CRM Implementation: Hard Choices and Soft Options

By

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Stephan C. M. Henneberg

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CRM Implementation: Hard Choices and Soft Options

Abstract: Customer Relationship Management (CRM) as a concept is a well-researched area of marketing theory. Since the 1990’s the use of relational marketing approaches in consumer markets has found many managerial applications. However, the implementation considerations of CRM remained under-researched from a conceptual perspective, especially as implementation of many CRM projects are perceived as providing limited success. By using an exploratory, qualitative, research design, principally based on a Delphi methodology, this study highlights some crucial aspects of CRM implementation. Two clear CRM implementation foci can be distinguished: a dominant “hard” implementation of CRM (focussing on analytics, centralisation, and campaign management) and a “soft” implementation of CRM (focussing on decentralised customer experience management at the touch point level). Further analysis of the “hard” implementation model shows that companies using this path often have only a vague strategic understanding of the CRM project in place before they define the process and technical requirements. An implication of this finding is that standard IT processes are often used to derive strategic CRM guidelines, a reversal of a prescriptive “best-practice” implementation process. The implications and limitations of the findings as well as the need for further research is discussed.

Keywords: Customer relationship management; Delphi-Method; implementation; process management
Introduction

Recently, relational marketing has become a focus of marketing theory (Bruhn 2003). Although extensively discussed in the academic literature since the beginning of the 1970s, the interest in relationship management for products and services in a mass marketing environment is a recent event (Battaharya and Bolton, 2000; Pels, 1999; Sheth and Parvatiyar, 1995; Sheth and Parvatiyar, 2000a; for a critique of these developments O’Malley and Tynan, 1999). It is grounded in work on business-to-business marketing relationships by the International Marketing and Purchasing Group (IMP) (Hakansson and Snehota, 2000) and the Nordic School of Marketing’s studies on services marketing (Grönroos, 2000). Utilising the developing “network-paradigm”, this new emphasis on longer-term exchange relationships, based on commitment and trust, caught the interest of traditional consumer marketers and practitioners during the mid-1990s. Faced with higher acquisition costs and satiated markets, leading to an increased importance of customer loyalty (Lemon et al., 2002; Reichheld, 1996a; Reichheld, 1996b; Winer, 2001), marketing practice and also marketing theory made customer relationship marketing (CRM) a focus of their efforts. This was further facilitated by new IT capabilities e.g. in the area of database marketing and data-mining (Plakoyiannaki and Tzokas, 2002). While it has sometimes been argued that relationship marketing could transform marketing theory “beyond the 4Ps” by providing a new paradigm (Grönroos, 1994; Grönroos, 1997; Sheth, 2000), this has not happened (yet). However, many companies have enthusiastically taken to the concept as a way of becoming more customer-oriented (Bruhn, 2003; Piercy, 2002). Investments in CRM projects have increased yearly; the annual spend on CRM (2001 data) is approximately $3.5-6 billion software costs and $20-34 billion system costs (Corner and Hinten, 2002; Ebner et al., 2002). Of
significance, Forrester (2001) estimates higher, with a typical Global 3500 firm spending approximately $15-30 million per year on CRM activities. However, while theoretical studies of CRM (e.g. Bagozzi, 1995; Grönroos, 2000; Parvatiyar and Sheth, 2000; Peterson, 1995; Pels, 1999;) in addition to empirical studies relating to the concept of CRM are plentiful (DeWulf et al., 2001; Garbarino and Johnson, 1999), academic research on issues of implementation and on operational processes has largely been marginalised (Plakoyiannaki and Tzokas, 2002). For example, none of the 23 articles in the “Handbook of Relationship Marketing” (Sheth and Parvatiyar, 2000b) focus specifically on implementation issues. In addition, the managerial literature covers mostly IT-related issues of implementation (Leverick et al., 1998; Ling and Yen, 2001; Winer, 2001) and do not contribute to a holistic or conceptual analysis. Therefore, this paper focuses on two fundamental issues of CRM implementations: specifically, how are CRM projects implemented, along with, how can the often perceived shortcomings of many CRM implementations be explained.

To tackle the first issue, the most commonly used CRM implementation path is identified. A discussion of the second issue is informed by an analysis of the underlying processes for this implementation path. This is done by comparing the actual measures taken against a normative CRM implementation model derived from a consensus of relevant managers.

**CRM – Panacea or Pandora’s Box of Marketing?**

CRM and relational marketing activities, in general, have enthusiastically been adopted by organisations. Furthermore, the academic literature describes it as a fundamentally new paradigm of marketing theory based on an interaction and network approach (Bagozzi, 1995; Chien and Moutinho, 2000; Grönroos, 1994;
Grönroos, 1997; Gummesson, 1997). CRM is seen as providing many important elements of customer-orientation and market-orientation (Meldrum, 2000). CRM has been described as lying on one end of the marketing strategy continuum (Bruhn, 2003; Grönroos, 1997), with transactional marketing its counterpart. This “broad view” of relationship marketing (Parvatiyar and Sheth, 2000) encompasses marketing activities that are based on initiating and enhancing interactions between parties to achieve mutual exchange and the fulfilment of promises through cooperative/collaborative behaviour, in order to establish longer-term relationships at a value to all involved (Grönroos, 1997; Parvatiyar and Sheth, 2000; Ravald and Grönroos, 1996; Sheth and Parvatiyar, 1995).

CRM is often identified by focusing on the outcomes of customer relationship management, i.e. a long-term commitment and trust-based relationship that survives incidences of dissatisfaction on both sides (Morgan and Hunt, 1994). CRM provides companies with competences that allow them to build sustainable positions of competitive advantage by using customer information sensibly, “locking-in” high value customers and to some extent insulating themselves from market forces and competition (Oliver, 1999). These performance enhancements and their resulting positive effect on the company’s profit margin also induce the development of systemic virtuous circles, e.g. via increased employee satisfaction, higher motivation, less staff turnover, and customer recommendations.

However, while there is enthusiasm about the concept of CRM, many managers perceive the CRM practice as unsatisfactory, too expensive, not delivering the desired results and in general disintegrating into large scale business process redesign and systems development efforts i.e. a repetition of Enterprise Resource Planning (ERP) implementation shortcomings (Ebner et al., 2002). While the capital investments in
CRM systems and processes are comparatively high, nearly all studies on the success of CRM have concluded that the perceived benefits and outcome are either ambiguous or negative. These studies show, for example, that only 20 percent of US financial institutions that have introduced CRM increased their profitability as a result (Ebner et al., 2002; Rigby et al., 2002). This view of CRM as a, generally, unsuccessful strategy is shared by many consumers (Fournier et al., 1998). Such results have caused some commentators to conclude that “[c]ustomer relationship management is a failure.” (Mitchell, 2002, p. 30). However, most studies focus on managers’ assessments of success while analytical constructs of measuring CRM effectiveness is still rare (see for an example Jain et al., 2002). In addition to the issue of dissatisfactory results, most CRM projects also cause major disruptions to the ongoing business of companies by drawing people and budget resources away from line-management responsibilities. New processes have to be learned, new routines developed which can cause efficiency and effectiveness decreases in the short-term (Ling and Yen, 2001). Therefore, CRM implementation is often described in the managerial literature as having many pitfalls (Hansotia, 2002; Ling and Yen, 2001). There is no clear understanding of different implementation paths for CRM, however, certain implementation elements, often described as CRM capabilities or competences, are discussed. Ling and Yen (2001) identify three cornerstones of CRM: the knowledge or customer information platform; the customer interaction platform; and the tracking and feedback loops. For the purpose of the discussions as well as the analyses, this study was informed by the context of several distinct CRM capabilities as outlined in Plakoyiannaki and Tzokas (2002). They highlight five conceptual capabilities, derived from an axiomatic CRM process, which determine the success of a CRM system: learning/market orientation capabilities; integration
capabilities; analytical capabilities; operational capabilities; and direction capabilities. These capabilities were used as an initial “guiding tool” (Plakoyiannaki and Tzokas, 2002, p. 234) and represent what Day (1994) describes as crucial “sensing” and “linking” capabilities for market-driven companies.

With all this in mind, it could be asked whether a major CRM implementation project resembles the opening of Pandora’s box. In order to guide the research, two main exploratory research questions are proposed which are grounded in the literature review and the considerations on CRM which have been previously discussed:

**RQ1:** How is a CRM implementation project usually approached by companies; where are the implementation foci?

**RQ2:** Does the CRM implementation follow a “best-practice implementation approach” or can the perceived shortcomings in the outcomes potentially be explained by a deviation from this process?

While the first proposition is more concerned with a conceptual issue, which is of academic interest, the latter is meant to directly inform practitioner applications of CRM implementations.

**Research Methodology**

To answer the outlined exploratory research questions a qualitative research design was chosen, based on a judgemental consensus methodology. To collect data, in-depth interviews and Delphi studies were conducted. This research procedure is comparable with studies on implementation issues (Corner and Hinton, 2002; Larreche and Montgomery, 1977; Kincade et al., 2001) and its qualitative nature allows for a flexible framework to indicate root-causes as well as the integration of knowledge from “experts” for specific issues (Saunders et al., 2000). This methodology was specifically chosen as it is considered appropriate in innovative cross-case situations, although it has hitherto not received attention in marketing studies (Huberman and
Miles, 1994; Story et al., 2001). Furthermore, the qualitative and exploratory nature of this study will inform further detailed studies on CRM implementation. Quantitative research results, for illustrative purposes, are shown briefly below.

Twenty-three companies, in three countries (Germany, UK, and France), took part in this study. Each of these companies was chosen because it had already finished at least the first stage of a major CRM implementation project in the last 5 years (around three-quarters of all companies finished their CRM implementation not longer than 25 months ago). The companies cover across most major industry sectors and have turnovers of between around EUR 100 million and EUR 80 billion (median approximately EUR 4 billion).

The participating managers, of between three and six per company, were all involved in their organisation’s original CRM project. However, they were chosen to represent different managerial levels (e.g. Chief Information Officer, Chief Marketing Officer, but also customer segment managers and IT analysts) as well as functional departments (e.g. marketing, customer service, IT). For an overview of the research process see Figure 1. An initial phase (phase 1) involved two-hour face-to-face semi-structured interviews with the participating managers, plus, in most cases, one-hour telephone follow-up interviews. An analysis of provided material regarding the CRM implementation study (e.g. strategy papers; CRM business requirement documents; requests for proposals) supplemented these interviews. This initial phase can be seen as in line with the recommended unstructured preparatory step for a classical Delphi study, the so-called “experience survey” (Story et al., 2001, p. 495). The data management of the interview transcripts was informed by a “loose” and inductive approach (Huberman and Miles, 1994), aided by the use of qualitative research software (in this case NUDIST). The second phase focussed on sixteen companies
that had followed a certain implementation methodology (“hard” implementation). Between three and six managers were used for a Delphi-study. Four individual iterative rounds (i.e. three synthesis rounds) proved to be satisfactory to gain agreement between all participating managers (phase 2a). The outcome of this Delphi-study, a normative CRM implementation process model, was then juxtaposed with data regarding the implementation process of the CRM project in the individual companies. For this purpose, between two and six further interviews with key managers were conducted (phase 2b). A synthesised process model was returned to these managers for triangulation to initiate another Delphi-round (two iterations) to assess whether or not this model represents their experiences with the CRM project (phase 2c). The used Delphi methodology can be classified as a Classical Delphi study (Story et al., 2001).

All phases were conducted between Aug. 2002 and Jan. 2003 and the Delphi studies were administered principally via e-mail. Such an e-mail/online survey methodology is consistent with the context of this investigation and provides a quick, reliable and low cost method for delivery (Sheehan and McMillan, 1999; Shough and Yates, 2002; Tse 1998). The initial e-mail was embedded within a cover letter by the respective CEO or superior line manager. This contributed to an initial response rate of 63%. Respondents sent back the Delphi survey by return-email, if need be prompted by up to two reminder e-mails/telephone calls (Schaefer and Dillman, 1998). The “mortality” of respondents during the different Delphi rounds and research phases was below three percent. These high response rates and low mortality rates are in line with reports by some researchers that respondents view online surveys to be more important compared to traditional (mailed) surveys, increasing the likelihood that respondents respond to this survey method (Szymanski and Hise, 2000). It is equally
important to recognise that there are some limitations of email surveys and these may have important consequences in the interpretation of survey findings. Szymanski and Hise (2000) assert that online surveys should not be long; consequently, constructs under investigation must be captured parsimoniously.

**Research Questions**

1. How is a CRM implementation project tackled/where are the implementation foci?
2. Does a CRM implementation follow a “best-practice implementation approach?”

**Research Phases**

**Phase 1**
- 3-6 managers; different functional/hierarchical levels
  - 2h face-to-face interviews
  - 1h follow-up telephone interviews
  - Analysis of CRM implementation documents

**Phase 2a**
- 3-6 managers; different functional/hierarchical levels
  - Delphi-study; 4 iterative rounds

**Phase 2b**
- 2-6 different managers; different functional/hierarchical levels
  - 1h face-to-face interviews
  - 1h follow-up telephone interviews

**Phase 2c**
- 2-6 managers; different functional/hierarchical levels
  - Delphi-study; 2 iterative rounds

**Further Research Phases**
- Not reported in this paper

**Figure 1: Research Process Outline**
Although the participating managers contributed heavily to the research outcome, the researcher supervised, analysed, and synthesised specific decision points in the research process following the research methodology and prescribed outcome syntheses and interpretations. These decision points were the analysis of the dominant CRM implementation paths, and the analysis of the de-facto CRM implementation process (see figure 1).

**Research Results**

*Phase 1. CRM implementation paths:* In phase 1 the research project investigated a range of CRM projects and their implementation paths from a macro-perspective, i.e. used a strategic view. At this level the interviews indicated clearly that two “wide” constructs seem to characterise most CRM implementation projects. These constructs can be described as the development of “analytical CRM capabilities” (“hard” implementation) on the one hand and “customer experience management” (“soft” implementation) on the other. Under the analytical dimension managers usually subsume elements of an integrated customer database with marketing data-marts, a shared data model, marketing analysis and data-mining tools (e.g. propensity models for targeting and triggering activities), centralised CRM and campaign management functions, the integration of all touch-points/channels with feedback-loops to the centralised database, a standardisation of customer interaction and service processes via treatment strategies. The main implementation activities are software adaptation and integration, process redefinition, organisational integration, and analytical campaign management capabilities. It is often claimed that it “*is significantly easier to gear up for CRM if marketing is a centralised activity and owns the customer relationship*” (Hansotia, 2002, p. 123). This is counter to the conceptual core of CRM
as a cross-functional orientation (Ryals, 2000), and constitutes one of the theoretical problems with this implementation construct.

The customer experience dimension encompasses aspects of direct customer interaction management. It is less “headquarter-oriented” and more decentralised. New customer interaction skills and strategies, a deep understanding of customer or customer segment relationship needs, the development of new customer-centric touch-points, and the ability to use the customer information to foster relationships are the focus of this implementation strategy. It is characterised by less detailed planning and loose frameworks (directional strategies) that are filled in on touch-point level. The main implementation activities are skill advancement, process and positioning development definition, exchange of lessons learned in test pilots, and the development of ways of how to capture customer information as part of the interaction routine.

It is noteworthy that the “hard” and “soft” CRM implementation constructs overlap to some extent with the experience described by Schultz (2000). He postulates an “American” CRM version (technology-based, analytics and SFA-driven and consequently focused on new customer acquisition) and juxtaposes it with a “Nordic” (i.e. Scandinavian and Northern European) CRM version (organisational structure-based and focused on retention and loyalty).

Referring these findings back to the initial capability context (Plakoyiannaki and Tzokas, 2002), Table 1 summarises the characteristics of the two implementation paths and illustrates their specific capability foci as derived from the interviews of phase 1. While there was mention of all five of the capability classes for most companies, the importance of certain competences was clearly different by the specific CRM implementation path. Analytical and integration capabilities were the
foci of a “hard” approach. Conversely, there was little emphasis on direction, i.e. a clear “top-down” process of strategic CRM aims being transformed into tactical activities and processes (e.g. campaigns, service levels, treatment strategies). For a “soft” implementation on the other hand, directional capabilities were one of the key implementation elements in order to provide a clear framework for the unstructured and decentralised CRM activities. While analytical capabilities per se only play a secondary role for a “soft” CRM implementation, the cultural elements of a market-orientation and a learning environment play a major part in the implementation activities.

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<th>&quot;Hard&quot; CRM Implementation</th>
<th>&quot;Soft&quot; CRM Implementation</th>
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<td>1. learning/market orientation capabilities</td>
<td>important</td>
<td>very important</td>
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<tr>
<td>2. integration capabilities</td>
<td>very important</td>
<td>important</td>
</tr>
<tr>
<td>3. analytical capabilities</td>
<td>very important</td>
<td>somewhat important</td>
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<tr>
<td>4. operational capabilities</td>
<td>important</td>
<td>important</td>
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<tr>
<td>5. direction capabilities</td>
<td>somewhat important</td>
<td>very important</td>
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Table 1: Relative Implementation Importance of CRM Capabilities for Different CRM Implementation Paths

However, most managers (74 percent) agreed that a payback (i.e. an amortisation of CRM investments) was only possible if a CRM system delivered certain aspects of both dimensions. However, 68 percent of all managers also stated that because of implementation issues of complexity, resource availability, etc., a focus on one of the two dimensions in the first phase(s) of a CRM implementation was necessary. Within the sample of CRM implementation projects, most companies had focused their implementation efforts on “hard” CRM implementation issues. Of the twenty-three companies, 16 (70 percent) were clearly using a “hard” implementation model, while four (17 percent) were clearly “soft”. Three companies could not be clearly classified within these two categories and were therefore labelled a “hybrid” approach towards
CRM implementation. No significant differences by industry sector could be identified. However, this could be due to the low number of cases. The “hard” implementation strategy supports the characteristics that are most often identified in the managerial literature on CRM implementation: data-warehouse-driven, centralised, integrated (Hansotia, 2002; Ling and Yen, 2001; Rigby et al., 2002; Winer, 2001;)

Most managers in the sample were not satisfied with the outcome of the CRM implementation. They classified the results of their CRM projects in the majority as either “dissatisfied” (45 percent) or “very dissatisfied” (7 percent). On the other hand, only 6% were very satisfied, 17% satisfied, and 25% indifferent. A cross-tabulation with the chosen implementation path shows that there is no significant association between implementation success and implementation path (predictive association $\beta=0.19$ for the implementation path as dependent variable). Nevertheless, as indicated by the much smaller number of “totally dissatisfied” managers for “soft” implementations, a tentative proposition can be constructed, stating that “soft” CRM projects have less implementation risk under certain circumstances. Further research with larger samples would be needed to corroborate this proposition.

Phase 2: CRM implementation process: In the phases that followed, the focus was on companies that choose to use a “hard” implementation path. This decision was made as the “hard” implementation path was the norm and there were not enough companies in the sample that used a “soft” implementation. A micro-view on the process level was used, due to the fact that the macro-view of different CRM implementation paths did not explain the general dissatisfaction with these implementation projects. A more detailed analysis of the implementation process
itself is therefore deemed necessary to understand some of the issues that contribute to the high perceived failure rate of the analysed CRM implementations. A focus on implementation processes in contrast to structure and administration is suggested in the literature (Cespedes and Piercy, 1996) that corresponds with the opinions of the managers.

Figure 2: Normative CRM Implementation Process Model for “Hard” Implementation (Outcome of Phase 2a)

To establish a normative process benchmark, the Delphi-study of phase 2a resulted in the process model for a “hard” CRM implementation (see Figure 2). As anticipated, this normative process showed considerable overlap with suggested best-practice CRM implementation processes (Ling and Yen, 2001)

To compare this normative process with a representation of how the CRM implementation had been conducted, a different set of managers developed a descriptive process model of the CRM implementation, as they perceived it had
happened in their companies’. Via a triangulation round this descriptive model reached an abstract level that captured the essence, if not the details, of the implementation process of the sixteen companies that used a “hard” implementation. The descriptive CRM implementation process can be found in Figure 3.

**Figure 3: Descriptive CRM Implementation Process Model (Outcome of Phase 2c)**

What is apparent when one compares the two processes is that the descriptive process model shows characteristics of being truncated at the front, when compared with the prescriptive model. The linear process model of the prescriptive model contrasts with the more chaotic and counterintuitive referentiality of the descriptive model. The following elements can be characterised as having a crucial difference: While the prescriptive model is anchored in a clear strategic framework down to detailed segment plans from which process and activity plans are derived i.e. a clear understanding about what the company wants to achieve through CRM, these phases are not significant in the descriptive model. Most managers acknowledge that
strategic considerations were neglected (82%), that the consensus of what the company wanted to do with their CRM capability was superficial at the start of the implementation process (66%). This is illustrated by identifying that only 20 percent of the companies had prioritised CRM levers and target segments, only 12 percent had segment-based CRM activity plans while only 20 percent had any strategic CRM key performance indicators (KPIs). The consequence of these shortcomings was important in the subsequent process phases. Where the prescriptive model continues with the development of business and technical requirement blueprints which are “conditioned” by the detailed strategic considerations, the descriptive models de facto starts the detailed implementation process by defining the business requirements. However, as the strategic standards set are only “high-level” and therefore rather opaque, the guidance for the development of these blueprints are often influenced or even determined by the characteristics of standard CRM software packages. In effect, this is the business equivalent to the so-called naturalistic fallacy of “This is the way it is, therefore, this is also the way it should be”. One Chief Marketing Officer recalls that his company wrote their CRM business requirement blueprint in retrospect after they had analysed an IT vendor proposal. A possible effect of this might be that 60 percent of the managers believe that their CRM solution is not specific to their company requirements and 73 percent believe it is “over-engineered”. Referring to CRM IT-package descriptions and vendor proposals also obviates many CRM characteristics of a “soft” implementation. Consequently, the implementation is focused very much around software as well as technical integration issues that subsequently may have further implications on organisational structure and skill issues. Due to the limited strategic planning, the rollout phase in the descriptive model shows signs of being controlled only on a tactical level without strategic monitoring.
It was identified that 46 percent of managers stated that there was no evaluation of strategic milestones within the first 6-8 months of rollout. An additional element of the descriptive versus the prescriptive model lies in the absence of implementation-accompanying quick-win programmes that might test CRM content or processes, build skills and create acceptance of CRM within the company.

The truncatedness of the strategy process is something that the implementation literature normally does not anticipate; the strategy is seen as a distinct phase which maybe misunderstood, but usually not neglected (Cespedes and Piercy, 1996) or retrospectively filled-in. However, a recent McKinsey study agrees that “[a] failure to establish clear business goals before launching a CRM effort is the most common and important source of these problems.” (Ebner et al., 2002, p. 51). This is mirrored by other management consultancies, e.g. Bain (Rigby et al., 2002) as well as by analyses of the main factors linked to implementation effectiveness of IT marketing projects (Leverick, et al., 1998).

It is noteworthy that traditional issues related to marketing implementation failure did not feature prominently in the managerial opinions. The “fit” discussion of organisational structure and strategic choice, as well as budgeting and resource issues and control systems which are conventionally discussed in the literature (Bourgeois and Brodwin, 1984; Cespedes and Piercy, 1996), did not inform this analysis in any substantial way.

What becomes apparent from the above analysis is that there are clear signs that the “hard” CRM implementation processes are falling short of the desired prescription. This can be seen as possibly a determining, or at least a contributing, factor to the dissatisfaction with the outcome of CRM projects. The truncated implementation
process might be a direct outflow of a thinking anchored in beliefs such as: “The major focus of CRM is on the technology platform…” (Hansotia, 2002, p. 125).

**Conclusion**

*Summary and managerial implications:* In this study some aspects of the implementation of CRM projects were analysed using an exploratory and qualitative methodology based mainly on the Delphi-method. Informed by two main research questions, the results can be summarised as follows. Most companies in the sample choose to approach CRM implementation projects by focusing on analytical competences, an integrated IT platform and centralised organisational structure, characterised as a “hard” implementation approach. A “soft” approach, based on customer experience management, utilising a decentralised, interaction and learning skills-based approach, was rare, although successful CRM is deemed by managers to consist of elements of both dimensions. These two implementation paths seem to be the main foci of CRM implementation projects. In scrutinising the “hard” CRM implementation approach further, a comparison between a consensual “best-practice approach” and the actual implementation phases showed clearly that the strategy definition phase plus some strategy-connected phases were implemented only to a very limited depth and level of detailing in most analysed CRM projects. CRM IT-processes appear to have played a crucial aspect in framing the business requirement definitions in many “hard” implementation projects, resulting in a lack of overall guidance and monitoring activities. This truncated implementation process can be hypothesised as a contributing factor to the perceived inadequance of many CRM implementations. Referring to Plakoyiannaki and Tzokas (2002) analogy of CRM implementations with an “odyssey” (p.235), one must conclude that most companies
do not seem to have a clear understanding of their “CRM trip” in advance. These findings have certain direct managerial implications. The CRM implementation needs to be “front-loaded” in order to achieve maximal guidance of the following implementation process as well as allowing for a comprehensive monitoring process during and after the implementation. As part of the CRM strategy development, a clear understanding of the implementation focus i.e. “hard” versus “soft”, needs to be agreed upon to allow a streamlined and guided process.

Limitations and contributions of this study: The main contributions of this study are twofold: first, it analyses and categorises the often under-researched area of CRM implementations by highlighting two dominant implementation paths. Second, it juxtaposes management practice in CRM implementations with “best-practice” standards, highlighting the truncated nature of the former in comparison with the latter. In particular, the findings are a qualification of the literature on the strategy formulation-implementation dichotomy (Cespedes, 1991) that sees strategy and implementation as part of one process but in two distinct stages (Cespedes and Piercy, 1996). This research identifies the intricate nature of the interplay between implementation and strategy formulation in real time, e.g. the fact that in “hard” implementation projects the standardised CRM software processes might influence or even determine the business requirement formulation.

However, it is important to highlight the limitations of this study in order to put further research propositions into perspective. The mainly qualitative and exploratory nature of this study brings with it a limited generalisability of the conclusions. The findings should be used as pointers for further research. As the data for case studies of the “soft” implementation model were very limited, no further analyses regarding the implementation process could be gained from them and all subsequent conclusions
are specific to the “hard” CRM implementation model. Furthermore, the findings that CRM is often implemented in a “truncated” way in comparison to normative implementation approaches should not cause managers to overemphasise the impact of rigid planning. As the strategy literature informs us, an informal and learning-based approach (Argyris, 1989) to strategy implementation, using adaptive and directional guidance frameworks only (Beinhocker, 1999) might be a better way than a cartesianistic and rational planning model, (for an overview of the strategy theory/implementation landscape see Mintzberg and Lampel, 1999). Such an “emerging” strategy implementation process nevertheless emphasises strategic considerations as pivotal in the focusing of implementation activities (Eisenhardt, 1999)

*Research propositions:* Because of the exploratory character of this study, many further research propositions can be derived from the discussions above. The most intriguing question was offered by the participating managers themselves. When being given the results of the study, they proposed the following hypotheses that have been synthesised in the following implementation model (see Figure 4).
“Hard” CRM Implementation
- Integrated database/data-mining capabilities
- Centralised CRM/campaign management
- CRM software solutions
- Standardisation of interaction processes

“Soft” CRM Implementation
- Decentralised CRM processes
- Skill building and learning loops for optimised customer
- Loose CRM strategies and smaller-scale CRM software solutions

Figure 4: Hypothetical CRM implementation model

The core elements of this hypothetical CRM implementation model are:

- A CRM implementation needs to focus on one of the two generic implementation paths in order to be successful.
- Which implementation is more likely to be successful depends on the company situation (i.e. existing capabilities and skills, customer expectations)
- The initial focus on one of the two implementation foci is not enough to allow the company to make the CRM project successful, i.e. get into the “pay-back zone”. Although there are examples for companies that use “uni-dimensional CRM” successfully, e.g. Capital One for a hard CRM focus and Nordstrom for a soft focus), companies need CRM follow-up projects that supplement the initially created CRM capabilities with complementary elements.
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