MASTER'S THESIS

Customer Relationship Management

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"If growth is what you're after, you won't learn much from complex measurements of customer satisfaction or retention. You simply need to know what your customers tell their friends about you."

-Frederick F. Reichheld

"If I'd asked my customers what they wanted, they'd have said a faster horse."

-Henry Ford

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Abstract

Businesses are in a constant race to increase profits, keep the current customers and gain or poach new ones, competing for customers on a globalised market like never before. One of the many sets of tools aimed at aiding the interaction between supplier and customer are the Customer Relationship Management methodologies. CRM is aimed at building strong long term relationships that keep customers coming back repeatedly. It aims to help organizations build individual customer relationships in such a way that both the firm and the customer get the most out of the exchange, providing both parties with long term benefits.

The purpose of this thesis is to provide a better understanding of the usages of CRM in B2B firms. To reach this understanding the thesis starts with three research questions based on this purpose on which theory is collected. The three areas of concern are: objectives, strategy and measurement of CRM. Using the collected theory about these questions a frame of reference is chosen and used to collect information from two large firms operating from Sweden, Haldex and Nefab. These companies were studied through case analysis and compared to each other and to theory. The data collected from them was primarily attained through structured interviews.

The findings indicate that much of the explored theory regarding CRM is true for the B2B sector. There are however a few areas in which the firms diverge from theory, specifically those relating to the usages of estimated values such as loyalty and satisfaction in customer evaluations. It was also found that there is a lack of research in the areas of evaluation of CRM. Furthermore the findings indicates that CRM in B2B focuses on the organizational aspects of CRM, and a strong goal for businesses is to unlock the information the employees have and store it in a place the business can own.

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1.0 Introduction

This chapter starts with the research background in order to sum up the situation for the reader. This is then followed by the problem discussion, which will end with an overall purpose of the study. Then a specific research problem will be formulated from the problem discussion.

1.1 Background

The idea behind Customer Relationship Management is not new; even the earliest merchants knew it was a good idea to build relationships with customers to keep them coming back (Jobber, 2004).

In the early stages of commerce this was a much easier thing to do, the old mom-and-pop stores are a good example of this, staff knew exactly who each customer were, and sales people knew what customers preferred and also who could pay and who usually paid on time. However, when firms grew, information about individual customers became lost among the masses. To deal with the ever expanding customer bases, customer groups or segmented marketing was created, where customers are put in slots that best fit their desires. Using these slots or groups of customers most requirements and expectations could be met, but there is compromise on many desires as the services are tailored to groups, not individuals (Bose. 2002).

To deal with this problem the term Relationship Management started surfacing around 1980. The idea was to work more with direct customer relationships. Firms realized that this let them learn more about and better tailor to their customers as well as create additional value for both their customers and themselves (ibid). Relationship Management is a group of methodologies and terms that describes how corporations should strive for: long term relations, work with quality goods strive for good customer service. (Levitt, 1983)

Grönroos (2004) puts the main arguments behind relationship building as:

- Offer more security.
- Feeling of control
- Sense of trust
- Minimized risks
- Reduced costs of being a customer

After the introduction by Levitt in 1983 Relationship Management was rapidly accepted among marketers. The popularity however soon fell as it was found that the information needed to work with R.M. was mostly missing as corporations were still much aimed at product and segmented marketing (Peelen, 2005).

Interest was however rekindled during the 1990's when organizations realized that customer relations were something that had to be given a more holistic view. It was found that customers do not solely interact with the marketing department, but instead all parts of the organization. In both B2C and B2B the entire organization needed to be aimed at pleasing customers, not just marketing (ibid). Many organizations that had previously been built around factories tried refocusing their attention on customers, aiming more on finding the 'right' customers and creating relations in which both parties profited (ibid).

However, the excitement about relationship marketing soon disappeared once again as it was proving difficult to achieve good short term results with it (ibid). The strategies and systems used to try to keep these customer databases also proved very expensive and tedious to maintain (Xu, Yen, et al, 2002).

In several companies this might have been the end of Relationship Management, but with the introduction of more advanced Information Technologies it has come back with a new name, *Customer Relationship Management* (Peelen, 2005). With the introduction of advanced IT systems entire databases of customer information can be made available at all points in the organization, enabling every member of the organization to have a complete view of each customer (Xu, Yen, et al, 2002).

Today many definitions of CRM exist. According to the Gartner Group, one of the biggest consultant firms in the CRM market, the definition of CRM is:

"CRM is an IT enabled business strategy, the outcomes of which optimize profitability, revenue and customer satisfaction by organizing around customer segments, fostering customer-satisfying behavior and implementing a customer-centric process." (Gartner group, 2008. pg 2)

Bose gives another definition of CRM according to his findings:

"CRM is an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction. More specifically, CRM involves acquisitions analysis and use of knowledge about customers in order to sell more goods or services and to do it more efficiently" (Bose. 2002. pg 1)

Another definition according to Lancaster & Jobber is:

"Customer Relationship Management is a term for the methodologies, technologies and e-commerce capabilities used by firms to manage customer relationships. In particular, CRM software packages aid the interaction between the customer and the company, enabling the company to co-ordinate all of the communication efforts so that the customer is presented with a unified message and image" (Lancaster & Jobber. 2006. p.357).

Customers are now more than ever demanding a different relationship with their suppliers, managing a close relationship has become a central aspect in delivering the business goals (Xu, Yen et al, 2002). With the increase in technology available to customers today the world has become a much smaller marketplace and the relationship an ever more important selling aspect (Strategic Direction, 2002). Walton & Xu (2005) explain that CRM is widely regarded as method of retaining and developing customers, through increased loyalty and satisfaction.

A company's product can quickly be compared to another, and many companies are offering very similar products or services to each other. With this in mind the service, quality and relationship experience becomes one of the greatest competitive aspects for a business's survival (ibid). Companies are also realizing they can more easily lock in customers by understanding their needs and competing with exceeded expectations, something which CRM systems can help organize (H. Kale, 2004).

According to Drucker (1996) knowledge is the only meaningful resource and the only real competitive differentiator. Xu & Yen et al (2002) further state that successful companies will use customer information systems to build relationships on the levels that customers want them, and by organizing the information about each customer a singular view can be made of each client throughout the company no matter how many customers they have.

The realization of the benefits of CRM are also noted in the market of related software products, in 2008 the C.R.M. market reached 8.9 billion USD, and by 2012 it is expected to reach 13.3 billion (Gartner Group, 2008).

1.2 Problem Discussion

The focus of most CRM systems according to Xu & Yen et al. (2002) is to aid in the understanding of customers. By warehousing collected data about many different customers, forecasts can be made, of both customer's future buying trends as well as individual customer behavior. These systems can, according to Rigby (2003) be used to tailor to the needs of each individual customers.

Customer Relationship Management can also help in breaking down the barriers between departments, something which can prove quite difficult, as in some firms there are even deep rivalries between departments (Edwards. 2007).

Edwards (2007) explains that while the usual channels for sale's are the customer contacting a company regarding a product, many times a sale can present itself while a technician is out supporting a product or while delivery personnel is delivering a product. Through an efficient CRM system such leads can be taken care of (ibid).

Wailgum (2007) further argues that CRM is needed when the organization does not have a clear view of their customers and what their individual needs and desires are. Bolton (2004)

also states that in most implementations it is the organization and not the customer that stands to benefit from it. In practice however, the objectives of CRM are usually simplified down to managing the information between customers and supplier (ibid).

Many CRM systems however can never be called successful, anywhere from 60% to 80% of CRM ventures fail. There are many reasons for failure; the most common according to H.Kale (2004) are:

- Losing sight of customers
- Ignoring customer lifetime value
- Lack of management support
- Undervaluing data analysis
- Underestimating required management involvement
- Inflexible business process
- Letting the IT-department decides what to develop

Strategic Direction (2002) argues that for CRM to become success in any organization it needs to be part of every step of the organization that has some sort of interaction with the customer and not just placed on top of the current strategy. Simply buying and installing fancy software does not produce any results (Wailgum, 2007). According to Rigby et. al. (2003) the key is to strike the right balance between people and software, not relying completely on a software system. The idea of CRM software systems should not even be considered until a customer focused strategy has been developed and supported by the organization. Even then it is not necessary to invest in a huge computer system in order to get to know your customers (ibid).

CRM is also faced with a problem of being difficult to measure the performance of. Corner & Hinton (2002) suggest that there is a lack of performance measuring techniques that can be applied to CRM, the techniques for measuring Return on Investment for capital investments do not work well when applied to IT technologies.

According to Corner and Hinton (2002) it is difficult to measure the exact effect and payback of improved customer support. Zarah & Kimiloglu (2009) also agree with this view, as they state, it is difficult to measure the success of CRM. Costello (2000) explains that the broader the implementation of a CRM solution is the more difficult it is to pinpoint specific causes for business improvements.

Even so, many CRM initiatives have resulted in greater efficiency and revenues for many of the organizations that have successfully implemented them (Chen. Popovich. 2003).

1.4 Purpose & Research Questions

Based on the problem discussions the overall purpose of this thesis is to:

To provide a better understanding on the use of CRM in B2B firms.

RQ1: How can the objectives & benefits of CRM be described?

RQ2: How can strategies used for CRM be described?

RQ3: How can performance of CRM be measured?

1.5 Demarcations

Due to the limited time available for the research the study will focus primarily on business to business firms operating on an international scale.

2.0 Literature Review

The previous chapter presented the introduction and background to the problem. From this a problem discussion was developed which ended in specific research questions. This chapter will present relevant literature to each of these questions.

2.1 The Objectives & Benefits of CRM
This section will present several authors' views on objectives and benefits of CRM.

Grönroos (2004) explains that an on-going relationship with customers will help in providing a sense of security, trust and feeling of control. Through studies Xu & Walton (2005) have concluded that the major reasons corporation managers are implementing CRM are:

- Improve Customer Satisfaction
- Retain Existing Customers
- Provide Strategic Information
- Improve Customer Lifetime Value

Benefits of Relationships as defined by Gummerson

Gummerson (1994) explains that the building of relationships is the key to reaching and maintaining a successful market share. Gummerson defines the benefits as:

Retention
By learning relevant information about the customers such as; names, habits, preferences and expectations one-on-one relations can be formed and customers can be kept coming back continuously; maybe even become friends.

Intimacy & Profits.
Through the use of IT a feeling of intimacy can be created with the customer as no matter whom they come in contact with, they "know" them. The major benefit being that once the relationship has taken form increased profits can be attained by both parties adapting better to each other.

Benefits and Characteristics as defined by Zeng, Weng & Yen

Zeng, Weng & Yen (2003) describe the characteristics of well working CRM as:

Increased Customer Satisfaction.
Through the use of smart I.T. CRM can provide instant service responses based on customer inputs and requirements.

Provide Information on future sales.

By automatically analyzing the customer's purchases & previous history trends and estimations of future buying behavior can be made.

Differentiated and Customized Service

Use all of the technology available to deliver up to the second information about each customer and to provide key performance indicators about each customer.

To better meet customers' needs

Be flexible and move on information as it arrives. Being able to accept and manage leads as they arrive and meet unexpected demand.

Objectives of CRM as defined by Xu & Walton

The main driving force behind most CRM implementations are not those of acquiring strategic information, but rather making the business process more effective. According to Xu & Walton (2005) the main points of CRM are:

Collect Information

One of the primary usages of CRM is to collect information. Every contact with the customer should be logged.

Efficiency

The main concern of CRM is to make use of the great amount of collected data. Sales representatives should easily see what has been bought in the past and what previous calls and/or complaints have been about.

Automation

CRM, specifically "Operational CRM", is aimed at improving the efficiency of the marketing process through automation of the sales process.

Objectives as defined by Sherif, Nguyen & Newby

The general objectives of CRM systems are to collect data about customer interactions with the firm (Nguyen, Sherif, Newby. 2007). They also state these points as more specific objectives:

Increased Customer Loyalty

Collecting all important information about a customer and having all the relevant data about a customer's history readily available at all access points in the organization.

Superior information gathering and knowledge sharing

The CRM system updates the history of each customer as soon as an interaction occurs, no matter how the interaction took place, whether it is through, Sales, Support or the web site.

Understanding customers

Analytical CRM can further be used to build predictions of trends and try to forecast demand, as well as to better understand each individual customer and thus providing a better offer to the customer.

Superior Service

Using information about customer's habits and interactions with the firm to offer relevant products and services customized to each customer.

2.2 CRM Strategies

This section provides theories and models concerning different strategies of the CRM initiative.

One of the benefits of CRM solutions is that they link together the different departments of an organization (Eckerson and Watson. 2000). Popovich and Chen (2003) explain that through CRM a company's touch points are linked together with other business units, this lets the front office get up to date information about what is going on with the customers. Furthermore, this information can be used in back office functions, to help with planning and setting strategies for the future.

2.2.1 Interaction

CRM Technology links the different departments of an organization together. Making all the "touch points" where customer interacts with the firm as effective as possible, this can be by providing access to information from inventory or shipping to the sales department, or the web site so it can better and faster serve the customer (Popovich and Chen. 2003). As explained by Chen & Popovich. (2003) the different "touch points" vary in organizations but they define them as all the places where the customer comes in contact with the firm. According to Davids (1999) one of the primary concerns with CRM is to synchronize the different access points in the firm to provide a unified message to the customer at each interaction point. Xu & Yen et al. (2002) further describe it as, by knowing and working with all the interaction points the goal is to improve the customers experience with the firm.

Pelen (2005) defines the following types of interaction points.
- Media, such as television or radio
- Website
- E-mail
- Telephone
- Personal Sales & Service Employees

2.2.2 The Value of a Customer

CRM does however not happen by simply buying software and installing it at all "touch points" in the organization, for any CRM process to be truly effective it must start with realizing who your customers are and what their value are over time (Wailgum 2007).

According to Nguyen et al. (2007) a good way of starting the CRM initiative is to build a model of each customer's profitability and expand from there, they use an example given by Wreden (2004):

Customer Profit = (gross revenues) – (customer allowances) – (credits and rebates) – (product costs) – (channel costs) – (cost to serve) – (administrative costs)

Similar strategies should be at the heart of every CRM initiative, ensuring that each customer is not costing more than they are worth (Nguyen et al. 2007).

An extension to this methodology is the Lifetime Value measurement, it is a way of trying to calculate the value of each customer towards the firm over the estimated time the customer will stay with the firm, ensuring that focus is on the customers that will be profitable over time. Customer Lifetime Value (CLV) is generally defined as the present value of all future generated profits. Using this, a company can better differentiate between important profitable customers and those whom are not so profitable or even generate a loss. It can also be used to customize the way the company deals with customers, giving the company an idea of how much it's worth spending on each customer. (Gupta. Hanssens. et al. 2006).

According to Gupta & Lehmann (2001) there are many ways of calculating Customer Lifetime Value, the C.L.V. equations are also usually customized to each firm. Although most companies have three general points in common which are the primary factors of C.L.V., Margin of sold products, Loyalty, and Cost of Capitol and Discount rates. The Margin reflects the revenues minus expenses of an individual customer, usually estimated on an annual basis. The retention rate is the probability of the customer leaving to another organization or competitor. The final factor, Cost of capital and discount rates, is a way of accounting declining incomes, and the costs associated with running the business and the risk of lost capitol (Gupta & Lehmann 2001).

Zikmund (2003) defines four very similar factors as they key drivers of customer life time value.

1. *Profit Margin*. Annual profit minus cost to serve the customer.
2. *Retention Rate*. Estimation of total amount of customers whom make repeat purchases.
3. *Discount rate*. Current cost of capital.
4. *Time*. How long is the customer expected to stay with the company.

Gupta & Lehmann et al. (2006) explain that once a business has developed a C.L.V. model for their customers the value of each customer can quickly be calculated instead of generalized from their segments. This is a result of the availability of large databases and powerful computers.

Xu & Walton (2005) also argue for the benefits of profiling customers to find each customer value to the firm. To find out which customers are of high value they view the following factors as important:

- Product cost
- Cost to acquire
- Cost to serve
- Cost to retain
- Retention & Loyalty Probability

Xu & Walton (2005) classify customers in four categories according to their value to the company, Figure 2.2.

Figure 2.2. Profit Cost-Matrix
Source: Xu & Walton 2005

They explain that even though a customer may be buying high volumes of goods it may not be profitable to keep them if costs are also high, it is important to evaluate each customer individually to determine if they are worth keeping or how they can be made profitable (ibid).

2.2.3 The Continuing Process

Successful companies will build systems that enable corporations to use the customer's information wisely and deliver what the customer wants on their level (Xu. Yen et al. 2002).

ThuyUyen & Nguyen (2007) explain CRM as the process of digitizing the staff's knowledge and give the example Table 2.2 of how a CRM model or implementation could be built.

Table: 2.2. Process Integration.

• Increase in customer loyalty	Full information about customers profile and **previous requests** or **preferences** instantly available to sales and service representatives when a customer calls.
• Superior Service	Customer representatives can provide personalized service, offer new products and services based on **customer purchasing history.**
• Superior information gathering and knowledge sharing	The system is **updated each time a customer contacts the organization**, whether the contact is in person, by phone, or via the web. Sales, Marketing, service, and technical support have access to a shared database.

Source: ThuyUyen & Nguyen (2007)

It has also become increasingly important to built tools that can produce useful knowledge or analyze the data collected about customers (ibid). Xu & Walton (2005) use the model in Figure 2.3 to classify the areas knowledge needs to be attained in.
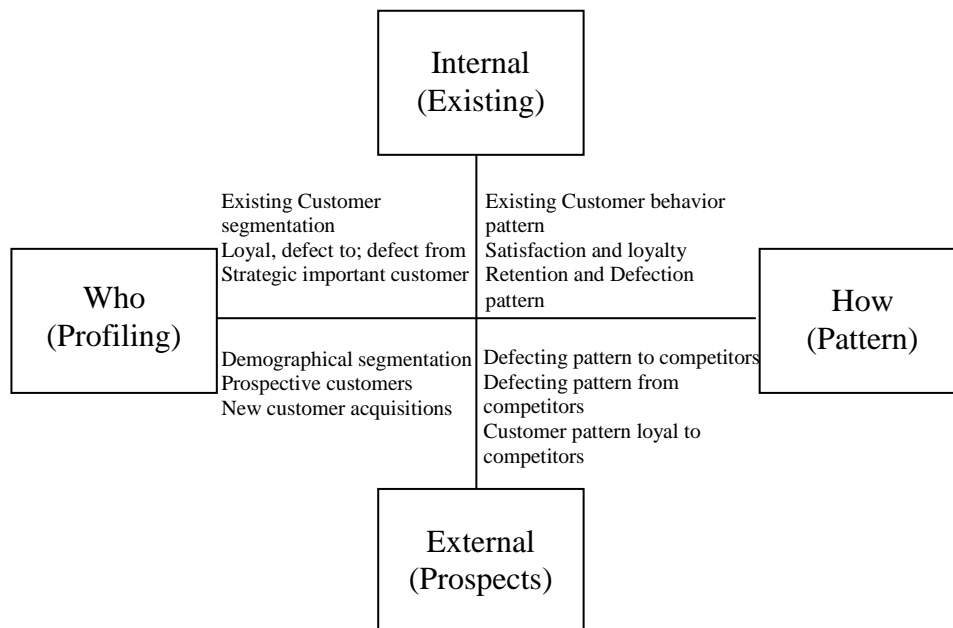
Figure 2.3 Analytical Customer Knowledge Acquisition.
Source: Xu & Walton (2005) p.963

It is important to know who the customers are but also how they behave and if there are any common patterns they follow. Information should be attained on defecting customers to see why they leave and if there are any common reasons for it. Information on why customers are leaving could for example be used to create a list of problems facing the company or

products. Information should also be collected on what makes customers loyal to competitors and why customers are defecting from them (ibid). An analytical CRM system should provide functions that identify the strategically important customers, Xu & Walton (2005) mean such a process should be continuous and proactively integrated within the business. This is possible since CRM is an effective method of keeping an updated customer database allowing for a better understanding of current customer needs (ibid).

Using the knowledge that is attained from customers to better cater to their different segments is according to Zineldin (2006) a good way to produce positive revenues for the firm. Information can also be used with offensive marketing strategies, i.e. learning limitations of competitors and building on them to attract new customers. The main use of CRM is however in defensive marketing, something which more and more companies are doing (ibid).

Zinedine (2006) explains it in the following manner, "Understanding why customers are leaving the company provides that company with the essential information needed to implement a customer retention program. An effective retention program is likely to increase customer satisfaction and thereby improve customer retention and profitability. ". (Zineldin. p.436).

Peelen (2005) explains the different strategies in a similar way, *Figure 2.4*. The offensive strategy focuses on conquest of market share, acquiring new customers and getting rid of the competition. A defensive strategy is however focused on maintaining the current customers and building barriers. The two methods have very different measures of success, where as the offensive strategy focuses on attaining new customers the defensive one focuses on customer re-buy, satisfaction, and customer turn-over. (Peelen. 2005).
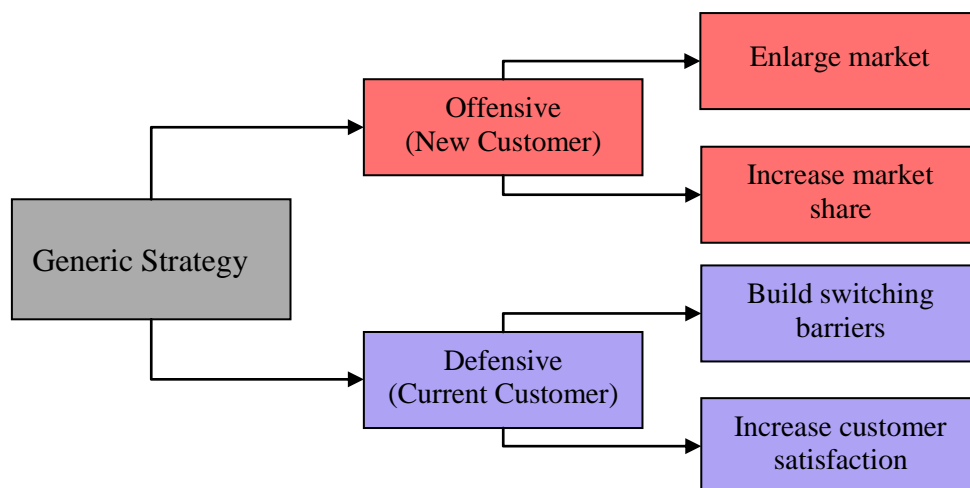
Figure 2.4: Offensive vs. Defensive Strategies
Source: Adapted from Peelen (2005)

Zineldin (2006) also states that it is important to give special recognition to the long-term & most profitable customers, differentiation should be made among the treatment of the

customers whom have been with the company for an extended period. It is also important for companies to welcome complaints, complaints should be viewed as a second chance to satisfy the customer (ibid).

The culture of the company also needs to be changed to reflect the ideas behind CRM, according to Greenberg (2004) the culture is the most overlooked and undervalued part of the CRM strategy. Many times the culture of the organization does not change even through the management is trying to refocus the company towards the customers (Greenberg 2004). "It is the lynchpin of any CRM program" (p. 473). In reality the corporation needs to focus on how it can push the employees towards the objectives of the CRM, there needs to be a common belief that the customers really do present value and that the company allows change and openness (Curry & Kkolou 2004).

According to Greenberg (2004) the firm needs to focus on how the social, physiological, emotional, organizational and personal culture of the organization will change and make sure that the management focuses on the positive aspects of these changes and encourage the employees to help build customer relationships.

Some customers do however not want a relationship with the company, customers may even leave if a relationship is forced upon them (Xu & Walton. 2005). Corporations which are highly transaction oriented with very little customer to sales-representative time will more likely see a decline in sales rather than an increase when trying to push relationships onto their customers. Businesses which have a lot of face-to-face time will see a bigger boost in the sales numbers the more integrated they become. (Chase 2004).

Rao & Perry (2002) give an example of different types of relationships, and have classified relationships into six categories.

- *Single transaction between buyer and seller*. Simple transaction where all necessary information is contained within the price of the product.

- *Repeated Transaction*. Using marketing strategies, such as frequency flyer points, to encourage repeat purchase, commitment, and loyalty.

- *Soft buyer-seller relationship*. Developed from repeated purchases without specified contracts, but where firms are making investments to adapt to each other.

- *Hard long term contractual relationship*. Focuses on shipments and resolution of disputes, involves a closer social bond

- *Strategic alliance*. Comprehensive contractual relationships similar to those of vertical integration, Economic dependence is high but social interaction may be low because legal rather than social rules enforce co-operation

- *Networks*. Complex relationships with 3 or more actors which have both an economic and social interference.

It is important that the organization realizes what type of relationship the customer is after and builds upon that, providing the right level of service and value to the customer (Xu & Walton. 2005).

Mintzberg & Lampel (2003) further present ways to give value to the customer by integrating the customer in the production itself, customizations can be done to the supply chain itself to meet the customer needs, Table 2.1. They suggest that one can bring the customer into the different levels of production to provide a product or service that better suit customer needs. The stages as they explain them are:

Table: 2.1. Continuum of strategies

Pure Standardization	Segmented Standardization	Customized Standardization	Tailored Customization	Pure Customization
Design	Design	Design	Design	Design
Fabrication	Fabrication	Fabrication	Fabrication	Fabrication
Assembly	Assembly	Assembly	Assembly	Assembly
Distribution	Distribution	Distribution	Distribution	Distribution
Grey = Standardization			Green = Customization	

Source: Mintzberg & Lampel 2003.

Pure Standardization. This type of strategy is geared at producing the same product to every customer, there is no adaption, it is aimed at pleasing the general market, the only option if the customer doesn't like the product is to switch producer.

Segmented Standardization. The market is divided into different segments, instead of trying to please the general market the firm produces products standardized for the individual segments.

Customized Standardization. In this type of customization the product is assembled together with the customer from a set of standardized components to best fit the customer requirements, and also distributed according to their needs.

Tailored Customization. This type of customization aims to produce a product which fits into the customers use in the best way possible, the design is still that of the firm but the components going into the product are specified together with the customer.

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Pure Customization. In this type of customization the customer is involved with everything the firm is doing, from the design all the way to delivery.

2.2.4 Overview Models

According Curry & Kkolou (2004) the customer life cycle is a process with needs to be analyzed and dealt with in every organization, they give the Customer Management Activity as an example of such a system. Wylie (2001) explains that this is a model for how customer's interaction can be viewed within an organization. The model is created by QCI consulting, Figure 2.5.

Win back   **Targeting**

Managing
Dissatisfaction   Conversion

Customer
Management
Activity

Value
Development   Welcoming &
getting to
know

Retention
Activity   Delivering the
Basics
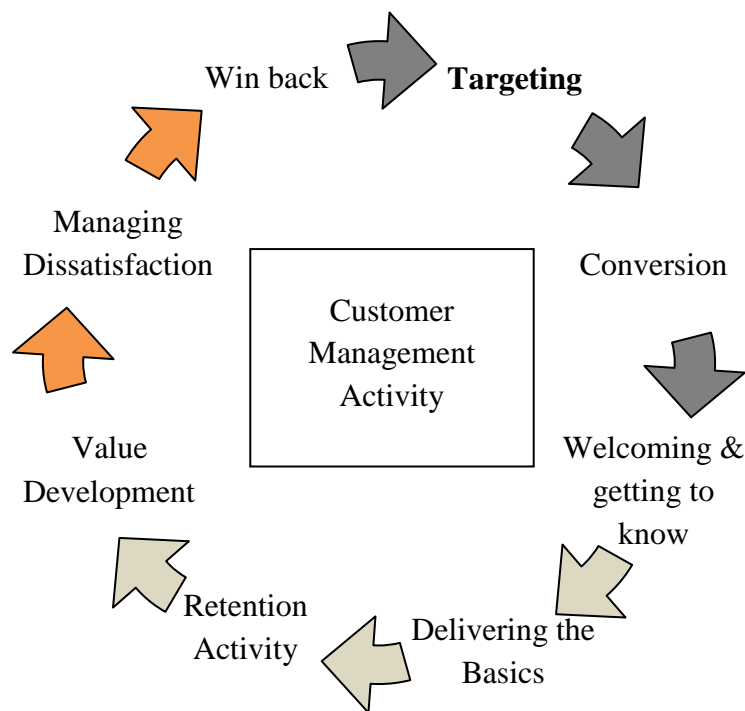
Figure 2.5: Customer Management Activity
Source: Adapted from QCI 2009

The Customer Management Activity as described by QCI (2009) is divided into three major categories: Acquisition, Penetration, and Retention, in each of the categories it goes through a number of stages.

Acquisition

- Targeting
    - Identifying channels to reach customers, finding influencers and prospects for future sales.
- Conversion
    - Capturing enquiries through all possible channels
    - Distributing sales leads to sales department, leads which can come from all parts of the organization
- Welcoming and getting to know
    - Identifying new customers, welcoming them, and learning about them.

Penetration

- Delivering the Basic Product & Learning about the customers
    - Key account management
    - Data Collection
- Retention activity
    - Analyze the probability of keeping the customer.
    - Build an understanding of customers.
    - Encourage customers to be involved.
    - Appoint responsibility for individual customers.
    - Reward customer loyalty.
- Value Development
    - Analyzing who the customer is and how the relationship and product can be developed to provide further value to the customer and firm.

Retention

- Problem Management
    - Create a complaint process
    - Define problems
    - Find root causes
- Win back
    - Last minute loss prevention
    - Solving the identified problems and tell them about it.
    - Deal with defecting customers.

Peppers & Rogers (2001) suggest a different model, they believe that a CRM strategy should be based on the IDIC view, Figure 2.5. Its stages are: Identify, Differentiate, Interact, and Customize. Where, *Customize* and *Differentiate* are based on analysis of customers, and *Interact* and *Identify* are the interaction with the customer.
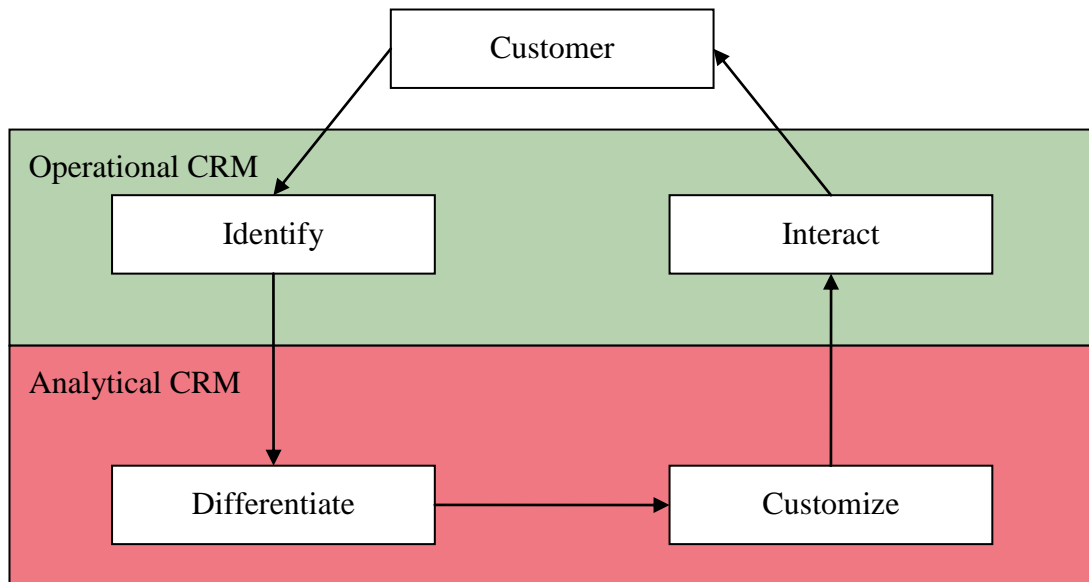
Figure 2.5: IDIC Model.
Source: Adapted From Siddiqi (2002).

Identify

It may seem simple and obvious for a firm to gather information, however, many times the information is spread out between departments and not organized in such a way that information can be linked quickly to each individual customer (Siddiqi. 2002). This step is concerned with gathering and organizing information about the customer, the more information gathered the more can be read into the customer's trends and preferences and value to the firm (Peppers & Rogers. 2001).

Differentiate

Each customer represents a different level of value to the company. The priority here is to identify the different needs of each customer and thereby estimating the value and importance of each customer. This is also about in what way the business can tailor their offer to each customer, and figuring out to what extent it's worth tailoring the offer to each customer. (ibid)

Customize

The goal of CRM is to be able to deal with each customer on a one-to-one basis. Using the specific knowledge of each customer firms can meet each customer's expressed or implied needs. In this step the offer is customized to each individual customer (ibid).

Interact.

Once a company has a clear understanding of their customers and what the customer is worth to them they are in a much better position to improve the efficiency and effectiveness of dealing with those customers. Also, in each interaction with the firm through the "touch-points" the firm should continue to gather knowledge of preferences, data that can help them further customize and continue to give quantified value to customer (ibid). According to Peppers & Rogers (2001) an example could be to not have the most valued customers waiting in any queues for service.

2.2.5 CRM Development

According to Bose (2002) creating a CRM solution is in most cases a matter of complex integration between, software, hardware and adaption to the real world. He explains the creation of a CRM solution as divided into a process of eight steps:

1. Planning
2. Research
3. System Analysis
4. Design
5. Construction
6. Implementation
7. Maintenance and Documentation
8. Adaption

1. Planning.
In this stage management needs to consider their product and how customers will receive value from a customized interaction. It also needs to be deal with how the managers of the organization are supposed to deal with the increased information.

Specifically there are two items that need to be dealt with: customer interaction points and decision interaction points. The customer interaction points need to be identified and decided upon if they are to be modified removed or kept. The second consideration is realization of how the collected information will help managers make better decisions.

At this stage the IT crew also needs to decide how the information about each interaction will be stored and presented to different departments of the firm.

2. Research.

In this stage the individual needs of all the "touch points" should to be addressed. All points do not need or require the same information. Throwing all the information at the user at once could even be counterproductive.

3. System Analysis and Conceptual Design.

In this stage the IT department creates initial interface ideas for how the interaction in the touch points which were identified in the planning stage take place.

There are two primary ways for a customer to interact with a CRM system, the system needs to provide all the necessary information to the user so that a successful interaction can be made in both cases.

1. Sales representative whom is IT assisted
   An employee of the organization uses the CRM system to assist a customer.

2. Automated Interaction
   Customer himself interacts with the system, through such services as the internet or automated phone systems.

In this stage of the process it can also be necessary to contact outside help if the necessary skills are not available in the organization.

In this phase putting the project into stages also needs to be considered. Even if organizations have the resources to completely re-engineer the company in a short time it is probably more feasible to do it in smaller steps or stages, starting with the core components.

There are also three major points that need to be dealt with concerning the customer data.

Integrating customer data across the firm

In many cases the way data is stored about a customer also needs to be re-designed. In order for CRM to provide any real benefits the data from many different departments needs to be stored in the same place and all connected to the customer instead of organizational functions.

Expanding the data collected about customers

For CRM systems to work, many times the amount of data collected needs to be expanded. Not only the transactions of the customer are important, many times complaints, support calls, and other inquires can yield important information. There needs to be easy ways of capturing and entering such information in the system.

Integrating the CRM system with legacy systems.
The CRM system will also likely need access to data available in other systems, what data it needs access to and how this will happen needs to be decided.

Before leaving this stage there needs to be a feasibility study. CRM is a large undertaking, it requires the support of top level management as well as large expenses and many times business process changes, decide if is really possible.

4. Design.
When the plan and the viability of the project have been determined, detailed specifications of what the software needs to be able to do should be made. In this stage it might be a good idea to contact external software vendors if that has not been done previously.

5. Construction.
This may be one of the biggest of all the tasks, here the actual program is made. As previously stated it is suggested to do this in stages, over time.

6. Implementation.
One of the most important things about incorporating a CRM strategy into a business is training the employees on how the strategy works. Having a strong training program will go a long way in getting the CRM initiative to work. Such a training program needs to cover among other things, these points.

- Why CRM is important
- How customers should be dealt with
- How the system helps them deal with customers in this way.
- Managers need more specific training on the use of CRM to spot problems fast and steer in the right direction.

7. Maintenance and Documentation.
The functions and performance of the system need to be continuously evaluated to understand if they can be improved or why they aren't performing as well as expected, or why they are performing as well as they are.

8. Adaption.
The process of CRM is continuously changing, new opportunities will arise and sometimes even problems with the current process will be discovered. By continuously being in contact with the customers and the people who use the system continuous updates and upgrades can and need to be made.

Davids (1999) puts the implementation and development steps of a CRM initiative in *ten* key points that need to be dealt with prior to launch.

1. *Make sure there is something in it for the customer*. Many ventures fail because they don't create enough new value for the customer.

2. *Make sure there is something in it for the company*. Benefits for the customer should result in cash for the company.

3. *Clear goals*. Create clear objectives with what you aim to do with the system.

4. *Using the data*. Make sure that once information is collected, it is put to use. It is better to collect less data that can be used then to be overwhelmed.

5. *Make sure all parts of the organization are involved*. It is not just about marketing; all points where customers get in contact with the organization need to be on board. Find and remove the points of resistance in the organization. Make sure that the employees are receiving proper rewards for using the system.

6. *Outsource when necessary*. Even though most IT departments could manage the task they might not be the best or the cheapest.

7. *Move quickly and add over time*. Start with something small and make it deliver on promises, too many projects get stuck in the planning phase as money-sink-holes. Most of the time you only get one chance to achieve employee and management buy in.

8. *Begin with a small customer group*. Target a specific group and expand from there. Don't do everything at once. You can't start off serving every customer.

9. *Test the system*. Try the system on small groups to find out what works and what does not. Limit the possible mistakes to a small group of people.

10. *Don't overestimate what is needed to start working with CRM*. Work with what is available and get started, the results of CRM can be great, investments don't need to be.

According to Chase (2004) the most common error businesses are making is trying to do everything at once. The reason this is so common is that CRM is such an ill- and widely defined project and in most organizations there seems to be huge amounts of data which businesses try to use all at once.

Chase (2004) further explains that it needs to be understood that each interaction point in the system needs fundamentally different things from the system. The system that support the sales persons needs to be simple and fast and allow for skipping of information, its core

purpose is to be efficient. This however is not true for the accounting system, which needs to be as accurate and reliable and as rule based as possible.

According to Chase (2004) there are three distinct levels of CRM; *data replication*, *data synchronization* and *process integration*. These levels are more of steps where one should start at the *replication* level and work up, adding more functionality along the way.

The three stages as described by Chase (2004) are:

Data Replication

This is the simplest system form in which data only moves in one direction, updating the CRM system with the latest financial and economical data, but not allowing change. This is mainly used to allow user to more efficiently get information. This is a good start into CRM as it has the benefit of users going into the system to retrieve information, helping the adoption stage, which is key in getting CRM successfully into the business. Chase (2004) gives the suggestion that to improve usage of the system, important information which will help the individual worker achieve their goals should be available only through it.

Data Synchronization

The purpose of synchronization is to move key elements between the systems, information such as customer contact data. Chase (2004) makes the following example of what could be synchronized (Figure 2.6.).
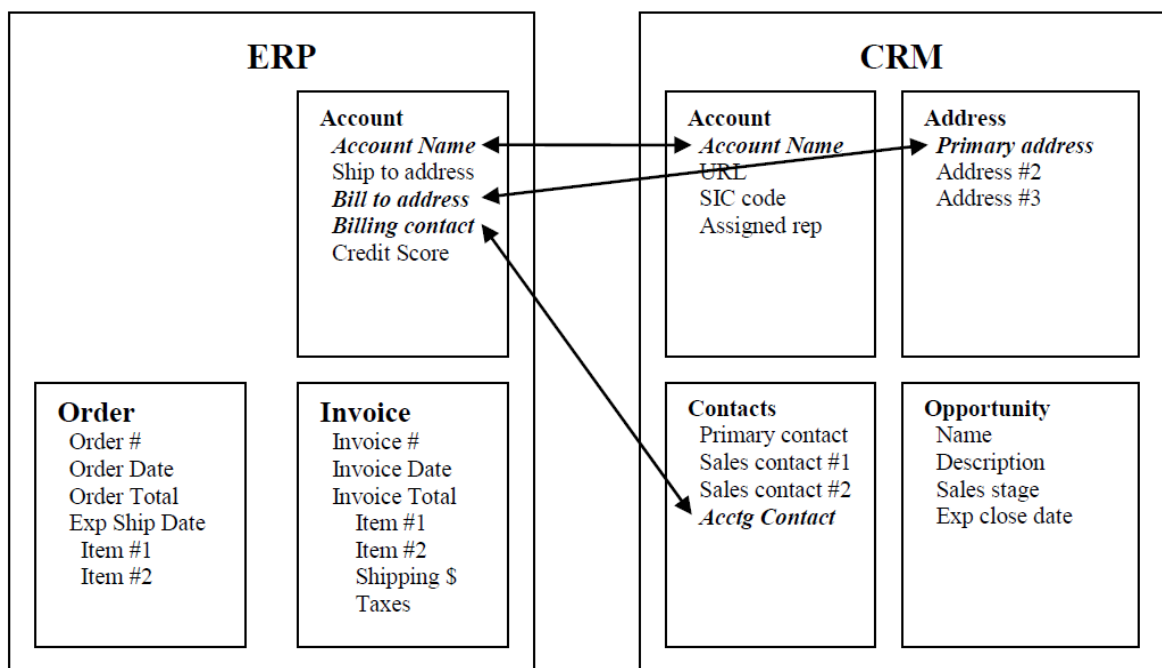
Figure: 2.6. What to synchronize.
Source: Chase (2004)

By synchronizing the most important information, which has uses in more than one department, it can be made sure that everyone is working from the same data, and that it is up to date at all "Touch points" of the system. Most of the time it is just a matter of making data that is already available in the system more easily attainable to different apartments.

Process Integration

This type of integration aims to provide the necessary information at each step through the sales process with a customer. Chase (2004) divides the actual steps of implementing CRM systems in three stages.

1. **Early success**. Start with a smaller system which will deliver ROI in a matter of weeks or days. Solve a problem that will generate steam for the project helping to build buy-in.

2. **Building Momentum**. Use the success in the first stage as a stepping stone to push for further development. Make sure success is documented to build credibility and political influence towards users and management. Exceeding expectations is important.

3. **Expanding and Integrating**. Continue the CRM implementation and further it to include capabilities that will further the company. Make sure not to lose focus on what will help the business strategy.

It is also important that a leader of the business is responsible for the CRM initiative, as they will most likely have a good view of both internal and external problems (Bull. 2003). Often CRM fails because it is driven by functional heads of departments such as I.T. which focuses on improving individual functions of the system, instead of on the overall strategy and well being of the company. Like most projects CRM should have a leader with authority that can make things happen (Nguyen et al. 2007).

2.3 Measuring performance of CRM

Measuring the performance of a process is vital to being able to improve upon it (Curry & Kkolou. 2004).

For a CRM initiative to be seen as a success there needs to be a change in the customer behavior as a result from it, but if these changes are measured by feelings and opinions rather than being measurable benchmarks and objectives, then it really isn't a success. There are many ways to measure CRM success, most of which involve some type of scorecard. As with all business metrics, the measurements all have one thing in common, they need to be presentable in numbers to the stakeholders. (Greenberg. 2004).

Greenberg (2004) divides the metrics into three different categories, Customer, Performance, and Diagnostic metrics.

Customer Metrics
- Customer desire to work in a partnered relationship rather than transactional
- Willingness to accept a comprehensive solution from the company rather than developing the solution themselves from bought parts.
- Customer potential index which lists the products the customer uses that the company can supply, whether they do at the moment or not.

Performance Metrics
- Revenue per salesperson increase
- Retention rate for customer increase
- Customer Lifetime Value increase
- Response rate increase for marketing campaigns
- Increased up-selling and cross-selling opportunities
- Increased renewal rates for service agreements

Diagnostic Metrics
- Number of employs using the application
- Number of customer addresses in the database
- Time (measured in clicks or actions) it takes for employee to reach desired customer information.

Hyung-Su & Young-Gul (2007) developed a scorecard for evaluating CRM in the organization. The scorecard is presented in Table 2.3.

Table 2.3: CRM Scorecard.

Perspective		Diagnostic Factors	Instruments	
			Subjective	Objective
Organizational Performance		Shareholder Value		SHV
		Profitability	Perceptual Performance	ROA, ROI, Net Sale, Net Sales/Employee
		Customer Equity	Perceived Loyalty	Customer Loyalty, CLV, Profit/Customer
Customer		Customer Loyalty	Perceived Loyalty	RFM
		Customer Retention	Perceived Customer Satisfaction	Satisfied Customer Rate
		Customer Value	Perceived Value, Brand Equity, Relationship	Customer Complaints
Process		Customer Acquisition	Readiness for Acquisition Process	Leads per channel, Acquisition #, Visits of website, Profitability of new customer, Response Rate, Sales success rate, customer contact rate
		Customer Retention	Readiness for retention Process	Response time, complaints resolved in one occasion, retention rate, delivery rate, customer churn rate, reject date by delivery, trouble tickets cleared
		Customer Expansion	Readiness for expansion process	Share of Wallet, Core Customer Ratio, Value per order, Cross / up sell rate
I N F R A S T R U C T U R E	IT	CRM technology	Sys/Info Quality, System Usability	Technological capacity for 3 types of customers, Customer info, Accuracy, System Stability
	Human Capital	Employee Behavior	Customer Oriented Attitude	Human Capital Readiness, time per job
		Employee Satisfaction	Satisfaction, 3 reasons.	Key employee turnover
		Management Attitude	Perception and Support for CRM	System acceptance
	Strategic Alignment	Training	Training Procedure	Training days / employee
		Reward System	Appropriateness of reward	System usage
		Organizational Structure	Organizational Flexibility	Improvement in diversity profile
	Culture	Partnership	Coordinating effort	Vendor Diversity
		Market Orientation	Market Orientation	Frequency of customer survey, Customer Knowledge creation
		Explicit goal	Explicitness of goal	Correct alignment towards business

Source: Hyung-Su & Young-Gul. 2007.

The infrastructure measurements focus on the core of the organization, measuring the parts which are required for CRM to work in any firm, these core parts include, the culture of the employees, the strategy towards these employees, how employees are valued and retained and the IT that powers the system. (Hyung-Su & Young-Gul 2007)

The process topic measures how effective the customer strategy is in acquiring, keeping, and expanding on the customer market. (ibid).

The customer section deals with how the customer's view of the organization can be measured in order to provide an idea of how they value the organization. (ibid).

The organizational measurements are an overall view of the total performance of the project, this focuses on global measurements such as return on investment for the entire CRM initiative. (ibid).

Hughes (2009) however states there have been a lot of suggestions to the measuring CRM using the Balanced Scorecard and Six Sigma. He believes that these global measures do not portray the true picture. Curry & Kkolou (2004) claim that the use of score cards come from managers not being involved in and understanding the CRM process enough to use measurements adapted to it. Hughes (2009) suggests these types of measurements:

- Increased Customer Retention; less customers leaving each year.
- Increased Sales; number of orders from each customer per year
- Increased Cross-Sales; customers buying from more product categories
- Increased Up-Sales; Customers buying more expensive products.
- Increased Win-back; More customers whom have left come back
- Increased Referrals; Current customers bringing more than before
- Doing all the above while costs do not exceed profits.

Hughes (2009) also states that the purpose of CRM as with all marketing is to increase profits by more than costs. Zarah & Kimiloglu (2009) provide the following list, assembled through an extensive review of literature, of metrics that can be used to measure e-CRM performance:

- Awareness of brand has increased
- Trustworthiness of brand has increased
- Pre-sales services to customers strengthened
- More vigorous support to customers during sales process
- More support to customers whom have bought a product or service
- Total number of users has increased
- Number of new customers has increased
- Cost of new customer decreased
- There are more re-purchases / repeat buyers than previously
- The win-back of customers whom have left has increased
- Time between order and delivery decreased
- More accurate customer database
- Accuracy of determining target market has increased
- Customer satisfaction increased
- Customer transactions increased
- Customer transaction amount has increased
- The customers usage of company resources has increased
- Customers spend more time on the website
- Complaints arrive at the appropriate person faster & responses are faster

- Higher solve rate of customer complaints
- Customers are more willing to share information about themselves
- Usage of help and support on the website has increased.

3.0 Conceptual Framework

In the previous chapter literature and models concerning the three stated research questions were reviewed. In this section the emerged conceptual framework of the reviewed literature will be presented. This framework will be used as a guide for the rest of the thesis.

3.1 RQ1: How can the objectives & benefits of CRM be described?

Research question one aims to explore the objectives and benefits that CRM can bring to an organization. There are many views on the objectives and benefits of CRM or even relationships within business for that matter. To make the frame of reference more structured the objectives have been divided into two categories, *customer related objectives* and *business related objectives*.

Customer Related Objectives

These groups of objectives are those that relate more closely to the customers. This includes loyalty, retention and satisfaction.

The reviewed authors provide very similar views of customer CRM objectives, stating mostly the same things. The following objectives have been chosen the as they are stated amongst most of the authors, using similar wordings. These specific versions were chosen because they provide the clearest explanation and are the easiest to follow.

- Increased Customer Loyalty.   (Sherif, Nguyen & Newby. 2007).
- Increased Customer Satisfaction.   (Zeng, Weng & Yen. 2003).
- Increased Customer Retention.   (Gummerson. 1994).

These three objectives are much related to each other. If a customer keeps coming back it implies they are loyal, and if they are loyal they are most likely satisfied with the business.

Business Related Objectives

These are objectives which are more closely related to the business itself.

These objectives include collection, gathering, and analysis of data to better understand customers, and by doing so better meeting their needs and providing forecasts about future sales and increasing profits. Automation is another objective which goes hand in hand with efficiency and profits and is described very similarly. The most commonly agreed up on objective in theory is the use of CRM to collect information. Xu & Walton provide a very clear explanation of this. The reasons for collecting information are further explained by Sherif and Zeng, these authors are used as they are the most extensive on the subject.

- *Collect Information*   (Xu & Walton 2005).
    - Understanding customers   (Sherif, Nguyen & Newby. 2007).
    - To better meet customers' needs   (Zeng, Weng & Yen 2003).
    - Provide Information on future sales.   (Zeng, Weng & Yen 2003).
- Efficiency / Profits.   (Gummerson 1994).
    - Automation.   (Xu & Walton 2005).

3.2 RQ2: How can strategies used for CRM be described?

This section will describe the different theories concerning the strategy of CRM that will be used. In order to make these strategies more easily overlooked, the view of Chen & Popovich (2003) on how a CRM process is comprised will be used to divide the theories into categories, Figure 3.1.
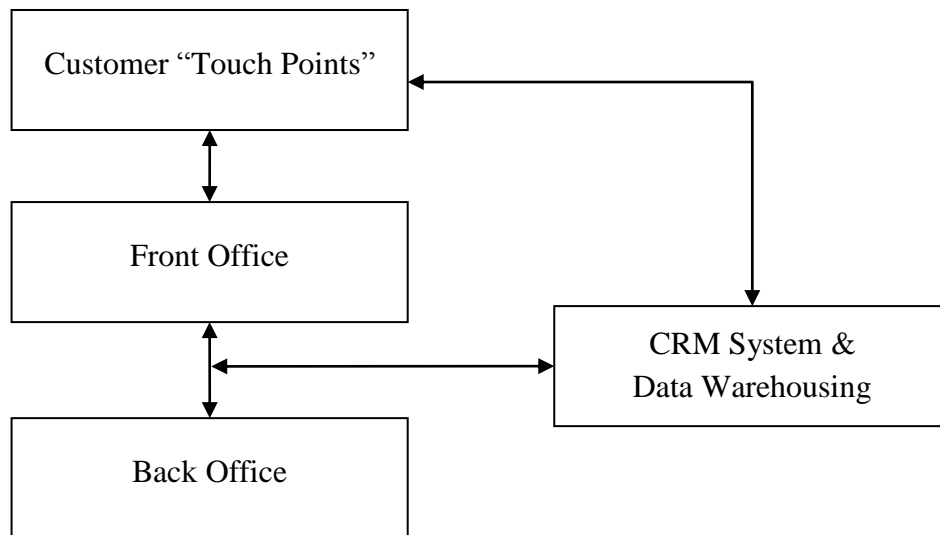
Figure 3.1: Strategy Overview.
Source: Adapted and simplified from Chen & Popovich 2003

3.2.1 Customer Touch Points

Touch points are the interactions points the customer has with the organization Chen & Popovich (2003). The *Interact* stage of the IDIC (Identify, Differentiate, *Interact,* Customize) model will be used as an overview of the customer exchange since it provides a broad clear view of these touch points. Davids theory regarding "touch points" is the most inclusive of the theories reviewed and is therefore used to outline how customers come in contact with the firm. Peelen (2005) further provides a list of possible interaction points which match well with both the views of Peppers & Rogers as well as Davids, this list will be used to further dive into how customers exchange information with organizations.

- IDIC   (Peppers & Rogers. 2001)
  - o Interact
- Customer Touch Points   (Davids 1999)
  - o Television, Radio   (Peelen 2005)
  - o Website
  - o E-mail
  - o Telephone
  - o Personal Sales & Service Employees

3.2.2 Front Office

The Front office is a collective term for all firm functions that deal directly with customers (Chen & Popovich. 2003).

This section will present the theories relating specifically to the customer interaction. The Identify stage of the IDIC (*Identify,* Differentiate, Interact, Customize) model is used it provides a good description of the core requirements for the use of CRM in the front office. The CMAT model is then used to view the different stages a customer's goes through. This particular model is used as it has very comprehensive and detailed explanations of the different stages.

ThuyUyen & Nguyen express the need for digitizing the knowledge of the employees, something which other reviewed literature only hint at, they are used because they explicitly express this. Finally Greenberg states that culture is of high importance with the implementation of a new CRM strategy, he is used as he is the most comprehensive source on the subject.

- IDIC   (Peppers & Rogers. 2001)
    - Identify Stage
- Customer Management Life Cycle   (Curry & Kkolou. 2004)
    - Further described by   (QCi 2009)
- Digitizing Knowledge   (ThuyUyen & Nguyen 2007)
- Culture   (Greenberg 2004)

3.2.3 Back Office

The back office contains all the functions not directly visible to the customer (Chen & Popovich. 2003).

As expressed by many authors there is a high need in the CRM process to find the value of each individual customer. The theories from Zikmund are used as they are the most detailed of the reviewed theories regarding customer value. Furthermore Xu & Walton present a unique view of customer classification using the profit cost matrix, similar theories have not been found in other literature, and it is therefore included.

The Differentiate and Customize Stages of IDIC (Identify *Differentiate* Interact *Customize*) model are also included as they provide good overview explanations on the subject of differentiating the customers and customizing the product to them. To augment the broad customization overview of the IDIC model Mintzberg & Lampel and Zineldin are used to describe the customization as they offer detailed descriptions on the subject.

The analytical model of Xu & Walton on the areas that data needs to be attained in is the only found theories on this subject, it is therefore included as it provides unique insight into what organizations should think about when deciding what information to look for. Furthermore, Zineldin provides a better explanation of what can be done with the customer knowledge than the other reviewed authors. He is therefore used in conjunction with Xu & Walton to provide an idea of what information to attain and what to do with it once it is found.

- Customer Value
  - Drivers of CLV   (Zikmund. 2003)
  - Profit Cost Matrix   (Xu & Walton. 2005)
- IDIC   (Peppers & Rogers. 2001)
  - Differentiate
  - Customize
    - Product Customization   (Mintzberg & Lampel 2003)
    - Relationship Customization   (Zineldin 2006)
- Customer Knowledge Acquisition   (Xu & Walton. 2005)
  - Using the knowledge   (Zineldin 2006)

3.2.4 CRM System / Warehousing

This section contains the theory more specifically related to the implementation of the system. Bose's model of how CRM systems should be implemented is very comprehensive, however, David's list summarizes the steps Bose states very well, and therefore David's list is used as it is simpler but still contains the same key areas. Chase also detailed the planning of the system but did not go into as much detail as Bose. He does however explain levels of integration, which no other author brings up; therefore this section of his writings is included.

- Ten Key Points   (David 1999)
- Levels of Integration   (Chase 2004)

3.3 RQ3: How can performance of CRM be measured?

In this section the chosen theory related to measuring the performance of the CRM initiative is listed. The CRM scorecard developed by Hyung-Su & Young-Gul will be used as a primary measure of performance as it is by far the most comprehensive of the theories found. However, since Hughes directs critique directly at the scorecard method, claiming that it is not suitable for measuring soft values such as those of CRM, his theories on measurement methods will be used alongside the scorecard to provide extra insight. His views also help to give a wider aspect of the subject. More specifically the CRM scorecard is included even though it has critique directed at it because it is the most complete method found, it tries to measure CRM on all levels of the organization which no other found theory does, and also because Hughes is the only found author to dislike it.

1. CRM Scorecard   (Hyung-Su & Young-Gul 2007)
   o Key Points
2. CRM measurements   (Hughes 2009)

3.4 Frame of Reference

These research questions were chosen in order to try to build a complete view of the CRM initiative from implementation to an on-going process.
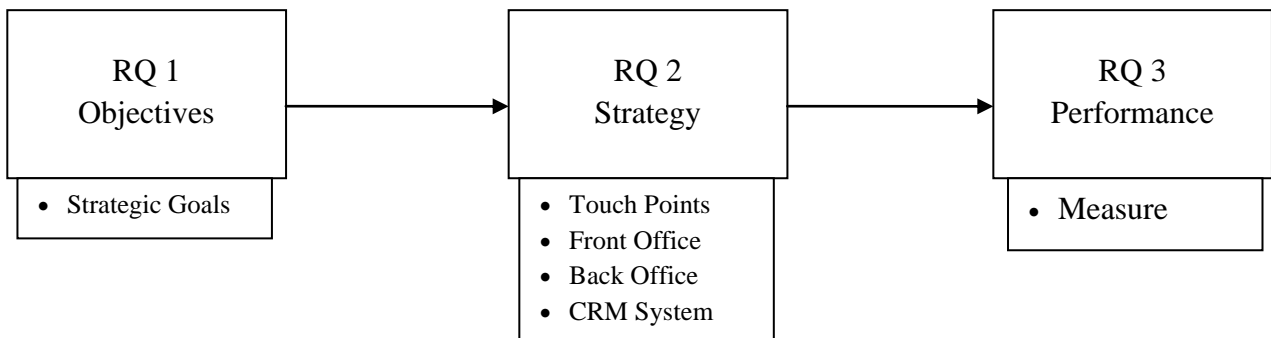
Figure 3.2: Research Question connections and overview.

In the first stage the objectives of the strategy is chosen, and the purpose of the initiative is stated. In the second stage, theories relating to strategy for the initiative and how systems can be continuously used are described. This is followed by a systematic way of measuring performance of the system, so it can be checked if it is reaching the said objectives.

4.0 Methodology

This chapter will describe the research methods used to attain data on the research questions in the thesis.

4.1 Research Purpose

This thesis will go through varying stages of research. The thesis will first of all describe the area of research to try to create an understanding of the area, the study will then try to make generalizations from the data collected. This is the basis for descriptive research (Yin, 2003) (Polit D. et al. 2004). The research will also be exploratory in its methods as the data that the research brings up will not always have clear outcomes or be supported by current theories (Yin. 2003). The thesis will also try to explain the different reasons or underlying causes for the observed events, which is synonymous with Explanatory research (ibid).

4.2 Research Approach

The research is starting in theory and moving to data, collecting qualitative information through case studies using structured interviews. The information gathered through interviews cannot be derived from numbers, as the study is performed through conceptualization of the theory (Saunders & Thornhill. 2009). Qualitative research is well suited for this type of research that deals with trying to understand events regarding management and decision making which require a close look at details. This type of study uses a smaller sample base but because of this has a much greater focus on the individual case. The drawback being that the results often need to be verified by using quantitative methods (Gummerson. 1999).

4.3 Research Strategy

According to Yin (2003) the Case study is favorable if "how" and "why" questions are being asked. This thesis is asking three "how" questions in order to try to achieve its purpose. This research does not require the control of events to achieve results; it aims to collect information in a setting as they occur naturally. The research furthermore requires a focus on contemporary events. Yin (2003) explains that case studies are well suited for this type of research.

Since this thesis aims to generalize from the collected data a multiple case design is preferred as this produces more robust evidence (Yin. 2003). Furthermore multiple case designs are preferred when wanting to test theory on a group that the compliance to theory is not known on (Ibid). This study will use a multiple case study design.

4.4 Data Collection Method

Although no data collection method is better than all others, the interview is one of the most important sources of information (Yin. 2003). Through interviews a deeper understanding can be made as discussions on the subject can be held (ibid). Interviews are therefore used as a primary source of information for data collection. Before conducting an interview, Yin (2003) suggests building a structured interview guide, therefore an interview guide is made from the theory presented in the frame of reference.

4.5 Sample Selection

As it is in most cases impractical to collect data from the entire population it's important to reduce the sample size so that it can be collected according to budget and time constraints (Saunders. 2000). In order to get a representative subset of the population non-probability sampling is used. This is used as this is according to Saunders (2000) the preferred method when the data can for the most part not be evaluated statistically. The initial contact will be selected by the author as someone who will likely have knowledge of the area, this is referred to as snowball sampling by Saunders (2000). In the areas were the answers are not thought complete or were they state they don't know the interviewee will be asked to point to someone who can respond to the interview questions in a more detailed manner.

As this thesis is aimed at studying the usages of CRM in business to business firms two medium to large B2B firms are selected as data sources. A medium sized corporation is according to the EU Commission (2010) a business with over 250 employees.

4.6 Data Analysis

The analysis of the collected data consists of examining, categorizing, structuring or by some means reorganizing collected data to test the proposition of the study. Case studies are especially difficult to analyze as there are no well defined techniques for doing so. Every study should however have a general framework for how data is analyzed (Yin 2003). The analysis will be based on the framework developed from theory, this framework will be used to test the respondent's answers and check if they are agreeing with theory or are presenting something new or doing something differently than theory explains it.

According to Yin (2003) when using multiple case studies the goal is to first build general explanations that fit each of the cases, then these cases can more easily be compared against each other to find differences or similarities. Therefore this study will first compare the individual cases against the theory and then compare the differences or similarities of the two cases with each other. This will be done with each theory that is tested in order to provide an easily overview of the study.

4.7 Validity and Reliability

Validity is an important aspect of every research paper, in order to deal with this a multiple case study type of research is preferred, as it is more likely that the findings are valid if they are from multiple sources (Yin. 2003).

In order to try to build validity and reliability for the literature review the theories are primarily from scholarly journals, and in some cases, books of renowned authors. Many different authors' views on theories have also been collected, and theories which reflect the general view of these selected.

According to Saunders (2000) reliability is of special concern when conducting interviews, specifically towards the bias of the interviewer. This type of bias can be reduced by structuring the interview beforehand. Therefore Interviews were only performed in a structured manner, as per Appendix-A. To try to increase validity every interview has been recorded for later review. Furthermore physical evidence was requested where it was applicable to ensure the reliability of the collected data. The interviews were conducted in Swedish and then translated to English, the transcribed material was returned to the interviewee's so they could check that their responses had been understood and translated properly.

Also, validity deals with the generalizability of the research, whether it can be applied to other research settings. This is of greater concern when dealing with single case studies as the result usually only reflects that organization. With increased number of cases studies this problem is reduced. (Saunders. 2000).

5.0 Data

This chapter contains the empirical data that has been collected for the thesis. It contains primarily data attained through use of interviews, but also secondary data in forms of documents and presentations accessed through the intranet.

The two companies selected for the case studies are Haldex Traction AB, and Nefab AB.

Haldex Traction AB is a sub supplier to the car industry, they develop manufacture, assemble and deliver customized products to vehicle manufactures in form of all-wheel-drive couplings. Haldex Traction AB has previously only had one primary customer but has grown, they currently deliver to eight large car manufacturers but also have many smaller firms as customers. The customers are handled through key account managers that have specific customers assigned to them. Many people are involved in each customer and they have recently begun looking into a system to organize this in a better way. (Haldex.com 2009). They explain the current situation as there being strong relationships and a lot of information exchanged between them and customers, all this information is hard to keep track of, as a result they are looking into systems that can aid them in this.

Nefab AB core area of business is in packaging. They work with businesses all over the world in order to supply complete packaging solutions for their products. Nefab AB has around 20 large customers and many smaller customers. The large global customers are handled though centralized efforts while the smaller are handled at local offices. The firm has as recently started using CRM systems to aid the selling process. (Nefab.com 2010). They explain the current state as the system having been implemented but there still needing to be a lot of work done in bringing up the usage of the system.

Both firms work solely in the B2B sector and strive for long term relationships on a global scale.

5.1 Case 1: Haldex Traction AB.

This section presents the data collected from Haldex Traction AB.

The respondents are listed with a short presentation. In the text the bold letter next to their name is used to represent them.

H - Ulf Herlin - Vice President Business Development.
L – Anders Lindström - Key Account Manager, for the firm's largest customer.

5.1.1 Objectives of CRM.

1. How would you describe customer related objectives of CRM?

H: I see the main benefits as organizing customer data better so we can more efficiently serve our customers, if for example an employee is gone we want to be able to go in and easily see what has been said and get a picture of what has happened previously. We want to more simply get an overview of the situation and by doing so we want to more competent in the eyes of the customer and provide a better experience for them.

I have noticed that other businesses have a more organized view of their customers, where no matter whom you speak to they have the same view of what has happened between the customer and the company. An analogy to this might be that of a traveling company, where bookings can be seen and changed or remade no matter whom you speak to in the company, all you really need to do is tell them whom you are.

So really I see the primary objective of CRM as helping to sort and structure information and data in an easy to find easy to view manner.

L: The purpose of CRM is to maintain a satisfied customer, to not miss any details. Its purpose is to keep track of the relation, when we last met and why we met. It should help the company keep a more organized view of the customer. Even if we aren't unstructured or unorganized now, such a process could help us get even better.

**2. Would you view any of these objectives as important, describe why:
Customer Loyalty, Customer Satisfaction, Customer Retention.**

H: These things are of course wanted within any business. I however see all of these as a result of being more organized out towards the customer, if we can make the customer feel more important by being able to take care of them better then I think they will be more satisfied and thereby be more loyal and perhaps buy more as a result.

L: Loyalty doesn't mean much in this business, when the customer is making a new contract they put out specifications and ask for the cheapest price, cheapest wins. If we've had the customer with us before they will ofcourse factor in things such as if we've kept schedules or not, but price is king.

Previous relations are of some importance but only if price requirements can be meet.

Customers just don't switch suppliers but when you are producing 3.5 million cars in a series one or ten Euros per coupling makes a big difference.

3. How would you describe business related objectives of CRM?

H: I think the main advantage is that we can in a better way see what has transpired between us and a client. If we can more easily see what has happened or what has been said then we can have the upper hand in for example negotiations. Since we are involved in many negotiations I would see this as a major benefit. This would in the end help us make more money as we would have a stronger position to negotiate from.

L: The purpose for us is to get a structured view of how we interact with our customers. This is especially important if we ever switch personnel or someone else needs to go in and deal with a customer they haven't before. Possibly to analyze relationships, but I don't think we can produce more cash from our customers or get more customers than we have as a result.

4. Would you view any of these objectives as important, describe why?
Who your customers are, Meet the needs of your customers, Future Sales, Automation

H: I view these as valid points that are needed within any business organization. However in our company we don't evaluate future buying trends on paper, it is an evaluation the individual sales representatives do when deciding how to deal with customers. Many times the information used to move in for a sale is based on unofficial "hunches" or rumors something which can usually not be attained through mathematical analysis. But could perhaps be better dealt with using CRM to catch and distribute them or make sure the right person gets the information.

As for automation, that is nothing we do and I don't think it would suit our type of business very well, at least if we're speaking in terms of automated mails or trying to cross sell by analyzing orders. We have key account managers that know what is happening to each customer, every customer has one of these people assigned to them, and I don't think any type of contact besides person to person would work well in our situation. I also don't think that any type of script or pre-made idea of how to talk to the customers would work, each customer has very different ways they need to be handled in, can't really automate that for our situation. Furthermore our customer base is rather small so we are fairly certain of whom our customers are, there aren't that many businesses out there that need our products.

L: To collect information about customers is important, information like who our competitors for our customer are or mapping out the access points. These things change continually and at the moment this information is spread out across our network in many different places and documents, to keep track of it is very difficult.

We have no problems understanding our customers; we know exactly who they are. We know which customers we have and what potential customers there are.

I don't think we could meet demand better, possibly we can collect information on competition and organize it in a more easy to manage way. So it is easier and faster to get a clear picture of the current situation and by that be able to give better offers.

There is no way to predict future sales in a better way that we currently do really. As soon as a contract is getting close to running out the customer's technicians contact us with new specifications so we can change them and give them a new offer. Once the specifications have been set a buyer from the customers business contacts us and tries to minimize costs to please their superiors.

From the first time we get to know of an order until we deliver a new system is around three years. If it's just an update or improvement I might take one or two years.

It is always the customer who decides, he gives the deadlines, if we can't meet them they find someone else.

I don't think we could automate the interaction with scripts, the relationships are too intricate for that, and I'm not sure how we could cross or up sell, the customers know exactly what they want and send the specifications for that. I don't think it would be possible to automate the finding of new customers more than to list who we aren't delivering to as compared to what car manufacturers there are. Maybe I'm not seeing the whole picture but I can't think of any way to do that with a system.

5. **Is there anything you would like to add related to the objectives of CRM?**

H: Not really, I can just reiterate that I think the main goal of CRM is to organize and structure customer data and information in an easy to access way.

L: I see the advantages of CRM as letting the company better organize and view information regarding customers, and putting the information in the company's possession instead of the employees.

5.1.2 CRM Strategy.

6. **How does your organization interact with customers, what are the "touch points"?**

H: The contacts are foremost handled through each customers key account managers. The primary method and most important method we use for communication is e-mail. After that I would think phone calls and lastly personal meetings.

When communication with other businesses we also make sure that each person in our organization is speaking to their "equal" within the other business. For each customer we have a document that describes the staff in the other company so the people here speak to the same level person there and also have a better idea of what privileges the other person might have.

L: With my customer, VW, the contacts are primarily with the technical department, and to some extent with the purchasing department of our firm. VW was with us from the beginning and has strong ties and relationships with the technical department. The purchasing department came in after a while and to begin with they just signed the papers but as of recently they have been doing a bit of the work too as the technical department has realized they can achieve better results if they cooperate.

Usually it's the technical department that knows of things first, then we (key account managers) get an official request, the technicians from both companies work out the solution, purchasing is involved and costs are reviewed and remakes are made to cut prices. Once that is done we start offering and trying to win us a contract.

A lot of these projects are never ending with one thing resulting in another. It might have started with an update to the software and kept going with other ideas that were discovered while doing this. The customer could simply have said we need more performance or given more detailed specifications for improvements.

7. **What is the reasoning behind these interactions, when are they used and why?**

H: Mail is used because it is the primary way of communication with the business world, it used to be regular mail then fax and now email, and it's simply the way it is. For more in-depth meetings or negotiations we would first move to phone conferences and then personal meetings.

L: It's just turned out this way. It works well.

8. **Are any of the following interaction types important:**
   Television, Radio, Website, E-Mail, Telephone, Personal Sales, Service Employees

H: TV and Radio communications could be a great utility in reaching end customers but they are simply too expensive for regular use, if we could afford it we would use them to build our brand.

We have a website, our goal for this has been to reach the end customer and not as much the people whom buy from us directly. We also had a separate website a while ago which went under the name "Beat The Road", the idea involved a web shop with numerous clothing items and related promotional merchandise for sale, but the main thing we

wanted to do was get end customers to come test their off road cars together with us. What we learned here is that people weren't too interested in doing that, they were more interested in asking about specific concerns or questions directly to technicians, which is what the website is used for now, end customer to technician communications. The information that is generated through this communication is not dealt with in any specific way. I know we've gotten some really interesting things from these communications in the past but we really have no method or system of getting all we can out of this information right now.

L: Television and radio might be good for general information but it's nothing we try to do. We have a website aimed at the general public, where we present ourselves and our product.

For our customer contacts the most used communication type is email, then phone and lastly faces to face. I wouldn't call our communication personal sales but instead business relationship communication. We don't go out and try to push a product onto a customer.

Customer service is a part of the projects, most often via the key account managers but depending on the problem it may go by the technicians first too.

9. **What is the firm's customer strategy?**

H: As of a recent reorganization we have a greater focus on attaining new customers than before, we are however still more focused on keeping the ones we have.

This recent reorganization created a new department which solely focuses on finding new business. When trying to compare what we focus more on, there are more people working in the department that works with current customers, however when we are attaining or trying to attain a new customer we are really involving a lot of people from the technical department as well. I find it difficult to compare which we are doing more of or putting a bigger weight on.

L: To create long-term profitable relationships. We contacted our first customer in 1994 and delivered their first part in 1998 and we are still delivering to them. Our second started in 2001 and we have been delivering with them since then as well. So I would say it's working.

10. **How are customers identified and targeted?**

H: We really don't have that many customers or potential customers' for our business, finding them is not the problem. The difficulties lie in getting an entry point to a new

customer. We try to persuade new customers through trade fairs and events such as the one in Arjeplog each year where we invite everyone and show off our products to them. Since our customers are the car manufactures throughout the world we also call possible customers and try to get a time to come and present ourselves and our products.

L: We look at what's on the market and contact the manufacturers. It's a matter of calling, setting up meetings and trying to convince them and show them that our product is superior. The most difficult for us is getting in on the Japanese market they are very difficult to get to know.

There are a number of given customers and they aren't hard to find, just walk into any car sales business.

11. **How would the life cycle of a customer look?**

H: The cycle is made up from the car models our customers sell. In the beginning we work together to find a solution that works for them, our technicians together with their technicians. Once a solution has been accepted we then work with them continuously in a close relationship between their employees and ours. With most of our biggest customers this means daily communications and problem solving/discussion back and forth. With some of our smaller customers there could be months without any communication.

Once we hear that there is a new model or new remake coming out from a customer we try to contact them and repeat the process. Usually once a company in our position has entered in as a supplier for a car manufacturer there really needs to be something extreme for the partnership to end. The costs to switch are very high, but it has happened. If such a switch were to occur with one of our big customers it would really be a fatal blow, we do everything we can to avoid such a situation.

L: There are a few stages, for my primary customer VW, our product was first shown to their technicians whom in turn told their superiors this is what we want. Since that day there is a continuous loop between our technicians and theirs. There has not gone one month since -98 that we have not met face to face, on top of phone meetings, and e-mail conversations.

As new technical advances are made the customer can come in and say we are making a new car, make your product / lighter / faster / more efficient / cheaper. Most of the time we do upgrades on an existing product but every few years we switch coupling generations and come with a completely new solution or radical re-make. These upgrades can also be as a cause of the customer not being completely happy with a previous product.

There is still a distinct line between the corporations but there are very strong ties between us.

12. How is information about customers organized?

H: Everyone organizes information by themselves; we have a network disk with a given structure that everyone works with. In this network drive each customer has a folder and in each of these folders are a number of sub-categories / folders of data, such as schematics, costs, presentations etc.

This system is however quite difficult to navigate and also all the mail conversations regarding a customer are really locked in to one person and can't be shared through this method. It would be very difficult for someone else to go in and find something in the network disk of someone else's customer and pretty much impossible to go through all the email correspondence and get an updated idea about their customer.

L: We have things such as volume and prices on paper. All other information is collected in meeting protocols and visiting protocols. These things are placed on the network disk or out with the employees, not very structured.

13. What kind of training do employees who are in contact with customers have?

H: We have no specific training that we give to people whom are in contact with customers. As it is now sales people or key account managers come from the technical department and have through that department been introduced and worked extensively with our customers and grown into the role. We hand pick from our technicians those who we think are well suited for this type of work. I don't think we've ever had anyone who is completely new to the area come in and work with a customer.

This is something we could be doing better, and something which could be necessary in certain cases.

L: We are mostly self-learned, with no specific training. There are possibilities for further training available through Haldex but these are mostly at our own initiative, examples could be negotiation skills. Management has recently started looking at a competency analysis where they review what knowledge we posses and where improvements could be made. In the future this will be part of the personal review of each employee.

14. How would you describe the culture of the organization

H: We have a huge pride about our product. The product we sell has made us a very large company, we started out with 30 people and we are now working with over 300 within our department. We are the star of Haldex.

Also through these last year's rough time our employees have become even prouder and stronger as a group, something which our internal surveys have shown, our employees are more satisfied now than they were a year ago. We've gone through a rough patch but made it out.

We are however still a rather young business. But if I were to name the "heroes" of our firm it would be the technicians, these are the core of our firm.

L: We have good relationships between the employees. We are managed in a top-down way and our Man. Dir. is very competent and extremely knowledgeable down to detail levels of our product. I think we have a good reputation with our customers and are always welcome.

The management is very tolerant to mistakes and would rather see a faulty action than no action at all.

Author note: It should be noted that this question took considerably longer for both interviewees to respond to. In all other questions the answer started after about 3-4 seconds, for this answer the thinking time was considerably longer, in the range of 15-20 seconds. One of the persons interviewed even asked for a clarification as to what I meant.

15. Are there any positive or negative effects of this culture towards customers?
Are there any types of reward systems for cultural behavior?

H: We are viewed as competent specialists, especially regarding the development of new solutions. We do however have a technical arrogance about us, if the customer does not understand how good our products are then they are not a good customer. This technical arrogance also moves us to always want to provide technically advanced solutions something which is a problem when trying to work with emerging markets that require cheap and simple products. We are not really built for such a market.

We choose to do what is fun and the market should appreciate this.

We as leaders through this business try to show the way and not crack down on mistakes in an un-productive way.

We are working for continuous improvements, what we call "Haldex Way" where each person has key performance indicators and is rewarded through bonus systems on these, but none of these are specifically targeted at rewarding culture.

Truthfully we've never thought about rewarding culture, it's interesting as the culture is an important aspect of any business.

L: We are small relatively speaking but very forged together. Some customers or potential customers don't view us as a credible supplier because of this.

There are bonus systems in place but these are aimed at rewarding the sale advances.

Author note: It should be noted that respondent H wrote down a note about this question, something which was not done for any other question, when asked about it he replied that he would bring it up in the next management meeting as something to discuss.

16. **How does the firm differentiate between customers?**

H: We don't really differentiate among the customers but we check what customers are profitable and not, at all times. We can see this as a whole or divided down into each part the customers are buying. This data is shown in a power point presentation that is connected and updated through an excel document where you can navigate to each of the customers and click down the levels until you arrive at specific parts. The graphs show us how the companies are progressing towards us in matters of profitability (Figure 5.1). In this view the budgeted contribution margin can be compared to the actual, and an accumulated margin can be seen for the past year. For each customer we generate this data and calculate an accumulated Contribution Margin which tells us the profits over time.
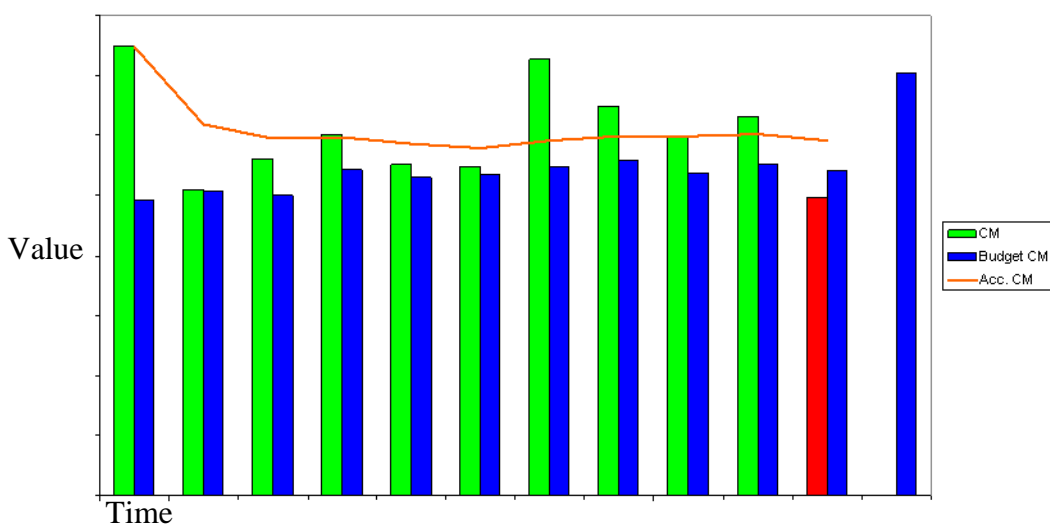
Figure 5.1: Monthly report, Contribution Margin.
Source: Haldex Monthly Report, December 2009.

L: We have high volume and low volume customers. The low volume customers aren't as profitable but we serve them as they usually come as part of a bigger corporation and we are more or less forced to do so.

Other than that we don't really differentiate between customers.

We do however have pin point knowledge about where the money is.

17. What are the most important factors regarding customer profitability? How does the firm calculate profitability of customers?

H: We calculate contribution margin, which for us means income per coupling minus the material and direct salary

L: We calculate the profit per coupling or contribution margin. We review this every month.

We don't really log any of the time we as people spend working for any individual customer, this is all just part of the overhead.

18. Does the firm view any of the following as important factors?
i. Individual Customer Profit Margin

H: We do this, continuously.

L: We have a good view of this through the costs of material and salary as well as what value the currency stands at.

ii. Average retention rate of customers

H: We have so few customers and our processes are incredibly long that this really isn't relevant for us. I see this as being more useful for companies with more customers and shorter delivery times.

We only have eight customers of which three are big customers if we lose one of them it would be very noticeable.

L: This is not really applicable, VW has one application for our product, and we are their supplier to 100% for this product. We don't look at re-buys for the end consumer, although we have thought about it but realized it was not reasonable to do anything there to try to create any sort of pull effect. Only one customer has ever left us.

iii. Cost of capital towards the customer

H: In development projects this is very carefully monitored, we have large projects with each of our customers and keep a very close watch on materials hours and whatever else might be involved with these.

We also monitor the warranty costs with each customer closely

We don't monitor the time each employee spends with individual customers.

However for each project we start, and everything is really made up of projects, the costs can be monitored, so in theory one could attribute these costs to the individual customers. But we don't see the need for this.

L: We own our own production lines and produce all couplings on the same lines. We do keep track of all specific investments and tools used for one particular customer though.

iv. Expected time the customer will stay with the firm

H: In this business it is tough to get a new customer but once a customer has joined it will take a lot to make them change to a new distributor. It would be very dramatic if something like that happened.

Once we have a customer we truthfully expect there to be continued business or something has gone seriously wrong along the way, and if that were the case then perhaps one should not be in this business.

L: The contracts we sign with customers last somewhere between 5 to 7 years, the average life of a car model. It happens that switches are made sooner, but then the customer is expected to pay for the costs of investments on equipment and research that would normally have come through the coupling sales.

I don't think there is any loyalty to speak of, they ask us every iteration, but the actual choice is a mixture of price, performance and that the relationship has worked previously, with most emphasis on price, if someone else offered the same performance for a lower price they would choose them for the next contract.

19. **Does the firm have any strategies towards differentiating among its customer?**

H: We don't really differentiate among our customers but we prefer strong technically advanced customers. We've as of recent been contacted by less advanced customers and we have problems dealing with them, as they really don't know what they want.

But we are working to move away from solely being oriented to the technical customers so we can also work with the simpler customer requirements of emerging markets.

We are really coming from just having one customer and now we have many. We have tried to bring in similar customers to our original customer, VW, but as this is changing we are trying to adapt to the requirements as we go.

L: We have the same initial approach for all customers, but differences between countries cause us to change strategies, an American customer cannot be dealt with in the same way as a German.

We have some smaller customers such as Lamborghini which does not produce that many cars.

20. **What different types of relationships does the firm have with customers?**
    Is any type of relationship preferred above the rest?

H: This really depends on the customer, and what type of culture they are coming form. But all of our relationships with the big customers are person to person but the ways in which they are conducted varies greatly among the different customers.

L: We don't do one-night-stands, we build very close relations with our customers. We work very intertwined in the development stages and whenever a problem arises with a product once it has gone out in production we work as a team to solve it.

21. **Does the firm customize its product towards different customer?**
    If so, how does the firm customize the product?

H: We build a basic concept which is common with all our couplings. This concept is then used as a basis for all the couplings which we adapt to each of our customers. The adaption is in form of physical shape, performance, software and interface.

We try to hold as many parts as possible in common.

L: Definitely, we bring a technical solution but then adapt this to the individual brands. We try to keep as many parts in common as we can but you cannot switch one coupling from one brand to another. The technical solution is the same but not the end product. Each car model requires a different type of coupling; the Volvo coupling is very short and fat while the Volkswagen is long and narrow.

22. **How does the firm attain knowledge about customers?**

H: We record meetings with customers through protocols, whenever we hear of a deal we record the prices the competitors have, we collect information on mainly prices. On

occasion rumors can be reviewed but this doesn't happen that often, and if they do it's usually someone bringing something up in a meeting.

L: We note down all we can about customers during meetings and through interactions with them.

23. Does the firm strive to attain knowledge in any specific areas?

H: We collect information on what our competitors are doing, more specifically what prices they are putting on their products. We also buy information about how much of the market each firm has, how many cars car manufacturers are making and how many of these our competitors are delivering parts for.

We also try to keep our ears open at trade fairs, if we come upon anything interesting we bring that up in a meeting.

What is most important though is what prices our competitors are selling for.

L: We try to figure out hidden messages about what the customer might want. We hunt for knowledge about our competition, the most difficult and want-able knowledge is that of price. We try to put all this information down on paper and in documents but its not that well organized.

24. Does the firm view any of these types of information important?
i. Why customers are loyal to the firm

H: Yes, we view this as important and through surveys and discussions with customers we have found that timely deliveries and price levels are among the highest ranked reasons. That and we are viewed as very skilled in the business.

L: We know why customers have chosen us. VW for example didn't initially have much to choose from, since then our competition has gained ground on us, and now I would say they stay with us we have a technically sound product which lies well pricewise and because the relationship works so well.

ii. Why customers are leaving the firm

H: This really doesn't happen that much, there would have to be something seriously wrong for it to occur.

This could also be because we can't offer them as simple and cheap solution as they would like, as we are seeing now with the emerging markets. But then they aren't really leaving us as much as not starting a partnership.

L: One customer has left us, Ford. The reason was most likely the price, the product was too advanced for their need and therefore cost too much.

iii. Why customers are loyal to competitors

H: Because their partnership works or the price is better. The costs involved with switching are quite high and the initial reasons are usually price.

L: We try to look at this, competitor's customers' aren't always very willing to share information so it's difficult to find information about such things but if we come across it we look into it. We have found that tradition can sometimes play a small role.

iv. Why customers are leaving the competitor

H: Information about this is hard to find, competitors aren't exactly keen on sharing it, although it would be interesting. This can happen if a competitor gives a much better price, as we recently saw in one occurrence.

L: Very rarely happens but if it does it is most likely because a competitor can provide a much cheaper price.

25. **What would the development process most likely look like?**

H: As we don't have a system now I'm not sure, we would want to look at how people are working, so the system can fit into their activities without requiring too much extra effort. Looking at what we need and how it can be integrated into the daily tasks.

I would think we would start small and expand from there.

Also we would benchmark against other companies to see how they are doing it and what we can learn from them

L: We have started by trying to get a thesis on the subject to give us ideas about the process.

The reason for it is because ten years ago we had one customer, keeping track was very simple. Today we have eight big customers and information is much harder to organize and keep track of.

26. **What are the most important or critical points regarding the development of a CRM system?**

H: Start small, test, and expand.

L: It's got to be easier to use then our current system (network hard drive) or I might as well be using that. I would like the finished product to give me a collective bowl of information that I can take and remove data form easily, if it's got that I'm pretty happy.

27. **What level of integration does the firm aim for with the CRM system, regarding the flow of information?**

H: To begin with I would be happy if we could have synced contact lists and phone numbers as well as e-mail between everyone.

L: Well I don't want to have to manage two address books, if I have to do that the system all of a sudden becomes a burden, I want it to hook into the current systems, but perhaps it doesn't need to hook into the ERP system.

The more integration the better but price is off course a concern here.

i. At what stage is the firm today?

H: We have no such system in place at all.

L: nonexistent.

5.1.3 Performance of CRM

28. **How does the firm evaluate the results of their customer strategy?**

H: More business coming our way than before, also through customer surveys, testing their satisfaction against previous surveys.

The reason we did the restructure with a greater focus on new customers is that we saw our growth diminish. We are supplying around 50% of all 4WD couplings, our current market is saturated.

L: As things progress with different customers we evaluate the strategy with each of them, seeing if we need to modify it or why it has worked. Biggest risk with a customer is being too tough or too gentle either forfeiting the contract or not getting as much as possible out of it. It has happened before that customers have said "so you don't want the contract" to us. Most of this is discussed afterwards to see how we need to act next time.

29. **What does the firm regard as important performance factors regarding a CRM system?**

H: Easy to maintain in terms of putting and getting information from the system. It should give a feeling of usefulness and an easy to use interface.

L: It's got to fit into the daily work. It's got to be easy to feed with information, and it needs to fit well into the work we do, simplifying the work we already do not adding extra. So ease of use is important.

30. **Does the firm evaluate the following points, if, yes, how? If no, why?**

    a. **Organizational**
        i. **Shareholder Value relating to CRM**
        ii. **Profitability of CRM strategy**
        iii. **Total Customer Value**

H: The connection is there but I don't really see that as filling a purpose. Shareholders want to see growth, maybe if it can be connected with that. Perhaps in terms of more business as a result of being better organized.

We measure total customer value indirectly, we consider what it would mean to; for example, get BMW as a customer but these are pure speculations nothing we have done any calculations on. For our current customers we see how much they buy for and we have long term contracts that specify prices and amounts sold every year.

L: I don't see this as being very useful, maybe if it simplifies our work enough it can be seen as a result to them in form of saved work/time leading to serving customers better and creating a better relation and ending up producing a better bottom line.

    b. **Customer**
        i. **Customer Loyalty**
        ii. **Customer Retention**
        iii. **Customer Value**

H: Well in most businesses these could be very important but for us these aren't as important. This is because we have very few customers and we are very involved with strong relationships connecting us, we know what they are going to do, it would take something extraordinary for one to leave. As for value, as I explained before we have long term contracts with each customer that details how much they will buy and what they will buy for.

L: I don't believe too much in loyalty and retention, maybe value if one can measure the satisfaction with the customer.

    c. Process
        i. **Customer Acquisition's**
        ii. **Customer Retention**
        iii. **Customer Expansion / Cross Sales / Up Sales / Referrals**
        iv. **Returning Customers**

H: We have no methodology for measuring these processes. What we do is evaluate technical projects. We don't evaluate what has taken place between us and a customer. Not that that wouldn't be useful. This type of information lies with the individual employees and how they deal with it is up to them, we don't evaluate it other than holding them responsible for making sales. We hope to change this as more information can be recorded using CRM processes so information can become more a property of the firm rather than individuals.

We don't cross sell or up-sell. It's not part of our strategy and it doesn't really fit with our business.

L: For customer acquisition, maybe a map of how we interact with our customers, how often we have to return or how often we are in contact with them. This could possibly give us a better understanding of them.

We really don't cross sell or up sell at all. As for customer expansion it happens, but it's really at the customers own prerogative as they decide how many cars they want to produce, sometimes they increase a models lifetime.

It has also happened that because we were involved with a customer and have produced good results have been invited to give offers on other models they make; Lamborghini is an example of that. VW has also asked us if we can handle other "supercars" which we are currently delivering special couplings too. Maybe that can be called expansion sales. But still it's the customer who sets the terms. I don't know how one would measure it usefully.

    d. IT – CRM Technology

H: If anything I would want to measure in order to minimize costs, but that's a later problem for once everything works.

L: Opinions, judgments from the ones who use the system to check that the system or process fulfills expectations or how it can be improved.

  e. **Human Capital**
    i. **Employee behavior**
    ii. **Employee Satisfaction**
    iii. **Management Attitude**

H: We evaluate individual employees in the review sessions, twice per year. In these sessions their personal and the businesses overall goals are reviewed. The personal goals are usually in form of sales quotas or related to their work and usually not of personal matter, although that could happen.

As for their satisfaction we review this in recurring surveys and compare the results year by year.

As for management attitude, I think that would be in direct correlation to usefulness versus cost.

L: With current systems the employees work together to try to get the most out of it, when we find something useful that simplifies work we share it amongst ourselves, I doubt it would be very different with whatever new is added into the mix. We trigger each other to find faster and better ways to do things.

But I'm not sure if one should impose further measurements on individual persons on top of the already existing ones for this, perhaps the current measurements could be tweaked. If anything an internal survey to let the users say what they like and don't like.

31. **Strategic Alignment**
    i. **Training**
    ii. **Reward System**
    iii. **Organizational Structure**

H: During employee review sessions we discuss training, and how they have felt about previous training. But I don't want to connect this to CRM, I don't think it belongs there.

We also have personal bonus systems tied in to the own goals of each employee as well as the firms goals. As for CRM's integration maybe it can be as a savings of time or a better work experience.

We did recently reorganize as with the split in departments as management saw the need for this with the lack of increase in profits. Not sure how one would give a bonus based on that, or if it would be useful.

L: Not sure how one would evaluate training, don't think it would be useful to connect bonuses to it either. It would easily be made into something that's forced upon employees. We might start doing things because were forced to not because it is better.

32. **Culture**

    i. **Partnership, ability to work with each other within firm.**
    ii. **Market Orientation, culture change caused by increased or decreased business performance**
    iii. **Explicit goals within organization towards employees**

H: We don't specifically measure culture. We measure processes and in some cases these are across division of the firm. As stated before we have the employee survey in which there are questions about how the workplace is experienced, if employees feel they have a good work environment etc. We also have goals for each individual which sometimes are of personal matter, but most of the time related to their work in forms of sales quotas or business goals. We have talks of how to develop the person but we don't reward these things.

L: It would probably be a good thing to evaluate that we work well together, what use we have of each other and how we all perceive the situation. If specific goals could be set I wouldn't mind them being measured but I have no idea what they could be. As for how a CRM fits into this I'm not sure.

33. **Anything else to add:**

L: I find it difficult to evaluate the CRM system itself other than to ask the users what they think of it. Can't count how many customers are in the system or how many meetings have been entered in to it, it would just steer in the direction of adding as much as possible instead of doing more important things.

5.2 Case 2: Nefab AB.

This section presents the data collected through interviews with employees at Nefab.

The respondent is listed with a short presentation. In the text the bold letter next to their name is used to represent them.

K – Robert Knudsen - Senior Project Manager, IT Manager during CRM implementation

In order to get an introduction into the area the respondent was asked what they thought the current stage of CRM in the firm is.

What is the current corporate view on CRM:

K: We have implemented AX, Microsofts CRM system, within most divisions of our business. We are now working with increasing the usage of the system so we get good information in it.

5.2.1 Customer Objectives

1. **How would you describe customer related objectives of CRM?**

   K: Primarily organizational. If a customer calls, or we call a customer the person on our end needs to know everything there is to know as fast as possible. The system helps us organize things such as previous deliveries, current orders, delivery problems, what was said at the previous meeting, etc…

2. **Would you view any of these objectives as important, describe why:**
   Customer Loyalty, Customer Satisfaction, Customer Retention.

   K: Loyalty can definitely be changed as a result of the CRM system. By the seller being more knowledgeable about the customer and serving them in a better manner I think that their loyalty could be changed for the positive. The same goes for satisfaction; if the customer has a positive experience with us they will probably be more satisfied, but I think it's also important to look at it from the angle of if we don't do this they will probably be unhappy and less satisfied with us. For customer retention I believe it's much the same thing. If we do a good job we can keep the customer and they will come back to us.

   It's not been uncommon for us to forget to send an offer, or sending the same offer twice, or re-ask the same question twice to our customers, we don't always know what we have delivered to a customer in the past. These things don't portray us well. I don't think customers reflect over these things until we do them, causing a negative effect.

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Also for the re-buy, we sell too complex products, they are built to specification, and the customer buys as long as they have a use for it, can't expand or sell them more than they need. We can't analyze history to try to sell more to a customers.

We don't try to analyze data to sell more, we can't really cross sell our products.

3. **How would you describe business related objectives of CRM?**

K: Follow up and control. We want out sales people to portray professionalism. We want to be able to see what happening with different products, "hit rates", and see who's clicking on our campaign ads.

But mostly seeing what's happening so we can steer the firm in the right direction.

4. **Would you view any of these objectives as important, describe why?**
   Who your customers are, Meet the needs of your customers, Future Sales, Automation

K: We try to understand our customers through segmentation; we use the system to classify customers into different groups according to the products they buy. Also we classify according to regions, some customers exist throughout the world. We want customers to buy from us on a global scale so this type of info is important to have at hand. So by segmenting we try to meet the needs of each group of customers.

We customize our product almost completely, the base materials are in common, but we build our products according to specification, if we don't do this to meet the needs of our customer we wouldn't have any customers.

We can see trends within different areas, and I would say this is useful information. We have for example seen the downturn of the telecom industry in Europe for some time now. For most customers we look at these things, but not for all, we focus on the ones that are important for us.

For automation, we have our system connected to the resource planning system so most of the information during the order process or when creating new files is pre filled. This means less work for our employees. Most of the automation is however more about how we do things as a team rather than at system level, using routines and systematic approaches to all things we do.

But we also have a system in which our sales people can build a product example quickly, we call it a "configurator". Using this program the sales person can enter the

customer requirements and quickly get an example product with price estimations. Also e-mails and such are sent directly from the system.

5. **Is there anything you would like to add related to the objectives of CRM?**

K: It's not easy reaching the goals of CRM and getting the people to use it, there's a reason most companies don't do CRM all out.

5.2.2 CRM strategy.

6. **How does your organization interact with customers, what are the "touch points"?**

K: Primarily out at the customers, in face to face meetings. But we also have a small in house group of people who work with customers over the phone to resolve problems or direct them to the right place. So it's mostly through sales people, but also sometimes through technicians that come out to work with the customers as well.

7. **What is the reasoning behind these interactions, when are they used and why?**

K: It came pretty naturally this way, the customer calls us, and we go visit them to see what the product looks like and how it needs to be packaged.

8. **Are any of the following interaction types important:**
   Television, Radio, Website, E-Mail, Telephone, Personal Sales, Service Employees

K: TV and Radio are not really reasonable, our customers don't care if we have a fancy tune or commercial. There are better ways to reach our customers. If we would have been dealing with consumers that would have been a different story, the customers we want carefully evaluate each supplier, a radio commercial isn't going to change their verdict.

The website has become increasingly important, we get a lot of leads through it. This has been a change over the last two years. Now we probably get about half of our initial leads from it. Customers fill in an interest form, or use the site to contact us, or we contact them after seeing that they visited. So this has become an important tool

We wouldn't survive without e-mail, a lot of communications goes through this.

We use the telephone a lot, but e-mail is more important to us. Phone calls have their role as well.

Personal sales are more or less important depending on the region. In Sweden basically everyone that needs our kind of product knows about us. In the USA it's a different story,

there we frequently employ students to call businesses from the phone book to present ourselves and try to get a meeting set up. These contacts are then divided to the appropriate region sales person through the CRM system

9. **What is the firm's customer strategy?**

K: We want to be the global partner for complete packaging solutions for all our customers. This basically means that we want to replace our customers own packaging divisions with ours, so they look to us for all the packaging solutions.

We try to be involved as early as possible, helping to design the container from the beginning.

All this really means is that we try to sell as much as we can.

10. **How are customers identified and targeted?**

K: Depends on the market, the website is very important. Here in Sweden fairs and events are important, in the USA they are less established, which means we have more focus on phone calls to possible customers instead.

11. **How would the life cycle of a customer look?**

K: That really depends on the size of the projects and customers. Sometimes the projects are for millions of dollars, then the sales times and negation times are quite long. I'd say that a normal product would use about one month from offer to sending the first test, and then we send these tests back and forth until we find a solution that works for everyone. After that the product is usually delivered for as long as the product is produced, which can vary greatly from company to company.

When a customer stops producing a certain product, its usually because they have a new one coming out, the customers we have good relations with usually come to us then to start the negotiation over again.

Usually we get some sort of warning that the product will not be produced after for example Q2 next year, along with a request for an example packaging for a new product.

12. How is information about customers organized?

K: In the CRM system. The system is supposed to be a gigantic database of everything that we can get our hands on about the customers. Were not there yet though, not all people are using it, and the ones that are usually not putting information in it properly.

We try to get everything pertaining to the relationship with our customer in the system, but we don't go out and visit the customers website to enter information into the system.

We have a lot to work on here though, getting the sales people to enter the information, and entering it correctly is difficult.

13. What kind of training do employees who are in contact with customers have?

K: We train our sales people in being better sales people. We've also had several training sessions related to the use of the CRM system, both out at the work sites and through webcasts. We have found the latter to be the most effective, we really want to do more webcasts, it's really cheap and effective method.

14. How would you describe the culture of the organization

K: We are a small business that has become large, there is a large freedom of action and people dare speak out their opinions. There is a lot of local responsibility at each office or department, which also makes centralized solutions such as CRM more difficult to implement.

There is open communications between the different levels of employees.

The firm has 25 subsidiary companies in it, between these the culture varies a bit but in general I'd say most employees have the same "Nefabrication" (reference to IKEA) done to them.

15. Are there any positive or negative effects of this culture towards customers?
    Are there any types of reward systems for cultural behavior?

K: On the positive side there are short paths for decisions to travel, open cards, and little politics. On the negative side it's difficult to organize a centralized solution because everyone is pretty much independent.

I don't think we reward anything culture related, not sure what that could be. We do have a bonus system on courses taken to learn new skills. Not sure if that can be put under culture though. But basically we want people to learn new things and keep growing.

16. Is there anything else to add to this subject?

K: We have found it difficult to motivate the sellers to use the program, the problem is really that it's difficult to give enough back to them, to them the system might as well be a simple address book. We are currently working on their motivation to put the data into the system. The sales people need to feel that they are gaining something from this to do it.

The way were thinking of accomplishing this, and the only way we think we can motivate them, is that currently we are asking them for all kinds of reports and statuses on their customers. If these reports can be avoided and they can focus on the selling by simply entering the data from the customer in the system then I think they will see a benefit from it and be able to focus on the things they want to do.

To make this work we however need to educate the managers at all levels of how to extract data from the system properly so they can keep asking when information is incorrect and work the system in to the sales force.

One example of this is that right now we have a lot of customers in the "other" segment instead of the real segment. Simply because entering "other" is faster than putting it in the right segment. If managers keep asking why a salesperson hasn't tried to sell anything to a specific segment, and the salesperson responds that he has, but the customer is not in the right segment then we hope we can nag them into it.

There is also a great benefit that they system is connected with the ERP system, so we can see what's happening with a customer with the firm even if it hasn't been specifically entered into the CRM system. An example of such data can be delivery status or key performance values.

17. How does the firm differentiate between customers?

K: There is no direct classification, the economics department goes through our customers regularly and checks so that everything is in order. The sales people have bonuses based on margins, which works well. This is possible a good reason for them to like the CRM system, they can more easily follow their progress.

Even though we don't have a direct classification of customers we have good ieas of who we are making money on and not. For the bigger customers we keep a closer watch than for the smaller. This is mostly because the smaller customers are the responsibility of local offices while the big customers are handled centrally.

18. What are the most important factors regarding customer profitability?

How does the firm calculate profitability of customers?

K: We use contribution margin to calculate profitability of a customer. We don't distribute the back office functions on individual customers. It's not easy to distribute the individual hub costs of any customer either so we really don't work with that either.

We don't try to price ourselves into situations, but we keep tabs on the market as best we can. When we are working with a customer we put in the guesstimated value of that customer and some type of expectation level for it, this is so we can motivate the higher expenses involved in dealing with bigger customers.

19. Does the firm view any of the following as important factors?

v. Individual Customer Profit Margin

K: This is the most important, this is what spells cash for the business. Every other measurement holds some sort of uncertainty or guesstimations in them.

vi. Average retention rate of customers

K: We primarily follow the big customers. But we also gather information on defecting customers and new customers. We keep good tabs on new customers vs. defecting customers. To increase our turn over we need to get new customers but they are much more expensive than keeping the old ones so it's a balancing game.

vii. Cost of capital towards the customer

K: To a certain extent. We don't distribute back office costs using a time clock to each of our customers. We make rough guesses for what we think the customers are costing us in these areas. The costs that are distributed are primarily sales time and the time the design team spends with each product.

viii. Expected time the customer will stay with the firm

K: This can't really be forecasted, we really assume customers will stay with us, if anything is going badly the salespeople put up a warning flag so we can deal with it right away.

For each employee we come in contact with at the customer we classify them to try to figure out what role they play, and we also try to guess what kind of success rate a project might have. We have just started doing these things though, and don't have it working that well yet. As it is now, for every ten leads we get, maybe one turns into a customer.

20. Does the firm have any strategies towards differentiating among its customer?

K: We have twenty big customers that key people are assigned to manage. We don't assign such personnel for every customer we have, so I think you could say the strategy is different depending on the size of the customer.

Also these bigger customers are handled centrally while the smaller customers are handled by the different offices around the world.

21. What different types of relationships does the firm have with customers?
    Is any type of relationship preferred above the rest?

K: Its basically all personal relationships, we want our sales people to be best friends with their purchasing people. We avoid one time transactions, we only want long term relationships. We don't try to get a customer through pricing. We aim to become partners with all our customers, still with separate result responsibilities but with as much open cards as we can.

22. Does the firm customize its product towards different customers?
    How does the firm customize the product?

K: We have different product families that we base our products on. We piece together these different base concepts to fit each customer's needs. Every product we sell is fitted or customized to our customers.

23. How does the firm attain knowledge about customers?

K: Primarily through personal interactions through the sales people, comes naturally as it's these people that are in touch with customers.

24. Does the firm strive to attain knowledge in any specific areas?

K: Mostly information that concerns the products we deliver to our customers, if they are ending the production or if they are putting out a new product. These things are usually not broadcasted so you have to listen carefully to pick up on it.

We have decent knowledge about our competitions prices, it's not as good as we'd like though. When sales people win or lose a deal they try to find out what caused us to lose it and what the competition was offering. Here in Sweden we have two big competitors. But in Asia we have many companies that are straight up copying us.

25. Does the firm view any of these types of information important?

v.   Why customers are loyal to the firm

K: We perform customer satisfaction surveys regularly. This is more on the broad customer base though and not on an individual basis. We leave the details up to the salespeople to get information on and dig into. It would be too much information otherwise.

vi.   Why customers are leaving the firm

K: We look at this, most of the time it's a product that's been canceled, but it sometimes happens that competitors offer much better prices than we do.

vii.   Why customers are loyal to competitors

K: The salespeople are supposed to write this into the CRM system every time we win an offer or lose one. But it's pretty difficult to get them to do that, they really don't see the benefit in it yet.

viii.   Why customers are leaving the competitor

K: If we can get hold of such information we would use it, but it's not easy to come by.

26. **What would the development process most likely look like?**

K: We choose a ERP system, Microsoft's AX, and the CRM system really just came along with this. We've made a few modifications to it but nothing really major. The system already has much more functionality than we are close to using today.

Only thing we are missing is that it doesn't work in offline mode, and it can only sync meetings and activities with outlook.

27. **What are the most important or critical points regarding the development of a CRM system?**

K: We didn't do that much development, basically we just turned it on. The difficult part, which we are still working on, is getting the users to actually use it.

We did modify one aspect of it, the system felt more in line with a business model of something like CDON, we needed a better project integration into it and have worked on that a bit.

28. **What level of integration does the firm aim for with the CRM system, regarding the flow of information?**

ii. At what stage is the firm today?

K: it's a part of the existing business system, information is moved in both directions, and this is probably the biggest benefit I see with this. But this comes with the negative effect of the system not being available offline. We can see bills, or orders and shipments directly in the CRM system.

It's not that customized to each department, it's more of restrictions so people can only access what they are supposed to.

I'd say were about half way through the implementation, with the biggest hurdle being getting people to use it. We want a few more functions from the system but we need to get the people using it first.

Currently we are pushing out the information that is entered ito the system to the managers, getting them to go to the salespeople and question why something is wrong or placed in the incorrect are in the system. At one point we tried to make it mandatory to put info into the system but then we just got a whole lot of "other" entered into the fields.

We've found that the problem with implementing the system is seldom in the system itself, but rather in figuring out what you want to store in the system, only saving what's really important that we can get something out of. You can't force people to use it, only trash is entered then

5.2.3 CRM Performance.

29. How does the firm evaluate the results of their customer strategy?

K: We follow all the big customers in detail, we don't want to lose these, we want to follow, adapt, and grow with them. Smaller customers aren't followed in such great detail. If we lost one of the bigger customers we would definitely notice it in the sales numbers

30. What does the firm regard as important performance factors regarding a CRM system?

K: We check the number of orders made to the firm and then compare this to the number entered into the CRM system. We can also see who's is using the system and not. We basically measure the activity of users in the system.

31. Does the firm evaluate the following points, if, yes, how? If no, why?

      a. Organizational
           iv. Shareholder Value relating to CRM
           v. Profitability of CRM strategy
           vi. Total Customer Value

K: We do this to increase sales, so the stock holders are more interested in the effect rather than the actual system performance. They really don't care about the system. They were only interested when we implemented the ERP system, and that was only because it was really expensive.

As for the profitability of the CRM strategy, we evaluate all our customers, the bigger ones centrally and the smaller locally at the offices.

We also keep track of the total customer value, or rather it's in the system.

      b. Customer
           vii. Customer Loyalty
           viii. Customer Retention
           ix. Customer Value

K: We try to talk to the customers and understand their situation. If something is going well we try to spread the info throughout the firm and explain what was good about this, if something is going bad we try to spread info on what not to do. Basically the same for retention and value, we talk to them and try to work with them as much as possible.

      c. Process
           x. Customer Acquisition's
           xi. Customer Retention
           xii. Customer Expansion / Cross Sales / Up Sales / Referrals
           xiii. Returning Customers

K: We check every markets lead generation versus sales made. We see the hit-rate of our email's and marketing campaigns. We follow the funnel down from the initial contact to actual sales and keep tabs on at what stages we lose customers.

We try to get sales people to ask or figure out why customers have left us, sometimes we can get that information, sometimes not. If we can we work on bringing them back.

We do try to expand to customers, when we are out talking to them we try to get in on what other products they are selling and seeing if we can deliver packaging solutions for more products.

When we are out at a customer we evaluate their current system versus what we can offer, if we can't provide big improvements we don't want to waste their times or ours.

d. IT – CRM Technology

K: We haven't tried to evaluate the system itself yet, we initially benchmarked other companies to try to get a feel for how it could be done, get a feel for what were good ideas and not.

When were out educating people about the system we try to get their opinions on the system, usually it's easier to get negative feedback rather than positive.

e. Human Capital
      xiv. **Employee behavior**
       xv. **Employee Satisfaction**
      xvi. **Management Attitude**

K: To get an understanding of if the employees are using the system we compare the number of orders made to the number of orders entered into the CRM system.

We also check for who is using the system and not, as well as go out and talk with them to see who is happy with it or if there are any changes that they want.

As for management attitude, the management says what they want and then that is put into action, as long as they get what they ask for all is good.

32. Strategic Alignment
       iv. **Training**
        v. **Reward System**
       vi. **Organizational Structure**

K: We have a sales process that everyone follows, and we educate people on how this process is also followed in the system.

We also have employee evaluation meetings where the employees talk to their managers about both the training they are receiving and could need and how satisfied they are with their work. There is also a survey done every so often where we anonymously ask all the employees what they like and don't like. We've done this for the last ten years and follow it closely.

Reward systems are taken care of at a local level, each manager makes sure there are proper rewards set and that people have goals that steer them in the right direction. In

individual cases there can be rewards for personal goals not closely related to the company, but in the end benefitting the firm. Most of the rewards however based on profit margins.

Every subsidiary can decide for themselves how they want to be organized to suit their needs best. We do occasionally move people to new positions because we think it will suit them better. Organizational changes are only made when thought necessary and they need to prove some sort of effect when we check back on it.

33. Culture
   iv. Partnership, ability to work with each other within firm.
   v. Market Orientation, culture change caused by increased or decreased business performance
   vi. Explicit goals within organization towards employees

K: We ask about how well employees think they are working together in the company survey, and this can also be brought up in the personal meetings with the superior.

As for market orientation, it's up to the managers to hire the right people for the job. We occasionally evaluate people through tests to see how well they fit into the jobs they have.

There can be explicit goals towards an employee but this is not praxis, most of the time its result oriented. Bonuses are then set on these goals.

6.0 Analysis

The following chapter will present the analysis of the data through comparisons between theory and the previous research collected. The purpose is to establish differences or similarities between the collected data and theory.

6.1 Objectives & Benefits of CRM

This section analyses the customer and business related objectives of CRM.

In Table 6.1 the responses of the firms are summarized for quick review and cross comparison.

Table 6.1: Objectives Comparison and Summary

Objectives	Haldex	Nefab
Increase **Loyalty**	/	+
Increase **Satisfaction**	+/	+/
Increase **Retention**	+/	+/
Collect information	+	+
Understanding Customers	+	+
Meet Needs	/	+
Increase Sales	/	/
Automation	/	+
CRM's Main goal is to **Organize**	++	++
The responses are graded using: – as disagrees, + as agrees, and / as neutral		
Grades can be combined, i.e. +/ means not completely agreeing.		

6.1.1 Customer Objectives

Sherif, Nguyen & Newby (2007) suggests that through the collection of important information about customers they can be made more loyal as the firm can better serve them. Zeng, Weng & Yen. (2003) further suggest that through smart IT systems satisfaction can be increased by instant responses to customer inquiries. Gummerson. (1994) also agrees with that through relevant information one-on-one relationships can be formed that keep the customer coming back allowing the customer and firm to build strong bonds.

Haldex is partly in line with these statements, they explain it as: loyalty, satisfaction and retention are a result of being more organized and having a better view of the customers. By being more organized and by using CRM systems they believe they can take better care of the customers and keep them more satisfied with their firm resulting in possibly higher

loyalty. They do however state that for them loyalty is not one of the main objectives. Haldex points out that the real objective for them is to organize the information on their end, and that in B2B, price is the real decider even if the relationship will have a certain impact as well.

Nefab is also in line with theory, agreeing that good CRM can change the loyalty, satisfaction, and retention rates. But they also explain that CRM for them is about being more organized. Keeping all the involved salespeople updated to everything that happens with customers. They explain that through a positive interaction experience with the firm customers will probably be more satisfied, they explain that if they do a good job customers will hopefully come back.

6.1.2 Business Objectives

According to Xu & Walton (2005) one of the primary uses for CRM is to collect information about customers, and use this to make more sales. Sherif, Nguyen & Newby. (2007) further explain that this information can be used to understand customers so that better offers can be made to them.

Haldex is in line with that the system should be used to store information about customers, if information can more easily be overviewed then, they as a firm will be in a better position in negotiations. They also explain that it could be used to get a clearer picture of the current situation and by that be able to give better offers to their customers.

Haldex however takes distance from the use of it to cross- or up- sell, explaining that most of their products are customized according to very detailed specifications, the customer tells them what they want and nothing else. For new products, the customers come to them and ask if they can offer them what they need.

Nefab is in line with using the system to collect information on customers. They are also in line with the use of CRM to try to understand customers. They follow the development and trends of their bigger customers closely to understand the market. But just like Haldex they do not see a possibility to cross or up sell using CRM. Explaining that they customize their products completely to their customers, and there is no possibility to sell more than the customer uses.

Haldex further views an actual CRM system as a way to move knowledge from the employees to the firm. Not removing the need for employees but lessening the need of individual people regarding different customers, keeping the relationship strong even if employees switch jobs. This is something which theory does not explain explicitly.

Zeng, Weng & Yen (2003) explains that through smart computer systems, information can be moved on as it arrives to meet demand quicker. They also explain that by analyzing information, data on future sales can be attained.

Haldex partly agrees to this, moving on information as it arrives is important, they explain that sometimes a sale can start on unofficial hunches. But in their business they see limited possibilities of forecasting. They don't believe forecasting to be very useful as there aren't too many businesses that they can sell to, and sales are negotiated over very long period of time.

Nefab is in line with theory, explaining that they believe the collection of data is important, and the use of this in seeing trends is important. They follow the trends for all their big customers markets, trying to see changes so that they can try to get a warning of developing trends.

Xu & Walton (2005) explain that one of the main uses of CRM in the sales force is automation in order to make sales more efficient and faster.

Haldex is not in line with this. They explain that they don't see any use of automating any part of their relationships with customers. The relationships are as they put it simply too complex for automated e-mails or telephone scripts. Also the products are too tailored and complex to be eligible for cross or up selling by analyzing previous orders. They further explain that the actual orders will be kept in a separate system, and not be a part of the CRM system.

Haldex further explains that they have key account managers assigned to each customer that knows what is happening to each customer, they don't think any type of contact besides person to person would work well in that situation.

Nefab is in line with theory regarding automation. They explain that most information when placing an order is prefilled with information from the ERP system which in the end means less work for their employees. But they also explain that most of the automation is more in the process of how they do things as a team rather than system level. But they have built a system in which a test example of their products can be made quickly for demos and price estimations which could qualify as an automated system.

6.2 Strategies used for CRM

This section analyses the strategies related to CRM.

In Table 6.2 the responses of the firms are summarized for quick review and cross comparison.

Table 6.2: Strategies Comparison and Summary

Strategy	Haldex	Nefab
Streamline interaction points / easy access	+	+
Customer Lifecycle	/	/
Working with culture	/	+
Working with customer value	+	+
-Working with prediction based values	-	-
Better interdepartmental communication	+	+
Product Customization	+	+
Analyzing reasons for customer behavior	+	+
Classifying and differentiating customers	-	-
System: Start Small and expand	+	/
System: Total Synchronization	+	+
The responses are graded from using – as disagrees, + as agrees, and / as neutral		

6.2.1 Touch Points
Peelen (2005) lists the interaction points that businesses use as; Public Media, Websites, E-mail, Telephone and Personal Sales.

Haldex is in line with that these are the main touch points used for any business. They further comment that when dealing with other businesses the contacts are foremost handled through their key account managers. Their primary means of communication are e-mail and phone calls with e-mails being the primary communication method. But they also see a small role with the website as a tool for communicating directly with end customers. They believe that public media could be useful but it is simply too expensive.

Nefab is in line with these being the main touch points. They also point out the limited use of media such as television or radio, explaining that their customers are not likely to fall for a catchy tune on the radio. They communicate through face to face meetings, email, and phone calls and state that they would not survive without email.

Peppers & Rogers (2001) describe the touch points as they key areas where one needs to make as effective as possible. Streamlining and organizing the face of the firm.

Haldex is in line with this. Haldex explains that recently they have begun mapping the positions of the people in the customer firms' so that the right people at their firm can speak to the right people at the customers firm. Haldex further explains that the interactions are very complicated, with the technical department of both firms many times communicating with each other without the involvement of sales or marketing people, giving the firms many touch points to each other. This is for them one of the reasons they want to implement a CRM system to begin with. Haldex also points out that these methods of communication have simply turned out this way, they are the standard of the business.

Nefab is also in line with this, it is one of the reasons they have been working with CRM. As a means to organize the front end so that customers can be better served. Nefab further explains that the web has come into an increasingly important role for their business over the last couple of years, generating a lot of their sales leads. Nefab also explains that their use of communication media has simply turned out this way, nothing they have really planned.

6.2.2 Front Office

Peppers & Rogers. (2001) explain that one of the primary concerns of the front office is to gather and organize customer information in an easy to access way and that many times this is a problem as information is spread out in many different departments.

Haldex is in line with this and explain that information is collected at every customer interaction through meeting protocols & visiting protocols. But they also have the problem that such information is spread out across the different departments. They further explain that they have a network disk with folders on it for each customer. But the system is quite difficult to navigate and also all email conversations with the customers are lost, it's not very structured.

Nefab is also in line with this and explains that for the big customers that act on a global scale they centralize the information and workloads, and for the smaller customers the local branch offices deal with them. Using the system they try to store all information concerning their customers in one place.

Curry & Kkolou (2004) express that the customer lifecycle needs to be dealt with in every organization and give a description of the different stages that customers go through. Stages ranging from targeting, conversion, delivery, managing dissatisfaction and winning back lost customers.

Haldex is not in line with the stages that the theory describes, for them it's more of a process without distinct stages. They explain that the customer lifecycle is more of a continuing process. With their biggest customer there has not been one month since 1998 that the technicians on both sides have not been in contact. They explains the process more as a continuing development and problem solving rather than "win-back" or "managing

dissatisfaction". They do however agree that the most difficult task is establishing oneself with a new customer. Once a customer has been acquired they usually don't leave, with unified development and research lasting years and contracts usually lasting several years or for the lifetime of a car's production.

Nefab is not completely in line with theory and describes a similar situation to Haldex. They describe their cycle as beginning with a visit at the customers firm, and then sending samples back and forth until a solution is agreed upon. After that the packaging is usually delivered until the customer's product is taken out of production. At which time customer usually comes to them or hints ahead of time that a new product is coming out. There are no win-back stages or managing dissatisfaction stages, it's an ongoing relation that never ends.

Haldex also explains that when a new model is coming out from a company the customer comes to them and asks if we can make our product better, and most of the time it's about modifying an existing product rather than creating a new one.

According to Greenberg (2004) the culture of an organization is a very important part of any CRM system. It needs to be changed so that it aligns well with the objectives of the initiative. It is imperative for the success of CRM that the culture matches and establishes the objectives.

Haldex is not completely in line with this. Haldex does not perform any general training towards their employees, but people involved with customers have been handpicked as suitable people for such interactions. Haldex further acknowledges that they sometimes have a product focus instead of customer focus, which can in the way of business relations. They however believe that customers always do feel welcome and that they have a good reputation on the market. The responses to these culture questions were however much slower than compared to Nefab or responses to other questions given by Haldex, which could indicate that this is something which has not been worked with and does not have a strong focus.

Haldex further notes that they haven't really thought about the effects of their culture. But they also explain that the management is very tolerant and promotes initiatives rather than complacency, they don't crack down on mistakes, they would rather see any action then no action.

Nefab is in line with this. They train the sales people on how they should behave and they also train people on how to use the computer systems. They explain that they try to have the culture of a small business, with large freedom of action and a lot of responsibility towards individual employees. They also let each of the subsidiaries design their own culture as they best see fit, but they have a general practice and explain that most people in the firm get the same general view of how work should be done.

Nefab views the positive aspects of this as there are short paths for decisions to travel, and the negative effects as it's difficult to get a centralized solution in place as all the branches and people work very independently.

Nefab adds that to them the biggest hurdle regarding the front office is getting the sales people to use the CRM system. The sales people just regard it as an extra task that needs to be done and they don't feel they are getting enough out of it. They explain that they are trying to motivate this by the sales staff needing to report less often to the management as the info is already in the system, but it's a slow process.

6.2.3 Back Office

Value of a customer
Wailgum (2007) explains the importance of finding out the customer's value, Zikmund (2003) defines four important factors of customer lifetime value: Profit Margin, Retention Rate, Cost of Capitol, and Time the customer is expected to stay.

Haldex is partly in line with the theory, regarding measures of customer profits over time as important aspects but calculating it differently from the suggested methods. They explain that they calculate the contribution margin per product. This means that they calculate the income per coupling minus the cost of material for the coupling and the salary for the workers who put it together.

This information is then used to evaluate each customers accumulated contribution margin each month *(See figure 5.1)*. This is similar to the Customer Profit margin that theory mentions but this aspect also evaluates the sales over time. The accumulated contribution does however not forecast the sales even though trends can be seen.

Nefab is not completely in line with theory either, they also use contribution margin to acquire each customers profitability, but keep trends and theory of loyalty and retention rates separate from this. They explain that every measure other than actual income per product holds a degree of uncertainty and consists of made up numbers, its cash in hand that counts.

Nefab explains that it's impossible to forecast loyalty. They work hard with each customer and if there are problems with a customer the salespeople deal with it in the best way they can, working hard to keep them as customers.

Haldex is not in line with the theories of retention rates and loyalty either, they explain that their processes are performed over such long periods of time that this really isn't applicable, the relationships continue for many years. Furthermore, a customer only has one application for their product, and when Haldex is the supplier they supply 100% of this product to the customer. They explain that in this business it is very difficult to get a new customer, but once they get a new customer there needs to be something dramatic for them to change

suppliers, the barriers are very high. Haldex explains that they truthfully expect customers to stay with them for extended periods of time. They also point out that price is probably the biggest factor in any business deal they do.

Relationships

Peppers & Rogers (2001) argue that the goal of CRM is to be able to deal with each customer on a one to one basis.

Haldex is in line with this theory, and this is one of their main reasons for implementing CRM systems in their business. They explain that this is a strong goal for Haldex, all their relationships are person to person, and all customers have key account managers assigned to them. Haldex does not accept one time customers and they work very integrated with their customers, with multiple people from both organizations communicating with each other. They also explain that for each customer there can be many people involved from many different departments and it is difficult to maintain all this information in an easily overview able way.

Nefab is also in line with this, explaining that they only deal with person to person relations, and they avoid one time transactions. They strive to have as much openness between them and their customers as possible, often trying to become partners in business. They also explain that with each client there can be different departments involved in the sale, ranging from the key account manager to the design team and the technicians, which can sometimes be difficult to coordinate.

Customization & Targeting

Mintzberg & Lampel (2003) define different stages a product can be customized in and argues that this is a good way to meet the customer's needs.

Haldex is in line with the theory of this need, and they are a prime example of where such customizations are used. In order to meet the customer demands Haldex must perform customization to the products. The only thing the individual products have in common is the underlying technical solution. The final products look very different and meet very different demands for each customer and must be designed according to each customer given requirements. The products are also developed tightly with the customer with testing and reworks continually throughout the process.

Nefab is also in line with theory. They have materials and concepts that are in common for all their products, based on these platforms customers specific solutions are created. Every product they sell is customized to an individual company. The aim of Nefab is really to replace the customers own packaging departments, for this to be possible they must customize their products completely.

Xu & Walton (2005) strongly suggest collecting data from customers, and also for the use of trying to create usable data from information collected from customers.

Nefab is in line with this theory. They collect data through the interactions that occur on regular basis with their customers. They try to mainly collect information concerning their product, such as how satisfied the customers are, or if there will be an increase or decrease in production. They explain that such things are usually not broadcasted, and that you have to listen carefully. Nefab also collects some information on competitors, mainly their prices. But also if they lose a deal they try to learn what the competitor did better.

Haldex is also in line with this theory and tries to attain knowledge about customers and competitors and views this as a very important thing to do. They explain that when meetings are held protocols are made and archived containing all that is said between the customers and the company. The key account manager's note down everything which seems of importance regarding the customers, even rumors can be addressed at internal company meetings. Haldex hunts for knowledge concerning the competition and customers, especially regarding price, this is however one area where they lack organization and information regarding this is located out at individual people.

Xu & Walton (2005) suggested that information should be especially analyzed to bring light upon: Who one's own customers are and why they are staying or leaving the firm and what the competitor's customers are and why they are staying or leaving them. Using such information weaknesses in the own firm can be fixed and customers can be poached from competitors.

Haldex agrees that all these categories are important, but they explain that for them the most important area is why customers are loyal to the firm, they do recurring studies to find out what the customers are happy about and what can be improved. They also see the importance in understanding why customers are leaving but they have only had one customer leave them since they started, and this is believed to be because of the price being too high as a result of the product being too advanced for that customer. If they could attain information or if they came across information on the other categories they would use it.

Nefab is in line with these statements. They perform customer satisfaction surveys on a regular basis, they do this to get a broad overview of customer opinions, and individual details are left to the sales representatives to extract. They also look at why customers are leaving the firm, they state that if that happens it is usually a result of much cheaper prices. As for information concerning why customers are loyal to competitors they explain that sales people are supposed to enter such information in the CRM system as they learn it, but this isn't really happening yet. Concerning why customers leave competitors they explain that if they got a hold of such information they would use it.

Classifying and Differentiating customers

Xu & Walton (2005) argue for the classification of customers into four categories according to their value to the firm using long term perspectives. Peppers & Rogers (2001) explain that each customer represents different value to the firm, and the company should adapt accordingly.

Haldex is not in line with this, they don't differentiate between customers. They explain that they have the same approach for all customers but they try to adapt to whatever a customer needs. Haldex does have a few customers which are much less profitable than others, these customers are worked with just the same as the bigger customers.

Haldex also points out that this is in part because they are coming from having very few customers and haven't seen a need for it yet.

Nefab is not in line with this theory either. They don't segment or have customer groups, but they do deal with firms a bit differently depending on their size. Global firms are handled centrally, while smaller customers are handled locally at branch offices. Nefab has about twenty big customers which are taken care of centrally.

6.2.4 CRM System

Davids (1999) lists important points which should be thought of when implementing a CRM system. Points such as; start small, make sure everyone is involved, clear goals, and make sure there is something in it for the people involved.

Since Haldex does not currently have a CRM system they are weary of what they agree to and not but they have learned from previous system implementations in other areas that it is best to start small, and that the system should make things easier for everyone involved, which is very similar to what authors on the subject state as ground rules. Haldex also adds that if it's difficult to use the system it simply won't be used, and the system is never better than the information it contains.

Nefab currently has a CRM system but they explain that they chose a system which could easily be integrated into their current software systems. The implementation was merely turning it on. They do repeatedly point out that this is not the most difficult part of a CRM system, they explain that the most difficult aspect of all of this is getting the sales people and users to realize the benefit and actually use the system and not just enter useless information because they are forced to work with it.

Chase (2004) lists different levels of integration ranging from simply a way to view data to synchronization with the entire system. The theory points to the levels usually correspond to development levels where the firm starts in the lower end and tries to work their way up.

Haldex agrees that starting at the lower end and working up seems like the best idea, but they point out that they would like the system to be able to stand on its own and be able to survive even if other programs around it change, such as the ERP system.

Nefab is in line with the different stages, but explain that since the CRM software was part of their previous system they could skip all the stages and have it up and running right away. They also point out that they would not want it in any other way then completely synchronized with the ERP system, information should moved in both ways.

6.3 Performance of CRM

This section analyses Performance related variables of CRM

In Table 6.3 the responses of the firms are summarized for quick review and cross comparison.

Table 6.3: Performance Comparison and Summary

Measurement	Haldex	Nefab
Total firm Benefit	-	/
Loyalty, Retention, Value	/	/
Process Evaluation	-	+
System Evaluation	+	/
Human Capital	+	+
Strategic Alignment	/	+
Cultural Effects	/	+
The responses are graded from using – as disagrees, + as agrees, and / as neutral		

Haldex views the most important aspect of CRM as that it integrates well into the business and does not create problems or extra workloads but instead simplifies the relationship on both sides. They think that through implementing a CRM system the customers will have a better experiences and a feeling that the company is more organized and well structured towards them. But they are not sure how they would measure in numbers if they become more structured or not, it would be more a feeling of usefulness and eased workload level for the employees involved.

Nefab views the most important aspects of the CRM system as that it helps them organize their information and integrates well into existing infrastructure. They view the most difficult thing with the system as getting the users to actually put good data into it. This is something they work with continuously. According to them the number of orders entered correctly into the system is a good benchmark of the system and process.

Hyung-Su & Young-Gul (2007) have developed a CRM scorecard with a number of metrics ranging from top level management to the culture of the organization that they believe are valuable in the CRM process. Hughes (2009) lists very similar objectives as key performance indicators.

The different topics are analyzed below.

Measuring the total firm benefit - Share holder value, profitability of strategy, total customer value

Haldex is not in line and does not see organizational measures such as shareholder value as very important even though they see the connection. They explains that maybe it could be connected as a result of being more organized and because of that getting more customers, but they believe the connection is weak, and do not want to measure it on such an abstract level.

Nefab is not completely in line with this category, they explains that shareholders might be interested with the effect they are trying attain, selling more products, but they don't really care about the process, other than the costs that are involved with it. They do however evaluate all the customers, the big ones centrally and the smaller ones out at the branch offices.

Measuring the Loyalty, Retention, & Value

Customer Loyalty, Retention and Value are things which according to both Hyung-Su & Young-Gul (2007) and Hughes (2009) are very important things to measure and get a clear picture of.

Haldex agrees that in most businesses these are very important but explains that because of their tight relationships with customers and long process times these things are not as important to measure for them.

Nefab is in much the same situation as Haldex with this type of data. They do write down things such as the estimated success rate of a project in their CRM system, but because of the very tight relationship they form with their customers they mostly talk to each other and resolve situations as they arrive. Terms such as loyalty and retention rate become mute and words such as partnering and long term relationships replace them.

Measuring the process of Acquisition, Retention, and Expansion of customer base

Haldex is not in line with the measurement of such tasks, they explain that they do not have any method for measuring such things. They don't really evaluate what has taken place between the firm and the customer at a management level, this is instead something which the individual accountant managers deal with as they see fit.

Nefab is in line with this, they work with every lead they get and analyze what happens to their orders. If they gain a customer the sales team enters the info into the system and the same if they lose a deal, if such information can be attained. This information is used to

evaluate and understand why things happen the way they did, if something can be learned from that information then it is spread to the relevant people.

Measuring the IT Systems

Haldex is in line with measuring the IT system, they explain that this could be about costs. But focus for them is more on finding the right solution for their business. They also explain that they think the system should be evaluated by the opinions and user experiences the individual users of the system have, even though as they put it, these would be very subjective.

Nefab is not completely in line with this. They have not performed any real measurements on the IT system. But they did benchmark in the development stage to understand how other firms were using and establishing their systems.

Evaluating Human Capital – Employee behavior, Employee satisfaction, Management Attitude

Haldex is in line with theory regarding evaluation of employees. They explain that they continually evaluate the satisfaction and performance of their employees through review meetings twice per year. The employee's opinions are further reviewed in anonymous companywide surveys. But they also add that they do not think that any specific measurements should be added to the employees as a cause of the increased focus on CRM, but instead these things should become a part of the normal work routines or perhaps tweaked a bit to fit better.

Nefab is in line with theory. They evaluate the users to see that they are using the system properly. But they also have continuous discussions about what is good and bad about the system and how it can be better implemented into their daily work routines. They also have recurring discussions between the employee and management on how the individual person is performing both in relation to the firm and in relation to personal goals.

Strategic Alignment – Training, Reward Systems, Structure of organization

Haldex is not completely in line with this theory, they do not see the connection between training, rewards, and CRM. They do not want to connect these to CRM. They also have no real training of their sales people. They do not want to incur some type of bonus on the system, they think that if the system itself helps save time that will be reward enough for the employees to use it. They explain that they want to avoid a situation where things are done because they are forced upon employees and not done because it is the best way to conduct business. The structure of the organization can however change if there is a need for it, such a change recently occurred as it was deemed necessary for dealing with new customers properly.

Nefab is in line with the theory. They have a sales process which everyone is trained on, and is it also explained how this process is followed in the system. During the employee meetings the employees can request training which they think they need. Reward systems are taken care of at the local departments, where the manager's reward on what they think will best steer the organization in the right direction. These measurements could be anything from personal goals to companywide goals. Organizational changes have also happened, but for this to occur there needs to be good proof for how that would provide them with a real result.

Measuring cultural effects – Partnership, Market Orientation, Individual goals

Haldex does not measure anything regarding culture, even though they do express an interest in the area. They explain that they think it could be very useful to measure how well the people of the firm work together. But as for how it fits into CRM they do not know.

Nefab is in line with theory. They ask their employees how well they think they are working together with each other. Regarding market orientation, it is up to the managers to hire the right people for the job. There can also be explicit goals towards individual employees in order to make them work better with the organization.

7.0 Conclusions & Implications

The previous chapter presented an analytical comparison between theory and collected data. This chapter will present the Conclusions and Implications based on the analysis. Each research question will be answered; conclusions and implications will be listed thereafter.

7.1 RQ1: How can the objectives & benefits of CRM be described?

The research shows that there are a number of reasons why companies choose to work with CRM in B2B, objectives related to both the customers and the business itself. The objectives that are viewed as important are: organization of data, customer satisfaction and retention, as well as understanding customers better.

The objective that is most strongly agreed upon was the use of CRM as an organizer of customer information. The loyalty, satisfaction and retention were expressed as a result of the organization of this information. The belief is that if the firms could meet requests and respond quicker as a result of being better structured this could have a positive effect on the customer's satisfaction and therefore their loyalty and possibly the retention as well. It was however pointed out that such effects would probably be minimal as price is the major factor in B2B purchasing decisions. The real gains are instead viewed as the firm being more efficient in dealing with customers, resulting in time savings.

In general, theory about loyalty as well as re-buy become muted in favor of CRM's organizational elements such as keeping emails, documents and conversations organized around customers in a system that lets the business own the information instead of having it out at the individual employees. Also, B2B firms have many layers of deciders and people involved, because of this there is less of a focus on the loyalty and more focus on price and meeting set requirements of the customers. This lesser interest in working with loyalty could also be caused by the fact that each customer has key account managers that really know everything about the customers and deal with them on a daily basis, which is what most CRM initiatives are trying to imitate, without actually assigning a person to each customer.

Automation is an area viewed differently among the firms; the firms distanced themselves from using it to cross or up sell, stating it as simply not possible. The primary reason for this is believed to be that B2B customers only buy what they absolutely need, meaning there are virtually no impulse purchases. But it could also be a result of the sold products and purchasing history being too complicated for any standardized methods of finding what else could be sold to the customers.

Finally there are a number of objectives that the firms view in neutral light or don't really believe in. These are objectives in the area of the CRM process being able to help them meet the customer needs better, or to increase sales by any significant amount and forecasting.

Even though the responses indicate that the firms don't view meeting needs as an important factor in a CRM system, this is probably caused by the firms already working heavily with this. The firms explained that they must customize their offering to every customer or they would be out of business. This is something that is integrated in every sales process and every aspect of the customer interaction. The meeting of needs is really an integral part of the B2B interaction, and has been so long before CRM will or has been introduced; therefore the use of this as a part of the CRM process is seen as less important.

The belief that the process won't increase sales stems back to that a B2B customer won't buy more than they need. The major advantage and benefit is instead seen as increased efficiency.

From these results the author concludes:

- The main purpose of CRM in B2B is to organize information around customer. Giving the company a complete view of each customer, centralizing and capturing information making it accessible from all parts of the firm.

- One of the biggest benefits of CRM is that it allows the organizations to control and own information and not have it locked in at individual people. When an employee leaves an organization the information and customers they have worked with are easier to maintain as all the information regarding them stays with the company.

- Using CRM customer information can be pulled up and reviewed quickly, this helps increase efficiency as a person who has not previously worked with a customer can easily read up on what is and has happened with them.

- Objectives such as customer loyalty, satisfaction, and retention are not worked with directly. They are instead viewed as a result of a better organized firm.

7.2 RQ2: How can strategies used for CRM be described?

In order to reach objectives a number of strategies of how CRM should be conducted are needed. The research shows that there are a number of strategies and methods that are viewed as important in the B2B CRM process. The areas which have been found important are, customer touch points, access to relevant information, establishing customer value, product customization, better interdepartmental communication, and also starting small and expanding the use of CRM over time.

It was found that the customer touch points are an important aspect of the B2B interactions. Much information is exchanged and it is very valuable to have the system available at all places where relevant information is generated. Each of these touch points should be able to quickly access all the relevant information so that the customer can be served quickly and also so that new information can be entered into the system as it arrives. The methods of contact are also subject to ongoing changes as technology progresses, this is however not of great concern as firms simply follow along with the current technology, and currently email is the most common form of communication.

The study found that in the customer seller interaction many departments besides the sales department are involved in the actual sale and customer interaction. It was found important that such touch points also be identified so no information would be lost at these interactions. By organizing this data in an easily accessible way the newest information can be accessed and distributed to the proper individuals quickly.

The value of a customer is also viewed as important. The study found that B2B firms measure the value of customers as an ongoing process. The firms did however not view the methods as described in theory as a good way to find the value of a customer. The firms did not like terms such as loyalty and expected retention rate because they viewed them as uncertain measurements which could not be linked directly to any real income. Instead measurements on the margin per sold product and then using this to see historical trends of each customer are favored.

The author further believes that measurements using loyalty and retention rates are not liked because the process times are so long that these terms loose meaning. Instead, terms such as partnering and long term relationships are used where there is a great focus on building lasting relationships where dissatisfaction and problems are solved on a daily basis. Firms become intertwined with each other over time, in such relations it is difficult to speak of loyalty. It is also explained that once the customer requirements are satisfied price is the greatest factor in all sales, which basically means that if a competitor can lower prices greatly the switch is made.

The study further showed that customization plays a central role in meeting the needs of the B2B customers. The studied firms expressed that this is something they must do in order to

stay in business. The customizations occur in the interaction of the firms and the products themselves. Even though the firms did not express the interaction as customized, it is a customization in the sense that the interactions are handled by people that deal continually with specific customers, these people adapt to the way they do business and work with the customers to resolve any issues or problems they might have, customizing the experience to suit the customers' needs. It was also found that the product customization itself was an important aspect, the customers require the product to be tailored to their need or they won't buy.

The importance of culture as a part of the CRM strategy is strong in theory but disputed in the empirical data. The data does not suggest that this is something which has been used heavily, although, there is an interest in it. The areas which were particularly interesting were those concerning how the culture can be aligned to help achieve the business goals. The use of employee training is also disputed in the empirical data, but something which is seen as positive even if it is not used a lot.

It was also found that in the same manner that theory describes, it is important to start small and expand on the system, both as a matter of system functions and the number of people initially exposed to the system.

The level of system synchronization is also debated. The author however believes this is a result of the different stages of implementation the firms the empirical data was collected from are in.

The customer lifecycle is also an interesting area which was different in the empirical data from that described in theory; the analysis found that the customer cycle was an ongoing process without distinct stages as opposed to the theory which stated very distinct stages a customer passes through. The author believes this is because the strong relationships orientation in B2B firms eliminates this need to divide customers into groups that can be managed according to their stages in the selling chain. Rather than deal with stages such as retention, managing dissatisfaction individually these things are done continually every day when a problem arises. But these findings are probably limited to firms which have a smaller customer base.

The use of classification and segmentation are for similar reasons not used extensively either. The empirical data suggests that the firms do not have very big customer bases and as a result probably have a lessened interest in such areas. But this can probably also be attributed to the fact that they have individual people working with each customer that are very involved with what stages and how individual firms work.

There were also indications that the most difficult part in implementing a CRM system lies not in the system but rather in getting the people at the touch points to use it properly and enter useful data.

From these results the author concludes:

- E-mail is the primary and most important type of communication in B2B firms.

- Information must be captured at every customer interaction in order to build a complete customer view.

- Many of the customer touch points are outside the sales department.

- Cash in hand calculations are easier and better to use then values based on estimated values such as loyalty and satisfaction.

- Price is the main factor in keeping customers. Even though how the company treats the customers is important.

- The longer firms are involved with each other the less likely it is that one will leave.

- There are no set stages customers pass through, customers are instead dealt with on a continuing basis where problems are solved as a team.

- The *biggest* problem facing CRM systems lies in trying to get employees to use them.

7.3 RQ3: How can performance of CRM be measured?

To make sure that the strategies are reaching the proper objectives the effects and results of the process must be evaluated.

During the study, performance was the most difficult area to gather information on. There was not as much theory on the subject as there was on the areas of objectives and strategies and in general there is not a great deal of agreeance between the theory and the collected empirical data. There is also not a great deal of agreeance between the firms. This could indicate that this is a new area which has not been studied enough.

This is a problem as it is very difficult to steer a process if there is no way to find out where it is in regards to the objectives that it is aimed at achieving. This is an area which needs more focus as it doesn't matter how much strategy you have if you don't know it's taking you in the right direction.

The study found that the most important aspect of CRM is that it helps the firm organize the customer contacts in such a way that the customers feel better taken care of and the employees spend less time coordinating and finding relevant customer information. The study did however not find reliable methods of measuring this factor, other than the opinions of the users.

The study showed that there was little to no interest in measuring the overall effect CRM has on the shareholder value. There was also very little interest in measuring the overall loyalty and value of customers or forecasting using these values. This is probably an effect of the strong relations that are present in the studied organizations. The outcome would probably be different if the firms were more transaction oriented, such as most consumer businesses.

The analysis however showed that there is some interest in evaluating the process of interacting with the customer. Analyzing what went well or did not go well with each sale in order to understand what made progress or what caused the loss of a sale.

The area that gained the most support is concerning the people of the organization. The analysis showed that this is an important area to measure. The favored method of measuring the employees is through review meetings, where their performance is discussed and new personal goals established. These goals can be anything from training to more personal objectives about how employs should conduct in the firm.

The analysis also showed that the measuring the IT systems is not that important. Focus is instead on finding solutions that work properly and are a good fit for the organization. If measurements were to be done on the system itself these would be more about subjective opinions of how well the system works within the organization.

The culture of the organization was an area that the firms found interesting, it was explained that this area was important even though it was not worked with to any great extent or measured for any effect. Even so one of the firms started looking deeper into what could be done in the area after the interview.

In general the presented methods of measurement did not gain a great deal of support. The methods which were preferred out at the firms were about getting opinions and understanding what the users liked or did not like.

From these results the author concludes.

- There is a lot less material regarding evaluating the CRM process then there is regarding its strategies and objectives.

- Organization of information is the strongest reason for implementing CRM but there is no objective way to measure the effect this provides.

- The best way measure the performance of CRM is through collection of opinions from the users of the system.

7.4. Implications for theory

The purpose of this study was to provide an understanding of how CRM is used in Swedish B2B firms. The thesis has tried to explore this area of CRM as theory about CRM is generally aimed at consumer markets. Even before the study was started the author noted that most information about CRM was aimed towards these types of markets. This was made even more apparent once the study was started. Even so, most of the theories are applicable in both areas but as the study shows there are a few differences which were not stated in previous theory. The most noted of these being an increase in building strong relations and a decreased in the use of measurements like loyalty.

7.5 Implications for Future Research

This study has tried to provide some insight into CRM in a B2B environment. There are of course many areas that can be further researched in this field.

The list below suggests areas that need further research.

- Further study how the performance of CRM can be evaluated.

- Comparing CRM in B2B from a customer perspective.

- Study CRM in B2B firms which are more transaction oriented.

- Study the effect price has versus loyalty in B2B.

- Researching how loyalty can be evaluated in a way which makes it a more reliable measurement.

- Study how company culture can influence customer relations.

7.6 Implications for Practitioners and Management

- CRM is many times a poorly defined process, it is crucial for the success of the project that it is well defined with a limited scope of objectives. There are many examples of firms who rush into CRM, install an IT system and never see any kind of ROI. Plan and work out what you want before involving any kind of third parties.

- Identify all the places where the firm interacts with customers, these touch points need to be considered when developing a CRM process.

- Find a system that feels comfortable. Most systems on the market can do the same as any other system. The important part is finding the one that feels right for the people who are going to be using it on a daily basis.

- Work out how you want to train your employees. Making people use the system and work according to a new process is the most difficult step of all. Repeated training can go a long way in reaching this goal. Another method could be to base a salespersons salary on the sales that have been entered into the CRM system. This is the point at which most businesses fail.

- Find what key factors are keeping the customers coming back. Is it just price, or is there some weight in that systems such as these can boost loyalty by helping you provide a better customer service.

- The study revealed that culture was an interesting area but that it was not worked with to any great extent; consider how it could be used to favor the company. For example, who comes first in your business, the employees, the CEO or the customers?

- The study found that it was difficult to measure the effects of CRM, consider how the objectives of your CRM initiative could be measured so you know when you have achieved them. When will the process achieve ROI?

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9.0 Appendix A – Interview Guide

Name of Interviewee:

Position in the firm:

What is the current corporate view on CRM (is it implemented, being built, being planned):

Objectives

Customer

1. How would you describe customer related objectives of CRM?

2. Would you view any of these objectives as important, describe why.
     a. Customer Loyalty
     b. Customer Satisfaction
     c. Customer Retention

   If these are different from the objectives that were first described, why?

Business

3. How would you describe business related objectives of CRM?

4. Would you view any of these objectives as important, describe why?
     d. Collecting Information on customers to:
          i. Understand who your customers are
          ii. Better Meet the needs of your customers
          iii. Provide Information on future Sales
     e. Increase Efficiency to increase Profits
          i. Automation

   If these are different from the objectives that were first described, why?

General

5. Is there anything you would like to add related to the objectives of CRM?

Strategy

Customer Touch Points

6. How does your organization interact with customers, what are the "touch points"?

7. What is the reasoning behind these interactions, when are they used and why?

8. Are any of the following interaction types important:
    a. Television, Radio
    b. Website
    c. E-Mail
    d. Telephone
    e. Personal Sales
    f. Service Employees

If these are different from the interactions first described, why?

Front Office

9. What is the firm's customer strategy?

10. How are customers identified and targeted?

11. How would the life cycle of a customer look?

12. How is information about customers organized?

13. What kind of training do employees who are in contact with customers have?

14. How would you describe the culture of the organization

15. Are there any positive or negative effects of this culture towards customers?

    a. Are there any types of reward systems for cultural behavior?

16. Is there anything else to add to this subject?

17. How does the firm differentiate between customers?

    b. What are the most important factors regarding customer profitability?
        i. How does the firm calculate profitability of customers

    c. Does the firm view any of the following as important factors?
        i. Individual Customer Profit Margin
            1. If yes, how is it calculated
            2. If no, why

        ii. Average retention rate of customers
            1. If yes, how is it calculated
            2. If no, why

        iii. Cost of capital towards the customer
            1. If yes, how is it calculated
            2. If no, why

        iv. Expected time the customer will stay with the firm
            1. If yes, how is it calculated
            2. If no, why

18. Does the firm have any strategies towards differentiating among its customer?

    d. What different types of relationships does the firm have with customers?
        i. Is any type of relationship preferred above the rest?

    e. Does the firm customize its product towards different customers?
        i. If yes, how does the firm customize the product?
        ii. If no, why?

19. How does the firm attain knowledge about customers?

20. Does the firm strive to attain knowledge in any specific areas?

    f. Does the firm view any of these types of information important?
        i. Why customers are loyal to the firm
        ii. Why customers are leaving the firm
        iii. Why customers are loyal to competitors
        iv. Why customers are leaving the competitors

If this is different from the information first described, why?

21. Is there anything else to add to this subject?

CRM Development and System

22. If the firm **has** a current CRM system, how was it developed?

    b. Describe the stages of development.

23. If the firm does **not** have a current CRM system, what would the development process most likely look like?

24. What are the most important or critical points regarding the development of a CRM system?

25. What level of integration does the firm aim for with the CRM system, regarding the flow of information?

    c. At what stage is the firm today?

        i. Replication -> Data moves into CRM system

        ii. Synchronization -> Data moves to and from CRM system

        iii. Process Integration -> All data necessary to do job available

Performance

26. How does the firm evaluate the results of their customer strategy?

27. What does the firm regard as important performance factors regarding a CRM system?

28. Does the firm evaluate the following points, if, yes, how? If no, why?

    f. Organizational
       xvii. Shareholder Value relating to CRM
      xviii. Profitability of CRM strategy
       xix. Total Customer Value

    g. Customer
        xx. Customer Loyalty
       xxi. Customer Retention
      xxii. Customer Value

    h. Process
     xxiii. Customer Acquisition's
     xxiv. Customer Retention
      xxv. Customer Expansion / Cross Sales / Up Sales / Referrals
     xxvi. Returning Customers

    i. IT – CRM Technology

    j. Human Capital
     xxvii. Employee behavior
   xxviii. Employee Satisfaction
     xxix. Management Attitude

    k. Strategic Alignment
      xxx. Training
     xxxi. Reward System
    xxxii. Organizational Structure

    l. Culture
   xxxiii. Partnership, ability to work with each other within firm.
   xxxiv. Market Orientation, culture change caused by increased or decreased business performance
   xxxv. Explicit goals within organization towards employees