Customer Relationship Management in Small and Medium Enterprises: A Multiple Case Study

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Due to the competitive environment that exists, Small and Medium Enterprises (SMEs) have started to implement CRM (Customer Relationship Management), despite a few difficulties. In this paper, according to the concept proposed by Payne (2005, p. 22), we understand CRM as: “a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of IT and relationship marketing strategies to deliver profitable, long-term relationships”. We can find different papers about CRM’s critical success factors (e.g. Chen & Popovich, 2003) and CRM adoption (e.g. Xu, Yen, Lin, & Chou, 2002). In this paper we had a close look at Payne’s (2005) approach “The Strategic Framework for CRM”, which includes (1) strategy development processes, (2) value creation process, (3) multi-channel integration process, (4) performance assessment process and, (5) information management process. This framework was chosen because it is a broad CRM implementation approach and it has been highly cited in the literature. Despite that fact that we can find many papers about CRM adoption, few of them are related to SMEs. Nowadays, SMEs are a very important sector in the market economy (Hillary, 2000). In developed countries the SMEs represent 57.24% of employment and over 50% of Gross National Product (Ayyagari, Beck, & Kunt, 2003). Considering these arguments, this paper aims at answering the following question: How do SMEs implement CRM? The main research objective was to analyse the strategic framework for CRM proposed by Payne (2005) considering the SMEs characteristics. In order to answer our research question and objective, we conducted a multiple case study in six Portuguese SMEs.

Marco Teórico
This theoretical background includes a brief description of some relevant SMEs characteristics to consider in a CRM adoption and also a presentation of “The strategic framework for CRM” proposed by Payne (2005). • SMEs and CRM Initiatives Despite the differences between SMEs and large enterprises, the adoption of CRM in SMEs cannot be considered as a miniaturized version of larger organizations (Alshawi et al., 2011). SMEs have several characteristics: - Lack of resources: resources as budget (Özgener & Iraz, 2006), specialist expertise (e.g. marketing) (Gilmore, Carson, & Grant, 2001; Harrigan et al., 2012), Information and Communications Technologies (Özgener & Iraz, 2006). - Owner-manager dominance: The owner-manager makes the majority of the decisions on his own (Özgener & Iraz, 2006; Wahlberg, Strandberg, Sundberg, & Sandberg, 2009. - Customized products and services: capacity to customize products and services and personalize treatment for special customers (Harrigan et al., 2012; Payne & Frow, 2005). - Lack of planning: since the organization’s management has to perform many simultaneous functions, they do not have time to focus on strategic planning (Monteiro et al., 2012). - Flexible structure: SMEs have a simple “organizations structure and more cohesive cultures” and a hierarchical structure that is simple and informal (Appiah-Adu & Singh, 1998, p.387). - CRM adoption: As we can see SMEs have many barriers during the process of CRM implementation and these also lack senior commitment to CRM (Özgener & Iraz, 2006). Despite these limitations, SMEs have the advantage of being easier to adopt CRM strategies when compared to large organizations (Monteiro et al., 2012; McDermott & Prajogo, 2012). • The Strategic Framework for CRM According to Payne (2005), to successfully implement a CRM solution, an organization has to control five cross-functional business processes: 1) The strategy development process: This
process is important because it will directly influence the other four processes, once it defines the specific objectives and parameters for a given organization. This process is related to the organization’s vision (i.e., core beliefs and values), and assists in achieving the organizations’ objectives (Payne, 2005). 2) The value creation process: This process is a way to obtain competitive advantage and is based on three components: the value the organization receives from the organization, from the customer, and maximizing the lifetime value of customer (Payne, 2005). 3) The multi-channel integration process: This process is essential in CRM since it allows for the creation of value-adding interactions with the customers based on the results of the business strategy as well as of the value creation processes. It consists of providing a “single unified view of the customer” (Payne, 2005, p.169). 4) The information management process: This process is the gathering and aggregation of customer information and its use to create customer profiles. There is a necessity of a data repository to organize all information that the organization gathers on the customers, in order to help decisions regarding the CRM actions (Payne, 2005). 5) The performance assessment process: This process is the last process in this framework, and it serves to assert whether the organization’s objectives, when implementing a CRM strategy, are being adequately achieved, and if they provide an adequate basis for future developments (Payne, 2005).

Método de investigação se pertinente
A cross-sectional and qualitative study was developed, resorting to a case study method. As CRM to SME is an underexplored theme and being of great importance in current social and economic context, an exploratory research was conducted (Saunders, Lewis, & Thornhill, 2012). In this case study a multiple-case design is employed. The target audience were small SMES that used CRM software. We analysed a hotel, a spices factory, three car dealers and an auto-club. A total of 19 people were interviewed, all of them involved with CRM initiatives. They were interviewed in the organizations, at a scheduled time, being that the interview in general lasted about 30 minutes. In order to prepare the guide to interviews, we first developed a theoretical effort. For each CRM process proposed by Payne (2005), we explore which of the SMEs characteristics would have, or not, influence. This proposal was validated with three CRM experts (two academics and one CRM consultant). This proposal served as basis for the development of the interview guide and later informed the data analysis. All interviews were audio-recorded, always with the interviewee’s permission, in order to collect data more accurately (Saunders et al., 2012). The interviews took place between 11th of July and 7th of August 2013. 80 SMEs were contacted, however, most of these did not use a CRM software or did not agree to participate in the present research. Of the total of SME’s contacted, only 6 of those that corresponded to the inclusion criteria, accepted to participate. In order to analyse all data, content analysis was conducted resorting to the program MAXqda, and based on the technique and assumptions proposed by Bardin (1977). The content analysis method used was a closed one, as all the categories and sub-categories derived from the literature (Bardin, 1977). To ensure the validity and reliability of the analysis, external judges were used to help define and determine the categories, and to assist in the codification of the material. At last, we were able to analyse relations between the variables, and performed the data analysis that allowed doing the discussion and drawing conclusions.

Resultados e contribuições do trabalho para a área
Along of this study we aims to analyse how “The Strategic Framewok for CRM”, proposed by Payne (2005), must be modified considering the SME caracteristecs. After the literature review and the case studies we can make some considerations related to each CRM processes proposed. 1) The Strategy Development Process: During the interviews we could observe
that the organizations gave importance to customized products and services, present characteristics aimed at obtaining competitive advantages, and have a close customer relationship. Regarding the owner-manager dominance our results were not entirely consensual with those in the literature, where it is reported that the owner-manager makes the majority of the decisions on his own. 2) The Value Creation Process: In our case studies this process was not very mentioned. The organizations that were interviewed try to customize products and services for their clients, present characteristics aimed at obtaining competitive advantages and have a close customer relationship. 3) The Multi-channel Integration Process: We could not observe the lack of ICT capabilities in all cases as well as the change in management. As we have reported, SME’s need to take into consideration their lack of ICT capabilities and deficient knowledge of ICT-based technologies, when implementing a CRM strategy. During the interviews, we observed that, although in some SMEs there were limitations and difficulties concerning their ICT capabilities, in other cases the interviewees stated not having these difficulties, and that nowadays they have all the information integrated in the system and can make all the analysis they need. 4) The Information Management Process: Regarding this specific process, we did not observe several characteristics, described in previous research, in our case studies, namely: not all SMEs lack ICT capabilities and planning, have a close customer relationship or a flexible structure, and present difficulties in management change. Moreover, some SMEs report being able to do everything with the CRM software they have, without any problems, while there are other that report needing help from external organizations. 5) The Performance Assessment Process: In our study, most of the participants reported adequate planning capabilities, contradicting what has been previously stated. At last, the resistance to management change is not observed in some of the organizations that participated in this project. Then, in this study, we can conclude that, in these case studies, there are certain characteristics that do not correspond to the previous literature. Through the multiple case study conducted, we can conclude that not every SME integrates all departments in the organization, that there are cases where there is a owner manager dominance and others where it is shared with the employees, there are some SMEs, but not all, that do not lack planning, marketing activities, ICT capabilities, and that these SMEs are not that flexible to changes, although it is easier than in larger enterprises. Moreover, we observed that the best strategies observed were not necessarily anchored on an adequate software. Furthermore, we can also say that the SMEs investigated have indeed lack of resources, are focused on customizing products and services and give a special treatment to each customer, have characteristics that enable them to obtain competitive advantage, have a close customer relationship, and, despite some resistance, there is space for change in the management processes. Based on what we observed in our case studies, it seems that nowadays, an adequate and adapted CRM software is a very important tool in organizations, especially in SMEs, as it is very helpful in managing a close customer relationship, personalizing the treatment and the products/services towards specific customers, which allows for their satisfaction and loyalty. The interviewed SMEs understood this, and have been gradually changing the organization’s culture and philosophy over the years, aiming at improving their CRM processes and strategy, and, in this way, their profit and their survival in the local marketplace.

Referências bibliográficas