

## CRM

17/01/2008 21:13 by Sally Ahmed

### Customer Relationship Management

#### **Introduction**

CRM is simply defined as an information industry term for applications, processes, and network capabilities that help companies manage and work with their customers through a relationship program that is organized and modularized (Isaksson, 2005). The term CRM has changed over the years, as its educational theoretical bases as a strategic tool for more sales and increased loyalty made it fall into the arms of information technology. In effect, CRM was transformed to a set of applications and a complete technical solution or a software package that is deployed on corporations and institutions.

As a consequence of both eras, CRM is now a marketing tool and a technical solution that helps companies build relations that generate better sales and increases revenue (La Valle, Scheld). The industry has matured over the past years, according to William Band, a principal analyst at Forrester Research and the author of the report, "Trends 2006: Customer Relationship Management." CRM has moved, Band says, from times of unrealistic expectations and exaggerated pessimism to acceptance as a core pillar of an organization's competitive strategy (Haskins, 2006).

#### **Analysis**

Company's focus in retaining and capitalizing on profit from their current customers has been the motive for deploying CRM integrated information systems. These usually support in planning marketing campaigns, scheduling promotions, and supporting sales activities (Choo, 2001) One major benefit that has been realized by many corporations is the need to have a solution that is built for the organization and customized to its requirements (Haskins, 2006). When Microsoft developed its CRM, it made it adaptable and expandable through the use of web services architecture. The concept of out-of-the-box ready made package is no longer popular among corporations (Haskins, 2006). Further more, CRM applications have evolved to include advanced customer behavior tracking tools that have analytic abilities to extract information from transactional data; thus, providing insights for the organization to direct its products and services, customizing campaigns and offers to meet the expectations of their customers (Mithas, Krishnan, and Fornell, 2005).

[-pagebreak-]

On the down side for some CRM applications, a research done at Michigan during 2000 and 2001 proved a decline in customer satisfaction with the introduction of new upgraded customer relationship software (Pralhad, Krishnan, and Mithas, 2002). The results revealed a tendency towards cost reduction and time efficiency techniques that does not necessarily mean better customer service. Further more, the gap that exists between the technical and marketing aspects of these applications does not lead to proactive discussions in favor of the consumers (Pralhad, Krishnan, and Mithas, 2002). Adding up is also the fact that consumers grew more centric and oriented to what techniques companies are attempting to engage in an open dialogue that results in a better sale or adds improvements to the position of products and services (Pralhad, Ramaswamy, and Krishnan, 2000).

#### **Conclusion**

In applying CRM as a methodology within an organization, senior management needs to consider an approach with gradual calculated steps to smoothly move the process into a successful transformation (La Valle, Scheld).

---

Accomplishment with CRM are based on building on the value of the system, analyzing the priorities, getting the first prototype, and setting the support system that moves every single entity within the company to the new platform. The steep shift in CRM is in moving from a focus to acquire customers to retaining them (Winer, 2001). The transformation begins with understanding customers and what they need, the relationship paradigm as defined by Don Peppers and Martha Rogers, PH.D., in their recent book, Return on Customers, is to identify your target consumer, differentiate them based on value and needs, interact with them with efficiency and proficiency, and customize your enterprise behavior around this relationship.

(Pepper, Rogers, 2006).

**References:** Isaksson, Greta. 2005. Managing the Implementation of Customer Relationship Management from an Inter-functional Perspective. Lulea University of Technology, Department of Business Administration and Social Sciences (June 2005) <http://epubl.ltu.se/1402-1757/2005/69/LTU-LIC-0569-SE.pdf> (accessed 18 Jul 2007) La Valle, Steve. Scheld, Brian. CRM done right: executive handbook for realizing the value of CRM. IBM, Services. [ge510-3858-00f\\_ibm\\_crm\\_study\\_exec\\_handbook.pdf](http://www.ibm.com/crm/study_exec_handbook.pdf) (accessed 20 Jul 2007) Kaskins, Walaika k. 2006. The Future of Customer Relationship Management Applications. CRM Daily. ( 2 March 2006) [http://www.crm-daily.com/story.xhtml?story\\_id=41724&page=1](http://www.crm-daily.com/story.xhtml?story_id=41724&page=1) (accessed 16 Jul 2007) Choo, Geoff. 2001. Rules of the Road to CRM Success. GanttHead, Articles. (20 February 2001) <http://www.gantthead.com/content/articles/16881.cfm> (accessed 19 Jul 2007) Mithas, Sunil. Krishnan, M.S. and Fornell, Claes. 2005. Why Do Customer Relationship management applications affect Customer Satisfaction?. University of Maryland (October 2005) <http://www.wam.umd.edu/~smithas/mithascrmcs2005.pdf> (accessed 19 Jul 2007) Prahalad, C.K. Krishnan, M.S., and Mithas, Sunil. 2002. Customer Relationships: The Technology Customer Disconnect Optimize. (December 2002) <http://www.optimizemag.com/issue/014/customer.htm> (accessed 20 Jul 2005) Prahalad, V. Ramaswamy, and Krishnan, M.S. 2000. Consumer Centricity. InformationWeek (10 April 2000) <http://www.informationweek.com/781/prahalad.htm> (accessed 20 Jul 2005) Winer, Russell S. 2001. Customer Relationship Management: A framework, Research Directions, and the Future. University Of California. (April 2001) [http://diuf.unifr.ch/is/seminars/files/crm-SS2004/files/framework\\_crm2.pdf](http://diuf.unifr.ch/is/seminars/files/crm-SS2004/files/framework_crm2.pdf) (accessed 17 Jul 2007) Peppers, Don and Rogers, Martha. 2006. Return on Customer, Building a &ldquo;Rock-solid&rdquo; Business. Peppers & Rogers Group. (January 2006) <http://www.advance2006.com/DonPeppersPDF.pdf> (accessed 20 Jul 2007)