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IMPLEMENTATION OF CUSTOMER RELATIONSHIP MANAGEMENT AND ITS ADVANTAGES

CASE COMPANY FORCHEM OY

Degree Programme in International Business

2014

ASIAKKUUDENHALLINNAN KÄYTTÖÖNOTTO JA HYÖDYT:
KOHDEYRITYS FOCHEM OY

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Opinnäytetyön tavoitteena oli esitellä asiakkuudenhallintaa ja sen keskeisiä piirteitä sekä tutkia sen käyttöönottoa ja hyötyjä kohdeyrityksessä. Tutkimuksen tavoitteena oli tarjota asiakasyritykselle tietoa asiakkuudenhallintajärjestelmän käyttöönoton tilanteesta ja hyödyistä. Kohdeyritys kehitti tämän aiheen ymmärtääkseen enemmän asiakkuudenhallinnan hyödyistä ja sen kehittämisestä liiketoimintaa tukevaksi prosessiksi.

Tutkimuksen teoreettisessa osassa käsiteltiin asiakaspalvelua ja asiakkuudenhallintaa sekä niiden tärkeyttä. Teorian pohjan oli pitkälti kirjallisuus edellä mainituista aiheista.

Opinnäytetyön empiirinen osuus käsitteli asiakkuudenhallintajärjestelmän käyttöönottoa kohdeyrityksessä sekä sitä, mitä hyötyjä järjestelmä on tuonut ja voisi tuoda liiketoimintaan. Järjestelmän käyttö yrityksessä ei ole merkittävän laajaa, joten potentiaalisia hyötyjä ja prosessin kehittämistä. Teoriaosuuden tietämystä sovellettiin asiakasyrityksen nykytilanteeseen.

Empiirinen tutkimus tehtiin teemahaastattelujen muodossa, haastatellen asiakasyrityksen kolmea myyntipäällikköä. Haastattelut tutkivat asiakkuudenhallintajärjestelmän käyttöönottoa, käyttöä ja hyötyjä kohdeyrityksessä.

IMPLEMENTATION OF CUSTOMER RELATIONSHIP MANAGEMENT AND ITS ADVANTAGES: CASE COMPANY FORCHEM OY

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Degree Programme in International Business
January 2014
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Number of pages: 53
Appendices: 1

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The purpose of this thesis was to bring out the key issues of the concept of customer relationship management and study its implementation and advantages in the case company. The topic of the thesis was assigned by the case company. Their objective was to understand customer relationship management better and to develop it to be one of the business processes.

Theoretical part of the thesis studied customer service and customer relationship management and the importance of those. Theoretical part was mostly based on the literature concerning those topics.

Empirical part consisted of the implementation of customer relationship management in the case company and also what advantages it has or could bring to the business. The use of the customer relationship management system is not very excessive in the case company, so the empirical part studied also the potential benefits and development of the process. The knowledge from the theoretical part was applied to the current situation in the case company.

Research was done by theme interviews for case organization' sales managers and they studied the use, implementation and benefits of customer relationship management.

TABLE OF CONTENTS

1 INTRODUCTION

As there is constantly more competition in the world markets, the companies need to concentrate on what is vital for their business. Customers have more consequential role on the successful business than many companies actually realize. Companies that have noticed importance of the customers and capitalize well-built relationships by developing the customer strategies gain competitive advantage. There are many solutions if company seeks to put effort on its customer management and one is customer relationship management. Customer relationship management, abbreviated CRM, is a concept customer based business and information systems supporting it. It has become more and more important advantage in rival world of business. CRM is seen as a resource in an organization as well as any other process, for instance products and personnel. It can be used as a tool to survey and define customers and then group them based on their characteristics and eventually maximize the sales based on the information. CRM can be depicted in many ways and many different descriptions of it exist. Customer relationship management can be seen either as a philosophy, strategy, process, or as a technology.

This thesis studies the background, implementation and benefits of the customer relationship management strategy, especially in the case company Forchem Oy (Ltd.). The case company has lately introduced customer relationship management (here for referred as CRM) system. Forchem Oy (here Forchem) has also executed segmentation project and others alike, which also contribute the deployment of the system. This thesis will examine the situation from the business point of view, analyzing its advantages for the case company.

I chose this subject for my thesis as I have done my practical training in the case company. I planned the subject of the thesis with the company together. Forchem Oy is a Finnish company operating in Rauma. This tall oil refinery is missioned to be modern and trustworthy in their field. They also strive to create and sustain long-term relationships with their customers. I hope my thesis will help Forchem with developing their customer relationship management process.

2 PROBLEM SETTING AND CONCEPTUAL FRAMEWORK

This thesis studies the implementation of the CRM processes in the case company and especially their benefits for the business. The topic is to evaluate and analyze its deployment and profits. The main focus in my study is to observe this process and to analyze the profitability and advantages achieved for the case company.

2.1 Case company

The case company is Forchem Oy, tall oil refinery located in west coast of Finland, in Rauma. This plant in Rauma is one of the world's biggest bio refineries. The company is producing different tall oil derivatives for global use for instance for soaps, coatings, ink resins and adhesives. The company has various, international customers globally and the business is growing.

Forchem Oy was established in 2002. Company's main products are tall oil fatty acid, tall oil rosin and distilled tall oil. In addition to the plant in Rauma there are three sales offices in Europe: Forchem GmbH in Steinfurt, Germany, Forchem S.a.r.l. in Nice, France and Forchem Ltd. in Hartlepool, United Kingdom. Company's vision is to be "the most attractive partner of industry-leading tall oil products, bringing true added value to our customers and to grow our global reputation as a profitable, innovative and reliable modern bio refinery". (Website of Forchem Oy 2012)

Forchem's most fruitful markets are in Europe but the company has also non-community exports. The production plant is located in close proximity of port of Rauma with good connections to customers in any location. There are four aspects that the company holds as their values: commitment to the customer, respect for individuals, sustainable development and profitability. These all work as tools to develop the business to its top and create high quality service for the customers.

The company's main values are commitment to the customer, sustainable development, profitability and respect for individuals. One of the projects Forchem has been

running is an implication of a customer relationship management system. As For-chem Oy has set to strive to bring maximum value to its customers, it is highly important to have CRM strategy to support this strive. The company has stated these four values as a framework of its business:

> o Commitment to the customer
> o Profitability
> o Respect for individuals
> o Sustainable development

This report could be considered as an output or a reflection especially of the two first value statements: commitment to the customer and profitability. All the values are linked to each other and it is an important lesson for a company to understand that all these are related.

Forchem Oy is striving to add maximum value for its customers and customer satisfaction effects on its operations. One of the case company's objectives is to be the Supplier of Choice for its customers, which means that they want to be the best supplier in the market and the number one choice as a business partner. The company seeks to maintain its competitiveness while serving the customer with maximum capacity. Profitability is one of the value statements and means that both the sales products and raw materials used at the factory are high level yield. Another value for the case company is that all the interaction within the company is based on trust and respect. Respect for individuals as a value statement means that the atmosphere at the office is open and honest. The organization is divided to several smaller, team-based departments but they all work together and improve the efficiency of the business by combining the skills and knowledge from different parts of the company. Forchem states in their website that the joining the forces "enables us to achieve the challenging goals that we have set for ourselves and respond to the requirements of change". (Website of Forchem Oy 2012.)

In all of Forchem's innovations and operations, environmental principles of sustainable development are taken into account. Commitment to principles of sustainable development has brought the company ISO 9001, ISO 14001 and OHSAS 18001 certif-

icates in the end of 2004, and it has been invited to the Finnish Cleantech cluster which supports Finnish environmental business growth as well as a member of a Responsible Care, international sustainable development program for chemical industry. "Forchem's customers greatly appreciate the fast and flexible local service we have devoted our attention to in both the head office in Rauma and the sales offices in Europe. These advantages combined with Forchem Oy's customer orientated philosophy are the main tools for high quality customer service." (Website of Forchem Oy 2012.)

2.2 Research problem and research objectives

The purpose of this thesis is to take a deeper look into the case company's customer relationship management and implementation of the IT-system. Objective is also to study customer relationship management its implementation in the case company and how the case company benefits from the CRM system and from the overall process. Theoretical part of my thesis consists of the literature concerning customer relationship management in general and also how companies can profit from it. Empirical part will look deeper with the subject by providing information from the company's four sales managers. The purpose is to study the progress of the strategy as well as offer some development ideas.

The objectives of the secondary research:
- To study customer relationship management in general
- To perceive the advantages and potential that can be achieved with effective implementation of customer relationship management

The main objectives of the study:
- To study the implementation of the customer relationship management system in the case company
- To study and evaluate the benefits and advantages of the customer relationship management

- Find the means with which the case company can develop their CRM strategies

The research questions:

- What are the advantages of CRM processes for the case company? (How the CRM system will effect on sales profits?)
- How the case company has implicated the CRM system and other related projects?
- How the CRM processes can be developed?
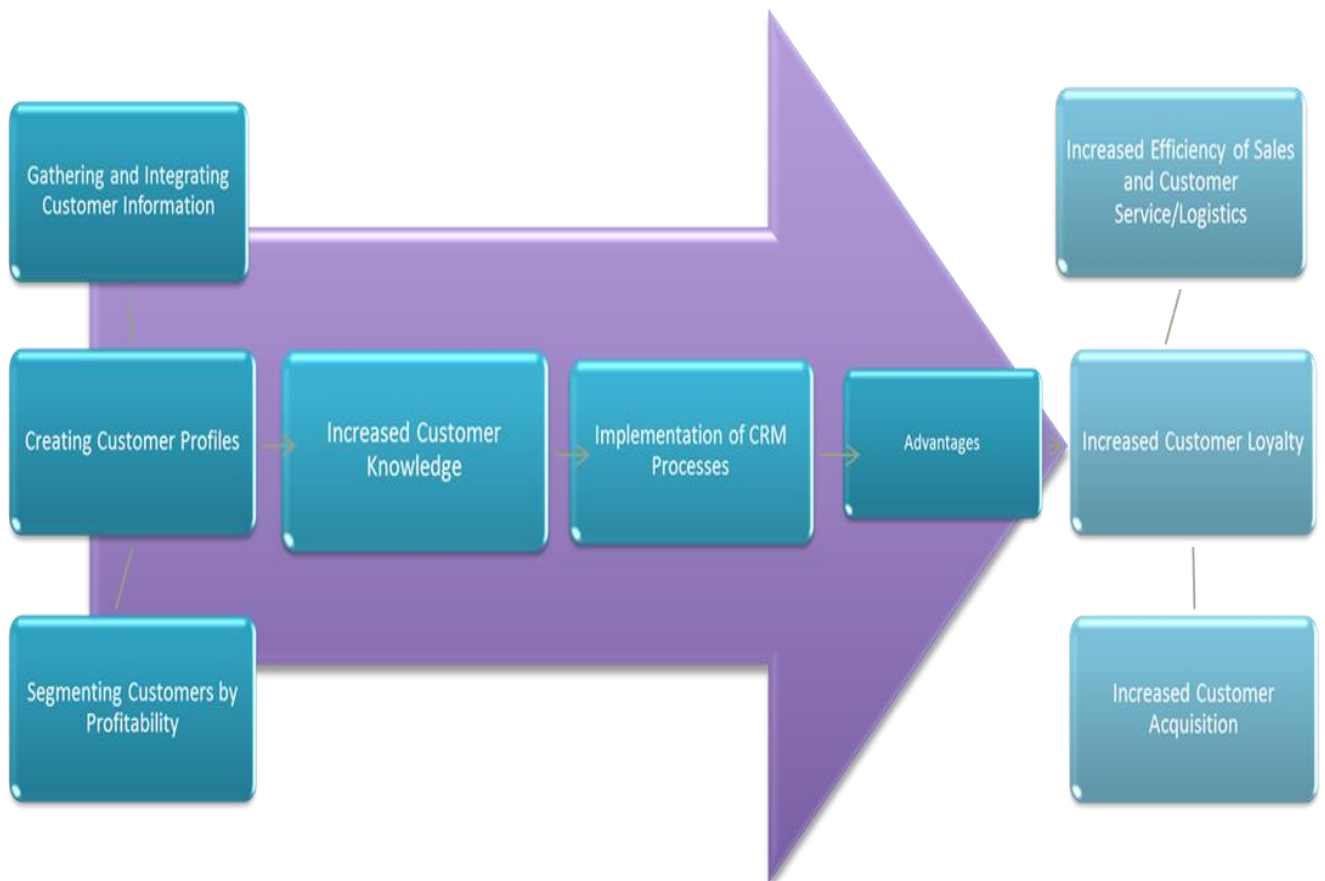
2.3 Conceptual framework

Figure 1. Conceptual framework: The CRM process and its advantages. (Adapted from Sue & Morin.)

This conceptual framework is to integrate the theoretical and the empirical parts of the thesis. It shows the process of the customer relationship management, from its very starting point, gathering and using the customer information, through increased customer knowledge and implementing and executing CRM processes, finally to the advantages which the successful CRM process can offer: such as increased efficiency of the company's own business, increased customer loyalty, which then again leads to increased customer acquisition in the best case scenario.

3 CUSTOMER RELATIONSHIP MANAGEMENT

Involving customer in development of company's strategies will increase the value of the customers. Customers seek to feel appreciated and if company can offer such an experience for their customers, it increases its competitive capability. It can even reduce costs, as manufacturers "may also prefer to let the customer perform the final assembly because product, shipping and inventory costs frequently are lower as are losses from damage." (Krajewski, Ritzman & Malhotra 2007, 134.)

3.1 Customer relationship, loyalty and value

Customer relationship is the most important and valuable resource for any company, and constructive element in any business. After all, would there be any business if there were no customers? Customer satisfaction and loyalty should be monitored and improved constantly, as for the customers there are often different possibilities to choose from. In order to establish and maintain customer relationships, it is important to absorb the needs of the customers into your business behavior. Companies strive to success with their customer relationships and this requires that the communication works both ways. Successful relationship serves not only the company but also the customer. Customer brings value to the business, but wants to feel valuable as well. (Pyyhtiä 2009, 2.)

Customer relationship is actually so important that nowadays it has been considered as one of the core functions of the company, whereas company can focus on developing the business from customers' point of view, instead of other parts such as processes or products. Value of the customer cannot be measured mathematically but it is still equity for the company by all the opportunities it offers for the business. (Pyyhtiä 2009, 3.)
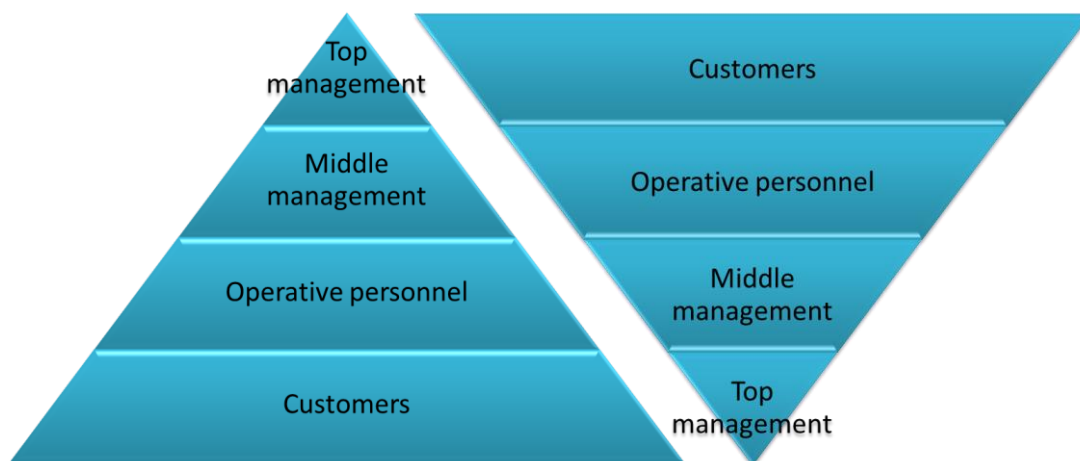
Figure 2. Customer value: Traditional organizational and customer-oriented organization (adapted from Kotler 2009, 380..)

Referring to the Figure 2., many companies are heading towards a customer-centricity in their operations. The picture shows a typical chart of an organizational management model on the left hand side. However, many companies have implemented a strategy which brings as a substantial resource as seen in the triangle on the right hand side. Customers can be seen as a consequential source of an inspiration for new efficient courses of action if the customer feedback is used wisely in planning of operations. (Kotler 2009, 380)

Benefits of a customer-centric organization:
- o competitive advantage and better possibilities in the markets
- o better reputation among customers

- price sensitivity is minimized
- improved profitability
- increased customer satisfaction, loyalty and retention
- achieve a maximum number of advocates for the company
- enhance its reputation
- increased employee satisfaction, retention and participation
- increased productivity
- reduced costs
- reputation as a customer-oriented company
- develop internal customer/supplier relationships
- offers tools to continuously develop and improve the operations of the company (Cook 2008, 3.)

Customer- centricity may create a need for a system which would manage the customer-based activities and the data associated with them. Customer relationship management systems offer the organizations tools to integrate the processes to work the most efficiently. The programs are designed to help companies develop the processes towards valuable business. (Cook 2008, 28.)

3.2 Customer relationship management

Customer relationship management is a process of directing different parts of an organization towards the needs and desires of a customer. In praxis, it is finding out what customer wants and developing company's processes according to that. In addition to basic variables of marketing, such as product, price, distribution and marketing communications, companies need to develop their functions to be more customer-oriented, in order to compete. Customer relationship management is more than an individual project; it is more like an ongoing learning process that aims at better profitability and customers' gross value. (Mäntyneva 2000, 9-10.)

Often customer relationship management is referred to the software and hardware system, but it also means processes by which companies gather customer data and evaluate the prospects. These processes are for instance sales processes, purchasing,

customer service and marketing. The prerequisites of a success strategy for CRM is "having effective and efficient business and sales processes in place, understanding beforehand the required business outcomes of the system, ensuring that the right skills are in the right place, and leveraging the right hardware and software tools to execute these processes." (Marone & Lunsford 2005, 52.)

There are different definitions for the acronym CRM, though in all of the following explanations, the acronym is used for the same meaning: customer relationship management. This truly explains the manifold faces of the concept.

- o CRM is the information technology software that is used to help an organization to keep customer information and manage their customer relationships.
- o CRM is a process or managing all the information a company has about the interaction and the relationship with the customer. CRM also enables the coordination and management of the information between different departments and integration of this information to best serve customers and maximize the value with integrated interaction.
- o CRM is an approach of identifying, attracting and sustaining customers.
- o CRM information system is used to schedule and audit pre- and post-sales activities in order to achieve improved integration long-term growth.
- o CRM is a business strategy that maximizes revenue, profitability and customer satisfaction by concentrating on customer-centricity.

All of these definitions have same elements, such as managing customer relationships in order to create value to the relationship and profit to the company itself. (Buttle 2010, 4.)

In order to compete in the rival business environment, companies have to consider how they can best serve their customers. Customers' expectations are rising and it is becoming more and more difficult to keep track on how the expectations develop. Adopting a customer relationship management system is a method for the company to connect to the customers. Once the company knows customers thoroughly, they can offer better service. (Hawksworth 2012.)

Thinking how to actually start to benefit from CRM processes, spring up an idea of combining the customer relationship management with as few disturbances as possible. CRM strategy should be kept very simple. Indeed, many companies are distracted by the many faces of customer relationship management and may get confused on how to execute their strategy. Proceeding effectively with for instance newly implemented CRM system, requires removing all the unnecessary or distracting features that there are in the company's customer service. In order to transfer the value to the customer, all the interrupting intermediates, bottlenecks or avoidable processes should be removed from the chain of customer service. (Berkowitz 2009.)

In order to make CRM strategy as useful as it can be, there are two main elements that should be taken into account. First, one should know the markets and customers one is doing or about to do business with. IT systems or other projects can be used to their fullest when as much information about the customers as possible already exists. CRM systems are tools for data warehousing and mining, and IT system ´can be updated promptly any time when there is a contact with a customer or some new data concerning them. Second state of CRM is the segmentation. It means defining the importance of different customers and grouping them into certain categories, customers with similarities or similar importance for the sales are linked. Segmentation makes it easier to concentrate on most profitable customers or allocate the resources to serve most extensively the best customer segments. (Cook 2008, 29.)

Forms of customer relationship management - strategic, operational, analytical and collaborative

There are four forms of customer relationship management, which all have different characteristics but they can support each other as well. Customer relationship management can be divided into four different types, which all have their own attributes.

Forms of CRM	Characteristics
Strategic	Focuses on creating a customer-oriented business culture which is dedicated to creating and maintaining relationships with profitable customers.
Operational	Means automation of the customer- facing and customer-supporting processes.
Analytical	Focuses on the customer-related data for both, the customer and the company.
Collaborative	Combines the separate functions throughout the supply chain to utilize the actions of the company, the customer and the suppliers.

Figure 3. The Four Forms of CRM. (Adapted from Buttle 2010.)

This figure indicates the main characteristics of four types of CRM: strategic, operational, analytical and collaborative. These are the forms of software-centric approach in CRM.

Strategic customer relationship management
Strategic CRM is a customer-oriented alignment that strives to win the customers from the competitors by offering competitive value. This form of CRM is characterized by the customer-centricity which effect on the leadership behaviors and company norms. Strategic type concentrates on the information about the customers and establishing services that support the relationship with customers. (Buttle 2010, 5)

Operational customer relationship management
Operational CRM is an approach that concentrates on the automation of marketing, sales and service processes. CRM software is used to support and integrate the customer-oriented functions of the company. An operational approach is highly related to the information technology of CRM. Most significant automation applications in operational CRM are marketing automation, sales force automation (SFA) and service automation. Marketing automation means that the marketing processes are in the CRM software which enables sales or marketing people to easily use the customer data from the software to plan their marketing campaigns or communications. Sales

force automation integrates the software to the sales activities as well. This helps standardizing the sales techniques and the sales process between several sales persons. Service automation helps managing the services the company offers, such as service related communications. Each interaction with customer can be updated in the database, which simplifies the communication, especially if there are more customer service people interacting with the customer. Well-coordinated service activities increase the customer satisfaction. (Buttle 2010, 6-9)

Analytical customer relationship management

Analytical CRM analyzes the customer information and customer behavior. It is processing the customer data, for example capturing, integrating and using it, in order to increase customer value. Analytical approach is the base for the customer-related information and it is used for the company to understand the customers by analyzing the data. Analytical CRM studies what customers need and how the company can meet the needs and this analytical approach includes also the segmentation and positioning actions. This form of CRM is the mostly customer-friendly one as it creates tools with which to find solutions to customers' problems. (Buttle 2010, 10-11)

Collaborative customer relationship management

Collaborative CRM means the actual communication with the customer and the supplier, and collaborative CRM uses the technology to external interaction and by interaction it connects the whole supply chain. This approach gives an opportunity for the companies to better serve the customers with combining their strengths, in this case business information and plans. (Buttle 2010, 11)

4 REALIZATION OF CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management can be executed in any way suitable for the company, but its key element is to create good and long-term relationship with customers, which if functional, brings value and profit to the company. To put it simply, the

more information company has about its customers, the better. Customer relationship management emphasizes the importance of the consciousness in order to fully benefit from customer- focused processes.

4.1 Importance of customer relationship management

In almost all of the industries or markets, there are competitors and rivalry. This means that customers have options to choose from. If there are no major differences between the products, procurement decisions may be made according to which supplier offers highest customer perceived value. This means the value that customer sees in all of the marketing related attributes and benefits, which customer service can be for instance. Product value and costs are not necessarily the most effective factors, but the value that customer perceives in the company. (Kotler & Armstrong 2003, 17)

Good relationship also brings value to the business by reducing marketing costs; once a customer knows your business's strengths and is familiar with your product and its capabilities, you do not need to invest so much to aggressive marketing. CRM offers better customer insight as well; once you know what your customers are about and what they need for their one business, you can more easily bring their needs to them. By making happy customers, you earn long lasting customer relationships. (Buttle 2010, 31)

4.2 Implementation of customer relationship management

It is highly vital to know about your customers' behavior, satisfaction and to identify the value of customers as well as to find the tools on how to direct your company's operations into customer focused business. To be able to transfer all this information into profitable customer relationship management, company needs tools to evaluate current situation and the information acquired about the customers; registration, analysis, planning and realization are steps to turn your theory into practice.

Customer performance registration

Gathering and integrating data on customer profitability, customer behavior and customer satisfaction

Customer focus registration

Defining what sort of information about the customers, organization and communications already exist

Customer performance analysis

Analyzing the profitability, behavior and satisfaction of the customers to identify threats and opportunities

Customer focus analysis

Analyzing current status of the customer information, communications and organizations to identify the possibilities for improvement

Customer performance planning

Setting targets concerning profitability, revenue and satisfaction for each customer or segment which leads you into corporate goals for all of these.

Customer focus planning

Making plans of measurable improvements in your customer information, communications and organization

Customer performance realization

Execution of customer performance plans

Customer focus realization

Execution of customer focus plans (Curry & Curry 2000, 44-48)

The advantages of CRM system can be measured by the growth of sales and profitability. Profitable and unprofitable as well as reliable and unreliable customers can be identified with the help of a CRM database. The information can be utilized in the process of planning and marketing of new products and innovations.

When customer information is categorized in the system, it is easy for the sales personnel to access quickly. Easy accessibility then again increases the efficiency of human resources and how the sales personnel are able to use their working hours. Staff efficiency increases the profitability of the work which in due course increases the profitability of the company.

CRM technology is based on an idea of turning the CRM strategies into practice and clarifying the information data and its accessibility. Technology enables categorization of the information, so that it is easy for the sales personnel to find the relevant information. Customer information could be formed for instance from sales quotations, contracts and e-mails to create a comprehensive picture of the customer relationship, its different stages, and development curve. Updated customer information is significant asset to a company as many departments benefit from the information and in the case of a new employee, it is very easy to find information about customer relationships and how they have evolved. The technology helps to convey the information from employee to another and between different parts of an organization.

CRM technology helps to make the most of a sales process by tailoring the process according to the needs of a company which makes it easy to automate the parts of the process. The sales process is a chain and the CRM system shows it as a chain from the marketing and sales contract to using customer information to sustain good customers.

4.2.1 Segmentation

Segmentation is a process of grouping potential customers into categories by certain characteristics, for instance according to geographical criteria, organizational characteristics, buying behavior or organizational policies. Primary step of customer relationship management process, and before customers are ready to be segmented, is to create customer profiles. Customer profiling needs to be done before segmentation as it helps to group customers to groups with similar characteristics. Profiling is a step which requires analyzing customers' composition and importance to your own business. (Lahtinen & Isoviita 2001, 94-97.)

The main purpose of segmentation and positioning is to prepare information for making decisions according to the target groups. Differential competitive positioning is what makes business optimal. Customer satisfaction comes from meeting the needs of a customer. The optimal satisfaction would be achieved by unique service to each individual customer but since that is impossible with common resources companies have, which is why customers are divided into segments according to their demand characteristics. Each segment consists of customers sharing similar characteristics.

The opposite of segmentation is standardization which means that marketing is designed according to wishes of an average customer and thus is believed to offer something for everybody. However, standardization leaves large scale of customers unsatisfied and open to competitors' quotations. Segmented marketing is a tool which can, when carefully implemented, bring a company its competitive advantage. The ideal level of segmentation is somewhere between generalization and customization. Neither end is realistic but when the golden mean of segmentation is very effective form to plan marketing activities. (Brennan & Cunning & McDowell 2011, 145-147.)

Phases of segmentation

1. Set business objectives and potential customers.
2. Specify the principles and divide markets into segments.
3. Choose the target segments.
4. Tailor marketing according to the segment.
5. Implementation of marketing and monitor how it proceeds. (Lahtinen & Isoviita 2001, 95.)

4.2.2 Using customer information

CRM targets to increasing company's relationship value. Customers are the asset which defines company's profitability at the end. Implementation and learning new processes are more important than the system when taking over CRM strategy. CRM goals should be held high, but the implementation should happen through small pro-

jects which lead to one bigger picture. (Storbacka & Lehtinen 2001; Mäntyneva 2001, 111.)

Customer relationship management strategies can be applied both business to business (here B2B) and business to customer (B2C) businesses. In this case, it is important to look deeper into B2B business and how that sort of company can benefit of the use of CRM strategy. Often, in B2B business there are fewer customers than there would be and the relationships are often much more familiar, if the customers would be end-users of the product, instead of other companies. Close relationships and sometimes daily communication makes it vital to sustain long and prosperous relationship. However, despite the fact that the relationship between the supplier and the customer are often close, it still should remain professional manner and should be conducted in a proper business way. (Buttle 2010, 126-127.)

5 ADVANTAGES OF CUSTOMER RELATIONSHIP MANAGEMENT

5.1 Advantages of customer-centricity

In order to understand what good can CRM bring a company it is important to understand the advantages of customer centricity.

- o Shared or distributed data
    - o It is vital to understand that there are several different levels of customer relationships and due to this fact the information should be distributed throughout the organization in order to make the customer service as comprehensive as it can be.

- o Cost reduction
    - o Making customers a partner in business, rather than an object, requires less customer support staff while the customer is empowered to do its own order entry. CRM can be used to save costs by saving time.

- o Better customer service
    - o With the help of integrated data of all the customer interactions, the customer service department can interpret and forecast customer's buying behavior and therefore offer better customer service.

- o Increased customer satisfaction and customer retention
    - o Better service increases customer satisfaction, repetitive purchasing and loyalty.

- o Loyal customers

- o More repeat business
    - o Customer satisfaction turns clients to loyal advocates.

- o More new business

- o More profit
    - o Increased business with a lower cost means more profit to the company. (Customer service point 2012.)

5.2 Advantages of customer relationship management

The advantages of Customer Relationship Management can be measured in several ways and the importance of every benefit varies. However, the most common benefits can be listed as many companies have seen improvements in customer service and sales. CRM is a process which often results both direct and indirect advantages. The advantages can be categorized according to their features.

There are several advantages that have been noticed to be characteristics to companies which highlight the value of the customer relationship management.
- o Company provides better customer service
- o Customer revenues increase

- o Company can easily discover new potential customers
- o Sales become more efficient and deals are closed faster
- o Simplifies marketing and sales processes (Customer service point 2012)

In this following table there are six different feature groups that have similar characteristics grouped according to their features. The advantages can be summarized and grouped according to their features as it can be seen below. (Website of Knowledge-Hills 2011.)

Marketing

☐ Make intelligent business decisions with enhanced customer insights

☐ Increase marketing velocity and speed to market

☐ Maximize visibility into and control of your entire marketing process

☐ Increase returns on your marketing investments

☐ Drive customer demand

Sales and customer service

☐ Grow profitable relationships

☐ Maintain focus on productive activity

☐ Eliminate barriers to productivity

☐ Reduce costs of customer service and field service

☐ Increase customer loyalty

☐ Drive revenue

Web channel enablement

☐ Drive revenue and extend market reach

☐ Increase customer convenience and satisfaction

☐ Reduce the cost of sales and support

☐ Build long lasting and loyal customer relationships

☐ Improve sales and service profitability

Running an interaction center

☐ Increase customer satisfaction

☐ Improve credibility with your customers

☐ Increase revenue and productivity

☐ Manage the customer interaction life cycle

Partner channel management

☐ Boost revenue through channel collaboration

☐ Reduce indirect channel support costs

☐ Increase partner satisfaction and ease of doing business

☐ Maximize value to your customers by enabling your partners

The types of data CRM projects collect

☐ Shipping and fulfillment dates

☐ Sales and purchase data

☐ Account information

☐ Contract details

☐ Demographic data

A company can offer better customer service with CRM as the customer base, information and all the details concerning the relationship is well-organized and updated in the system. As the information is centralized, all the different departments have the access to the same information without asking the customer twice about the same thing. Better customer service leads to better customer satisfaction by making the customer feel like part of the organization rather than an object of the business. Pleasant perception of the company makes the customer to have better conception of the company and the products. Then again customer satisfaction leads to customer retention. When company has chosen the right CRM system and the service is properly delivered, customer stays loyal. (Website of GetKlickz 2012.)

In addition to customer retention, CRM increases the new customer acquisition. A successful CRM process gives good reputation to the business and attracts new customers. It effects also on savings and is said to bring significant cost savings to a company while customers become your partners and establish long lasting business partnerships. CRM system involves customers in the decision-making which again increases the customer retention. This all will lead to better profits. Good reputation and increasing customer acquisition bring more contracts and increased profits to the company. (Website of GetKlickz 2012.)

Customer relationship management is very useful for all the departments within a company. Mostly sales, marketing and accounting departments benefit from the system but as it helps to integrate information and improves internal communication, also logistics department benefit. Customer relationship management helps to improve supply chain management (herein referred as SCM) and a company gains mutual benefit. Information from both departments can be integrated to benefit both. Inventory levels, transportation logistics and other information from SCM departments can be used in CRM to develop better pricing options. SCM offers also information useful for segmentation such as which customers are most likely to generate the most profit over the cost of transportation. Vice versa, data from the CRM system can be used to analyze inventory levels and prevent ordering excess. This cooperation serves customer by improving the customer service and by creating stronger supply chain.

Profitability can be increased by seeking to keep the high revenue and high profit customers. This way you can keep the sales and marketing budgets in minimum but increase the sales. Also, by keeping the current customer satisfied turn into profits. It is more profitable for a company to sustain old customers than acquire new ones. This brings us again to the fact of the importance of customer loyalty. In addition to customer satisfaction, the personnel satisfaction is highly important as it increases the motivation and then again productivity of the employees. (Curry & Curry 2000, 77-79.)

5.3 Disadvantages of customer relationship management

Customer involvement in the business may also have disadvantages, depending on the customers and how they are allowed to effect on the strategy. Inefficiency is not what company wants to accomplish, so the involvement should be clearly planned.

- complex, divergent
- managing timing and volume of demands becomes challenging
- quality measurement becomes more difficult
- time and location factor (Krajewski, Ritzman & Malhotra 2007, 133.)

Disadvantage of CRM is that if it is poorly planned it is difficult to manage. If poorly managed, the CRM process is likely to fail. There are some characteristics of a poorly planned project which lead to its failure:

1. Management is not committed
2. Inadequate planning – focus is not in the right issues and human and financial resources are poor
3. CRM culture is not encouraged nor communicated properly to the personnel
4. Inadequate transition planning (Brown & Gulycz 2002, 236.)

Different obstacles in the implementation state or later in the CRM process may slow down the project significantly. Obstacles may appear in different steps on the way towards CRM success for instance when utilizing new strategy or when implementing an IT system.

Obstacles in CRM strategy can jeopardize the implementation process. The introduction and definition to the users should be planned properly so that vague utilization does not destroy the process at its early stage. All the users should have a clear picture of the strategy and its objectives. It is important to understand the underlying reasons of the project to really commit to its prospective outcome. CRM strategy may face resistance or skepticism. This should be decreased with clear presentation and involvement of the users in the planning stage. Also, if the company is not ready to adopt such a massive project as CRM can be or does not have the resources and need to emphasize the importance of customers in the business. Well-functioning internal communication processes may jeopardize the CRM process at its early stage. (Cook 2008, 255-256.)

An organization can face several problems when implementing a CRM strategy or a system. Very often company could not wait for the good results and profits that CRM can bring, but in reality it requires careful planning throughout the company. A company should try to avoid the following obstacles:

- o Company fails to define CRM strategy
  - o CRM is pretty complex idea since it consists of so many layers and can be defined in several different ways. If a company does not plan CRM strategy properly, the introduction process will be difficult and the project may fail right at the beginning of it.

- o Company fails to manage the expectations of the personnel
  - o Inefficient implementation and introduction to the business
  - o Training of the personnel fails

- o Company fails to improve its business with CRM
  - o CRM is a system to help business by automating and integrating processes but the company should consider CRM as a tool or a path not as an ultimate resolution.

- o Data is not integrated

- o In order the CRM to maximize profits, it should be used and the company should be able to commit to it. Customer data lies in many different system and databases, whereas CRM is able to help company with managing the information. Combining all the data into the CRM technology is important and by doing that, the company maximizes the profits that CRM can bring.

- o CRM is not "sold" internally
  - o Company should plan the implementation carefully as well as once the personnel are committed to use it and update it CRM is in it full capacity of supporting the business. Proper introduction is crucial in any project that effects this massively to internal processes.

- o Mapping and definition stages are being omitted
  - o Preparation is important as those early stages create a basis for the whole project and determines its success.

- o Too high expectations or greediness in implementation

- o Lack of staff training or lack of commitment
  - o It is important to introduce the system to the employers that are going to use the system. Technology should be easy to use and the support easily available. The staff is not interested to use a system which they do not feel familiar with.

With thorough planning, company can prevent or minimize these obstacles. (Dyché 2002, 256-258.)

5.4 Increasing profitability with customer relationship management

Although some companies have failed to carry out their CRM projects, many others have succeeded in them and benefited remarkably. The obstacles that some companies have faced have only proven the fact that CRM can be a success only when

carefully planned and if the implementation is well supervised. CRM project can turn into an ineffective one, if the company does not realize how much work it actually requires in order to be effective. CRM can increase profitability simply by increasing the customer share. Customer share means the percentage of customers buying a company's product of all the customers that buy in that product category. It can be improved by increasing the depth or breadth of customer relationships. (Storbacka & Lehtinen 2001, 55-58.)

Increasing relationship depth means that the customer is encouraged to centralize purchases to one company. Centralization can be encouraged by creating benefits related to resource exchange for the customer, for instance offering a discount or quotation when customer has centralized the purchasing, or by knowing the customer's value creation process and its compulsions so well that the right kind of product can be offered and made easily available at the right point of the process. (Storbacka & Lehtinen 2001, 55-58.)

Increasing relationship breadth means that the company offers the customer additional product components that fit the relationship. In order to offer such service, the company needs to understand customer's value creation process and its own role as a supplier. This way of thinking is linked to the paradigm of a customer relationship being the base of the business operations. (Storbacka & Lehtinen 2001, 55-58.)

Profitability and value growth can be increased by cutting relationship costs. Every customer relationship consists of different encounters, the company needs to analyze the encounters and activities, and acknowledge the most important for this particular relationship. After determining the important encounters, the company can describe every customer relationship according to those encounters. This is very important as it is not possible to define different customer relationships without being aware of their structure. By knowing the encounters, the company can better choose the most suitable accounting method, which makes the knowledge of a structure the most important tool when developing profitability. After this, company should consider whether it is possible to save in some of these actions, for instance by decreasing the number of encounters or switching to cheaper encounter ways? (Storbacka & Lehtinen 2001, 55-58.)

Profitability of the business is dependent from its sales profits but also the expenses of the processes that have created the sales. Since sales profits are coming from the customers, company needs to be aware of the profitability of a single customer group. When company looks into the profitability of different customer groups, it is more aware which segments useful for the business and whether it is worth to develop relationship to them. (Mäntyneva 2001, 36-37.)

How to evaluate the profitability of a certain customer segment? It may be problematic to target expenses or profits to one individual customer, but it is important to know which customer segments are vital and profitable for the business. The profitability of the business springs from the effects of its sales profits, but also from the expenses of the projects and actions that have result the sales. It is important to check whether the individual customer groups are profitable as such and how profitable it is to invest in them. (Mäntyneva 2001, 36-37.)

The following calculation pattern is to help a company to understand which factors have an effect on the profitability:

Customer profits
– Direct expenses
= Sales margin

– Sales expenses
– Marketing expenses
– Customer service expenses
= Customer margin

This method may not give exact answer of the cost distribution among individual customers, but it is directional and can be used to estimate how many different segments add into profitability and factors effect on the calculation pattern. It may not give an ultimate truth but it tells about the profitability of CRM system and increases the gross profits. (Mäntyneva 2001, 36-37.)

5.5 Developing customer relationship management processes

For developing CRM processes, development strategy with three steps has been invented. Due to this strategy, the company can start developing its processes right after the CRM processes have been utilized.

1. In the first step, the company concentrates on the sales as always but company seeks to clarify the value of different customers. After the clarification, the company can start campaigns according to the segments to which it has categorized the customers.

2. The second step highlights the importance of customer relationships and CRM is tried to add as a part of the customer interface processes. The relevance of the customer information becomes obvious in this second step.

3. The third step concentrates on development process and project management in a wider scale, especially on the customer value management, communication management, collecting information as well as optimizing the sales, customer service and marketing processes. (Mäntyneva 2001, 110-124.)

Development of CRM processes can either be about developing the whole process or certain parts of the CRM plan. Development can be allocated for instance to some of these areas:

o customer segmentation (differentiation and grouping)
o defining and increasing the value of customers
o customer development
o customer retention
o development of the IT systems supporting CRM
o development of CRM patterns (Mäntyneva 2001, 115.)

Development of the company's CRM process starts with analyzing the current situation of the CRM strategy of the company. (Buttle 2010, 65-71) What is important to understand about CRM strategy and its implementation is that it never ready or complete. Marone & Lunsford studied the results of CRM implementation in several or-

ganizations and found that the successful ones considered the implementation in-complete. There might not be an end for CRM and in fact the best CRM strategies are the flexible and adapting ones. (Marone & Lunsford 2005, 52.)

Total quality management (TQM) is a method of continuous improvement of quality in a company. According to this theory, the quality of company's processes can be improved by focusing on three main factors effecting on any process: customer satis-faction, employee involvement and continuous improvement of performance. These are significant elements in the development of customer relationship strategy as well. When customers evaluate the product or service they have received, they actually evaluate the whole process there is behind the output. Due to this fact, company should concentrate on the quality of its whole chain of processes. This is of course quite challenging as the impression customer gets depends on so many things and opinions may change fast. Success of the company depends on how accurately they can assimilate customer's needs and expectations. The intention is not to change strategies or processes every time customer gives feedback, but to perceive the de-sires in the most efficient way. Employee involvement is another factor which is im-portant for properly carrying out the process. Introducing the process in a good way increases the possibility of full involvement for the personnel's part. (Krajewski, Ritzman & Malhotra 2007, 208-212.)

CRM technology fulfills the strategy and is a good way to turn it into practice. CRM system provides a link between suppliers and customers. This link has something good for both sales personnel and customers; for sales personnel it enables customer targeting and optimizing customer interaction management and it eases the product selection and solution configuration for the customers. Due to CRM the organization has up-to-date information of the customers and its own sales activities. Throughout information improves decision-making in pricing, product configuration and sales strategies. User friendly CRM solutions save time in common sales staff activities and make them more accurate, which increases the efficiency of customer service. When the process of complex business proposals eases off, it supports growth. (Marone & Lunsford 2005, 58-59.)

CRM should be an ongoing process in a company. It should be constantly developed as any other process that needs to adapt to fast-paced business environment either internally or externally. Many researchers suggest that especially the sales management personnel profits from CRM, but also the overall organization richens. CRM system is based on customer and sales activity data so that sales functions and development can be easily monitored. CRM personnel should acknowledge the potential that CRM has and how it can be used and further developed. The potential could be seen by differentiating customers with segmentation and clarify the potential of customers and in which state of lifespan certain customers are. Segmentation is an important tool when categorizing customers. The potential should be transferred to marketing department as well as it is such a great advantage for marketing functions as well to recognize the customers and their characteristics and behavior. Portfolios are very useful throughout the company but especially in sales and marketing. (Mantyneva 2001, 124; Marone & Lunsford 2005, 60.)

It is important to see the potential of the technology but vital to remember that it should not define the whole CRM way of thinking in a company but should be considered as a supporting factor. CRM is not only a technological matter. As in any project, the company should define its objectives clearly. This involves the personnel and management into the project as well. It is important that the objectives are understood by all the associates that are involved in the project. This creates commitment throughout the organization and the project has better potential for succeeding. (Mäntyneva 2001, 124.)

5.6 Customer relationship success measurement

Often, management requires some sort of display on how the company has benefited from the projects it has been executing. On what grounds CRM process can show their profitability? Project's success can be measured by evaluating how effectively it has solved the business problems. By the time of planning the CRM project, the company should set the objectives as success metrics. During the implementation, the company should measure the development and how successful the project will turn into. (Dyché 2002, 253.)

Ms. Jill Dyché suggests to follow these metrics and monitor the progress biannually, in order to measure the success of a continuous customer relationship management process:

- o Reduced time and increased effectiveness in generating the customer name and address lists for targeted mails.
- o Distribution of sales reports to each sales manager → Sales personnel's responsibility on sales reports should decrease and sales productivity should increase by 12% in a year.
- o Ability to make recommendations of products to the customers.
- o Reduced time on analyzing or correcting the customer data coming from the sales and provisioning systems → Time should be saved by eliminating different databases and integrating data into CRM, resulting redeployment of two full-time data analysis in 12 months. (Dyché 2002, 254.)

Should these attributes have been actualized the CRM project can be considered as a successful one. Naturally, one should keep in mind that every company aims to different outcome with their CRM project and every organization should measure the objectives that they have stated themselves. Customer relationship management is considered as such an important factor in the customer service department, that it should be continuously developed and monitored, and rather a bit more often than only biannually. These success metrics could be used for instance to support the follow-up as these attributes are possible to measure by time spent on each task.

6 IMPLEMENTATION OF THE STUDY

The empirical part of the case study consists of the interviews of the three sales managers in the case company Forchem Oy. This sampling was chosen because interviewees were the main users of customer relationship management in the case com-

pany. Other users have not adopted the system or its possibilities in their work so it would not have been worthwhile to study their opinions of its advantages.

Research method was qualitative research and theme interview was chosen as it was considered as most efficient and usable tool for interviewing sales managers about the opinions and observations of customer relationship management.

6.1 Research methods

Primary and secondary data

The theoretical issues of this thesis were collected as secondary data from different sources. Empirical part consists of primary data and the research method was qualitative method as theme interview was being used. Secondary data means information already collected by another researcher or for another reason and is often absorbed from books or other original sources, whereas primary data is information from the research that has been made specifically for the purpose or problem at hand. Both have their advantages as secondary data is often affordable and easily accessible but primary data is accurate as it is tailored for this exact purpose and therefore accurate. (Malhotra & Birks 2007, 94.)

Qualitative research

The empirical part of the thesis was made by using the qualitative research method. Qualitative method is exploratory way of doing research and provides deeper understanding than quantitative research method. Qualitative research is observing and interpreting the characteristics that are beyond the instant observation. With qualitative research you can study deeper the feelings of the interviewee and the meanings of ones answers. There are usually relatively small samples in qualitative research; qualitative research gives more detailed picture of the subject, so the information about the smaller groups is easier to deal with. Qualitative research is characterized by flexibility, strong involvement of the participants and observation from the interviewer's part. In qualitative method, interviewer can see more than verbal expression of the topic that quantitative research may offer. (Vilkka 2005, 97; Malhotra & Birks 2007, 149-153.)

Qualitative research method is an option for purposes that quantitative research does offer neither envision nor the kind of knowledge which covers the topic thoroughly enough. One element of qualitative research is to examine the issue as a whole ensemble. This research method is often applied to smaller groups and it aims at combining the perceptions. There are two important stages in qualitative research method; first, the interviewer observes and simplifies and then solves the problem. (Alasuutari 2011, 38.)

Interview research

Research interview studies the thoughts, assumptions, feelings and experiences of the interviewee. An important element of interview research is the interaction between interviewer and interviewee. The interviewer has an important role as an observer and it is important to find something about the subject that is being studied that cannot be seen from a written answer or an answer that cannot be even pulled out from the interviewee. Research interview differs from an everyday conversation because it is planned in advance and structured to give/find/offer some answers. (Hirsjärvi & Hurme 2001, 41-42.)

Theme interview

Theme interview is the most common form of research interview. It can be called also semi-structured interview. It is very flexible as it leaves room for new questions or ideas during the interview and is often strongly affected by the interaction between the interviewer and the interviewee. For the theme interview, the interviewer draws key elements or topics from the theme being studied. These are the themes that are reviewed during the interviews. However, it depends on the situation of the interview, how, when and in which order these themes are brought up. There are no certain questions for this kind of interview but only the themes that shall be discussed in the interview. The purpose of the theme interview is that the interviewee can describe the themes on how he/she has experienced them. There are many advantages in the theme interview; for instance

Main characteristics of a theme interview are: no questions but suggested themes, the samples are relatively small, information is deep and analysis is emphasized and often requires more work than in other kind of interviews. (Vilkka 2005, 102.)

In a semi-structured theme interview the parties have a significant role as the interview process is not too strictly planned beforehand and usually evolves during the interview. Since the interviewer has planned only the themes that will be gone through instead of structured questions, the form of questions, order of the questions and the emphasis on certain themes very often varies inside the sample. (Saunders, Lewis & Thornhill 2003, 247.)

I chose theme interview as I find it a great tool for this particular research and so useful because of its flexibility. I found it as a best option due to its interactive characteristics. Its best characteristic is its modifiability for the topic at hand. It gives freedom for both interviewer and interviewee to choose the direction of the interview by asking certain questions under the themes. It is possible to prepare some questions beforehand but interviewers hands are not tied to any specific list of questions. For instance, some topics may have been answered already if the interviewee is giving comprehensive answers regarding the themes. Interviewer can listen to the opinions of the interviewee and make up questions on the go, to get the best out of the interview.

The researcher creates the themes for the interviews according to previous research or conceptual framework of the study. I combined both as a base for my interview questions as I had prepared themes beforehand but applied them according to the reference data I received from the case company. Due to some very important issues that came up during the interview process, for instance the inconsistent use of the system, I had to adapt the questions accordingly.

Phone interview

Phone interview in generally used in a situation where physical meeting and face-to-face interview is not possible. Despite the fact that the possibility for the assumptions of the encoded messages or body language such as postures and gestures, phone interview has a lot in common with other interview methods. It is possible for both,

interviewer and interviewee, to ask questions and react to other party's comments; there is interaction though they do not see each other. Phone interview is usually structured interview and is traditionally recorded.

Validity and reliability of the study

Reliability means the repeatability of the study and its results, proving that the research gives reliable answers despite the external factors. Two different researchers should be able to find same results for the same study or for the same person at different times. Reliable study gives non-arbitrary results. (Hirsjärvi 2004, 216.)

Validity of the study means that the research mode studied the exact subject it is supposed to. Validity may be at risk if the interviewee understands questions differently than interviewer presumes or if the researcher treats the results according his or hers own preconceptions. (Hirsjärvi 2004, 216-218.)

Researcher's accurate description of the stages of quantitative study increases its reliability. Conditions of the research should be clearly and honestly defined, for instance the timing, external distractions or incorrect interpretations that may have had an effect on the outcome of the study and also researcher's own evaluation of the study. (Hirsjärvi 2004, 216-218.)

6.2 Implementation of the study

The empirical part of the thesis consists of the interviews of three sales managers in Forchem Oy. There were an international approach in this study, as two of the sales managers are permanently living abroad and only two of the interviews were executed in Finnish. I have met all of the sales managers in person and the interview was made in phone because sales managers were in different countries.

Some of the assumptions concerning the profits and advantages of the process were studied with interviews. The data collected during the project was used and examined as well as statistical measurements and results of the process. Interviews bring information on how the sales managers in the case company have experienced and

served the implementation of the CRM process, and how they feel it has effected on the sales. The project of introducing the CRM system to the personnel and get their using it in their daily working routines was in its very early stage, this is why only the sales managers were interviewed – as they have been using the system most solidly.

I chose theme interview as my research technique due to its flexibility and suitability to this particular research. Theme interview is relatively modifiable tool for this kind of interview as its direction can be conducted by both parties. I did not know much about the current stage of the CRM process in the case company so the themes had to be easily reflected to any kind of use of the system.

Interviews were made over the phone which may have had an effect on the research environment. However, they were made one by one and individually so interviewees' opinions did not effect on each other. I consider myself as objective interviewer as I have not used the system myself nor had any prejudices towards it, but I was familiar with each of the interviewees as I have worked in Forchem Oy.

I let the interviewees to lead the conversation as all of them are very quick-witted and professional people. Interviews were much what I hoped for though I thought to get more information about the advantages of CRM. We went through these themes but in a more natural order to make it more discussion-like. Here are the main themes for the interviews:

1. Customer management
    o Sales prospects and forecasts
    o Customer meetings and communication
2. Customer relationship management
    o Data gathering and segmentation
3. Implementation
    o Personnel Involvement
4. Application
    o Business contracts
    o Reclamations

5. Obstacles
6. Advantages
   o Benefits for the Sales Department
   o Benefits for the Customer Service Department
7. Development

7 CASE STUDY: ADVANTAGES OF IMPLEMENTING CUSTOMER RELATIONSHIP MANAGEMENT STRATEGIES

Forchem Oy has done significant pre-work for implementing the CRM system in order to fully gain from the project. Pre-projects concentrated on grouping the existing customers and segmenting them according the products, sales areas and sale volumes.

7.1 Implementation of customer relationship management process

Forchem Oy has created customer portfolios in order to define the position and importance of the customers. They have divided the companies according to different criterions in order to evaluate their margin and profit. Other projects have been customer interviews that studied the customer expectations and satisfaction. In the center of customer management projects were the four main steps of segmentation:

1. Increased understanding of the current customers
2. Segmenting the customer base
3. Prioritizing the customer base
4. Defining the limited number of sales management metrics

The above steps are vital to be made in order to understand the customer base and to create processes with which you can get the best out of customer relationships. After

segmentation of customers Forchem set the project objectives for implementing new customer relationship management system.

Objectives:
- To ease forecasting and to ease following the income
- To improve sales management and resource allocation
- To save time and to improve reacting to changes
- To move knowledge of individual to knowledge of organization

Opportunities:
- Margin – prioritization rules for net back management
- Focusing on keeping the most profitable customers and targeting profit increasing actions at less profitable customers
- Divestment decisions – identification of customers we can afford to lose or need to divest
- Understanding the risks related to the whole customer base and individual segments
- Stability – ensuring more steady cash flow from customers

7.2 Customer relationship management in the case company

The interviews consisted of 7 different themes which were planned beforehand according to the information I had of the current situation of the CRM in Forchem and also the knowledge of the implementation and advantages of such system in general I had studied in my theoretical chapters.

I learned a lot of the implementation during the interviews and surprisingly found out that the project is actually in its very early stage in the case company. The CRM system was bought nearly two years ago and has been used ever since, although not very consistently. Not long after implementation of the CRM, the case company implemented application platform which replaced the previously used shared server for information used throughout the organization. This new application platform is partly used for the same purposes as the CRM could be used.

It was a surprise to me that the CRM system had had so little use with some of the sales managers. Obstacles had occurred since the very start which effected on the users lacking interest towards the system. They had user training but commitment had been still quite low. Sales managers feel that there may have been too much to learn at once to benefit from the training.

The next chapter studies the results of the theme interviews regarding the use, implementation and benefits of the customer relationship management in the case company Forchem from the sales managers' point of view.

7.3 Advantages and development of customer relationship management

Customer management

The sales personnel of Forchem Oy consists of three different sales offices, one in United Kingdom, one in Germany and one in France. All these three are in charge of their own sales areas and they have their own customer groups. Offices do very little cooperation in the sense on customer management and customer service. Collaboration between them mostly means planning sales volumes, sales forecasting and allocating production volumes. Sale management is currently using the Excel tool in the application platform for the purposes mentioned above and not CRM system.

Customer relationships at Forchem are based on long term relationships between customers and sales network. Customer contacts play an important role, they are not only buyers but also people who deal with purchase orders and call orders. At Forchem's end sales offices are a channel into the company and offer support for the customers, which bring value for the customers. Interviewees describe their customer base as fairly static.

Customer visits and other traditional methods are significant part of customer service. Case company's customer interface is relatively wide as in addition to the actual sales staff, also export assistants and quality personnel may be in direct contact with the customer.

Customer relationship management

The sample of this research was relatively small and so is the group of main users of CRM in Forchem. At the moment, there are six main users and only seven to eight potential users which is not much for this comprehensive system. The system could also cover logistics and procurement department as it has features to serve those parts of the organization as well. One of the interviewees commented that the CRM is almost too big of a system for such a small group and relatively simple needs.

In addition to Microsoft's CRM system, Interviewees feel that the integration with ERP (Enterprise resource planning system) was the key driver when choosing the CRM package. The system was chosen approximately two years ago from 3 or 4 other ones. The window into the ERP was one of the most critical things that the case company always missed. That was considered as important feature in the system but it seems that it may have disregarded other features. From a senior management point of view, the integration with ERP is a great advantage as it gives it gives graphical information of the current stage of sales which was not easily available before. The ERP itself does not have the opportunity to run reports out of it. In terms of sales management process and customer management, those are big part of such a project, it hasn't really worked.

Primarily, the customer relationship management system is seen as a database of a customer information, contacts and sales activities. It can also be used for update visit reports, to record key activities and important information of what is happening with the customers. Customer meetings and other communication data can be updated but at the moment it is not used very actively. One of the main things for CRM is to have a place where to store price agreements. Also, the contract database is actively used. CRM is also a good source for reports of the sales situation.

Before implementing this joint way of working, each sales office used to have own way of working. CRM was meant to offer a tool for standardized processes across the three sales areas and to record properly and visibly all of the contracts, sales vol-

ume and prices agreements. Although Forchem now has IT system for those purposes and to simplify working techniques, three offices still do different things.

However the commitment of personnel has not been a success. The main users feel that the implementation process kind of failed in internal marketing and introducing the IT system to the users. The biggest problem was that other software, Share point, was introduced in such a short time after the Dynamics. This is very critical point; in order to facilitate the system in the users mind and truly oblige them to use it in its full potential, its user-friendliness needs to be proved.

The current use of CRM is nonstandard and inconsistent. Also the nature of the IT infrastructure as a whole within Forchem was brought up and provision of it was described quite poor. Forchem has had frequent problems in maintaining just basic functioning of IT systems. Naturally this is affecting on work, both in Rauma and in the sales offices abroad. The overall situation in all of our systems is not very good which must have had an effect on implementing CRM and especially on engaging personnel with the excessive use of the system.

Implementation

The IT system was chosen 2 years ago from 3 or 4 other ones as it is compassable with case company's ERP. One of the main points affecting on the choice of the system was the fact that it is integrated with the ERP used at Forchem. Now after two years the sales manager feel that the implementation of CRM has been bit of a failure. Program package itself feels usable and good for other kind of organization. The package chosen for Forchem hardly delivers any advantages the project was supposed to bring. System is not necessarily the wrong one but as it was chosen in terms of delivering a window into the ERP in use, the choice was mainly based on that characteristic.

Another important feature, especially from the senior management point of view is that it gives graphical information of the current stage of sales. This sort of information was not available for management this easily before. CRM is a tool for those

graphical extracts but the ERP is the base for that information. Now this feature is available only due to the integration of these two systems.

CRM system and the web application platform introduced shortly after CRM were implemented in a short time frame and users were not properly trained for the use of the system. The interviewees feel that this has been one of the most significant reasons behind the insufficient usage. The sales office in the United Kingdom adopted the system better than other two. Also the sales assistant in the German office uses it at some extent but unfortunately the French office is not using it at the moment. Cultural differences must have an effect on this issue, which should have been taken into consideration in the planning of a project. Cultural factors bring their own spices into working techniques and define the need of certain tools on a daily basis. As the system has not been implemented 100 % and part of the staff is using CRM, part is using the other system and some are using neither one, all sales managers have different view of customer relationship management.

Advantages of customer relationship management
The base of the CRM was the need for comparable system and there had been discussion of such a tool. At the moment the use of the system is mostly used for quotation and contract management. It could be used also for data collection and writing reports of customer management.

The reason behind the limited use of CRM must be the fact that the case company has very traditional, stabile and old customer base with few changes. The sales management knows customers well and no new customer relationships are being frequently created. It does not seem essential to save data that is self-evident for the sales personnel which means that saving this kind of data does not bring any extra value to the company.

The use of the system is mainly concentrated on contract management. Saving quarterly deals and annual contracts in the system is found useful, because in CRM they are centralized and easily available for anyone who needs them. Thus far this is the biggest advantage the case company has got out of the system.

Quotations are made as Word documents and saved in the application platform and from there it is again saved in CRM system. Same work has been done twice. This is not making saving data any faster nor easier, so often saving files from application platform to CRM is considered too laborious. This means that actually CRM is not used for saving quotation on a daily basis.

CRM has features to deal with reclamations as well but the case company does not have much of them. They get about 4-5 serious ones per year and they concern mostly transportation and the accuracy of lead time. Feedback from the sales managers is that the system is used for relatively small amount of purposes and activities when it actually could have potential for much more in a different kind of organization. They feel that they do not have the need for such a multifunctional system when they have quite basic needs in customer management field.

Since CRM is connected with the current ERP, it can be used as a tool to run data out of the ERP. Sales statistics, volumes and medium-prices can be taken either is numbers or charts. One objective is the automation of sales forecasts so they would not have to be typed manually. CRM is also connected with Outlook so information from e-mails can be adapted whenever needed. In the beginning, the system was not e-mail-based, but after tailoring the package, it fits with Outlook. However, one of the interviewees feels that it is not too simple to find information from the system. This could come from lack of training and habit of using the system.

The original request from management's part was to get the information that is mostly stored into people's heads and personal files available for everyone. Two years later, it has not really happened. That may be more of a problem of managing the project rather than the system itself.

Some of the respondents listed the advantages that the person had been noticing in the daily work. It is easier to find the information now that it has been centralized in one system. The ERP being used in the case company has only little if any reporting attributes but now it is possible to get up to date data of sales volumes. Also, interviewee noted that better managed information equals better customer service.

Interviewees feel that at the moment the advantages of the CRM system can be seen only in terms of storing data. They cannot think of a way that it could bring any extra value to the customer or that their customers could notice that such system is in use. Its current advantages are internal benefits and more organized business processes. Data collecting and gathering are important features which would gain value for the organization in the long run. To achieve profits, data collecting and saving should be systematic.

Obstacles

CRM has not served Forchem by centralizing information because information is divided between different data banks. So far it has not been a disadvantage since there has not been much fluctuations in the customer base nor has the sales personnel changed internally. Lots of vital data is stored in the heads of sales managers and in sales assistants' own files so problems would occur if some of them would leave the company. Especially above mentioned situation would highlight the importance of centralized and easily accessible information.

Relatively stable and traditional customer base and does not create ideal environment for the use of the system to grow to its full potential. Also, the lack of consequential prospects, leads and quotations that would require daily follow-up, mean that there is no need for each of CRM's functions.

Development of Customer relationship management

At some point it has been planned to change also the ERP system but this project has been postponed due to too many programs already.

The need of one common system still exists, whether it would be CRM or some equivalent solution. Project management should consider carefully which program to choose and what kind of information should be saved in the system. In order to help everyone in their daily tasks, only vital data should be updated and data saving should not require too much time. Ideal situation would be to ingrate the existing sys-

tems. Data would travel easily between the systems in use their functions could be combined as one tool for customer relationship management purposes.

This is another point which should come out because been given this system in a way that it's all been done, it hasn't ensured the use of the system at all and it hasn't resulted in using the system across our offices.

The proper use of CRM is still in its implementation stage to some extent and interviewees feel like they do not know how to use the program. Overall objective is to reactivate the project by either using one program for all the needs or combine several programs for CRM needs. If the current CRM system and the application platform are jointed together, data saving would be only in one place but both systems could be used. There is room for development in the project and wish is to have a userfriendly tool with all the data in the same place.

The currently used CRM system was tailored to meet the needs of the case company. In a few months Forchem is planning to start a new project of a newer version of the system. There have also been ideas of integrating the application platform and CRM. This is possible due to the adaptability of both systems and also because both are Microsoft products.

One of the sales managers brought up questions such as: "What are we trying to achieve?" "What are the objectives?" These are important issues to bring up even now when CRM is being developed further. According to the interviews, the sales staff profits most of this system but sales managers feel that it could be used also in the procurement and logistics departments. As easily accessible data is the key advantage of the system, this should be capitalized for storing purchase contracts as well. However, they believe that the CRM can be developed according to organizational needs.

8 SUMMARY AND CONCLUSIONS

The topic of this study was assigned by the case company and hopefully it has brought up the true situation of the implementation stage. To bring up the struggles that a project may have, does not define its success but highlights the obstacles that need to be faced and the changes that need to be made before the project can be continued successfully. The research was concentrated on the implementation of customer relationship management in the case company rather than its actual benefits. The problem was the lack of consistent use of the system in the case company so it was difficult to examine the benefits or to measure the profitability. Vital thing of the implementation stage is the staff commitment and internal marketing. Training turned out to be an obstacle as well. There was too much to learn at once.

9 RECOMMENDATIONS

It seems that the implementation is not always easy. The important part is to carefully plan how to continue after the implementation part has been finished. Implementation of customer relationship management can turn into a success story when company's needs are the objectives and best possible solution to face those needs is found.

All in all, the advantages of the customer relationship management system cannot be seen very well in the case company Forchem Oy as the use of system is very inconsistent and non-standardized. Not all of the people who are supposed to benefit from the system even use it. According to the theme interviews, the implementation of CRM system in the case company has not yet been a success. I would not advise to go back to the start with the project but truly advantageous results can be experienced with some changes and concentrating on the training.

Follow up is a significant part of any project's success and it should be more continuous. Obviously the usage rate has not been very high in this case increasing user-friendliness by training and engaging the personnel is highly recommended. Regular follow-ups enable system's growth to its full potential. If staff is having troubles with the use of CRM, the problems need to be brought up to fix the situation. As there has not been much follow up after taken the CRM, this research should bring up the obstacles of the project and arouse conversation between sales managers and project management of what could be done to stir up the project and develop CRM from now on.

The case company should try to interest staff to use CRM through obligation to daily use by training them well. The purchase of an IT solution is not last step but the first. Knowledge and user-friendliness increases the motivation to use the use the system and in the end benefit from it as well. In order to see the results of implementation of the system, users should be able to see the benefits themselves. This would motivate them to consistent use of CRM.

Once the system is properly used, its success can be measured by comparing its expenses and profits and to measure reduced time in sales activities. The profitability could be measured by counting the expenses and direct profits as per the calculation pattern introduced in the chapter *5.4 Increasing profitability with customer relationship management.* Sales managers of the case company did not feel that their customers could benefit from the use of CRM or could notice that such system is being used, except through indirect advantages from better customer service. CRM should be used for a longer time and in a wider extent in order to be able to calculate its benefits accurately.

One thing that the project should have taken into account is the cultural aspect of absorbing a new processes or starting to use new system. Cultural differences have an effect on how committed people are to new system and how extensively they are willing to use it in order to see its advantages.

At the moment, the case company is not using CRM's potential very extensively due to small customer base but it does not mean that the system could not offer anything

to help Forchem's personnel. If the case company is willing to continue and improve the use of current CRM system, specific observations techniques and follow-up of the use should be used. However, they could also continue planning the implementation of the system integrating the CRM operations that the company actually needs. In this case, implementation can be planned beforehand and past mistakes could be used as a lesson-to-learn. Due to the fact that to some extent, the project is still in its implementation stage, the next steps should be taken very slow. Good thing to do would be to take a step back and stop to think of what should be done and how.

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APPENDIX 1

Interview themes:

1. Customer management
    - o Sales prospects and forecasts
    - o Customer meetings and communication
2. Customer relationship management
    - o Data gathering and segmentation
3. Implementation
    - a. Personnel Involvement
4. Application
    - o Business contracts
    - o Reclamations
5. Obstacles
6. Advantages
    - a. Benefits for the Sales Department
    - b. Benefits for the Customer Service Department
7. Development