

CRM SUCCESS FACTORS TAXONOMY

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Abstract

Customer Relationship Management has become the main interest of researchers and practitioners especially in the domains of Marketing and Information Systems (IS). Despite the promising future and the attractive benefits expecting from CRM projects, the outcomes of many implementations are still below these expectations and the failure percentage of CRM is still relatively high. This paper is an attempt to expand the work on overcoming the CRM downsides by focusing on success factors that could facilitate successful implementation of CRM. The aim of this paper is to provide taxonomy for success factors based on the analysis of the main components of CRM (People, Processes and Technology).

Key words: Customer Relationship Management (CRM), Success factors, CRM components, Success Factors Taxonomy

1 INTRODUCTION

Organizations from different fields of business are increasingly engaged in implementing CRM projects to strength their relations with their customers in order to create comparative advantage as a weapon against the aggressive competition. More companies are planning to implement CRM or on their way to implement it to minimize weaknesses contact with their customers (Alt and Puschmann, 2004).

The concentration on building beneficial relations with customers is not a new approach in the field of business. The increasing competition and decreasing customer loyalty have shaped the need for implementing new tools to help companies to succeed the competition and win customer loyalty by providing more customized products and services. Rapid growth in information systems applications that enable business-customer interaction and the boom of internet technology have provided business organization with more capabilities to cope with increasing knowledge acquired by customers and the changing nature of their demands for good and services. While the majority of business firms strive to implement CRM systems, they face the disappointing reality of the significant percentage of failure within their CRM projects implementations. As reported by the Gartner Group that around 50 % of all CRM projects failed to meet their expectations (Coltman, 2006). So what can be done to overcome this failure threat? What are the success factors that can be addressed to help business organizations to benefit from their CRM projects? These questions have provided the focus of this paper. This paper is a modest contribution to the knowledge of CRM. It will present taxonomy of CRM success factors based on the main components of CRM (People, Process, and Technology). Identifying CRM success factors will be carried out based on the previous work on CRM critical success factors (CSFs) provided throughout a deep review of the related literature from journals articles, working papers, and papers preceded to academic conferences. The paper will first define CRM as it is believed that is the first step on the right way of implementing CRM successfully is to understand the CRM methodology. Then it will discuss People, Process, and Technology as main components of CRM. The paper will go

after that through the literature to identify the success factors for CRM then finally will provide the taxonomy for the identified success factors.

2 WHAT IS CRM

Customer relationship management has been addressed by many academic researchers and practitioners in the field of Marketing and Information Systems. Although CRM is a relatively new concept, it is receiving increasing attention for its promising future. There is no consensus among researchers to identify CRM (Paulsen et al., 2007). The reason for the difficulty in agreeing upon unified definition for CRM is that CRM means different things to different people depending on their academic backgrounds and on their understanding for CRM. Thus, CRM is the first step and a critical requirement to implement CRM successfully (Alt and Puschmann, 2004).

Defining CRM could be connected to its technological perspectives as an IS approach that enhance the capability of an organization to deal more effectively with its customers. Chen and Chin (2004) defined CRM as a methodology that heavily employs certain information technology such as database and internet to leverage the effectiveness of relationship marketing process. Defining CRM as a business philosophy is another approach that has occurred in the literature of CRM. Swift (2001) described CRM as an:

"enterprise approach to understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability".

As many researchers agree on the main components of CRM which are business processes, technology, and people (Ali and Alshawi, 2002), this paper will consider a definition for CRM that is built around these components. Thus, CRM can be defined as

"A customer relationship management (CRM) systems is a combination of people, processes, and technology that seeks to provide understanding of a company's customer and to support a business strategy to build long-term, profitable relationship with customers" (Shang and Feng Ko, 2006).

3 CRM COMPONENTS

Although researchers have developed different detentions for CRM, these definitions are closely related. There is a general acceptance among researchers of the categorization of CRM components. CRM consists of three major components: Technology, people, business culture and relationship, and Process (Ali and Alshawi, 2002). The contribution to each component varies according to the level of CRM implementation.

3.1 Technology

Technology refers to computing capabilities that allow a company to collect, organise, save, and use data about its customer. Technology is the enabler for CRM systems to achieve their objectives of collecting, classifying, and saving valuable data on customers. Integration technology allows organizations to develop better relationship with customers by providing a wider view of the customer behavior (Thompson et al., 2006). Thus, organizations are required to integrate IT to improve the capabilities of understanding customer behavior, develop predictive models, build effective communications with customers and respond to those customers with real time and accurate information (Chen and Popovich, 2003). For an organization to integrate IT, concepts such as data warehouse, software customization,

process automation, help desk and call centers, and internet influence should be addressed (Mendoza et al. 2007).

3.2 People

Employs and customers are a key factor for successful CRM projects. CRM is built around customers to manage beneficial relationships through acquiring information on different aspects of customers. The main objective of CRM is to translate the customer information into customized products and services that meet the changing needs of customers in order to gain their loyalty. Nevertheless, a full commitment of the organization's staff and management is essential for an effective CRM implementation to best serve customers and satisfy their needs.

3.3 Business process

CRM is a business strategy that has its philosophical basis in relationship marketing (Chen and Popovich, 2003). CRM success requires a change of business processes towards customer – centric approach. As such, all business processes that involve both direct and indirect interaction with customers should be analyzed and assessed (Mendoza et al. 2007). Although CRM has an organization-wide impact, process that has direct interaction with customers should be dealt with as a priority when integrating and automating business processes. According to (Mendoza et al. 2007) the main business processes that should be addressed in CRM implementation are: marketing, sales, and services.

4 CRM SUCCESS FACTORS

Success factors have received increasing attention within the literature of CRM. Many publications of researchers and practitioners have addressed the area of CRM success factors (Pan et al. 2007). Table (1) is a summary for the previous studies on the CRM success factors. Wilson et al. (2002) described five groups of success factors (determine the intent, access the context, describe content, construct intervention process, manage intervention process) and within these factors he identified specific factors for success. Good hue et al. (2002) provided four general success factors: top management support, vision, willingness to change processes, willingness to share data. Corteau and Li (2003) addressed the factors of assessing technological readiness and knowledge management capabilities. In addition to mentioning the integration of back office processes and the software customization, Siebel (2004) considered the clear communication of the CRM strategy as a success factor for CRM. Chen and Chen (2004) agreed on top management, systems integration, and knowledge management as critical success factors for CRM in addition to the alignment of business IT. King and Burgess (2007) combined all the previous studies in nine CRM success factors: Top management support, communication of CRM strategy, KM capabilities, willingness to share data / processes, technological readiness, cultural/customer change, process change, and system integration capabilities. Chalmeta (2005) listed nine interrelated factors for CRM successful implementation: management

King and Burgess (2007)	Chalmeta (2005)	Da Silva and Rahimi (20027)	Pan and Baik (2007)	Alt and Puschmann (2007)	Saloman et al (2005)	Mendoza et al (2006)
Top management	Awareness among	CRM philosophy	Evolution path	Evolution Path	Top management	Senior management

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support	management				commitment	commitment
Communicati on of CRM strategy	Defining vision and objectives	Project mission	Timeframe	Timeframe	Change in corporate culture	Creating of multi disciplinary team
KM capabilities	Creation of committee	Top management commitment	Reorganizati on	Organization al redesign	Significant customer data	Objective definition
Willingness to share data	Official appointment of coordinates	Project schedule and plan	Minimize customizatio n	System architecture	Clearly defined CRM processes	Inter- departmental integration
Willingness to change process	Development and approval of the project plan	Clint consultation	Time and budget management	Change management	Sufficient resources	Communicati on the CRM strategy to the staff
Technological readiness	Monitoring to control time slippage	Connectivity	Customer involvement	Top management support	Understandi ng of customer behaviour	Staff commitment
Cultural change / customer orientation	Prevent resistance to change	Skilful personnel	No culture conflict		Extensive IT support	Customer information management
Process change capabilities	Motivate staff	Technical tasks	Use of the CRM system managers			Customer service
System integration capabilities	Measure the degree of participation/Ass es the results	Client acceptance	Measurement			Sales automation
		Monitoring and feedback	Management involvement			Marketing automation
		Communicati on				Support for operational management
		Troubleshooti ng				Customer contact management
		BPS and software configuration				Information systems integration

Table 1. Summary of previous studies on CRM success factors

awareness, defining mission and objectives, creation of committee, official appointment of coordinates, development of the project plan, monitoring and control, prevent resistance to change, motivate staff, measure the degree of the participation. Rainer Alt and Puschmann (2004) developed six steps for a successful implementation of CRM (evolution path, timeframe, organizational redesign, system architecture, change management, and top management support. In illustration for this previous study, Dasilva and Rahimi (2007)

a list of 13 CRM success factors with concentration on involving customers in CRM design and implementation. In their work Pan el al (2007) added the factor of managing the budget Mohammad Almotairi

of the project to ten success factors similar to the factors mentioned by the previous studies. In a comprehensive study conducted by Salomann et al. (2005) on CRM implementation seven success factors were identified. The study of Mendoza et al. (2006) linked the CRM success factors to its components and provided a set of metrics to measure the success of success of CRM implementation.

5 SUCCESS FACTORS TAXONOMY

After reviewing the preceding studies in the field of CRM success factors, a group of common factors for CRM success can be identified (figure 1). The following factors have received general acceptance by most of the reviewed literature:

- Top management support / commitment
- Define / communicate CRM strategy
- Inter – departmental integration
- Skilful staff
- Key information on customers
- Manage IT structure
- Customer involvement
- Define CRM processes

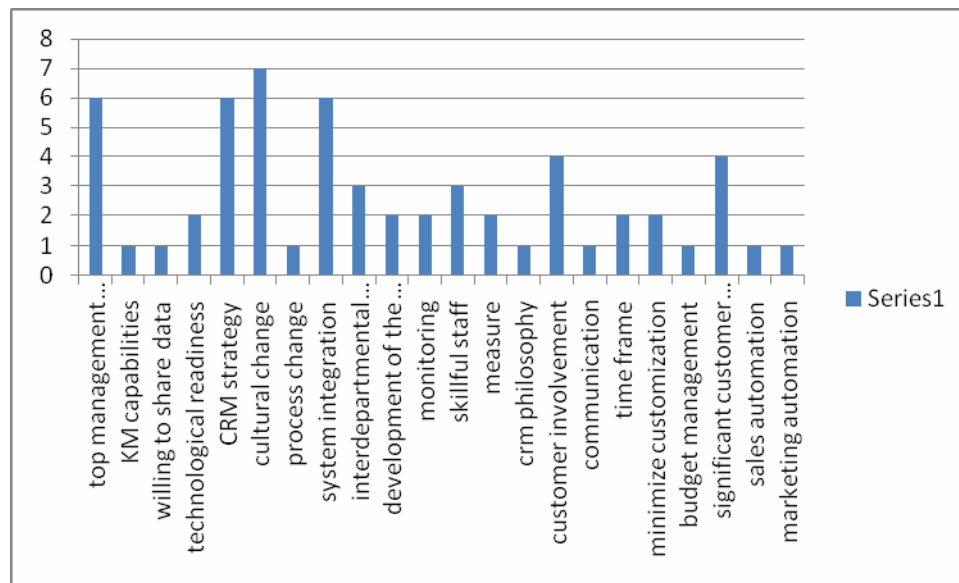


Figure 1 CRM success factors occurrence in the literature

Every CRM success factor has, by nature, is directly or indirectly connected to the CRM components (Mendoza et al. (2006)). Hence, the taxonomy of the identified CRM success factors will be based on linking each success factor to its dominant component. Nevertheless, one or more predominant component could influence one success factor. Table (3) shows the proposed taxonomy of the CRM success factors.

CRM Success factors \ CRM Component	CRM Component		
	Human (people)	Technological	Processes

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Top management support / commitment	X		
Define/communicate CRM strategy	X		X
Culture/structure change	X		X
Inter-departmental integration		X	X
Skilful staff	X		
Key information on customers		X	
Manage IT structure		X	
Customer involvement	X	X	X

Table 3. Taxonomy of CRM success factors

5.1 Top management commitment and support

Top management involvement in the CRM implementation plan has been identified in almost all success factors studies as a crucial factor that ensure the successful implementation of CRM. Considering the scope of CRM implementation as an enterprise-wide strategy requires a full support by the top level of the organizational structure. The role of board level is essential in backing the CRM implementation process and securing required amount of financing for putting CRM projects into action.

5.2 Define and communicate CRM strategy

A clear definition of the CRM strategy and alignment of this strategy to the company's strategy would facilitate the transition of changing work structure and environment toward customer-centric approach. The absence of a clear CRM strategy or the lack of developing such a plan could cause the failure of CRM implementation (Greenberg.2004). Additionally, publishing the strategy to the staff is required to raise their awareness of the CRM objectives, implications, and benefits.

5.3 Culture change

In order for CRM to succeed in realizing its objectives, organization should develop a culture where all staff are encouraged to share and learn from new work structure and information that is based on customers (Alexander, 2004). Expected resistance of new ways of conducting work tasks within the organization's culture should be addressed and minimized.

5.4 Inter-departmental integration

From a strategic perspective CRM implementation has an organization-wide influence. Different functions and departments of the organization should be integrated and connected with a structure that support the flow of information. Although all aspects of the organization should be integrated, a special consideration should be devoted to functions that have direct interaction with customers such marketing, sales, and services. Such integration is required to deliver a unified view of the organizations and its products to the customers.

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5.5 Skilful staff

Employees play a key role in the success of CRM projects. Issues of the nature of learning new work systems, training programs, change resistance, willingness to share information, and motivating staff should be taken to consideration.

5.6 Key information on customers

Acquiring and analyzing the right quantity and quality of information on customers helps to meet customer's needs. The right information is the base for designing customized products and services.

5.7 Manage IT structure

Considering CRM as only a technological solution is a vital misconception that resulted in increasing failure of CRM projects. Nevertheless, IT is an enabler for acquiring and managing valuable data on customers. Technological aspects such as data warehouse capabilities and software configuration in addition to the influence of the internet are crucial for CRM successful implementation

5.8 Customer involvement

Direct and indirect Involvement of customers in CRM designing is a tool for strengthening practical CRM. Such an involvement helps the organization to analyze the customer relationship life cycle and consequently find the areas of problems that can be managed by CRM (Rigby and Ledingham, 2004). Furthermore, customers' acceptance and interaction with CRM systems could be enhanced by involving those customers in building CRM systems.

6 CONCLUSION

This paper has presented a novel taxonomy for Customer Relationship Management (CRM) success factors based on the analysis of the main components of CRM which they are: People, Business Processes, and Technology. A thorough review of the related literature in academic journals, books, and paper proceeding to conferences has been conducted in order to identify the success factors for CRM. Eight success factors were found to be agreed upon by most of the literature. These success factors were: top management commitment, definition of CRM strategy, culture change, inter-departmental integration, skilful staff, key information on customers, and manage IT structure, customer involvement. Each success factor was classified depending on the dominant CRM component. The human component dominated five success factors: top management commitment, definition of CRM strategy, culture change, skilful staff, and involving customers. The technological component dominated four factors: inter-departmental integration, key information on customers, Manage IT structure, and customer involvement. Business process component dominated four factors: definition of CRM strategy, culture change, inter-departmental integration, and customer involvement. The work in this paper is limited to the reviewed academic and practical literature on the field of CRM in general and specifically on CRM success factors. Moreover, the method of the paper was based on the novel taxonomy that is based on an in-depth review, summary, and categorization of CRM success factors from the reviewed literature. Further researches could focus on studying the validity of proposed frameworks of CRM implementation process based on CRM success factors.

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