compete on a global market. It is impossible to avoid free transfer of goods with the help of protection laws and different obstacles in modern times; customers have a wide choice, that's why they became more sensitive, demanding, and they are looking for new and better products. Elements for organizational competitive advantage on such market can be very different: certification ISO 9000, costs, delivery speed, time needed from the new product/service development to its market delivery, newest technology, CRM implementation. In saturated markets organizations cannot freely decide, with which customers they would like to establish a business relationship; the valuable customer in particular selects the business partners himself (Heinrich, 2005).

The effectiveness of business is very dependent of the culture (interests, values, and motives), organizational health (team work, loyalty, learning, knowledge management) and way of dealing with customers. Establishing healthy culture and achieving values is connected with the degree of order and with the ways how organization treats the customer. As a consequence, CRM has risen to the agenda of many organisational strategies. Fundamentally however, CRM systems can be viewed as information systems aimed at enabling organisations to realise a customer focus.

Organizations have to deal with this kind of problems for years now. Experiences confirm that it is very difficult to enter the area of relationship management without well organized

data base, in which all data concerning businesses of organization with its consumers are contained. Data base serves as a lever for integration of applications and data, from which information are summarized for different types of CRM solutions. Solutions for analytical CRM draw information from data base for the use of analyzing the demographic information about customers, history, profitability and behaviour of singular customer. Solutions for the operational CRM benefit the relationship with customers through every possible communication channel.

This paper is organized as follows: first we consider the concept of the CRM, present some definitions of CRM systems, as they are displayed in the literature, and review the CRM implementation studies. Following this, a single descriptive case study analysis of the selection and implementation of a CRM system inside a service company is reported. This leads into the conclusions of the study and recommendations for further research of CRM implementation efforts. Basic question of the paper is concerning the strategies of CRM implementation that have to be decided before, between, and after the CRM implementation. Secondly, does the CRM implementation represent the basis for improvement of relationship with customers, better information deployment of employees and better strategic decisions making. Main goal of the study is to contribute to the larger successfulness of organizations that decide for the CRM implementation, and to point out to the problems that could appear during the implementation.

## 2 Literature review

The term CRM emerged in the information technology vendor community and practitioner community in the mid-1990s (Payne and Frow, 2005), thus Light (2001) says that it evolved from business processes such as relationship marketing and the increased emphasis on improved customer retention through the effective management of customer relationships.

We found two main views of CRM: the stream that describes the CRM as the utilisation of customer-related information or knowledge to deliver relevant products or services to consumers (e.g. Levine 2000), and another that emphasized that CRM is technologically oriented (e.g. Sandoe, Corbitt and Boykin 2001). Bull (2003) demonstrated that CRM is a complex combination of business and technological determinants. A broader definition of CRM considers it a holistic process of acquiring, retaining and growing consumers (Strauss, El-Ansary and Frost, 2003). Parvatiyar and Sheth (2000) yet defined CRM as a philosophy, a comprehensive strategy and the process of acquiring, retaining and partnering with selective consumers to create superior value for the company and the consumer.

For the purpose of this paper, we offer the following definition: CRM is a new concept, characteristically centred to the customer and not to the product. Relationship is more important as the characteristics of product or service, offer is made regarding to the demands of relationship (and not regarding to what the organization can produce), and competences important for the successful CRM process are emphasized. Following this definition, we charted a short overview of different approaches in defining the CRM concept.

Kincaid (2003) defined CRM as "the strategic use of information, processes, technology, and people to manage the customer's relationship with your company (marketing, sales, services, and support) across the whole customer life cycle". Choy et al. (2003) suggest that CRM is an information industry term for methodologies, software, and usually internet capabilities that help an enterprise manage customer relationships in an organized way. It focuses on leveraging and exploiting interactions with the customer to maximize customer satisfaction, ensure return business, and ultimately enhance customer profitability. But in practice, managers often perceive CRM from different standpoint, for example, CRM is a part of marketing efforts, customer service, particular software and technology, or even a process and strategy.

Ramaseshan et al. (2006) described operationally CRM as the process for achieving a continuing dialogue with customers, across all available touch points, through differentially tailored treatment, based on the expected response from each customer to available marketing initiatives, such that the contribution from each customer to overall profitability of the company is maximized. "CRM is the strategic process of selecting the customers a firm can most profitably serve and of shaping the interactions between a company and these customers with the goal of optimizing the current and future value of the customers for the company" (Kumar and Reinartz, 2006).

CRM is a combination of people, processes and technology that seeks to understand a company's customers and it is an integrated approach to managing relationships by focusing

on customer retention and relationship development (Chen and Popovich, 2003). According to Chao et al. (2007), CRM has been identified as one of the greatest technological contributions to companies in the 21st century and this technology surged into the market rapidly. More and more companies are supposed to apply CRM to improve efficiency of operation and gain competitive advantage.

Chang et al. (2002) report that given the rapid growth of e-business applications and the increasing need to sell to and support customers through the web, CRM provides a focal point for all customer-facing activities. They also propose a model to help the selection of CRM products and the evaluation of CRM vendors. In the literature terms CRM and relationship marketing are used almost interchangeably (Parvatiyar and Sheth, 2000). Gummesson (2002) defines relationship marketing as "marketing based on relationships, networks and interaction, recognizing that marketing is embedded in the total management of the networks of the selling organization, the market and society. It is directed to long term win-win relationships with individual customers, and value is jointly created between the parties involved."

In practice, CRM system is often integrated with other decision support systems across all functional areas, such as enterprise resource planning system, executive information systems, supply chain management systems, and product life-cycle management systems. Organizations are able to create better management information in terms of planning, acquiring, and controlling across all channels, have superior products and services which leads to larger revenues and profits, and improves quality and the rapid response to customers' needs (Anderson, 2006). Girishankar (2000) suggests to the organizations that they should adopt a holistic approach that places CRM at the heart of the organization with customer orientated business processes and the integration of CRM systems.

Based on past related literature Sin, Tse and Yim (2005) identified four dimensions of CRM, tested the measuring scale using confirmatory factor analyses on data from a mail survey of 215 Hong Kong financial firms:

- key customer focus (customer-centric marketing, key customer lifetime value identification, personalization, interactive co-creation marketing)
- CRM organization (organizational structure, organization-wide commitment of resources, human resources management),
- knowledge management (knowledge learning and generation, knowledge dissemination and sharing, knowledge responsiveness), and
- technology-based CRM.

Kevork and Vrechpoulos (2009) made an interesting study in which they reviewed the literature on CRM to obtain a comprehensive framework of mutually exclusive CRM research areas and sub-areas free of all potentially disruptive factors (plethora of CRM definitions, personal judgements, etc.) through keyword expressions analysis. In their framework, they defined nine research areas – disciplines, research areas that are mutually exclusive:

- Overall CRM/e-CRM,
- E-Business/e-commerce,
- Marketing/relationship marketing,

- Information systems,
- Knowledge management,
- E-Technology-CRM software,
- Management-supply chain management/TQM,
- CRM attributes related to customer intentions,
- CRM: culture-environment-ethics.

Many management specialists embraced the still vague notion of CRM across multiple channels and interaction points as the “next big thing”, and rushed its implementation despite the lack of a clear definition, vision, and set of best practices, as well as without understanding of the enormity and complexity of organizational restructuring required for a successful CRM implementation (Kotorov, 2003). Harvey (2001) cited Gartner’s report that 65 per cent of CRM implementations result in failure. Most CRM systems are used to improve customer-facing operations.

Rowley (2002) argues with Harvey that 80 per cent of CRM implementations fail, she reports the scepticism among academics about the viability of interpreting customer data in such a way that it generates useful insights into customer behaviour. Bolton (2004) agrees with these arguments, stating that many of the early CRM implementations seem to have failed. Beasty (2007) reports that while the days of messy CRM experiences like integration flameouts and legacy system nightmares have receded for the most part, myriad company systems housing variations of duplicated, incorrect, and/or unusable customer data still frustrate organizations of all sizes. Customer data integration (CDI), however, is succeeding where CRM has failed, and is helping to make good on CRM’s promise. CDI’s value to CRM lies not only in its matching and standardization capabilities, but in its capacity to then propagate updated customer data back out to companies systems, transforming aged data quality practices from one-way roads into multidirectional highways.

One study of 202 CRM projects found that only 30.7 per cent of the organisations said that they had achieved improvements in the way they sell to and service customers (Dickie, 2000). Moreover, a recent and broader survey estimates that 70 per cent of companies will ultimately fail (Giga, 2001). The Giga survey revealed that: companies generally underestimate the complexities of CRM, lack clear business objectives and tend to invest inadequately in the provision of CRM software. While the findings by Giga highlight a fairly gloomy scenario, it is clear that not all organisations are facing failure.

Another study is supported by a case study of CRM systems in a major Japanese bank, authors examined CRM strategy, strategic changes resulting from CRM implementation, implementation priorities for the banks and the factors indicating the performance after CRM implementation (Gupta and Shukla, 2002). The study revealed that CRM remains a viable proposition to improve services of bank customers. Light (2001) used a case study research to analyse some of the issues associated with organizational experiences of CRM packaged software. A misfit of packaged software with organizational requirements is reported and the three organizations in the study pined organizational success on IT-based systems to varying degrees.

Curry and Kholou (2004) present a self-assessment tool which organizations can use to evaluate their use of CRM.

Three organizations have made CRM central to their business, but their conceivment, prioritizing and management of it, is different. They have in common a successful corporate prioritizing of the marriage of the organization activities and customer needs. All three organizations acquired and retained the valued customers’ revenue stream for as long as possible, which is the ultimate aim, over time but have done so in a variety of ways.

Zineldin (2006) proposed a research model (5Qs) to measure satisfaction and loyalty, to examine and develop a better understanding between quality, CRM and customer loyalty which might lead to companies’ competitiveness. The study confirms that the impact of CRM on customer loyalty is real and so are the problems for certain organizations in terms for successful implementation. Satisfied customers are not always loyal customers, they can repeat orders, and also buy from competitors in the future. The relative value of the product and services in respect of the price must be taken into account when assessing customer satisfaction. Organizations should move towards the application of customer value management, methodologies and tools.

The recapitulation of different definitions of CRM shows, that there is no widely accepted definition of CRM, although it is an important business approach. We can summarize that two main views of CRM (the utilisation of customer-related information or knowledge to deliver relevant products or services to consumers, and CRM as technologically oriented) are very extreme and that most of authors understand CRM as some combination of both. The definitions are predominantly built in dependence of the implementation issues that are treated in papers.

### 3 CRM implementation

CRM implementation begins with the strategic decision to change or improve business processes in the organization, and to invest into an improved information system. Top management support and systematic introduction of the project manager are of essential significance. Project manager has to know the external and internal environment of the organization. This means that project manager has to know the customers, their demands and anticipations, opportunities and threats on the market, strengths and weaknesses inside the organization, and that must have the ability to impose him. Project manager is a contact person between the software solution supplier and employees, who supervises the project, coordinates the education, motivates and project manager is notifying employees in which development phase is the project, e.g. which are the tasks in the next development phase of CRM introduction; project manager must have the overview of entire project (Pinto and Slevin, 1987). Project manager is also responsible for the final CRM implementation.

Smith (2006) says that we must learn from past project failures, to strategically understand CRM. These failures include: over stressing the functionality of CRM; not having a front-to-back CRM solution for customers (this includes employee education on the benefits of CRM solutions and procedures on front line follow-up); and not having the corporate culture to support the implementation of CRM.

We should continually monitor customer satisfaction and behavior and measure successes with benchmarking, without expectations of immediate profits, these should help to ensure that the processes continue to evolve in the best method. Xu and Walton (2005) made a study examining the implementation of CRM systems in practice with a focus on its strategic application, i.e. to gain customer knowledge, and to explore the ways of embracing CRM technology for strategic customer information provision. They stress that implemented CRM systems by many organizations are dominated by operational applications – contact centres, sales and marketing solutions with limited operational customer knowledge gained from the current CRM application. The analytical power of CRM has not yet been adequately perceived by many companies. It is suggested that CRM systems should enhance not only an organization's ability to interact, attract and build one-to-one relationships with customers but also the ability to gain customer knowledge.

Many factors played a role in the transition to a CRM-driven business model, but the most important step forward was the conceptualization of CRM as a strategy rather than a solution. This realization allowed first CRM projects to be elevated from departmental level projects to corporate level projects and, second, to secure the involvement and commitment of the members of the senior executive team, without whose support, CRM projects fail (Kotorov, 2003).

Mitussis, O'Malley and Patterson (2006) found in the study that the implementation of CRM has not been unproblematic. In the mass market, any synthesis of relationship, sincerity and the other presumed CRM outcomes must be enabled by the technology. Unfortunately, because so many interactions between a company and its customers occur, most need to be automated and/or scripted. Process therefore become inflexible and out of control of the customer facing staff. In order to have a successful CRM implementation, management must make sure that they have done research in both the industry's best practices and the adaptation capability to their organization in the new application. The following are the recommended key steps to a successful CRM strategy (Crocket and Reed, 2003):

- Strategic context. The organization should understand how CRM fits into the context of the company's overall business strategy.
- Capabilities assessment. The assessment is to be done to confirm the company's current CRM capabilities.
- Business case development. The company needs a good reason to implement CRM other than new technology fever.
- Implementation plan creation. Create and execute a plan, which clearly defines how to achieve the goal and execute it.

Lipka (2006) describes twelve step process for rolling out CRM where each phase builds up on previous phases: align your attitude; define your products and services; define products/service and ownership; define customer ownership; know and study your customer; manage your channels; define your process; integrate your channels; think value proposition; measure results from the customer's perspective; think investment, and; refine and improve.

Lindgreen (2004) researched in a case study the design, implementation and monitoring of a CRM programme on a largest publisher of business-related materials in Scandinavia. The case illustrates the good points of the project, it made the importance of CRM visible to everyone within the organization, that problems can be created because of the lack of financial resources or the managerial support and finally, they state that only after because an external consulting firm was brought in, the publisher succeeded in implementing the project.

Bohling et al. (2006) made a survey of the CRM implementation related experiences of 101 U.S.A. based companies and identified factors associated with successful CRM implementation. Osarenkhoe and Bennani (2007) used a case study of CRM implementation at a large Swedish firm. Results show that implementing sustainable CRM strategy requires the endorsement by and commitment from top management, systematic cross-functional communication, and mandatory customer loyalty training programmes for all employees. Manhattan is just one of the many examples of diverse companies highlighted by Newell (2000) that have applied CRM methods and experienced success. It is clear that there is still a need for further empirical studies of CRM however, only a few are available.

Mguyen, Sherif and Newby (2007) discuss different strategies for successful CRM implementation. They suggest that the CRM implementation in consumer goods industry is a should-be-done step. This is because CRM is important for industries that have close contact with end customers but have lesser value to industries that are further away from the end customers. Possible failures in implementing CRM are due to the lack of knowledge and research, lack of project management skills, lack of commitment from the executive management, etc.

A Gartner research survey (Zimmer, 2006) found that more than half of the organizations who have implemented CRM have difficulties after implementation. There are two principal reasons why CRM failed to fulfil the expectations: the disconnection of CRM vision and execution; and the rising standard for CRM excellence. Bull (2003) discusses problems of the CRM implementation on a case study in a UK manufacturing company; some of the troubles were caused by the lack of knowledge pertaining to the concept of CRM, bad choice in sourcing CRM software, impossibility of integration with other companies applications, the selection of the project team whose members were selected at random.

Heinrich (2005) addressed the following questions in an empirical analysis: what is the difference between relationship processes and purely product-oriented processes, the definition of relationship and why a customer is willing to establish and maintain a relationship. In his findings he says that relationship-oriented activities complement present product-oriented processes. In contrast to this we derive purely relationship-oriented processes as well, such as the customer recovery process. Such processes do not target product sales any more than rather the sustainability of relationship in particular to valuable customers. The case study showed that a total implementation of each required value (commitment, involvement, contractual incentive & control mechanisms, specific investment, trust, monetary premium & sanctioning)

is critically important. The type of the customer determines the significant values as well as the relationship activities and processes, but a deduction in the sense of a complete specification of all possible activities becomes very difficult.

As Chen and Popovich (2003) wrote, CRM implementations and the internet effect importance offer great research possibilities. Some of important research questions they raise are: what are the roles of suppliers and supplychain partners in CRM, how does e-CRM strategies affect brick and mortar companies, what business processes, integration challenges and organization structures are common throughout succesful implementations? That’s why we present a case study of a path to the succesful CRM implementation.

Henneberg (2006) declared CRM to be a well-researched concept in the area of marketing theory. Since the 1990s the use of relational marketing approaches in consumer markets has found many managerial applications. However, the implementation considerations of CRM remained under-researched from a conceptual perspective, especially as implementation of many CRM projects are perceived as providing limited success. By using an exploratory, qualitative, research design, principally based on a Delphi methodology, his study highlights some crucial aspects of CRM implementation. Two clear CRM implementation foci can be distinguished: a dominant “hard” implementation of CRM (focussing on analytics,

centralisation, and campaign management) and a “soft” implementation of CRM (focussing on decentralised customer experience management at the touch point level). Further analysis of the “hard” implementation model shows that companies using this path often have only a vague strategic understanding of the CRM project in place before they define the process and technical requirements.

Summarizing available CRM implementation research, it can be deducted that for a successful CRM implementation to reach an important competitive advantage, companies management has to: study industry’s best practices; uderstand how CRM fits into the context of the general business strategy of the company; assess current CRM capabilities; find a good reason why to implement CRM; create and execute a plan, in which should be defined how to achieve the goal and how to execute the plan.

## 4 Research method

Yin (1994) defined a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. Our case study illustrates a Slovenia-based service company’s experiences with its CRM

Table 1: Case study methodology

<b>The Research Phase:</b>	
<b>Library and Internet research</b>	Literature review about CRM implementation. We reviewed what has been written before, and read relevant articles about our case. We found out that there is an existing problem that needs to be solved.
<b>The Analysis Phase:</b>	
<b>Putting all the information in one place</b>	We collected large amount of information from our employees and our software supplier through interviews, ways of CRM usage in practice were evidenced, records of technical mistakes that were reported from employees were established, software supplier efficiency of education was evidenced, as the efficiency of project manager education. Then we arranged all this information so that the situation at the case site is understandable to our readers.
<b>Assigning sections of material to both authors</b>	Both authors tried to figure out what is really important, what has been happening, and what a case reader should know in order to understand the situation.
<b>Formulating the case problem in few sentences</b>	Once we were satisfied with the way we had defined the problem we wanted our readers to make think about, break the problem down into all of its parts. Basic research question of this study was concerning the strategies that have to be decided before, between, and after the CRM implementation. Secondly, does the CRM implementation represent the basis for improvement of relationship with customers, better information deployment of employees and better strategic decisions.
<b>Main goal of the case study</b>	Main goal of the research was to contribute to the success of CRM implementation in organizations, and to point out to the problems that could appear.
<b>Writing the Case Study:</b>	
	We described the problem we wanted the reader to solve.
	We organized the sections of the case.

implementation. In the table 1 we presented the case study methodology.

Study data were collected and analyzed one year after the active use of the system. Through the study, interviews with employees were conducted (Sanolabor, 2006d), ways of CRM usage in practice were evidenced, record of technical mistakes (Sanolabor, 2006b) that were reported from employees was conducted, software supplier efficiency of education was evidenced (Sanolabor, 2006e), as the efficiency of project manager education (Sanolabor, 2006c). Interviews were carried out with marketing and sales director, area directors, product managers, sales personnel, and IT caretakers. In addition numerous project meetings (Sanolabor, 2006d) and briefings were attended in line with Silverman (1998) who states that researchers should focus on what people do, in addition to what they say they do. Project portfolio (Vodušek, 2006) was opened, specifications of demands were appointed and record of technical mistakes or problems was collected. Contemporary, interviews with software supplier were done. Their purpose was constant checking of delivered in practice; does the claimed activity work or not.

## 5 CRM case study

The case study was conducted throughout 2007 and raises specific issues of one company's experience of CRM. Certain findings will help companies, which are about to take the decision to adopt CRM, or that are on half-way to implement it, with large problems. Case study will also contribute to further discussion and to the research of similar problems.

Sanolabor is a joint-stock company. The company is engaged with wholesale, retail, marketing and distribution activities, it is specialised for health care and laboratory products comprehensively. It supplies health institutions, scientific institutions and industry; with more than 55-years long tradition on this field. Business relationships are being kept with more than 500 manufacturers and suppliers. It follows the development and progress of science at home and abroad. Highly specialized and trained specialists (pharmacists, chemists, economists, commercialists, medical nurses, health and dentist technicians) replenish their knowledge with constant education. For the provision of quality services company acquired ISO 9000 certificate of quality. Sanolabor is a Slovene medium enterprise, with functional organizational structure and emphasis on processes, which take place outside functions. Communications within management levels and departments are perceived as excellent and the company claims to have strong organisational co-operation with low levels of staff turnover. Sanolabor meets increased global competition and loss of important business opportunities with key accounts. A strategic decision was taken that the company has to respond faster to market changes, systematically monitor them and introduce team work. In front of these efforts stands customer, to which all the activities are subordinated. Sanolabor decided that the best solution would be to explore the case for adopting CRM.

Seven years ago Sanolabor introduced a sort of travel reports, offers for customers, which we cannot nominate CRM. All the technology was based on Microsoft Excel. That's why

the system was very unstable and after five years it didn't store the data anymore. New solution was not ready and also the culture wasn't the right one, so employees didn't write reports for half of year, customer information were not monitored, as weren't the offers and all of the communication with customers. That's why in the beginning of CRM implementation it was difficult to explain the employees, why the company has to introduce CRM system and what's there to gain by doing so. One of the main reasons for this was of course the instability of the old system and the upgrading of previous activities. Bright point with all these was that the employees in marketing and sales had at least a little knowledge pertaining to the concept of CRM. Marketing and sales director also new this concept well, as he was the father of system seven years ago. CRM project officially started when a smaller project team was constituted (Sanolabor, 2006a), which nominated area director from marketing and sales, as the contents manager, and IT caretaker as technical support. The entire responsibility for the project was on the area director. They were asked to acquire some knowledge of CRM. The official start of the project begins on the January 2006, the financial budget has been approved and the dead line of the project was expected at the end of 2006.

The project team's first decision was to source a CRM packaged software solution and they entered into negotiations with three software vendors. Sanolabor demand was that the new CRM should offer the possibilities the old one did, and that some of the parameters should be improved (Sanolabor 2006a). After negotiations and demonstrations at the company, a vendor was selected and a package chosen. Vendor could provide a range of additional services including installation and minor configurations. Supplier started to check up the old system, its characteristics, to which extent and in which ways the employees used it, and what its weaknesses were. They promised that they would deliver a solution adequate to the requests and that it does not represent a problem (Sanolabor 2006d). Pertinent knowledge about the possibilities of CRM area director from marketing and sales or IT caretaker didn't have. The IT caretaker lacked expertise to sufficiently perform the necessary evaluation of the business requirements and was primarily concerned and focussed on the technical issues pertaining to the strategic issues in CRM implementation software (Sanolabor 2006b).

Later on project team grew to more employees that were responsible for business process change, migration activity, testing, implementation and the initial maintenance of the software system. They have got a beta version for testing and they had to test it between regular working times and report any mistakes or changes to the project manager. Because of increased work load and changes that were expected to come after the CRM implementation, they were disinterested for testing, the motivation was low.

Planned schedule for the implementation was also inappropriate; from May till October 2006, when employees mostly leave for vacations and the remaining ones have to do some extra work anyhow. Data migration from old CRM to the new one was postponed until the first training or introduction to employees, which happened in July 2006 (Sanolabor, 2006e). During the testing members of the project team never saw the

final version of the software solution, because supplier always upgraded it with given demands. These are some of problems, which were noticed in the implementation phases and that prove CRM is a complex process, which demands the right approach i.e. a great amount over the CRM solution supplier.

Training of employees followed, where they were grouped in three teams, fourteen to each team. It was executed on the old computers in the Sanolabor. First problems to arise were the lack of computers capacity to support the software solution, they were very slow, training was conducted unprofessionally, and time for training was too short. The largest problem was that project manager didn't see the final version of CRM solution and she didn't know what's going to be the programme of training. They trusted too much to the software supplier and that was the biggest weakness. What happened during the training was (Sanolabor, 2006e):

- company's demands were badly fulfilled (e.g. market opportunities and offers application didn't perform, because it wasn't prepared at all, complaints management lacked important parameters, travel reports and meetings performed partially, ...),
- first contact with employees was negative,
- groups were too large,
- computers didn't work or worked too slowly,
- available time was too short – 45 minutes,
- directions for use were useless,
- unprofessional training performance, ...

Reasons were obvious, trust in software supplier was exaggerated, and project manager didn't perform well the controlling task, inappropriate time for introduction, badly performed testing. Data migration moved to the beginning of October 2006, when all demands and repeated training of employees should be carried out. In August 2006 the activities for demands fulfilment and repeated testing were accomplished. Project manager checked in practice if single claims were complying with such level that training could be done, she gave exact instructions, which contents should be transferred from software supplier to employees, checked if both parties understand each other, she explained to employees the exact purpose of training and motivated them to cooperate, groups were smaller: max. seven employees, they had available three hours, computers supported CRM solution, instructions were improved. In September 2006 an employee training was executed, it was done in the computer class of supplier. Bad experiences from the past were considered. Result was importantly different as on the first training, effective execution of training and positive approach of all employees could be sensed.

After certain corrections were done, company confronted data migration in October 2006 from old CRM to the new one and started with its employment. Due to all the problems, this activity was performed three month later as planned.

After implementing the CRM system, problems began to occur at the operational level (reclamations evidence was incomplete, print of demands was inconsistent with demands, communication between product managers was hindered) and analytical level (reports did not present contents regarding certain filters, other reports were impossible to obtain, ...). Because of the previous experience company had with the use

of system inside Microsoft Outlook, they wanted to use new software solution in the same way. Supplier had to supply an interface between CRM software and Microsoft Outlook. Purpose was to install the interface on all of the 60 working stations automatically, but it happened that the basic Microsoft system crashed down. Companies or suppliers technical support did not anticipate instability, which could result from such operation. It caused additional costs to the company; buying new licences and provisional support with installation of new programmes on all working stations.

Regarding the operating CRM, the next issue involved changing business processes to align with the CRM system. Sanolabor had the advantage that they already had the process understanding and were customer centred, despite functional structure in the organization. Because the new CRM was based on a relational base, which demands more data to be imported, employees needed precise instructions regarding single business processes. Target training and written instructions through single business processes were proposed by area directors in marketing and sales. These instructions are:

- Instructions for the planning of meetings / activities and reporting in CRM (Sanolabor, 2007c),
- Instructions for input and treatment of market opportunities in CRM (Sanolabor, 2007a),
- Instructions for input and updating of companies data and contacts in CRM (Sanolabor, 2007b).

CRM implementation was monitored for four months; project manager systematically reported mistakes to the supplier and checked their performance (Sanolabor, 2006b). All users were acknowledged in details with technical instructions for the work with CRM programme (Žmauc, 2006).

An important activity of project manager was to monitor the changes that happened in practice. Experience taught that it can not be trusted to the suppliers on a blind base that everything works out perfect.

Company decided to develop analytical CRM for the needs of leadership, activity monitoring of employees, better informing, improvement of relations with customers and better strategic decisions. It gave the answers to employees, why company decided to upgrade CRM. These are the starting-points for the implementation; why should a company decide for a CRM. Based on our experience, we could conclude that analytical CRM should include: monthly reports about a customer, daily reports about visiting customers, number and value of given offers, report to which organizations company gives offers and how much of them, degree of customers satisfaction, time percentage of product managers visits to customers, and general report about activities done at customer. With the help of these reports employees became more informed, e.g. what are the needs of customer, what are their organizational changes and consequently better strategic decisions. All this can influence on the improvement of the general relationship with customers. Information is of crucial importance when deciding how to deal with customers. Training for the use of these reports is permanently performed on team meetings (Sanolabor, 2006d). This is also a way to motivate employees that CRM is a useful system, which allows the company to direct correctly their work with customers, to inform them better, and make better strategic decisions; where and how to handle with singular

customer. CRM became stable in March 2007, when the project officially closed.

## 6 Discussion

The case study highlights the similarities and differences between the theory and practice of implementing effective CRM system. For Sanolabor CRM methodology became an important developmental activity, which contemporary changes its customer focus. Further findings of this case study highlight that the role and knowledge of the project manager is very important. Every activity has to be planned, the outcomes in practice should be monitored and the actual performance controlled. It takes a lot of time, but this is the only way to assure the success of any project. Software solution supplier cannot be blindly trusted.

Most Sanolabor competition does not use CRM yet, they have tables made inside Microsoft Excel, mostly to collect data about customers. That's why the decision of Sanolabor was timely and good one. Case study accentuates that it is good for the company if it has already a process approach established and a customer centred view. It could be the influence of ISO 9000 quality certificate, which has these demands written. Project manager and IT caretaker have to get more knowledge about the system and ascertain themselves what does the supplier promises in the frames of company's demands, before the CRM implementation begins. During the CRM implementation constant monitoring of done and informing of employees about the problems are necessary. After the implementation the motivation of employees has to be stimulated, so they are encouraged to use the system and to foster a firm culture of customer centeredness and process approach. All these can be achieved introducing the practice value of CRM to employees.

There are lessons to be learnt from Galbreath and Rogers (1999) in terms of the adverse consequences of not creating a vision or strategic direction for the project. The project management success factors framework of Pinto and Slevin (1987) may also have been useful in helping to overcome the inexperience in terms of project management, the strategic issues in CRM implementation failure to address project ownership issues and the need to recognise the problems in organisational communication. It is emphasized the need for true professional help and learning through previous experiences.

Sanolabor considered the experiences from the first unsuccessful employees' CRM training with their further introduction of the system, at trainings and consultations. Regarding all the problems accompanying the implementation, strategic decision of Sanolabor proved to be right. The research also shows that vendor claims that CRM can be rapidly and effectively implemented are highly misleading. Sanolabor case proves it too.

The case supports the theory by Girishankar (2000) that CRM is a holistic and complex strategy and also supports Light's (2001) view that CRM involves business process change and IT integration; we could say that Sanolabor accomplished success in both areas. As Kotorov (2003) said, companies that have adopted the strategic approach began to

cooperate with CRM vendors to overcome the problems architecturally and technologically. Today the typical CRM architecture includes a central metadata repository and tools that synchronize the ad hoc changes made in departmental data-marts (not only data is updated, but rules about the data).

## 7 Conclusion

Case study results show some positive experiences with the final CRM implementation, despite high percentage of failures in CRM implementation, shown in literature. But we cannot forget the problems, which were presented in this paper during all the phases and successfully resolved. This case study was conducted because of the relative lack of CRM empirical studies, particularly within this business sector. The modest contribution has identified and analysed some of the approaches and theories relating to CRM and CRM project implementation.

Basic goal of the study was achieved, namely to contribute to larger successfulness in the organizations when implementing the CRM and to warn them about problems that could arise. When changes occur, 100 % support from the top management is compulsory; organizational culture must have incorporated the inclination to accept changes. Additionally, study showed the need for effective leadership, resources acquirement, monitoring the CRM strategy realizing.

Analytical CRM allows to the company to improve relationships with customers, better informing of employees, and better strategic decisions. Sanolabor case is a study of CRM implementation, from which other companies could learn. It is an interesting case of what are the matters to be careful about before, during and after the CRM implementation and what changes are necessary for it. If the organizational culture supports changes, company has more chances to successfully implement CRM system. The implementation approach needs to be carefully planned, with appropriate emphasis on user adoption strategies. Further research should be directed to studies with accentuated positive approach on the way to improve process of CRM implementation and not to negative connotations of failures in CRM implementation.

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### Projekt uspešne implementacije CRM v storitveni organizaciji: študija primera

V Sloveniji kot tudi v ostalih državah je število uvedb CRM-ja v zadnjih letih zelo naraslo. Raziskav, kako poteka uvedba, na kaj mora biti podjetje pozorno pred, med in po uvedbi je na voljo samo nekaj. Ta prispevek nudi natančno analizo primera CRM uvedbe z pozitivnim izidom v slovenskem storitvenem podjetju. Primer prikazuje, da je uvedba CRM-ja holističen in kompleksen koncept, kar pomeni, da to ni samo integracija nove informacijske tehnologije, ampak se vse dogaja okrog sprememb poslovnih procesov. Prispevek poudarja, da je pred uvedbo dobro, da ima podjetje že vzpostavljen procesni pristop ter osredotočenost na kupce. Dodatno je raziskava pokazala potrebo po učinkovitem vodenju, pridobivanju virov ter nadzoru uresničevanja CRM strategije; zaupanja do dobavitelja informacijske rešitve ni.

Podjetje pa lahko izboljša delo s kupci, doseže večjo informiranost zaposlenih ter sprejema boljše strateške odločitve preko vzpostavljenega analitičnega CRM-ja.

**Glavne besede:** uvajanje ravnanja odnosov s kupci, osredotočenost na kupce, procesni pristop, kakovost, informiranost o kupcih, komunikacija, trženje, storitveno podjetje, Slovenija