The Implementation of Relationship Marketing and CRM: How to Become a Customer-Focused Organization

Feng Bai
Business School
Nankai University
Tianjin, China

Yafeng Qin
School of Economics and Finance
Massey University
Auckland, New Zealand

Abstract

Implementing Customer Relationship Management (CRM) system is a complex and difficult task, involving the whole organization changes. In order to achieve sustainable competitive advantage against competitors, more and more companies begin to implement CRM. However, many of them do not achieve expected performance or fail eventually. The purpose of this study is to explore what Critical Success Factors (CSFs) affect the success of CRM implementation and how to integrate these CSFs to support the implementation effectively. Another discussion is that for different companies, those critical success factors may play different role during the process of implementation. Therefore, for individual companies, those CSFs should be considered differently.

Keywords: CRM, Relationship Marketing, Critical Success Factors

1. Introduction

The marketing environment has changed significantly in the past decade, such as globalization, increasingly fierce competition, technology development, and so forth. Today's customers have more expectation in shopping experience and wish to interact with suppliers closely. They have more choices and their demands often change quickly. The old marketing approach, one to mass marketing, is not suitable to the changing environment. The one to one marketing approach is the trend for companies to achieve sustainable competitive advantage against competitors. For many industries and companies, their most profits come from a small number of loyal and profitable customers. The Pareto rule suggests that 80% of profits are generated by 20% of customers. Therefore, how to understand customers and keep the profitable customers is the key task for companies. Relationship marketing and customer relationship management systems (CRMs) will help companies achieve those objectives. Currently, more and more companies implement CRM system, however, many of them don't achieve the expected performance or even failed. One of the main reasons is that those companies just regard CRM project as technological project or marketing project rather than consider it to be a whole organization change and long-term strategy. Actually, when implementing the CRM system, companies should consider many critical success factors with a holistic view, such as organizational structure, corporate culture, reward system, training system, and so forth. This study is to explore what critical success factors affect the success of CRM implementation and how companies integrate these CSFs to facilitate the implementation.

2. The Concept of CRM System

CRM systems are tools that help companies become a customer-focused organisation and establish long-term and profitable relationship with customers. CRM is a relative new conception in the marketing area, however, in the past several years, authors and marketers always refer to this concept and pay more and more attention to the implementation of CRM. Although they have different understanding of this concept, they all believed that the implementation of CRM systems will be unavoidable and will bring them significant benefits in the future. What is the CRM really?

Morrel, S. and Philonenko, L (2001) stated that *"CRM is not a technology or even a group of technologies. It is a continually evolving process that requires a shift in attitude away from the traditional business model of focusing internally. CRM is an approach a company takes toward its customers supported by thoughtful investment in people, technology and business processes."* Kotler et al (2002) also pointed out that *"CRM systems may include data warehouses that store all a company's information, customer service systems, call centers, e-commerce, Web marketing, operations systems (that handle order entry, invoicing, payments, point of sale, inventory systems, etc.) and sales systems (mobile sales communications, appointment making, routing, etc.)."*According to Galbreath (1998), *"CRM integrates marketing, sales and service functions through business process automation, technology solutions and information resources to maximize each customer contact. CRM facilitates relationships among enterprises, their customers, business suppliers and employees."* We can understand this concept better through marketing perspective and information technology perspective.

2.1 From marketing perspective, firms adopting CRM systems must be customer-centric. During the transition from mass marketing to one-to-one marketing, firm should change their marketing philosophy. Kotler et al (2002) stated different philosophies: *production orientation, product orientation, selling orientation, marketing orientation, and societal orientation.* Now most firms practise product orientation. This type of firms believes that the profits come from the high quality of products. If only they produce high quality product, customers will buy. However, this is not the point. Today's customers have different preference and more choices. Therefore, in the future, firms who wish to achieve the best performance should be those that adopt new marketing philosophy: societal marketing, that means companies should make marketing decisions by considering consumers' wants, company's requirements, consumers' long-run interests and society's long-run interests.

Kutner and Cripps (1997) said that CRM is founded on four tenets:

    1. Customers should be managed as important assets.
    2. Customers' profitability varies; not all customers are equally desirable.
    3. Customers vary in their needs. Preferences, buying behavior and price sensitivity
    4. By understanding customer drivers and customer profitability, companies can tailor their offerings to maximize the overall value of their customer portfolio.

2.2 From Information Systems perspective, Curley (1999) divided CRM systems into four components:
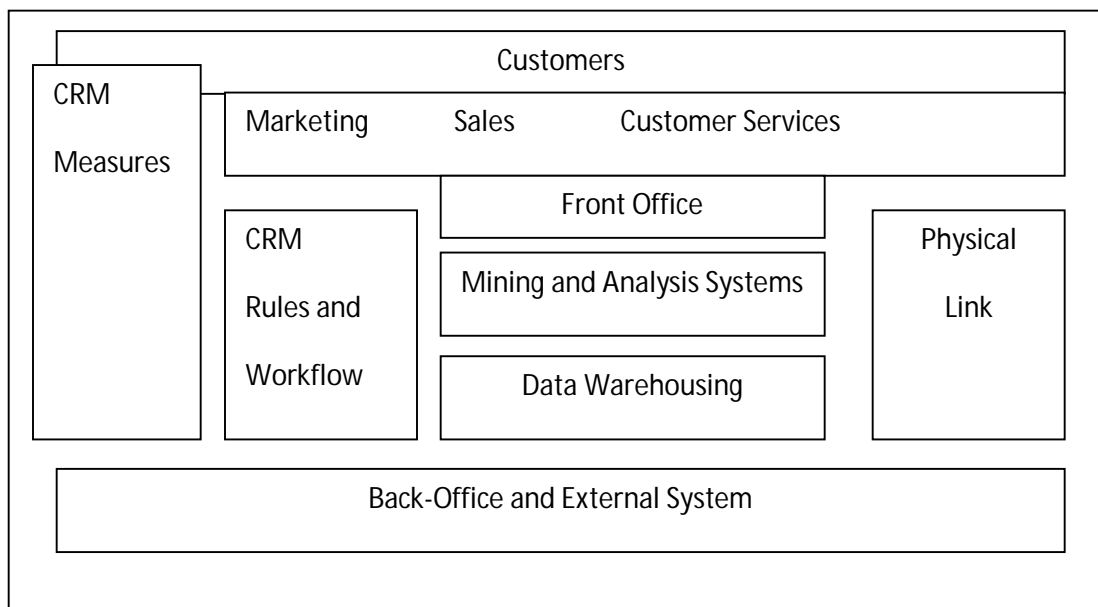
    1. A data warehouse with customer, contract, transaction and channel data.
    2. Analysis tools to examine the database and identify customer behavior patterns.
    3. Campaigning management tools to allow the marketing department to define communication and facilitate automatic generation of these communications.
    4. Interface with the operational environment to maintain the marketing database and communication channels to deliver the messages.

Kotler et al (2002) also pointed out that *"CRM systems may include data warehouses that store all a company's information, customer service systems, call centers, e-commerce, Web marketing, operations systems (that handle order entry, invoicing, payments, point of sale, inventory systems, etc.) and sales systems (mobile sales communications, appointment making, routing, etc.)."*

Information technology is indeed dispensable to the implementation of CRM since it provides approaches and tools to collect and analyze the customers' information; there are no successful implementations without excellent CRM software. However, that does not mean that the technology is enough and can solve all problems during the process of implementation. Actually it involves the whole organization change, such as strategy, structure, culture, work process, reward system, human resource management system, and so on. CRM systems are capital investments that integrate strategy, marketing, IT and all other parts of organization.

3. CRM Architecture

Stan Maklan (1999) pointed out that *"technologies, process and new skills can be integrated under an overall architecture that enables the company to move from 'make and sell' to an approach characterized by 'listen and serve'."* CRM architecture is displayed as followed:

Table 3.1 CRM Architecture

Customers			
CRM Measures	Marketing Sales Customer Services		
	CRM Rules and Workflow	Front Office	**Physical Link**
		Mining and Analysis Systems	
		Data Warehousing	
Back-Office and External System			

Source: Stan Maklan CSC Computer Science Corporation, 1999

Stan Maklan (1999) said CRM architecture can be divided five key areas:

- **The integrated Front Office** enables customer-facing departments, such as marketing, sales and customer service, to draw complete picture of individual customer needs through the use of technologies. The technologies include call centers, sales force automation and the Internet.
- **A business intelligence system** helps companies understand customer based on customer's interactions as well as external data. This system can be divided into two elements further: Warehousing Systems and Mining and Analysis technologies. The warehousing technologies gather and prepare useful information of customers. While mining and analysis tools allow companies to segment customers according to customer's behavior, motivation, cost and profitability.
- **Workflow and business rules** transfer business intelligence to the integrated front-office. On the basis of learning, front office employees are given powerful customer insights at the point of customer contact. Those rules help employees of front-office satisfy customers according to their needs.
- **Physical link to the Back Office system** enables intelligent front office to reach the latest information on the back office. Then front office can offer products and service to customers better. A real-time interactive conversation between front and back office is considered best practice in CRM.
- **Appropriate performance measurement systems** enable companies to see the value that they provide for customers and the value that customers create for them.

4. CRM Implementation

Holland and Light (1999) introduced CSF model into the implementation of ERP (Enterprise Resource Planning). Now many authors and managers believe that this model can guide the implementation of CRM. We can know the main factors that affect the success of CRM implementation through the ERP implementation.

4.1 The Definition of ERP

Holland and Light (1999) pointed out that *"ERP system automates core corporate activities, such as manufacturing, human resource, finance, and supply chain management, by incorporating best practices to facilitate rapid decision-making, cost reductions, and greater managerial control."* ERP are systems that manage the organization's needs, and make it possible for them to face all of the organizational activities and tasks. A successful ERP implementation can bring enormous benefits for companies. However, an unsuccessful implementation will be a disaster for companies. In order to manage the implementation process effectively, a critical success factors framework was developed.

4.2 The Critical Success Factor (CSF)

The following is the CSF model:

Table 4.1: CSF Model

Strategic	Tactical
Legacy systems	Client consultation
Business vision	Personnel
ERP strategy	BPC and software configuration
Top management support	Client acceptance
Project schedule and plans	Monitoring and feedback
	Communication
	Trouble shooting

Source: Holland and Light (1999). A Critical Success Factors Model for ERP implementation

Esteves and Pastor (2000) also created a CSFs unified model based on a set of studies by other several authors:

Table 4.2: the Unified CSFs Model

	Strategic	Tactical
Organizational	-Sustained management support -Effective organizational change management -Adequate project team composition -Good project scope management -Comprehensive business re-engineering -Adequate project sponsor role -Adequate project manager role -Trust between partners -User involvement and participation	-Dedicated staff and consultants -Appropriate usage of consultants -Empowered decision makers -Adequate training program -Strong communication inwards and outwards -Formalized project plan/schedule -Reduce trouble shooting
Technological	-Avoid customization -Adequate ERP implementation strategy -Adequate ERP version	-Adequate infrastructure and interfaces -Adequate legacy systems knowledge

The Unified Critical Success Factors Model (Source: Esteves and Pastor, 2000)

Although the strategic and tactical factors are all important to the successful project implementation, they have different impact on the project in different period. Strategic actors are more important at the beginning of the implementation while tactical factors are more important toward the end.

4.3 ERP vs. CRM

Stone (2000) stated that a company can be divided into front office and back-office: Customer-facing tasks, such as advertising, sales and marketing, customer services, are performed by the front office. Company-facing tasks, such as supply chain, operations, human resource and outsourcing, are performed by back office. ERP systems focus on internal processes and resource management and integrate back office functions together. Conversely, CRM systems focus on front office integration, such as marketing, selling, and customer service. The implementation of those two systems must consider the whole organization change to support the implementation instead of only technology implementation. There exist many similarities in these two systems' implementation. Many firms implement ERP systems to integrate internal processes and manage them and believe that the Critical Success Factors (CSF) model will support the implement effectively. At present, many industries successfully implement ERP systems with CSF model to manage the implementation process. It is helpful for companies to implement CRM system on the basis of ERP system implementation.

4.4 The CSF in the Implementation of CRM

The implementing CRM can learn much from earlier corporate change initiatives such as ERP and TQM (Total Quality Management). Keith Thompson (2000) believed that *"CRM can be regarded as just another change programme and the literature suggests that it requires the same level of company support and alignment as its antecedents namely"*:

- Strong senior management sponsorship
- Middle management alignment
- Alignment of rewards and measures to the desired new behaviours.
- Integration of business systems towards a common goal.
- Programme management to maintain energy, progress and overcome barriers.
- New information systems to support new business processes.
- Mass involvement and education of employees and suppliers.

However, CRM system is very different from ERP system that has dealt mainly with "back office" and internal processes. It involves front office issues and is externally driven. Whilst the success factors listed above are still necessary, they are not sufficient. Keith Thompson (2000) also stated that front office change offers additional challenges:

- The key stakeholder in the change programme, the customer, is not under the company's direct control.
- Competitive offers (the result of their own CRM programmes) are also visible to the customer.
- It is difficult to pilot and carefully roll out new systems and processes. Often these immediately enter the public domain and subject areto intense scrutiny from launch.
- A back office system that is delayed or fails to perform initially has a financial cost but does not automatically lead to lost business. A front office system that fails may drive away some of your best customers, many of whom will never return.

4.5 Align the whole organization to support CRM implementation

During the implementation of CRM, top managers should avoid two wrong opinions carefully. The first one is that the information technology is panacea and treats all the problems encountered by the enterprises. The second one is that the CRM system is the tasks of marketing department only. Marketing cannot finish this task without other departments' cooperation. It is no doubt that those two opinions will cause the failure of the implementation. The implementation of CRM systems involves the whole organization change. Therefore, top managers should manage this change across the whole organization, including structure, strategy, corporate culture, reward system, human resource, work process, etc. The neglect of any part will cause the failure.

Beckhard and Harris's Model (Standard Model) can help companies manage the implementation of CRM system. Standard Model is a well-known model to manage the process of organizational change. This model brings forward three basic questions:

- Where are we now? (What is our current state?)
- Where do we want to be? (What is our desired future state?)
- How are we going to get there? (How do we manage the transition?)

The first step is to understand the current organization's situation, including current marketing approach, the information technology we using now; customers' needs and wants; organization's resources, capabilities and competencies etc. Then top managers establish objectives after transformation, including what the organization should be in the future; what the marketing approach should be; how to communicate with profitable customers; how much benefit should get from the change, etc. There exists a gap between the current situation and future objectives. In order to reach those goals, top managers should integrate and coordinate the whole organization to support the transformations. The main and most difficult task is to manage those changes. Many factors influence the implementation of CRM systems. But some are more important than others.

4.5.1 Information Technology

Marketing environment has changed significantly and today's consumers can no longer be treated as a homogenous collection, but rather as individuals who have unique behavior, such as buying patterns, channel usage, etc. Information technology has been used to manage individual communication channels for a long time, including call centers, website, email. The technology helps company build relationship with customer in three aspects: Firstly, the customer databases help company remember one special customer, including his/her buying habits, preference and buying decision process. Secondly, customers can interact with company through technology, telling their new demands and feeling of existing products. Thirdly, after communication with customers, company can customize customers' needs, making special offer for different customers. The effective technology components are key factors to implement CRMs.

The maturation of technology, including hardware and software makes it possible to analyze enormous amount of data at surprising speeds. Gilmore and Firing (2004) also pointed out that at present, more and more companies need software solutions to see and adjust their marketing process from the whole organization's view.

Those software solutions need to help companies to optimize the value of the customer relationship across channels and product lines. In addition, the technology needs to facilitate the interaction between companies and customers. Now there exist many CRM application vendors in CRM market. These vendors provide software solutions in three major components: *marketing automation, sales force automation, and customer support and field service.* Those solutions were used to integrate front office applications that involve customer touch points.

There are many CRM software options in the market. Therefore, companies should consider their technology investments carefully. On the one hand, it spends lots of money on hardware and software solutions; on the other hand, different companies have different situation, such as current technology, employees' skills and capabilities, etc. It is difficult for companies to install new technology. Many firms fail. Leverick, Littler, Bruce and Wilson (1998) cited a series of studies concerning the success or failure of IT installations: *In one cited survey of 400 British and Irish companies only 11% of respondents said that their installation had been successful. In another between 30 and 40% of IT projects realized no appreciable benefits at all.* Thompson et al (2000) also cited a study found that *"Three-quarters of IT projects were either uncompleted or not used when they were competed. Integrating new technology into existing systems was cited as the main difficulty."* There are several criteria deciding how to select appropriate technology: Firstly, internally, the technology must give a clear view of marketing process to employees, thus making them to use technology to provide better service to customers. Secondly, the technology must facilitate companies to gather information of customers from all channels and transfer the marketing message to customer effectively and quickly. In the communication process, the interactive contact is very important. Thirdly, the new installed technology should be compatible to the old one. In short, CRM technology must be a two-way dialogue. Both marketers and customers should see the value.

Now the trend of CRM implementation is to integrate all customer touch points together. Therefore, the most effective solution is to integrate several CRM technologies and make these technologies cooperate with each other. For example, Gilmore and Firing (2004) suggested that *"The integration of best-of-breed technologies will often be the best path. A company may choose to use Vignette for personalization, Personify for automated rules generation and Siebel for call center and back office integration."* However, the use of technology on its own is not sufficient and firms must combine IT with a philosophy that calls for the re-organisation of the entire firm around its customers. Littlewood (1999) stated that "*further barriers to IT systems adoption include lack of clear strategy, budgetary constraints, lengthy implementation times, management priority, resistance to change and lack of user knowledge and training*." This shift will not be easily achieved. Organizations that have achieved a balance of new technology and firm change, such as culture, structure, process, reward system and so forth, have created strong, enduring and profitable customer relationships with a stable customer base.

4.5.2 Process Organization

Traditional organizations cannot implement relationship marketing and CRM effectively since those organizations focus on products or market share instead of customers. Companies need a new organization style to facilitate the implementation of CRM. The process-oriented company not only preserves its functional excellence in marketing, sales, R&D and manufacturing, but also focus on the process that deliver more value to the customer. A business process is a set of linked activities, such as research, manufacturing, deliver, after sale service, marketing and so forth, which create value. Now today's customers have become more powerful and more demanding. Neither function can create added value to satisfy customers alone. Therefore, process organizations tend to coordinate cross-functional behaviors while remaining dependent on functional quality. Since process organizations operate in a cross-functional manner, they are better equipped to satisfy customer's needs than functional and matrix organizations. Therefore, process organizations are more likely to retain customers. Process management enables organizations to serve their customers better, cheaper, faster and closer. For example, when customer's preference changes, the most important thing is to produce new products at the least time to market. It is difficult for traditional organizations to reduce time to market since each department has to complete its own task before the next one can begin. Process organization can solve this problem appropriately. The time to market of functional organization and process organization are listed follows:
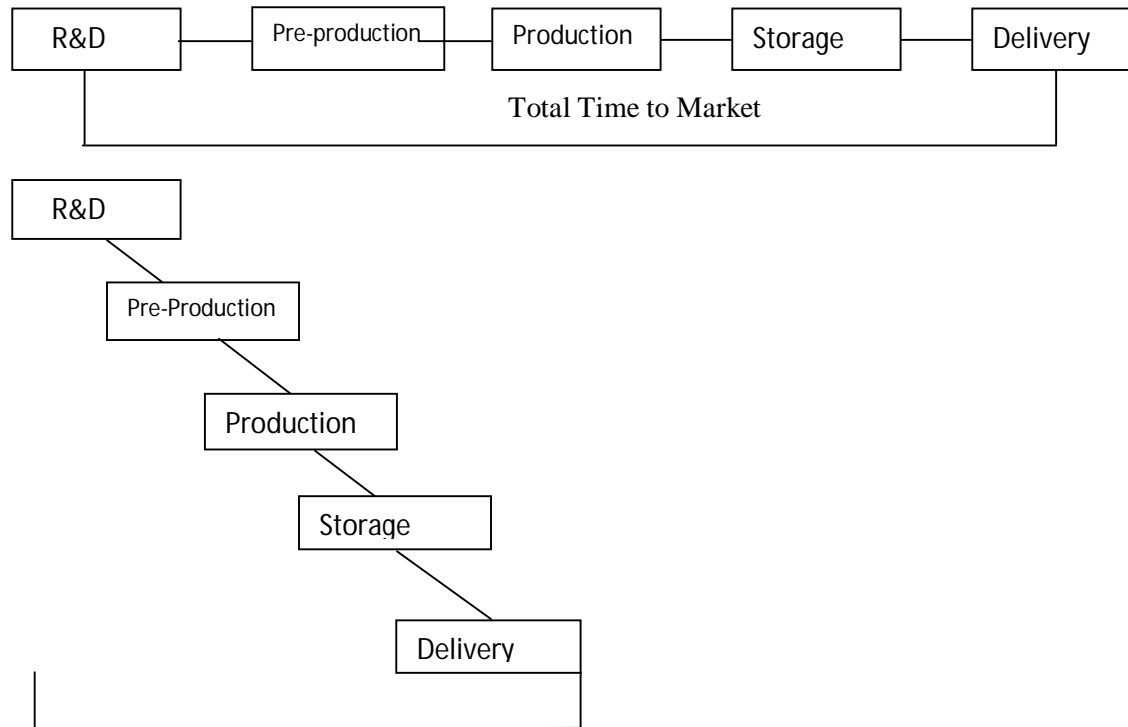
Total Time to Market

Source: Lynette Ryals (2000), Organizing For Relationship Marketing

Lynette Ryals (2000) stated that some opinions must be noticed during the transition from traditional organization to process organization. Firstly, process organizations are very customer-focused and view the customer relationship as an important asset instead of a cost. They would like to invest in the marketing for the future business. Unlike process organization, functional organizations often regard marketing as a cost and tend to cut their marketing budget in times of difficulty; ironically, this is when investment is most needed. Secondly, customer profitability is the basic concept of customer relationship management. Traditional companies falsely believe that the profits come from products and only notice the production. However, customer-focused companies believe that the profits come from customers and establish systems to measure and manage customer profitability.

4.5.3 The Corporate Structure

Amar Bhide said that *"An organization's capacity to execute its strategy depends on its "hard" infrastructure— its organization structure and systems—and on its "soft" infrastructure—its culture and norms."*

The people maybe the most important resource to an organization. Therefore, the roles people play, how they interact through formal and informal processes and the relationships that they build are crucial to the success of strategy. The organization's whole configuration determines the implementation of business strategies. The configuration consists of the structures, processes, relationships and boundaries through which the organization operations. Chandler (1962) thought that organizations structure forms are shaped by its strategy. The structure will support or hinder the implementation of strategy. Many companies believe that relationship marketing and CRM systems will give them sustainable competitive advantage and bring significant benefits. Although some companies planed it carefully, they cannot implement the relationship marketing and CRM successfully due to the organizational structure. Therefore, when companies decide to implement CRM system, they must make their organization's structure fit their strategy.

Organizations are gradually becoming "process oriented" rather than "functionally focused", which means that corporations today usually have a holistic view and perceive the connection between their activities, instead of focusing on separate functions and tasks. In the present day, the whole corporation has to be concerned with the achievement of marketing goals as well as the establishment of mutually profitable relationships with customers.

In the traditional organization structures, such as functional structure, product structure or matrix structure, the individual departments may be cost centers or profits centers. Each function only focuses on its own products or performance. Individual functions seldom consider whole organization's long term profits and performance by providing added-value to customers and make them satisfaction and loyalty.

However, the customer-focus organizations emphasize on the cross functional management for customer relationship. Lynette Ryals (2000) stated that the cross-functional customer management teams are usually responsible for customer profitability. The customer management team may wish to make a portfolio offer to the customer to increase the overall profitability of the customer relationship. Sometimes this portfolio requires one or several individual functions to cut their costs or customize products, thereby driving up the costs or reduce the profits. For a single cost or profit center, they are reluctant to do so since that behavior will damage their own benefits and performance. Therefore, in a customer-focused organization, the cross-functional customer management team is essential to the implementation of CRM.

4.5.4 The Organizational Culture

Culture can contribute to—or hinder—successful strategy execution. A close match between culture and strategy promotes effective strategy execution. Nelson and Quick suggested (1994) that organizational culture serves as a control mechanism for shaping behavior of employees. Therefore, corporate culture is seen as one of the key determinant of organizational performance. It is helpful for organizations to develop a sense of commitment to the organization's goal through managing organizational culture effectively. Moreover, organizational culture is a very important factor that determines whether the organization change is successful or not. Companies must create a corporate culture that encourages employees to be customer-focused. All employees wish to try their best to make customer satisfaction, make them loyalty to their organization and products, and establish good relationship with customers. In addition, the adoption of new performance criteria may involve additional staff training. For instance, an organization that wishes to maximize lifetime customer profitability will need to teach its people the difference between short-term profit maximization and long-term value creation.

4.5.5 Managing People

People are vital to the strategy. The knowledge and experience of people can be the key factors enabling the success of strategies. The human resource management system may help or hinder the implementation of a new strategy. Most organizations regard people as their most important asset. They deployed, managed, controlled and motivated people to run business strategies elaborately. Firstly, the organizations establish new strategies for the future and assess the HR requirement to support the new strategies. Secondly, organizations should identify the current knowledge, skills and capabilities of employees, and clarify the gap between the current capabilities and future requirements. Thirdly, organizations select appropriate people and make people's competences adaptable to the requirement of new strategies by recruitment, training, evaluation and rewards.

The importance of the two-way relationship between business and HR strategies is listed as followed:

Exhibit 2: Competitive advantage through people

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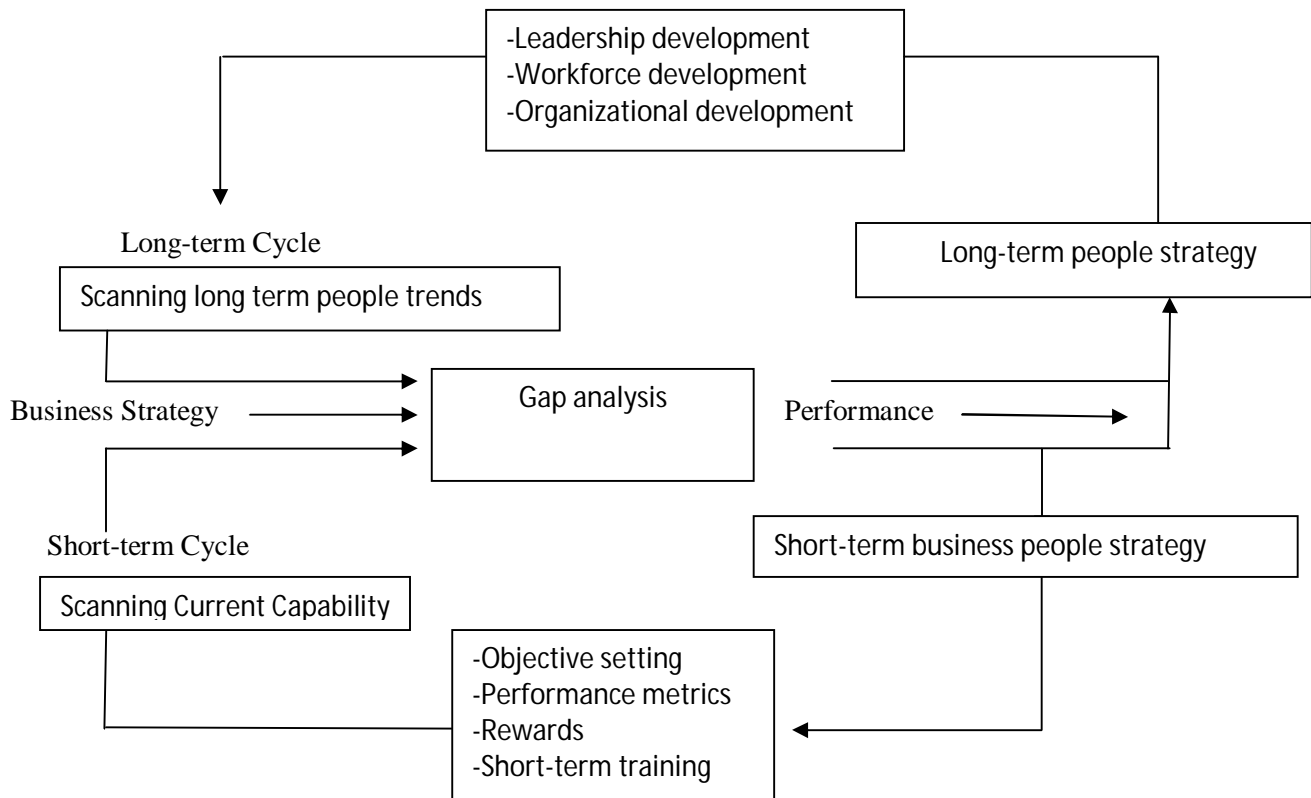
Source: Gerry Johnson and Kevan Scholes, *Exploring Corporate Strategy* 6ᵗʰ Edition

HR strategies must be able to support the current strategies of an organization through the short-term cycle of HR activities of objective setting, performance appraisal, rewards and training; on the other hand, simultaneously they must be able to transform the organization and be a platform from which new strategies can be built- through the long-term cycle of HR issues-competences, culture, leadership and organization.

4.5.6 Reward System

Most managers think that if there is no reward system change, nothing will be changed. Paul Allaire (CEO, Xerox Corp) said: "If you talk about change but don't change the reward and recognition system, nothing changes." Reward systems are the single most powerful tool to win commitment to the strategy. The present reward systems must align employee's behavior to the whole organization's goals.

Jochen Sengpiehl (2004) did a research of implementing and developing CRM in several industries, some key factors and main barriers are listed:

Key Success Factors	CRM-Main Barriers
- Clear scope definition and TOP-Management agreement is fundamental	- Most CRM-activities are stand-alone solutions
- Integration of all customer touch points and strategic stakeholders from the beginning	- No consistent CRM concept and strategy
- Clear process definition will cover all CRM modules regarding content, data and system requirements as well as responsibilities	- Missing agreement of Top-management
- Step by step transformation from a product oriented organization towards a customer centric organization	- Missing understanding and internal acceptance of CRM (short term versus long term)
- Align currently divided marketing department towards CRM (organization and CRM budget in one responsibility)	- Many companies are still product driven and not customer oriented
- Centralize where possible	- Skills and competence at the dealer level about CRM are often very low
- Penetrate importance of CRM through continuous information and internal communication	- Organisational and cultural barriers within global brands are very high
- CRM-Pilot is essential before implementing total CRM-Approcach	- CRM Dealer processes usually not defined
- Conduct training sessions with dealers and sales forces	- Right of data ownership and data usage
	- Lack of resources
	- eCRM is usually not integrated
	- Usually no integrated and consistent IT- and database across all CRM modules

5. Further Discussions

Many factors influence the success of CRM relationship, such as a good plan, technology support, top management support, organizational structure, corporate structure, personnel, reward system, and so forth. However, for different industries and companies, these factors play different roles in the process of CRM implementation.

5.1 Large Companies

For large companies, such as Tesco, there are several important points should be noticed. The first one is how to evaluate the role of information technology in the CRM implementation. Those large companies always over concern and rely on the role of technology and invest heavily in software. Undeniable, the technology is essential to the CRM implementation indeed. But technology is not the whole thing. Just as Tesco, why it succeed in the CRM implementation. It is not just because it installs some advanced software. After collecting customers' information from website 'Tesco.com' or front office employees, the more important thing is how to transfer these information across the organization, make employees understand those message, and respond to those message as soon as possible. In order to satisfy customers, the whole organization should participate. Therefore, company should know that information technology is not panacea and it cannot solve all problems during the process of CRM implementation. Another point should be noticed is that before investing in new software, companies should see whether the new technology is compatible to the present one. In addition, the companies must understand employees' skills and knowledge about software. If they are not professional and cannot use the new technology, companies should give them necessary training.

The second problem and maybe the most difficult one for large companies is whether the current organization structure helps the CRM implementation or not. We know that the large companies always have a complex structure and are inflexible to respond to the change. Unlike other project management, such as ERP and TQM, the management of CRM needs companies to integrate the departments of front office and back office. However, different departments may be different kinds of centers. For instance, the sales marketing may be a profit center while a supply department may be a cost center.

The marketing wants to sell more products to gain more profits, they need supply department to purchase better quality products. However, on the other hand, supply department is a cost center. They concern how to reduce the cost rather than how to satisfy customers. Therefore, the different departments have conflicts. Sometimes those conflicts cannot be solved. How to coordinate the conflicts between different centers is the most important task during the process of CRM implementation. For some industries, especially for retail industry, the interactive activity with suppliers is the same important as with customers. In order to implement CRM systems successfully, retailers should build good relationship with suppliers.

As we mentioned above, Retailers are re-sellers of goods and services, adding value to them and making them available 'close' to, and convenient for the final shopping customer. They do not produce products by themselves. Therefore, after knowing customers' needs, retailers need to send the information to their suppliers quickly. Then suppliers provide goods and services according to retailers' request quickly. In addition, a long-term and good relationship with suppliers will increase retailers' bargain power and reduce the cost. Customers will get more benefits from the good relationship among customer-retailer-supplier. Retailer giants, Tesco, Wal-Mart, installed some software, such as the Electronic Data Interchange (EDI), which enabled them to give orders and interact with its suppliers electronically. This program includes forecasting, planning, replenishing and shipping applications. That software is crucial since it enable retailers to transmit sales data daily to its selected key suppliers. That software enables retailers and its suppliers to plan inventory levels, generate purchase orders, and ship what was needed and when it was needed.

5.2 Small and Medium Enterprises (SMEs)

For small companies, when they implement CRM system they should have different consideration about these critical success factors. Firstly, small companies should understand the project mission clearly and develop detailed plan to manage the process of CRM implementation. In small companies, especially developing countries' small companies, how to manage a project always determined by boss himself. There is no official and systematic strategy or plan to do so. That means the whole organization has not a clear idea how to implement CRM system. Unlike large companies, those small companies underestimate the importance of information technology sometimes. They are reluctant to invest in the software and feel it wastes money. Those small companies thought that they have a smaller customer group than large companies, and they do not need to use special software to manage customers. That opinion is wrong and dangerous. The structure of small companies is simple and flexible. It is easy for the top management to coordinate the conflict between different departments. However, the communication between different departments and staffs maybe not as good as assumed. Moreover, small companies should pay more attention to the employees' training since the employees are the heart of CRM implementation.

6. Conclusion

The purpose of this paper is to demonstrate how to implement CRM system successfully. The implementation of CRM is a whole organization change, including information technology, strategy, corporate structure, culture, working process, reward system, and so forth. The critical success factors (CSF) model can guide companies to manage the process of CRM implementation. During the process of CRM implementation, two wrong views must be avoided; otherwise the implementation of CRM will be failure finally. Firstly, many managers overestimate technology and believe that technology can solve all the problems during the implementation process. Actually, technology is the base of CRM; however, it should be accompanied by other parts of organization to complete this objective. Secondly, the implementation of CRM is not the task only for marketing department. The all parts of organization should participate this change. Moreover, for different companies, some actors are more important than others. For example, for large companies, they have complex organization structure. Therefore, they should emphasize how to align different departments to achieve the objectives.

For small and medium companies, technology and the knowledge of employees maybe hinder the implementation of CRM system. Therefore, during the process of CRM implementation, different companies should consider those factors differently according to their own situation.

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