Innovative use of information from CRM systems to create strategic actions of companies on the market: A catalogue of good and bad business practices

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Abstract: This article analyzes the problem of making functional objectives of the innovative CRM system. The CRM systems are commonly implemented in enterprises by modern organizations expansively developing on the market. Each of them, however, tends to apply the developed strategy in an individual way that frequently surprises the market and its customers. They are derivatives of functional strategies implemented by companies, the cohesion level of which is frequently different. Due to the specific nature of these IT projects that integrate knowledge about the company's business processes and its surroundings, the strategic thinking is exceptionally essential. This is proved by the holistic approach to the development of CRM's functionality, considering the necessity to modify and implement it in the future. The author analyzed some selected erroneous practices that may occur at the stage of planning and implementing CRM in the organization, identifying such errors as: users wrongly fill out records in CRM (fictional INPUT data), wrong segmentation of customers by CRM (fictional OUTPUT data), generation of reports inconsistent with CRM (no option to transform data into information and knowledge for the organization), problem with current coordination of the scope of works concerning modifications of previous functionalities of CRM.

Key words: Customer Relationship Management, CRM, IT

1. Introduction

The more and more common practice in the expansive operation of companies on the market is the use of the IT support systems that considerably optimize contact with a group of previous and prospect customers. These systems are very frequently individualized and tailored to needs of a specific company. On the one hand, their architecture is based on some standard solutions, but on the other hand, if there are sufficient financial capabilities, these systems are tailored to specific needs of a given company. As part of their adaptation to the needs of the current (operational) management of the company there may be optimized multi-dimensional processes of contacting a target group, automatic segmentation of the customers and filing of the hitherto history of the

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broadly defined customer's service. There are systems, however, which not only allow their users to take current and operating actions oriented to broadly defined contact with a selected customer, but they may also be very useful in the strategic management of the company.

CRM (Customer Relationship Management), which is a term commonly used in practice and in theory obviously, constitutes, within a wider context, a philosophy of conduct which may be conducted through the effectively implemented database system that effectively circulates information within the organization and relationships with its external stakeholders. According to Marek Drzazga, the CRM system means general managerial actions aimed at directing the entire chain of establishing values in the company to the customer (2012, p. 160). Moreover, Agnieszka Szpitter (2008, p. 493) also draws attention to the dichotomous semantic nature of the CRM system and emphasizes that on the one hand it is an example of the conscious management of the customers and their service in order to develop a loyal group of permanent customers that is established through the fulfilment of expectations and adjustment of business processes of the organization to the declared and identified demand.[1] On the other hand, CRM is a specific computer system primarily used to store data and analyze the customers.

Due to practical considerations about the efficiency of use of the concept and philosophy of CRM to develop the managerial knowledge in the company, the author is forced to concentrate on processes that associate with the development of this specific IT tool and its further application in the strategic management. Therefore, this article delineates the problem of the innovative system solution based on the complex database architecture that smoothly segments the customers in order to further perform the customer contact strategy. Obviously, its form must correspond to a wider category comprising the company's general marketing strategy. Therefore, the main aim of this article is to identify a catalogue of selected problematic situations at various stages of the implementation of the CRM system in the business organization.

According to the author, who is also a co-author of subsequent adaptations through the evolution of the discussed CRM system in a selected company, the aim of this study is to discuss the identified errors and good practices at the stage of planning and developing the dedicated CRM system. Due to the fact that each project, including the IT one, is specific and highly innovative, it is necessary to stipulate that the identified catalogue of erroneous and required actions at the CRM planning stage is not exhaustive.

2. CRM concept in theory and in practice: Cohesive and system model of business processes

By defining an information system, it can be noticed that this system constitutes, on a cybernetic basis, 'a spatially distinguished and timely ordered group of information, information providers, information receivers, information channels and technical means of information conveyance and processing used to operate a business entity' (Nowicki, 1999, p. 17; Szplit, 2008, p. 497). Considering the complexity and multi-sidedness of interactions that

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[1] The broad explanation of ideas and various approaches to the definition of the CRM systems as well as historical outline of their evolution is interestingly described by Pałgan (2011, pp. 90–97).

occur in an enterprise and its surroundings, we can imagine how difficult it is to develop an effective IT tool that completely meets expectations of its users and beneficiaries. Certainly, not everyone is able to cope with such challenge as it is not enough to have a great potential of creativity to develop a concept of the CRM system, but there is also a need to think holistically, on the other hand however—anticipatorily. Holistically—as the system must integrate numerous functionalities; anticipatorily—as at the designing level it is necessary to consider 'the open door' for any further system modifications which are frequently difficult to be anticipated at the designing level. Therefore, there is a question whether a satisfactory level of satisfaction may be achieved at the first level of the CRM system implementation.

On the basis of the implementation and post-implementation practice and experience the explicit response to this question is: According to Monika Piasecka, who refers to the definition formulated by M. Zachara, CRM is a permanent and constantly evaluating process which requires to abandon the traditional business model concentrated on the organization. As part of this evolution there is developed a system that meets the customers' expectations and supports the business entity's processes (Piasecka, 2008, p. 86). In this place, the evolutionary context of this system is very significant. Theoreticians could state that 'IT tools do not follow the continuously changing needs of their users.' On the other hand, practitioners could make a quick riposte: 'due to continuous changes made within the organization and its surroundings, the data-based systems and their analytical functionalities must continuously evaluate to follow changes to be mapped by these systems.' Further, there may be made a quite contrary thesis that the static, not evaluating, system will not be useful for a long period in most business systems as its characteristics (functionalities) will depreciate over time (non-material usage). We must be aware of the fact that the acceptance of the necessary evolution of the CRM system is associated with its cost-consumption not only at the designing and implementation level, but also at further levels of its modification and adaptation to any current and future needs. The factors that form the CRM implementation costs are broadly discussed by Paweł Zając (2007, pp. 60–62), who mentions some examples and, what is important, directs determinants necessary to incur costs of implementation of such system: employment size/ number of workplaces, number of the company's branches, number of CRM's modules, range of the system's function that determines the change in the working organization, installation size and range of the system configuration, integration of the CRM system with back-office, as well as costs of enlarging the knowledge base and data warehouse.

The contemporary accounting does not diversify loyal customers and newly-attracted customers. According to Marcin Chłodnicki and Kazimierz Rogoziński (2006, p. 45), the cost of attracting a new customer is considerably higher than the process of stimulating the consumption perception of the previous loyal customers. This forms the basis for the decision on the implementation of this type of solutions in companies. It is noteworthy that the reference books describing various conditions of implementing the CRM systems very frequently mention their functionality in the context of developing the loyalty and continuous relationships with the customers. Therefore, the statement that 'a leading trend in developing relationships with the customers is loyalty and then, in the background, such goals as acquiring new markets or managing the previous brand' seems to be very reasonable (Schüller and Fuchs, 2005, p. 24). However, it is worth remembering that in practice

the effective CRM system must play various different functions. According to the opinion of Dorota Buchnowska (2006, p. 142), the support for relationships with the customers through the use of analytical functions of CRM should aim at: expanding relationships with the customers, prolonging relationships with the key customers, deepening relationships with the customers.

Therefore, according to Anna Maryniak (2011, pp. 374–375), the superior idea of the CRM system will be the consolidation of all information media and channels available in the organization through the relevant management of the functionality of its following types: operating CRM, analytical CRM, contact CRM (or cooperative, interactive). Moreover, the author states that the properly developed CRM should help to maintain the customers, apply loyalty programmes and acquire new customers.

3. Good and bad practices at the level of planning the CRM system: Behavioural approach

The CRM-class systems constitute a technological form of realization and improvement of the marketing information systems (Bytniewski, 2002, p. 141). This is the way how we should understand the idea of creating, implementing and using this tool by individual groups of employees in the company's organizational structure. However, at the stage of planning the architecture of this system it is necessary to take into consideration the fact that it is essential to divide the functionality of the developed system which in the future will allow various employees to take other actions on the basis of the cohesive and multi-dimensional IT tool. According to Iwona Chomiak-Orsa (2012, pp. 45–47), the already marketed ready-made modules (bones) of the CRM system are the most frequently: the integrated application which effectively manages all traditional distribution channels (such as a network of salesmen or points of retail sales), but also their modern forms such as call centres or online shops. The author also claims that such systems can also play many various functions, among others: organization of the customer database, contact management, management of the customer's account, management of campaigns[2] or customer service through online channels. However, not always such stiff schemes of the systems meet individualized expectations of the company. In such case, it is necessary to adjust the purchased, modified modules of such system or to create its architecture dedicated to specific business demands. A very interesting list of errors in planning, developing and implementing CRM in the company was described by Sylwester Nowalski and Dominik Zacharewicz (2010, pp. 50–52), who mentioned as follows:

– lack of strong alliances—a problem concerning lack of involvement of all project stakeholders; according to the authors, the cooperation amongst the front office, back office and management is crucial, here; a problem concerning the motivation to actively co--participate in creating the structure and functionality of the CRM system and the thresh-

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[2] According to J. Dyché, the process of managing marketing campaigns comprises the following elements: 1) concept, 2) plan, 3) list of receivers, 4) determination of means, 5) implementation, 6) analysis of results (Dyché, 2002, pp. 41–44).

old level of the employees' involvement in planning stages of the implementation of this type of systems are also analyzed by Bartosz Deszczyński (2011, pp. 86–91);

– lack of specific objectives—defined and developed in accordance with the rule occurring in the designing management expressed by the SMART acronym: specific, measurable, achievable, realistic, timely; a crucial goal necessary to analyze at the CRM architecture planning stage is an option to implement segmentation algorithms into the system;[3]

– lack of a complete cost analysis—including, except for a standard direct cost account, costs of loss opportunities pertaining to the necessity to delegate employees and their involvement in co-creating the system, as well as any further CRM-related costs;

– lack of the surrounding analysis and sufficient definition of all data sources[4] aggregated in the CRM system;

– wrong selection of a software provider—a provider should not only support at the programming level, but in particular it should be a strategic advisor who translates needs of individual groups of employees and their business processes into the programming code.

The catalogue of the postulated actions or modes of their taking at the stage of making objectives for the development of the CRM system is open. Almost each project, each analyst, each new experience create new fields for discussion over the efficiency of proceedings in such situations. Therefore, in this context it is exceptionally true that the implementation experience supported by the ability to draw conclusions and to permanently improve the planning processes and the individualized and non-standard service provided to the ordering party may form the basis for achieving a success in designing and implementing the CRM system in the organization. The catalogue of the most common errors made at various stages of the adaptation of the CRM system by organizations and their brief description are presented in Table 1.

Table 1. Catalogue of selected problematic situations at various stages of the implementation of the CRM system in the business organization

Item	Problem	Description of critical process
1.	Users wrongly fill out records in CRM (*fictional INPUT data*)	• This phenomenon occurs when at the planning stage no boundary criteria that allow any future users to enter data into CRM will be taken into consideration; • **Practical example:** *Commercial representatives enter fictional contracts into CRM, and thus they are provided with unjustified commissions; commercial representatives conclude insurance contracts with fictional customers (e.g. deceased), as a result of which an insurance company pays its agents very high commissions, etc.*

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[3] The market segmentation process consists in dividing any current or prospective customers within a given market into specific groups called segments in order to determine homogeneous groups of the customers who have the same or similar demands satisfied by a company by means of a specific marketing composition (McDonald, 2003, p. 34).

[4] The database is a group of the organized data on each customer recorded on a data carrier that is updated on a current basis (Kowalska, 2002, pp. 115–116).

Item	Problem	Description of critical process
2.	Wrong segmentation of customers by CRM (*fictional OUTPUT data*)	• This phenomenon may occur not only as a result of a wrong segmentation algorithm, but also as a result of overlapping conditions of some segmentation algorithms, frequently as a result of the modification of marketing principles in time and the omission in CRM the fact that new segmentation algorithms require a thorough assessment of any previous algorithms in order to change or even remove them; • **Practical example:** *An improper target group is invited to the event: at the meeting, instead of customers interested in a prospective offer, there appear a group of 'rebels' who should be classified in the system as a group of difficult customers or those who may be excluded by marketing actions at subsequent levels.*
3.	Generation of reports inconsistent with CRM (*no option to transform data into information and knowledge for the organization*)	• This phenomenon may occur when the architecture of a data basis was not sufficiently analyzed at the initial stage and there is a need to modify it as a result of which data having some features of the customer may be recorded in various places of the system; • **Practical example:** *Analysts generate for the Management Board some inconsistent summaries of commercial representatives' work results, doubled calculations of contacts made with previous customers of the company.*
4.	Problem with current coordination of the scope of works concerning modifications of previous functionalities of CRM	• This phenomenon may occur when responsibilities and competences of persons who co-establish objectives of the system construction were not sufficiently diversified; • This phenomenon considerably escalates consequences that affect the organization when the CRM system is developed without sufficient technical documentation, for example to reduce costs; • **Practical example:** *The main manager acting as a star—an example of a blackmailer. The Management Board appoints one person to create and develop CRM. This person's absence (due to various fortuitous events) becomes a problem for a current work on the system. Moreover, the fact that only one person has knowledge about objectives and construction of the system may result in some sabotage actions against the employer.*
5.	Sweeping CRM errors under the rug	• This phenomenon results from a conformist 'intellectual laziness'; very dangerous for the organization that may be expressed in the following way: 'a small fundamental error determines large errors at subsequent stages'; • **Practical example:** *Each employer would like to hire dedicated and loyal employees. However, the larger the company becomes, the more probable it is that errors are made. In the process of making the CRM tool used to increase the effectiveness of the current work of other persons it is necessary to think like those employees for a moment. If the planner does not predict any possible errors of the system, sooner or later some consequences will result from this fact. The 'intellectual laziness' that results from tiredness, routine, acceptance of imperfection or the employee's burnout syndrome may escalate problems that may become very difficult to be solved.*

S o u r c e: Author's own elaboration.

The aforesaid catalogue of negative consequences of any previous errors made at the stage of planning functional assumptions of CRM is a subjective list. However, it seems that due to significance of the discussed problems it unquestionably refers to a strategic view of business processes in the business entity. Each development of such system also requires to consider what is a fundamental goal of this action. This system is not developed because of trends or for itself. Finally, the total cost of its implementation should be lower than effects and added value as CRM makes for the organization. According to Janusz Blichta, the implementation of CRM should improve the company's profitability in at least three aspects: 1) increase in using the current customer base; 2) growth of the current customers base; 3) customer-service cost reduction (Blichta, 2002; Dembińska-Cyran, Hołub-Iwan, Perenc, 2004, p. 180). However, Joanna Hołub-Iwan adds that such objectives may be considered explicitly—as the strategic implementation of CRM is to: strive for the effective management of the future through minimizing the risk of the conducted business; develop the permanent competitive advantage; achieve monopolistic positions at the selected customers; make the required structure of the customers and their proper management; generate higher profits from the business. Therefore, besides satisfaction from conducting such complex designing work, we cannot forget about strategic goals for which it must be implemented in the company.

4. Conclusions

The CRM systems are commonly implemented in enterprises by modern organizations expansively developing on the market. Each of them, however, tends to apply the developed strategy in an individual way that frequently surprises the market and their customers. By the time the struggle for the customer begins, this strategy is frequently under secret. Hence, it is not surprising that functionalities of database systems must differ in various organizations. They are a derivative of functional strategies implemented by companies, the cohesion level of which is frequently different. Therefore, it is difficult to talk about standard CRM solutions, even with respect to companies of the same sector or industry. Thus, the process of developing a new CRM system is always a great challenge. It will be more effective if people responsible for its performance are more effectively experienced. Since the routine and conventional actions can level at the stage of the CRM operation any sophisticated differences adopted at the stage of developing the company's marketing strategy. If this happened, it would mean that the CRM system would become an obstacle, not support for the performance of a wider strategy of the market penetration. In order to avoid such situation it is worth continuously expanding the catalogue of good and bad implementation practices. Since in the future this reflexion may become crucial for results of the performance of the subsequent process of the development of functional objectives of the new CRM system.

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Innowacyjne wykorzystanie informacji z systemów CRM do kreowania działań strategicznych przedsiębiorstw na rynku – katalog dobrych i złych praktyk biznesowych

Abstrakt: W artykule podjęta została problematyka tworzenia założeń funkcjonalnych innowacyjnego systemu CRM. Wdrażanie systemów CRM w przedsiębiorstwach staje się powszechną praktyką współczesnych, ekspansywnie rozwijających się na rynku organizacji. Każda z nich zamierza jednak w sposób indywidualny, często zaskakujący rynek i klientów, stosować opracowaną strategię. Do momentu podjęcia walki o klienta strategia ta często bywa owiana tajemnicą. Nic więc dziwnego, że funkcjonalności systemów bazodanowych muszą różnić się w różnych organizacjach. Z uwagi na specyfikę tego typu projektów informatycznych, integrujących wiedzę o procesach biznesowych organizacji i jej otoczeniu, niezwykle ważne jest myślenie strategiczne. Jego wyrazem jest holistyczne podejście do budowania funkcjonalności CRM, uwzględniające konieczność jego modyfikacji i rozwoju w przyszłości. Autor poddał analizie wybrane błędne praktyki, jakie mogą mieć miejsce na etapie planowania i wdrażania w organizacji systemu CRM, identyfikując takie błędy jak: błędne wypełnianie rekordów w systemie CRM przez jego użytkowników, błędne segmentowanie klientów przez system CRM, generowanie sprzecznych raportów z systemu CRM, problem z bieżącym koordynowaniem zakresu prac dotyczących modyfikacji dotychczasowych funkcjonalności systemu CRM.

Słowa kluczowe: zarządzanie relacjami z klientami, CRM, technologie informatyczne