Change Management in the Backstage of the CRM Projects

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Preamble

Between 2001-2004 the Institute of Management Science at the University of Miskolc worked on a research. Within the compass of it the Institute accepted to inquire several Hungarian companies making representative sample of their function in several years’ retrospect by using EFQM model as the basis of the research. The judgment of the participant companies occurs on compliance with it and it gives the best method to measure competitiveness and prominence of the companies’ consideration of which shouldn’t neglected after the EU formation.

Serving the aim of the research the employees of the institute drew up the questionnaire consisting of eleven chapters, which maps every field of activity of the participant companies. The first chapter of the questionnaire, “Customer Satisfaction”, was edited according to the customer satisfaction of the EFQM model. Its main aim is to introduce the basic points of external customer satisfaction. We tried to enquire whether the customer is inspected in the companies and if the conscious customer care runs, if yes – on what level? The modern CRM (Contact Relationship Management), which was also inquired in earlier research, had an important role during creation of the questionnaire. The degree at what the companies meet these kinds of requirements should be taken into a count. In chapter “Customer Satisfaction”, nine questions were comprehended then posed and organized. The questions were the following:

1) Do people conduct the customer satisfaction survey?
2) Is the conscious customer care in the companies?
3) Do they investigate the annual rate of loosing customers, if yes – what is it?
4) What is the annual rate of new customers inside all the customers?
5) How do they inform their customers about new products and services?
6) Do they consider the customer demands?
7) Do they have permanent connection with clients through a channel?
8) Do they provide any training services?
9) Do they meet the deadline for delivering and keeping guarantee according to the schedule?

The results of the research

On the base measurements we approach to the numerous conclusions, in which there can be found the following facts:

- only 65-70% of the companies conduct a customer satisfaction services, most of which did it once of casually
- conscious customer-treatment means registering purchases for 40-45% and only 23-30% provide customer satisfaction services and conscious customer information.
- two thirds of the companies (65-67%) does not investigate the reasons and rates of loosing customers.
- 40-60% of the companies does not realize the ratio of new customers in circle of all customers.
- changes of customers’ demand are not followed by 15-25% of companies at all, but even those who do it carry out only random surveys (30% - producers and 60% - suppliers).
- 55-75% does not provide any training services.

Considering the above results it can be concluded that the companies in our country are not ready for promoting the right-level customer-relations and to satisfy customer demands at the profitable level. The best solution would be to conduct the modern CRM systems using which some improvements can be reached but the conduction should happen only according to the capacity of the different companies. But there can be greater problems due to the lack of funds and the directors of medium companies do not realize the opportunities given by the modern CRM system. In the next four lines we sum up the main opportunities which are offered by the modern customer care solution of the companies.

CRM gives new policy to client-treatment, which is makes more and more companies to understand the importance of customer care policy. Essentially we need the information about customer satisfaction.

The number of those companies that use developed and up to date solutions for customer care is still insignificant and more than 1/3rd of the companies do not realize that the CRM can be as a basic strategy in their functioning. (http://www.icon.hu/hirek/rolunk/crm.html)

**Elements of CRM**

The main aim is to achieve higher efficiency in client-treatment, which would mean more effective communication and stronger connection among partners, faster decision-making process and immediate market-response and more efficient control. Due to the abovementioned factors productivity level may increase; companies’ images might be ameliorated and subsequently this may result a higher economical functioning; they also might strengthen companies in their market places.

The following 4 elements should be attentively managed in order to achieve our aim:

1. **CRM Strategy**: competitive strategy in companies for management of client-connections;
2. **CRM Information Processes in company**: multifunctional processes for a contact management at concerned and other companies;

3. **Purchasing of technological tools for CRM Support**: tools for communication with clients, for computerizing, storing and analyzing of data, which is needed in contact management;

4. **CRM Human Resources**: workers necessary for operation;

This is important to make director of each company to be aware CRM significance. It is not just software or a software-package. All of the four elements should be put together in order to achieve the result.

**CRM Technical Components**

Almost every information field might be visible during the client-treatment in spite of the fact that integration is increasing in the field of technical tools. Only one complex, well-organized system can serve each field of a contact management.

Organization of the information system can be started after fulfilling the conditions. The CRM information system has three main components according to the META group:

**a) Operational CRM**

The main task is to provide technical support of direct management by the help of information science. It performs integrated and continuous collection of data meanwhile consolidating information. Information of client interactions, which are coming from the outer channels, is managed, recorded and computerized by the Operational CRM system. The system supports tasks from related functional fields like Implementation, client service and marketing. Operational CRM systems are able to report a wide range of client data, but they cannot be used for information analysis. The first and the most important system’s task to support daily operational duties (marketing, Implementation, client service, production development) of contact management.

**b) Analytic CRM**

Due to the analysis of customer information collected by the operational CRM software and other outer data sources such knowledge can be gained, which can give significant advantage for the organization in any field of contact management. Reports are able to facilitate company management providing further advantages: observation of client segmentation; client dropout is a potential task of marketing. Realizations based on the purchasing models provide significant information for realization. Amount of complaints in different regions has high importance in the
terms of customer care. It should be mentioned that system helps on the way of company’s strategy Implementation. Nevertheless analytical methods should be realized only after setting up the Operational CRM System.

c) Interactive/Collaborative CRM

Perhaps this field of information technology develops most rapidly nowadays. Spread and development of mobile tools are significant for those merchants who are working in the field of Implementation. On-line mobile networking and Internet connection spread widely. Off-line network with a central database plays important role in providing extensive data safety and extending mobile tools accessibility. (http://www.euronetrt.hu/megoldas/megoldkezd.htm)

The base of contact management – Database Creation

Applied information technology is developing continuously, because of increasing information demand. Research in the form of computerized data recording system is the main technological tool of marketing. Central database is the core of CRM System. It contains all the data types for its clients. System’s structure might be kept in the same way for several months and years if hard work is needed during that period of time. Results can be obtained in a long period of time.

In fact, contact management is being held at any company. For example, clients’ bases are formed where clients’ names, addresses and phone numbers are stored. Majority of companies save information about their clients, but this information gathered and kept in companies’ independent databases mostly. (Mártonffy A)

Companies involved in introduction to the CRM

The main aims of corporative management are to maximize the number of clients, profit and to increase the income. CRM projects should be started within narrow bounds inside the company and shouldn’t be announced to the whole company. First of all, available company sources should be estimated and after then missing lines should be supplied. There is no need to replace every functional part. Request can only be hold by results and profit funds. Consultants who are working on the introduction of CRM system define Main areas of CRM project:
- marketing
- implementation
- customer service
Besides abovementioned there are some other important fields:
- financial
- delivery section
- channels of customer connection (sales, internet, phone)
- strategic and operational (support and process systems)
- data collection (information warehouse)
**Purposes and timing of CRM introduction**

There are three main purposes:
- complicated competition
- client-keeping economical policy
- more effective and profitable technical implementation

Evidently, CRM Advantages can be found in its final results: profitable achievements, improved performance and satisfaction of employees and clients. These aims show that task of the company is long-lasting client care.

Implementation of CRM System offers the following:
- minimized costs
- maximized profits due to more efficient realization
- increase of profit due to client-keeping policy
(http://www.cognos.hu/megoldasok/crm.htm)

**Main aims of CRM project starting**

![Diagram 1](http://www.cognos.hu/megoldasok/crm.htm)

**Categories of diagram 1:**

Lowering client seeking budget
Lowering customer information costs
Investigating clients’ life-cycle in the companies
Gaining new clients
Faster information service

Increasing benefits from clients
Identification of the most profitable clients
Difference in competition
Get acquainted with clients
Providing personal services for clients
Gaining clients’ loyalty

**Conditions of CRM introduction**

Two main basic factors:

1) A company needs a great client-circle and the ratio between costs and clients should be law.
2) The clients should be registered by names

According to general opinion the CRM touches four sectors (telecommunication, banking, other services, production companies) but all sectors can raise the necessary funds to finance the introduction to CRM. Probably the first two sectors will introduce the project as soon as possible because they have acceptable number of clients; essential financial funds and they are able to take effective customer care, which is required in strong competitive situation.

Nowadays it is outdated fact that most of deputy-directors and directors do not take part in project management. The rapid developing of technology and communication has made the changes and strategy modification an everyday topic. As for strategy modification the most effective tool is the project management, which concentrates on organization of human resources, information and relevant methodological and technical tools. Project manager is the person who is responsible for project fulfillment and has got adequate authority.

The project duration varies according to its size and complexity. In fact each project as well as CRM follows a certain cycle, which is called the project life-cycle and it means that every project consist of parts built on each other. The structure of the project should be arraigned due to complexity and renovation. The procedure is determined by three main principles:
- taking to section parts
- progress from comprehensive to detailed approach
- problem solving cycle

The different phases of the project depend on distribution of sections from the project main points and complexity. Nevertheless the practice shows that we can divide phases into four essential parts:

At the very beginning of project introduction problem solving possibilities should be kept in view and every phases should be carefully worked-out because a thoughtless
planning can result disappointment. Striving for topicality is essential as the world is always changing. An adequate project management is needed to be deductive. Every phase of the project based on its preceding phase. These accounts’, while the possibilities of influencing project results are decreasing, costs are increasing.

**Change Management in the backstage of the CRM projects**

Whether it’s an upgraded or new CRM system, a drive to get more out of existing technology or even a change in the philosophy of CRM for the company, it all requires some form of change management.

The changes are different according to their signification in the organization and their situation in the work of the leaders. Boody and Buchanan (1992) co-operated with project managers in different changes. The examination of these changes recommended that 2 dimensions should separate the project:

First: how central place does the change have according to the most important work of the organization? (Key process/marginal)

Second: how new is it in that environment (classification from the “new” to the “known”)

The new process is likely to meet barrels and it is more than the marginal ones. On 1st quarter of the 3rd diagram the change is new, but takes its place in the edges as we look at the main tasks of the organization. So here, the effect of the change on the person’s vulnerability is low. The change of the 2nd quarter takes its place on the edges and is known in the given practice. The change of the 3rd quarter is known, taken from existing practices but it has an influence on key processes of the organization. It can be a challenge – if successful – can endanger the basic business activity.

The changes of the 4th quarter are those, which have influence on the key processes, and for the given knowledge they have a significant content. These are the most difficult from all the changes. These change projects can move among the quarters, like the employees, who gain more experience. By our experience this is typical in the cases of different CRM projects, which began in the 1st or the 3rd quarter.

![Diagram showing the two dimensions of the two projects](image-url)

*The two dimension of the two projects*
The CRM objectives, goals and vision have been developed and understood by all senior management personnel, start the communication process with the rest of the organization to begin to deal with and help overcome both rational and emotional resistance. You need to be able to relate what the roll out of CRM technology is going to mean to your business and how it is going to affect the overall performance of the business. Following this it is important for the CRM Project Team to start developing the CRM journey map or plan. This will include (Stewart):

- Translating the strategic requirements into bite size tactical initiatives. Do not try the big bang approach; get some runs on the board first with achieving the most critical requirements first and building on this success.
- Mapping requirements--start at the end and move backwards. Start with the desired outcome, data requirements, process enhancements (changes or new introductions) and the impact on people and their roles. If you cannot clearly describe how the desired outcome is going to be used to manage the business through a formal process, ask yourselves why do it at all?
- Technical partner selection. Choose partners not just suppliers as CRM is a journey, it is an ongoing initiative so be sure your technology is supplied by an organization that not only has the technology now but a vision for the future that closely aligns with yours.
- Change and communication. How is it going to be managed on an ongoing basis and does the organization possess the skill sets (and dedicated focus) to continue to get the most out of the system from a people, process and technology point of view?
- Develop Performance Measures for the CRM, including:
  - The technical development and implementation
  - The CRM system performance
  - The impact on the business: efficiency and effectiveness
  - The users: in-putters and report runners
  - The customer: How has the CRM journey impacted them?
  - The "partners": How have they performed to expectations?

*Change Step-by-step for CRM*

A decision to change is made. This decision is to implement CRM. This should, however, be made only after careful consideration that your strategic initiatives and goals are going to be achieved through the implementation of CRM or a new CRM philosophy. After the analysis of many international and well known methodological approaches applied by consultants - with respect to both the common and country specific characteristics – a new project was born that can be applied in Hungary as series of methodological steps.

The steps can be used as phases of a project in practice. Each level means a milestone in the project and all the levels can be further itemized. The table 1. contains the steps and the main tasks of the project.
### Steps of the CRM Process Improvement method

<table>
<thead>
<tr>
<th>Steps</th>
<th>Tasks</th>
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<tbody>
<tr>
<td>1. Preparation</td>
<td>• Recognizing the need for changes&lt;br&gt;• Define your strategic CRM objectives, goals and vision&lt;br&gt;• Forming the leading guiding committee&lt;br&gt;• Vision, general aims&lt;br&gt;• Forming the team in charge of planning&lt;br&gt;• CRM project team development, team education&lt;br&gt;• Accepting the operation model of the modification</td>
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<tr>
<td>2. Situation inquiry, identification of the processes</td>
<td>• Detailed determination of the customer demand&lt;br&gt;• Identification of the processes&lt;br&gt;• Determining the business strategic needs&lt;br&gt;• Initial success&lt;br&gt;• Preparing the flow chart</td>
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<tr>
<td>3. Understanding and analyzing the processes</td>
<td>• Understanding the structure of the processes and procedures&lt;br&gt;• Determining the value increasing activities&lt;br&gt;• Benchmarking&lt;br&gt;• Problem solving processes</td>
</tr>
<tr>
<td>4. Aims of processes</td>
<td>• Assessing the opportunities&lt;br&gt;• Detailed definition of CRM aims&lt;br&gt;• Approval of the leading committee</td>
</tr>
<tr>
<td>5. Planning new processes</td>
<td>• Structure of the new process&lt;br&gt;• Analyzing the information demand&lt;br&gt;• Choosing the appropriate alternative</td>
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<tr>
<td>6. Technical planning</td>
<td>• Understand and identify the technology will enable the CRM objectives and goals to be achieved&lt;br&gt;• IT planning&lt;br&gt;• Defining the establishment&lt;br&gt;• Introduction plan</td>
</tr>
<tr>
<td>7. Planning of human resources</td>
<td>• Determining the tasks and labor demand&lt;br&gt;• Determining the needs for management and directing&lt;br&gt;• Planning the new organization and sphere of activity&lt;br&gt;• Communication of changes&lt;br&gt;• Education plan&lt;br&gt;• Planning the changes of the system of incentives&lt;br&gt;• Planning the temporary organization</td>
</tr>
<tr>
<td>8. Implementation</td>
<td>• Continuous communication&lt;br&gt;• Assessing the inclination to changes of the employers&lt;br&gt;• Implementation of the technical planning&lt;br&gt;• Education&lt;br&gt;• Plans of control and implementation&lt;br&gt;• Experimental introduction&lt;br&gt;• Gradual or complete introduction</td>
</tr>
<tr>
<td>9. Assessment of the changes</td>
<td>• Analyzing and assessing the CRM change&lt;br&gt;• Systematic research of further improvement opportunities</td>
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The steps have been planned as phases of a process change project for more successful practical use. The connection of the 4 project management phases and the 9 main step is as follows:

The steps and the project phases

1. Preparation
2. Situation inquiry, identification of the processes
3. Understanding and analyzing the processes
4. Aims of processes
5. Planning new processes
6. Technical planning
7. Planning of human resources
8. Implementation
9. Assessment of the changes

The change steps is all about getting staff to a level of competence in a managed and sustainable fashion. It's about understanding what is really happening to staff and the organization during a CRM project and the changes these types of projects involve. These are not things that can be easily understood or identified by most organizations so get some expert help as it will pay dividends in the long run. Knowing what to do when and how through the use of a change model like the Steps of the CRM Process Improvement method will help ensure greater CRM successes!

Literature

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17. http://www.unitis.hu/unitis/sajto/index_print.htm