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CRM Implementation Strategy: Aligning the Organization and the Customer

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Abstract

In the majority of Customer Relationship Management (CRM) Implementations customers have been ignored with CRM either being viewed solely as a technology initiative [1] or with organizations focusing only on internal process improvements [2]. While many authors have argued the individual importance of either a technology focus or the importance of the customer relationship, this paper proposes that the appropriate CRM Strategy will vary depending on how the organization is aligned with their customers.

It is proposed that a modified version of the Strategic Alignment Model originally proposed by Henderson & Venkatraman [3] is appropriate for evaluating organizational CRM Strategic Alignment with their customers. By evaluating alignment along two key CRM dimensions, Technological Centricity and Relational Centricity, four strategic quadrants are created. By identifying the organizations current position on the strategic map quadrants and then mapping the location within the quadrants that their customers wish to be engaging the company the degree of CRM Alignment with the customer is identified. If areas of misalignment are identified, then the organization can follow the appropriate strategy to achieve alignment.

Keywords: Strategic Alignment, CRM Customer Alignment

1. Introduction to CRM

The ancestral history of Customer Relationship management (CRM) extends through several disciplines including Marketing [4], Management [5] and Management Information Systems [6]. It is partially because of this diverse background that defining and classifying the term CRM and related research has been very difficult. Early in the new millennium, several researchers focused on isolated elements of CRM. For example, [7] looked at data mining and technological aspects, [8] focused on relationship strategy, and [9] discussed the use of technology to facilitate relationships.

This time frame also represented a period of phenomenal growth in CRM investment by organizations as a response to a recognised shift from a transactional based economy to a relationship based one [10] and more emphasis was placed on organizational strategies that focused on a more customer-centric approach [8]. The CRM field then experienced a roller coaster ride of investment and acceptance followed by hesitation and uncertainty when early failure rates were cited as high as 70% [11]. Despite the challenges that the successful implementation of a Customer Relationship Management strategy presents, investment in CRM strategy and associated technologies has continued because the potential returns are so promising. According to Gartner [12], despite the global economic environment, CRM software investment alone this next year will be up 14% to over \$7.8 billion and is expected to grow to \$13.3 billion by 2012.

2. CRM Success

One key area that has been identified as critical to CRM success is obtaining the trust and involvement of the customer [13]. In fact Barnes [14] identified it very clearly, “only the customer can define the relationship” and a relationship can only exist if the customer says that there is one. Unfortunately, for the most part, customers have been ignored in the majority of CRM implementations with CRM either being viewed solely as a technology initiative [1] or with organizations focusing only on internal process improvements [2]. While many authors have argued the individual importance of either a technology focus or the importance of the customer relationship, this paper proposes that the appropriate CRM Strategy will vary depending on how the organization is aligned with their customers. Moving to a highly relational and highly technical initiative may be a successful strategy in some instances and a dismal failure in others.

3. Strategic Alignment the Key

The Strategic Alignment Model was originally proposed by Henderson & Venkatraman [3] as a means of evaluating the alignment between the business strategy and the IT strategy of an organization from both internal and external views. It is proposed that a modified version of this Strategic Alignment Model is appropriate for evaluating organizational CRM Strategic Alignment with their customers (Figure 1).

By evaluating alignment along two key CRM dimensions, Technological Centricity and Relational Centricity, four strategic quadrants are created (as seen in Figure 2). The first step an organization needs to take in determining its appropriate CRM Strategy is to identify their current positions on the strategy map.

To evaluate the organization along the Relational Centricity dimension, the use of the 32 item ‘Market Orientation Scale’ [15] is proposed along with segments of Barua et al [16] ‘Measures of e-Business Drivers of Success’ to evaluate the Technological Centricity specific to the customer interactions. This will allow the identification of the quadrants that the organization is capable of offering its services in.

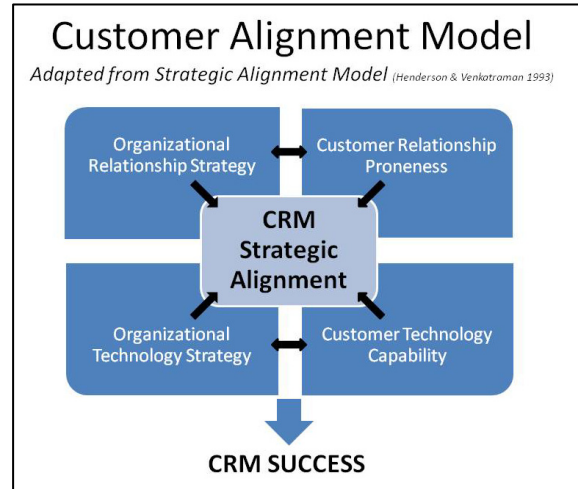


Figure 1: Customer Alignment Model

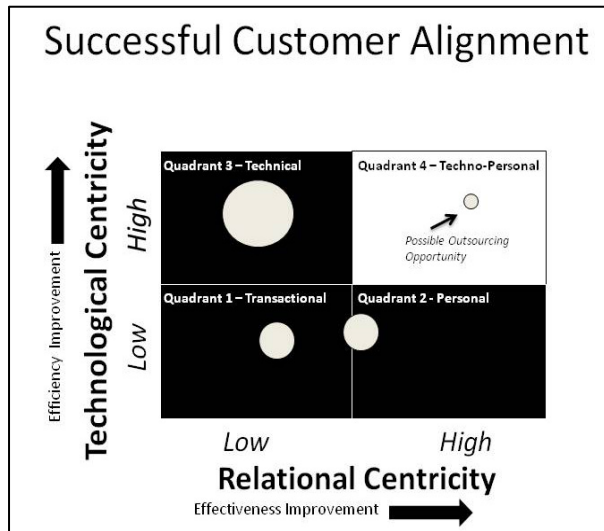


Figure 2: Successful Customer Alignment

The organization then needs to map the location within the quadrants that their customers wish to be engaging the company within. The key customer segments are classified using the ‘Technology Readiness Scale’ [17] to evaluate the customer’s Technological Centricity and the ‘Relationship Proneness Scale’ [18] to determine their desired Relational Centricity quadrant. Each segment is represented on the map by a circle whose size is representative of the customers relative importance, either financially, or strategically. Figure 2 shows an organization that is well aligned with their customers with respect to their Customer Relationship Management Strategy. Although in the Strategic Alignment map shown has a small customer segment that is outside of the operational quadrants of the organization (shaded quadrants), they are such a small customer segment that they may be a viable customer segment for outsourcing.

4. Misalignment

The majority of organizations will not be so fortunate as to be perfectly aligned with all of their key customer segments, and so one of the four misalignment categories identified below will be identified through the mapping process:

- a) **Lack of Technological Centricity:** If customers are higher on the technological centricity scale than the organization, then they have out-invested the organization and will look for an alternative organization whose technological offerings match their technological preferences better.
- b) **Too High a Technological Centricity:** Organizations can also fall into the trap of out-investing their customers. This is less of a concern than misalignment #1 as the organization could simply maintain lower

technology channels while customers are educated by the organization on the higher technology channels or they catch up. The only risk is time and money.

- c) **Lack of Relational Centricity:** In this instance, customers are wanted to get closer, but the organization is pushing them away. Should this situation occur, customers will eventually seek out an organization that is more aligned with them relationally.
- d) **Too High a Relational Centricity:** If customers do not want a relationship – trying to force one upon them will only serve to drive them away in search of a less invasive organization.

5. Conclusions

When embarking on a Customer Relationship Management Strategy, organizations need to remember that the “customer” should be at the forefront of the strategy as well as in the name. In order to maximize the success of the initiative, aligning the organization with your key customer groups begins with knowing where your organization is able to operate and where your customers want you to be. If areas of misalignment are identified, then the organization can follow the appropriate strategy to achieve alignment. As with many strategic initiatives however, becoming aligned with your customers is a journey, not a destination. Their desires will change and your offerings will continue to evolve, necessitating the ongoing evaluation of the strategy with the appropriate adjustments being made.

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