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The Implementation Puzzle of CRM Systems in Knowledge-Based Organizations

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ABSTRACT

Many companies have large expectations to the use of CRM systems, expecting to harvest benefits from dialogue marketing and internal knowledge synergies. How should these systems be implemented? And how easy do the benefits come? The high failure rate of CRM projects illustrates the gap between our intentions and outcomes. Interpreting a longitudinal case study and the research literature, we find two options to improve our practice. From a managerial view we should treat CRM projects as complex challenges, needing tight project control and the application of change management techniques, focusing on the marketing process and data quality. In contrast, we could accept that the mechanisms at work at the micro level are only partly controllable by management techniques, and we would let the infrastructure grow organically.

Keywords: IS implementation; CRM; longitudinal case study; real-time microactions

INTRODUCTION

Increasingly, a company's ability to implement new IT solutions is of crucial importance for the company's ability to change (Applegate, 1999). Both strategically and economically, it is therefore vital that a company has the skills to implement information systems fast. As documented in IS research, implementing information systems into an organization is hard, and often unsuccessful (Markus, 1997).

This is also the case with CRM systems, and perhaps even more so. While there are well-known and impressive success stories (GMAC, 2002; Sprint, 2002), failure rates of CRM projects may be as high as 70% (Tafti, 2002). Comparing the large expectations regarding CRM with the actual results in companies, a picture of sobering consideration and sometimes downright disappointment emerges. Why is it so difficult? It is documented that most problems in CRM implementation are not technical. Instead, common problems include organizational change and fluctuation, different views on customer information and changes in the business, for example mergers (Schwartz 2002).

Argyris and Schön (1996) describe the gap between intent and realization, between what our strategists have recommended us to do and what we are actually capable of doing, as a major challenge for strategic management theory. The core of the challenge is not related to the strategic analysis itself, but to the level of *real-time microactions*—i.e., all the small decisions managers and employees take during the implementation of change and creation of knowledge. Examples may include problem solving, communication with employees, inter-departmental conflicts and single customer relationships--situations where the battle of change and learning really happens.

We suggest that studying these microactions, and the defensive routines at work in an organization, is relevant for understanding the implementation puzzle of CRM. This paper tells the story of a six-year CRM project and describes in some detail how a knowledge-based organization addressed the challenge.

The gap between intent and outcome may also be described as *technological drift (*Ciborra, 2000*)*. Arguing that the modern knowledge-based organization cannot be as planned and controlled as an industrial enterprise, Ciborra suggests that the alignment between technology and organization is a process of conflict and negotiations between different actors, including the technology itself. This process is only partly controllable in a modern organization with empowered employees. On the level of micro-actions, there will often be choices and options of behavior. There may be several ways of reaching a goal or solving a problem. The actual behavior may be influenced as much by practical considerations using technology as by managerial goal-setting, and the accumulated result of these small decisions may gradually alter the course of how information systems are used. We think this aspect is underrated in the change management literature, and will illustrate this point in the actual case.

The paper is structured as follows: The first section describes the case methodology. There is then a brief outline of the promise of CRM systems; two process perspectives on implementation are presented, and the case is described in some detail, focusing on the implementation process and actor behavior. Two different views for interpreting the case--management view and a "drift" view--are then outlined and the paper concludes with lessons learned and some implications for further research.

METHODOLOGY: A CASE STUDY IN A NORWEGIAN NON-PROFIT ORGANIZATION

This paper tells the story of a Norwegian non-profit, knowledge-based organization, the Institute of Technology in Oslo, (TI) that started implementing a CRM system in 1993. The focus of this case is on the implementation process, which lasted six years. The author was the IT manager at the institute in this period.

Using a qualitative and interpretive approach (Miles and Huberman, 1994), the study focuses on *behavior* as a practitioner experienced the project, using only very simple theoretical concepts.

Data was collected throughout the project.
1992: Requirements specification, Contract

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