

A Case Study of Emergent and Intentional Organizational Change: Some Implications for Customer Relationship Management Success

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Abstract

The shift from a product-oriented business strategy to a customer-focused one has been a major change agent in companies recently. Many companies have invested heavily in technologies enabling a customer-focused relationship marketing strategy. However, there are mixed results as to how successful firms have been in implementing customer relationship management systems. The challenge of managing organizational change has been raised as a potential factor affecting the successful outcome of CRM efforts. Our argument is that the proposed relationship between CRM success and organizational change should be made more explicit in order to thoroughly investigate this challenge. Our paper contributes to this by presenting the results of an exploratory single case study. We identified several change events on different observational levels. Our findings suggest that to succeed, one should first identify both emergent and planned change processes. Then one could evaluate, whether change events - triggered by these processes - might effect one another in a way which could endanger the successful CRM implementation outcome.

1. Introduction

Relationship building and management, or what has been labeled as relationship marketing, is a leading approach to marketing [17]. Practitioners as well as academics suggest that customer relationship management (CRM) provides an actual platform for the operational manifestation of relationship marketing [25], [16].

Recent studies show that the movement to customer relationship management is gaining momentum [16], [21], [27], but still, after several years of implementing information technology to support relationship marketing, up to 55% of all CRM projects do not produce results [26], [28].

The high risk of failure has motivated many researchers to study CRM success [5], [4], [32], [24], [1], [15], [7]. Some of the studies suggest that in order to succeed in one's CRM effort, one should hit multiple targets at the same time. In their recent survey, Goodhue, Wixom, and Watson [16] found three targets important: applications, infrastructure, and transformation. The authors maintain that "organizational transitions are the most disruptive and difficult CRM targets to reach". According to another survey by CRM Forum [26], the majority of responses pinned the failure of their CRM programs on the lack of adequate change management. If a company fails in transforming the organization and its processes (marketing, sales, and customer service) to become more "customer focused", the investment in the CRM system might not pay back in the long run. Gartner, Inc. predicted that the worldwide spending on CRM would reach \$76.5 billion in 2005, up from 23.26 billion achieved in 2000 (in Starkey, Woodcock [28]). Consequently there is a high financial risk involved in a CRM effort.

Even though managers of CRM should lead and execute intentional change, increasingly the feasibility of "managing change" is being questioned [2]. Change cannot be reified as something "done" to individuals since individuals play intrinsic role in shaping change outcomes. The notion of change management refers to models of planned change. One example of such a model is the three stage model developed by Lewin [19], describing a change process as involving the stages of unfreezing, changing and refreezing. According to change management perspective, change is treated as a discrete event to be managed separately from the ongoing process of organizing. Focusing only on change management issues would leave out the issues of change emerging from the unpredictable interaction between IT and its human and organizational users [20]. We argue that it is as important to investigate issues of change emerging unpredictably as it is to investigate those that have been planned ahead. We therefore decided to explore

the phenomenon of change in CRM context in more detail. Our research question is: which kinds of both emergent and planned change events may occur in an organizational context during a CRM implementation. Furthermore we are interested in how these change events were managed for the successful outcome of a CRM effort.

In order to get deeper insight into organizational change, we chose to investigate the phenomenon qualitatively and selected one case company for a thorough investigation. Instead of selecting a more positivist research method, we believe that an exploratory approach helps to bring about factors of change that otherwise might not have been revealed.

The paper is organized as follows: first, we develop the theoretical background for our research. We define the core concepts and describe the results of earlier research into IS supporting relationship marketing, and into organizational change. Based on our literature review we introduce a research framework, which we have used as lenses in analyzing the results of our empirical findings. We then describe our case and the research methodology undertaken in detail. Finally we present our research results, conclusions and implications for future research.

2. Prior research into CRM and organizational change

2.1. Relationship marketing

During the past five to ten years there has been a growing interest in studying the economics of long-lasting customer relationships (see in Romano [27]). Long-term relationships where both parties over time learn how to best interact with each other lead to *decreasing relationship costs* for the customer as well as for the supplier or service provider. Grönroos [17] defines relationship marketing as follows: “Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfillment of promises”. Copulinsky and Wolf [10] define relationship marketing from a different angle stressing the role of IT as a “process where the main activities are to create a database including existing and potential customers, to approach these customers using differentiated and customer-specific information about them, and to evaluate the life-term value of every single customer relationship and the costs of creating and maintaining them”. This definition includes the role of IT in supporting the relationship marketing processes.

2.2. Customer relationship management

Starkey and Woodcock [28] define customer relationship management (CRM) as being a business philosophy: “CRM is an IT enhanced value process, which identifies, develops, integrates and focuses the various competencies of the firm to the “voice” of the customers in order to deliver long-term superior customer value, at a profit, to well identified existing and potential customer segments”. In the definition by Rigby, Reichheld and Scheffer [26] “CRM aligns business processes with customer strategies to build customer loyalty and to increase profits over time” the words *technology* and *software* are totally absent. However, evidently CRM is the bundling of customer strategy and processes, supported by the relevant software, for the purpose of improving customer loyalty and, eventually, corporate profitability. In this definition, which we have adopted for our research, we can observe the underlining of the alignment of all three components: business strategy (i.e. relationship marketing strategy), processes which support this strategy, and IT.

The IT component of CRM or the CRM technical architecture can include many applications, performing both analytical and operational functions. In our study we have adopted the CRM technical architecture from Goodhue, Wixom, and Watson [16], as shown Figure 1.

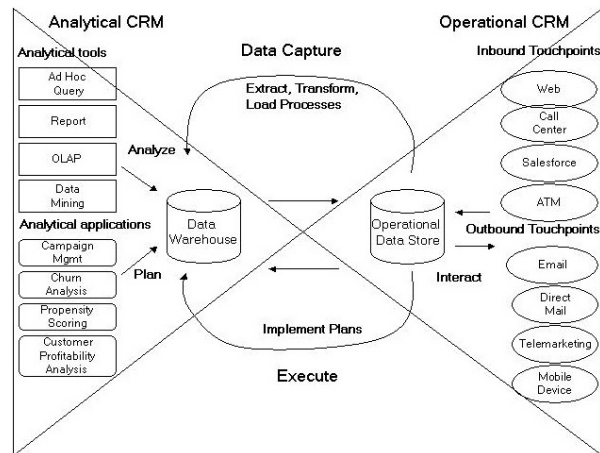


Figure 1. CRM technical architecture

On the analytical side, a data warehouse typically maintains historical data that supports generic applications, such as reporting, queries, online analytical processing, and data mining, as well as specific applications such as campaign management, churn analysis, propensity scoring, and customer profitability analysis. On the operational side, data

must be captured, integrated, and stored from all inbound touch points, including the Web, call centers, sales force, and ATMs. This data may be augmented with external demographic data. Current data can be maintained in an operational data store that supports operational applications, such as e-mail, direct mail, telemarketing, and customer support. An additional example of an operational application is sales pipeline management. The purpose of a sales pipeline is to manage all sales activities, especially those related to sales opportunities and offers. A sales pipeline helps sales management to forecast the probability of future sales. It produces data to the analytical side as well.

2.3. Identified problem areas of CRM success

There are many practitioner-oriented reports [26], [28], [25], [32], [5] as to why CRM fails. However, there is only a small amount of academic research published on factors affecting the success of CRM. The study of 13 cases conducted by Fjermestad and Romano [15] showed that organizations need to design and implement CRM systems to review and apply the principles of usability and resistance. The authors maintain that “the key reasons for successful CRM implementations were that the organizations focus on people and iterative, incremental approaches”. According to a recent account of problem areas in CRM success, Rigby, Reichheld and Scheffer [26] list four problem areas out of which two, “the implementing of CRM system before a business strategy has been created” and “rolling out CRM before changing the company’s organization”, relate directly to organizational change issues.

According to a survey by CRM Forum (in Rigby, Reichheld and Scheffer [26]) 87% of the interviewees pinned the failure of their CRM programs on the lack of adequate change management. Corner and Hinton [11] examined the implementation risks and relationship dynamics in a case company and found that politics and vested interests, the need for mobility, and inadequate funding were the most common risk categories. To avoid the risk of failure, Colgate and Danaher [9] point out the importance of internal marketing and employee empowerment, profitable target segments, a business strategy emphasizing service, sufficient levels of involvement, high experience or credence qualities (greater risk and uncertainty), and the ability to calculate relationship performance.

Based on our analysis of the literature on CRM success, we chose to select organizational change as the main focus of our empirical investigation. Organizational change in CRM context has not been widely investigated empirically in studies that we

analyzed. Chin et al [7] do investigate change in the CRM implementation context, but in a positivist approach. They describe CRM implementation as a change process, and show that it was of a teleological nature (see Van de Ven and Poole [30]). In the following section we introduce relevant previous research into organizational change.

2.4. Research into organizational change

Research into organizational change has a long history in the organization science [20], [30], [8], [23], [14], [29], [22]. Van de Ven and Poole [30] introduce four basic theories for explaining processes of change in organizations: life cycle, teleology, dialectics, and evolution. These four theories represent different sequences of change events that are driven by different conceptual motors and operate at different organizational levels. Van de Ven and Poole have defined the core concepts of change processes as follows: *process* is the progression of events in an organizational entity’s existence over time; *change*, one type of event, is an empirical observation of difference in form, quality, or state over time in an organizational entity; the *entity* may be an individual’s job, a work group, an organizational strategy, a program, a product, or the overall organization.

Buchanan [6] considers the methodological implications arising from competing narratives of an organizational change process and demonstrates polyvocality of organizational change research. Orlikowski [23] examined the use of a groupware technology and found that the customer support department realized many organizational changes that altered the nature and distribution of work, forms of collaboration, utilization and dissemination of knowledge, and coordination with internal and external units. Tsoukas and Chia [29] set out to offer an account of organizational change on its own terms – to treat change as a normal condition of organizational life.

Henderson and Venkatraman [18] have formulated the well-known and much referred to model of strategic alignment. The authors argue that the inability to realize the value of IT investments is in part due to the lack of alignment between the business and IT strategies of organizations. Strategic alignment is not an event, but a process of continuous adaptation and change. Another interesting and recent view to conceiving organizational change management has been to see the change process as a process of knowledge generation [2].

Markus and Robey [20] discussed how the so-called technological and organizational imperative perspectives have dominated research related to the development and implementation of IT and the related

organizational change. These perspectives delineate clear cause-effect relationships between technology and organization. Technology is, according to the technological imperative perspective, viewed as an exogenous force, which determines or strongly constrains the behaviour of individuals and organizations [20]. The view that “human actors design information systems to satisfy organizational needs for information” again represents the organizational imperative perspective. However, during later years there has been an increasing focus on different variants of the emergent perspective, viewing the organizational change as merging from unpredictable interaction between IT and its organizational users [22].

Inspired by Markus and Robey [20] we chose to observe both planned and emergent change events. In our literature review we did not find any studies into emergent change in the CRM context. We chose to analyze the change phenomenon at three levels: environmental (markets, competition, societal issues like legislation), organizational, and individual level.

2.5. Organizational change and CRM success: a research framework

Why then is change management so important for a CRM implementation to succeed? Rigby et al [26] point out that a CRM rollout will succeed only after the organization and its processes - job descriptions, compensation systems, and training programs - have been restructured in order to better meet customer’s needs. Along these lines Goodhue, Wixom, and Watson [16] note that “in general, changing the technology without transforming the organization often leads to less-than-optimal results. Companies may need to develop a customer-centric culture, hire personnel with the vision and skills needed to implement and practice CRM and change business processes, organizational structures and reward systems”. If for instance the sales people, as a result of inadequate training, unsatisfactory reward system, or incomplete restructuring of sales processes, refuse or are incapable to use the CRM system, customer knowledge acquisition might suffer significantly. The company might therefore fail in gaining an up-to-date customer database, which would contain all the transactions, which salespeople would otherwise have stored as a result of their personal interactions with customers. Ultimately the customer database might degrade and become practically useless.

In order to help in analyzing the research results, we - mainly based on the research findings by Rigby, Reichheld and Scheffer [26], Starkey and Woodcock [28], and Wigand [31] - constructed a research framework (Figure 2).

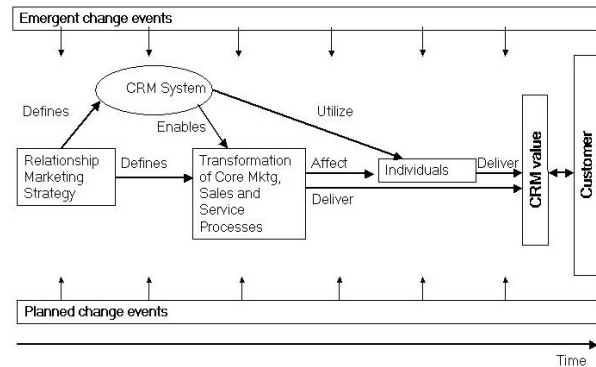


Figure 2. A framework for studying organizational change and CRM success

Our research framework contains the presumption that a company first needs a clear relationship marketing strategy to become customer focused. In order to then be able to implement this strategy, a company needs to transform its core marketing, sales, and customer service processes. This transformation of processes again has effects on individuals (changes in reward system, changes in job division). As an enabler to these new customer-focused processes is a CRM system, which will be implemented in co-ordination with the transformation of processes, and utilized by organizational actors (sales people, marketing professionals). Along the way of implementing this new strategy, the company is likely to face emergent as well as planned change events (triggered by putting the relationship marketing strategy into action).

The framework implies some causal relationships between various entities, but our main purpose in this study is not to search for evidence on whether some of these relationships do or do not exist in our case company. The motivation for constructing this framework is to give the reader a clearer view of the potential change entities. We use this framework as lenses when we try to shed light on questions such as: What types of organizational change events, both intentional and emergent, may occur in a CRM implementation. How in practice have these change events been managed in our case company? How did our case company succeed in their transformation process? Can we learn something from the way the change events were managed? Can some of our observations be generalized? In the next two chapters we shall introduce our case company and present the research methodology.

3. Research setting and methodology

3.1. Site

We selected Tieto-X Plc for our study for three reasons. First, the company operates very closely with its customers. Tieto-X is Finland's leading contract work solutions company specializing in IT expertise. Most of its revenue comes from contract work services supplied by software designers and programmers, who often work physically inside the customer's premises, and who participate in the customer's IT development project as if the customer firm employed them. It is therefore crucial that the customer also has access to Tieto-X's operational system in order to follow up the progress of an IT project, control its task-related transactions, and have access to all other information connected to the history of the co-operation with Tieto-X. Secondly, Tieto-X has over 120 Finnish companies and organizations as customers, including industry leaders from various business sectors, for example, from Finance, Public Administration, Trade and Industry, Telecom and Media. Many of them, like for instance Nokia, have a demand for advanced electronic interconnection with their IT suppliers. They are willing to participate in the development of new and innovative technologies to streamline and enhance supplier-customer interaction in general. Thirdly, by selecting Tieto-X for the study we had ourselves the opportunity, in the case company, to take on the role of actors in the implementation process of a new CRM solution. This gave us the unique opportunity to observe in a more insightful way the multifaceted phenomenon of organizational change.

Tieto-X's turnover in 2002 was EUR 17.3 million and operating profit EUR 2.0 million. The entire turnover was generated in Finland. Tieto-X has its headquarters in Helsinki and six local offices in other regions of Finland. The number of personnel is close to 270. Tieto-X was listed on the HEX Helsinki Exchanges NM-list in the autumn of 1999. Since Tieto-X was founded in 1995 (first year's turnover was 0.59 million EUR) it has grown at a similar or even faster speed than many other global and domestic IT companies. Tieto-X reached its best year - in terms of revenue figures - in 2001, when the turnover reached 21.39 million EUR. Last year (2002) meant for Tieto-X, as well as for many other IT companies worldwide, a slow-down due to a decrease in demand for IT services both globally and locally. Their turnover declined by 19%. However, in spite of the decline in turnover, the company has retained its profitability.

3.2. Data collection and analysis

We chose to conduct a single case study "which focuses on understanding the dynamics present within a single setting" [13]. Related to the differences in research approaches represented by Deetz [12], we leaned towards the *local/emergent approach*. We first constructed a research protocol. We then chose to focus on gathering data of organizational change events related to both the *project* of the CRM application implementation, and the process of implementing relationship marketing strategy. We used various methods and sources for data gathering. We conducted person-to-person interviews and interviewed members of the business management (CEO), marketing people (chief marketing executive, key account managers), members of the sales organization (salespeople, sales assistants), as well as IT experts (CRM project manager, CIO, members of the CRM software vendor's project group). We used documents extensively (annual company reports, process descriptions, CRM project requirements definition reports, CRM implementation project memoranda), and utilized our own side notes.

We interviewed persons asking mostly questions related to the phenomenon of change. We followed the logic of first asking an open-ended question "Have you experienced any changes during the CRM systems implementation project?". If the answer was "yes", we followed on by asking some clarification with more detailed questions like "Would you please describe in more detail the changes on the individual level, which you mentioned you have experienced". All interviews were recorded and transcribed. A total of 12 interviews were conducted during the period of December 2002 and September 2003. Each interview lasted from 30 to 120 minutes. Several meetings and re-checking with the interviewees were conducted during the process, in order to clarify our understanding of the topics that arose when we analyzed the material. In this research we chose to operationalize the definitions of *process*, *change events*, and *entity* from Van de Ven & Poole [30].

First, we used our framework in order to connect all the different change events found in the material to the respective entities in our framework. An example of an answer, which lead us in this analysis to locate a change event is "Well, in the situation in the autumn of the year 2000, and in the winter of the year 2001, you could see that the big things were over, and now you had to sort of turn around the whole sales organization from being a recruiting organization, which just needed to recruit more IT experts, to become a customer-oriented sales organization working on the front-line". These types of answers lead us to categorize this

particular change event to be emergent by its nature and belonging to both process and individual entities in our framework.

In order to be able to distinguish minor from major change entities we compared the answers of different individuals, and when we could identify several of the interviewees having mentioned the same change entity, we interpreted it as a major change event and listed it in our table. Then we arranged the observed change events of these entities into chronological order, and located them on some of the observational levels (environmental, organizational, and individual).

Environmental		Organizational		Individual	
Change event	E=emergent P=planned	Change event	E=emergent P=planned	Change event	E=emergent P=planned
Year 2000 phenomenon	E	Firm mergers and merging of different company cultures	P	Change in job descriptions	P
Finland joining EMU caused increase in demand for IT services	E	Change of business strategy to become customer-focused	P	New division of tasks	P
Intensified competition by foreign companies	E	New product/service portfolio was developed	P	Increase in turnover of salespeople	E
		New incentive program was introduced	P	Demand for new competencies	E
		Turnover of members of top management	E		
		CRM implementation	P		

Table 1. Change events at different observational levels

In Table 1. we have gathered together the results of our inquiry by listing the change events and the observational level at which they were identified. The table also includes the notion of whether the event was by its nature an emergent or a planned one.

3.3. Results

Two years ago a project group was established in Tieto-X, to evaluate the present systems portfolio and to define systems requirements for the total renewal of both financial and operational systems. The main reason for starting a total systems renewal process was rapid growth. The growth of the company was mainly due to several acquisitions during the years 2000-2002. In the year 2000 alone, three major IT expertise companies were merged with Tieto-X. Tieto-X did not have applications flexible enough to meet the growing need for future development and growth. A project

leader, who was formerly a partner in one of the IT companies that Tieto-X had bought, and who had long experience in systems development on financial, human relations, and operational systems areas, lead the IT development group. The group received commissioning from the company’s board of directors. The growth through mergers brought differing company cultures into Tieto-X’s organization. The development group therefore decided to go through a total concept and process redefinition endeavor, the aim being to unify the disperse concepts and business processes derived from the merged companies.

A major enabler for the growth of Tieto-X during the late nineties was the market factor of the Year 2000 modification effort. Most of the Year 2000 problems tackled old legacy systems (e.g. Cobol or RPGII based). Many of the merged companies had precisely this expertise. Another environmental market factor supporting growth was the fact that Finland became a member of the European monetary union (EMU) in 2002. This secured a high demand for Tieto-X’s services.

Due to the rapid growth through acquisitions, Tieto-X did not have a central, unified customer repository. All information on a customer relationship was dispersed in Excel files or files used by stand-alone applications. Most importantly the information of customer contracts was not readily available in the “front-end” (for those servicing and contacting the customer). The CRM project manager described the situation before CRM implementation project as “simply chaos”. The CRM solution was bought as packaged software from a software vendor and it was integrated with both the HRM and financial systems in order to streamline competence and customer data management.

The customer relationship management system was scheduled to be implemented in the beginning of 2002 and targeted to be in production use by the early 2003. The CRM project was started by requirements definition in 2001 continuing through 2002. Existing marketing processes were identified and described. Sales process (“customer acquisition and customer retention”) and customer development process (“customer relationship growth process”) were identified as key processes. Management of IT expertise/competence information process and operational customer relationship management process (invoicing and sales reporting) were defined as supporting processes. Compared with the CRM Technical Architecture described in Figure 1, Tieto-X put the operational requirements of a new CRM system to the front. The analytical functionality was decided to be designed in the second development cycle.

An important requirement for the new CRM system was the sales pipeline management. Sales pipeline included data from the stock of orders as well as from the stock of offers. To get online data from a stock of orders/contracts required the new CRM system. All customer contracts would be stored in this new customer repository instead of in the old off-line Excel files. The management of the stock of offers required the new CRM system, too. Salespeople should now store all their offers in the new CRM system. A pipeline sales report was tailored to report total sales value of contracts on stock, sales estimates, a timeline, and to calculate sales figures by annual quarters. A comparison with figures from the corresponding period of the previous year, were calculated, too. In addition to the customer basic data, CRM database was designed to provide a history of all customer transactions, both inbound and outbound, such as sales and service contacts, offers, contracts, and past sales history. Most of the change at the environmental level was connected to the "Year 2000" phenomenon, and the fact that Finland joined EMU. Both of these change events offered the company many opportunities for increased business. At the same time, they, together with the company's planned strategy for increasing growth, were the seeds for planned organizational change. Intensified competition, which was due to foreign companies entering the Finnish market, was an additional emergent change event.

However, in the autumn of 2000 and early 2001, demand for expertise regarding the Year 2000 and especially EMU modifications declined. This compelled the management of Tieto-X to change their business strategy. The overall business strategy was changed from product-oriented to a customer-oriented one. Formerly Tieto-X had been a recruiting organization. In the late nineties the focus had been on finding resources to fill the ever-increasing demand. Now, when demand declined, a transformation of the organization from an order intake organization to a customer-centric one, was inevitable. "We wanted the salespeople to leave their cottages and go out to meet the customer", as the project manager described. The change agent in these planned change events was the declining demand – another emergent market factor external to the company.

In the winter of 2000 four companies were bought and merged with Tieto-X. This meant an increase of 90 employees and it also meant that the different company cultures and ways of doing things had to be unified and aligned. At the same time, triggered by the decline in demand, the management started a planned change project to transform the organizational structure to become more customer-focused. Organization was divided into business units each focusing on a

particular customer segment. Each salesperson received dedicated customer relationships to manage, as well as dedicated branches of industry to serve. A new product/service portfolio was developed. In addition to the contract work services supplied by software designers and programmers, the company is currently developing new software subcontracting services and IT personnel outsourcing services.

As an agent in these planned change events, there is first of all the increase in competition. Contract work services offerings did not satisfy the need for growth, due to foreign companies starting to establish their presence in Finland. The chosen strategy to strengthen customer relationships towards "partnerships", which demands broader IT expertise and service portfolio, was another change agent. The management reacted to the emergent events by several planned ones. Management reconstructed the division of tasks, and sales processes. Also, the incentive program of salespeople was changed. Formerly, salespeople were rewarded on the amount of revenue they generated from their customers. If somebody had a long lasting customer relationship with, for example, Nokia, and the customer had to invest in the year 2000 and the EMU modifications of their legacy systems, the salesperson could rely on a steady income without a need to put much effort into customer acquisition or even retention activities. This old reward model and the existing market situation did not motivate one to work more actively at the "customer front end".

Another emergent change event was top management turnover. All members of the company's top management have during the past 2 years left the company. Their positions have been replaced with new people – most of them have come from the acquired companies. However, this personnel turnover has been seen to have speeded up the transformation process, although some failures in recruiting new members to top management had some opposite effects.

The planned organizational change has had an effect on salespeople's job descriptions. Salespeople do not any more manage the recruiting of new experts. This was delegated to the human relations management department. Salespeople have now been urged to be more active contacting new and old customers. They should generate new contracts with both new and old customers instead of solely relying on the old customer base and long-lasting contracts. However, the strengthening of old customer relationships was an important aspect, too. This enforced the new partnership strategy. Salespeople have to more openly store information on all their customer contacts into the new CRM database. This is due to the fact that new sales pipeline reporting requires both numerical data and probability value data of offers on stock. If the

pipeline report does not show satisfactory estimation of future sales, the salespeople are not awarded an advance payment of future bonuses. It is estimated that 70% of all salespeople are going to commit themselves to the new, planned relationship marketing strategy, and will become motivated to act accordingly. However, it is estimated that the other 30% will leave the company sooner or later.

A new division of tasks and changes in job descriptions, especially task division between salespeople and sales assistants, was a planned change event. Earlier, sales assistants had the responsibility of managing both customer contracts and offers. Change in customer relationship strategy, change in the way customer contacts are managed, and change of incentive programs are the most important planned agents for changes in the individual salespeople's job descriptions.

The introduction and implementation of the new CRM system was itself a major change event, a purposeful and planned managerial action to support the process of becoming customer-focused organization. The salespeople as well as the managers received initial user training already in the late 2002. However, due to some delays in finalization of the pipeline report, most of the users could not start using the system until the spring 2003. However, in September 2003 all but one of the business units had the system in full production use. In September 2003 the sales management relied in its sales forecasting fully on the automated sales pipeline reporting.

Nowadays Tieto-X has to take a bigger share of the business risk involved in partnerships with customers. Customers' buying power has increased and they demand that more risk be carried by the service vendor. The operational data store of the CRM system has now become the only data store where all transactions about customer relationships are stored. This helps in managing the customer relationship in the times of increasing customer buying power.

4. Implications

Our analysis shows that in our case organization the management had made a decision to change the company's business strategy from product/service-oriented to a customer-oriented one. This finding offers support to our framework and to the results of previous studies, which indicate that in order to succeed a company should first change its strategy to become customer-focused before implementing a CRM system. However, the change of strategy had major effects on CRM processes. Before we entered the field, the management had already taken several actions to

manage the change. They had reorganized the sales organization to become more customer-focused. Each customer had a dedicated salesman. Particular customer segments had been allocated to each salesperson, too. The company had identified the key business processes related to sales and customer relationship management.

One way of managing the change of processes was the introduction of a new incentive program. Another key element was the implementation of the new CRM application. All these changes culminated in changes in employees' job descriptions and division of daily tasks anew. Tieto-X did succeed in transforming the organization and the processes to become customer-oriented. Our findings give support to our overall framework that to succeed in a CRM effort, one should also change the processes to produce CRM value - at the same time there is an effect on the individuals in terms of changes in job descriptions and division of tasks. The CRM system was, in our case, an enabler to the new approach to manage sales activities and other transactions on the customer frontline.

In the case company, change has evolved to a large extent the way Rigby, Reichheld and Scheffer [26] have suggested it should evolve. The relationship marketing strategy was adopted first. Thereafter the processes of sales and customer contacting have been changed. A new technology - the CRM application - has been implemented only after the reengineering of key processes was started. Moreover the change process is clearly a teleological one [30]. The introduction of the relationship marketing strategy was a planned goal stated by the management. The change process, which was initiated after the goal specification, was an action to reach the end state: a customer-focused organization and "a way of doing things".

The emergent factors decline in demand for services and intensifying competition, were the major agents for more change processes. In this respect our findings are similar to those of Chin et al [7]. As Orlikowski [23] notes in her paper on the implementation of a new incident tracking support system in the customer service department at Zeta: "Changes in the environment put pressure on management to improve the customer service, but it was also management's receptivity to, and appreciation of, those changes that ultimately determined the precise organizational response". We found in our case company similar management reactions to exogenous events.

If we would observe the life-cycle of Tieto-X from "the outside", we could argue that the company is actually in the same evolutionary trajectory as most IT companies are when they are facing the same external threats: a challenging decline in demand and at the

same time increasing competition. If we look at Tieto-X from the shareholders' perspective, the urge to grow steadily and the need to satisfy the expectations of investors, is a major change agent, too. Organizational change in our case is clearly a teleological process, but it may also be seen as evolving inside another process, which is an evolutionary one.

Change in an organization is a multifaceted phenomenon [16]. We found both emergent and planned change events on all three observational levels: environmental, organizational and individual. Many change events from different observational levels might at the same time have an effect on the outcome of the change process. One has to take into account that the length in time of different events might differ from each other. We could speculate that if an emergent change event like top management turnover had caused the project leader of the CRM implementation project, or as we could call him the "champion", to leave the company, this might have endangered the success of the CRM project accordingly. Another example could be the effect of changes in competitive position (emergent environmental change event) to the need for change in product portfolio (planned organizational event). To merely look at a single event e.g. that of the CRM system implementation process, is an extremely narrow view to hold.

We have learned from our empirical investigation that if one tries to manage change, one should first identify the change events, which are "manageable" in the first place. In our case the management reacted to emergent change events by several planned actions: growth through mergers, new product development, new incentive programs, and the decision to implement a CRM system. One should understand that at the same time as one is trying to manage planned change of selected entities, there are ongoing emergent change processes. These processes might have consequences, which affect the events being "managed". The management of change in our case company was successful. It succeeded in forming a customer-focused strategy, transforming the core processes to support this strategy, implementing a CRM system, and getting it into production use. The CRM system also succeeded in supporting the new division of tasks and management of customer transactions. When we asked the project manager what were the main "tools" used by the management to make the change happen, i.e. teach and coach salespeople to work in a more customer-oriented way, the answer was: "Firstly, we changed the incentive program; secondly, sales managers now can use the sales pipeline report as a tool to show the salespeople how active their customer contacting has been and also use the report as a tool to

follow up actual sales versus estimations; thirdly, we expect that not everybody will change their way of doing their work and this will lead to a natural turnover of sales personnel". This answer supports the findings of previous literature.

Our results, which suggest focusing on change events from several observational levels, receive support from the findings of the extraordinary case study of "The Colorado Department of Revenue" [3], where, as in our case, the initial change agent was to become customer-centric. However, even though two of the cases in the study were successes, the third one failed to align business strategy (organizational event) with IT infrastructure, and at the same time lacked proper project management (individual event).

We do recognize that our research is limited in focusing on only one case. It was out of the scope of this research to investigate the CRM success from the customer's perspective. Research in the ability of a firm to produce true CRM value to both customers and the company itself should be supported. We suggest that future research would refine our CRM success framework and validate its relevance through a more positivist approach.¹

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