SYMBIOSIS OF E-CRM IMPLEMENTATION AND CHANGE MANAGEMENT

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ABSTRACT

Organizations face an increasingly competitive environment as technology continues to advance at an ever increasing rate and because of the relentless pressure and demands put on them by their consumers and competitors, respectively. The challenge of managing organizational change has been raised as a potentially important factor affecting the successful outcome of e-CRM efforts. Change in an organization is a multifaceted phenomenon. In today's business world, companies are shifting from a product-oriented business strategy to a customer-focused one and it has been a major change agent in companies recently. The concept of e-CRM has taken centre stage in the business world and companies agree that e-CRM is critical to their businesses. This paper provides a holistic view of e-CRM from both a business and a technology perspective and also talks about how e-CRM is managed, measured and evaluated. It also focuses on change management and the different types of change management strategies. Further research is conducted to find out the factors affecting the adoption of e-CRM in businesses and reasons for failure of e-CRM implementation.

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INTRODUCTION:

Customer Relationship Management (CRM) is budding into a key element of corporate strategy for many organizations. CRM is concerned with the creation, development and enhancement of individualized customer relationships with targeted customers and customer groups resulting in maximizing their total customer lifetime value. Customer relationship management is a continuous learning process with an intention to increase organization's knowledge and understanding about its customers. Brown (2000) defines CRM as a business strategy that aims to understand, anticipate and manage the needs of an organization's current and potential customers. Currently CRM is revolutionising marketing, and customer-centric marketing and technologies are driving this revolution. Most organizations create vast amounts of operational, transactional, and analytical customer data through various information systems. The adoption of CRM is being fuelled by recognition that long-term relationships with customers are one of the most important assets of an organization and that information-enabled systems must be developed that will give them customer ownership. Successful customer ownership will create competitive advantage and result in improved customer retention and profitability for the company. Successful implementation of a relationship marketing program requires a complement of strategies that satisfies and motivates customers through different phases of relationship development. To accomplish this, firms simultaneously implement transactional marketing strategies and relational marketing strategies. In considering how CRM should be implemented, information technology has an important role to play in enabling companies to maximize profitability through more precise targeting of market segments and the micro segments within them. We are now in a new era of technology-enabled marketing that involves leveraging relationships through the use of technology. Powerful new technological approaches involving the use of databases, data marts, data warehouses, data mining and one-to-one marketing are now assisting organizations to increase customer value and their own profitability. In B2C organizations that are dealing with a large number of customers, a critical issue will be increasing the quality of customer contact through tools such as sophisticated call centers and electronics commerce.

WHAT IS E-CRM?

With the proliferation of Internet, organizations are increasingly looking at leveraging self service channels like the web, email and chat to manage all aspects of interaction with their customers electronically, whether it is marketing, sales or service related. Organizations are therefore looking for ways to personalize online experiences through technology and tools. Such tools, e-CRM in general, entail applications and software that enable organizations to manage their interactions with the customers electronically. e-CRM provides companies with a means to conduct interactive, personalized and relevant communications with customers across both electronic and traditional channels. Customer Relationship Management (CRM) is a strategic orientation that identifies the most important long-term customers and develops an understanding of how these customers can be retained. An important feature of CRM includes the breaking down of departmental barriers, aimed at improving information flow and work processes; ultimately these changes should result in a more efficient and effective means of serving the customer. CRM is implemented with a set of technology tools that enable members of various departments within the organization to gather, disseminate and share customer information with other departments throughout the entire firm. Consequently, CRM is often referred to as Electronic Customer Relationship Management, or e-CRM. According to Dyche (2001) e-CRM is combination of software, hardware, application and management commitment. According to Rosen.K (2001) e-CRM is about people, process and technology and these are key paramount to success. The aim of e-CRM is to improve customer service, develop a relationship and retain valuable customers. e-CRM applications help increase a company's knowledge about its customers, and ultimately allow for targeted and customizable marketing campaigns. The hope is to create customer loyalty by enriching customer experience .Better e-CRM is a win-win for both the customer and the enterprise. The end-user receives increased value while management gains constant up-to-date knowledge regarding the enterprise's operation relative to its customers. In addition to its technology focus, e-CRM facilitates the development of relationship marketing strategies that concentrate on acquiring a better understanding of customer needs. Though much of the emphasis of e-CRM involves software applications that capture customer data, technology implementation should be secondary to the establishment of an organization-wide e-CRM strategy. Without a clear e-CRM strategy, it is difficult to determine and coordinate the organizational changes needed for e-CRM to be successful long term. e-CRM strategy is based on an understanding of how the customer wants to do business with the firm, rather

than how the firm wants to do business with the customer. e-CRM strategy development, therefore, must be a joint process between the customer, suppliers and the seller. e-CRM consists of three strategic components 1) operational, 2) analytical, and 3) collaborative. e-CRM strategy affects information flow and work processes between different departments of the firm. Redundant and unnecessary information does not obstruct up departmental communications systems, streamlining the amount of time needed to make decisions. Work processes are redesigned so that operational activities are more efficient. By creating changes in the flow of information and in the structure of work processes, an e-CRM implementation can break chaos on the ill-prepared firm. Changes in the power structure and the elimination of traditional departmental activities can be outcomes of an e-CRM implementation. Without strong upper management support, this could lead to the abandonment of, or severe limitations applied to the e-CRM implementation.

CHANGE MANAGEMENT:

Change in an organization is a multifaceted phenomenon. We found change events on all three observational levels: environmental, organizational and individual. Many change events from different observational levels might at the same time have an effect on the outcome of the change process. One has to take into account that the time span of different events might be of different length. As an example of concurrent effects of events on different levels, we could speculate that if top management turnover (organizational event) would also have meant that the project leader of the CRM implementation project (individual event), or as we could call him the "champion", would have left the company, this might have endangered the success of the project accordingly. Another example could be the effect of changes in competitive position (environmental event) to the need for change in product portfolio (organizational event). Change management can be defined in its simplest terms as: *"a process which is used to develop a planned approach to the people aspect of technological change in an organization."* Typically the objective is to maximize the collective efforts of all people involved in the change. It is no use in changing an organizations technology to the latest e-CRM system which will give huge benefits in efficiency and cost benefits if you don't have employees willing to use the technology (Hong & Kim, 2002). Change management can be either reactive, in which case management is responding to changes externally or proactive, in which case management is initiating the change internally in order

to achieve a desired goal (Martin & Ching, 1999). Change management can be conducted on a regular schedule (such as an annual review) or when it is deemed necessary on a case by case basis. Change management is multi dimensional and therefore can be applied to numerous organizational processes. It's most common uses are in organizational development, information technology management, strategic management, and process management (Lorenzi & Riley, 1999). To be effective, change management should take into account all aspects of an organization and not just be used in one department (Nah et al., 2001). This is so because a change in one department can have an effect on other departments, even if it wasn't intended. So it is important to plan any changes with the whole organization in mind to cut down on any unexpected problems. Ultimately, change management is a human resource management issue. This is because implementing new procedures, technologies, and overcoming resistance to change are fundamentally "people issues" (Quattrone & Hopper, 2001). Also, training does not come under the heading of change management. Early change management models such as one developed by Kurt Lewin defined change management as a three stage process: Unfreezing the present level, moving to the new level and finally refreezing the new level (Lewin, 1951). However, this model does not take into account the ever changing marketplace which companies are now facing. According to this model, an organization prepares for change then implements the change, and then finally strives to regain stability as soon as possible. One good aspect to this model is that it outlines a staged approach to change. However it is clear that this model does not fit with modern businesses that are dynamic and operate within uncertain organizational and environmental conditions.

BASIC CHANGE STRATEGIES

Empirical-Rational -Employees are rational and will follow their self-interest once it is revealed to them. Change is based on the communication of information and the offering of incentives**.**

Normative-Re-educative - Employees are social beings and will adhere to cultural norms and values. Change is based on redefining and reinterpreting existing norms and values, and developing commitments to new ones.

Power-Coercive- This strategy is of the belief that people are accommodating and will generally do what they are told or can be made to do so. Successful change is based on the exercise of authority and the imposition of sanctions.

Environmental-Adaptive   - Employees oppose loss and disruption but they adapt readily to new circumstances. Change is based on building a new organization and gradually transferring people from the old one to the new one.

RESEARCH OBJECTIVES:

1. To identify the important e-CRM objectives for businesses.

2. To identify the important factors considered while implementing e-CRM in businesses.

3. To identify how organizations evaluate the effectiveness of the e-CRM.

RESEARCH METHODOLOGY:

From secondary research and in-depth interviews of managers, 8 attributes was identified that influence e-CRM objectives for businesses. Primary research on the perceived relative importance of these attributes among the managers i.e. mostly CIO of eastern region of India representing IT, Manufacturing, FMCG, were (total 24) conducted. For primary data collection purpose, a written questionnaire was designed. The questionnaire was designed to get importance of the 8 attributes in a scale of 0 (of no importance) to 7 (extremely important).

ANALYSIS:

Factor analysis was carried out on the data obtained on 8 attributes used with Cronbach's alpha for reliability check for the factors obtained. It was done to examine the strength of the overall association of the variables in terms of a smaller set of linear composites of the original variables that preserve most of the information in the full data set. In the course of computing the various factor scores and factor loadings, a specific approach to factor analysis, called principal components was used along with varimax rotation. The adequacy of the data is evaluated on the basis of the results of Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity .The KMO measure of sampling adequacy is .592 indicating that the present data are suitable for factor analysis. Bartlett's Test of Sphericity is significant (p<.001), indicating sufficient correlation exists, between variables

for the factor analysis. The Bartlett's Test statistics is approximately distributed and is accepted. The first 3 components i.e. factors in the table-2 have an Eigen values over 1 and they account for about 81 percent of the observed variation in the managers perception about objectives of e-CRM in businesses. According Kaiser Criterion, only the first 3 factors should be used because other Eigen values are less than one. Factor loadings are used to measure correlation between variables and the factors. A loading close to 1 indicates a strong correlation between a variable and a factor, while a loading factor closer to 0 indicates weak correlation. Unrotated solutions of factor loading are not suitable for interpretation purpose since variables generally tend to load on multiple factors. The factors are rotated with the used of Varimax with Kaiser Normalization rotation method. The principal component analysis (PCA) method for factor extraction is used. The factors whose value is greater than .5 are used only for interpretation purpose. From the table-3, the attributes like B2, B3, B1 have loading factor .973, .972, .952 on Factor 1.This concludes that Factor 1 is a combination of these 3 variables. Therefore the factor can be interpreted as Strategic Impact as the main e-CRM objectives in organisations. The attributes like A2, A1, and A3 have a high loading i.e. .947, .843, .796 indicating that Factor 2 is a combination of these variables. These variables are combined into a factor called Cost-Savings as the e-CRM objectives in organisations. The attributes like C1, C2 have a high loading i.e. .817, .721 indicating that Factor 3 is a combination of these variables. These variables are combined into a factor called Revenue Enhancement as the e-CRM objectives in organizations.

ANALYSIS OF FACTORS AFFECTING THE IMPLEMENTATION OF e-CRM

\In general, there are four types of factors that affect the implementation of e-CRM, technical factors, economic factors, operational factors and time factors.

Technical Factors

Complex architectures, product selection and acquisition, and integration to existing and future investments are technical factors that affect effective e-CRM solutions. It needs various skills and researches when considering the software, servers, database, hardware, and telephone switches involved in e-CRM solutions. In additional, with the fast changing of new

technology, it's very difficult to remain on the leading edge, while continuously researching how new technologies will complement and coexist with an existing architecture.

Economic Factors

Financially, the cost for implementing an e-CRM solution is enormous. One way to successfully finance e-CRM solution is to consider different investment categories.   The following are categories of investment required to create, operate, and maintain an e-CRM solution: Production hardware and software, operating staff expense to support, change, and upgrade the business use of the technology solution, Test and staging hardware and software, maintenance expense, production and test environments.

Operational Factors

A business is required to invest heavily in people skills to manage and enhance the e-CRM solution once it has been developed. A multi-channel e-CRM solution involves many players, including support skills for the products involved, and any outside guidance and direction from integrators, product companies, and management consultants.

Time Factors

Businesses are expecting to get results and measurement of the investments made on their e-CRM investments. Multi-channel e-CRM solutions can take 12 to 15 months or even longer to deploy. When you factor in key required initiatives, such as business strategy and requirements, business case, and customer experience design, the required solution takes too long through the eyes of key business sponsors. It is essential for vendors to provide solutions and techniques to deploy the required e-CRM architecture and its subsequent enhancements to provide measurement and business benefit sooner.

EVALUATING THE EFFECTIVENESS OF E-CRM:

The four perspectives considered while evaluating the effectiveness of e-CRM are customer knowledge, customer interaction, and customer value and customer satisfaction.

Customer knowledge:

In order to adopt the current customer-centric business environment, organizations use data mining and data warehousing technology. Data mining tasks are used to extract patterns from large data sets. With the shift from mass marketing to one-to-one relationship marketing, technology learning is also important towards understanding customers. It is required to assess employee skills to use customer information effectively. Security is another

basic and critical prerequisite when dealing with customer information. Many customers are concerned about the amount of personal information that is contained in databases and how it is being used.

Customer Interaction:

Many communication channels are developed to interact with customer effectively. To manage various communication channels effectively, managers make an effort top monitor the business processes. The customer relationship can be enforced by effective customer interaction. To analyses customer interaction, some important measures need to be considered such as the number of marketing campaigns, total cost for promotion, and frequency of contents updates, payment, and response channels and so on.

Customer Satisfaction:

Measuring customer satisfaction offers an immediate, meaningful and objective feed back about customer preferences and expectations. Customer satisfaction perspective is the most important because customer satisfaction is directly linked to organizations profits. Service delivery via various channels of IT applications has emerged as an important attribute in satisfying customers.

Customer Value:

Customer value describes tangible and intangible benefits gained from CRM activities, which help to arrange the relationship with the customer successfully. Customer value can be achieved through .In order to determine the customer value; organizations need to analyze such information as marketing campaigns, and number of retention customers and net sales. Calculating customer value potential and using it as a guideline will be profitable in future.

PROBLEMS AND CHALLENGES IN THE EFFECTIVE IMPLEMENTATION OF
e-CRM SYSTEMS :

Many organizations are considering introducing e-CRM systems or are in the process of doing so. The main concern of these organizations is their ability to make the necessary changes at the level of organizational strategy that the introduction of the e-CRM system requires. Organizations are also concerned about damaging their existing customer care system. Their fears are based on past failures in their own or in other organizations.

Failure in the introduction of the e-CRM system, especially in service and sales phone centers, can result in real disaster for the organization. The *first problem* occurs when the e-CRM system is not connected directly to the operational systems. In the worst case it is not possible to access the operational and legacy data about clients and products through the e-CRM, and users must access simultaneously other systems, resulting in double entries. In another problematic case the connection is not complete and transparent. In this case it is possible to access the operational system not only through the e-CRM but also directly, circumventing the e-CRM and rendering its use optional. The *second problem* has to do with a client database that contains low quality data or with data that is missing altogether. The *third problem* is one of poor performance, the result of the fact that the e-CRM system is connected to a large number of systems and often interacts with various technologies, many of them legacy systems. If the transition to e-CRM does not include the upgrading of the technology of legacy systems, performance is degraded. Another phenomenon we encountered in the implementation of e-CRM systems is that those who could benefit from the data are not using it often enough, which reduces the business value that the e-CRM system was supposed to provide to the organization. The infrequent use is the result of a lack of awareness of its existence or of a lack of faith in its quality.

e-CRM implementation failures are often attributed to faults in the business case and more specifically in the business case not being realized. There are several reasons of e-CRM program failures some are:

1. Business Case Usage: In many instances the relevance of the business case is limited to obtaining budgetary approvals for the e-CRM program.

2. Elasped time between definition and execution: The elapsed time from business case creation to budgetary approvals, to vendor selection and finally project kick off often runs into months if not years.

3. Business Case Visibility: The team that prepares the business case is often different from the team that executes the program. Due to reasons cited above, there is no clear handoff of the business case to the execution team and often they don't even have access to the details of the business case. Their knowledge of the business case is in most cases limited to its vision statement

CONCLUSION:

e-CRM is being increasingly viewed as a major element of corporate strategy. Where e-CRM is well understood as a concept, many managers are still unclear as to how a particular e-CRM approach should be cost-effectively implemented and what technology options should be adopted. The development of e-CRM must be determined from a strategic review of the organizations current position.Organisations success in e-CRM will involve creating an appropriate set of competences to exploit the existing opportunities. Companies that successfully implement e-CRM will reap the rewards in customer loyalty and long run profitability. Consequently, relationship marketing and e-CRM are closely related. In fact, it has been suggested that relationship marketing forms the core foundation for e-CRM. A strong relationship marketing focus clears the way for a more harmonious environment in the face of major organizational restructuring that takes place as the result of CRM implementation. Change Management, is a useful aid when implementing an e-CRM system. The many change management strategies are useful for dealing with the "people side" of the implementation. As said earlier, there's no point implementing a new system if employees will not use it.

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APPENDIX:

Table-1

Sl. No	Statement	Name of Variable
1	Win Rates	A1
2	Acquiring new Customers	A2
3	Better information for better management	A3
4	Establishing relationship with customer	B1
5	Improves customer satisfaction rate	B2
6	Building an attractive virtual community	B3
7	Decreased general sales and marketing admin costs	C1
8	Reduce cost of sales	C2

Table-2

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.592
Bartlett's Test of Sphericity	Approx. Chi-Square	183.675
	df	28
	Sig.	.000

Table-3

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.115	38.935	38.935	3.115	38.935	38.935	2.897	36.214	36.214
2	2.138	26.730	65.665	2.138	26.730	65.665	2.282	28.527	64.741
3	1.250	15.620	81.286	1.250	15.620	81.286	1.324	16.544	81.286
4	.847	10.592	91.878						
5	.424	5.295	97.172						
6	.111	1.390	98.563						
7	.090	1.126	99.689						
8	.025	.311	100.000						

(Extraction Method: Principal Component Analysis)

Table-4

Rotated Component Matrix (a)

	Component		
	1	2	3
B2	.973		

B3	.972		
B1	.952		
A2		.947	
A1		.843	
A3		.796	
C1			.817
C2			.721

(Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 4 iterations.)

Table-5

Measure for Customer Knowledge	
Objectives	Measures
➤ Collecting appropriate customer information	Customer acquisitions
	No of customers
➤ Analyze customer data	Page Views per day
➤ Acquiring new customers	Visits per day
➤ Improving skills of employees	Net Sales/Employee (%)
➤ Improving CRM techniques	Customer Profile Research (in Rs.)
	Technological Capacity
Measure of Customer Interaction	
Objectives	Measures
➤ Appropriate response to customer request	Marketing Campaign
	Total cost for promotion
	Frequency of contents update
➤ Integration of Business processes	No of Payment methods
	Total cost for managing channel
➤ Customizing products & services	Response time to customer enquiry
	Product diversity

	Detailed product info
Measure of Customer Satisfaction	
Objectives	Measures
➢ Improving Service Quality	Brand Image (%) Service Level (%) No of Daily Enquiries (no.)
➢ Establishing Relationship With Customers	Customer Satisfaction (%) 1. Assurance 2. Reliability 3. Empathy 4. Responsiveness
Measure for Customer Value	
Objectives	Measures
➢ Improving customer retention ➢ Profit Increase ➢ Improving customer services and support ➢ Building attractive virtual community	No of retained customers Net Sales Ordinary Sales Profit/Employee Channel Interface 1. Usability 2. Attractiveness 3. Contents Search 4. Navigation Efficiency 5. Consistency of Site Structure