Customer Relationship Management (CRM) Processes from Theory to Practice: The Pre-implementation Plan of CRM System

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Abstract—Customer relationship management (CRM) has the potential for achieving success and growth for organizations in the nowadays environment of extensive competition and rapid technological development. CRM enables organizations to know their customers better and to build sustainable relationships with them. However, CRM is considered as buzzword and it is not understood well. The main components of CRM are people, technology, and processes. This paper provides an extensive review of the literature regarding the CRM processes. This review aims to increase the understanding of the different perspectives and the various types and levels of CRM processes. This paper reveals that there are four major perspectives of CRM processes which are customer facing level processes, customer oriented processes, cross functional CRM processes, and CRM macro-level processes. This paper recommends that for ensuring the successful adoption and implementation of any CRM initiative, organization should understand the different levels of CRM process and the integrated activities among the CRM processes at each level. In addition, for organizations to be successful adopters and implementers of CRM programs/systems, they should understand the need for business process reengineering and effective anticipation and management of the change that may accompany any CRM initiative. This paper suggests a pre-implementation plan for CRM programs/systems. Such a plan aims to initiate and communicate a customer-oriented culture within the organization. This step emphasizes on increasing the understanding of CRM concept and communicating and spreading the knowledge of the promising benefits of CRM programs/systems to all parties in the organization. All that will contribute in increasing the success rate of CRM programs/systems implementation.

Index Terms—Customer Relationship Management (CRM), CRM Processes, Cross-functional Processes, Implementation, Process Model.

I. INTRODUCTION

Knowing your customers better will enable you to serve them better and keep them loyal forever. This is the main theme of Customer Relationship Management (CRM). However, the understanding of the meaning of CRM is still incomplete and growing. CRM can be understood as a business philosophy, a business strategy, a business process, or a technological tool. As a business philosophy Reference [1] stated that "CRM is a relationship orientation, customer retention and superior customer value created through process management". As a business strategy "CRM is a customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each customer" [2]. CRM as a business process was defined as "a macro-level (i.e., highly aggregated) process that subsumes numerous sub-processes, such as prospect identification and customer knowledge creation" [3]. As a technology, "CRM is an enabling technology for organizations to foster closer relationships with their customers" [4].

Among the reasons for the little consensus around the meaning of CRM are; (i) the different academic backgrounds of the researchers and scholars, (ii) CRM is still an emergent perspective and needs more time and studies to reach the consensus, and (iii) the multidisciplinary nature of CRM where it is a combination of management, marketing, and IS disciplines [5]. However, CRM is defined from a balanced perspective by [6] who state that "CRM is the philosophy, policy and coordinating strategy mediated by a set of information technologies, which focuses on creating two way communications with customers so that firms have an intimate knowledge of their needs, wants, and buying patterns". In addition, one of the most recent and holistic definitions of CRM is the definition of [5] who suggest that "CRM is the building of a customer-oriented culture by which a strategy is created for acquiring, enhancing the profitability of, and retaining customers, that is enabled by an IT application; for achieving mutual benefits for both the organization and the customers". Hence, for increasing the understanding of the notion of CRM, there is a need for an extensive and critical investigation for the different components and elements of CRM initiative or program where any CRM initiative or program consists of three elements; people, processes, and technology.

The failure rate of CRM implementation is quite high [7], [8]. For example, in 2001 the failure rate of CRM projects was estimated to be from 55% to 75% [9]. In addition, approximately 70% of CRM projects result in either losses or no bottom-line improvement in company performance [10]. Many researchers indicated for the various roles for the element of CRM processes in the high percentage of failure of CRM projects. Obviously, from the most important factors that contribute in the increasing the success rate of CRM programs are; (i) the effective management of the business process change [11] (ii) the successful alignment between business processes and IT operations [12], and (iii) the understanding of CRM [13], [14]. On the other hand, among the main failure causes or factors of CRM initiatives are (i) the failing to re-engineer business processes [15], (ii) the business process not redefined prior to CRM implementation [16], and (iii) the difficulty in measuring the effectiveness of CRM deployment [17]. Therefore, the focus of this paper is on the CRM processes element.
This paper aims to provide an extensive review of the different perspectives of CRM processes in an organization in order to increase and enhance the understanding of CRM processes that could contribute in increasing the success of CRM initiatives and reduce the failure of CRM programs. In addition, this paper intends to propose an enhancement of the CRM process model by suggesting a pre-implementation plan for CRM programs/systems. The next section of the paper explains the different forms of CRM while the third section discusses the various perspectives of CRM processes. The fourth section shows the CRM process model and the last section provides the conclusion of the paper.

II. CRM TYPES/FORMS

CRM types/forms will cover the extent in which CRM will act at an organization, where CRM is extending for three levels; strategic, operational, and analytical [18-19]. The strategic type of CRM deals with the creation of customer-centric business culture by which a better value over competitors is created through taking decisions of where to better invest the organization's resources. The operational type deals with customers' processes automation including marketing automation, sales-force automation, and service automation. Operational CRM deals with automation and streamlining workflow at the front office which include collecting data, processing transactions, and controlling workflow at the sales, marketing, and services [6], [10], [20]-[22]. The analytical type deals with increasing customer and organization value using the customer data. Analytical CRM builds on operational CRM and analyze customer data to create information about the customer segmentation, customer behavior, and customer value to the organization using statistical analysis tools especially the data mining [6], [10], [21], [22].

In essence, there is another form of CRM, which is collaborative CRM. As collaborative CRM works at the CRM operational level, many researchers counted it as a subset of the operational CRM. Collaborative CRM focuses on customer integration using a set of interaction channels [6], [10], [12], [23], [24] and working intimately with selected customers, suppliers, and business partners [21]. The collaborative technologies include different communication means such as email, phone call, fax, and website pages by which the customer may use at the interaction with an organization [25]. When dealing with the customer data, the involvement of CRM processes is necessary.

The next section discusses on the different perspectives of CRM processes and on how CRM processes interact and integrate within the three levels of CRM types. At the end of the next section, a discussion is provided regarding the most comprehensive perspective of CRM processes.

III. CRM PROCESSES

The process can be defined as the way in which things are done within an organization [18], [26]. Reference [27] have defined CRM processes as "the activities performed by the organization concerning the management of the customer relationship and these activities are grouped according to a longitudinal view of the relationship". References [3] and [28] articulated that the objective of CRM process is to form customers' perceptions of an organization and its products through identifying customers, creating customer knowledge, and building customers relationships. Reference [18] stated that CRM processes are categorized into vertical and horizontal processes, front-office and back-office processes, and primary and secondary processes. He articulated that vertical processes refer to the processes that are placed completely within business functions like customer acquisition process while, horizontal processes refer to the cross-functional processes like product development process. Front-office processes refer to the customer facing processes like complaint management process while, back-office processes refer to the hidden and non-facing processes from customers like the procurement process. The primary processes are the processes that have major cost or revenue implications for organizations like the logistics process in courier organization and claims process in insurance organizations while, the secondary processes are the processes that have minor cost or revenue implication for organizations. Reference [29], on the other hand, have identified three levels of CRM processes; (i) the customer-facing level, (ii) the functional level, and (iii) the companywide level. Moreover, there are different views and perspectives for the CRM processes where the following sections will provide a description of the main themes of these perspectives.

A. Customer-facing level CRM processes

According to Reference [29] CRM process at the customer-facing level can be defined as "a systematic process to manage customer relationship initiation, maintenance, and termination; across all customer contact points to maximize the value of the relationship portfolio". There are three CRM processes at the customer-facing level of CRM including relationship initiation, relationship maintenance, and relationship termination [29]. Reference [27] provided an explanation for each one of these processes as the following: a) the initiation process refers to the activities that take place before or in the early stages of the relationship, such as identifying potential customers; b) the maintenance process includes the activities that portray normal customer relationships, such as cross-selling, up-selling, or retention programs; and c) the termination process includes both the activities used to find and settle on ending a bad relationship for example, ending the relationship with unprofitable, or low value customer, and the termination management activities. This process could happen at any time of the relationship.

The customer-facing level CRM processes includes the building of a single view of the customer across all contact channels and the distribution of customer intelligence to all customer-facing functions [29]. This perspective emphasizes on the importance of coordinating information across time and contact channels to manage the entire customer relationship systematically [29].

B. Customer-oriented CRM processes

Customer process encompasses the customer activities performed to satisfy a need or to solve a problem [30]. Reference [30] indicated for the semi-structured and knowledge intensive nature of the customer-oriented CRM processes. In addition, they have differentiated among three
kinds of customer-oriented CRM processes; (i) CRM delivery processes, (ii) CRM support processes, and (iii) CRM analysis processes. CRM delivery processes are the processes of direct contact with customer and are considered as part of the customer process including campaign management process, sales management process, service management process, and complaint management process. CRM support processes deal with accomplishing supporting purposes through the market research process and loyalty management process, while, CRM analysis processes concentrate on combining and analyzing the collected customer knowledge in other CRM processes, including the processes of customer scoring and lead management, customer profiling and segmentation, and, feedback and knowledge management.

C. Cross-functional CRM processes

Five generic cross-functional CRM processes based on a holistic approach of [31] including (i) the strategy development process, (ii) the value creation process, (iii) the multichannel integration process, (iv) the information management process, and (v) the performance assessment process. Reference [19] illustrated how four of these CRM processes are allocated to the CRM forms; strategic, analytical, and operational those mentioned before, and how they interact with each other, as depicted in figure 1.

Reference [32] suggested four CRM processes including strategic planning, information management, customer value, and performance measurement processes. The categorization of [32] is very close to [31] classification where, there share phases between the two views and some of them are included within one another.

![Figure 1. The interrelated CRM forms and processes](image)

The strategy development process (figure 1) encompasses an interactive set of strategic processes that inaugurate with a detailed review of an organization's strategy where, the focus within this process is on the organization's business strategy and customer strategy [31]. Firstly, the consideration of the organization's business strategy is to detect how it should be developed and evolve over time, then it could instigate with a review of the organization's vision, and the industry and competitive environment [31], [33]. The organization's customer strategy entails the identification of the existing and potential customer base and recognition of the most appropriate form of customer segmentation [31], [33]. In addition, Reference [33] indicated for the necessity of the alignment and integration between an organization's business strategy and customer strategy, as they are developed at different functions of the business. On the other hand, the strategic planning process of [32] involves the presentation of the way for the development, implementation and evaluation of the CRM process in the organization and encompasses the assuring of that the focus of the organization's strategy is on providing superior customer value.

The value creation process, in this process, programs for extracting and delivering value are developed based on the outputs of the strategy development process [31], [33]. The elements of this process are a) the value the customer receives, b) the value the organization receives, and c) maximizing the lifetime value of desired customer segments by the successful management of the this value exchange of the co-creation or coproduction process [31], [33]. The value the customer receives refers to how the customer evaluate the relative importance of the various attributes of products and services of an organization while, the value the organization receives refers to the customer value that result from incorporating the customer in the production of the products and services, and the utilization of enhanced acquisition and retention strategies and effective channel management [31]. Reference [32] used the customer value process as an independent process to indicate for turning the organization's understanding toward producing products and delivering services that deliver value, and for incorporating the customer in the design and production of new products or services.

The multichannel integration process, in this process, value-adding activities are created with customers based on the outputs from the strategy development process and the value creation process [31], [33]. The focus of this process is on deciding a) what channels to be used (e.g. sales force, outlets, telephony, direct marketing, e-commerce, and m-commerce), b) ensuring highly positive interaction through the used channels, and c) creating a single unified
view of the customer at the interaction through more than one channel [31], [33]. This process is neglected from the categorization of [32].

The information management process in which customer data and information is gathered from customer contact points and used to create proper marketing responses [31]-[33]. In addition, it involves initiating customer insight that can be used to boost the quality of the customer experience [33]. Its elements are data repository, IT systems, analytical tools, and front office and back office applications [31]. In addition, Reference [31] stated that: "The information management process provides a means of sharing relevant customer and other information throughout the enterprise and "replicating the mind of the customer." To ensure that technology solutions support CRM, it is important to conduct IT planning from a perspective of providing a seamless customer service rather than planning for functional or product-centered departments and activities. Furthermore, data analysis tools should measure business activities. This kind of analysis provides the basis for the performance assessment process".

The performance assessment process in which the assuring of achieving an organization's strategic aims in terms of CRM to a satisfactory standard is covered and the basis for future improvement is established [31]. Its components are shareholder results and performance monitoring [31]. Reference [32] used the performance measurement process which includes the performance assessment process and the continuous monitoring of CRM activities over time, in addition to capturing customers' feedback regarding CRM practice in the firm and assuring that both the organization and the customer goals are achieved.

D. CRM Macro-level processes

CRM macro-level processes refers to the undertaken activities of an organization to create market intelligence that the organization can leverage to build and sustain a profit-maximizing portfolio of customer relationships through two sub-processes; knowledge management process and interaction management process [34]. The knowledge management process and the interaction management process are highly dependent on the technological and human resources of the organization [34].

Knowledge management process is defined from CRM perspective by [34] as the process that "is concerned with all of the activities directed towards creating and leveraging the market intelligence that firms need to build and maintain a portfolio of customer relationships that maximizes organizational profitability". The knowledge management process can be sub-divided into three processes; data collection, intelligence generation, and intelligence dissemination [35]. Data collection refers to the capture of information related to the market and customers. The intelligence generation refers to the conversion of the captured information into actionable intelligence which needs to be disseminated in the intelligence dissemination process across the organization to all employees who have a direct contact with the customer or working on the marketing activities of the organization.

The interaction management process refers to the utilizing of the market intelligence to strengthen customer relationships and interaction productivity between buyer and seller, where this interaction could be an exchange of products and services for money, information exchange, or social exchange [34]. Reference [34] stated that the interaction management process has three dimensions; interaction consistency, interaction relevancy, and interaction appropriateness. They defined the interaction consistency as "the extent to which an interaction varies from and builds upon the preceding stream of buyer-seller interactions". They defined the interaction relevancy as "the degree to which an interaction creates value within the context of a buyer-seller relationship" and defined the interaction appropriateness as "the extent to which an interaction maximizes both customer value and the long-term return on organizational resource investments".

There are various perspectives of CRM processes, however, the cross-functional CRM processes perspective is the most comprehensive, detailed, and complementary perspective. The other perspectives can be seen as embedded in the cross-functional perspective. For example, the customer facing level processes are included in the multi-channel integration process. The same thing is true regarding the customer-oriented CRM processes perspective where, the three processes within this perspective; CRM delivery, support, and analysis processes can be found respectively embedded in the multi-channel integration process, the value creation process, and the information management process. Another example, if we look at the customer facing level processes, it provides a very initial and general theme about what happen at managing the customer relationships. The customer facing level processes perspective explains that the process of CRM starts with initiating a relationship with the customer, then trying to maintain and enhance the relationship and finally, once the relationship becomes unprofitable, it can be terminated and the organization can get rid of the customer. On the contrary, the Macro-level CRM processes perspective shown a two high level CRM processes at the organizational level. This perspective revolves around creating and capturing customer knowledge and exploiting this knowledge in creating and managing the interaction with customers.

Thus, the cross-functional CRM processes perspective is the most pervasive perspective of CRM as it explain not only list of mere processes but also it explains the nature of each process, the main activities within each process, and how each process interact with one another. It provides a coherent and iterative notion for the CRM processes. Therefore, it could be the best perspective of CRM processes in terms of providing a deep explanation of each CRM process which enable the better understanding of CRM towards the successful adoption and implementation.

After explaining the different perspectives of CRM processes, the following section is dedicated to elaborate the model of CRM process that clarifies all the corporate and marketing requirements of CRM processes.

IV. CRM Process Model

Reference [36] have proposed a CRM process model that emphasized on the corporate and marketing requirements for a successful CRM process. Figure 2 illustrates the model.
This model starts with the development of customer strategy in which the target market is identified. Differentiated strategies are developed to deal with customers segments based on their profitability. Then, the setting of customer objectives is performed that aim for achieving customer satisfaction, customer loyalty, and customer value. After that, assessing the organizational readiness is carried out through turning the organization focus toward customer rather than products, assuring the top management commitment and support, and planning for the implementation of a CRM system. Next, an alignment of the organization behind corporate CRM goals is accomplished that may include change in the organizational fundamental processes or a fundamental transformation in the organizational culture (product-centric to customer-centric). After that, the execution of CRM programs is brought about, in which the focus on carrying out differentiated strategies for each customer segments by specific program. Finally, the measurement of CRM program effectiveness is carried out through the development of a set metrics that are supposed to measure the attainment of customer objectives, to measure the contribution of each individual program to the overall CRM initiative, to measure the contribution of each program in the enhancement of an organization’s data capability, and to measure the potential for improving the future programs.

This model illustrates a simple representation of the requirements for CRM processes toward achieving the objectives of CRM initiatives. However, it can be improved and enhanced in order to provide a better illustration and representation of the requirements of CRM processes.

This model suggests an important step before the implementation of CRM programs/systems, which is the creation of a customer-oriented culture in the organization. This customer-oriented culture will aim to initiate the need and create the awareness of CRM and the importance of the main principles and values of CRM. Another thing that could enhance the model is reflecting the feedback after measuring the program effectiveness step to the development of customer strategy. Based on this feedback it could be a need to change the target market, the customer segmentation, or the differentiation strategies.

The understanding of CRM processes discussed earlier accompany with the guidance of this process model and the suggested enhancements of the process model will provide great help for organizations to increase the success rate of their CRM programs/systems.

V. CONCLUSION

It becomes a matter of fact that the implementation of CRM initiatives and programs have faced with failure over different industries and businesses. In addition, the understanding of CRM and its different aspects like definition, scope, processes, and technology is still limited and shallow. The previous discussion of the fundamental theory of the CRM processes is very important to strengthen the understanding of CRM, before planning for the adoption and implementation of CRM initiative. The understanding of the main components of any CRM initiative is very essential for its success. People, technology, and process are the three main components of CRM. This paper provides an extensive review of the literature for the CRM processes. In essence, there are three CRM types or forms that extend in organizations which are strategic CRM, operational CRM, and analytical CRM. From the critical analysis of the literature there are four main perspectives of CRM processes which are customer facing level processes, customer oriented processes, cross functional CRM processes, and CRM macro-level processes. They are different, integrated, and play complementary roles for achieving the goals of any CRM initiative. The understanding of the CRM processes as one of the main elements of any CRM program is important for understanding the amount of change and for identifying the required integration with other business processes for ensuring the successful CRM implementation.

The understanding of the expected benefits of the CRM program and the enabling of the organization to measure the influence and implication on the organizational performance of the CRM program are other two important dimensions of the benefits of understanding CRM processes. Hence, understanding these processes will help the organization to plan well for the implementation of CRM program/systems.

This paper suggests an important step before the implementation of CRM programs/systems, which is the
creation and communication of customer-oriented culture within the organizational. The purpose of this step is to be as a pre-implementation plan for CRM programs/systems in which, a better understanding of the concept of CRM and the sense and awareness of the CRM program/system are created within the organization. With such a plan, the organization will have a better ability to expect, manage, and control the change that will accompany the implementation of CRM programs/systems. All that will contribute in decreasing the failure with its disastrous loses and in increasing the success with its tremendous benefits of the CRM programs/systems.

REFERENCES


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