

# Effective CRM Adoption and Implementation: The Critical Role of Flexibility

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## ABSTRACT

*Rapid globalization has presented phenomenal growth opportunities for businesses across the world. To leverage these opportunities, organizations are increasingly turning toward customer relationship management (CRM). CRM helps in maintaining long-term customer relationship by developing products/services aligned with the customers' need. However, ever-changing market conditions and evolving Technology have created a turbulent and tumultuous environment for the CRM. Flexible strategies ensure that CRM adapts to changing business realities timely, thereby minimizing the negative effect on the organization due to a delayed response. The study proposes that flexible strategies, particularly in marketing, services, and information system (IS), have a positive impact on firm performance and help the organization to retain its competitive edge.*

**Keywords:** CRM, Flexibility, Information System (IS), Marketing, Relationship, Service.

## INTRODUCTION

In the last three decades, Customer Relationship Management (CRM) has emerged as a powerful tool to align the interest of a firm with its customers

(Boulding et al. 2005). It has emerged as a powerful concept for achieving a sustainable competitive edge and being customer oriented, its importance in today's turbulent environment couldn't be over emphasized. CRM helps in developing long-term relationship with customers and in the process, strives to build a strong brand loyalty. No wonder, every customer-oriented organisation attaches utmost importance to its CRM. Along the same lines, the rapidly evolving marketplaces and shrinking product life-cycles have enhanced the importance of flexibility for achieving customer satisfaction and superior marketing performance (Gurau, 2009). Especially building flexibility in the core functions such as marketing, service, and information system (IS) have received much importance equally among academicians and practitioners. The purpose of the study is to propose a conceptual framework to aid effective adoption and implementation of the CRM in an organization.

Based on the literature and experts' interviews, the study has selected the three most important functions – marketing, service, and IS – for generation of flexibility. These three variables have been chosen on the basis of extant literature review which has later ratified by the experts form a wide array of Industry segments. Academic scholars and

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practitioners are almost unanimous of the fact that marketing, service, and information system (IS) are the most critical for the success of CRM as they significantly influence its adoption and implementation effectiveness. After selection, study revisits these variables from flexibility viewpoint to identify the critical areas where flexibility can be generated and how that enable the better adoption and implementation of CRM. Towards the end a conceptual framework integrating all these variables is proposed that not only aids the CRM's effectiveness but also helps the firm to achieve sustainable competitive advantage.

## LITERATURE REVIEW

### **Customer Relationship Management (CRM):**

Both the important aspects of this research, i.e., CRM and flexibility have received enough attention in the extant literature. CRM is the combination of people, processes, and Technology to better understand the customer perspective. The CRM should be considered as an integrated approach which focuses on customer acquisition, customer retention, and management of the relationship in a way that will become profitable for the organization. In sum, CRM is one of the ways to achieve customer loyalty and its effective implementation leads to the attainment of sustainable competitive edge. As acquiring a new customer is far more costly than retaining the present one, the organizations across the industry are rigorously implementing CRM practices for their customer retention and competitive advantage (Jain et al. 2016). In fact with the rapid evolution of Information Technology, the companies are adopting different ways including e-CRM to retain customers and enhance their loyalty.

**Flexibility:** Flexibility is a multidimensional concept and has many connotations to it. Adaptability, pliability, elasticity, suppleness, and malleability are some of the synonyms that are attached to flexibility. The flexibility has remained one of the core areas of research since 1930s though it is only after the globalization; the concept came back into limelight. The blurring boundaries of businesses, flickering customer taste, shortening product life cycles, and decreasing customer loyalty are some of the reasons behind the enhanced importance researchers today attached to the flexibility (Singh and Shalender 2014; Shalender 2018). The most suitable definition of flexibility that is near to the common man's understanding is doing something else than what was originally

intended. Flexibility also means taking a position between two extreme ends and constantly adapting and reconfiguring the strategy according to changes in the market on a real-time basis. From the literature review and expert interviews, we have identified three important functions – marketing, service, and IS – for building flexibility that will in turn aid effective adoption and implementation of CRM.

The very first variable, i.e., marketing flexibility is defined as the ability of transnational corporations to recalibrate its marketing efforts in a short period in response to changing environmental context (Grewal and Transtutaj, 2001). This aspect helps the organization to take a quick decision on the four P's of marketing – Product, Price, Place and Promotion. By quick and responsive tailor made marketing strategies that are based on changing preferences of target market, marketing flexibility helps to meet the customers' need more effectively and hence, aid in the customer retention and loyalty. Flexibility in second variable of study, i.e., service allows the organization to allow enhanced participation of customers in overall business processes. As consumers do not avail services but rather life-enhancing experiences (Vargo and Lusch 2004), enhancing their participation in the business is sure to result in mutually beneficial relationships. In fact, Prahalad and Ramaswamy (2004) suggested that nowadays the value is co-created by companies together with their customers, making it desirable to have requisite level of flexibility in service operation. Benefits of Service flexibility to the CRM can be realized in form of more harmonious customers having sense of belongingness for the company.

In contrast to direct benefits provided by marketing and service, Flexibility in the IS benefits the CRM indirectly by integrating the processes and procedures for its effective implementation. An ideal IS seamlessly connecting the databases, processes, and procedures across the departments and in the backdrop of turbulent environment, its flexibility has assumed so much prominence. Gebauer and Schober (2006) defined IS flexibility as the ability to accommodate a certain amount of variation regarding the requirements of the supported business process. In fact, IS flexibility not only aids to increase the overall effectiveness of CRM but also helps in the marketing and services by providing the quick and timely response.

## THEORETICAL SCHEME AND UNDERPINNINGS

The study is conducted with the help of extensive literature review and experts' interviews which resulted into finalization of three aspects for the flexibility generation – marketing, service and IS. To this end, various online databases of the publications along with relevant conferences details have been searched to construct the theoretical framework for the study. Besides, practical case studies from the corporate world have also been included in the research to demonstrate the adoption and implementation benefits that CRM realize on account of flexibility incorporation in areas of marketing, services and IS. Flexibility attributes related to each variable along with their relevance have been presented in the section given below:

**Marketing Flexibility:** Flexibility in context of marketing refers to the ability of a company to meet the challenge of satisfying customers within the overall framework of its business strategy (Sharma, M.K. et.al. 2010). This requires the company to be flexible enough to have wide range of products to cater needs of diversified groups which also makes the organization less dependent on one category and reducing its vulnerability on single product (Shalender and Singh 2015). Marketing flexibility also enables the organizations to have a high market share/ strong market presence (Abbot and Banerji, 2003). To achieve marketing flexibility, a firm must generate the flexibility in its 4 P's that will help the organization to recalibrate its efforts in response to evolving conditions (Shalender et al. 2017). The first dimension of product flexibility refers to the ability of organization to make a variety of products on the same production facility/line. It equips the manufacturer with the ability to manufacture multiple products on same capacity, and the ability to relocate the capacity between different products in response to realized demand (Goyal and Netessine, 1998). Price flexibility, on the other hand, is the mechanism of free market to moderate output fluctuations in the face of demand shock (Kandil, 1999). Also Flaschel and Franke (2000) noted that price flexibility represents a spectrum ranging from one extreme of complete flexibility to complete rigidity at other end rather than having a characteristic of yes-or-no circumstances.

The Study by Ashkena (2000) attached significant importance to the place flexibility and in his article, "How to loosen organizational boundaries" the author emphasized the importance of place flexibility, along with speed, innovation and integration, in organizational success. Gilbert

(1999) described the importance of promotion flexibility in terms of an incentive to evoke desired response from the target market. Promotional flexibility equips the organization to react quickly to the campaign launched by its competitors. It also pertains to the advantage that company gets by taking the lead in terms of launching the promotional campaign before its rivals. This flexibility helps in realizing the effectiveness of CRM by providing better value proposition to customers that is according to latest trends and changed preferences. In turn, CRM helps back by providing the crucial information to marketing about the latest developments in market place with the help of IS flexibility.

**Table 1: Marketing Flexibility**

Attributes	Importance
Product Flexibility	broad range of customers
Price Flexibility	Value for money, swift price change
Place Flexibility	Customer convenience, reaching to the last mile
Promotion Flexibility	Effective positioning

**Service Flexibility:** This dimensions aims to increase the customer participation through the enhanced level of interaction with the organization. The involvement helps the organization by determining the responsibility to purchase and repurchase along with supporting the firm with positive referrals (Schneider and Bowdon, 1999). The desired level of service flexibility in the organization can be achieved through the structural changes and process reorientation. Organization structure is a means to achieve the mission and objectives of firm and hence bears a significant importance in realizing the overall efficiency of the work force. Traditional business structures favors the control from upward as power is vested at top most position of hierarchy. Though effective in the past its efficiency is on decline in face of emerging realities. Inefficiency of hierarchical organizations in the context of globalization has been pointed out by Achrol and Kotler (1999). Because of the rigid top down control that spans across a number of levels, these structures fails to respond effectively and efficiently to the changing environment situations. Decentralizing and flattening of the structures are some of the flexible approaches and in both the cases control moves closer to the action typically increase the decision maker understanding of the situation (Englehardt and Simmons, 2002). Another flexible strategy as discussed by Hamel (2000) advocates

the philosophy of dividing the structure like a cell. This helps to make the organization more responsive as the task-focus increases and customers will be benefitted in terms of increased attention aspect.

**Table 2: Service Flexibility**

Attributes	Importance
Enhanced Participation	Building customer confidence
Involvement in value creation	Evokes positive referrals
Permeability to processes	Allows enhanced transparency

The second component of service flexibility, i.e., process reorientation refers to the speed at which the company can make decisions, alter schedules, or amend existing orders to meet customer needs (Holweg and Pil, 2001). In case of services this aspects relates to making the processes more flexible in order to increase the customer exposure to the whole process. Prahalad and Ramaswamy (2004) suggested that the value co-creation by companies together with their customers require process reorientation to enhance value delivery experience. Having the capability of process reorientation helps the organization to quickly change the processes according to changing customers' preferences (Shalender and Yadav 2018). In case of services, this allows the processes to be personalized and meet the need of individual customers. This also enables the enhanced participation of the consumers while the value proposition is being generated and offers them an opportunity to give their crucial feedback.

Service flexibility helps CRM by providing more conducive environment which facilitate insights about the customers' behavior and demands preferences; ultimately enhancing its overall operational efficiency. In turn service gets benefitted from this enhanced level of CRM effectiveness as it is now better equipped to develop and sustain the value-constellation system that aids its own effectiveness even in case of changing dynamics.

**Information System (IS) Flexibility:** Information system (IS) plays crucial role in endowing the organization with capability to respond in timely and efficient manner. This requires end-to-end integration of information within the enterprise and a proper mechanism that makes this information available throughout the company seamlessly. Flexibility in this dimension helps by providing the updated information across the organization on real time basis. IS flexibility, as defined by Mensah (1989), is ability to respond

and adapt to changing business conditions both within and outside the organization. Successful implementation of CRM rests on the cross functional integration of the processes, people, operations, marketing capabilities, information, technology, and application (Payne and Frow, 2005) and hence, the flexibility of IS cannot be under-emphasized. Though there are various dimensions of IS flexibility; some relevant ones given by Byrd and Turner (2000) have been shown in table 3 as below:

**Table 3: IS Flexibility**

Attributes	Importance
IT connectivity	Enables effective coordination and enhanced integration
Data Transparency	Enables permeability as well as enhances efficiency
IT Compatibility	Enablesthe smooth completion of cross-functional operations.

Source: Byrd and Turner (2000)

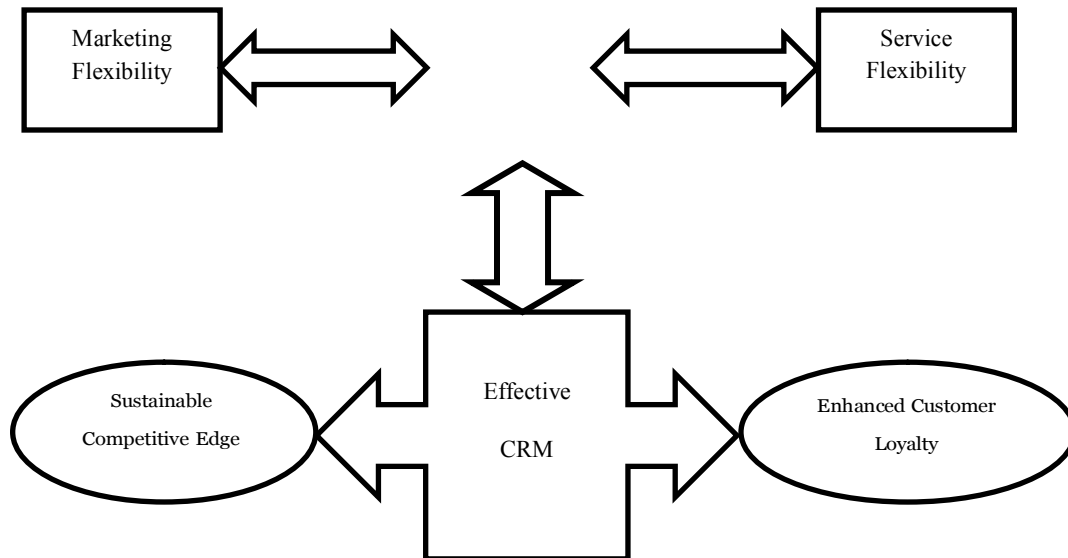
## CONCEPTUAL FRAMEWORK

Flexibility has inherent ability to act as a distinctive competence of organization and hence can provide the competitive edge to the firm. By use of flexible strategies, effectiveness of CRM can be enhanced that not only helps the organization at strategic level (by acting as a competitive weapon) but also at business level by hedging the organization against the devastating effect of decreasing customers' loyalty aspect.

Flexibility in marketing and services reduces the unreasonable pressure on CRM; helping it to concentrate on its core function while IS flexibility aids the efficiency of CRM by effectively integrating the various business processes along with responding effectively to changing customers and business demands. Thus a conceptual model aiding the effectiveness of CRM with the help of these three variables is shown in figure 1.

## CONCLUSION AND DISCUSSION

Of late, CRM and flexibility have emerged as key research areas in the management domain. Both of the aspects have crucial implication for the firm's performance and sustainability. However, despite their separate importance, its remain unclear how these two concepts come together and affect the performance of the firm. Most often CRM initiatives; rather than focussing on their broad key objectives become victim of the efforts directed to get short term gains. Improvements confined



**Figure 1: Conceptual Framework**

within the boundaries of CRM might not get the desired result in terms of enhancing its overall effectiveness and the need to have a more holistic approach mandated in the wake of continuous change happening in market place.

This research makes a contribution in this regard as it studies how the effectiveness of CRM can be enhanced with the use of flexible strategies. In particular, the study correlates marketing flexibility, service flexibility, and IS flexibility with CRM and their combined effect on customer loyalty and competitiveness. The research proposes a conceptual model connecting all the variables for superior firm performance and assumes special significance by proposing fresh, systemic, and cross-functional approach to aid CRM competitiveness to help organization survive during the turbulent times.

We propose to empirical test the conceptual framework on the Indian automobile industry in future. To that end, the 4-wheeler segment has been selected and the empirical investigation will reveal whether the theoretical model is valid or not. The study has implication for the researchers as the combined effect of the flexibility and CRM has not been explored much in the past. Scholars can replicate this model on other segments too to find whether result aligns in the same direction or not. The practitioners will be benefited from this conceptual framework as it allows combining different flexibility strategies for enhancing the effectiveness of CRM. In other words, this can be used as a competitive tool for achieving an advantage over the rivals.

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