Strategic entrepreneurship: an integrated innovative entrepreneurial process for CRM implementation at Indian SMEs
Mehta, Arpita

Empfohlene Zitierung / Suggested Citation:

Nutzungsbedingungen:
Dieser Text wird unter einer CC BY Lizenz (Namensnennung) zur Verfügung gestellt. Nähere Auskünfte zu den CC-Lizenzen finden Sie hier:
https://creativecommons.org/licenses/by/4.0/deed.de

Terms of use:
This document is made available under a CC BY Licence (Attribution). For more information see:
https://creativecommons.org/licenses/by/4.0
Strategic Entrepreneurship: an integrated innovative entrepreneurial process for CRM implementation at Indian SMEs

A Mehta
Christ University Institute of Management, Bangalore.

ARTICLE INFO

Article history:
Received: 5 August 2011; Received in revised form: 21 September 2011; Accepted: 27 September 2011;

Keywords
CRM, Indian SMEs, CRM strategy, Strategic Entrepreneurship, Entrepreneurship.

ABSTRACT

The purpose of this theoretical framework is, to provide a better understanding of the prospects, process, problems, usage and issues related to Customer Relationship Management (CRM) in Indian SMEs so that it may help to implement, adopt and use CRM as an interactive entrepreneurial tool for strategic and successful customer relationship management at Indian SMEs. To reach this understanding this research can starts with three dimensions or group of respondents like CRM Vendor (CRM professionals, academics and experts), CRM Client/CRM Customer (Indian SMEs, Indian entrepreneur) and CRM Beneficiary (regular customer/consumer/buyer/common men). Based on the developed theory and literature review research questions can be answered to achieve this purpose (understanding). The major area of concern for all three group of respondents can be CRM (Awareness, Interest level), CRM (Planning, Strategy level), CRM Expectation (Objectives, Need level), CRM Implementation level, CRM Adoption and Updating (Maintenance, Stabilization level), CRM Measurement (Satisfaction, Feedback level), CRM Challenge (Problem, Issue, Risk, Disadvantages level), CRM Deliverables (Benefits, Advantages level), CRM Control level and CRM Forecasting (Future Prospects, R &D, Improvements level) levels for the successful CRM implementation, adoption and usage at Indian SMEs. Using the developed theory and literature review about these research objectives, a framework of the reference can be developed to collect the information from three different groups of respondents. These groups can be studied through Case analysis and BBP (Best Business Practice) Survey. Primary data can be collected from Semi Structured Questionnaire (Based on open ended as well as close ended questions), Semi Structure Interview supported by Content Analysis and Grounded Theory.

Introduction

According to Schmidtmayer (2005), CRM implementations consist of the technical implementation of the CRM, the strategy behind the CRM, as well as the successful cooperation between various functional areas of the enterprise..CRM implementation components normally encompass all customer-centric business functions, such as sales, marketing, customer service (Pries & Stone, 2004), quality assurance and field service (Brown, 1999). Backoffice systems, such as human resources, manufacturing, and accounting, are often also affected by CRM (Brown, 1999). A CRM implementation consists of two primary components: (1) the technology systems designed to support the CRM (Newell, 2003), and (2) an enterprise-wide strategy (Brown, 1999) for business process management (Corner & Rogers, 2004). According to Brown (1999), CRM is based upon two essential building blocks: A clear and precise understanding of customer needs and values, and the alignment of organizational capabilities to better meet customers' needs and to provide maximized customer value. In these ways, CRM meets the goal proposed by Bergeron (2002) to improve upon the existing dynamics of the company-customer relationship. Bergeron (2002) provides the following definition of CRM: "Customer relationship management (CRM) is the dynamic process of managing a customer-company relationship such that customers elect to continue mutually beneficial commercial exchanges and are dissuaded from participating in exchanges that are unprofitable to the company" (p. 3). Customer Relationship Management (CRM) is a combination of information systems and strategic management, aimed at providing better customer service (Chan, 2005). CRM facilitates collaboration among specific functional areas of the enterprise (Mack, Mayo & Khare, 2005). The areas of the enterprise most commonly affected by CRM are sales, marketing and customer service (Itkis, 2005). The ultimate goal of CRM is to align departmental capabilities - the core competencies of all departments affected by CRM (Brown, 1999) - in order to increase customer retention and loyalty, as well as revenues (Brown, 1999). "CRM is perhaps best described as an overarching business strategy built on a three-legged stool of technology, new business processes and cultural transformation. Neglect any one of the three legs, and the project teeters." says Engen (2001). Implementing CRM is a long-term process and 50-70% of all CRM initiatives do not achieve their goals, and the reasons for this failure are often being unsuccessful strategies as well as organizational implementations; suggest Murphy and Russell (2002). Performance measurement in CRM could solve this problem since it supports strategy implementation by defining concrete objectives and measures. Furthermore, the clear statement and communication of strategic objectives promotes swifter implementation of activities, say Neely et al. (2000). A survey of Database Group (2006) has revealed that approximately 65% of the financial institutions...
have failed in getting expected benefits from huge investments in CRM technology. Another finding of the study conducted by I-L Wu and K-W Wu (2005) approximately 60% of the web-based CRM software (e-CRM) installations are failures. Vavra (1997) offers a model for customer satisfaction in which satisfaction is an antecedent to repurchase behavior and has several antecedents as well. The most important antecedent is prior experience that “serves as a ‘memory bank’ of all the previous experiences with a product or service.” Several factors can influence prior experience, such as the customer’s demographic characteristics, their level of personal expertise, the nature of the competition, advertising and PR influences, and the evolution of technology. Along with prior experience, customer desires and expectations, the perceived product or service performance and ease of evaluating that performance are all antecedents to a mental process customers go through to compare what was expected and what was delivered. This “disconfirmation/confirmation/affirmation” process, in which expectations are not met, met or exceeded can be visualized as a sigmoidal function (Vavra, 1997). Companies can look at brand building as if they were managing an asset. Brand equity can be calculated by removing from operating earnings attributed to a brand the cost of capital, taxes and risk and then determining the value of the remaining number as a discounted cash flow extending out five or more years (Schultz, 2001). The reasons companies measure customers is obvious. In order to manage effectively, one must measure. Businesses have long since measured financial performance with traditional financial measurement tools: profit and loss statements, balance sheets and cash flow statements. These measurement frameworks suffer from limitations; they measure past activities and are “lag” versus “leading” indicators (Kaplan & Norton, 2001). Knowledge about how a company interacts with its customers is specific to the company’s brand and its customers and therefore is proprietary to that company. Knowledge about this unique relationship is not easily transferred to another context (another company, brand and customer). One can argue that CRM measurement systems and CRM analytic capabilities are the last refuge for significant competitive advantage. Interestingly enough, because of the skills challenge companies face, the vast majority of companies do not fare well in this area, which also makes for a strategic opportunity for competitors (Buyendijk & Hersche 2001). Anything that measures customer-facing activity has the potential to measure those activities that create the business value in the first place. Having the best manufacturing capability is useless if customers don’t buy. Customers have differing mindsets and needs to fulfill and companies need to be able to understand that mindset, sense those needs and deliver solutions. Technological innovation and information liquidity have changed competitive landscapes. Fewer and fewer companies can exploit propriety, one-of-a-kind technology or captive and exclusive supply or distribution channels to maintain competitive advantage (Chew, 2000). Newell (2003) posits that the majority of CRM projects fail because of internal (to the enterprise) causes. He also suggests that organizational change is responsible for 29 percent of such failures, making it the main cause of failed CRM projects. As a way to better interpret this suggestion by Newell (2003), the purpose of this study is to examine specific change management initiatives that have been demonstrated to result in successful CRM implementations. In this study, a successful CRM implementation is proposed to be one that is framed within an adaptive organization that appropriately manages change (Arussy, 2004). Customer Relationship Management (CRM) is a business strategy that focuses on optimizing customer experience and maximizing service or product value (Nyckamp, 2001). CRM represents the idea that as customer satisfaction is increased, customer behavior changes, customer value is added, and ultimately, profit increases (Curry & Curry, 2000). Curry and Curry (2000) also explain that by increasing customer satisfaction, customer behavior changes in the forms of added sales and increased customer loyalty and retention. Others see CRM as a comprehensive business strategy, with ultimate goal a long-term relationship with the customer (Strauss & Seidel, 2004). Among all of these varied perspectives, there is a general agreement that CRM is a process of building strong relationships with the external customer (Barnes, 2004, Nykamp, 2001, Strauss & Seidel, 2004, Curry & Curry, 2000). David Aaker (1991) breaks down brand equity into the following components:

- **Brand loyalty**
  - How likely is a customer to switch to another brand?
  - How likely is a customer to use another brand?

- **Brand awareness**
  - This is the ability of a potential customer to recognize or recall a brand as a member of a product category.
  - This is the customer’s perception of the overall quality of a product or service with respect to its intended purpose and considering alternatives.

- **Brand quality**
  - This is anything that is linked, in the mind of the customer, to a brand. The association also has a level of strength. An association can be a celebrity or person, a lifestyle, a geographic area, various product attributes, some customer benefit, a particular application or use and any other intangible concept.

Rust et al. identify three main components to customer equity:

- **Value equity**
  - The customer’s objective assessment of the utility of the brand, with quality, convenience and price satisfaction as key components.

- **Brand equity**
  - The customer’s subjective and intangible assessment of the brand beyond its objectively perceived value. Key components include the customer’s awareness of the brand, customer’s attitude towards the brand and how the customer perceives the brand’s social ethics.

- **Retention**
  - The customer’s tendency to stick with the brand above and beyond the customer’s objective and subjective assessments of the brand. Key components include loyalty, special recognition, affinity, community and customer knowledge-building programs.

Hong Mei (2004), researchers try to find such success factors, that explains if the CRM will survive or not by exploring the current adoption practices in e-CRM implementations. They were identified as champion leadership, internal marketing, knowledge, management, business IT alignment, and system integration and cultural/structure change. System integration and knowledge management were the most frequently mentioned CSF. The article titled “The Effects of Process Orientation on Customer Satisfaction, Product Quality and Time- Based Performance” by Kohlbacher M.(2009), (http://www.processorientation.com/?p=289) is based on the question whether there is a positive relationship between process orientation and customer satisfaction, product quality, time to market, delivery time and delivery reliability. A paper by Chen Qimei, Chen Hong Mei (2004) tries to find such success factors, that explain if the CRM will survive or not by exploring the current adoption practices in e-CRM implementations. The main point is to find out the Critical Success Factors of e-CRM from the managers’ point of view. Authors of this paper suggest six CSFs are champion leadership, internal marketing, domain knowledge, top management, business-IT alignment, system integration and cultural/structure change.
Proposed theoretical framework for future research

CRM evolved from the Total Quality Management and reengineering movements of the 1980s (Mack, Mayo, Khare, 2005, Smitt, 2002), and the "customer-oriented and market-driven" movement of the 1990's (Schmitt, 2003, p. 10). Bergeron (2002) claims that CRM “was born around 1997” (p. 2). Grounded theory approach is a qualitative research method that attempts to build theory based on discoveries made from within the data that are being analyzed (Strauss & Corbin, 1990). This researcher does not attempt to derive new theory, but rather to use grounded theory analysis to identify emerging themes, as well as relationships among such themes. Constant comparative method of analysis is also utilized for purposes of constantly categorizing, evaluating and comparing existing, as well as emerging data (Leedy & Ormrod, 2001). Leedy and Ormrod (2001) posit that qualitative research is used to describe and interpret phenomena in an open-ended approach. According to Leedy and Ormrod (2001) qualitative research is also known as "interpretive, constructivist, or positivist" (p. 101). Quantitative research on the other hand is typically used to measure data, and to attempt to predict or explain concrete phenomena (Leedy & Ormrod, 2001). A quantitative study tends to confirm or disconfirm the tested hypotheses (Leedy & Ormrod, 2001). Both research method approaches enjoy similarities such as literature review and data collection.

Proposed data analysis tools for future research

Conclusions

"A business strategy that focuses on optimizing the value an organization delivers to customers, and, as a result, the value an organization receives from customers. This strategy requires redirecting business focus, organizational structure, business metrics, customer interaction, business practices, and technology capabilities, to optimize the customer experience” (Nykamp, 2001, p. 200). A CRM implementation consists of the actual design and implementation of the CRM technologies (hardware and software), as well as the business strategy and organizational change management that supports the CRM (Newell, 2003). In recent years, CRM implementations have become a major financial investment for many diverse industries (Kros & Molis, 2004). Chen and Popovich (2003) mention in their research paper that Customer Relationship Management (CRM) is a combination of people, processes and technology that seeks to understand a company's customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advances in information technology and organizational changes in customer-centric processes. Companies that successfully implement CRM will reap the rewards in customer loyalty and long run profitability. However, successful implementation is elusive to many companies, mostly because they do not understand that CRM requires company-wide, cross-functional, customer-focused business process re-engineering. Although a large portion of CRM is technology, viewing CRM as a technology-only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people. With the CRM market for SMEs projecting a growth rate of 21% per annum, there is tremendous scope for using CRM applications all over the sector. According to Business Standard (February 2008), while technology is deployed to provide customers with a more seamless experience across channels and throughout the customer lifecycle, that capability alone may be an insufficient long-term competitive advantage. Once every company has mastered the art and science of providing a seamless customer experience, what is next? Because CRM measurement systems can be used to understand past and future customer behavior, the ability for companies to convert that knowledge into business results can be a significant form of competitive advantage (Peppers & Rogers, 1997). This research may help to CRM stakeholders (CRM vendors/experts/customers/users/beneficiary) to identify and understand the CRM concept and process as a whole system with special reference to Indian SMEs. It may help to develop the successful CRM strategy at Indian SMEs for

- Simplification
- Standardization
- Specialization
- Stabilization
- Globalization
- Best Business Practice etc.......

References and Suggested Reading


• CRM Today http://www.crm2day.com/news/printnews.php?id=EpppAZppE VsHVUFi


• Dragoi, A. (2002). This changes everything. Darwin, 2, 30-38.


• http://www.cosmicjournals.com/ijmbs/12/bihari.pdf
• Michael E. Porter (1998), Competitive Advantages, Free Press London Mc Millan
• National Retail Federation and Ogden Associates, “CRMretail Study 2004.”

Author Biographical notes
Arpita Mehta had received B.B.A., M.B.A., M.F.A., PGDHRM and Lic, (III) from well known Indian universities. She is an M.Phil, Research Scholar at Christ University Institute of Management, Bangalore, India. She has more than four years of industry experience. She is an Ex SAP FICO Consultant. Her research interest includes ERP, Entrepreneurship, Strategic Management and Research Methodology. Email:mehta0108@gmail.com