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Customer relations management
in
small technical consultant companies

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Abstract

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This master thesis was prompted by the overall interest in Customer relations management (CRM) that has been growing since the last decade. Most of the articles and reports in the early stage were mainly about the concepts, technologies and implementation at mid size or large companies with tangible products. Lesser studies have been conducted in small technical consultant companies which are privately owned and are also growing strong in Sweden.

In order to analyse if CRM in the small technical consultant companies, the empirical study is designed as explorative and qualitative. The study process of this research is designed from the study of the integration parts of CRM which including some CRM theories, various CRM architectures, CRM processes and some success factor measurements of the companies. Following by theorical frame of reference and the explanation of selective metodology used in the research as the attempt to answer research questions.

Our findings from the research group have shown that these small technical consultant companies are not fully aware of the CRM theories or technologies. Nevertheless, they actually practice customer relations concept to great extents, but with limited resources spent in CRM tools or external support. Some interesting measurements are included with the limitation in the available data during research. Further research analysis reveals that some of their customers are aware of CRM concept in general, and have used CRM technology. However, they do not expect their suppliers to practice CRM. It is rather than business strategy and choice instead. In our study, the minor change in

CRM practicing in sale process in one pilot company has shown some positive feedback from the customers. It also shows a trend that CRM could generate positive return on investment after longer period of time. As this research is rather exploratory, therefore a further study in fully CRM deployment in this segment is recommended in order to present identify CRM impact in dept.

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1   Introduction

In this chapter we set up the basis for our research area, followed by problem discussion and the purpose of the thesis. The objective is to raise the interest in the subject of the thesis and what we try to achieve with this research.

1.1   Background

Two different interest areas of the authors merge to form the research basis for this thesis. One interest is in the area of general CRM concept implementation and the other is the technical service sector, especially in small, privately owned companies which are fast growing in Sweden.

Andersson (2001) states that the business environment is more dynamic today than it was 50-60 years ago. People are more stressful and both people and companies seek new challenges. These changes during the last century have led the business into a new direction; the service industry. The globalisation arise demands for new products and services, and companies more often demand advises from third part to be able to manage the fast changing market. Still, there have always been demands for second opinions and advises, however, it is just recently people have discovered the opportunities to make a business in the matter.

Hoxley(1998), Desmet and van Dierdonck(1998) states that the development of production and employment during the last decades of the twentieth century has often been described as a service revolution of the same type as the agricultural revolution and the industrial revolution. Manufacturing declined in importance in all leading economies and work increasingly involves the processing and production of symbols rather than physical materials (Cooper, Argyris, 1998). According to Desmet and Van Dierdonck(1998), there are two groups of factors that dominant in the growth of service sector. The first group is increasing consumer incomes and sociological change, which have led to greater demand for services. The second group

is increased professionalism in organizations and technological change that results in the creation of new services that is notably of producer services, such as engineering.

Statistics Sweden Basfakta, 2006 reports that the number of self-employed people has increased in relation to the number of salaried personnel in Sweden. A similar trend has been noted in competing countries such as Ireland, the USA and Finland. According to Statistiska Centralbyråns year 2008, there are 936,608 small, privately owned companies who employ less than 50 employees. This is accountable for around 99% of the total number of companies in Sweden. According to SCB, there are over 1.1 million employees in those small, privately own companies which are less than 50 employees in size. In addition, there are approximately 535,121 employees who are employed in small, privately companies, which are less than 10 employees in size.

Swedish technical consultants have had a strong tradition in international operations since at least the 1970s and 1980s, as they had to seek business opportunities abroad in response to the domestic stagnation in demand, especially for infrastructure. In the early 1980s many of the large Swedish technical consultants had 20 per cent to 40 per cent of their sales in foreign markets (Svensson, 2000, p. 162). Diagram below shows the overall production in service market sector in Sweden.

Summary of total service sector production

Procent of total production, SCB 2009

Social and personal sevice

Education, Heathcare and welfare   6,6%   4,4%

Commerce and trade   : 24,1%

Hotels and restuarants   2,8%

Infrastructure and company service   40,7%

Transportation and communiation   : 13,1%

Source: Ekonomifakta

Finance, credit and insurance   8,3%

Figure 1.1: Summary of total service sector production in Sweden 2009 (SCB 2009

derived by Ekonomifakta)

CRM trends

The changes in consultants markets and global trend as mentioned above have created a need to apply new business operating concept in order to be more competitive and cost effective. One of the concepts that have been introduced during the last decade is Customer Relation Management or CRM. Customer Relation Management is about managing customer relations and thereby keeping customers. It is also about predicting customer needs and preventing customer complaints. (Berry 2000)

According to Frow and Payne (2004), CRM builds on the philosophy of relationship marketing that aims to create, develop and enhance relationships with carefully targeted customers to maximize customer value, corporate profitability and thus shareholders value. (Carolyn et al, 2003) concludes that it is of vital importance to organizations and it requires customer-centric business approach to support effective marketing, sales and service processes.

The CRM market exhibited record growth of more than 20% in 2007, approaching $8 billion in total software revenue. Growth is expected to moderate in 2008 but remain healthy throughout the forecast period, with a compound annual growth rate of 11.1%. (Mertz 2008)

CRM investment and its benefits are widely discussed throughout the decades since the concept has been introduced in the market. This also includes how to measure CRM result as related to business measures. Various CRM measurement theories has been developed and tested. According to the eCRM magazine, 2007 most of the companies that practices CRM concept including CRM technologies are large or mid size firms where there are needs to focus more complex business practices and merge the interest of large organization toward customers. The investment cost of CRM and gaining of benefit is still controversial as there are reported failure of CRM implementation due to missconduct or lack of understand. The high cost of CRM software which is tools to support the operations were relative high and complexed in

the early stage of CRM development. However during the recent years, the application is shifted to smaller companies as the result of globalization and high competition in the market (Andersson ,2001). This reflects in more affordable CRM technologies and increasing number of practioners. Kingstone, 2007 has observed that one out of six small businesses are currently using a CRM application, and the same percentage of businesses plan to adopt a CRM system in the next 12 months.

Based on the fact that there are growing number of small companies, especially in service sector registered in Sweden, it is therefore interesting to see if there are any small companies in technical consultant sector actually aware and apply CRM concept in business. This includes the observation of their practice and CRM contribution as related to the investment costs and business results.

In order to narrow this thesis, our focus is on small, privately own companies (less than 4 employees) in technical consultant sector in Skåne, south of Sweden. We conduct the research along the business flow process by starting from selected small, privately own companies and their customers. We also include external organization which in this case, the union where these small companies belong to in order to understand their roles and support when it comes to deployment of CRM among the members and feedback for the potential benefit. To deeper further understand in CRM, we have studies CRM in sale process in one company as the addition to the study.

1.2   Purpose

This thesis was conducted in order to examine CRM in small, privately owned companies in technical consultant business sector. We try to examine the awareness, how they operate with CRM concept and potential benefit from applying CRM and its functions including CRM technology.

We attempt to find out CRM in small, privately owned companies in the technical consultant industry. The research is exploratory, which means the companies who participated in the focus group are not necessary to practice CRM in their conduct before. This is to freely obtain the purpose of awareness and knowledge check. CRM benefit of the company is also covered in the pilot company in order to serve the purpose of finding CRM contribution to company result.

1.3   Problem discussion

The effectiveness of business is very dependent of the culture (interests, values, and motives), organizational health (team work, loyalty, learning, knowledge management) and way of dealing with customers. Establishing healthy culture and achieving values is connected with the degree of order and with the ways how organization treats the customer. As a consequence, CRM has risen to the agenda of many organisational strategies. Fundamentally however, CRM systems can be viewed as information systems aimed at enabling organisations to realise a customer focus.

Organizations have to deal with this kind of problems for years now. Experiences confirm that it is very difficult to enter the area of relationship management without well organized data base, in which all data concerning businesses of organization with its consumers are contained. Data base serves as a lever for integration of applications and data, from which information are summarized for different types of CRM solutions. Solutions for analytical CRM draw information from data base for the use of analyzing the demographic informa- tion about customers, history, profitability and behaviour of

singular customer. Solutions for the operational CRM benefit the relationship with customers through every possible communication channel.

Traditional marketing strategies have worked well, and are still useful in many industries today. But is there any special need to create close relationships with customers in order to be able to sell the services? The consultancy business is much spread both in definition and physical operating areas. Mostly because there is no universal definition of what a consultant does. According to Biswas & Twitchell (2002), Consultant is a universal term for any professional who provides assistance to others, usually for a fee.

As an increasing amount of companies that are implementing CRM to some or to full extent every year and the success rate of implementations is on the rise; it might be interesting to see if CRM is one of the success factors in the small, privately own companies (size of 1-4 employees) in technical consultant sector. In this thesis, the focus is on technical consultants who offer their knowledge as expertise to provide solutions. This means they do not sell any tangible products. In this type of business, their clients cannot see or test the services before hand; hence they must rely on the companies' credits, experience, reference and their promises about the outcomes. As the companies are small, the relationship between the companies and their customers a can be clearly observed and plays major role in order to obtain new business.

The questions are related to the awareness of CRM concept or technology as well as how to measure success factors itself. Furthermore, it is still interesting to investigate if these companies actually gain any benefit, if they are CRM uneducated, but practicing the concept to certain extent.

We also attempt to see their customers' perspective and relevant data, including support providing to its members. Union's feedback plays role in displaying larger view of the small, privately own companies in technical consultant industry due to time constraints and limitation of companies that participated in the research.

1.4   *Relevance*

Today it is important to understand not just the market and the customer's needs, but also the customer's thoughts and expectations as well as the business itself. Before promoting its services to specific customers or jumping into a relationship with them the company should understand the customer's behaviours and what factors result in certain outcomes. Once this step is done, the company can focus on their strategies to reach the potential customer, whether it is an indirect marketing approach or a method of maintaining a relationship. CRM is one of many methods that can be used in improving marketing and customer relations, and it is the method selected in this thesis.

The findings in this thesis will hopefully remind companies about the important steps that need to be taken into consideration to become successful and remain continuous growth. Since limited research was found in small, privately owned companies in the technical consultant sector, this thesis will hopefully contribute to further research within the subject. Participants in the reserach group reflect the understanding of CRM concept and practice in their companies to a certain extent. This thesis is hopefully providing a good exploratory start for small,privately own companies in technical consultant sector as well as others who may find the learning as related to CRM interesting.

1.5 Disposition of the study

This thesis consists of 8 chapters as following.

Chapter 1 discusses the introduction of the thesis, problem discussion presentation that display the research questions.

Chapter 2 covers the theories that are relevant to the research including measurement of CRM.

Chapter 3 discuses frame of our study which covers approach, frame of reference as well as research questions which includes a conceptualize and operationalization of important concepts.

Chapter 4 covers research metodology to explain the applicable methodology as related to research questions in Chapter 3 and characters of the research group that participated in the study.

Chapter 5 presents research results from 2 parts of the study.

Chapter 6 covers the analysis of the research results.

Chapter 7 presents recommendation based on our learning from the research.

chapter 8 covers conclusion of the research study.

2   Literature Review

This chapter covers some relevant literatures related to CRM field including an overview of CRM theories, potential benefits, learning that reflects some negative result/feedback after implementing, CRM technology and business success factor measurements and another reflections of CRM.

2.1   Definition of Customer Relationship Management

CRM stands for **Customer Relations Management**. It is a process or methodology used to learn more about customers' needs and behaviors in order to develop stronger relationships with them. There are many technological components to CRM, but thinking about CRM in primarily technological base is misleading. A more useful way to think about CRM is that it is a process or concept that will help bring together a multitude of pieces of information about customers, sales, marketing effectiveness, and responsiveness including market trends.

Listed below are some general steps that identify the process of a CRM approach:

- Establish clear and specific objectives regarding the CRM needs that your business wishes to fulfill.

- Plan a realistic strategy to accomplish the set objectives.

- Identify CRM software need that matches the defined goals.

- Evaluate on a regular basis to prepare and adapt your strategy to your progressive experience.

CRM helps businesses use technology and human resources to gain insight into the behavior of customers and the value of those customers.

At present, there are many software developers who provide a variety of CRM software features tailored to customers' needs. Software is developed to serve in many service areas, such as sales and marketing, customer service, strategic planning, and logistics (Reynolds 2002).

2.2   CRM literature

Customer Relationship Management (CRM) has become one of the most dynamic technology topics of the new millenium. According to Chen and Popovich (2003), CRM is not a concept that is really new but rather due to current development and advances in information and enterprise software technology, it has assumed practical importance. The root of CRM is relationship marketing, which has the the objective of improving long-term profitability of customers by moving away from product centric marketing. Bose (2002) noted that CRM was invented because customers differ in their preferences and purchasing habits. If all customers were alike, there will be little need for CRM. As a result, understanding customer drivers and customer profitability, firms can better tailor their offerings to maximize the overall value of their customers portfolio. (Chen and Popovich, 2003). The attention CRM is currently receiving across businesses is due to the fact that the marketing environment of today is highly saturated and more competitive. (Chou et al, 2002).

According to Greenberg (2004) CRM generally is an enterprise-focused endeavour encompassing all departments in a business. He further explains that, in addition to customer service, CRM would also include such areas as engineering, manufacturing, assembling, testing, purchasing, billing, HR, marketing and sales. Chen and Popovich (2003) argued that CRM is a complicated application which mines customer data, which has been retrieved from all the touch points of the customer which then creates and enable the organization to have a complete view of the customers. The result is that firms are able to uncover and determine the right type of customers and predicting the trend of their furure purchases. CRM is also defined as an all-embracing approach that semalessly integrates sales, customer service, marketing, field support and other

functionsthat touch customers (Chou et al, 2002). They further stated that CRM is a notion regarding how an organization can keep their most valuable customers and at the same time reduce cost, increase in values of interaction which then leads to high profits.

CRM, in some firms, is considered a technology solution, consisting of individual databases as sales force automation tools and sales and marketing functions to improve targeting effort. Peppers and Rogers (1999) argued that other organizations view CRM as a tool, which has been particularly designed for one-to-one customer communications, which is the function of sales, call-centers and marketing departments. Accordingly, Frow and Payne (2004) added that CRM stresses two-way communication from the supplier to customer and from the customer to the supplier to build the customer relationship over time. The two-way communication has been enhanced greatly by advances in technology, especially the internet.

In terms of information technology (IT) CRM means an enterprise.wide integration of technologies working together such as data warehouse, web site, intranet/extranet, telephone support system, accounting, sales, marketing and production. Kotler (2000) assured that CRM uses IT to gather data which can then be used to develop information acquired to create even more personal interaction with the customer. In the long-term. It produces a method of continous analysis and refinement in order to enhance customers' lifetime value with the firms.

Goldenberg (2000) believes that CRM is not merely technology applications for marketing, sales and service, but rather when it is successfully implemented , it enables firms to have cross-functional, customer-driven, technology-integrated busines process management strategies that maximize relationships.

Chin et al (2003) stated that due to many technological solutions available for CRM automation, it is often misconstructed as a piece of technology. But they maintained that in recent times many companies have realised the strategic importance of CRM, and as a result, it is becoming a business value-effort rather than technology-centric effort.

2.3   Components of CRM

Customer Relationship Management concerns the relationship between the organization and its customers. Customers are the most important key element of any organization from a global corporation with thousands of employees and a multi-billion turnover, or a sole trader with a handful of regular customers. Customer Relationship Management is the same in principle for these two examples, however the scope of CRM can vary drastically.

Most of customers want cost-effective products or services that deliver required benefits to them. Benefits are what the products or services provide for the customers. Note that any single product or service can deliver different benefits to different customers. It's important to evaluate their needs from the customer's perspective.

The traditional approach to customer relationships was based on a simple transaction or trade. Perhaps there would be only a single point of contact between one people on each side. All communications and dealings would be between these two people, even if the customers' organization contained many staff, departments, and functional requirements (distribution, sales, quality, finance, etc). Modern CRM theory refers to the idea of 'integrating the customer'. This new way of looking at the business involves integrating the customer (more precisely the customer's relevant people and processes) into all aspects of the supplier's business, and vice versa. This implies a relationship that is deeper and wider than the traditional 'arms-length' supplier-customer relationship. This new business approach is leading to the one-to-one philosophy (Reynolds 2002).

The one-to-one Philosophy

This philosophy can be described as customer-centric, i.e. focusing on the individual customer. The company builds a one-to-one relationship with each customer and retains and grows that relationship in a profitable and effective manner. The term most often associated with CRM is one-to-one marketing, which refers to marketing techniques. The integration cycle between active and inactive customers, along with

prospects and suspects and the rest of the world is related in importance and to the marketing budget of the company.

Putting the one-to-one philosophy into practice requires a company to identify the 20% of its customers who bring in 80% of their lifetime value. Then the company must be able to retain that 20%. There are some available CRM software in the market that support this practice as it requires an enterprise suite of CRM components i.e. products from SAP, Siebel, etc to enable the integration of the total process systematically and efficiently. (Reynolds 2002).

CRM focuses on the relationship with customers

Successful organizations use three steps to build customer relationships:

A.   **Determine mutually satisfying goals between organization and customers**

More significantly, customers want to have their needs satisfied. C ustomers' needs are distinctly different to and far broader than a product or service, and the features and benefits encompassed. Customers' needs generally extend to issues far beyond the suppliers' proposition, and will often include the buying-selling process (prior to providing anything), the way that communications are handled, and the nature of the customer-supplier relationship.

B.   **Establish and maintain customer report**

This customer report will generate continuous communication flow from front to back office and ensure all customer business acitivies are recorded. The information is therefore very important for daily business and future planning.

C.   **Produce positive feelings in the organization and the customers**

The modern approach to customer relationship management is based on satisfying all of the needs - people, systems, processes, etc - across the customer's organization, as it might be affected and benefited by the particular supply. All business activities are therefore focusing on customers as the centre of interest (Reynolds 2002).

2.3.1   CRM work process

CRM work process starts from evaluation process, strategy process, technology selections and implementation and deployment. (Reynolds 2002).

The Evaluation Process

The evaluation process of applying CRM is essential and selective. It starts with describing the business's needs, customer requirements and integration of both system and selection of technology. It is very important that a company has a clear understanding of what their goals are before adopting CRM. Otherwise, the company may end up with a complex system and obligations at a high cost.

The Strategy Process

Customer relations management is a business philosophy that adopts a strategy which places customers as the center of the cooperation. The strategy requires cultural shift which aligns the employees and internal systems to its customers. This creates a real time interactive flow by customers when and wherever they want. A CRM strategy also ensures maximum efficiency and effectiveness without driving costs to excessive levels. The right CRM strategy allows a company to combine its information systems, policies, process and employees so it can attract and retain profitable customers. To adopt CRM strategy and implement the new culture concept, the company needs to adapt its technological architecture and internal business or work process.

In order to implement CRM, a company should fulfill these basic requirements:

- Commitment and allocation of time spending.

- Clearly defined objectives, goals and strategies for a CRM initiative.

- Involving experienced CRM project resources and gathering available options as much as possible.

- A back-up plan for unexpected events and activities.

- Tracking and monitoring the CRM plan carefully.

- Ensuring sufficient funds for the projects.

There are several possible objectives to be considered as part of CRM strategy, such as customer acquisition, customer enhancement and customer retention. These objectives' examples are as listed below.

An example of **Customer acquisition** is project bidding; the company needs a CRM solution that understands what, when and where the needs of its customer base lies, such as a forecasting a project's expansion or an estimate of future investments.

It is very important to identify the customer base, especially for a small, privately owned company that has limited work resources, so that human and financial resources are spent where there is a high chance of success.

Customer enhancement covers the ability to get feed-back from customers in real time and promoting brand awareness. It depends on the interconnection of shared customer information and presents the potential to persuade a customer's decision to purchase additional services and/or products.

Customer retention centers on continuing to meet the needs and expectations of the company's existing customer base. Below is the example of profit impact of a 5% increase in Retention.
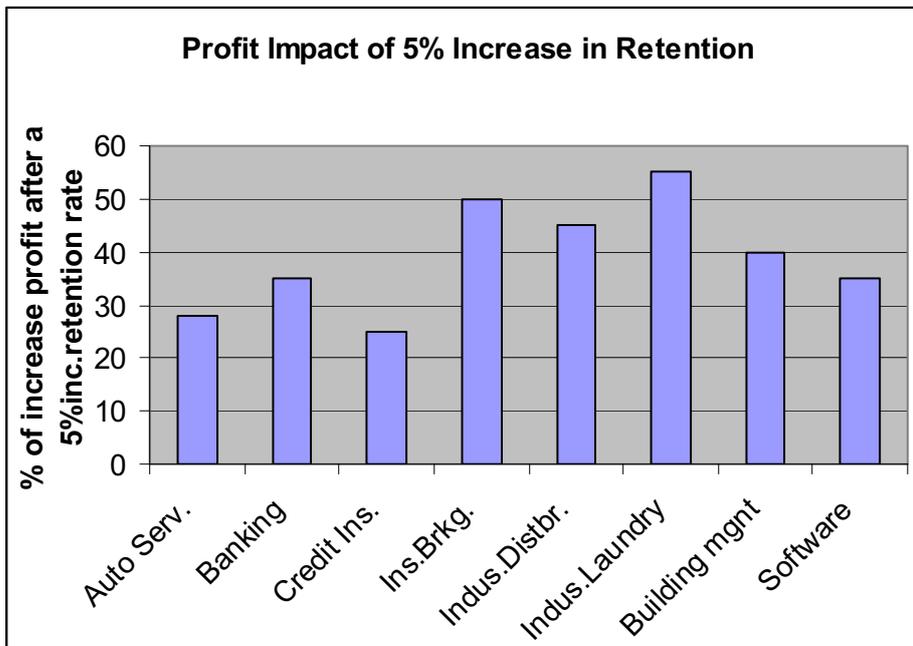
Table 2.1: Profit impact of 5% increase in retention (Reynolds, 2002)

2.3.2   CRM and communications

Communication is central to any successful relationship. In terms of Customer Relationship Management, communication needs to be consistent and high quality; as determined by:

- on time

- focused

- relevant

- reliable

- coherent

Communications must be judged by the recievers which is most vitally by the reaction of the receiver. If the reaction is not good then the communication is poor.

The information contained in a CRM system allows communication to be directed at the correct audience, in the correct way. The communication system must also encourage and facilitate honest and actionable feedback.

Feedback from customers, especially complaints are essential for good organizational performance and ongoing development. Many organizations avoid, discourage and hide from complaints. Complaints are free guidance for improving your quality, and free opportunities to increase customer loyalty. (Reynolds 2002).

2.4   CRM architecture

According to Reynolds (2002) full-spectrum CRM architecture will provide integrated automation of business processes that encompass customer touch points. These processes normally entail sales, marketing, and customer services. Sales normally include contact management and product configuration, which in this case is the know-how service. Marketing generally includes campaign management and telemarketing, but here it entails company image communication. Customer service normally covers call centers, field service, email management and all data warehousing, which applies to this study as well.

The architecture accommodates a number of customer channels through, which communication flows between customers and a small, privately owned company. This could be in person, telephone, email, fax, etc. The customer's experience must be identical no matter what channel is used. Next, CRM architecture will integrate the customer information that flows through each touch point and customer channel.

The technical infrastructure must provide a way to process massive amounts of information in a speedy and timely manner, regardless of location.

CRM can be regarded as a business process, which has:

- identifiable inputs

- identifiable components

- identifiable characteristics, which define CRM for your organization and customer base

- capacity for improvement and evolution over time

When applying CRM, a company needs to understand its strategy in relation to CRM features and technology. This integration can be divided into 3 major areas:

Collaborative CRM

Collaborative CRM interfaces facilitate the interaction between customers and the company and its internal interface. Examples of collaborative CRM are email, conferencing and real-time applications. In the case of a small privately owned company which is usually handled by one person, collaborative CRM focuses mainly on external interaction.

Operational CRM

This refers to the integrated business process, involving front-office via multiple, interconnected delivery channels, as well as the integration between the front-and back-office. Such activities involve data-pulling transfers. The operational CRM for a small privately owned company is therefore simpler and limited.

Analytical CRM

Analytical CRM is the analysis of data for the purpose of business performance management. It refers to the analysis, modeling and evaluation of data. A small, privately owned company activates most of the analytical CRM process by updating and providing customers' necessary data and using it to create a mutually beneficial relationship between the company and its customer.

Many companies are moving toward wireless based applications, especially in the field service. Getting the architecture right for the wireless environment is challenging and needs to keep up to pace on what CRM technology currently offers. (Reynolds 2002).

2.5   *CRM software solutions and ICT*

Software and ICT (information and communications technology) play a significant part in enabling an effective CRM capability, especially in large organizations.

There are many and various systems available, and it is important to establish business requirements first during the software solution selection process. The solution selection process which for most organizations will also involve the selection of ICT service provider. Since any companies generally requires support for specifying, implementation, training and maintenance as part of software solution

Siebel, Sage (who now provide the well-known Accpac and ACT! CRM solutions), and Front Range (whose product is Goldmine) are significant and proven CRM software products companies at present. There are many others ICT service providers through whom distribution and support can be normally arranged.

The most important thing to be considered upon choosing the right ICT solution prior to implementing CRM is that technology should be cost-effective proven solutions and reliable. The providers are knowledgeable and have team of advisors and support to assist customers.

2.5.1 Sales Force Automation

Sales professionals must be able to deal with new challenges as competition increases and customers become well informed, and products become more complex. Sales-related tools and sales force automation have been developed and are now leading toward CRM concepts. According to Reynolds (2002) the general industry reports all show that, after the introduction of a first class sales-related CRM system, companies experience a minimum

- 10% increase in gross sales revenue per sales professional

- 5% decrease in cost per sale, mainly due to the ability to target specific suspects, prospects and/or contacts.

- 5% or more increase in closed deals because the system enables sales professionals to concentrate on customers that are more likely to result in a "done deal".

The business community and software vendors realize the importance of the automation tools when it comes to accessing up-to-date information as well as providing this information to others. Therefore there are many products that are developed to meet varying needs.

The sales automation product space can be grouped into two areas:

- Products that support the individual sales professionals in preparing sales calls, gaining access to a knowledge base as maintained by formalized call reports and information gathering.

- Products that support sales management by providing detailed knowledge of the customer database and its segmentation, real-time supervision of the sales-force's calendar, consultation and organization of meetings, follow-up on sales opportunities and detailed and/or consolidated sales analyses and reports.

The core of any true sales automation product is the interaction of a sales person with a prospect-turned-customer, and then maintaining a loyal relationship with the customer. The right product with the right customization is essential. Below are some selected sales management tools that represent different objectives. (Reynolds 2002).

2.5.2   Account management

This system enables a sales professional to develop in-depth knowledge of his or her accounts with comprehensive transactions.

2.5.3   Contact management

Contact management software stores, tracks and manages contacts and leads at a company, allowing a sales professional to gain better control of his or her accounts.

2.5.4   Opportunity management

Opportunity management tools enable a sales professional to plan specific sales strategies, such as capturing vital information and coordinate the strategies.

2.5.5   Lead management

Enterprise lead management software enables an organization to manage, track and forecast sales leads. It also assists in understanding and improving conversion rates.

2.5.6   eCRM or Web based CRM

In order to ensure high accessibility to products and services at optimum speed eCRM is developed to target customers at the self service level online. This feature is developed further to support marketing initiatives such as surveys.

2.5.7   Self Service CRM

Self service CRM (eCRM) software enables web based customer interaction, automation of email, call logs, web site analytics, and campaign management. This function can be linked to customer service data systems.

2.5.8 Survey Management

Survey software automates an enterprise's electronic surveys, polls, and questionnaires, and allows a business to understand customer preferences such as purchasing habits and future needs.

2.5.9 Customer Service

Customer service is one of the key features in applying CRM in order to improve the customer experience, understand more about of customers' needs and gain feedback. At the heart of any CRM initiative is the need to improve the customer experience and CRM software, coupled with traditional call center technology (ACDs, ANI, etc), is the answer. It can better manage a customer interface for example by enhancing call routing and tracking. One of customer service feathers are call centers.

2.5.10 Partner Relationship Management

Business is developed with and linked to more than one company; therefore it is very crucial to integrate those business activities into a system. Nowadays, there is plenty of integrated software that allows a company to monitor and analyze its interactions with another company.

- **Contract Management Software**

  Contract management software enables an enterprise to create, track and manage partnerships, contracts, and agreements.
  Examples are: Upside Software, Accruent Software, diCarta, I-Many.

- **Distribution Management Software**

  Distribution management software enables an enterprise to control all distribution activities in real-time. It helps to avoid potential delivery problems by linking customer orders to the supply chain.

Previously these tools were generally limited to contact management, monitoring and recording interactions and communications with customers. Software solutions then expanded to embrace deal tracking and the management of accounts,

territories, opportunities, and—at the managerial level—the sales pipeline itself. Next came the advent of tools for other customer-facing business functions, as described below.

Perhaps the most notable recent trend has been the growth of tools delivered via the Web, also known as cloud computing and software as a service (SaaS). In contrast with conventional on-premises software, cloud-computing applications are sold by subscription, accessed via a secure Internet connection, and displayed on a Web browser. Companies don't incur the initial capital expense of purchasing software; neither must they buy and maintain IT hardware to run it on. For these and other reasons, the SaaS option has proven very attractive, and SaaS applications have garnered a large share of the market. They are currently its fastest-growing segment.

CRM technology has been, and still is, offered as on-premises software that companies purchase and run on their own IT infrastructure. Prominent on-premises vendors include Oracle Corporation, SAP AG, and Amdocs.

Privacy and data security system

One of the primary functions of CRM software is to collect information about customers. When gathering data as part of a CRM solution, a company must consider the desire for customer privacy and data security, as well as the legislative and cultural norms. Some customers prefer assurances that their data will not be shared with third parties without their prior consent and that safeguards are in place to prevent illegal access by third parties.

Market structures The following table lists the top CRM software vendors in 2006-2008 (figures in millions of US dollars) published in Gartner Inc. studies.

Vendor	2008 Revenue	2008 Share (%)	2007 Revenue	2007 Share (%)	2006 Revenue	2006 Share (%)
Oracle	1,475	16.1	1,319.8	16.3	1,016.8	15.5
SAP	2,055	22.5	2,050.8	25.3	1,681.7	26.6
Salesforce.com	965	10.6	676.5	8.3	451.7	6.9
Amdocs	451	4.9	421.0	5.2	365.9	5.6
Microsoft	581	6.4	332.1	4.1	176.1	2.7
Others	3,620	39.6	3,289.1	40.6	2,881.6	43.7
Total	**9,147**	**100**	**8,089.3**	**100**	**6,573.8**	**100**

Table 2.2 CRM Software vendors in 2006-2008

(Gartner Inc, September 2008 press release).

2.6   *Implementation and deployment process*

In order to implement and deploy CRM effectively all level in the organisation needs to be involved. It is not only IT department who is responsible för implementation,but from management level to execution including the outside partners such as suppliers and customers. Information needs to flow freely in 2 ways communication and all actions in CRM strategy are followed through.

Implementation Issues

Many CRM project "failures" are also related to data quality and availability. Data cleaning is a major issue. If a company's CRM strategy is to track life-cycle revenues, costs, margins, and interactions between individual customers, this must be reflected in all business processes. Data must be extracted from multiple sources (e.g., departmental/divisional databases such as sales, manufacturing, supply chain, logistics, finance, service etc.), which requires an integrated, comprehensive system in place with well-defined structures and high data quality. Data from other systems can be transferred to CRM systems using appropriate interfaces. (Reynolds, 2002)

Because of the company-wide size and scope of many CRM implementations, significant pre-planning is essential for smooth roll-out. This pre-planning involves a technical evaluation of the data available and the technology employed in existing systems. This evaluation is critical to determine the level of effort needed to integrate this data.

Equally critical is the human aspect of the implementation. A successful implementation requires an understanding of the expectations and needs of the stakeholders involved. An executive sponsor should also be obtained to provide high-level management representation of the CRM project. An effective tool for identifying technical and human factors before beginning a CRM project is a pre-implementation checklist. A checklist can help ensure any potential problems are identified early in the process. Swift (2001)

2.7   Facts on CRM implementation

A survey conducted in mid-2001 by Web Surveyor and CRM vendor, YOUcentric, shows that when it comes to ROI, CRM is on safe ground. 40% of executives participating in the survey reported that their company's CRM solution has yielded solid ROI (return on investment) with another 40% adding that they have seen some ROI. Only 20% claimed not to have seen any ROI at all.

According to quarterly surveys of Siebel client companies during 2001, on average they have seen a 12% annual increase in revenue per employee, a 20% rise in worker productivity and a 20% boost in customer satisfaction. Other studies have shown that companies that increase their customer satisfaction rate by only 10% realize an increase on sales of up to 10%

Quick & Reilly reported some noticeable benefits after the first year of their CRM initiative. According to a company spokesperson, its CRM system helped to produce, a 15% minimum increase in new accounts.
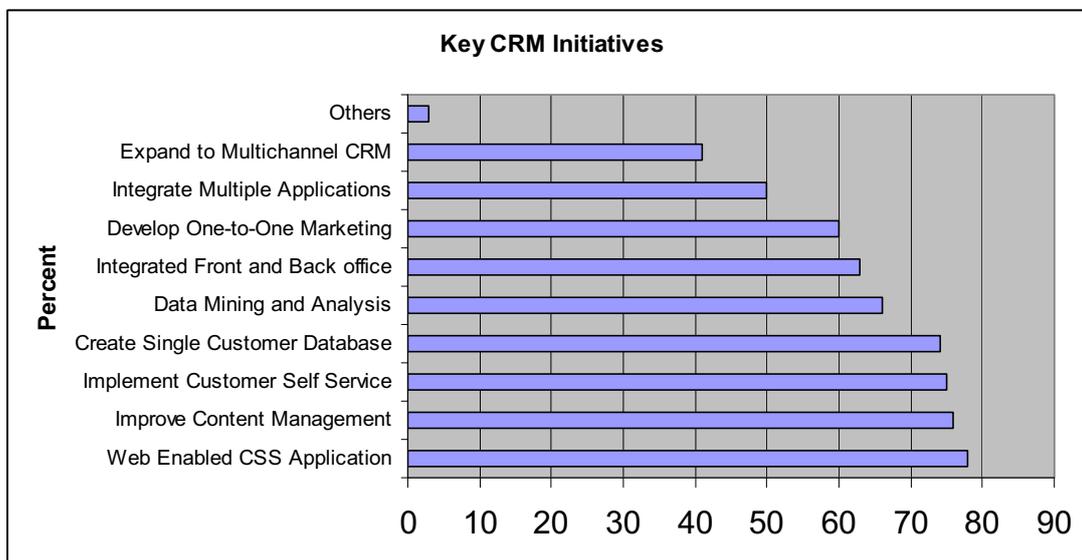

Table 2.3: Key CRM Initiatives (Reynolds, 2002)

In conclusion, CRM is not a technological initiative. Technology is needed in order to implement CRM, but it's not the driver of CRM or the solution. CRM is not exclusively

sales, marketing and service initiatives. CRM is a strategy that is enabled by technology. There is no single vendor providing all of the CRM capabilities needed for a corporate wide CRM initiative. There is a need to have a CRM strategy in place that envisions and frames corporate-wide CRM initiatives involving all parties in a company, such as employees, work and business processes, systems, data houses, etc.

Brian Halligan who started HubSpot has been implementing and using CRM systems for his whole career and have some good points.

"*Most small businesses I deal with have either tried or failed on a CRM implementation or are getting marginal value from what they consider a sunk cost in software and human brain-damage from their implementation.***"**

According to him, there are six reasons why CRM initiatives fail:

- **Counting versus Creating Customers** - The current crop of CRM systems are very useful for large companies with thousands of customers that want to "count" them in interesting ways. However, most small businesses probably only have tens or hundreds of customers and their goal is to find new customers and efficiently increase business with existing customers, not counting customers in interesting ways.

- **Measuring the Wrong Thing** - CRM measures the activities of prospects after they have "self-selected" in some way by calling your office or filling in your form somewhere.

- **Structured versus Unstructured Data -** CRM systems are essentially databases with customer oriented forms built on top. They are very good at capturing and organizing structured information, but are horrific at capturing and organizing unstructured information.

- **Ease-of-Use -** Most CRM vendors say their product is "easy-to-use." The reality is that it is easy to use if you have dedicated "operations" people or a dedicated CRM IT person to figure out how to do the hard/useful stuff.

- **"Feeding the Monster"** - Like many knowledge management initiatives, CRM requires end-users to take actions that are not part of their natural work process in order to "update" the system. After all, CRM output is only as good as the input.

- **Transactional Systems v. Solution/Relationship Systems** - Today's CRM is more useful for transactional (i.e. call center) types of companies than it is for small businesses who have client relationships that are more solution oriented in nature.

2.8 Former research

Very little research has been done in the area of CRM in small companies. The reason might be that CRM implementation is translated and focus to technology systems for larger firms with complexity operation. More research is likely to be done in the future with the increasing awareness of CRM software aimed at small companies and the growing general awareness of CRM

Many of researches aimed at CRM in larger companies can be found and some of these researches are applicable also in smaller companies to some extent for example customer database, communication flow.

The result when searching in the swedish Thesis-database reveals 31 thesis containing CRM in the subject-field published from 2005 to 2009. Most of these were aimed at investigating the use of CRM in larger companies. No thesis was done regarding CRM implementation in small companies,especially in technical service segments which products are intangible.

2.9   Potential benefits of effective CRM

Reynolds (2002) lists some significant business benefits which accrue from an effective, integrated Customer Relationship Management approach. These include:

- reduced costs, because the right things are being done (ie., effective and efficient operation)

- increased customer satisfaction, because they are getting exactly what they want (ie., exceeding expectations)

- ensuring that the focus of the organization is external

- growth in numbers of customers

- maximisation of opportunities (eg., increased services, referrals, etc.)

- increased access to a source of market and competitor information

- highlighting poor operational processes

- long term profitability and sustainability

Forward thinking organizations understand the vital need to maintain a strategic focus on CRM and to resource and manage it appropriately.

According to Chen and Popovich (2003) CRM applications have the ability to deliver repositories of customer data at a much smaller cost than old network technologies. Throughout an organization CRM systems can accumulate, store, maintain and distribute customer knowledge.

Greenberg (2004) emphasise that CRM can increase the true economic worth of a business by improving the total lifetime value of customers, adding that successful CRM strategies encourage customers to buy more products, stay loyal for longer periods and communicate effectively with a company. CRM can also ensure customer satisfaction through allocating, scheduling and dispatching the right people at the right time. Chou et al (2002)

Swift (2001) states that companies can gain several benefits from implementing CRM. He mentions benefits benefits commonly found in one of the following areas:

- Lower cost of recruiting customers: the cost of recruiting or obtaining customers will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment services and so on.

- No need to acquire so many customers to preserve a steady volume of business: the number of long-term customers will increase and consequently the need for recruiting a lot of new customers will decrease.

- Reduced cost of sales: the costs for selling are reduced since existing customers are usually more responsive. In addition, with better knowledge of channels and distributions the relationship become more effective, as well as cost of marketing campaigns are reduced.

- Higher customer profitability: the customer profitability will get higher since the customer wallet-share increases, there are increases in up-selling, cross-selling and follow-up sales, and more referrals come with higher customer satisfaction among existing customers.

- Increased customer retention and loyalty: the customer retention increases since customers stay longer, buy more and buy more frequently. The customer does also often take initiatives which increase the bonding relationship and as a result the customer loyalty increases as well.

- Evaluation of customers profitability: a firm will get to know which customers that are profitable, the ones who might never become profitable, and the ones that might be profitable in the future. This is very important since the key to success in any business is to focus on acquiring customers who generate profit and once a firm has found them, not to let go.

Reynolds (2002) agrees to the mentioned benefits and adds that CRM systems combining CRM strategies and technology claim to have benefited businesses in many areas (Reynolds, 2002). Below are the examples of those advantages.

- Providing better customer service

  As it improves the overall customer experience of products and services.

- Increasing customer revenues

  As it improves the overall efficiency of the business system's internal as well as external interactions.

- Discovering new customers

  As it provides a systematic database system allowing sales- and marketing pro's to be more focused on high-potential customers resulting in actual sales.

- Cross selling/Up selling products more effectively

  By improving the integration between marketing, sales and the in-house organization, products are sold more effectively.

- Helping sales staff close deals faster

  Data management is one of the key features of the CRM system. Data mining is done effectively and systemically which allows sales and marketing to access information at quicker rate.

- Making call centers more efficient

  Call centers are the support feature that is backward-integrated to the in-house system. It is therefore a two- way system that gives management better control of all customer inquiries.

- Simplifying marketing and sales processes

  Process flow between marketing and sales is simplified and improved, integrating both sides' activities and data into a single system.

- Collecting data efficiently in many areas such as

  - Responses to campaigns
  - Shipping and fulfillment dates
  - Sales and purchasing data
  - Account information
  - Web registration data

2.9.1   Customer satisfaction and loyalty

Kotler (2000) defined satisfaction as a person´s feelings of pleasure or disappointment resulting from comparing a product´s perceived performance (or outcome) in relation to his or her expectations. He pointed out that it is important to measure customer satisfaction regularly through survey to determine customers level of satisfaction. He said this is because firms may think that they are getting a sense of customer satisfaction through customer complaints. However, in reality, 95 percent of dissatisfied customers do not make any complains and they just leave. As a result it is important for firms to make it easy for customers to complain. Between 54 and 70 percent of dissatisfied customers who usually complain will continue to do business with the organization if their complaints are taken care of and resolved. Up to 95 percent might still do business if the complain receives quick response and action.

Kotler (2000) also states that the critical factor to attaining customer loyalty is customer satisfaction because a customer who is highly satisfied will exhibit the following characteristics:

- Stays loyal longer.

- Buys more as the company introduces new products and upgrades existing ones.

- Talks favourably about the company and its products.

- Pay less attention to competing brands and advertising, and is less sensitive to price.

- Cost less to serve than mew customers because transactions are routinized.

2.10 Negative ROI, another reflection view of CRM

The main source of literature (Reynolds, 2002) is also generally positive to CRM. However, there is down side as to measure the investment return. Results from a research by Nucleus 2002 indicate that one out of eight companies fail to achieve a positive ROI from their CRM. Main reasons are that companies spend too much time and money or don't educate the personnel enough in handling the purchased software.

Huse, 2008, identifies problems with CRM systems that include activity control. In his private research, he encountered several companies spending lots of time and money on CRM but failed to make the sales personnel use it due to lack in information from the management.

According to Ellen Reid Smith, Reid Smith & Associates, Inc, who observe the negative ROI on CRM projects in many companies, there are some 3 major factors that contribute to these negative reported calculations.

2.10.1   Over-spending on CRM software

Most of these companies chose to either purchase new CRM software with replace the existing general ones or put only selected critical datas in the old system. The first option results in huge investment and time consuming. The second option cause less spending but takes times in order to accomplish it. They tend to focus on data key in, rather than create awareness and utilization of the system.

2.10.2   Advertising and CRM should be treated the same

Advertising is not declared worthless when it results in a negative ROI—not that most companies even know the ROI of their advertising. There is question of why companies complain about CRM returns? If they had a negative ROI on advertising, executives would not publicly claim "advertising does not work."

2.10.3 The ROI on CRM is typically miscalculated

The common reason companies don't believe CRM can be profitable is that they don't know how to measure the true value of a CRM project or campaign.

Ellen Reid Smith has made some recommendations to improve processes used to calculate the ROI on CRM-starting by avoiding the most frequently made mistakes in analyzing CRM projects.

Mistake #1: Putting the finance department in charge of the audit.
This is a bad idea because CRM studies involve significant customer research and only minimal statistic analysis. It is therefore recommended to utlize marketing to perform this task.

Mistake #2: Not using a control group.
Either compare pre-CRM to post-CRM data or compare registered versus non-registered customers. Good auditors will also segment by participating vs. non-participating customers.

Mistake #3: Limiting analysis to incremental sales.
CRM benefits many areas of a company. ROI should audit all customer actions and assign a revenue value using purchase data or customer research.

Below are a few customer actions including:
• Signed-up for email or program
• Participated in program/promotion
• Visited website
• Opened and/or read email
• Responded to trial offer (include rate of conversion)
• Intends to buy more/less in future
• Cross purchases

- Referred a friend/colleague or provided leads
- Bought direct versus through retailer
- Provided personal data that enhanced marketing
- Contacted customer service more/less
- Increased advertising response rate
- Moved from mail to email statement/newsletter
- Bought from partners (include commission or value of partner support)
- Defected (decrease or increase)
- Perceived value of brand/company

Mistake #4: The thought that CRM cannot be measured financially

Most auditors think CRM benefits can't be measured or valued. This is a common misconception if the company is a manufacturer and doesn't have customer data. It can be done quickly with the proper customer loyalty research techniques. The key is to combine qualitative and quantitative research to accurately estimate the value of recent and future customer actions. The quantitative research estimates quantities and the qualitative research identifies "why" or "what" drove the customer actions. This two-part research also helps pin point which CRM initiatives drove actions or if there were other influencers.

Mistake #5: CRM software isn't amortized correctly or allocated to all areas of the company that benefited.

For example, an enhanced database typically diminishes the need for advertising, and decreases customer service and research expenses. Improved customer feedback results in better targeted products and fewer failed products. We should make sure that ROI account for these savings.

Mistake #6: Analysis is limited to a macro view only.

In general, company would like to see result in macro view, but the real value of an ROI is in the micro analysis. For example, ROI should tell the company the value of each additional member registered, each additional email sent and each customer moved from "average" to "high" value. A micro ROI is what makes the difference between an

ROI audit that's considered once a year and shelved, versus one that helps the company make profit-based decisions every day of the year.

Mistake #7: The company paid too much for ROI analysis.

A CRM company-wide analyses shouldn't cost more than $100,000 and project audits even less. Therefore, the company should not let the cost of the ROI analysis drive into negative territory.

2.11 CRM technology for small companies

A report from Yankee Group 2007 presented research data regarding CRM-interrest in small businesses. The biggest competition to CRM software companies are not other companies but homegrown solutions or no solution at all. It is too complex for them. That is why they are still using Excel spreadsheets.

AMI-partners (2007) states in a report that one out of six small businesses are currently using CRM and they will not invest in CRM within the next 12 months.

Small businesses have typically shied away from complex software deployments. CRM, for instance, still has a low penetration tare in this end of the market despite the number of offerings from such firms as Microsoft, Salesforce.com, FrontRange, Sage and others. One out of six small businesses are currently using a CRM application, and the same percentage of businesses plan to adopt a CRM system in the next 12 months. (Kingstone, 2007)

Stefania Viscusi (May 2009) who is Assignment Desk Editor at TMC net has made some comment regarding CRM technology for small and mid size companies that,

Customer relationship management software is the key to the success of many businesses today. In the current economic climate, the need to attract and maintain customers is even more critical for success. While many companies have been investing in CRM software to leverage the overall benefits of improved customer relationships, this move may slow as budgets get tighter and the pressure to reduce costs heightens.

For smaller businesses, which must work even harder to win and maintain existing customers and obtain new ones, CRM software is even more vital. In this economic climate, however, many of these businesses may look to cutting their spending on customer relationship management.

But, this move, a recent VendorGuru.com article, "Small Business CRM Helps Entrepreneurs through Recession," notes, can be detrimental for the small business.

By choosing the right approach to customer relationship management, the article notes, it is possible for young companies today to survive "the bleakest economic environments."

With CRM applications in place in the small business, not only can sales professionals better target potential customers, but also companies have the power to track interactions with their customers and better understand their purchasing habits.

With CRM software solutions, small businesses can also save time and money spent entering data. This, the article notes, is especially beneficial for the small business that can make use of CRM software from the start of their operations so its entire team makes use of the solution, while larger enterprise implementations of CRM software can cause some friction between users being accustomed to the systems they prefer for entering data.

By placing their core focus on the customer, small businesses are able to succeed in a marketplace that contains customers looking for loyalty and personalized services. In addition, CRM software can help sales and service teams to offer consistent quality services to customers and improve the rate at which they are ordering or making new purchases.

A recent survey by Avidian Technologies revealed that small and medium sized businesses are not familiar with the terms CRM and SaaS. According to a report on the study, 70 percent of SMBs said they did not know what CRM meant and only 47 percent said they had heard of it. In addition to these findings, the survey also uncovered that familiarity with Software-as-a-Service (SaaS) offerings was even lower, with 74 percent reporting that they knew about the term.

For those companies that said they have already implemented CRM solutions, the survey found they have seen results that exceed their expectations including increased efficiency working with customers, increased sales, improved business insight and increased visibility into the sales pipeline.

3   Theorical frame of study

This chapter descibes the frame of reference, theory relevant discussion, former research reference and research scope, questions including the conceptualization and operationalization and measurement relevant study

3.1   Frame of reference

The frame of reference presents the theories and models that most suitable for current research problem and describes how the theories are related to each other. Miles and huberman 8 1994) state that "*a frame of reference explain, either graphically or in narrative form, the main things to be studied – the key factors, constructs or variables- and the presumed relationship between them.*"

3.2   Theory relevant discussion

It is important to understand the relationship between some of theories presented in this thesis. The main theory taken from CRM concept(Reynold, 2002)is related to Bose (2002) theory on the beneficial part and Kotler (2000) as definition and characteristic of CRM. Since marketing approach can be identified by using the frame of concept and by making a comparison with the characteristics mentioned by Bose, possibility of benefits after applying CRM can be estimated.

The theories regarding CRM and CRM technology are relevant. The two parts completed the whole picture of CRM. Goldenberg (2000) believes that CRM is not merely technology applications for marketing, sales and service, but rather a tool that, technology-integrated busines process management strategies to maximize

relationships. This is relevant to Chin et al (2003) as CRM is often misconstructed as a piece of technology.

By identifying the requirement from the companied and analyse a business process analysis, we can derive the neccesity of CRM functionality. Thereby, the theories regarding business processes and business process analysis are related to the theories describing CRM development. Frow and Payne (2004) two-way communication is relevant to Kotler (2000) that assure that CRM uses IT to gather data which can then be used to develop information acquired to create business interaction on long term.

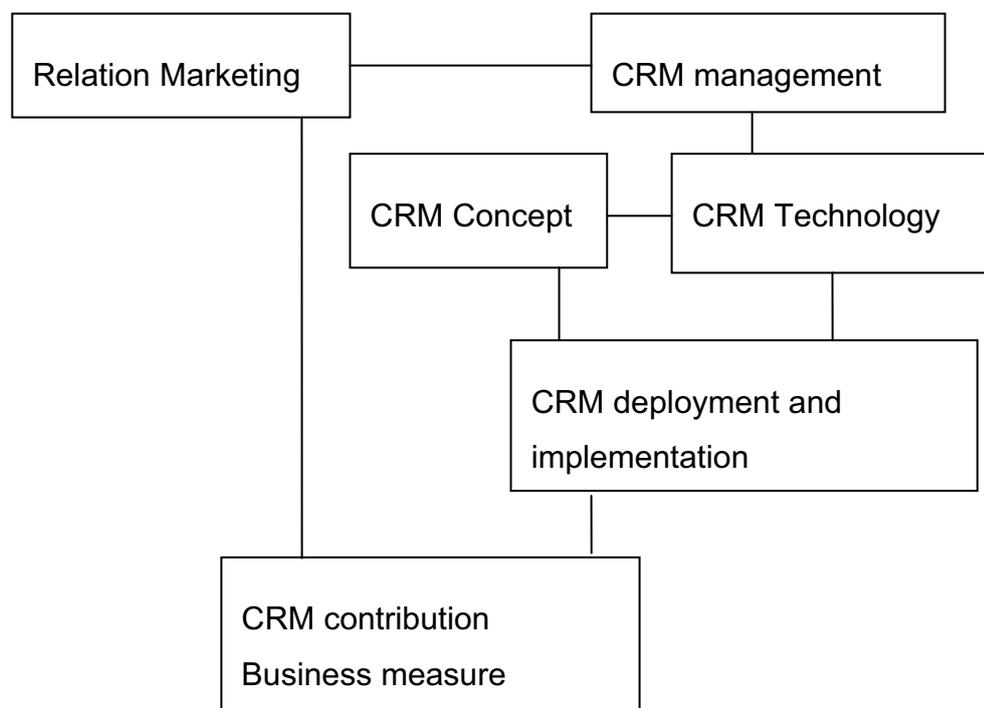Figure 3.1: Visualization of the relationship between the theories presented in chapter 2 (own source)

3.3   Former research

Very little research has been done in the area of CRM in small technical consultant companies. One of the reason might be that CRM implementation is translated and focus to technology systems for larger firms with complexity operation. More research is likely to be done in the future with the increasing awareness of CRM software aimed at small companies and the growing general awareness of CRM

Many of researches aimed at CRM in larger companies can be found and some of these researches are applicable also in smaller companies to some extent for example customer database, communication flow.

The result when searching in the swedish Thesis-database reveals 31 thesis containing CRM in the subject-field published from 2005 to 2009. Most of these were aimed at investigating the use of CRM in larger companies. No thesis was done regarding CRM implementation in small companies,especially in technical consultant segments which products are intangible.

3.4   Research scope and questions

To the small business owner, CRM seems to be complex, expensive or incalculable in return, and applicable only to larger companies. CRM is also viewed as marketing concept merged with technological driven concept to many companies as states in the literature review chapter. It is therefore quite interesting to investigate the potential success factor in relating to CRM in those small, privately own companies, which has intangible product to offer. This in return also leads to other research questions, such as the integration logic between a small, privately owned company and its customers.

The research questions and work in process are developed and designed to investigate if small, privately owned companies in the technical consultant business segment in the south of Sweden have awareness, knowledge to apply CRM concepts and whether or

not, they can benefit from practicing CRM concept, partly or full and what is the success factor that CRM contributes to. The research process also includes examination of the need for capital investment in CRM tool prior to future deployment and implementation.

The scope of the research is divided into 3 areas:

1. CRM concept knowledge and technology in small technical consultant companies

2. Potential return of CRM in focus group

3. External support or input prior to implementation if any

Therefore the research problem statement can be phased as follows.

The research problem is to describe CRM in small ,privately owned companies in technical consultant industry.

To be able to proceed to the research process, we have devided the research problem statement into four research questions.

RQ: 1. What is definition of CRM in business practice?

The first question of the research problem is to define CRM and describe what the concept involves. This includes the factors in implementation and measurement overview in order to understand how a CRM system can be used to realize CRM and success factors in a company.

RQ:2. What are the users' awarenesses and experiences of CRM software/tools?

This research question is centered around the awareness and knowledge check and the companies' requirements toward CRM. It is necessary to identify these parameters in order to continue the research to find CRM functionality that best fit the companies in target group and contribution to their success.

RQ:3. What is the company's needs and how CRM functionality can deliver?

The third research question involves identifying the CRM functionality that match the CRM requirements as addressed by the former research question. CRM functionality includes technologies are necessary to understand how a CRM system can support the realization of CRM in companies.

RQ:4. What is potential CRM return as related to business results?

The fourth research question is to find out the contribution of CRM to the companies' success. This is to observe companies' business conduct and practice and the link to the success factor of implementation.

RQ:5. What are the supports or inputs that companies in focus group may receive from external organizations prior to applying CRM?

This last reseach question is to find out more about the support from external organization, for example union or other organisations which these small, privately owned companies belongs to or in the same operating geographic in order to apply CRM concept.

The research work in process is divided into 5 activities in order to answer the research questions.

1. Questionnaires and private interviews with representatives from focus group

2. Questionnaires and private interviews with representatives from specific customers of the focus group.

3. Business report and business activities analysis as an attempt to link to CRM concept.

4. Summary of the information compared to available statistics or published facts.

5. Analysis of the results of the pilot study

3.5   Demarcation

This thesis presents the study of the awareness and CRM implementation of small technical consultant companies, reflection views of their customers and external organization, the union where the companies in the research group belongs to.

Due to limitation with time, budget and external company resource, this research does not cover partners, suppliers, vendors or any other parties who interact with those companies in other business aspects. The study is also limited to a small, privately own companies which employ maximum 4 persons and operate in technical consultant sector where business geographic is located in Skåne, the south of Sweden.

3.6   Theory choice

The theories are chosen to estimate the suitability of the study objects will be presented and selected theory/theories to answer the different research question will be addressed. .Some of the theories are only used for one research question, while some are repeatly applied.

Focus group selection

In order to select the participation in the research group, Gummesson's (1994) theory describing differences between transactional marketing and relationship marketing will be used. This is to identify the marketing approach of the study group. The companies which apply transactional marketing marketing approach is likely to gain less benefit from using a CRM system and is therefore will not be part of our interest to this study.. The theory developed by Dyché (2002), will be used to define the current degree of CRM complexity of complexity.

Data collection

The collection of data need to be aligned by customer, and not fragmented by the company's organizational structure or by product according to Stone (2000), Trepper (2000) and Bose(2002). The reflection and integrated view of customer data will be included in the frame of reference as related to research questions 5. This is to establish adding fundamental of collection of data during the implementation process.

Awareness and knowledge of CRM

Dyché's (2002) theory about customer-focused business processes and Egnell's (1995) theory about a process-oriented view heips describing how a company should view their organization in order to fit to the CRM approach. Reynold (2002) and Greenberg (2004) as base to examine the knowledge of CRM concept of the focus group.

Company requirements and CRM functionality

It is neccessary to have an understanding of the company's marketing approach and their customer relationships in order to find out more about the company requirements toward CRM. Thereby the Strategic Continuum, provided by Gummesson's (1994) will be included in the frame of reference.

Willoch's (1995) definition is the most customer-focused one as presented in the literature chapter, and it is therefore chosen to include in the frame of reference. This is to create anunderstanding about the business process of the company.

Dyché (2002) describes the defining of CRM functionality and investigating which CRM functionality can deliver CRM requirements as addressed by the companies in the focus group.

CRM contribution in the small tehnical consultant companies

As our focus group deliver intangible products to their customers therefore we use Intangible Asset Monitor by Sveiby (1997) as reference to develop questionaires. The tool is the guideline for management selects indicators. These indicator will be developed base on the strategic objectives of the companies. The four aspects of creating value from intangible assets by growth, renewal, utilisation /efficiency; and finally the risk reduction / stability. The further analysis of the business result is therefore based on the concept of Balanced Score Card by Kaplan and Norton(1992). This balance score card measure the company's performance by indicators covering four major focus perspectives that are financial perspective, customer perspective, internal process perspective and learning perspective. In addition, the formula ROR is refered as to see the indicator of the relations of return on investment of the focus group as related to customer relations part.

3.7   The Emerged Frame of Reference

To summarize the choice of theories as related to the research questions, we have developed visualization of the emerged frame of reference as in figure 3.2. This figure was adapted from Emerged frame of reference by Persson, 2004.
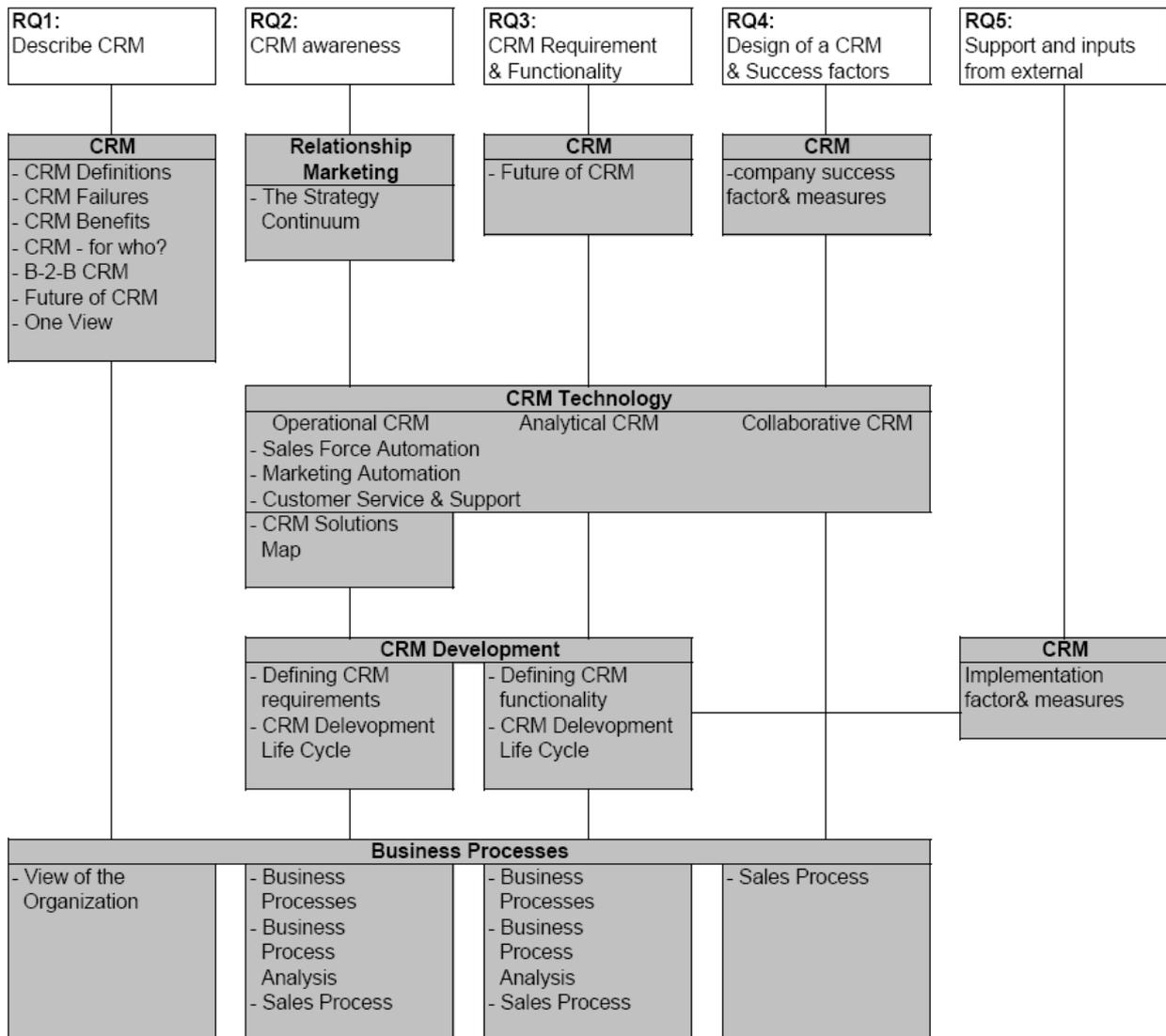
Figure 3.2: Emerged frame of reference (Own source reference from Persson, 2004)

3.8   Conceptualization Translation

Zikmund(2000) states that the concepts need to be translated into practice in order to be measured. The operational definition specifies the tasks to measure the concept that is relevant to the research questions as we study CRM in a company in research part II.

Concept	Conceptualization	Operationalization
CRM	An idea on how an organization can keep their most important customers by increasing the value of interaction. The value is maximized through differentiation of management of customer relationships. At the same time as the value of intearactions is increased the costs are reduced, to consequently maximize the profits. CRM is also an information industry term for methodologies, software, and usually Internet capabilities that help an enterprise manage customer relationships at all customer touch points in the organization. (Xu, 2002)	Mapping of theories describing CRM and identification of companies view on CRM.
CRM Requirements	The business requirements that CRM can address. For example, ability to track sucess of a target marketing campaign.	Identification of the business requirements that CRM can address.
CRM Functionality	The functionality and information comprised in a CRM system.The functions involves technical functions comprised in a CRM system that are needed to solve the CRM requirements, for example campaign managment functionality. Information involves the data that is needed in the different steps in the business processes and that is registered in the CRM system.	Identification of the CRM functionality that can adress a company's CRM requirements.
CRM System	A system comprising CRM functionality that help companies to apply CRM.	Identification of the CRM functionality needed by companies.
Design of a CRM System	A CRM system's comprising functionality and information, connected to the sales process in a company. Accordingly, the design shows where and when the different functions and information is needed.	Identification of the functionality and information needed in a company's sales process.

Table 3.1: Summary presents the concepts, the conceptual definitions and the operational definitions (Persson, 2004)

4. Research metodology

This chapter presents the research metodology which is selected to clarify the solution to the research questions. It clarified our selection in research process and design, data sampling and theories, along with the metodology problem including validation and reliability of the research.

4.1   Empirical study process

According to Wikipedia, the term " *Research can be defined as the search for knowledge or as any systematic investigation, with an open mind, to establish novel facts, usually using a scientific metod. The primary purpose for applied research (as opposed to basic research) is discovering, interpreting, and the development of methods and systems for the advancement of human knowledge on a wide variety of scientific matters of our world and the universe.*"

Research is generally a series of cyclical process that derive conclusions and generate new ideas. Research stages can overlap chronologically and functionally interrelated, which can be performed in various ways. According to Zikmund(2000),it's impossible that the activities in the research process always organize in the way that they in a straight order. However, it is possible to describe a common pattern.

In this study the research is followed the research scope, design and methodology with some adaptations which reflects the real scenario.
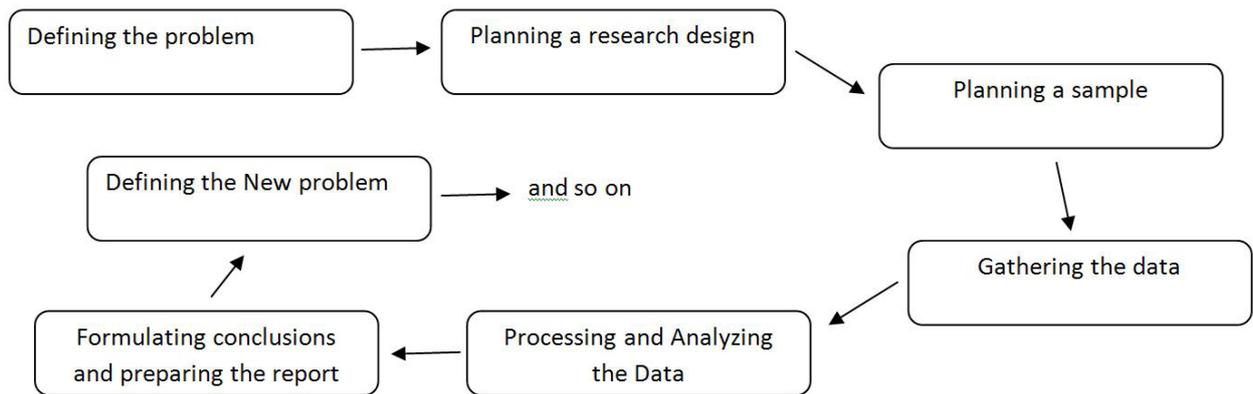
Figure 4.1: Research Process (Zikmund, 2000)

4.2   *Research Design*

Research design is a turning result of research questions into a testing project (Wikipedia). According to Malhotra (1996), the research design is a framework for conducting marketing research.

In a case study, one single unit,which can be a person, organization, group or situation. is extensively studied. Bell (1999) states "a case study approach is particularly appropriate for individual researchers because it gives an opportunity for one aspect of a problem to be studied in some depth within a limited time scale".

Figure 4.2 below displays the logic of the research process and the relations between each stages.
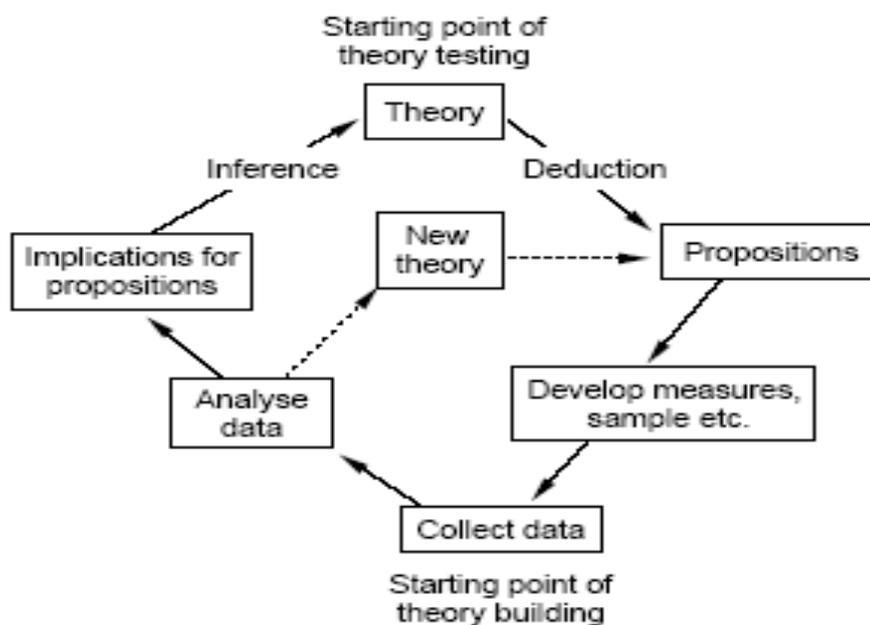

Figure 4.2 : The logic of research process (Persson, 2004)

This researched is designed based on the research process as the figure 4.2. The design has 2 sections where the group of small technical consultant companies and their customers joined the research to provide overview of CRM, and one pilot company is implementing CRM concept including CRM tools in the company's sale

process. The measurement of CRM is calculated during the second section where the pilot study is conducted base on our understanding and derivation from ROI.

4.2.1 Type of Research

Zikmund (2000) states that research can be categorized into different types, depends on the variable of interest. The research type can be exploratory, descriptive or casual.

Our research is designed by following both exploratory and descriptive. First exploratory research was performed since limitation in knowledge about the research problem in target group. We have studies secondary data and relevant literature for the problem area. Later descriptive research was used when asking questions about the CRM for example awareness before conducting the interviews with the pilot study object, knowledge within CRM had been obtained. In order to obtain the answer to new parameters such as CRM functionality and requirements, exploratory research is used.

4.2.2 Research Approach

Deductive vs. Inductive Research Approach

In this study a deductive approach was chosen as conclusion is derived from known factors. This research starts with literature reviews, which are used to compare with the empirical findings. In addition, the purpose with the study is not to produce any new theories based on the observations made, which is the major purpose of an inductive approach.

Qualitative vs. Quantitative Research Approach

Qualitative data was collected during the interviews performed with the study group. As Qualitative research explores attitudes, behaviour and experiences through such methods as interviews and questionaires during work in process in focus groups and pilot company to understand an in-depth opinion from participants.

In the attempt to quantify the result of the company from CRM implementation, we have used return on investment as base formula to obtain an quantitative result.

4.3   *The Sample Design Process*

During the sample design process the target population is identified, as well as the sampling frame, sampling technique, and the size of the sample.

4.3.1   Define the population

Initially, the target population has to be identified. The target population is the specific group relevant to the research project, the group that posses the information relevant to the researcher (Malhotra, 1996).

The target population for this study is the small, privately own companies which provide technical consultant service and operate in Skåne, south of Sweden.

The criteria of the population in the research are developed following the objective of the study which is size of the company, nature of business and operating area. First the companies should fit in the frame of company size definition, which in our case following Svenskt Näringsliv company definition. In general, the definition of a small company in Sweden is a company with a maximum of 10 employees. However, as stated above, this thesis focuses on even smaller companies.

A company with 10-250 employees is called a "medium sized company". According to Svenskt Näringsliv 2005, there are 600,000 companies in Sweden and almost 99% of them are small or mid size companies.

In Sweden there are several types of companies. Below is the translation of type from Swedish to English based on Webster dictionary.

- Aktiebolag (corporations, limited company)

- Handelsbolag (limited liability partnership companies)

- Enskild firma (sole proprietorship)

- Kommanditbolag (limited partnerships)

- Ekonomisk förening (incorporated associations)

70% of all companies in Sweden have no employees, meaning that the company only pays salary to the owner.

Only 0.8% of Swedish companies have more than 50 employees (B-A Larsson).

4.3.2   Determine the sampling frame

The next step after defining the target population is to identify the sampling frame, which is a representation of the elements of the target population. According to Malhotra (1996), the sampling frame consists of a list or set of directories for identifying the target population, such as a telephone book, a directory listing the firms in an industry, or a mailing list.

The sampling frame for this study is the small, privately owned companies who are operated in the technical consultant sector and their direct customers.

4.3.3   Select a Sampling Technique

There are two major techniques which are probability versus non-probability sampling to choose from. Probability sampling every element in the population has a known nonzero probability of selection. Non-probability sampling is a technique in which units of the sample are selected on the basis of personal judgment and convenience (Zikmund, 2000).

In this study, the non probability sampling technique has been used. We have collected the potential companies from Eniro, the web service provider by comparing to some information obtaining from local tax agency. The respondents from the small technical consultant companies, who were willing to participated, were questioned for further recommendations about their customers given that they have better knowledge about the customers and business. Thus, the selection of study objects was based on the judgment of experienced individuals, which is in accordance with the sampling technique called judgment sampling. We also use convenience sampling technique since the time frame and economical aspects implied restrictions on the geographical area where the samples were situated. Participants in the interview process were selected based on the judgment sampling, this since it was very important to find the most suitable respondents with good knowledge about their companies; however it is not necessary CRM concept or approach.

4.3.4   Determine the sample size and characteristics

In this step the sample size is selected, implying that the number of units included in the study is selected. According to Zikmund (2000) it's difficult to determine the size of the sample, and in order to make the right decision different factors must be considered. The nature of the research is such a factor. For exploratory research, using a qualitative approach, the sample design is usually small. Limitations of money and time also influence the selection of sample size.

For this study a rather small sample size was selected. Ten small technical consultant companies were chosen, as well as five customers of these companies, and one union. The reason to why the sample size was limited is due to that it's suitable when applying a qualitative approach. Another reason is the time constraints and limitation of the interest of the target companies for this study. In the second part of the study, we have tested CRM in the sale process in one company with the attempt to understand CRM.

The companies preferred to be anonymous since the study includes information that is considered confidential.

4.3.5   Character of the participants in the research interviews

In an attempt t to answer the research questions we have decided the research in 2 parts which are

Part I : General understanding of CRM concept, awareness, implementation and/or potential benefit if apply in small consultant companies , their customers and external organisation.

Part II: Develop more understanding of CRM in one pilot company after CRM implementation.

Part I: Characteristic of the research groups

Group A: Small technical consultant companies

The ten companies interviewed in the research are ranged from one person in the company to companies with one owner and 3 employees. Their business turn over are ranged from 3-10 million SEK annually. Their core businesses are automation and/or electronic system. The operating area is mainly in Skåne, south of Sweden.

The respondents are 3 owners of the companies and 6 employees who are sale project managers and 1 employee who works as accountant.

Group B: Customers as recommended by group A

Five customer-companies were interviewed as a customer-referece. These five customers have done business with representatives from small,privately own companies on regular basis. These companies employ 20-50 employees and have turn over in the range of 50-100 million SEK annually.

The respondents are 3 project managers and 2 technical purchasing managers. All of them have closed relationship and interacting directly with the study groups on frequent basis.

The respondents have some knowledge or use CRM in their business practise and their main business areas are in Skåne.

Group C: External organisation which is chosen to be Union

Due to limited findings in the literature reviews when it comes to technical consultant area, we decided to interview an union representative who is responsible for the members of the target geographical- and business area. We chose Unionen which is the union who is specialized in organizing small, private companies in the technical sector.

Unionen has 500,000 members (499,782 according to 31/12/2009 Unionen press release) and those members are in 65,200 companies and organizations, 3200 clubs, 4,200 union representatives. 80,000 members are in management level and 35,000 members are in Tria (a cooperation between ST, SKTF och Unionen for students). Unionen has 98 collective agreement with the employers and 34 company agreements.The organisation within Unionen covers 19 regions across Sweden.

All respondents who participated in our interview have shown special interest in CRM including its technologies.

Part II: Pilot company

In order to obtain more understanding of CRM in small privately own company, we have tested CRM concept and methodology at a consult company. Together with the owner of the company we have derived the research objectives, methodology to be apply includes CRM software, measurements including work in process and end result from both business if available and customer satisfaction during implementation period.

The study objective is to observe CRM in the focus company during work in process and result of using CRM software, chosen freely by the test company itself.

By following research methodology, we have first identified the study frame which in our case is the company's sale process and sampling data, which are activities related to the pilot company's sale process. There after we are able to derive the CRM requirement as related to sale process and match the requirements with the available CRM functions. CRM software is selected by the pilot company and tested some of its functions accordingly along the sale process. Finally we completed the finding from the interviews and questionnaires with the pilot company.

The pilot company character

Pilot company is contacted and its character is observed in order to ensure the parity with the target of the study. The company has 3 employees and it is therefore classified as small company. The company is operating its business in the technical consultant business sector. It is located in South of Sweden with its business turnover approximately 4 million SEK annually. This company has 3 major customers which are also operating in Sweden. The company's service is to provide technical consultant in the automation field where the employees of the companies are working actively on the assigned active project and have direct contact with customers. None of the employees of the companies have familiarity with CRM terminology, CRM software or have used the CRM application in the past employment.

Customers of the company

Two customers out of three main customers of this pilot company are operating in the public sector participated in the process. They do have former experience with CRM concepts and applications. The companies' sizes are larger than the pilot company, in a range of 50- 100 employees. The representatives who participated in the studies are those who identified by the pilot company. They have interacted on daily business basis and have potential impact after the pilot company applies the CRM concept.

Customer relations and its interaction with the pilot company

The relations between the companies are vital as regarded by the pilot company and its customers. The communication flows actively everyday and directly during the sale and production process. The after sale process are however mixed between the active project leader who is employed by the company, the owner of the company and the representatives from the customers. This study will focus on the sale process only due to the limitation of the time and availability of the resources.

Business measurement

The pilot company uses the classic financial results as its business measurement. Therefore the relationship with customers has never been measured before as part of the company's result. In our study, we have identified customer satisfaction parameters and included the results in the company's business measurement.

CRM requirements and need for CRM functionality

The sale process in the pilot company is identified and will be presented together with CRM functionality.

As the company is comprised of 3 employees, where the owner of the company is actively working as sale manager and 2 employees are project leaders. The customers of the company contact the owner of the company as need. The company receive business from its customers by reference from the past project experiences. The communication is mainly via traditional telephone contacts and emails.

Their sale activities cover record of the contacts, past project activities, deliveries and quotations. The current access is mainly on individual record basis and paperworks. The accessibility to those database between each project leaders is limited and time consuming. The document handlings in the sale process are price lists, budgets, invoice, recent project deliveries, contact history and issues. There are often the problems in the past that the documents could not be traced given none of central data base and lower scale of internal data control.

The other requirement in sale process is to generate quotations. Most of the quotations started from the project inquiries from the customers. There are several informal meetings during pre project phrases and the kick off meeting and after sale meetings occurred during project executions. The record of those meetings are not well maintained.

As the projects are delivered outside of the company, the sale manager and project leaders needs to be able to work offline and gain access to CRM system. The sale analysis is done traditionally after the project is completed offline. Some examples of sale data are project deliveries, money due, and comparison of the deliveries to budgets. The company delivers the projects directly to customers and do not use any distributors. However the company has some partners which are also operating in the consultant segment. It is therefore important that the communications and data sharing are recorded and analysed.

The sale results are also tied up to the employees' bonus after year end. However, as the owner of the company is actively working in sale functions, therefore the defined measurements are not established in the beginning. During CRM implementation, we have defined customer satisfaction as one of the business results.

During the research definition we have developed the software selection criteria together with the pilot company. The selection is derived from the work in process what the pilot company considers as important which software needs to be able to deliver the function.

The functions which is required under sale process are

-Customer information includes contact, business area and past projects.

-Information sharing between the pilot company, partners, suppliers and customers.

The company uses another program to keep track of financial aspects such as invoice.

CRM program is to be implemented according to the predefined sale process requirements for approximately 3 months.   Pilot company chose CRM program freely and the decision is mainly economic base. In our study, the pilot company choose Kontakt® given the service provider provide free trial period and the reference from its partners who use this program earlier. The program is tested partly. The data in this part of study comes from the new inquiries receiving during the implementation period and do not reflects the existing or past projects.

The general CRM concepts and program training is provided by CRM vendor. We collect the data during CRM implementation by monthly interviews and information feedback form.

4.4 Data Collection

The next step after defining the research problem and selecting the type of research is to decide which technique for collection of data that is going to be used. In this section the different numbers of techniques will be presented, as well as the specific choice for this study.
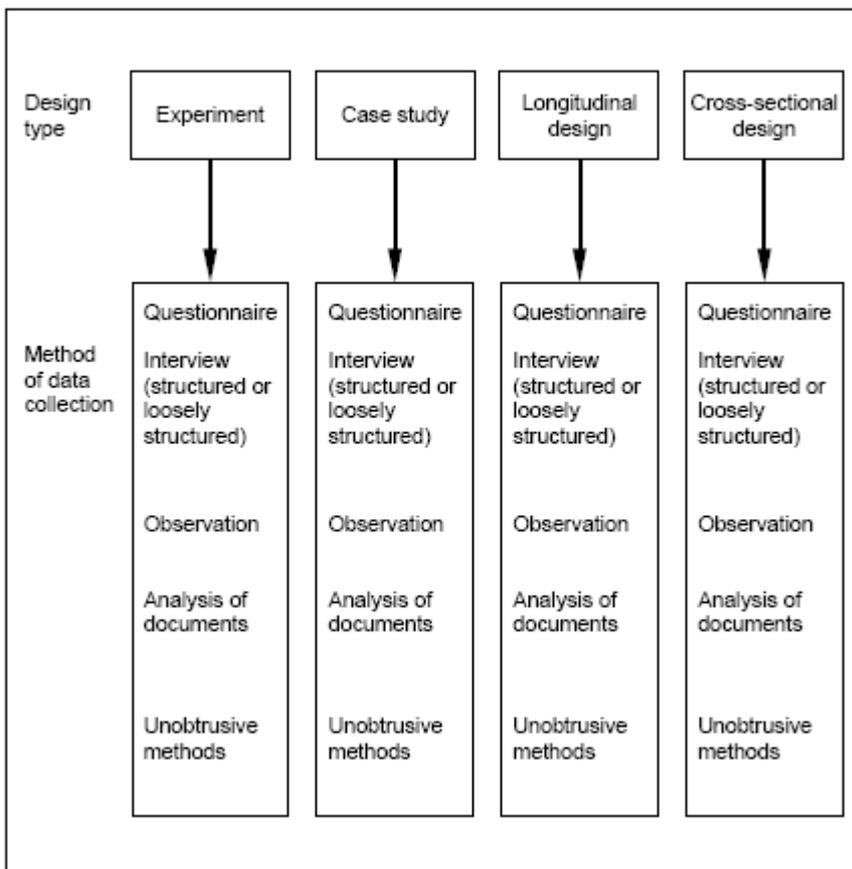

Figure 4.3: Data collection method (Zigmund, 2000)

4.4.1 Classification of Data & Data Collection Method

Data is normally classified in primary data and secondary data. Both primary and secondary data are useful for businesses but both differ from each other in various

aspects. Primary research is the data collection at first hand. It entails the use of immediate data in determining the survival of the market. The common practices to collect primary data consist of surveys, interviews and focus groups, which shows that direct relationship between potential customers and the companies. Whereas secondary research means reprocess and reuse collected information. It is an indication for betterments of the service or product (Zigmund, 2000)

In this study, both primary and secondary data has been used. The primary data was collected through interviews and questionnaires with respondents in the target companies about the study objects as well as their customers who are familiar with the CRM approach and CRM systems. In order to get basic knowledge about the study objects, the secondary data about CRM systems was collected from external sources, such as web sites of CRM suppliers and other information from the Internet.

Consequently, the information sources used in this study are documentation, questionnaires and interviews. Documentation and questionnaires was primary used to gather secondary data, while the interviews were used to gather primary data especially the specific information, which respondents may not disclose in the primary data. The interviews conducted can be considered to be of opened-ended nature. This since the interviews were performed in a conversational manner and each respondent could reply freely and remains anonymous.

When performing an interview there are several approaches to choose between, such as personal interviews, telephone interviews and electronic mails or letters.

We chose to conduct personal interviews and to imply face-to-face contact with the respondent. Telephone interviews and e-mail correspondence was also utilized to a certain extent in the beginning and afterward. Personal interviews showed to be most appropriate since the research area demands complex questions and Lengthy interviews. In addition, personal interviews offer many advantages. It allows the investigator to clarify the questions and understand what the respondents mean or struggle to explain better. The important advantage is that face-to-face interviews

provide usage of visual aids, which was utilized during the interviews conducted in this study. (Zikmund, 2000)

According to Zikmund (2000), the fast way of collecting data and the quality of the data obtained may be comparable to the data collected during personal interviews. The personal interviews conducted with 10 small technical consultant companies which has 12 chosen respondents. The reason why there were several respondents was to secure correct answers and all areas to research questions during the interview. However, the interviews cannot be considered to be of focus group kind, this since the number of participants were less and since the purpose with the group wasn't to encourage a discussion between the respondents.

Furthermore, the questionnaires were sent to the customers of the target companies to provide better understanding of CRM approach between them and the view toward suppliers with CRM strategy. There are 5 companies who are customers of the target companies who participated in the questionnaires. The interviews were scheduled after the data from the questionnaires were collected. This generates second data group in addition to the first study group.

One union is selected in order to provide information about the relationship between itself and the companies including its support. This is also to provide general input about the small technical consultants companies who are members in the bigger pictures. We have utilized the e-mail for open discussion followed by the telephone interviews.

By performing the literature study, we developed the list that provide the linkage between CRM concepts and implementation to show the study objects and discussed with them about their business practice. This involves the relations between the study group and its customers.

During part II of the study, we perform the research by using pilot study, where one company implemented CRM concept and tool. The questionnaires are collected monthly during 3 months trial period. Final interviews with each participant are conducted to conclude the result.

The procedure of the interviews

The personal interviews took place at the companies' offices. We use the data collected from the questionnaires as base and investigate further in detail of the meanings including comparing the business results.

4.6   *Data Analysis*

There are two types of analysis, the within-case analysis and the cross-case analysis (Miles & Huberman, 1994). The within-case analysis is performed within a case and the data collected will be compared to the theory included in the frame of reference. The cross-case analysis is performed between several cases in order to enhance the generalization of the data, understanding and explanation.

In this study, a within-case analysis will be conducted in the beginning where we analyze the data receiving from each group, and then a cross analysis between the companies and their customers will be performed. The within-case analysis is also conducted further in research Part II within the pilot company.

The cross-case analysis between the two groups (companies and customers) is conducted, since it is relevant to investigate if CRM and to observe CRM requirements and CRM functionality along the supply chain of the study objects.

4.7   Summary of Research Methodology

In this chapter the methodology used in the study is described. A visualization of the choice of methodology is provided in figure 23.
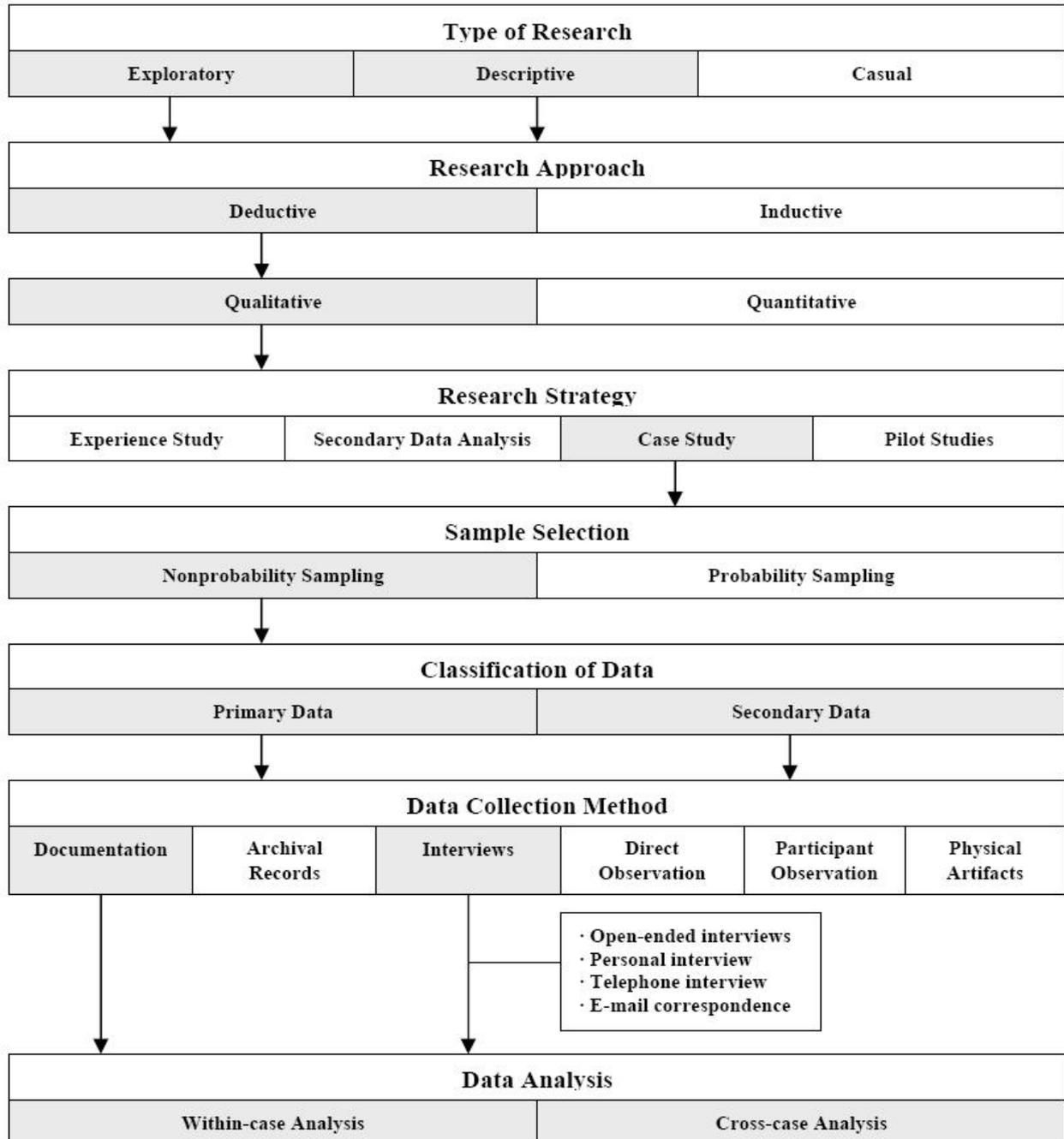

Figure 4.4: A visualization of the methodology choices (Persson, 2004)

4.8   *Methodology Problems*

We have encountered number of methodological problems during the study. The problems were of various difficulties and have affected the result and the quality of the study to a various degree.

The first problem occurred already when defining the research problem and when formulating the research questions. It is very important to make an appropriate problem definition since it has great impact on whether the result of the study will be in line with the purpose of the study. The research problem and the research questions were thereby revised several times during the study before approval.

Second problem is during data collection process to find appropriate companies in the study groups. In order to ensure that the companies were suitable, the selection has been made based on the criteria's declared in the section above, describing the defining of target population and randomly.

There are also some aspects regarding the data collection that needs to be considered. We found that most of the companies in the study group have few awareness and knowledge about CRM concept and available CRM technology. The companies' business results are traditionally measured and quantitatively. The data collected concerning research question one, "How can CRM be described?" is not yet extensive. Therefore, we are unable to compare the theories describing CRM approach. Consequently, the answer to research question number one is mainly based on the theories describing CRM, which are included in the frame of reference.

Furthermore, the data related to research question two and three in the defining CRM requirement and related CRM functionality are quite restricted, given the unclear picture of CRM requirements from the study groups which have limited knowledge about CRM.

It became clear that it is difficult to separate the concepts among the study group. The respondents are often addressed CRM functionality as CRM requirements. Thereby, these issues are treated together in the empirical chapter, as well as in the analysis,

and discussion and conclusion chapter. Since the size of the companies in the study group is relatively small and their customers are few, it is not too complicate to identify the relation between their requirement and functionality after more clarification during the interviews.

It is however quite difficult to find theories regarding research question four, "CRM contribution to company's success?". We manage to find the correlation based on CRM theories between the CRM and the company's success to a certain extent in the pilot company. All of the companies measure their business results based on traditionally financial quantitative measures, for example, turn over, profits. The assumption of the relation as we attempt to use business score card and Return on relationship as presented in the earlier chapter are mainly based on our understanding of the study group's presentation which is limited. It is therefore cannot be used as the total consumption of the result of CRM theory itself.

4.9   Criteria for Evaluating Measurements

As we attempt to evaluate the measurements as part of our study, we have followed two criteria for evaluating measurements that are reliability and validity.

4.9.1   Reliability & Validity

"The use of reliability and validity are common in quantitative research. It is however reconsidered in the qualitative research paradigm since reliability and validity are rooted in positive perspective then they should be redefined for their use in naturalistic approach" (Golafshani,2003).

Joppe (2000) defines reliability as the extent which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Validity determines whether the research truly measures that which it was intended to measure of how truthful the research results are. The validity and reliability are two factors which any qualitative researcher should be concerned about while designing a study, analyzing the results and judging the quality of the study (Patton, 2001).

As this research is designed as qualitative and we have taken reliability and validity of the data in consideration during research questions and interview process. We ensure that research questions are covered and reflected in the questionnaires and interviews. This includes multiple sources of information prior to data collections.

We selected the respondents from the study group who appeared to knowledgeable about their companies and their needs to ensure the data itself. We perform cross check process via emails and telephone after the interviews to minimize the risk of misinterpretations and loss of information. The interviews are all done in Swedish reflected the mother language of the respondents to avoid language barriers.

When making the literature review there is a risk that certain areas not are covered. Thereby I also performed an analysis of three CRM systems. This way I could increase the likelihood of covering all areas of CRM functionality and thereby develop more appropriate questions to the respondents.

To minimize risk of influencing the respondents as much as possible, first part of our research is data collection as it is relevant to CRM concept and its awareness. This includes further analysis of the result. We tailor our empirical study approach into 3 different parts.

Our first approach is involved examining a selection of CRM literature to find information that is relevant to small, privately owned companies. From this we expect to find CRM concept practice as related to their customer relations, and to see if the CRM concept is applicable in small technical consultant companies.

Our second approach is to find basic data and information on small, privately owned companies in order to explore their current and historical development. Within this method we will also contacted a union to obtain more understanding on broader view of the development of small, privately owned companies toward CRM concept, in regardless of technology applications.

The third approach is to conduct a focus-group interviews and questionnaires with companies' representatives and their customers in order to obtain inside information of how business practice between them is management today, compared to what would be entailed by applying CRM software.

The respondents, who we have conducted interviews with, are from the target companies which operates in the technical consultant sector including some representatives from their customers. By basing the interviews and questionnaires on CRM concept, we hope to be able to identify the relevance of our theoretical approach and finally obtain some answers of the main research questions.

The second part of this study examines the relationship between small, privately owned companies and their customers by following CRM work process and success factor

after deployment. The goal is to find out if there are any success factors generated in those companies who are practicing CRM concept. We are hoping to find out some recommendations for small, privately owned companies as related to customer approach in order to achieve higher success-rate in getting more projects. This includes maintaining existing customers. We attempt to link their business result to CRM practice, as part of the success factors. By examination of the business conduct especially the activities which are mainly related to their customers. These are done by interviews and analyze their business reports using Return of relationship and recommend business score card as reference.

5.   Research results

We discovered that the comprehension of CRM terminology, awareness of CRM systems, and applications in small, privately owned companies are relatively limited in the technical service industry. However, all of the companies interviewed actually practice CRM as concept to some extent, although unknowingly. It would be possible to further deployment and maximization of the concept of CRM including the technology that supports it.

As this research study comprises of 2 parts which are general study of the target company and the in dept study after trail CRM in the pilot company. Therefore we present the research result in 2 parts.

5.1   Part I Research results

The research finding is arranged according to the research questions.

5.1.1   The awareness of CRM concept and technology

The finding is centered around the awareness and CRM knowledge check and the companies' requirements toward CRM including input from their customers and union.

Small technical consultant companies

Below is the summary which is based on the answers from the representatives. Extracts from the interviews can be found under Appendix A.

None of the respondents were familiar with CRM terminology in specific. However, we discovered that the companies have focused their customer as center of interest to drive their business. There are some activities carried out in their companies, for example, regularly updating of customer database, pay regular visit to their customers

and exchanging information on a business interaction basis. Some of the companies develop customer feedbacks as part of quality improvement after closing the delivery.

Most of the respondents were experienced computer users and were using software with high complexity as related to their works. None of the respondents are applying CRM classified software in specific, but some of them have worked in the bigger companies who implement CRM software. All respondents do reply that they do not know any CRM software but some changed the answer after the interview by mentioning examples of CRM software.

Most of the respondents expected CRM to help them increase business return after further discussion about CRM concepts during the interview. They do agree that customer is driven the business chain. Thus by focusing on customers which is the heart of CRM theory sounds right.

Customers

All of the customer of the studied companies have fair awareness of CRM. Although some of CRM concept or technology were actually deployed and implement in other departments of their companies which according to them, mainly under sales and marketing, they do not see changes in their respective department much. Despite the fact ,they still expect CRM implementation in their companies to improve relations with their own customers.

The representatives thought that implementing CRM could help the small technical consultant companies, who are their suppliers to become more competitive and increasing responsiveness speed to their demands.

Union

The respondents have shown strong interest in CRM concept and potential benefit to the union's member. Unionen has plan to include CRM theory education for its member in the future. According to the respondent, the discussion among its technical based

member prior to CRM concept is not yet a wide and popular topic. They are mostly CRM technology rather than concept itself.

5.1.2 CRM requirements and functionality

The finding regarding CRM requirement and functionality that match the CRM requirements are very limited. This is the concequence of few awareness of CRM concepts in the study group. Below is the list of some of CRM requirements derives from CRM theories and mapping with the functions . We use the list as guideline to develop questionaires and interviews.

CRM Functions	CRM requirements
Account Management	- Capture company name - Capture names of Account Team members on an account - Associate multiple contacts to an account - Associate multiple opportunities to an account including future sales
Contact Management	- Capture first and last name of contacts and interest - Allow contact to be associated with an account or vice versa - Prevent unauthorize users or end users from deleting a contact
Report	The need to obtain the necessary report identified by KPI for example sales reports such as average margin per sale by salesperson. Production yield etc.

General system support	• Preferred implementation model (on-demand or hosted internally) • Connectivity requirements such as remote or station. • Availability of data for future CRM implementations and migrations • Minimum hardware requirements prior to system integrations and configurations
Support (Case and Service Order Management)	• Assign/change Priority of a Case • Allow re-assignment of a Case • Automatic notification of urgent cases • Ability to add resolutions to a Knowledge Base
Sales (Lead and Opportunity Management)	• Capture priority of Opportunity • Capture target margin • Configurable sales process • Associate multiple contacts to an opportunity • Associate multiple competitors for an opportunity
Marketing (Campaign Management)	• Associate campaigns with accounts • Track which campaigns a contact/account has responded to • Query by type of campaign (e.g. direct mail, email, trade show, event, telemarketing) • Ability to link a Campaign to an Opportunity

Table 5.1: Example of Relations of CRM functions and CRM requirements (own source)

Small technical consultant companies

Despite the fact that the study group has few awareness of CRM but they are able to identify some of their requirement and functionality that fullfil CRM requirements after discussion. These respondents were however mix the definition of CRM requirement and functionlity and often addressed CRM functionality as CRM requirement in the beginning. As the nature of their business are tehnical based, the requirements the respondent thinks of tend to be mainly CRM software and hardware base. The functions that they have listed under interviews are mostly in sale and contact management. Given the companies' size, they do not generate so much reports and tends to do it as need only. Prior to marketing management function, it appears to be quite low priority requirement as they do not have tangible products to promote. According to the, it is however mostly on the credit ability of the owner or the employees themselves. All of the respondents in the study objects are not using CRM classified software but those simpler software are still deliver their requirements. The software they use are to serve a specific requirement and not a complete solutions such as a real CRM technology. The good example is in the area of contact management when they do use some Microsoft® based program such as outlook to deliver contact management requirement, Microsoft Office® to prepare reports or a simple deliveries.

Customers

The finding under customers umbrella is mostly to discover the effect of CRM functions as related to their suppliers who are in our research focus, for instance, if the function actually deliver the requirement. All of the customers who participated in the study agreed that there are need for their suppliers such as small technical consultant companies to be able to serve their demand in timely manner and effectively. However, the only CRM requirements that mainly generate functions that serve their need are in contact management and sale management. This is quite interesting as it matches with the requirement and function focus of the study group. The study group deliver intangible products and mostly get the business order via reference or experience, which their customers do not expect such marketing campaign to promote the performance.

Union

The respondent from the selected union has some overview picture of CRM concept and technology. However, it is not generalize or emphasized among the Union employee itself. The Union as a company itself has also practiced CRM and use CRM technology. They have put their members in focus. The good example of their practices are for example call center, training and coaching and online self service which provided 24 hr access to its customers, the web space that allows each members to participate and share the information and knowledge.

5.1.3 CRM contribution to the company's business

The goal is to find out the contribution of CRM to the companies' success and relate it to some of measures suggested in the empirical study chapter.

Small technical consultant companies

We find that the study group has been using traditional business result measures which are quantitative and financial base such as sales turn over, profit after operating cost and tax. They have,however, never defined any relation based investment or any business success measure between them and their customers that generated from the relationship focus. After the interviews, we are be able to uncover that all of the respondents valued the growing customer base and see it as part of business success. However, they have never measured it in the way that related to their investment. Given the company size, all parities in the company and their customers are quite closed and interact on daily basis, the respondents do not view this as part of investment but take it as casual business interaction.

Customers

Customers of the study group value the success as delivery measurable base. This means quantity, quality and time. They do not rate sastifaction towards their suppliers and use it as a measure for the next order or projects. Some of the customers repeatly use these companies eventhough they are not that sastified due to limitation of expertise in the market. They have never considered the success of their suppliers as part of CRM concept related but do appreciate if their supplier implement CRM concept which valued them as a master driving the chain.

Union

We do not involve union's input prior to CRM requirements and functions as it is viewed as an isolate business counter part with no real business transaction to the study group.

5.1.4 External supports or inputs prior to implement CRM

The interview with union representative have showed that the interest of CRM is quite high as it is treated to help their members to better serve customers and grow in the business. The representative mentioned also the necessity in community to share the learning among the group. They do not do any special activities to encourage CRM implementation among its members. However, they have an education plan for example to provide some CRM training as on call basis. From the respondent's point of view, the interactions in exchanging CRM knowledge are relatively low and mostly CRM technology base discussion.

5.2   Part II research results

As we conduct CRM implementation in sale process of the pilot company. The owner of the company together with us has identified the company's sale process and customers. We have derived CRM requirement with CRM function including CRM concepts to be the practice guideline for the employees.The company itself provided the training and program orientation for the employees with support from CRM vendor. The employees are encouraged to practice CRM concept and at the same time try to utilize the program. During the process, the employee started to record as much as possible about the effectiveness and their perceptions during implementation process. The study took approximately 3 months. The interview and questionnaires during the study are available in the Appendix D.

We have present the research results by organized them according to the research questions.

5.2.1   CRM concept awareness and technology

All of the employees have no experience in CRM thoery and awareness of CRM technology. However, after training provided, they are able to related CRM concept to their work in reality such as customers are important and are the driver of their business. CRM technology is not relatively important according to them as there are some smaller software that are available and support their daily need. Some features in CRM technology are mainly for larger companies with physical products to offer for example inventory which is in their case considered as unneccessary. CRM concept in their opinions are not new and it is considered a normal business sense rather than theory. They also feedback that CRM concept displayed more of the marketing approach but it seems to be focused more on technology rather than vitual core concept in reality. As the company is small and do not have tangible products to offer, rather service, all of employess have direct contact with customers. So they feel that they have already been practicing CRM without knowing it. They do agree that it is useful in larger companies to emphasize on CRM as they have more personnels who work in the back operation and do not have direct contact with customer.   Therefore, those personnels

may not fully understand that it is customer who drive the business and they do not conduct their work related activities promptly according to customers' need.

CRM technology is however helpful but it is viewed as database. One of the employess mentioned that CRM comprised of various database that integrated which will be more value for money for larger company, which need to integrated with customers. In technical consultant companies, they share most of the data which are project related information and they are stored on individual basis. The movement of the data is not vigorous and there is no need to be exact at real time. The integration with suppliers are also happened in the same pattern and the regular software is sufficient enough.

They also observed that CRM is most applicable in small or large companies with tangible products where there are higher level of movement products and the integration of customers' insight information is a must. In their business, there are none of the real need to study customers' behavior pattern such as Purchasing habbit.

5.2.2   CRM requirements and functionalities

Together with the pilot company we have identified CRM requirements and functionality in sale process.

   a)   Customer information such as past projects, orders which is classified as in Account management feature

   b)   Customers and suppliers contact and past record communication as in Contact management feature

   c)   Resource planing and future projects as in Opportunity management feature.

   d)   No need to understand customer perference or purchasing habit, therefore they do not need Survey Management feature

e) Customer Service is mainly activiated via traditional telephone of email and there are not necessary to have call center for small business. However they do agree that it might be better to have one single center to accept all the projects deliveries and records all the activities.

During the implementation of CRM concepts and testing the software, the employees of the pilot company have received the support from CRM vendor. Their feedbacks after using CRM software are summarized as following

a) Affectivity in information sharing between each employees for active projects and relative past projects has been improved.
b) Better track of interaction activities between customers and the project leaders and easier to get access to.
c) Faster and easier to response to customers' inquiries.
d) Save database cost from individual to central.

However, they do not use the full feature such as inventory, customer call service and market & sale tools such as email list.

CRM results from the owner of the company after utilize the concept and the programs are

a) CRM concept is not only for sale but for everyone who interact with customers in business.
b) CRM program should not cost much and the company should be able to purchase CRM program by functions base. As the company is small and operates in the technical consultant segments where no inventories or marketing tool need and it is therefore unnecessary to purchase the complete program.
c) There are cost saving from times and data base as related to data sharing in the company.
d) The company has already practiced CRM concept even though they have not been properly trained. CRM in the owner's thought was viewed as program oriented sale tool rather than theory in the past.

e) As most of the feather that they need in the company can be found in the regular office software so it is not worth to invest in CRM program. However it will be considered if the company start to sell some tangible products as they will need more interactive feature with customers such as inventory, sales update.

5.2.3 CRM contribution to company's business

The employees are struggling in the first month as they feel that many information need to be recorded and how to measure CRM results as part of company's business result. Pilot company decide to use customer satisfaction survey to get feedback from their customers. Those customers are not aware of the implementation of CRM in order to have neutral feed back as much as possible. Customer satisfaction questionaires are developped based on the business measures that covers 3 areas in sale process which are sales, communications and after sale -problem solving. These questionaires are sent to 2 major customers who are directly contact with the employees of the pilot company. The results are summarized as below

Company A: 100 + employees and operates in public sector.

The respresentant from Company A has background in Engineer and work as project manager. He has experience in using CRM program.

Results:

Sale:

    a. Responsiveness has been improved. The pilot company can provide quotation faster and more effective.

    b. The team's ownership in the company seems to be increased. The project leader from the pilot company has shown more enthusiasm to improve in different areas and acts more like sale manager, than just to deliver projects.

Communication: The pilot company seems to have better control of past and present projects as the project leader response to the request promtly.

After sale/Problem solvings: Do not see any differences.

Company B: 23 employess in technical consultant service in Skåne.

The respresentant from Company B has background in Engineer and business administration. He currently work as project manager. He has experience in using CRM program.

Sale: the pilot company can provide quotation faster and more effective eventhough the proejct leader is changed from previous.

Communication: Do not see any differences.

After sale/Problem solvings: Do not see any differences but suggest to have call center as internal organization can easily contact in case the project owner of the pilot company is unavailable.

Return on Relations

We attempted to identify the return on relations as an addition to customer satisfaction rate. The return on relations is derived from the investment spending for CRM activities compared to the cost of orignal system. The investment in the pilot company is mostly cost of personnels' time spending in registering and updating the data in the central data base instead of the individual ones, the time consuming in responding to customers' demand such as quotations and problems. The cost of the CRM tool in our pilot study is actually free during the trail period but we use the normal cost that would incur as if they are purchasing the new one.

The return of relations is derived from differential in Return on investment (ROI) during non CRM and CRM period.

$$ROI = \frac{(Gain\ from\ Investment\ -\ Cost\ of\ Investment)}{Cost\ of\ Investment}$$

Gain from Investment as related to CRM implementation is difficult to measured during short period as the company do not gain any new or more business from customers during the study period. So instead of using business turn over by comparing to the pre CRM period, we use customers satisfaction survey by rating 1-4(not satisfied to consistent exceeded) .   The result showed that during non CRM period, the customer satisfaction is at 75% and during CRM period is at 85%. Differential is around 10% positive in gain from investment.

Cost of invesment is calculated based on CRM program cost compared to the normal program which company is using. In this calculation, we made an assumption that the time spend of the employees in recording data in CRM program is relatively the same, regardless of new software. The time spend in responding to customers could not be calculated as there were no significant recorded time spent that can be linked to CRM implementation during our study. The cost of CRM tool is more than double as compared to the regular software such as office which the pilot company is using.

Therefore the differential is 100% in higher cost from non CRM period

Therefore, we derived rate of return by compared to the differencial of Rate of investment during non CRM and CRM period as

ROR= (10-100) / 100 = -0.90

As the result it shows the negative in return in this particular study.

However, if we derived the cost of CRM functions that is used in the study as the company does not utilize all of the available features. The cost of CRM tool is nearly the same as normal software, only 12% higher. Note that this cost is estimate and with

the assumption that every features cost is equal, which means no feature that costs more than the others. CRM vendor may sell particular functions in higher rate than the others.

This gives ROR= (10-12)/12= -0.17

The result shows better return in investment as related to relations in this study.

This formula is derived from our standing in calculating ROI in an attempt to display the quantitive return in investment as related to CRM implementation in our pilot study. Therefore this formula should be studied and evaluated further in longer period to verify its applicability. Based on our research theory, it takes more than a year in order to idenfity the result. Therefore, the result in our study group as shown above is mainly to disply some rational in quantitative measurement during CRM study only.

6.   Analysis

We analyzed the research result from our questionnaires, interviews and detail discussion with participated companies by comparing the findings to the available information, which are available from the previous literature review.

6.1   CRM concept awareness and implementation analysis

None of the companies in our interviews can describe the terminology 'CRM' and its structure or achitecture exactly, but some are aware of CRM concept in general during further discussions in the interviews. Given their practicing in holding customers as center in business including performs necessary tasks to fulfill the given goal by their customers; they have satisfied their customers and accomplished long term relationships afterwards. The long term relationship is considered to be one of success factor in their businesses despite that it does not calculated in these companies' finanical measures. These companies practices some of CRM concept in regardless of the methodology or technology used. .

We have analyzed that there is however a need to apply some software in proceeding and deploying CRM concept but not necessary a full feature of CRM software. Base on our research ,there are growing number of CRM for small companies in the market during the last decades. These reflects the interest of the market as well as the growing demand as CRM know-how in the small companies has been increasing. The nature of service business sector enables these small, privately owned companies to practice CRM concept without too much of difficulties. This is generally because of their flexibilities and less complexed work in process given the companies' size themselves. Their customers are the ones who drive the business direction and processes. These companies tailor their service according to their customers' need. Without knowingly, they have put their customers as centric of the business process and practised CRM core concept.

Literature review states that most of large companies that implementing CRM have gained some benefit from doing so. Nothing in the previous review states that the turnout should be lower for smaller companies. The cost of CRM software aimed at small companies has also declined in the last years so the financial cost of implementing CRM software is also declining. This may attract some small companies who are on the way to grow bigger and have some interest or need of software to entertain more complex operation in the future.

Most of the respondents in the study objects in the interviews were also experienced users in various technical software, therefore it is unlikely to have any problems to implement CRM software in their companies. However, the implementation of CRM software system asides from the concept itself is still a question. The concern is for example if CRM software would help in increasing their business turnover, improving customer relations and especially, if it is cost effective investment. There are increasing availibilty of many general software that can deliver specifc CRM requirements for the company that has relatively simple and low degree of operation complexity.

Most of the respondents from customer side are in operation and technical department and they do not directly interact with their own customers themselves. According to them, CRM are viewed as sale and marketing tools, rather than a customer concept for total company. They too have quite limitation in CRM experience but still have positive view of CRM as a necessary concept for their technical counterpart who are their suppliers.

6.2   CRM impact to business results

Our research to understand CRM contribution in small technical consultant companies is partly valid,eventhough we are unable to directly calculate exact results by using ROI as base. We have achieved to identify some activities which are related to customers based on CRM concept to some of the business result of the study group.. The results are rather exploratory and cannot take into the final conclusion of CRM implementation. This mainly due to all of the companies in the study group do not have experience in implement CRM nor using CRM classificerad technology. Nevertheless, all of the

representatives of the interviewed companies as well as their customers assume that small, technical consultant companies could benefit from applying CRM concept in their business,in regardless of what technology used.

It is also,quite invalidate to concludes that CRM concept plays major part in company's success in this case study. This mainly due to most of the representatives are not familiar or fully deploying CRM concept or pracitce CRM processes in their business interactions and the pilot company implemented CRM in sale process only.

Based on some of their business report, the turnover and new customer segments are growing despite the know-how of CRM or CRM technology. The problem dealt with existing customers are not fully recorded and the loss of business financial result cannot fully linked to the fact that they are practicing some of CRM concept or not. We can however obtain an exploratial idea on Return on relations from the pilot company which turns out to be negative if they were to buy the actual CRM software. From the presented data, we have discovered that it takes longer period where the return result will show positive. It appears that the return results will generate faster positive result in investment on bigger business scale with more complex processes and with tangible products. This we suspect that it is mainly due to the larger scale of relations between people. The more involvements/tasks in business activities, the more impact CRM will generate.

6.3   CRM technology as related to CRM concept implementation

Our analysis also reveals that CRM concept is a classical modernized marketing and sales concept which holds end user, in this case a customer as the center and conductor of the entire business process. CRM shifts the company's focus from product to customers who have various demands instead. CRM parameters and process in the CRM theory, including CRM software are mainly structured to accommodate its core idea. Example shows in this research group where they apply CRM concept partly without understanding the theory completely or using any special CRM software. These small, privately own companies are in service sector which are by nature of the

business do not have any specific tangible products, rather than they tailor their service to serve customers. Unknowingly these companies have been practicing CRM concept.

Base on our research, companies who are interested in deploying CRM should maintain the core idea and consider CRM concept as way to proceed. They do have choice to apply CRM software as needed. Thus, technology helps smooth the operation including keeping the data and transaction record when the CRM process involves high amount of data, work processes and broader involvement including external organization and companies.

Misleading in interpreting CRM as technology driven methodology will result in waste of time and capital investment as states in previous literature review and from this research. It may be difficult to calculate CRM deployment as return of investment in the technical service consultant segments where knowledge is the key product. However, given the interview results that show positive trend in applying CRM concept even partly in those focus groups, we encourage the small technical consultant companies to continue practicing the concepts and look further for future, simpler CRM software application, which may be useful for further business expansion. As CRM software become cheaper over time the developers of CRM software will probably focus more on the small companies.

7.   Conclusion

In this chapter the research questions of this study will be answered by discussing the empirical findings. This includes an evaluation of the study and recommendations.

Suitability of the study

Based on the empirical findings, the small technical consultant companies selected in our research can be considered as partly suitable, as they reflect the realization of CRM concept without direct knowledge to a certain extent. This is despites of the difficulties to directly defining CRM benefit to company's success and calculate the potential return due to the lack of in house business measures and historical records as related to their practice toward customers. Since the needs of the study objects that are interesting and explorative, the fact that they are not fully implement CRM but partly is evaluated as minimum effect.

7.1   Research question one: CRM description

CRM is not just a technology but rather a comprehensive, customer-centric approach to an organization's philosophy of dealing with its customers. This includes policies and processes, front-of-house customer service, employee training, marketing, systems and information management. Hence, it is important that any CRM implementation considerations stretch beyond technology toward the broader organizational requirements.

A CRM sysstem implies that customer interactions are managed more efficiently and easily. With CRM knowledge the users can differentiated the management of customer relationships and maximize the value outcome of the interaction. Even though the data collected from the research group shows that they have quite limited knowledge toward CRM and view CRM as database technology rather than the business strategy. This reflects that the companies are in the early stage of CRM development and need further education if they were to implement CRM successfully. None of the companies are

using a centerlize database,unlike some of their customers. This implies that they deal with the problems on individual basis and low information sharing within the companies and results in confusion or longer time in responding to the customers when ones are on leave. This confirms the importance of having integrated customer data which was emphasized in theory.

Benefit from CRM

Companies can gain many benefits from applying CRM. Below are most common examples given by Swift (2001)

- Higher customer profitability

- Increased customer retention and loyalty

- Lower cost of operation in dealing with problems

- Reduced cost of sales

According to Bose(2002) there are some companies that are more likely to benefit from CRM than others. The characteristic of the companies who are most likely to benefit from applying CRM are for example

- Differentiated needs

- Close customer relationships

- High accumation of customer data

Whereas the characteristic of the companies who are unlikely to benefit from applying CRM are for example

- Identical customer needs

- High customer turnover

- Few contact with customers

7.2   *Research question two: CRM awareness*

As most of the study objects do not familiar with CRM terminology or specific CRM technologies, they are however applying CRM concept partly. Their view of organization and related to customer and CRM implementation are similar. The characteristic of these small technical consultant companies are mixed or the characteristic given by Bose(2002) as they have need to have close relationships with customers but the accumulation of customer data are relatively low but with high differentiations. They have a process-oriented view of organization according to the theory where all the interaction driven toward customers as centric chain.

7.3   *Research question three: CRM requirement and functionality*

Our analysis from the research reveals that CRM core ideas are contributed to small technical consultant companies' success regardless of type of software applied. Technology is needed in order to help implement CRM process in a more complex business process, but it's not the driver of CRM nor the solution and business success. CRM plays important role in small, technical consultant companies despite redundant of practicing its concept and software. This could cause by the nature of service segment itself, where customers have different needs. Therefore it is easier and practical for these companies to apply CRM in their business where customer is held as center for business drive.

The finding shows that the need of CRM functionality is centered on sale and service process of this study group. The CRM functionality includes Sale Force Automation and Customer service & Support. This is because the information exchange between the Sales, Order, Production and Service function needs to be supported. It is quite unique in the study group and most of many interactions are executed by one or two persons and the tasks are carried out simultaneously. The marketing activities in the study group are relative low and CRM feature in this particular subject is therefore kept at minimum.

7.4   Research question four Design of CRM system and CRM as success factor

From our study we can draw conclusions from how CRM system should be designed and how to measure the CRM result as contributed to business success. The means that the need of CRM functionality identified in the empirical findings is connected across the company business process of the study group.

The business process of the study group is relatively simple and responsive. The inquiries from customers are mainly centered in non productive products form, meaning only consultant knowledge to execute certain projects, or add on product where customers buying both knowledge and products in same projects. CRM feature such as Sale Force Automation can be implemented in form of order taking, record of past project deliveries, project execution records and product price update from their suppliers. Additional feature that can be implemented are for example customer data records, past project problems solution records, contact management.

Thus the measurements of CRM implementation can be derived from company's business measure and identify the CRM related activities based on those measures. Given that the study group are not fully implement CRM and do not have complete record of customer relation activities based, we are unable to conclude the validity of the CRM as success factor in this study group. This is including quantifying CRM result into popular CRM measures as introducing in the theory and empirical study chapter.

However, we derive the CRM based activities in this study group as related to business measure as below.

Business measure	CRM base activities in the study group
Turn over	-Regular meeting with customers despite projects or not -Maintain networking among consultant groups -Provide external education to customers during projects and after -Instant response in providing consultancy as requested by customers -Actively working as sub contract under bigger consultant companies providing networking and maintaining good delivery records
Profit after tax and operating cost	-Reduce operation cost by utilize customer forecast database on projects. -Allocate resource sharing with partner in same consultant business. -Hire in extern consultants on project basis with customers

Table 7.1: Business measure and examples of CRM based activities in study group.

Further research

Based on the research interviews, questionaires and some data retrieved from internet by practicing CRM core concept eventhough without fully awareness or complete understanding of CRM theory; those companies enjoy better relations with their

customers that generate smooth business operations and potential long term partnership as return. In order to find out in dept if small, technical consultant companies in service sector would enjoy the real benefit of deploying CRM concept and available technology in the market; CRM full testing in the company in this technical consultant segment should be explore further. It is so far that those small companies mentioned in the research are not willing to fully deploy CRM concept or not investing in completed CRM software.

7.5 Evaluation of the study

The data collection regarding CRM concept awareness, functionality and requirement proved to be more complicated than expected. Since all of the companies in the study group have not yet implemented CRM in full except the pilot company who tried CRM in their sale process. Most of the details of work in process records especially customer related information is kept at minimum level and on individual basis. It is also proved to be hard to find literature that describes CRM functionality and to measure CRM at detail level in this particular small technical consultant segment. Apart of these aspects, the data are collected via detail discussion in the interviews which reflect some pictures of CRM implementation in these small technical consultant companies.

The quality of the research would have been further improved if there are small technical consultant companies who have already implemented CRM and/or utilize CRM technology participate in the study group or fully deploy CRM in their companies in longer period. This means they would have more experience and be able to provide more accurate feedback. However, some input from their customers and union in broader aspects and the small study in sale process in the pilot company have enable us to acquire some information to insight of CRM in this segment.

7.6   *Recommendation*

After examining our interview results and information available to the public, we recommend the following approach to help small technical consultant companies by applying parts of the CRM concept and tools.

We find that small, technical consultant companies could benefit from applying CRM concepts, although some CRM technology, such as software, might be too complicated, expensive and unnecessary. There are new budget software are available on the market and can deliver some of CRM features. This implies that price issue and complexity of software to deploy are likely to decrease. Thus, companies need to understand the need in CRM implementation first and be selective in processes and software after decision to deploy CRM has been made and communicated throughout the company.

A successful CRM strategy cannot be implemented successfully by just simply installing a software package and it will not happen overnight. Changes must occur at all levels, including policies and processes: front-house customer service, employee training, marketing, systems and information management. All aspects of the business must be become customer-driven.

In the case of the small technical consultant companies in this thesis, which most likely to have one or maximum four persons running the company and no complex organization level, CRM can be applied faster. However, we recommend studying CRM theory in order to fully understand which parts of CRM and its technology ,that are best fit for the company and its business model.

Implementing a CRM concept from the start may help the company. However, the company's staff does require sufficient training and proficiency to apply CRM effectively.

To deploy fully-featured software suites or streamlined–and easier to use– packages

There are limit budgets to invest in an advanced, expensive and unnecessary technology in the small technical consultant companies for example those in our study. The limitation in personnel is shown to be another issue in implementing CRM. However, most companies have in house technology and simple software that suffices to implement the concept of CRM even though their systems may be not fully integrated.

It is noticeable in every market sectors that the emergence of the Internet has revolutionized the business environment for small companies. Online newsletters, web driven marketing resources, and even the ability to conduct e-commerce have all been factors that have changed the SMB marketplace. The Internet has launched new resources for conducting business, yet it has also meant that a small company may be supporting a much larger base of new and potential customers than ever before. The Internet has both changed the face of the CRM tools available for a small business customer and the very nature of the customer relationships the business needs to support (Dave Brown, Expert's Bio, 2007).

The answer of which technology to be applied after CRM concept is planed to be implemented is therefore not vital as the understanding of CRM concept itself among the personnels of the company.

Manage relationships with customers is a key

The concept of CRM focuses on the customer as the main player; therefore small companies should look at their overall business portfolio and allocate resources accordingly to the defined work in process. It is recommend to avoid unnecessary tools or processes that create costs rather than end-user value and to obtain regular feedback from customers to fulfill their future demands better and effectively.

Several CRM tactics can be applied, such as personalizing meetings and using up-to-date software. For example, one can use online software so that customers gain access to material inventories.

The company's employees should be trained in their social skills, especially people who interact with customers on a daily basis even though they are not actively working in

sale function. Base on our study, it appears that most of employees in this small technical consultant segment have background in technical and the communication skills are regarded as not important. A lack of social skills could lead to failure in the future, such as missing insight information prior to project quotations. Communication with customers and suppliers should be handled in a professional way and recorded where the accessibility to the database must be efficient. It is also important that this practice occurs in two-way communication between customers, the technical consultant company and suppliers. As competitors are sometimes customers in the future so it is also crucial to maintain the market record and sale history well.

Our study have shown that in regardless of which CRM technology to be applied, the company's interest should focus on its customers. From the pilot study, the customers noticed the positive change as factor to continue the business, and as customers drive the business so the change in response their need will generate impact to the company's business results.

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Appendix A – Interviews Part I

I – Interviews with small companies

Below is a selection of replies from the research questionnaire.

10 companies were interviewed.

1   Do you know what CRM is?

Answer	Amount
Yes	0
No	10

2   CRM means Customer Relationship Management, have you ever heard that expression?

Answer	Amount
Yes	3
No	7

3   How do you maintain relations with customers?

Answer	Amount
No active maintenance, customers just call when they need my help.	4
Call or e-mail customers occasionally.	5
Call or e-mail customers on a regular basis.	1
Visit existing customers.	0

4   Do you send any market letters or other information letters to the customers?

Answer	Amount
No.	2
Basic, such as Christmas cards.	7
News-letter by post or e-mail occasionally.	1
News-letter by post or e-mail on a regular basis..	0

5   CRM includes customer registers etc. Do you use software for this?

Answer	Amount
Use an address-book to store addresses.	0
Use accounting-software to store address-information etc.	2
Use e-mail software to store address-information etc.	6
Use other software, such as Excel or Access, to store information.	2
Use a real CRM system.	0

6   CRM includes customer contact and customer support management. Do you use software for this?

Answer	Amount
Let my customers keep track of my services as we go.	2
Use accounting software to store information.	4
Use e-mail software with calendarto store information.	1
Use other software, such as Excel or a Access, to store information.	3
Use a real CRM system.	0

7   Do you use an accounting software?

Answer	Amount
No, accountant handles my accounting.	2
Use other software, such as Excel or Access, for accounting.	2
Use an accounting software suitable for small companies.	5
Use a full-size accounting software.	1

8   Do you consider yourself an experiences computer user?

Answer	Amount
No, I just use computers to some extent.	1
I use computers quite a lot.	3
Yes, I am an experienced user.	6

9   Do you think it would be difficult to handle a CRM software?

Answer	Amount
Yes.	1
Probably not more difficult than other software I use.	4
No.	5

10   Do you know any CRM software suitable for smaller companies available on the market?

Answer	Amount
Yes.	0
I think so.	2
No.	8

- -

11   Do you receive any market letters or other information letters from you suppliers?

Answer	Amount
No.	2
Yes, a few-	4
Yes, from most of them.	4

12   Do you think your suppliers use CRM software?

Answer	Amount
No.	1
Yes, a few-	2
Yes, most of them.	7

- -

13   Do you stay with old customers or work with different customers?

Answer	Amount
Mainly stay with a existing customers.	3
Got a few existing customers and get 1-2 new customers every year.	5
Mainly work with new customers.	2

14   How do you attract new customers?

Answer	Amount
Do not try to attract new customers.	2
By active marketing.	3
By reputation.	5

15   Could CRM help you in getting more clients?

Answer	Amount
Probably not.	1
Probably.	3
Definitely, it would help keep track of which new customers that has been contacted already fo example.	6

16   How much of the weekly working time in the company is spent on marketing?

Answer	Amount
< 2,5% (1h/person)	3
2,5 - 5%	6
> 5%	1

17   How would implementation of a CRM system affect marketing?

Answer	Amount
Would not affect it.	2
It would just cost more time.	2
It would help us save time on marketing.	1
It would probably cost more time in the beginning but we would benefit from it later.	5

- -

18   How many of larger companies use CRM do you think?

Answer	Amount
A majority.	9
About half.	1
A minority.	0

19   How many of smaller companies use CRM?

Answer	Amount
A majority.	0
About half.	3
A minority.	7

20   Is CRM something that small, privately owned companies and small companies should focus more on?

Answer	Amount
Definitely, they would benefit from it.	8
Yes, to some extent.	2
No.	0

- -

21   Why did you decide to start your own company?

Answer	Amount
I was unemployed and could not find another job.	1
My former employer was in a bad financial situation and I was at risk of losing my job.	2
Bad management at my former job.	2
Opportunity, market need.	3
Just wanted to be my own boss.	2

22   What are the reasons that cause others decide to start a new company, do you think?

Answer	Amount
Unemployed and could not find another job.	1
Former employer was in a bad financial situation.	0
Bad management at my former job.	1
Opportunity, market need.	3
Just wanted to be their own boss.	5

II – Interviews with customers Part I

Below is a selection of replies to the research questionnaire.

5 companies interviewed.

1   Does your company use technical consultants?

Answer	Amount
Yes.	5
No.	0

2   Does your company use technical small, privately owned companies?

Answer	Amount
No, we just use larger consultant companies.	0
Yes, we use larger and small consultant companies.	1
Yes, we only small consultant companies.	4

3   How did the company get in touch with the technical small, privately owned companies?

Answer	Amount
Used to be employed here.	3
By recommendation.	1
By active marketing from their side.	0
They were subcontractors in a project and did a good job.	1

4   **How do you think small, privately owned companies normally get their projects from a company?**

Answer	Amount
Used to be employed there.	3
By recommendation.	0
By active marketing from their side.	0
They were subcontractors in a project and did a good job.	2

5   **Which three criteria are the most important when a customer choose a technical consultant.**

Answer	Amount
Experience in the field	5
Education	0
Social skills	2
Knowledge about/experience with the consultant firm	0
Price	0
Former experience of the consultant	5
Recommendation from other person	3

6   **Do you know what CRM is?**

Answer	Amount
Yes	1
No	4

7   **Does your company use a CRM system? Please ask the marketing department.**

Answer	Amount
Yes	4
No	1

7b **If the company is using a CRM system, is it implemented throughout the whole company or just in sales/service departments?**

Answer	Amount
Throughout the company.	1
Only sales/service.	3

8 **Do you know the name of any CRM software?**

Answer	Amount
Yes	0
No	5

9 **Could the small consultant firms that you contract benefit from applying a CRM system?**

Answer	Amount
Yes	5
No	0

10 **What would be the benefit?**

Answer	Amount
It would help us when we are in contact with the consultant company and our usual contact is unavailable. Easy questions regarding invoices, quotes etc could probably be handled by anyone in the company if they had a CRM system.	2
Sometimes it is unclear what has been quoted, and by whom, in the consultant company. A CRM system or a managed database would help.	1
It would help the consultant firm to set the same price for similar serviced and material. We get invoiced different sums depending on different contact persons.	2

Appendix B – Union reference

I – Interview with a union

Below is a selection of replies from the Union focus group.

1 **How many small, privately owned companies are there in Sweden?**

A: About 440 000, but some of these counted are actually employed by the spouse running the company. Many of these companies are also run as a hobby parallel with having an employment in another company.

2 **Is this number increasing or decreasing?**

A: The amount of new companies increases a little every year, but the amount of people in age 18-65 is increasing more, so the net is that the amount of companies compared to amount of adults is decreasing. The average age of small, privately owned companies' owners is quite high as well which will lead to many retirements in the coming years. Another alarming fact is that only about 10% of new companies actually create work. 90% just take a piece of another companies´ business.

3 **Is it getting more common to contract a small, privately owned companies rather than employing a person?**

A: My subjective answer is yes.

4   **How do you think small, privately owned companies normally get their projects from customers?**

A   Small, privately owned companies is a former employee.

B   Small, privately owned companies had some business with the customer before.

C   Small, privately owned companies was never in contact with the customer before, got the project through an advertisement or marketing.

A: I would say B is more common, then A and C.

5   **Which criteria are most important when a customer choose a technical consultant (small, privately owned companies or employed)?**

A   Experience in the field

B   Education

C   Social skills

D   Knowledge about/experience with the consultant firm

E   Price

F   Former experience of the consultant

G   Recommendation from other person

A: I would say F is most important, A, G, D, B, E and finally C.

6   **Does small, privately owned companies spend enough time and money on marketing?**

A: No, they need to spend more.

7   **What do you know about CRM? Is this an area small, privately owned companies should focus more on?**

A: CRM is an area focusing on customer-handling and –identification. We provide a service where small, privately owned companies can get help with marketing for example.

Appendix C - Interviews and Questionaires Part II

Questionnaires (Monthly feedback)

CRM concept awareness

1. **What is CRM learning during your daily work?**

    Employee A: To pay more attention at customers by trying to serve their needs more effectively.

    Employee B: CRM concept is not only suitable for the person who has direct contact with customers but the persons in the back office should also have customer minded in practice as well.

    Employee C: Since all of activities are to serve customers so I do not anticipate any further learning.

2. **Is there any conflict or difficulties applying CRM?**

    Employee A: No. It is same as before but the mindset is clearly more focus
    .
    Employee B: Difficulties is not about applying concept but to record the activities in tool takes times.

    Employee C: No, I foresee some difficulties for some people who work in back office as they do not have direct experience so they might have hard time to relate the concept to real life.

CRM tool

1. How do you see CRM based program compared to the traditional program?

   Employee A: Not much different. Good thing is it is central and everyone has access to.

   Employee B: Yes. It will be more different if we sell products and have to have control over inventory and customers transactions.

   Employee C: Yes. A traditional office program we used are simple and not only to serve CRM purpose. It is yet dublicate the work as I also still save my data on personal need. Some data that are stored in CRM database are for general sharing purpose. It is good to have central database in case some are on leave and customers need those specific datas.

2. Do you have any difficulties in using the tool?

   Employee A: No Very easy to use

   Employee B: No.

   Employee C: Only in the beginning but after using it for a while then it is not difficult.

3. Would you continue using the tool after the project completion?

   Employee A: Yes but only as need to share the data with colleagues.

   Employee B: Not sure as the feature I need is the same as normal office software.

   Employee C: Not sure as the cost will drive the company cost up and it is still unnecessary. It might be an option to buy a server where everyone can save the information on and easier access.

Interview questions

1. Can you describe CRM concept and how it will impact your work?

   Employee A: CRM concept is mainly focus all activities that drive toward customers. It impacts my work as I have direct contact with customers and the conducts reflect the future business.

   Employee B: CRM concept is general sale and marketing idea where the customers are put in the center. I personally have direct contact with customers and can see the relations in the concept. It however changes my mindset a bit when I perform my work together with customers. It reminds me to actually put extra afford to serve them. Otherwise, I don't see any major difference.

   Employee C: Not much change in how I conduct my work. The concept is general. It seems that the software that developed after the concept is more important.

2. How do find CRM program which is implemented in the company?

   Employee A: Good enough but we don't use all of the features.

   Employee B: Good but too expensive if we were to use it.

   Employee C: Good for recording but not sure about the cost. In my opinion, it is best fit the companies with selling products than consults services.

3. Do you see and benefit or any opportunities to improve for the company after implement CRM?

Employee A: I foresee the future benefit where we start to sell some spare part products asides from only being consult company. The opportunity is in the area of data base which is good to have it as central so everyone can get access to and use it as reference.

Employee B: I think CRM is for everyone and not only sale or marketing people. It could be misleading as only database or recording purpose.

Employee C: Definitely for the concept but the cost of the program can be too expensive to invest as compared to a regular one for the consultant company. It will be better if we can buy some feature only.

Appendix D - Customer satisfactions questionaires

The below questionaires were extracted from external source(toolbox.com) and adapted by the pilot company.

A scale of 1-4 is applied from Less than promised-1 to Consistently more-4

1. Did the project deliver the RESULTS and the QUALITY that were promised?			
Less than promised	As expected	More than expected	Consistently more
1a. Were key project deadlines met with a "whatever it takes" attitude?			
Less than promised	As expected	More than expected	Consistently more
1b. Was day to day discipline and direction provided in regards to approach, scope and schedule?			
Less than promised	As expected	More than expected	Consistently more
1c. Did the project team produce as well as guide; be total team players and focus on delivering results?			
Less than promised	As expected	More than expected	Consistently more
2. The project PROCESS (approach, communication, and staffing) was:			
Less than desirable	Met expectations	Exceeded expectations	Consistently exceeded
2a. Was there open, honest and timely communications, with no surprises, acting as one project team?			

Less than promised	Met expectations	Exceeded expectations	Consistently exceeded

2b. Were the right personnel assigned consistently throughout the project life-cycle?

Less than promised	Met expectations	Exceeded expectations	Consistently exceeded

2c. Did the project team bring an outside perspective to bear, and also demonstrate creative and flexible approaches in meeting project objectives?

Less than promised	Met expectations	Exceeded expectations	Consistently exceeded

2d. Did the project team listen, learn, and then execute an approach to solve business problems?

Less than promised	Met expectations	Exceeded expectations	Consistently exceeded

3. The OVERALL SERVICE for the project was:

Less than desirable	Met expectations	Exceeded expectations	Consistently exceeded

Both customers of the pilot group have rated the results as almost the same where the delivery exceeded the expectations even pre CRM period.

The change will reflect in both answers from the two customers in 2d where it moved from met expectation to exceeded expectations during CRM implementation period.