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Formulation and Implementation of CRM for Service Firms

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Abstract

The present economic situation has necessitated the acquisition of competent tools and technologies such as CRM by organizations to enable them to monitor and optimize each customer interaction in order to maximize return on investment, to improve customer retention and to gain customer loyalty. The firm under investigation in this paper, Bangladesh Online Limited (BOL) is a hardware and software firm, registered in Bangladesh. It is an SME that is growing and has plans for future expansion. This paper is aimed at solving some challenges experienced by a Bangladeshi service firm. The practical implementation of the paper was approached using the Agile Project management technique for software development projects. This approach involved several iterative tasks which are conceived and executed in a very adaptive way. The theoretical aspect of this paper involved the use of the internet and literature in the field. The authors expect that this paper will be a useful reference on this recent issue (CRM) in business.

Keywords: Customer Relationship Management, Open Source CRM, Automation, Bangladesh, Case Study

1. Introduction

In the present economic situation, organizations cannot rely on instinct or physical process to optimize the value of their customer relationships. Rather, they require competent tools and technologies such as CRM which enables organizations to monitor and optimize each customer interaction in order to maximize their revenue and to improve customer loyalty. Organizations are not just interested in tracking customer interactions, but to optimize their business operations by automating routine tasks and standardizing best practices. CRM enables all

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these features and thereby enables organizations to better acquire, manage, serve and extract value from their customer-base while improving their operational efficiency which is very significant in today's economy.

Successful CRM implementations enable organizations to improve their business processes, efficiency, productivity, profitability and ultimately their return on investment. Traditionally, being in connection with clients would imply creating database with their details. This can be considered time consuming due to process peculiarity or heterogeneity. The customer market is difficult to follow since it is characterized by perpetual change in customer' needs, preferences or competitive efforts, together with a correspondent change in business technologies (Nicuta et al., 2018). In order to facilitate the firms' activities on the market and preserve customer relationship recent technological innovations created management systems based on three activities: collecting & gathering customer information, dissemination of information around the organization and using those information for product & service innovation and improvement.

Customer relationship management (CRM) can be seen as a client-oriented process, policy or strategy that helps companies understand and anticipate the clients' current needs and preferences. Considering the latest change in technological innovations, every firm should work on its strategies to stay in line with the latest CRM innovations. CRM actually represents "the management of company's interaction with current and potential customers." According to Ehrens (2017), CRM refers to practices, strategies and technologies used by companies to manage and analyse customer interactions and data, with the purpose to improve customer service relationships and assisting in customer retention and driving sales growth. In short, CRM represents a system about people that helps a company stay in touch with its existing and potential clients. Seen as a system, CRM is based on a wide diversity of communication channels representing data sources that include websites, telephone, e-mail, live chats, marketing materials and most recently and highly used, the social media (Jha, 2008). This system provides information on customers' personal information, purchase history, buying preferences and concerns.

Complementary to the information on specific contacts, with whom a company interacts, a CRM system contains additional information from previous conversations, documents interchanged between parties, marketing campaigns developed on those contacts and interaction history with certain clients. In fact, there is no limit on behalf of information which CRM can collect, sort and store regarding company clients (Chermenschi, 2014). Based on introductory discussion, the paper aims to investigate the following research question: "*What is customer relationship management and how it can help a service firm at operational and strategical level?*"

2. Materials and Methods

The paper is based on a literature review Additionally, it has investigated the influence of CRM on a firm. The paper aims to investigate the influence of CRM on a service firm to examine the operational and strategic influence. With this view, a service firm in Bangladesh, Bangladesh Online Limited (BOL) has been selected. Practical information has been collected by observation and practical visit by the authors. Bangladesh Online Limited, the firm investigated is a SME registered in Bangladesh with operations all around the country. BOL offers generally software installation and automation diagnostics as well as repair and maintains of hardware. The company also has a partnership with another company named Shark IT Services which is mainly responsible for maintaining major databases around the country. The service offerings by the company are selling, installing and maintaining different software like ERP, ORACLE, Tally, web design and developing, project consultancy, market research, hardware maintenance, system design and maintenance etc.

3. Analysis of Relevant Literature

3.1 CRM

The modern-day economic situation cannot be approached with brute strength because of technology advancement and wide adoption by the masses. Organizations are therefore required to maximize the value of their customer base by adopting enabling technologies that will streamline business processes and leverage every customer interaction in order to maximize revenue opportunities and improve customer loyalty. CRM is not only useful in tracking customer interactions, but it enables organizations optimize business operations by automating daily routine tasks and standardizing best practices. Hence, Organizations are better able to acquire, manage, serve and extract value from their customers as they improve their operational efficiency which is very critical in today's economic situation (Microsoft Dynamics CRM 2009). Basically, CRM functions by collecting leads or customer data, analyzing the data to understand customer requirements and adjusting marketing campaigns based on the information gathered to increase sales revenue (Figure 1).

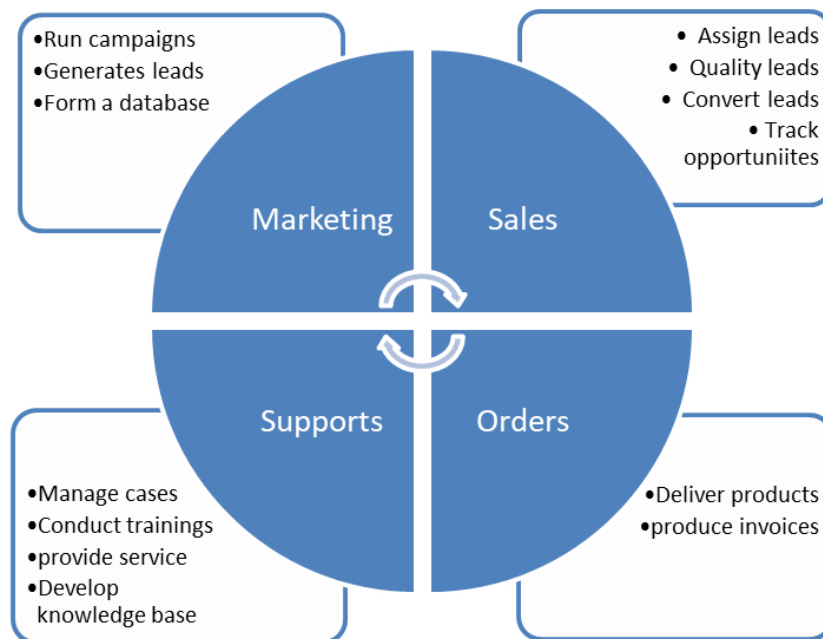


Figure 1. The CRM Workflow

CRM can be defined as a tool, philosophy, strategy, business solution, a technology, an approach, a methodology, which (Microsoft Dynamics, 2009):

- Drives sales productivity and marketing effectiveness through social insights, business intelligence, and campaign management in the cloud, on-premises, or with a hybrid combination.
- Help reduce costs and increase profitability by organizing and automating business processes that nurture customer satisfaction and loyalty in the sales, marketing, and customer service fields.
- Delivers Return on Investment (ROI) through marketing automation, customer service, and sales force automation.
- Offers cutting edge technology which are important for efficient operations and it features powerful tools that help companies create competitive advantage.

- Focuses on pursuing more profitable relationships with customers and any company wishing to succeed must adopt this strategic direction.
- Leverages existing infrastructure and produces lasting gains in revenue and profitability when properly implemented by boosting competitive advantage.
- Enables enterprises manage customer relationship in an organized way. It also enables organizations manage and coordinate customer interactions across multiple channels, departments, lines of business and geographies.
- Helps organizations maximize the value of every customer interaction and drive superior corporate performance

3.2 Strategic CRM

Strategic CRM can be described as a CRM that is focused on building a customer-centric business culture. This culture aims at winning and keeping customers by creating and delivering superior value compared to its competitors. This business culture is reflected in leadership behaviors, the design of formal systems of the company, the myths and stories that are created in the firm. A typical customer-centric organization should model a culture which would allow resources to be allocated where they would best enhance customer value, reward systems to promote employee behaviors that enhance customer satisfaction and retention, customer information to be collected, shared and applied across the business, heroes are expected to be those employees who deliver outstanding value or service to customers.

An organization that is customer-centric puts its customers first; it collects, disseminates and uses customers and competitive information to develop better value propositions for its customers. This type of business constantly adapts to customer requirements and competitive conditions. Customer centric culture competes with other business cultures such as:

- **Product oriented:** Highly innovative and entrepreneurial firms believe that customers choose products with the best quality, performance, design or features. Many new business start-ups are product oriented and in such firms it is common for the customer's voice to be missing when important marketing, selling or service decisions are made. This business culture gives little or no attention to customer research; instead the management makes assumptions about what customers want. The eventual result of this approach is that products are often over specified or over engineered for the market requirements and hence too costly for many customers.
- **Production-oriented:** Production-oriented type of business shares the belief that customers prefer cheap products. Consequently these companies strive to maintain low cost operations and develop low-cost routes to market. This belief system may prove to be effective in developing economies but the majority of customers have varying requirements.
- **Sales-oriented:** Sales-oriented businesses assume that customers would be persuaded to buy if they invest more in advertising, sales, Public relation and sales promotion. It is common practice for production orientation approach to precede sales orientation. These companies that produces low cost products has to promote them heavily to shift inventory (Buttle, 2012).

3.3 CRM in the global perspective

As global markets become increasingly integrated, all firms from the largest multinational to the smallest entrepreneur needs to define a market niche which will enable the firms survive in the highly competitive markets and to flourish by identifying the best ways to meet the needs and requirement of the target customers. A comprehensive framework for achieving excellence in today's economy is a fundamental requirement and this is

where CRM fits into today's economic landscape. In order to create and sustain international competitive advantage, firms must develop strong competency in understanding which customers provide the best long-term opportunities for profitable relationships.

A successful CRM investment enables large and small organizations to achieve efficiency which is deemed impossible in an environment where there are no accurate, timely and sustained feedback mechanism that is necessary to anticipate future needs and requirements of the consumers. Knowing one's customers and knowing what the firm represent as an organization are keys to the success of any modern corporation which is also a key factor for a successful CRM implementation. Global corporations have the opportunity to harness three sources of competitive advantage which can be made possible via implementation of CRM best practices. These are:

- **Global efficiency:** A company can lower its costs and improve its bottom-line performance via location advantage when it expands internationally rather than remaining in its country of origin. CRM becomes relevant in this context as a firm is required to fully understand the customer profile that is most likely to translate into a profitable long-term relationship.
- **Multi-market flexibility:** Large multinational companies are required to respond to changes in diverse markets which are inter-related. Having a good understanding of these diverse markets worldwide will pave way for competitive advantage in the long-term. SMEs are now coming to the knowledge that failure to understand market diversification could make them vulnerable to foreign competition. CRM provides an understanding of the customer; this strength can be utilized in achieving first-mover advantages against the competition.
- **Achieving worldwide learning:** Just as the need to understand customers in diverse markets is essential so is the need for listening to the local customer as well. Having a measurable goal of determining best practices in numerous operating environments is of paramount importance. Many executives in modern day business world can attest that a company with too much centralized control quickly loses its innovative, adaptive and responsive capability to the needs of its local customers. Data collection using CRM as a tool can help companies retain customers in a profitable manner (Raab et al., 2008).

4. Case Study Investigation

After the investigation of CRM process and implementation in the investigated firm, the following results have been found that are listed below:

- **Business process automation:** The business processes of lead capture, lead qualification and contact capture should be carried out electronically, thereby eliminating manual data entry.
- **Increased customer response time:** The integrated features of the CRM system to Google and Microsoft applications should enable easy response to customer requests.
- **A fully functional customer portal:** A configured customer portal using CRM to enable customers lodge their complains or issues should be made available.
- **A central repository for all customer data:** All customer data, sales orders and invoices have to be imported into the CRM system for easy access.
- **Automated business workflow:** In the CRM system, the client can easily convert leads and opportunities to contacts or service accounts.
- **A 360 degree view of the organization:** The CRM system enabled contact synchronization, website link, email synchronization, Google applications plug-in, and mobile access.
- **Mobile access to CRM anywhere and anytime** where there is internet access should be made available.
- **Hands-on administrative training and knowledge sharing** should be incorporated.

5. Conclusion

The technology is moving very fast and business needs to adjust with that pace in order to survive. As one of the most important stakeholders, customers play a major role in surviving and thriving a firm in this competitive business environment. CRM, a technique gifted by science and technology, can help firms a lot in this regard through proper management of customers and reducing unnecessary time and effort that can be utilized for other strategic purposes. Therefore, CRM should be adopted and maintained although it is a little bit expensive initially. But the results of such technique have long reaching effects on any kind of firm particularly for a service oriented organization. The authors strongly suggest adopting and maintaining CRM to achieve competitive advantage by being efficient and effective in customer management and hence increasing satisfaction for this very crucial stakeholder.

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