

# **Successful customer relationship management in a chosen small firm**

**Bachelor thesis**

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## **Abstract**

The basic purpose of this bachelor thesis is to prepare a strategy of successful introduction of a new CRM solution in a small firm. Also the thesis is aimed to suggest alternative solutions for successful customer relationship management of the chosen small firm XY. In the first chapter, the main focus is put on understanding the overall concept of CRM, its relation to marketing as well as to business informatics and information systems. The second chapter is aimed to present the basic information about the chosen firm XY, explain its previous unsuccessful implementation of CRM system and subsequently propose some alternative solutions. These solutions are evaluated according to the needs of the firm and the final solution is presented. In the next part are described its advantages in comparison to the previous CRM system, evaluated from the economic point of view. In the last chapter of the thesis there is a suggested CRM implementation strategy based on the practical example of unsuccessful and successful CRM implementation process of the firm XY. This suggested strategy is aimed to serve as a guide for other small firms. In the very last part, there is a summary of what mistakes should be avoided and on what should a firm focus its intentions during the implementation process.

## **Keywords**

CRM, customer relationship management, information system, CRM system, strategy, implementation

## **Abstrakt**

Základnou úlohou tejto bakalárskej práce je navrhnúť stratégiu úspešného zavádzania nového CRM riešenia v malej firme. Práca sa taktiež zameriava na navrhnutie alternatívnych CRM riešení pre vybranú malú firmu XY. Prvá kapitola práce sa zameriava na porozumenie celkového konceptu CRM, jeho vzťahu k marketingu ako aj vzťahu k podnikovej informatike a informačným systémom. Zámerom druhej kapitoly práce je bližšie predstavenie firmy XY, vysvetlenie jej predchádzajúceho neúspešného pokusu o implementáciu CRM systému a následne navrhnutie alternatívnych riešení. Alternatívy sú hodnotené podľa požiadaviek firmy a následne je predstavené finálne riešenie. V ďalšej časti sú zhodnotené jeho výhody v porovnaní s predchádzajúcim CRM systémom, zhodnotené z ekonomického hľadiska. Posledná kapitola je zameraná na navrhnutie stratégie založenej na praktickom príklade neúspešnej a úspešnej CRM implementácie vo firme XY. Táto stratégia je navrhnutá ako všeobecný postup pre malé firmy. V poslednej časti sa nachádza zhrnutie chýb, ktorým by sa firmy počas implementácie mali vyhnúť a naopak na čo by sa mali sústreďiť.

## **Klíčová slova**

CRM, riadenie vzťahov so zákazníkmi, informačný systém, CRM systém, stratégia, implementácia





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# 1 Introduction

Customers are the main reason why any business out there exists. They are the most important capital. A firm can produce excellent products and offer high-quality services but without customers that would demand and buy them, there is no way for a firm to be successful. The times when there were only a few businesses in towns and their owners could remember all of their customers and their requirements are gone. Nowadays firms face many challenges, high competition and therefore need to create competitive advantage. It might be achieved by concentrating on acquiring a keeping long-term customer relationships.

The main topic of the thesis is Customer relationship management (CRM), more specifically its successful implementation in a small firm. Small firms are struggling with CRM and that is why I have chosen this topic to look at this topic and analyze it based on the real experience of the firm XY.

Thanks to CRM, firms are able to acquire and maintain various information about their customers and in this way are able to better and faster communicate. The objective of the creation of relationships is to build a strong loyal customer base. Customers that keep going back to a firm and repeatedly create profit. Loyal customers help to build a good name as they spread the awareness among their networks via word-of-mouth or online. Thanks to such customers is then a firm able to maintain good market position and competitive advantage. Plus maintaining customers is less expensive than acquiring new customers. In order to attract new customers a firm needs to spend more money on marketing activities.

As it is common in these days, everything is supported by some kind of technology. The same goes for CRM. Many people interchange the terms CRM and CRM system, thinking that there is no difference between them. CRM is supported by CRM system, but CRM is not only about CRM system itself. Both are very complex and must be handled in a correct way in order to be efficient. When a small firm starts to need technology for supporting their CRM, most of the time becomes overwhelmed by all the opportunities on the market, all of the recommended implementation strategies and confusing and different suggestions. It is normal as each firm differs and so does differ its needs. It is impossible for a small firm to follow any methodology. Most of them are oriented for large enterprises anyway. For a small firm, the first thing they will get offered, is to buy some kind of system from an external CRM firm. However, this might be decided very carefully.

The objective of the thesis was to suggest alternative solutions for CRM of the firm XY, as their previous implementation of bought CRM system was not successful. I tried to analyze this problem and the main reasons for that. Based on the firm's requirements, all solutions were evaluated and the chosen solution was compared to the previous CRM system as well as evaluated from the economic point of view. My secondary objective was then suggesting in general what to avoid during implementation process and on what there is a need to focus on.

The first chapter is meant to characterize and explain the main terminology, explain CRM from the marketing point of view as well from the business informatics

point of view, explain better the difference between the terms CRM and CRM system and look at the CRM situation in the market worldwide and in the Czech Republic as well.

The second chapter is then focused on the real experience of the firm XY. Firstly, there is a brief introduction of the firm XY. The main focus was on their main business activities, customers and competitors. Afterwards, the previous unsuccessful implementation process was enclosed and the main reasons of failure were stated. Then it was needed to describe the needs and requirements of the firm in order to suggest and evaluate possible alternative CRM solutions. After the alternative solution was chosen, the design specification on the new CRM solution was described.

I analyzed the new solution from the point of implementation, compared it to the previous situation as well as evaluated the new solution from the economic point of view. Then I focused on its design and how it all works.

In the last chapter I proposed a CRM implementation strategy based on the practical example of the firm XY and its CRM implementation process. I described all the particular steps and compared it to the unsuccessful and successful implementation process of the firm XY. In the very last part I summarized what mistakes should be avoided and on what a firm should concentrate during its CRM implementation process. The last chapter should serve as a general guide for other small firms.

## 2 Objective

### 2.1 Objective

The main objective of this bachelor thesis is to prepare strategy of successful introduction of a new CRM solution in a small firm. Also the thesis is aimed to suggest some alternative solutions when deciding about a CRM system of a small firm, rather than buying one of the CRM systems available on the market right away. All statements and suggestions will be based on the real experience of the firm XY. The thesis is aimed to focus on the problematic implementation of its previous CRM system, which was bought from an external firm. This will be used as a concrete example for stating, that some of the alternative solutions might be more suitable for small firms.

According to the needs and requirements of the firm XY, I will evaluate possible alternatives of CRM system and afterwards describe the chosen alternative and its implementation. The chosen system will be evaluated from the economic point of view and compared to the previous system. In the last chapter I will suggest a strategy for the successful implementation and introduction of CRM system to a small firm, based on the practical example of unsuccessful and successful CRM implementation process carried out by the firm XY. In the very last part I will summarize what mistakes should be avoided during the implementation process and point out a few important aspects that the firm needs to take care of and on what should focus its intentions.

## 3 Customer Relationship Management

This chapter deals with defining and explaining Customer Relationship Management (CRM) in general. In the first part, the concept is described from the marketing point of view, its relation and short overview of the history of its origins. In the second part, there is described how is CRM related to business informatics and the main terminology and processes of this area are explained. In the last part, it was necessary to explain what CRM system is, how the terms CRM and CRM system differs and what advantages represents CRM system implementation for a company. Last but not least, at the end of this chapter, there are listed 10 top CRM software vendors in the world and the list of vendors on the Czech CRM software market.

### 3.1 Defining CRM

There might be found various perspectives of CRM in the literature as it is not possible to describe this concept in one single definition. In general, CRM might be described as an interactive process, which aim is to reach optimal balance between the needs of a company and the needs of its customers in order to create and maintain long-term customer relationships.

Here are listed some of the definitions that can be found in literature, integrating the attributes of CRM and explaining the overall concept.

„CRM, also more recently called 'customer management', is a business approach that seeks to create, develop and enhance relationships with carefully targeted customers in order to improve customer value and corporate profitability and thereby maximize shareholder value.” [1]

„CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high quality customer related data and enabled by information technology.” [2]

„Customer relationship management includes employees, business processes and technology with the aim to maximize customer loyalty and consequently the profitability of the company. It is an important part of the corporate strategy and as such becomes the part of the corporate culture. Technologically it keeps using the potential and possibilities of Internet“[3]

„First, CRM represents the way customers want to be served. Second, it is simply a more efficient way of doing business.” [4]

„CRM is a difficult area integrating marketing, sales and services. It is a dynamic process, because the market and requirements on the firm keep changing.” [5]

To sum up these definitions, it can be said that CRM is the core business strategy of a firm which aim is to acquire and satisfy target customers through delivering them value. As the term says itself, it is all about relationships. Especially for a small firm, it is highly important to create loyal customer relationships in order to prosper. Keeping record of important information about customers and managing it in the right way assures building a loyal customer base. The communication itself is then carried out through suitable information technology, in this case, through some kind of CRM system. This term is explained later on.

## **3.2 CRM from the marketing point of view**

### **3.2.1 Marketing in relation to CRM**

As it will be explained below, marketing represents a big part of CRM evolution. It is necessary to mention this term in order to explain how it has evolved and why it was important to focus on this approach. Here is a brief definition of the term:

When trying to characterize the fundamentals of Marketing in as simple and understandable way as possible, it can be said according to M. Foret [6], that it is used to search for and satisfy human needs through some kind of change. For that, it uses such showcasing instruments as marketing tools and practices as marketing research, marketing mix, market segmentation, marketing plan and various other components of the marketing mix.

According to A. Payne [1], on the basis of creating relationships, Marketing concentrates on building customer value in order to retain customers and so to build a loyal customer base. By expanding on already existing investment, as far as the terms of product development and customer acquisition costs go, firms can produce possibly higher revenue and benefit at lower cost. Relationship marketing likewise produces significant intangible benefits. The prominence given to customer service encourages customer contact and customer involvement. Subsequently as a result, firms can take in more about customer's needs and incorporate this knowledge with future product and service delivery.

### **3.2.2 History**

In order to better understand how CRM has evolved, it is needed to look back to the past, specifically at the very beginning of marketing, how it has evolved and why there was a need for customer relationship management.

In the late nineteenth century, there was a rapid change in manufacturing activities. Alongside serial and mass production have emerged new sources of energy. The skilled workers were still much needed yet more for supervision and managing the work itself. There was no longer any need for workers to get in touch with their customer to know what they really require. Regardless of its efficiency, mass production led to problems. The natural demand was not sufficient anymore and there was need for products to be distributed in a much wider scale. That's how marketing was born. Initially, marketing concentrated on development of distribution and

working on new distribution channels. The consequence of that was, that producers lost the contact with their customers. The beginning stage of Customer relationship management was marketing philosophy in the time of mass production: products are manufactured and it is highly important to find some customers for them. There was sufficiency of everything, aside from the significant absence of loyal customers. This brief overview of history explains how the terms Marketing and Customer relationship management are closely interconnected and how they have evolved alongside each other. [7]

### **3.2.3 The origins of CRM**

Customer relationship managements has evolved simultaneously with marketing as was already mentioned above. According to H. Wessling [5], Marketing was limited only to the marketing perspectives, however CRM links marketing, sales and services all together, taking into account the lifecycle of the customer

As it is stated by A. Payne [1], the rise of CRM as a management approach is an outcome of various important trends. These trends included:

- the shift in from transactional marketing to relationship marketing
- customers are a business resource and not just a commercial audience
- the move in organization structure, from functions to processes
- the acknowledgment of the advantages of utilizing data proactively as opposed to reactively
- the bigger utilization of innovation and technology in order to better manage and maximize the value of data
- the acknowledgment of requirement for exchange between delivering and extracting customer value
- the advancement of one-to-one marketing approaches.

### **3.2.4 The types of CRM strategies**

A portion of the different opinions on CRM strategies can be clarified by thinking about that a number of different types of CRM have been identified.

For instance, according to F. Buttle [2], the main CRM strategies are the following: strategic, operational, analytical and collaborative. These sorts of CRM have its own dominant attributes according to which a company coordinates its activities and goals.



## 1. Strategic CRM

Strategic CRM is mainly focused on the improvement of a customer-driven culture of business. This culture is committed to acquiring and keeping customers by creating and delivering value superior to competitors. This type of culture is reflected in leadership behaviors, the outline of formal systems of the company and the myths and stories that are made within the firm.

## 2. Operational CRM

Operational CRM concentrates on automation and enhancement of business processes which are based on customer-facing and customers supporting. The main importance lies on how the selling, marketing and service oriented processes are automated. Software applications then empower the marketing, selling and service functions to be automated and integrated.

## 3. Analytical CRM

Analytical CRM supports back-office operations. Data analysis is its main function as it focuses on data capturing, its storing, extracting, integrating, processing, interpreting, distributing, using and reporting. It concentrates on the intelligent mining of customer-related data for strategic or tactical purposes.

## 4. Collaborative CRM

Collaborative CRM uses CRM technologies and enables to communicate information about customers across business units. The term is usually applied to more recent technologies for example electronic data interchange (EDI), portals, e-business, voice over internet protocol (VoIP), conferencing, chat rooms, web forums and e-mail. These technologies enable data and voice communication among organizations and their business partners and customers. [2]

### 3.2.5 The main elements of CRM

CRM is a complex process and it is made of the same elements as any other production process. For its maximum efficiency it uses out the power of technology (CRM system), performance (employees), information about customers (data) and products (the output of processes and interactions).

According to the study of literature, I have managed to describe four main elements that are basically the base of CRM.

- **People**

Performance, active participation of all of the employees, based on their knowledge and qualification that is the key how to satisfy the needs of a customer. Employees without qualification may not only harm customers but as well the image of a company itself. Plus, it is highly important to further improve the skills of already qualified employees in order to manage CRM successfully and increase its efficiency.

- **Processes**

CRM interconnects the main processes of marketing, sales and services. The product of CRM itself are the customer oriented processes of a company. Properly set processes make CRM more efficient.

- **Technologies**

Technology supports the CRM operation and makes it easier to manage even when the amount of customers increases, which would otherwise make it more difficult for a company to keep track of. Thanks to the use of technology, it is possible to share, search for and analyze the information about customer much easier and faster than without this support.

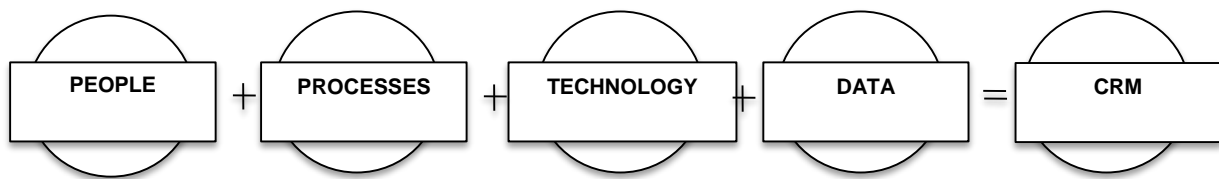
- **Data**

It is a direct link between the other elements above. Acquiring, analyzing and storing of data leads to the efficient CRM. It can be said that data is the material of CRM. All the information about customers, their needs and wants need to be available to the right people at the right time.

As it is stated by H. Wessling [5], in order to implement CRM into an existing business structure, it is expected to concentrate on skills of employees, business processes, technological equipment as well as the management of data.

Implementation of CRM in praxis is only possible if all individual elements are interconnected into one unit. Many of CRM implementations have failed as a result of concentrating only on one element.

Figure 1: The formula of CRM



1. According to J. Dohnal [3], the basic characteristics of human factor in CRM are:

- Consistent concentration on the customer needs
- Competitiveness and the will to succeed
- Decisiveness
- The ability to improvise
- The ability of teamwork
- The ability of team leading

1. **Consistent concentration** – nowadays managers tend to make mistakes, because they put pressure on their employees to create short-term goals. Therefore, the employees tend to resolve their task in such way that complies with corporate rules, which may result in losing a customer. When applying consistent concentration are important those employees that focus on trying to understand the thinking of a customer, trying to systematically create as objective view of the situation of a customer as possible and whose main priority is a satisfied customer.

2. **Competitiveness and the will to succeed** – in a quality incentive system are indicators such as sale, satisfaction of a customer, the number of complaints etc.,

that need to be constantly improved to increase customer loyalty. These indicators are compared with the competition. Employees should be clear in their priorities and willing to accept any challenging goals.

3. **Decisiveness** – the employee should be able to take decisions, because without this aspect there is now way to acquire a customer only with the use of CRM as a customer expects quick response. If the response is not obtained from your firm, it will be obtained from your competitors. Decisive employees are those who are able to stand up for their decision and seek for opportunities on the market and adopt solutions for their acquisition.
4. **The ability to improvise** – CRM only helps with gathering and controlling of information in order to use it in the highest quality as possible, however it does not contain the ability of improvisation itself. This aspect is represented by such employees that bring to their teams new ideas and understand marketing.
5. **The ability of teamwork** - Collaboration means success. The important factor of success is the quality of collaboration. Such employees that are able to collaborate with their team are reliable in crisis situations, create the atmosphere of a company and share their skills.
6. **The ability of team leading** – This represents the ability to carry out the determined activities and efforts that are meant to satisfy the customer and thus excel in competition. [3]

### 3.3 CRM from the viewpoint of business informatics

The innovation of CRM is a complex process that requires to take into account various aspects such as efficient use of a potential of your employees, investment into their training, rebuilding processes of a company and many others so that CRM was able to provide its maximum added value.

Afterwards there is one last, but very important step and that is to choose the right technology that will perfectly fit for your type of business. It should support CRM processes in the best way possible and it should be chosen while keeping on mind that it will be integrated into an existing IS of a firm. To better understand this concept, the following part is about the important terminology concerning business informatics and implementation of a new information system in a company.

#### 3.3.1 Business informatics

This area is as important for start-up companies as it is for already established companies. Effectiveness and efficiency of business highly depends on it as nowadays it is required almost in every type of business to have knowledge of business informatics. It allows the companies to gain competitive advantage through new approaches of digital technology.

According to L. Gála [8], the term can be understood as an application, process and a system. Business informatics is focused on studying the expression and the form of information, its processing and transferring among the company.

T. Bruckner [9] has described Business informatics as the set of activities and processes that are carried out in a company for the purpose of managing information systems and information technology (IS/ICT), thus to achieve the objectives of IS, business competence, responsibilities and competences related to IS/ICT and information system itself creates business informatics.

### 3.3.2 Information system

According to L. Gála [8], Information system serves to ensure appropriate expression of information, its processing and transferring within a system. Generally, the system is created by people, appropriate tools and methods that are divided into three basic components:

- **Input**

The elements that enable to capture information and other inputs, which are meant to be the subjects of processing, possible interconnect the inputs. Input has a purpose however not until it is processed and generated in a form of output.

- **Processing**

Includes the elements that ensure the transformation of inputs into the desired output, basically it is a process of converting input into something usable. Processing takes place in the internal part of the computer.

- **Output**

Includes the elements that are able to transform information and other outputs to its user. Output is processed information, usable format, which is displayed by different output devices such as monitor or printer for visual work or a speaker for audio.

Another definition stated by Z. Molnár [10] states that IS represents a set of people, technical tools and methods (programs), securing the collection, transfer, processing and storing data in order to present information for the needs of active users of management systems.

### 3.3.3 Business process

The three components of IS (input, processing and output) might be generalized and used in different areas. In all cases, based on the input, that might be the requirements of customers, leads to its processing, which is basically handling the requirements that in the end create the output meaning whether the customer did or did not get what was requested. To sum up, this complex process is also known as a business process.

### 3.3.4 Developing new information system

Creation of information system (IS), as it is stated according to Rábová [12], represents a development of program tools including a hardware background, security mechanism or working practices and recommendations. The development itself is

supported by a methodology. The aim of the methodology is to formalize practices, define responsibilities and rules of communication.

According to T. Bruckner [9] Development of information system is a process, which objective is to achieve some planned changes of a company's information system. The change might be related to any component of IS, whether it is a new application or some kind of a change in technology infrastructure. All significant changes are realized throughout a project realization. By the project termination the new version of information system is created. From the business point of view, the most important changes are those that have an impact on a software application influencing the flow of business process.

### **3.3.5 Phases of IS development**

It is crucial to accomplish many tasks in order to achieve successful implementation. Many companies search for proven methodologies or even for professional that would guide them throughout the whole process of implementing. However, many implementations tend to fail and these failures mostly originate from lack of planning at the very early stages. Above are listed the main phases of IS development for a general overview. The following list is based on [11]:

#### **1. Specifications of requirements**

The objective of this very first stage is to create a document that contains the list of individual requirements on functionality and final quality of a software. This specification answers the question what a system should do. The range of activities that need to be supported by an information system are defined.

#### **2. System design**

In this stage, the requirements are gathered, the appropriate technology is chosen, the architecture is designed, as well as division into modules, as well as its mutual interface. Basically, the detailed manual for development is created.

#### **3. Implementation**

A source code of individual modules is created and individual system elements are tested right away.

#### **4. Verification and validation**

The system is verified whether it meets the requirements and expectations of a user. This control is carried out during the whole process of innovation, however the most financial resources are spent on it after the implementation.

#### **5. Evolution**

The phase after the first fully functional version of a system is submitted. System is maintained according to additional requirements. This phase originates during any innovation of information system and typically represents the major part of total costs.

### 3.3.6 The lifecycle of IS development

According to Rábová [12], the lifecycle of IS development includes roughly these stages:

- **Specification of a problem** – initial studies, informal and formal specifications
- **Analysis** – logical model
- **Design** – technological model
- **Implementation** – implementation model
- **Installation and testing of a product, documentation**

The individual stages of IS lifecycle are described in more detail below:

#### 1. Specification of a problem

The aim of this stage is to evaluate a feasibility of a project and set a basic concept of a system, choose from more alternatives and estimate costs and advantages of a project. As the result of this stage are a few of introductory documents such as project assignment, requirements specifications, concept and plan of system development and testing plan, introductory studies

#### 2. Global and detail analysis and design

Analysis creates more abstract model, the model of design is more technology particular. Global analysis detailly describes basic requirements from the previous stage, its priority is set and structure of a system is created. All system functions are analyzed, divided into subsystems and the final model of analysis is logical model of a system.

In detail analysis are detailly done previous models until the point when it is possible to implement them.

#### 3. Implementation

Realization of a detailed design in an implementing environment. In this stage program documentation is created and as well as user manual in printed or electronic form. An important part of this stage is data conversion or preparing materials from which the data will be entered to the database.

#### 4. Installation

The aim is installation of technical and software equipment, conversion of existing data, creating of operating instructions and training of user. All should be carried out in such way so that the transition to a new system in organization would be as easy and safe as possible. This is a problematic and critical stage.

#### 5. Operation, maintenance and development

Smooth operation, ongoing actualizations, securing safety of data, maintenance not only of software but as well actualizations of documentations and realization of changes.

## **3.4 CRM system**

CRM system can be defined as a set of software applications that help an organization to determine the needs of their customers by managing, organizing, tracking and storing all customer interactions. CRM systems use advanced technology to replace the handwritten, manual documentation processes of the past. CRM systems allow the user to document everything. From simple contract information to specific conversations with customers.

CRM systems are valuable because the information they provide can help to boost the general business goals of an organization. For instance, if sales consultants know the specific needs and preferences of their customers, they can deliver a more personalized service creating a more client-focused environment. CRM systems also provide a central documentation location, allowing employees across different departments to access to the same information. [14]

### **3.4.1 CRM vs. CRM system**

CRM is a about a way how to manage a company. A customer happens to be in the center of attention, which should lead to his bigger satisfaction, creating positive long-term relationships with the company itself and its products and therefore to the bigger profit. To get to the stage when it can be said that a company applies CRM, it is needed for the company to be able to get maximum of every single contact with its customers. In order to effectively use all the data obtained during a contact with customers, is then very relatively appropriate to have CRM system. Meaning the tool, that will support CRM by standardizing customer-oriented processes, establish automated data evaluation to quickly find relevant information about customers and many other aspects. To sum up, CRM system is a support tool for companies that applies CRM. However, it is not true that CRM system serves for implementing CRM. If a company does not apply CRM and management does not know how to, CRM system would serve just like a calculator for a human that does not know how to count in the first place. [14]

### **3.4.2 CRM as an information system**

In the amount of information that a company gets in touch with every day, it is way too easy to forget and lose potential business opportunities. Information system for customer relationship management (CRM system) saves time and money and especially allows to provide exactly the service that a customer desires.

CRM system is one of the most important business information systems. Thanks to its ability to store all the customer related data, history of interactions with customers from the very first contact until the sale and service. The aim of CRM system is mainly to ease the automation of processes related to relationships with customers. In general, CRM system saves up all the important information about customers, based upon this information it then enables to create a better view of their requirements and needs. That enables a company to create an offer customized to an individual customer.

In most cases, small firms tend to perceive CRM system as a costly and complicated software, which implementation will take way too much time and effort, including the costs for training of employees, time dedicated to training and implementing and many other negative views of CRM system are perceived among employees. In most of the time, this perception is right, however not always it has to be that way. That is why choosing the right system for a firm and creating the right strategy of its implementation is really important. [15]

### **The basic characteristics of CRM system**

- Efficient sharing of information within a firm
- Transparent management of contacts and customers
- Evidence of business activities – meetings, phone calls, e-mails, documents
- The ability to flexibly and effectively respond to customer needs

### **The objectives of CRM system**

- Acquiring new customers
- Retention of the existing customers and satisfying their needs
- Identification of priorities of customers
- Management and improvement of marketing activities
- Effective project management
- Support of business and service department [14]

### **3.4.3 Strategy of CRM system implementation**

Before choosing the suitable CRM system and its implementation, it is highly important to carefully define the CRM strategy of a company. In praxis is commonly recommended to use the following steps:

#### **1. The initial and analytical part**

- Creation of strategy
- Acceptance and verification of outcomes of corporate strategy
- Clarification of vision and objectives of CRM system (the base for evaluating the whole strategy) which includes:
  - Analysis of the current CRM state
  - Analysis and evaluation of CRM trends
  - Defining of CRM system requirements

#### **2. Design and implementation part**

- System integration of a company with its environment and integration of internal business processes with respect to CRM:
  - Optimization of business processes
  - Defining of functional requirements on CRM IS
  - Characteristics of an architecture of individual processes
  - Data, technology and application integration [16]



### 3.4.4 Types of CRM from the viewpoint of implementation

CRM systems are typically divided into three categories:

#### 1. On-site/ On-premise solution

The classical approach of software operation. It is needed to buy a license, operate the application on own servers and manage it with own forces. Data is run locally within the corporate system and you have all the control over it.

#### 2. Cloud solution

Also called on-line or on-demand, is provided in a form of software service (Saas). The software is hosted through the supplier, the access to data is through internet, all administration and infrastructure is ensured by the implementation partner.

#### 3. Hybrid CRM solution

Two main approaches tend to be mixed. In praxis we can meet with the type of implementation when the solution is hosted by the third partner – provider of private cloud or on-site solution expanded by cloud functions and features supported for mobile devices or others. By hybridization of both approaches can be achieved the optimum combination of functionality on one side and data security on the other side. [18]

#### The advantages of On-site solution:

- Independence of internet connection
- Absence of bound to a particular cloud provider
- Easier data migration
- Larger scale of customization options
- Total control of system and data [18]

#### The advantages of Cloud solution:

- Minimum initial investment
- Fast implementation
- Zero operational management
- Fast cycle of actualization
- Scalability
- Multiplatform character [18]

### 3.4.5 The main advantages of CRM system implementation

It is possible to sum up the most important benefits of implementing and actively using CRM system:

- Total overview of a company
- Sharing of information among all departments
- Decreasing of costs
- Increasing of customer satisfaction

- Registry of new customers and business opportunities
- Accessible information anytime

Theory and praxis are almost all the time opposite to each other, however it strongly depends on the point of view and most importantly, willingness to adapt to new things. Afterwards, there is a need for successful implementation and lastly effective usage. [15]

Successful implementation of CRM results in many benefits such as:

- Smooth and easy running of business processes
- More individual contacts with customers
- More time for customers
- Differentiation from competitors and improved image
- Reliable and fast answers
- Increase in motivation of employees [5]

### 3.4.6 Top 10 CRM vendors worldwide

Below are listed top 10 CRM software vendors in the world valid to the March 2017.

Table 1 Top 10 CRM vendors in the world 2017

1.	<b>Pipedrive</b>
2.	<b>Infusionsoft</b>
3.	<b>Salesforce</b>
4.	<b>Zoho</b>
5.	<b>Punchh</b>
6.	<b>Infor Epiphany</b>
7.	<b>Intercom</b>
8.	<b>InfoFlo</b>
9.	<b>Highrise CRM</b>
10.	<b>TeamSupport</b>

Source: own elaboration according to [19]

Each of the system has unique characteristics and may not be suitable for each type of business. The overview of the CRM software market and evaluation of possible alternatives is a crucial phase when deciding about own CRM system. Let me briefly summarize how the various aspects of these systems might differ.

For example, let me describe the main positive and negative characteristics of the top 3 systems that I have found across many reviews.

#### 1. Pipedrive

This system is the current leader of CRM software. Even though it was designed specifically for sales teams, Pipedrive can be easily adjusted to the specific needs of a firm. Like most CRM software, it works on the basis of web browser application, accessible from anywhere. Plus there is available a mobile application for Apple iOS

and Android devices. Also there is a possibility to easily integrate the system with Google calendar, Google contacts and many other Google apps as well as many other popular business systems. [19]

## **2. Infusionsoft**

This system is focused on small business. In terms of charges, there are different packages that fit different business needs. The most important are the startup costs for Kickstart. This represents Kickstart packages which includes coaching and learning how to get familiar with the system. Other fees like monthly subscription is charged separately. To present the positive side of the system that proves that the costs might pay off, it is needed to mention that they have 24/7 customer service, fast and stable platform, meaning that everything loads fast. Most importantly. It would not be a good idea to invest in it only because of their CRM as it is the integration between the CRM, ecommerce system and marketing automation. [19]

## **3. Salesforce**

It is an easy-to-use, cloud-based software, suitable for businesses of any sizes, small, midsize or enterprise organizations, with the focus on sales and support. There is also the ability of a mobile app for Android and iOS featuring real-time data from dashboards and custom reports. As it is a robust CRM, it might be overwhelming for smaller businesses that do not need such solution. This is mostly the case of really small businesses that do not have a dedicated sales team. However, many small business use the software when they are in the start-up phase and then take advantage of its more advanced features as they expand. [19]

To sum up, you always need to find a way how to work around. As businesses differ, so does differ the CRM software. The process of deciding might be very overwhelming, considering many options on the market.

When buying CRM software, the main down-side for small business are always the initial costs. Each software charges various fees that you need to be aware of. There is always a risk that the investments will not pay off. That is the risk of CRM system implementation of each kind. It is not only about buying it, the most important part comes afterwards and that is how you will implement it in your business, how your employees will work with it and the most important thing is whether you will be able to efficiently use it in order to take advantage of it and finally get back even more that was invested.

### 3.4.7 CRM software market in the Czech Republic

Last but not least, it is needed to mention possibilities of CRM software available in the Czech Republic.

Table 2 CRM vendors on the Czech market

<b>1. 2K Project, spol. s.r.o., Brno</b>
<b>2. A.W.I.S. Správa, systémy s.r.o., Praha</b>
<b>3. APS Outsourcing a.s., Praha</b>
<b>4. Art Data, s.r.o., Brno</b>
<b>5. Asseco Solutions, a.s., Praha</b>
<b>6. Axiom Provis Int., s.r.o., Zlín</b>
<b>7. Business Logic s.r.o., Zlín</b>
<b>8. Cleverlance Enterprise Solutions a.s. Praha</b>
<b>9. D3soft, s.r.o., Ostrava</b>
<b>10. Digital Resources, a.s., Praha</b>
<b>11. Euro Softworks s.r.o., Praha</b>
<b>12. Identity &amp; Compsale s.r.o., Praha</b>
<b>13. It2b s.r.o., Brno</b>
<b>14. Maxprojekt s.r.o., Brno</b>
<b>15. Netventic Technologies s.r.o., Brno</b>
<b>16. Pit Software, s.r.o., Ostrava</b>
<b>17. Raynet s.r.o., Ostrava-Poruba</b>
<b>18. Screeing Solutions, s.r.o., Praha</b>
<b>19. Sprinx Systems, a.s., Praha</b>
<b>20. Systegra s.r.o., Liberec</b>
<b>21. Versa Systems, s.r.o., Ostrava</b>

Source: own elaboration according to [20]

Examples of two of the most popular CRM solutions on the Czech market:

#### **eWay CRM**

This system is a Czech product, which also got my attention as the firm XY is operating mainly in the Czech Republic. It is also one of the suggested CRM solutions in the second chapter so I will pay a bit more attention to it.

eWay was initially developed internally for the needs of the firm Memos, creating software and designing IT solutions for helping the firms, and now they are providing it also to other firms. Which means that it is usable and respects the needs and requirements of small and medium-sized business.

It is typical for its integration with Microsoft Outlook. Meaning, it is not a web application but it runs together with Outlook. The user interfaces it practically the same and the user cannot even recognize when he is in eWay or in Outlook. It is integrated

with mailbox, calendar and contacts and this solutions includes so-called offline mode which allows the user to work whilst travelling or being with the client.

It is possible to get the free single-user version to test it out, there are manuals on their website on everything, from the downloading and installing to demonstrating how to use eWay for every single module it contains.

Overall, from my point of view, eWay is a great system for small firms, starting to focus more on CRM, to learn how to manage it. It is a great tool, especially for its integration with Outlook and I can see why many of small firms use it. [21]

### **Raynet CRM**

Another solution on the Czech market is Raynet CRM, which is very a popular cloud-based CRM solution. It is paid on monthly basis and its main objective is to serve as a tool for support and management of sales. Its main advantage for small firms would definitely be the ease of use. There is also a mobile version of Rayner CRM. The Raynet CRM has quality technical support, which is recommended by many of its users. Its main attributes are the database of contacts, history of the contact with clients, overview of business cases and the ability to create reports from the used data and to issue an invoice for customers. There is also the ability to integrate your own calendar, for example in outlook or with the calendar on your phone with the system.[23]

### 3.5 Methodology

The following chapter starts with the brief introduction of the firm XY, its main business activities, their main customers and the way how they are acquired as well as analysis of their biggest competitors in each field of business activities. In order to obtain this information I have interviewed the director of the firm XY.

Afterwards, there is SWOT analysis of the firm based on the obtained information from the interview. The analysis focuses on the internal strengths and weaknesses and external opportunities and threats of the firm XY.

Moving on to the CRM of the firm XY, the aim is to follow the following steps: firstly, there is analysis of the CRM situation of the firm, its previous ways of CRM management in MS Excel and mainly its previous system Q. I describe the main reasons of its unsuccessful implementation in order to compare it to the new solution later on. Second, I describe the firm's requirements on the CRM system from the design and functional point of view. In this part I analyze the internal document of requirements created by the firm XY. In the following part, I suggest some of the alternative CRM solutions that might be suitable for the firm XY, analyze and evaluate them according to the already described requirements of the firm. I compare them according to the evaluation criteria, which are based on the four main properties such as lower initial investment, security of data, one-time investment and full system control.

Afterwards I describe the successful implementation process of the new chosen CRM solution, created by the IT department of the firm XY, and compare it to the implementation of the Q system as well as evaluate the both systems from the economic point of view. The main criteria for this evaluation are initial investment, license fees and fees for support service

In the very last part of the thesis I suggest CRM implementation strategy for small firms, all based on the successful as well as the previous unsuccessful CRM implementation of the firm XY. There is analysis of the implemented strategy by the firm and how the individual steps were carried out.

The strategy of CRM implementation consists of two main parts: the initial and analytical part and design and implementation part.

In the first part, the firm creates the strategy itself, analyzes the outcomes of corporate strategy and most importantly clearly clarifies what are the visions and objectives of CRM system. This point includes the analysis of the current CRM situation, analysis and evaluation of available CRM solutions and trends and lastly the definition of requirements on CRM system. The firm creates a document focused on the design properties of the system. In the part of design and implementation the firm follows certain steps in order to integrate the system with the firm's environment and internal business processes in the right way. These steps include the optimization of business processes, definition of functional requirements and architecture of individual processes in order for the system to be efficient. Last but not least the very important part is the integration of data with technology.

Lastly I mention a few common mistakes that tend to be the main reason of implementation failure.

## 4 CRM in a chosen small firm

### 4.1 Basic information about the firm XY

As I was asked because of security and privacy reasons, I will not be mentioning the real name of the firm and I will be referring to it as the firm XY.

The firm XY has quite of a history. Its main activities back then focused on production of furniture and production of construction. Later on, the firm changed its name and its business activities expanded by electro installation and metalwork. Plus the firm focused not only on reconstruction of buildings but also on building them itself.

Later the firm XY became the exclusive sale representative of a French manufacturer of practical architectural accessories for interiors. After the firm has changed its name again, to its present name, the firm's activities have expanded out of the region and now the firm XY operates in the whole Czech Republic and also in Slovakia.

#### 4.1.1 The main business activities

The firm XY is significant by its variety of business activities. We can divide them into the main 3 groups:

- **Production of furniture** – laboratory, office and home furniture
- **Construction** – building construction, supply of electro installation, reconstruction of historical objects
- **Additional assortment** – wall guards, dilatation profiles, safety features for heavy vehicles, entrance flooring and sunshades

#### 4.1.2 The main competition

As the firm focuses on 3 main groups of business activities, it is natural that they have to face many competitors in each field of business activities. The main advantage of the firm XY would be the fact that there is not many other firms that focus on business activities concerning the construction work as well as on production of furniture and additional assortment. The firm XY is able to use its own capacities for construction work. Probably the biggest competition is in the field of construction activities, as there are many construction firms not only in the Czech Republic. When it comes to the production of furniture, the big advantage is that the firm XY does not focus only on one type of furniture. This means it has more options to realize. Their newest project was focused on children collection, which also attracted some of their competitors, for example firms like Merci, Davoto and Space for kids tried to collaborate with the firm and sell this collection in their stores. It is more complicated to analyze the competitors in the additional assortment field, as it is such a complex business activity and the products vary.

Below is the table with the main competitors of each business activity.

Table 3 The main competitors in the Czech Republic

1. Construction	2. Production of furniture	3. Additional assortment
TM STAV	Merci	SPM
Jasy	Davoto	Dacoba
Commodum	Space for kids	Buchberger
Tdsp contract	Verkon	Deflex
Stavospol SPO	Adelon	Migua
Promostav	Elisabeth	Emco

#### 4.1.3 Customers

The firm XY focuses more on B2B, meaning their business activities and products are marketed to other business, however the plan of the firm is to expand in the region and focus more on B2C type of customers as well, so that the firm creates a good name among people and spread more awareness across the region where it is operating.

The main customers of the firm are hospitals, shopping centers, universities, pubs, various administrative and training organizations, which are in most cases Czech organizations and companies. However the production of laboratory furniture is spread also to some foreign countries. For example German pharmaceutical company. The firm has a very good references from their customers and they are all listed on their website, together with attached photos of their products.

For acquiring new customers, focusing on B2B, and finding out about new business opportunities the firm mainly uses the database called Zisk.eu. It is a leading platform on the market among information and marketing resources among B2B segment. At the same time it is a platform for companies to prosper. This platform contains more than 50 000 records about planned investments and prepared or already ongoing constructions in the Czech Republic and Slovakia. It is the best way for the firm to be part of some kind of project because most of the general contractors do not want to change their suppliers.

A few of their most known customers are for example Charles University in Prague, which owns their office furniture and also laboratory furniture, many hospitals across the Czech Republic, equipped mainly by their safety features such as handles, barriers, protective plates for doors, corners and walls or hotels like Holiday Inn, with their special cleaning mats.



#### 4.1.4 SWOT analysis

Based on the acquired information from the interview with the director of the firm XY, I have made the SWOT analysis that shows the internal strengths and weaknesses and external opportunities and threats of the firm.

Figure 2 The SWOT analysis of the firm XY



#### 4.1.5 Previous way of managing CRM in the firm XY

##### 1. Spreadsheets in MS Excel

The firm XY previously used to manage its CRM in a very simple way, using Excel. This might be a good example of alternative CRM for really small firms, however it highly depends on the number of customers and business activities. It is quite easy to create and use, as there is no need for any trainings of employees and time spent on the implementation. Each of the employees should have at least some knowledge how to use MS Excel and the implementation of this solution should not be that time consuming.

But in this case, as the number of vendors of the firm XY kept increasing, the less effective and more chaotic it was. The documents were shared among the firm and not everyone uploaded them regularly and in the correct way, which was the reason of high potential errors. That was the critical point, when there was a need for more precise CRM system. The main advantage of it would be automatic updating of data and better overview of information about customers and business cases.

Below are shown two examples of how the spreadsheet looked like with a brief description of the content.

Figure 3 Excel spreadsheet part 1

Datum obdržení / zahájení	Číslo nabídky / odkaz	Číslo zakázky	Klient	Název akce
21.12.2014	BS/226/2014/SYA		Rehabilitační ústav Chuchelná	Rehabilitační ústav Chuchelná
29.1.2015	BS/18/2015/SYA	500/0059/16	FEST Ostrava	Ostravská univerzita - Pedagogická fakulta
6.2.2015	BS/25/2015/SYA		ZŠ ČSA Bohumín	ZŠ ČSA Bohumín
10.2.2015	BS/28/2015/SYA		OHL ŽS, a.s.	VD Šance
13.3.2015	BS/57/2015/SYA		BLOCK a.s.	Bioveta a.s.
1.4.2015	BS/70/2015/SYA		VS INVEST, a.s.	Poliklinika Olomouc 2.NP
11.5.2015	BS/87/2015/SYA		PS BRNO, s.r.o.	VIPAX - Lukov
25.5.2015	BS/99/2015/NER		VAMED Health Projects CZ s.r.o.	Nemocnice Ghana
1.6.2015	BS/111/2015/SYA	500/0042/16	provádění staveb olomouc	OLÚ Moravský Beroun
1.6.2015	BS/109/2015/SYA	500/0057/16	PSJ Jihlava	Nemocnice Jihlava
2.6.2015	BS/112/2015/SYA		OHL ŽS, a.s.	Odborný léčebný ústav PASEKA
18.6.2015	BS/126/2015/SYA		PKS Stavby	Nemocnice Třebíč
23.6.2015	BS/130/2015/SYA		Zlínstav a.s.	Nemocnice Havlíčkův Brod
8.7.2015	BS/138/2015/SYA	CS01518/15	BLOCK a.s.	Imuna Šarišské Michalany

Source: Internal documents of the firm XY

It was impossible to include the whole spreadsheet in the thesis, so I have included only a few parts to demonstrate how confusing and chaotic it was to keep track of information. Especially with so many clients. This figure contains the following information: The date of start, the number of offer/link, the number of order, the name of the client and the name of the campaign.

Figure 4 Excel spreadsheet part 2

Sortiment	Cena celkem bez DPH	Rok zasmuvnění	Předpokládaný termín finální fakturaci	% pravděpodobnosti	Stav realizace	Jednání dále vede	Poznámky, kontakty
ACR	1 056 344		8-11/2016	80%		TK	v jednání, 7. měsíc by se to mělo snad dotáhnout
COU	23 138	2016	5/2016	100%	D/V	TK	
ACR	40 526		11/2016	50%		TK	v jednání
AIR	754 451		2017/2018	50%		TK	počítáno s 28% režiema, bude se řešit 2017
ACR	16 533		7/2016	80%		TK	v jednání
ACR	21 626			10%		TK	poslán mail
AIR	237 745			10%		TK	počítáno s 28% režiema
ACR	652 348			10%		TK	
ACR	472 972		7/2016	100%	V	TK	
ACR	2 483 489		8/2016 l.č.	100%	V	TK	
ACR	421 430		10/2016	100%		TK	
ACR+COU	9 464 925		2017/2018	50%		TK	V JEDNÁNÍ, bude se řešit 2017
ACR	1 354 542		9/2016	100%		TK	
ACR	1 337		10/2015	100%	U	TK	

Source: Internal documents of the firm XY

The second part of the spreadsheet shows the kind of assortment, the price without VAT, the contract year, the expected date of the final invoicing, the percentage of its probability, the status of realization and the initial of a person that was in charge of the negotiation, notes and contacts.

As everyone was able to edit this table, it was almost impossible to keep track of the deals and the quantum of information that it contained. This way of managing CRM was definitely not sufficient anymore and it was needed to upgrade it to a whole new level.

## 2. The first CRM system Q

Because of the privacy reasons I will not be mentioning the real name of the firm from which the firm XY has bought their first system. I will only refer to it as the system Q.

Choosing the right CRM system is a very important decision making process. It is necessary to have an overview of all the possible solutions on the market if the final decision is to buy the system from an external firm. In this case, the mistake was made at the very beginning. The owners of the firm did not take into account all the possibilities and alternatives, and had decided to invest huge amount of money into the system Q, that is unfortunately not serving its purpose anymore.

The Q system is supposed to be a complex information system for companies of any size. It is also supposed to be "elastic" in order to correspond to the changing needs of the customers. It is built on the multi-layered client/server architecture, accessible via the Internet through a browser. It is possible to choose from more than 200 business units that are divided into 29 modules. All the information available about this system sounds almost perfect for a smaller firm that is in need of a complex system. Especially for its ability to be customized according to their exact needs.

However, the reality was different, especially from the economical point of view. The individual modules might not be that expensive, but including the license fee that must be paid every year and the fee for the service support, which was not even worth the money, they all together sum up to very high amount of money. The investment was not paid off.

Let me sum up the main 4 reasons why the implementation of the Q system was not successful:

Table 3 The main reasons of unsuccessful implementation

1. Complicated communication with the service support
2. Very high costs – 1 500 000 CZK (for the individual modules) + license fee (58 000/ year) + the fee for the service support
3. Lack of experience and knowledge about CRM
4. Lack of finances to hire a person that would train the employees and lead the implementation process

Even though the CRM system Q is not used for its real purpose anymore, the firm XY still owns it, has to pay the license fee and uses it for its accounting only.

#### 4.1.6 The requirements of the firm

In general, the firm XY needs a system that would be customized to its exact needs, with lower costs and better service support than it had experienced before. The requirements of the firm can be divided into 4 groups in general:

- **Technical requirements:**

- Client-server architecture

- The possibility of extension of the system according to the user's requirements

- Integration of the system with other used systems

- Auditable access to the system

- The ability to preserve the functional status for accessing the application in the event of system failure

- Import of data from the previous Q system

- **Business requirements**

- Enter to the system detailed customer information

- Evidence of the business cases, including its status

- Tracking of the performance of employees

- **Operational requirements**

- Complete history of each customer

- Integration with the Q system and other used systems

- **Management requirements**

- The tracking of business case from the opportunity to the end of invoicing

- Integrated outputs based on various criteria (the change of the statuses of business cases, the performance of employees etc.)

Exporting these outputs to Excel and processing them into graphs or tables

Assigning tasks to employees and monitoring their performance

#### **4.1.7 The possible alternative solutions**

As the previous solution was not convenient and there were more problems with it than its benefits, it was needed to decide how the firm XY will solve it and what new CRM solution will be chosen to improve this situation. According to the requirements of the firm and opportunities on the market that match these requirements here I suggested some alternative solutions based on the needs of the firm, taking into account specific requirements that are sum up in the table 5.

##### **1. Cloud-based CRM system**

Because the firm is looking for a solution with lower costs, cloud-based CRM seems to be one of the possibilities. Its main benefit is that cloud-based applications are more economical and the firm would not have to order software and install it within its network. The vendor of the system would provide the use of the business software for a package price and manage the system instead of the firm. Also implementation of such system does not require much of a training of employees. If a firm already has more cloud-based applications, it can be easily integrated.

The main disadvantages for the firm would be that cloud-based CRM doesn't have such customization possibilities as the on premises software. Most cloud-based solutions are offered with no customization possibility. Taking into account that the firm XY has a very specific requirements this solution would only be beneficial from the economic point of view.

It would be better if the firm XY would take an advantage out of having their IT professionals. Plus, the firm would have to buy user licenses which means that in case of expanding and having more employees, this might be a very high cost, which may equal to costs of buying another on-premises solution. The biggest disadvantage would be probably the fact that the firm XY would not be fully in charge of their data and would not have full control over the system.

##### **2. eWay CRM**

This solution is very common and popular among small Czech firms that is why I have decided to list it here. Among its main general benefits belong the integration with MS Outlook. It is also an advantage from the implementation point of view, as MS Outlook is so commonly used among employees of firms and it is the first application that is run on their computers. Users are used to work with it and from the implementation point of view it would be easier and take less time to switch eWAY. The main advantage for the firm XY would be lower initial investment, however the firm would have to pay annual fee payments just like with the previous Q system. For the firm would be more suitable such solution that would maybe represent a higher initial investment but no annual fees and strong security of data as well as full control over the system. These criteria are not all covered by this solution.

eWay could be suitable if the firm would not have the opportunity to implement their own independent solution created internally by their IT department. Even though it was not chosen for the firm XY, in my opinion, it is one of the best alternative solutions available on the Czech market.

### **3. Own on-premise CRM solution**

This CRM solution in my opinion represents exactly what the firm needs. Firstly, the implementation process would be carried out by people with sufficient knowledge about the system as they are the ones who created it. This was the main reason of the previous implementation failure so in this case it would be taken care of.

Second, regarding the support service, another problematic experience, taking an advantage of internal IT department means service support 24/7. Plus they are more familiar with the firm's requirements, and in case of any problems during the implementation process, installation and testing of the system, they would take care of it immediately. Most importantly, the security of data would be higher than with other alternatives and the firm would have full control over the system.

The only downside in my opinion is, that the initial investment will be higher than it would be with another alternative solutions. However, this investment would be definitely beneficial from the economical point of view, considering that does not need to acquire any people to create the system, to lead the implementation process and to provide the service support. The firm already has these resources and it would be beneficial to take an advantage of it. The system will definitely help to improve the CRM situation of the firm, provide a support for their business activities and help the employees to efficiently use out all information about the customers and business cases. From the implementation point of view, it might be less time consuming as the ongoing support and trainings would be provided and everything would be dealt with internally.

### **4. The possibility of CRM solution created by the vendor of the Q system**

Lastly, I had to mention the option the firm XY got from the vendor of their previous CRM system Q. They have offered to create basically a new system out of the old one, to add some features and customize it more to the needs of the firm XY. However that would lead to the same problems. By this I mean the main problem with the service support, which has to be paid for but when the support was really needed, the firm never had a good experience. Even though the licenses needs to be still paid for, the further customizing of modules would add up to the amount. This option was declined. From the economic point of view this option would not be beneficial at all, especially when considering the previous experience. Plus the firm is deciding upon selling the software.

In the following table I tried to summarize the main criteria according to which my suggestions were evaluated for better understanding. For illustration reasons, I also included the last option, customization and improvement of already owned Q system, even though this was immediately declined by the firm.

From this table it is clear why the firm XY did not agree with the first two suggestions, cloud-based CRM and eWAY system, as they do not satisfy three of their criteria. Regarding to these facts, the firm has decided to implement the third suggestion and create its own CRM solution. The only criteria that is not satisfied is the lower initial investment.

Table 5 The summary of the main pros and cons of possible alternative solutions

	Lower initial investment	Security of data	One-time investment (no fees)	Full system control
cloud-based CRM	✓	x	x	x
eWAY	✓	x	x	x
Own on-premise CRM solution	x	✓	✓	✓
Q system	x	✓	x	✓

#### 4.1.8 Specification of requirements on the chosen CRM solution

In the following part I will describe the CRM requirements document of the firm XY from the design and functionality point of view. The document consists of parts describing the overall design of the chosen alternative CRM solution, according to which the new CRM system was created. The main point of focusing on these requirements is to show how important it is to focus on what are the expected results and requirements on CRM system and whether they were satisfied.

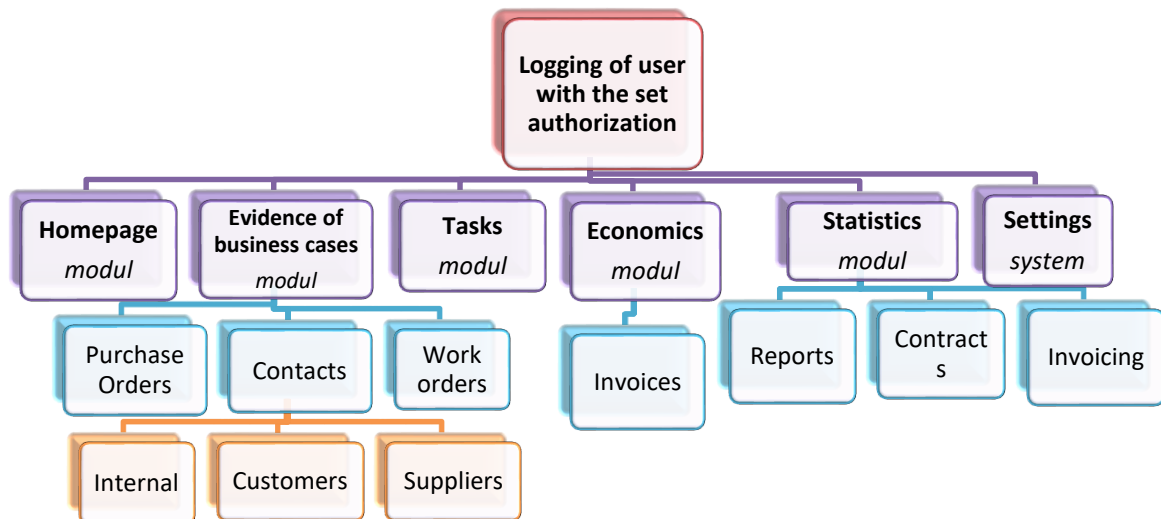
##### 1. Access

It is defined according to the setting needs of a user. It is possible to define the permission of a user to read, write or even the ability to access various parts of the modules. It is possible to create and assign group permissions. Accessing the system is managed by specific rules.

##### 2. The map of the pages

After login into the system, modules and their content are displayed according to the permission of users. The structure of each module is described in detail in the following scheme:

Figure 5 The scheme of modules and their structure



Source: Internal documents of the firm XY

### 3. Description of the system's page layout

Page layout of the system consists of fast information, the Log out button, the left menu and the content part for displaying the content of the selected item. Certain parts of the system might be accessed only by a user with special authorization.

**Fast information** – on each page of the system, in the upper part are displayed the most important items for work with the system. And those are:

- Tasks
- Messages
- Notes
- Date and time
- Birthday/ Name day
- The login information of a user



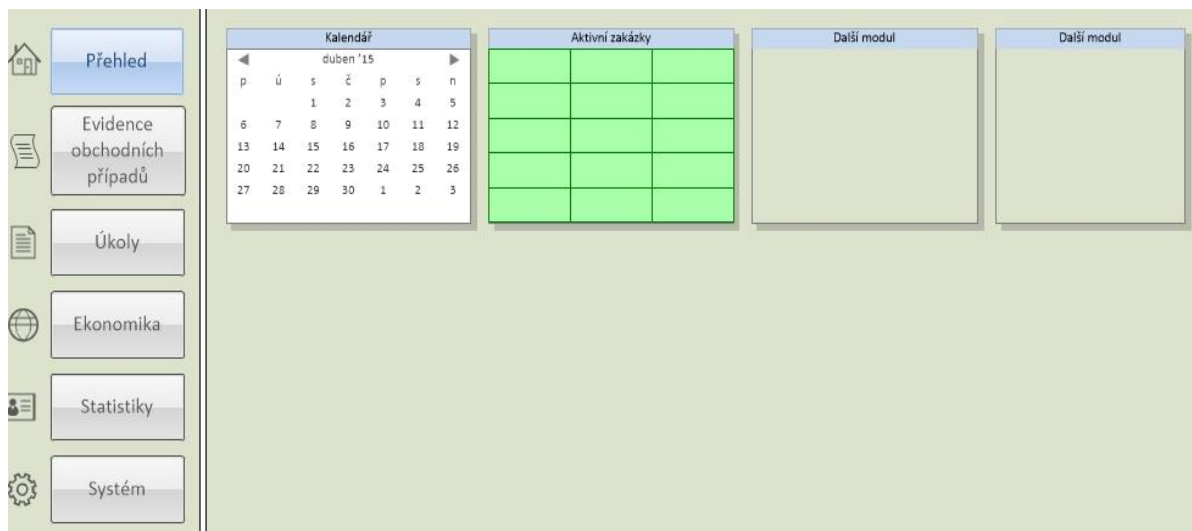
**Left menu** – servers for selecting the display of the right part of the content. The individual items of the left menu are divided into the following parts:

- Homepage
- Evidence of business cases
- Tasks
- Economics
- Statistics
- System

#### 4. Homepage

It is divided into block that can be edited by users according to their needs and their authorization.

Figure 6 The design of homepage



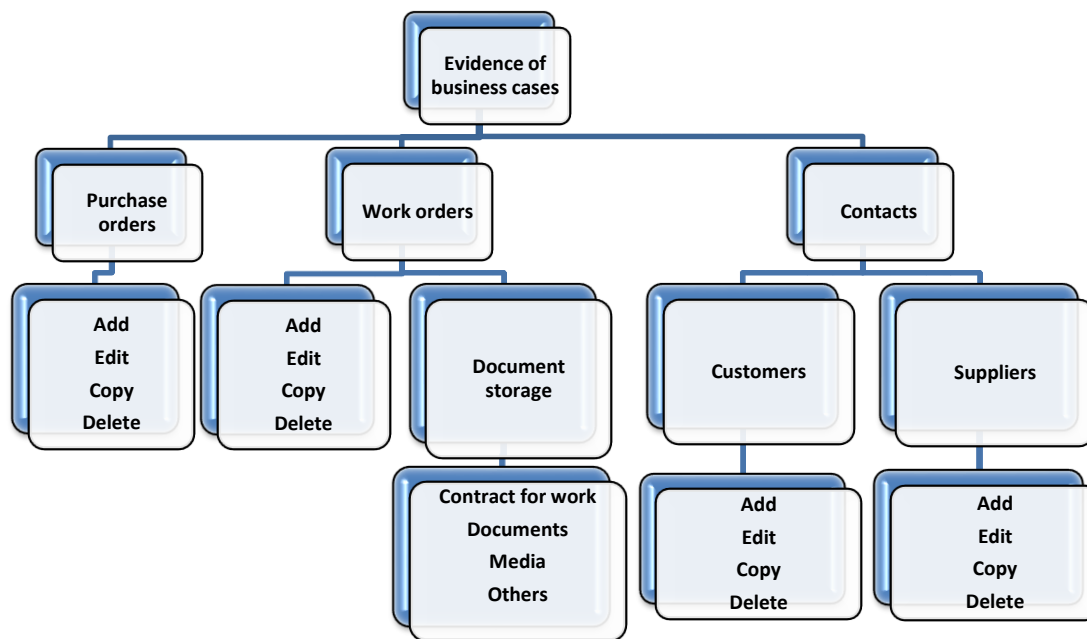
Source: Internal documents of the firm XY

The figure 6 represents the design requirements on new CRM solution. In comparison with the figure 8 in the following chapter, you can see that the requirements were satisfied and the design of the actual CRM system was done according to this figure.

#### 5. Evidence of business cases

This module serves for displaying all needed items relevant to the creation of business cases and its management in the system. The items are divided according to the following scheme:

Figure 7 The scheme of the evidence of business cases



Source: Internal documents of the firm X

### The process of work order creation

Business case is created by the tradesman that is responsible by the particular work order. The individual parts of the order such as the first phase are confirmed by the approval process, to which has the authority a specific user. The next phase is done by creating orders or orders for work, to which are then paired up invoices registered in the system. The individual parts of the second phase are confirmed by the approval process, to which has the authority a specific user. After the introduction of the final phase of the work order, this stage has to be confirmed by the authorized user.

### Purchase orders

In the part of purchase orders there is a possibility for the user to manage all of the orders that are done in the system. The orders might be added, edited, copied and deleted according to the authorization of the user. The orders are defined by the set items and templates, with which the user works and in this way defines the order.

### The orders contains these individual parts:

- Head and footer of the template, contains for example the address of the customer and other contact information
- The description of the individual items related to the purchase order, e.g. the number of order, issue date, the responsible person, work order, code, price with VAT and without VAT, the date of delivery, invoice due date
- The description of the supplier might contain address, ID, TIN
- The description of the order with the list of ordered items

- Then the order might contain additional items, which might be added by the user as a detailed specification of the order, e.g. the terms of delivery, payment...
- The signature of the customer with the stamp and the signature of the supplier with the stamp

### **Work orders**

In this part the user is able to manage all the work orders that are done in the system. The work orders might be added, edited, copied and deleted according to the authorization of the user. It is possible to edit the items related to the work order in the document storage (e.g. contract for work, documents, media etc.) with the possibility to monitor when and by who the document was created and also all the related changes.

### **Contacts**

Contacts serve for evidence of all of the contacts needed for the work with individual items of the system such as work orders, invoices and so on. Contacts are divided into a number of groups and those are customers, suppliers and internal. The individual contacts might be added, edited, copied and deleted according to the authorization of the user.

Contacts are divided into certain parameters listed below:

- The name of the contact
- Address of the contact
- ID, TIN
- Bank association
- Telephone number
- E-mail
- Norms
- And others

## **6. Tasks**

This module serves for displaying all of the needed items related to the creation of the task and its management in the system. Tasks serves for evidence of individual processes in a work order or processes for the specific person responsible of the task. Tasks might be added, copied, edited and deleted.

## **7. Economics**

This module serves for displaying all the needed items related to the issuing of an invoice and its evidence in the system. There are displayed also the individual items related to the costs, revenues, managing of the firm and the balance within the work order.

## **8. Statistics**

Each user, if the user has defined rights to access the statistics, can look out certain types of statistics divided into the number of categories.

#### 4.1.9 The chosen CRM solution and its implementation

As it was already mentioned, the firm XY had decided to create and implement its own independent CRM on-premise solution, programmed by the employees of their IT department. The system was programmed according to the previously described requirements and design specifications.

In this part of the thesis, I will describe in more detail how the whole implementation process was carried out and as well describe the design and functionality of the new system. Also, I will compare it to the previous Q system and evaluate it from the economic point of view.

The very first step was the analysis of current situation of the firm and creation of a strategy. It was needed to set what the firm requires and how it is going to be reached. The objectives of CRM system were clearly defined and it was stated what the firm desires to achieve by implementing the new CRM solution. Then it was needed to evaluate all possible CRM solutions and trends on the market. Lastly the document of requirements was created.

It was clearly defined why the firm needs new CRM solutions and what are the expected results. After the system has been programmed according to the design requirements the implementation took place. The overall implementation process was assigned to one responsible person with leading skills the advantage was that they were the same people who cooperated on programming the system. Before the migration of data from the Q system started, it was needed to take care of the quality of data, it was updated, standardized and de-duplicated. Only then it was imported into the new system.

The main difference in implementation of the new system in comparison to the previous one was the focus on including future users into implementation and deployment process, in-depth training, which helped the employees to start using the system immediately and it was communicated to all of its future users from the beginning how the system will benefit them. Another important part of the new system implementation was the creation of internal user manuals and publishing them on intranet.

As the system can only be as good as the data put into it by its users, it was needed to provide these internal guidelines which are available in case of any problem. In my opinion, follow-up support is very important part and thanks to the fact that it was provided by their own IT department, available any time, it was a significant help for the successful implementation. Follow-up support represents further coaching, training and supporting the users of the system even after the implementation process itself. This way all the problems that occurred were taken care of. Most of them were frequent and similar so the focus was put on that area in order to train the users how to efficiently use certain features. For example, some users forgot how to find customer data again or even uncovered errors of the system that needed to be fixed by IT department.

Lastly I compared the new CRM solution to the previous Q system from the economic point of view, based on the initial investments and other costs of each system. The individual amounts are listed in the table 6 below.

Table 6 The evaluation of previous and current CRM solutions from economic point of view

	<b>Initial investment</b>	<b>License fees (per year)</b>	<b>Fee for service support</b>
<b>Previous Q system</b>	<b>1 500 000 CZK</b>	<b>58 000 CZK</b>	✓
<b>New CRM solution</b>	<b>130 000 CZK</b>	x	in form of wages

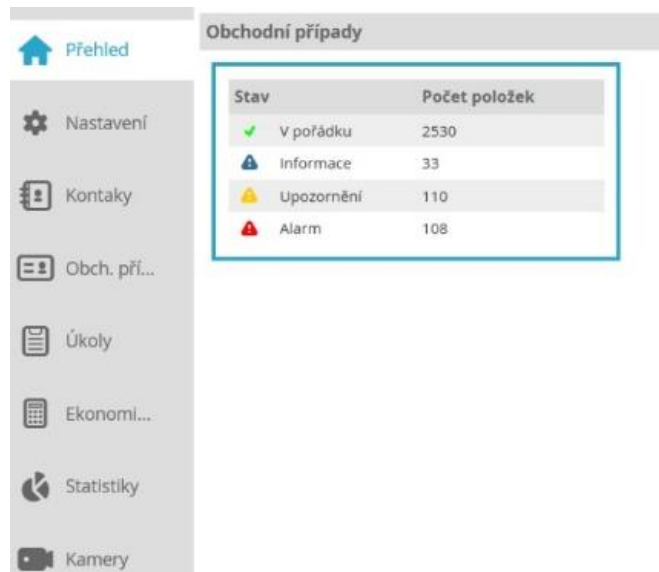
Of course the firm XY needs to count with future costs, as the firm has an intention to develop the solution even more in the future. Although, it will still be more suitable from the economic point of view as there is no need to pay any license fees, service support is not paid to any external firm, only in the form of wages for the employees of IT department. Plus they are still taking care of any editing and improving of the system in order to make everything that was already included into the initial investment work.

The problem is that they still need to pay the license fee for the previous Q system, which is now only used for the needs of accounting. The firm is deciding whether it will be more suitable to keep the Q system or buy another accounting system that would be less expensive. As the Q system is not efficiently used anymore for its real purpose and its costs is much higher than its value to the firm, I would suggest to go for the option of another accounting system. Especially now, when they are already using new CRM solution and need to reduce their costs as much as possible.

The system is on-premise software, meaning that the CRM database is stored locally, within the firm, integrated with applications used in the firm. All the data was transferred from the Q system, which is now used only for accounting. As you can see on the figures below, it is possible to run the system through a web browser, wherever there is Internet connection.

I would like to describe the actual design of their new system, in order to prove that design and functional requirements as well as the architecture of business processes were applied in accordance to the requirements of the firm XY.

Figure 8 The design of the left menu



Source: Internal documents of the firm XY

On the left menu you can see all the pages that were described in the requirements part. Menu is composed by the homepage, settings, contacts, business cases, tasks, economics, statistics and cameras. Specifically on this figure you can see the module of business cases. In the table there is information about how many of business cases are in the status “done”, “information”, “warning” and “alarm”.

Figure 9 Creation of a new business case

The image shows a screenshot of the CRM system's form for creating a new business case. The form is titled 'Obchodní případy' and has several input fields and dropdown menus. The fields are:

- Název (Name)
- Vyberte plánované datum ukončení (Select planned completion date)
- od (from) 2017-01-01
- do (to) 2018-12-31
- Obchodník (Trader)
- Obchodní partner (Business partner)
- Vytvořeno uživatelem (Created by user)
- Oddělení (Department)
- Sortiment (Assortment)
- Stav (Status) 50% v obchodním j...
- Status (Status) V pořádku, Informa...
- Zodpovědná osoba (Responsible person)
- Typ obchodního případu (Type of business case) Vše

There is a 'Zrušit filtr' (Cancel filter) button at the bottom right.

Source: Internal documents of the firm XY

Here is shown how the system works, when a user needs to register a business case. It is needed to select the option Business cases from the left menu and the option add a business case. Then it is needed to fill in information such as the name of the business case, put the date of its initial and final stage, the name of the trader, business partner, department, assortment, the stage of the business case and its status

as well as the name of the person responsible of the case and the specific type of the business case.

Figure 10 The business cases evidence

Status	Jednací číslo případu	Číslo obchodního případu (číslo zakázky)	Název	Stav	Obchodní partner	Obchodník	▲ Zodpovědná osoba	Plánované datum zahájení	Plánované datum ukončení	Výnosy plánované	Náklady plánované
⚠	J/16/00418/CHJ	-	ČZU Praha	50% v obchodním jednání	Zlínstav a.s.	Jaroslav Vaclavík	Jaroslav Vaclavík	01.05.2017	31.05.2017	723 804	289 522
⚠	J/16/00420/CHJ	-	DPS Kaplice - Acrovyn	50% v obchodním jednání	-	Jaroslav Vaclavík	Jaroslav Vaclavík	01.02.2017	28.02.2017	762 386	529 710
✓	J/16/00422/CHJ	-	Hamzova léčebna Luže Košumberk pav. E	80% v obchodním jednání	xxx	Jaroslav Vaclavík	Jaroslav Vaclavík	01.08.2017	30.09.2017	2 008 459	1 144 822
⚠	J/16/00426/CHJ	-	Nemocnice Karlovy Vary	80% v obchodním jednání	Karlovarská krajská nemocnice a.s.	Jaroslav Vaclavík	Jaroslav Vaclavík	01.02.2017	31.12.2017	600 000	360 000

Source: Internal documents of the firm XY

This is how the evidence of business cases looks in the new system after all the required information is filled in the system.

Figure 11 Illustration of a registered business case

Jednací číslo případu	J/16/00422/CHJ	Plánované datum zahájení	01.08.2017
Číslo obchodního případu (číslo zakázky)	-	Plánované datum ukončení	30.09.2017
Název	Hamzova léčebna Luže Košumberk pav. E	Stav	80% v obchodním jednání
Obchodní partner	xxx	Zodpovědná osoba	Jaroslav Vaclavík
Kontakty	-	Obchodník	Jaroslav Vaclavík
Výnosy plánované	2 008 459	Přizvání obchodníci	-
Náklady plánované	1 144 822	Typ obchodního případu	Standardní obchodní případ
Přidaná hodnota plánovaná	863 637 (43%)		
Výnosy skutečné	-		
Náklady skutečné	-		

Source: Internal documents of the firm XY

Then this figure shows how a business case looks in the system when all the information already had been added to the system. Of course it can be edited only by authorized users.

#### 4.1.10 Future improvements of the system

Even though the new system seems to be working really well, it is still highly needed to take care of every single detail that might be the reason why any user is not happy

using it. In order for its efficient usage, it is needed to listen to the users, because they are the ones that come into contact with it on daily bases. A good idea would be to create and share a document with all the improvements and suggestions among all users and IT department. In this way it will be clear what is working and what needs to be fixed or improved. During the meetings, it is necessary to update this document, write down the points and decide what needs to be taken care of as soon as possible and which suggestions can be done later on.



## 5 Suggested strategy for successful CRM implementation

Once a small firm starts to expand and its customer base increases, naturally it leads to the point when a firm needs to support its CRM by some kind of software. The main need for that is probably the ease of use. However, the purchase of some kind of software, integrating it with data and trying to make it efficient is not enough. The whole implementation is a complex process and it is necessary to prepare for it with a strong strategy. A lot of firms tend to fail during the implementation process, and I would like to focus on why. What are the main mistakes, what things are really important to take into account and how should the implementation process itself be structured.

My suggested strategy originates from the practically proven lifecycle of information system that is described in the chapter 3.3.6 and based on the chosen strategy of CRM implementation and the experience of the firm XY with it, as it is described in more detail below.

In the following part I would like to summarize the main steps of CRM implementation strategy that should be followed. I will refer to the strategy used by the firm XY, however in general it can apply to any type of firm.

### **What steps should a CRM implementation strategy contain?**

Let me refer to the CRM implementation strategy mentioned in the first chapter:

#### **1. The initial and analytical part**

- Creation of strategy
- Acceptance and verification of outcomes of corporate strategy
- Clarification of vision and objectives of CRM system (the base for evaluating the whole strategy) which includes:
  - Analysis of the current CRM state
  - Analysis and evaluation of CRM trends
  - Defining of CRM system requirements

#### **2. Design and implementation part**

- System integration of a company with its environment and integration of internal business processes with respect to CRM:
  - Optimization of business processes
  - Defining of functional requirements on CRM IS
  - Characteristics of an architecture of individual processes
  - Data, technology and application integration [16]

This strategy briefly explains how should be the implementation process carried out. It is divided into two main parts. It is a general description, however in my opinion all of these steps need to be done and should not be overcome in any way. I have chosen to list this strategy in the first as well as this chapter, because it complies

with the strategy of the firm XY in the best way and generalize all of the steps that the firm proceeded in order to implement its new CRM solution. Even though the implementation was focused on own solution created by their IT department, it is applicable to most of the implementation process thanks to its general approach.

Let me analyze the individual steps according to the experience of the firm XY. In comparison of the Q system to the implementation of the new solution, the firm XY focused on creation of a right implementation strategy and concentrated on the fulfillment of all individual steps to avoid any similar problems that had occurred before with the Q system.

The very important step is to clarify all the objectives that want to be reached through CRM system implementation. These objectives then might also serve as a way of success measurement of a strategy. Ideally the CRM implementation strategy should be in compliance with business strategy as CRM system should be one of the main means how to reach them.

As it is seen the strategy above, this includes mainly three steps. Current CRM state analysis, analysis and evaluation of CRM trends and possibilities on the market and clear specification of the requirements.

When analyzing the current CRM state it is necessary to evaluate what areas of business processes need to be supported by technology in order to improve the CRM state of a firm. Basically it is needed to analyze what changes need to be done for the future improvement. In the case of the firm XY, the highly needed change was a new CRM system that would be more efficient, easier to use and would have the advantage of own system control by a firm. Opposite to the Q system, for the firm XY it would be better if it was not dependent on inefficient external service support anymore.

The analysis of the current CRM state is then followed by the analysis of the CRM trend and available on the market and their evaluation. In case of the Q system, this step was not carried out properly. The reason for choosing this system is only known to the top management of the firm, however it is obvious that the evaluation of other possibilities, and mainly knowledge of CRM options was missing. A firm should carefully evaluate all its options and trends suitable for their size, type of business activities and CRM objectives.

Then it is needed to exactly specify what the requirements of a firm are on its CRM solution from the functionality and design point of views. The firm XY created the document of requirements, described in the previous chapter. Such document creation should be a part of any system development and implementation.

According to the [11], the objective of this very first stage of IS implementation is to create a document that contains the list of individual requirements on functionality and final quality of a software. This specification answers the question what a system should do. The range of activities that need to be supported by an information system are defined. This step was carefully carried out and according to this document a new CRM system was created. Without a specific requirements definition it is hardly be possible to gain the desired result.

Before the implementation of a system takes place it is necessary to optimize business processes all with respect to CRM, specify its functionality and architecture, meaning the exact requirements on CRM system from the viewpoint of its effective use and benefit for a firm and its business processes. Last but not least, as a system is highly dependent on its data. Without correct integration the right results are impossible. A firm needs to concentrate on quality of the data and integration process to gain desired results.

The stage that is not mentioned in the mentioned strategy is training. It is an inherent part of any system implementation. Without the right knowledge of the use of the system, it simply cannot be efficient. In the case of new solution, the firm XY put a high concern on the introduction of a new solution to all employees and the main advantage for a firm is that the training was and still is carried out by the creators of the system who are available in case of any problem. The main focus was put on the system introduction to the employees from production first and then to other departments such as marketing or management as they are more flexible to changes. In case of their previous Q system people from production were not able to use the system in correct way, there was a lack of knowledge and a person who would provide at least the initial training.

According to Rábová [12], the very last stage of IS lifecycle is the Operation, maintenance and development. The CRM implementation does not end with the implementation itself. On the contrary, the following stages are very important for the future perspective and use of the system. A firm should be aware of the weak points of the system and permanently search for improvements. The best way is to collect these improvements from the people that work with the system on the daily basis. In case of the firm XY, as I have suggested in the previous part, it would be good to keep a simple document, shared on the intranet of a firm and keep track of any problems and needed changes of the system. In this way all of the employees are included in the process and are more willing to contribute to the improvement of the system.

Even though a firm has its implementation strategy and follows its certain steps, there are common mistakes that might and most of the time occur during the implementation process. Therefore in the following part I would like to focus on what things to avoid and what should not be forgotten. As the mistakes done during implementation are in the most cases similar, I have summarized them into a few general points:

### **1. Definition of the main reasons for CRM system implementation**

It is very ease to jump into the whole process of implementation right away without thinking what your firm wants to achieve by that. The thing is that later on you might find out that your solution does not meet your expectations.

It is crucial to set your objectives before the implementation process. You might want to answer the following questions:

- What results do you expect from the implementation?
- What are the success criteria for evaluation of expected results?
- What changes are needed, in order to reach the expected results?

A lack of clear and measurable objectives might easily result in unsuccessful implementation. The most of the CRM implementations are successful when the objectives are designed to satisfy company, customer and user. As it was already mentioned, the CRM objectives should be therefore in compliance with the overall business objectives.

## **2. Do not forget to include employees into the implementation process**

Employees of a firm are the future users of the system. Therefore it is needed to consult with them and include them into the process because the system is not supposed to only meet the requirements of the firm's management but also bring some benefits for its users. It is definitely needed to communicate these benefits to any employee that comes into contact with customers. If everyone will contribute to the system, the results will manifest much faster.

Also it is impossible to expect that your employees will be excited about new CRM system, about a change in their routine, if you do not communicate with them and will not take into account their opinions. The risk of their unwillingness to cooperate after the system is implemented would be very high and could be the reason of failure.

## **3. Carry out the deployment process step by step**

The chances of success are very low when you try to deploy the system in a short period of time. If your employees are not fully prepared for the new solution you risk failure due to their unwillingness. A good idea would be to define a roadmap that will indicate what and in which stages is expected from your CRM system. Start with the deployment of new solution step by step. Once the users get comfortable with it you can add more and more new features. The whole process is overwhelming for your employees on its own and adding new things to it right away would only make things worse. It would be also better to implement the system "backwards", meaning to start with the departments of a firm that are more process oriented and then introduce the system to more flexible departments like marketing for example.

## **4. Assign the implementation process to a person with sufficient skills**

A person with leadership skills should be in charge of the implementation process. It should be someone who has the full support of the firm's management and sufficient authority among individual departments.

## **5. Take care of the quality of imported data**

Sometimes it might happen that your CRM system produces wrong results. Keep in mind that it is still only technology and its output is highly dependent on your input. Therefore before the import of data to your new CRM system they should be at least cleared from duplicates and properly structured. Especially when you are switching from another CRM, make sure to check whether the migration of data was successful.

## 6 Discussion

In the thesis I evaluated the CRM situation of the firm XY, suggested some alternative CRM solutions based on the requirements of the firm. Then I analyzed the process of the implementation of the new CRM solution, in order to describe and better understand the overall process of implementation.

The main objective of the thesis was a preparation of strategy for the successful implementation and introduction of CRM system to a small firm which is based on the practical example of unsuccessful and successful CRM implementation process carried out by the firm XY.

In the last chapter I have identified and described suggested CRM implementation strategy that should be followed and focused on the description of the individual steps.

My suggestions are based on the implementation process of the firm XY and I have chosen the described strategy as it complies with the implementation of their new solution in the best way and generalize its steps. I described the individual stages based on the real experience of the firm, providing examples from their implementation process, as well as comparison with the previous Q system implementation.

Taking into account that the new CRM solution of the firm XY was successful, I suggest this strategy and I think it might be useful for other small firms as well.

I also tried to summarize what mistakes should be avoided during the implementation process. I pointed out a few important aspects that need the firm needs to take care of, as well as mentioned on what a firm should focus its intentions.

As my statements were created subjectively, based on the experience of one single firm it is possible that not every statement might be suitable for every firm. It is possible that there are more strategies or that the individual steps might be different in some cases. As the firms and their requirements differ so might differ their implementation strategies as well.

In future, I would be interested what the impact of the new solution was on the firm XY, what kind of changes it will bring and in what extent their customer base will increase.

## 7 Conclusion

The beginning of the thesis provides the introduction of the main topic and the objective of the thesis, which is the suggestion of possible alternative solutions for CRM for the firm XY and the evaluation of the chosen solution. The secondary objective was to suggest what to avoid during implementation of any CRM solution for small firms in general.

In the first chapter of the thesis were described the main terms concerning the topic of Customer relationship management from the marketing point of view as well as from the business informatics point of view. Also it was described what the difference is between the terms CRM and CRM system. The first part as a whole concentrates on all of the theoretical terms needed for better understanding of the second part of the thesis, CRM in a chosen small firm.

The second chapter of the thesis provides a brief introduction of the firm XY, its main business activities, competitors, its customers as well as the way how they acquire new customers. Afterwards, I described the unsuccessful implementation of their previous CRM system Q and also the summary of the main reasons of its failure was provided. Then I concentrated on the requirements and needs of the firm XY for its new CRM solution. The following part was then focused on suggestion of alternative CRM solutions, more specifically 4 possible solutions, their evaluation according to the previously described requirements and the summary of the main pros and cons according to which was chosen the final solution. Then I described in detail how the design and structure of the new system should look like and briefly introduce how the new CRM solution looks like. The final chosen solution was described in detail from the viewpoint of its design, its implementation in comparison to the previous implementation of the system Q and lastly it was evaluated from the economic point of view.

In the final chapter of the thesis I suggested a strategy for the successful implementation and introduction of CRM system to a small firm which is based on the practical example of unsuccessful and successful CRM implementation process carried out by the firm XY. I also tried to summarize the main things that a small firm should take care of during implementation of any CRM solution, what should be avoided and what cannot be forgotten. The last chapter of the thesis should serve as a general CRM implementation strategy for small firms.

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