ASSESSING THE ORGANIZATIONAL READINESS FOR CRM: A STUDY OF INDIAN TELECOM INDUSTRY

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Abstract

Measuring the performance of CRM in the organization is very important to assist the companies to increase the revenue and enhance customer loyalty. CRM technology should be more advanced and sophisticated to meet the requirement for developing customer data base and strengthening relationship with customers. Moreover, CRM-implementation should be consistent with the chosen strategy and business objectives coupled with top management support.

The paper aims to study the performance drivers of CRM in Indian telecom industry and the perceptions of executives of the service providers towards alignment of their business objectives with CRM and readiness of their company for CRM.

KEYWORDS: CRM,   Indian telecom industry ,Telecom Service Providers, Telecom Executives, CRM implementation.

INTRODUCTION

Customer Relationship Management is a potent tool, which helps to track down the changes in customer profiles, build on this information for necessary product design so as to add value to the individual customer, thus achieving the optimum balance between corporate investments and the satisfaction of customer needs to generate the maximum profit. It involves: (a) measuring both inputs across all functions including marketing, sales and service costs and outputs in terms of customer revenue, profit and value; (b) acquiring and continuously updating knowledge about customer needs, motivations and behavior over the lifetime of the relationship; (c) applying customer knowledge to continuously improve performance through a process of learning from successes and failures; (d) integrating the activities of marketing, sales and service to achieve a common goal; (e) the implementation of appropriate systems to support customer knowledge acquisition, sharing and the measurement of CRM effectiveness; (f) constantly flexing the balance between marketing, sales and service inputs against changing customer needs to maximize profit.

REVIEW OF LITERATURE

PERFORMANCE DRIVERS OF CRM

Day (2000) points out that the enterprise has to develop some key marketing competencies for the smooth implementation of CRM. A relationship orientation is the first such thing. Relationship orientation should permeate the mindset, values and norms of the organization. Further, the enterprise needs to continue to increase its knowledge of the customers and ensure that it flows all over the organization. Finally there is a need for alignment and integration of processes.

Harvey and Marshak (2000) state that in order to build effective customer relationships, the company needs to: Identify the right set of customers to do business with, determine effective ways, to initiate new customer interest, strengthen and maintain relationships with valued members of the existing customer base, create customer satisfaction at every organizational customer contact point, including marketing, sales, customer support, and services.

Verhoef and Langerak (2002) present a classification scheme on how CRM can be strategically embedded in organizations . The authors distinguish between strategic and tactical CRM. All

firms should make a cost-benefit analysis before implementing CRM. This can prevent firms from making substantial investments in CRM that in the end do not pay off. Moreover, the CRM-implementation approach should be consistent with the chosen strategy and business objectives. CRM has important implications for the organization structure. Thus, although CRM-implementations should consider the organization structure, the nature of change depends on the CRM-approach. The implementation of strategic CRM-approaches also requires a change organization culture. Implementation of the strategically embedded CRM-approaches is more time consuming than the implementation of the tactical CRM-approach. The long time horizon of CRM implementations can also explain why some managers are dissatisfied about CRM performance. Strategic CRM-implementations do not pay-off immediately. A long term perspective is needed to develop and implement a strategically embedded CRM approach. Tactical CRM-approaches are much easier to implement and produce positive results in a short time. For strategically embedded CRM, top management support is essential. Top management support not only helps to transform the organization structure and culture, but also ensures that CRM-projects that experience unforeseen temporary setbacks continue. Finally, firms often consider CRM-software the key to success in CRM implementation. Although a substantial part of the CRM-budget is allocated to software, managers should not fall in the trap of a myopic focus on software. Especially in customer intimate CRM, software facilitates customer relationship maintenance and development. For operational excellent CRM, software should lead to cost reductions and improve customer interactions. When tactical CRM is applied, CRM-software should primarily result in cost reductions. If a CRM- implementation program can survive the scrutiny of these issues then a CRM-program has a larger probability of success.

Chen and Popovich (2003) state that successful implementation of CRM requires company-wide, cross-functional, customer-focused business process re-engineering. Although a large portion of CRM is technology, viewing CRM as a technology-only solution is likely to fail. Managing a successful CRM implementation requires an integrated and balanced approach to technology, process and people.

Ocke and Mudambi (2003) state that the concept of customer relationship management (CRM) resonates with managers in today's competitive economy. The potential for substantially improved customer relationship management, coupled with the high uncertainty surrounding failed implementation efforts, calls for a critical new look at the determinants of, and influences

upon, a firm's decision to adopt CRM. However, firms face a multitude of organizational challenges associated with this endeavor. To reduce their risk of failure, it is suggested that firms undertake a deep analysis of organizational readiness prior to committing to a CRM initiative. A model to assess readiness has been developed based upon the premise that business value is enhanced through the alignment of complementary factors occurring along three dimensions (intellectual, social, and technology. The literature points to the importance of shared knowledge in achieving this global customer view. However, to foster shared knowledge, business processes and planning functions must be integrated, disparate technologies and software platforms must be integrated, and then, of course, the organizational culture must support knowledge sharing such that stakeholders will rally behind the integration effort.

Khatri and Mishra (2004) suggest that the present day customer has become more instrumental in defining what services, they want to receive, when, where, and how, so the definition of what will prove a successful money generator for companies becomes much broader. Rather than thinking about one specific piece of content or application, emphasis should be given to individualistic solutions. CRM is an approach that is less focused on providing the right services to the customer than attracting customers who are the right fit for the company. Further primary value of CRM is its potential as a customer relation tool. However despite the hype surrounding CRM, a number of reports suggest that more than half of CRM projects are not expected to deliver a miserable return on investment. Hence, the decision maker must identify a clear corporate strategy before investing millions in CRM projects. Care should be taken that CRM software should mould the companies best practices rather than forcing the company to use best practices of CRM vendors. Clarity of thought must exit in terms of understanding one's own business processes before venturing for CRM.

Alt and Puschmann (2004) state that many companies have initiated projects to improve on customer orientation and plan the implementation of customer relationship management (CRM) systems. Among the desired benefits are increased customer satisfaction and retention by providing personalized products and value added services. Although the potentials of CRM are obvious only a few successful CRM implementations are known in practice. The results show that there is no 'unique' CRM project and that successful implementations are rarely technical projects. From the research six critical success factors for CRM projects emerged: stepwise evolution, straightforward implementation and long-term project, organizational redesign,

integrated system architecture of standard components, change management, and top management support.

Davis (2004) suggests that CRM implementation requires utmost care and planning, as it is expensive. It generally requires new database management systems, integration with legacy systems, analysis and decision support systems, campaign management system, new messaging and routing system and sales tracking systems. However, if done right, CRM is an enterprise-wide endeavor.

Chalmeta (2006) in his paper describes a formal methodology for directing the process of developing and implementing a CRM System that considers and integrates various aspects, such as defining a customer strategy, re-engineering customer-oriented business processes, human resources management, the computer system, management of change and continuous improvement

According to him Customer relationship management (CRM) is a customer-focused business strategy that dynamically integrates sales, marketing and customer care service in order to create and add value for the company and its customers. This change towards a customer-focused strategy is leading to a strong demand for CRM solutions by companies. However, in spite of companies' interest in this new management model, many CRM implementations fail. One of the main reasons for this lack of success is that the existing methodologies being used to approach a CRM project are not adequate, since they do not satisfactorily integrate and complement the strategic and technological aspects of CRM.

Renart and Cabre (2008) suggest that in order to continuously adapt and improve their CRM strategy, the companies should implement a continuous improvement process at four different but complementary levels: first, review and reinforce the company's mission, culture and values; second, reconsider and, if necessary, redesign the CRM strategy; third, manage the various relationship-building activities more effectively; and lastly, review and, if necessary, improve the quality of material and human resources, program execution and process governance. A systematic review of these four levels or "paths" of improvement should help generate and maintain high quality relationships over time.

Almotairi (2009) proposes a conceptual framework that aims to contribute to implement CRM successfully based on common sense, previous studies, and experience. The framework

integrates three major constructs; CRM implementation phases, CRM major components, and CRM success factors. The framework starts by a pre-implementation phase where the organization has to gain the support of top management for implementing CRM before involving in the actual implementation process. Based on gaining sufficient commitment by top management, the process could proceed to assessing the readiness of the organization in terms of its human, technological, and organizational (process) capabilities to implement CRM. Therefore, the CRM strategy should be developed focusing on the success factors and should be aligned, and communicated to staff. The final step of the framework focuses on measuring the impact of CRM implementation financially and on marketing performance to ensure realising the objectives of CRM strategy.

Peelena *et al.* (2009) in their study show that CRM success is achieved by focusing sequentially on four CRM components: Vision, Strategy, Customer Experience and the Organizational Collaboration, this results in a structured approach to the successful implementation of CRM. Vision and Strategy have a positive impact on CRM Information and CRM Processes. These in turn favor the Customer Experience and the Organizational Collaboration positively. Strategies should answer questions such as: What information of individual customers and prospects is needed to be in a position to build the mutually beneficial relations with the customers we aim for? How should we redesign the processes to enhance the value creation for both our customers and our organization? Further, the change in organizational behavior is driven by the way processes are defined and by the information that is available on customers and the way to interact with them. They enable and direct interactions and influence the experience that will be offered to customers. They influence the environment employees operate in. Organizational change programs that start before the necessary fundamentals are realized will lose on impact on CRM results. Finally, it shows that the ultimate proof is in the Collaborative Organization and the Customer Experience. The way people across functions work together to initiate, build and retain mutually beneficially relations with the right customers determines the scores on the CRM Metrics.

Becker *et al*. (2010) in their article discuss performance drivers of CRM projects and is particularly relevant for managers seeking to optimize their companies CRM efforts. Despite the billions of dollars that have been spent on the implementation of customer relationship management (CRM) systems, many of the adopting companies are unhappy with the results.

This can be due to two reasons: first, either the CRM projects are poorly implemented and thus do not perform accordingly, or, second, companies expect too much from CRM systems. This research examines how technological and organizational implementations as well as internal support affect the objectives of CRM with regard to initiating, maintaining, and retaining customer relationships. The results indicate that internal support is an important factor for the performance of CRM implementation. Further, the finding that neither technological nor organizational forms of implementation are able to fulfill all CRM process-related objectives gives companies an indication of what to expect from CRM projects: whereas companies whose customer portfolio management strategy focuses on initiating customer relationships may well be advised to allocate their CRM investments to technological and (especially) organizational implementations, those investments

Kubi and Doku (2010) propose that a successful CRM requires a combination of managerial commitment, cultural change and a combination of resource and technology to achieve the needed result. As firms embrace CRM as a competitive capability to meet customers need, the concepts should not be branded as marketing or managerial fad but rather a capability that holds the key to competitive advantage as research have evidenced the ability of the concept to help organizations to achieve market leadership in any industry. CRM only becomes a failure when it is conceptualized as technological tool and software solution only. It should rather be viewed as a strategic wherewithal and deployed holistically across the broad spectrum of an organization to assure its success.

Urban Šebjan et al. (2014) iterate that CRM is about acquiring, analyzing and sharing knowledge about and with customers for the quick and timely service to the customer. CRM solutions provides an integrated view of customer interactions and effective analysis of this data helps in improving the relationship of firms with the customers. The critical factors that are important for the effective use of CRM solutions include role of top management, structures and employees.

Sunny and Abolaj (2016) recapitulate that Electronic CRM (e-CRM) which is the electronically delivered or managed subset of CRM is based on the consolidation of traditional CRM with the e-business applications and covers the broad range of information technologies used to support a company's CRM strategy. Indeed, e-CRM benefits the organisations in terms of increased

customer satisfaction, online sales, websites patronage, loyalty and retention of customers. In order to stay competitive, electronic CRM and its usage has become the opium of competitive business as the traditional methods of customer attraction, customer retention and management can no longer subsist for the 21st century customer if the business intends to remain a going concern. The six E's of E-CRM relevant to its core functioning include: Electronic channels, Enterprise, Empowerment, Economics, Evaluation and External Information.

Rafiki et.al (2019) in their study found that top management support, customer data and customer information processing are positively related to organizational performance, while other variables of customer orientation, training orientation and integration of CRM have no significant influence on organizational performance citation.

Kampani and Jhamb (2020) emphasize that CRM provides competitive benefits to companies in today's world. The online customer relationship software's keep records of customer purchase history and purchase pattern, suggesting companies with new ideas in serving customer better. However, major dimensions on which online transactions depends are trust, quality of information, design of website, variations in products, ability of transactions, response, security, system of payments, delivery, reliability, ease of use and customer service for maintaining online customer satisfaction and online customer loyalty. Companies should aim to apply strategically e-CRM applications to increase sales. Such practices would lead to increase in building customer relations in a more convenient and faster way.

RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY
- To study the performance drivers of CRM in Indian telecom industry
- To study the perceptions of executives of the telecom service providers towards alignment of business objectives with CRM.
- To study the perceptions of executives of the telecom service providers towards readiness of their company for CRM

SAMPLING PROCEDURE AND THE SAMPLE
The study is carried out through the non-random convenience sampling method. A sample of five telecom companies has been taken.

RESULTS

BUSINESS OBJECTIVES

To analyse whether Business Objectives are in alignment with CRM, nine items have been studied. A five point likert scale (Strongly Disagree= 1 and Strongly Agree =5) has been used.

Table 1 presents the mean scores, standard deviation and F-values of the opinion of the executives on the Objectives of CRM investment of their company. Further to analyse whether the opinion of the executives varies across the organizations, ANOVA has been applied. As apparent from the table, majority of the executives have expressed their agreement or strong agreement towards most of the objectives of CRM (mean score of various objectives is between 4.00 to 5.00). Further F-values indicate that the objective 'to improve direct marketing campaign and management capabilities' has significant difference at 5 percent level of significance. All the executives have expressed their agreement towards this objective (Mean Value=4.0). Also the opinion of the executives on the objective 'To improve our understanding of customer wants and desires and to improve our forecasting capabilities' has significant difference at 1 percent level of significance. Further the objectives 'To enhance customer total experience and customer retention', 'To maintain existing business' and 'To improve position and market place and gain competitive edge' have been rated very high by majority of the executives of various telecom companies showing that telecom executives have similar opinion.

READINESS FOR CRM

Ten items have been studied to evaluate Readiness of the telecom service providers for CRM. A five-point likert scale (Strongly Disagree= 1 and Strongly Agree =5) has been used.

Table 2 shows the mean scores, standard deviation and F-values of the opinion of the executives towards Readiness of their company for CRM. The variation in the opinion of the executives has been appraised using ANOVA.

F- values from the table point out that for the statement 'There is strong customer focus within the company that permeates in every department', opinion of the executives differs at 5 percent level of significance . Further for the statement that , 'Our organization has the right personnel to provide technical support for the utilization of IT in building customer relationships', the opinion of the executives have has significance at 1 percent level of significance.

However, the mean scores for the remaining statements indicate that executives' opinion about rest of the endeavors about Readiness of their company for CRM, don't differ significantly in their opinion. Most of the executives of service providers have shown their agreement or strong agreement towards most of the statements on readiness of their company for CRM.

Table 1: Opinion of Executives about Business Objectives of their company in light of CRM

BUSINESS OBJECTIVES	Airtel		BSNL		Vodafone Idea		MTNL		Reliance Jio		F-value	p-value
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
To improve business intelligence and marketing decision making	4.4	0.55	4.5	0.71	4	0.00	4.33	0.56	4	0.00	1.363	0.261
To enhance customer total experience and customer retention	4.6	0.55	4.5	0.71	4.2	0.45	4.66	0.58	4.2	0.45	0.405	0.891
To win new customers	4	0.00	5	0.00	4.6	0.55	4.33	0.58	4.21	0.45	1.515	0.204
To maintain existing business	5	0.00	5	0.00	4.6	0.55	5	0.00	4.4	0.55	1.063	0.413
To engender greater loyalty from customers	4.6	0.55	4.5	0.71	4.6	0.55	4.66	0.58	4.6	0.55	0.3	0.948
To improve position and market place and gain competitive edge	4.6	0.55	5	0.00	4.8	0.45	4.66	0.58	4.2	0.45	1.489	0.213
To improve direct marketing and campaign and management capabilities	4	0.00	4	0.00	4	0.00	4.66	0.58	4	0.00	2.755	0.027*
To reduce operative cost	5	0.00	5	0.00	4.8	0.45	4.66	0.58	5	0.00	1.102	0.390
To improve understanding of customer wants and desires and improve forecasting capabilities	4	0.00	4	0.00	4.8	0.45	4.66	0.58	4	0.00	6.839	0.000**

* Significant at 5 percent level of significance
** Significant at 1 percent level of significance

Table 2: Executives' opinion about Readiness of their company for CRM

Readiness for CRM	Airtel		BSNL		Vodafone Idea		MTNL		Reliance Jio		F-value	p-value
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD		
CRM initiative is referenced in corporate strategic Plans	4.6	0.55	4	0.00	4.2	0.45	4	0.00	4	0.00	2.047	0.085
Customer Focus permeates in every department	5	0.00	4.5	0.71	4.8	0.45	4	1.00	4	0.00	2.484	0.042*
Senior management believes it is important to do the right things than to do things right	4.6	0.55	4.5	0.71	4	1.00	4.33	0.58	4.4	0.55	0.82	0.579
Organization has the sales and marketing expertise and resources to succeed in	4.4	0.55	4	0.00	4.8	0.45	4.66	0.58	4.4	0.55	0.564	0.778
Organization has the right personnel to provide technical support for CRM	3	0.00	5	0.00	4.4	0.55	4	0.00	4	0.00	10.653	0.000**
Organization has the right software to serve the customers	4	0.00	4	0.00	4	0.00	4.33	0.58	4	0.00	1.763	0.136
Organization has the right hardware to serve the customers	4.6	0.55	4.5	0.71	4.4	0.89	4.33	1.15	4.8	0.45	0.401	0.893
Employee training programs are designed to develop skills for acquiring and deepening customer relationship	3.6	0.55	4.5	0.71	4.2	0.45	4.33	0.58	4.2	0.45	1.369	0.258
Adequate budget is available to implement CRM initiative	4	0.00	4.5	0.71	4.6	0.55	4	0.00	4.4	0.55	1.238	0.317
Staffing has been established to keep the system operational.	4.6	0.55	4.5	0.71	4.2	0.45	4	0.00	4.2	0.45	1.001	0.452

* Significant at 5 percent level of significance
** Significant at 1 percent level of significance

DISCUSSION

The results of opinion survey of telecom executives on alignment of business objectives with CRM and readiness of their company for CRM further emphasize the importance of CRM in enhancing organizational effectiveness by reducing sales cycles and selling costs, identifying markets and channels for expansion, and improving customer value, satisfaction, profitability and retention.

In this highly competitive scenario, churn is the widely recognized problem today being faced by most mobile telecommunications providers. The basic prerequisite of a good churn model is a focused and customized CRM system backed by a powerful database management system. The system should be evolved through, a continuous learning process and must be constantly updated so as to measure and analyse the churn properly. Moreover the customer centric strategy is an essential part of the business strategy and CRM system plays an important role to achieve business objectives. Many parts of the company are benefited from the implementation of the CRM system and the company needs to implement a CRM solution with full functions to support all relevant departments. However, the CRM system is not simply software which just only needs to be installed and used. It is a combination of many factors such as information, processes, technologies and people in an excellent way and customer-oriented direction.

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