

# HUMAN DIMENSION OF CRM

VILIAM LENDEL – MILAN KUBINA

## Abstract

Customer relationship management is a comprehensive business and marketing strategy that integrates technology, process, and people. The human dimension of CRM is the most difficult component given the sensitivity of users to change. CRM systems, which support and/or automate integrated customer processes, often, imply changes in the way users do their day-to-day jobs. Users who have not properly understood the reasons for the change, who did not participate in formulation of the change, who did not receive sufficient information about the change, or who did not get sufficiently trained on the change will often be adverse to that change. This article deals with human dimension of CRM and peoples, their work in implementation of CRM in company.

**Key words:** CRM, human dimension, people, process, technology, motivation, change, information system.

**Classification JEL:** M12 Personnel Management, M15 IT Management

## 1. Introduction

Successful business leaders, who are close to their customers and employees, know that the best way to deliver outstanding service that sets them apart from competition is by inspiring, motivating and training their people. The effective management and motivation of employees is a key determinant of effective customer management. This in turn affects customer satisfaction, retention and profitability. However, success in this area is hard to achieve and even harder to sustain, especially in companies focused on cutting costs and improving returns to shareholders

Customer relationship management (CRM) is a comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer (figure 1). It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value [10, p. 5].

Communication with customer partners is a necessary process of relationship marketing. It helps in relationship development, fosters trust, and provides the information and knowledge needed to undertake the cooperative and collaborative activities of relationship marketing. Successful organizations use three steps to build customer relationships [3]:

- Determine mutually satisfying goals between organization and customers.
- Establish and maintain customer rapport.
- Produce positive feelings in the organization and the customers.

Customer relationship management is a broad term that covers concepts used by companies to manage their relationships with customers, including the capture, storage and analysis of customer, vendor, partner, and internal process information. Customer relationship management includes:

- CRM processes that help identify and target their best customers, generate quality sales leads, and plan and implement marketing campaigns with clear goals and objectives.
- CRM processes that help form individualized relationships with customers (to improve customer satisfaction) and provide the highest level of customer service to the most profitable customers.

- CRM processes that provide employees with the information they need to know their customers' wants and needs, and build relationships between the company and its customers.

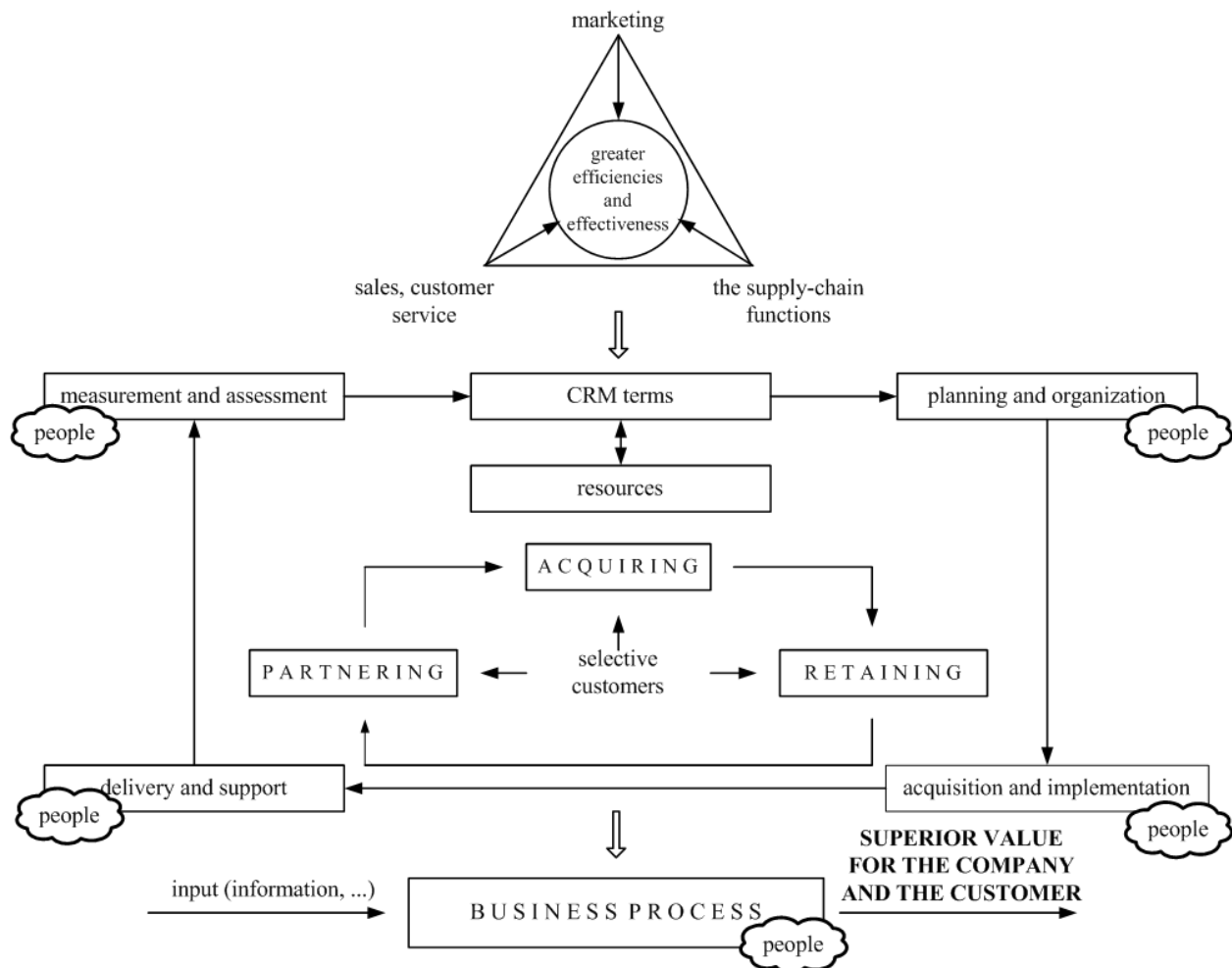
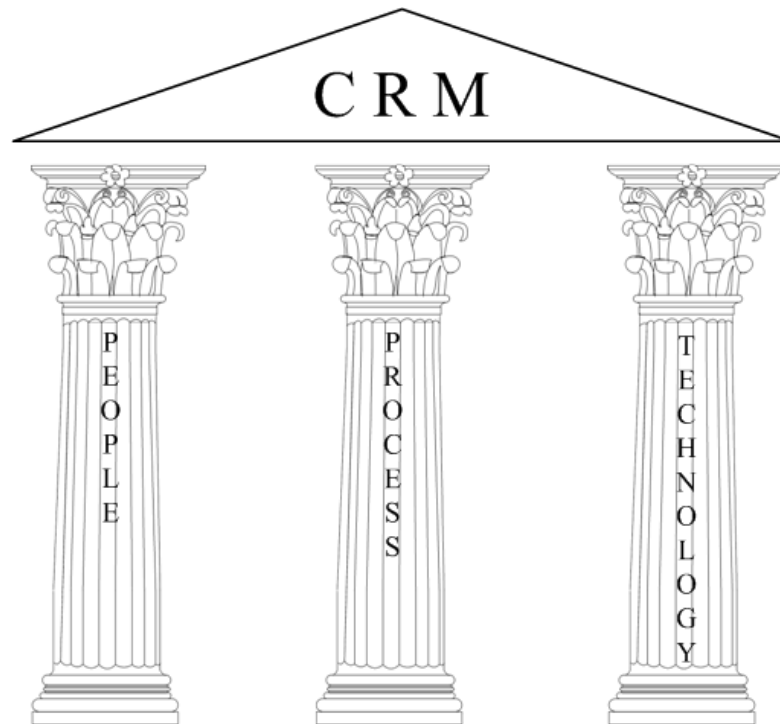


Figure 1: Model of CRM [own source]

## 2. Dimensions of CRM

Customer relationship management is a comprehensive business and marketing strategy that integrates technology, process, and **people**. There are three key dimensions to a successful CRM initiative (figure 2):

1. Human (people),
2. Process.
3. Technology.



*Figure 2: Dimensions of CRM [own source]*

### **Human dimension of CRM**

The people (human) component is the most difficult component given the sensitivity of users to change. CRM systems, which support and/or automate integrated customer processes, often, imply changes in the way users do their day-to-day jobs. Users who have not properly understood the reasons for the change, who did not participate in formulation of the change, who did not receive sufficient information about the change, or who did not get sufficiently trained on the change will often be adverse to that change [7, p. 13].

The most important change is never technical. The changes in what goes on inside of people, the ones who use all that technology (their perceptions, feelings, and ability to adapt and accept external changes that are occurring) is of great importance [1, p. 1]. No matter how special the technical changes are, firms won't get the results they want from CRM without understanding and managing its impact upon the people who live with it and make it work on a daily basis. Such an approach is responsible for most of the CRM failures.

The key to successfully dealing with the people aspects of change is to welcome it and confront it head on. If management ignores the uncomfortable aspects, or runs from them, the project will fail. Management must be willing to prioritize human issues. Only by addressing the people concerns will CRM succeed.

People resist change because they do not see that it is in their self-interest. When they understand how it is in their self-interest they not only embrace change but also cooperate to make it happen. Thus the executive management to convince employees that the CRM induced changes is for their better. Resistance is not bad. It's a natural energy people experience when confronted with change. It is their way of saying [1, p. 1]:

- Not so fast.
- Don't forget about us.
- Help us understand what is going on here.

- Help us understand the why of the change.

There are two ways to frame resistance that make it an ally. First, think of it as *energy*. The worst response to change would be total apathy. Resistance means that what goes on in the workplace matters to them. Second, resistance is *information* that tells management what is working and not working in the change process. This often begins with a mindset change, which can be done by diagramming what management needs to do to make the change happen.

There are guidelines companies can follow to overcome resistance and help people embrace CRM as a business strategy. They include [1, p. 2]:

- Thinking through the impact of changes on people, individually and collectively; Building a case for change by focusing attention on reasons for change, including consequences of not changing and benefits of changing.
- Holding regular communication meetings.
- Managing the stages of confusion by providing lots of information and clarity about what is happening and when and how it will impact people.
- Listening and encouraging people to talk about what's happening.
- Allowing people to make the change.
- Supporting managers who become champions of the change.
- Understanding there are no quick fixes for this cultural and psychological challenge.

As with any other business process people have a huge impact on the success of the CRM process. Successful and effective Customer Relationship Management people tend to display the following key characteristics [3]:

- Positive attitude.
- People orientation.
- Organizational skills.
- Analytical skills.
- Customer focus (natural empathy).
- Understanding of the link between CRM and profitability.

### **Process dimension of CRM**

The process component of CRM is the most delicate because inappropriate automation of the CRM business process will only speed up the errant process. While most companies do have customer-facing business processes in place (i.e., processes that directly interface with the customer during the purchase, payment, and usage of the company's products and services), many times these business processes need to be updated or even replaced. To realize effective process change, a company needs first to examine how well existing customer-facing business processes are working. Then the company needs to redesign or replace broken or non-optimal process with ones that have been created and/or agreed upon internally [7, p. 15].

Companies pursuing a CRM initiative often make the dangerous mistake of trying to correct their own customer-facing process deficiencies not by agreeing internally on how users would like a process to be done, but rather by purchasing CRM software that contains one or more business processes that have been prebuilt by the CRM vendor and then forcing the "not-built-here" process upon system users [7, p. 16]. When reviewing customer-facing business processes, use a structured approach. For example, does each customer-facing business process have clear ownership, goals, and measures? Does each process have proper departmental interfaces that ensure that needed customer information flows across multiple departments? Does each process have documented procedures? Does each process have integrity (i.e., the process gets implemented the same regardless of who implements it and where)? CRM can be regarded as a process, which has [3]:

- Identifiable inputs.
- Identifiable components.
- Identifiable characteristics, which define CRM for organization and customer base.
- Capacity for improvement and evolution over time.

### Technology dimension of CRM

Technological orientation is an important dimension of CRM. CRM attempts to provide a strategic bridge between information technology and marketing strategies aimed at building long-term relationships and PR [6, p. 68]. CRM may be regarded as a set of technological and organisational mechanisms which intend to derive the customer's needs, required product portfolios, and segmenting the market through the acquisition and storage of relevant customer data. The starting advances in IT equip enterprises with the capability to collect, store, analyse and share customer information in ways that greatly enhance their ability to respond to the needs of individual customers, and thus to attract and retain customers [8, p. 19]. Most CRM applications take advantage of technological innovations, with their ability to collect and analyse data on consumer patterns, develop prediction models, respond with timely and effective customised communications, and efficiently deliver personalised value offerings to individual customers. The technology dimension of CRM can broadly be categorised into Information Flow (IF), Information Capture (IC) and Information Usage (IU) [9, p. 41].

### 3. People and implementation of CRM in company

Integrating people, process, and technology is very important. To achieve CRM success, firms must take the time not only to understand the issues impacting people, process, and technology components individually, but also proactively manage the integration of all three components (table 1).

*Table 1: Developing the right mix of people, process, and technology [7, p. 20]*

<b>Key CRM Implementation Activities</b>	<b>Most Relevant Components</b>
Determining business requirements	People, some process
Setting up the project management team	People, some process
Integrating legacy and other needed systems	Technology
Customizing the CRM software	People, process, technology
CRM system pilot	People, technology
CRM system roll-out	People, technology
CRM system support	People, some process
Growing CRM system	People, process, technology

To determine business requirements, a company will want to apply a structured process to ensure that user needs are properly identified and prioritized. Most of the effort for determining business requirements, however, will deal with people issues, namely working with potential users to help them think through their existing and potential business requirements, and to help them manage their expectations concerning how the CRM initiative is likely to impact these requirements. Technology plays a minor role at best in determining business requirements.

Similarly, when a company is ready to set up their CRM project management team, the people component plays a critical role (e.g., agreeing on who is responsible for which CRM implementation activities). Process (how to optimally set up the project management team and

sub teams) is also important. Technology, however, plays a minor role at best in setting up the CRM project management team [7, p. 21].

When performing CRM software customization, all three components play critical roles. Technology is key for developing, modifying, and deleting screens and for navigating between screens. Process is important for driving workflow development (which, in turn, gets built by technology) [7, p. 21]. People are critical for ultimately judging how well the customizations meet their needs as well as for commenting on how the workflow impacts the overall user friendliness of the system.

Organizations should have a strategic goal, but implement CRM step by step, ensuring that at each step the goals and returns can be clearly measured. It is far better to implement CRM initiatives in steps, learning from each implementation before moving on to the next step.

Not all change is technical in implementation of CRM in the company. The most important change is never technical. The changes in what goes on inside of people, the ones who use all that technology, their perceptions, feelings, and ability to adapt and accept external changes that are occurring, is of great importance. The key to successfully dealing with the people aspects of change is to welcome it and confront it head on. If management ignores the uncomfortable aspects, or runs from them, the project will fail. Management must be willing to prioritize human issues.

*Procedure for successful implementation of CRM in an organization has four general phases, which are interlock. These general phases are:*

1. Effective work with information.
2. Change of organizational structure.
3. Change of thinking.
4. Successful preparation of CRM.

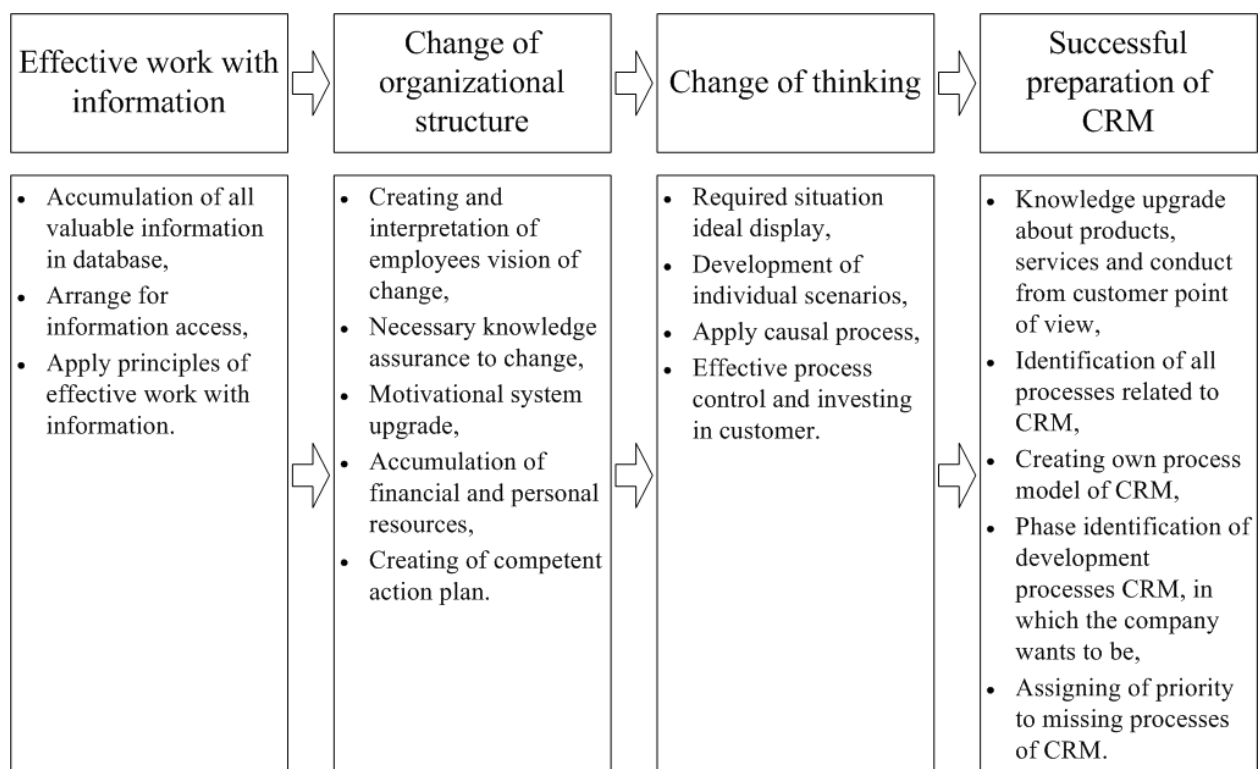


Figure 3: Procedure for successful implementation of CRM in company [own source]

Figure 3 depicts the important components of the procedure and work of people in successful implementation of CRM in company.

#### 4. Conclusion

Implementation and using CRM have to bring advantages to the business. The objective of CRM is to optimize profitability, revenue and customer satisfaction. CRM brings quantifiable advantages and effects that show later. These are main assets founded from using CRM:

- a) Trouble free business processes,
- b) More individual contacts with customers,
- c) More time for customers,
- d) Differences between competitors,
- e) Image support,
- f) Information access in real time,
- g) Certain and quick predictions,
- h) Communication among marketing, sales and services,
- i) Increase of effect teamwork,
- j) Motivation growth employees.

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**Address of authors:**

Ing. Viliam LENDEL  
Department of Management Theories  
Faculty of Management Science and  
Informatics  
University of Žilina  
Univerzitná 8215/1  
010 26 Žilina  
e-mail: [Viliam.Lendel@fri.uniza.sk](mailto:Viliam.Lendel@fri.uniza.sk)

Ing. Milan KUBINA, PhD.  
Department of Management Theories  
Faculty of Management Science and  
Informatics  
University of Žilina  
Univerzitná 8215/1  
010 26 Žilina  
e-mail: [Milan.Kubina@fri.uniza.sk](mailto:Milan.Kubina@fri.uniza.sk)