

THE ADVANTAGES OF THE CRM – TYPE SYSTEMS FOR RESOURCES PLANNING AND MANAGEMENT IN COMPANIES

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ABSTRACT

Nowadays information is one of the most valuable resources of a company, so that within companies the entire set of business processes develops with it and around it. One has to select and use only the relevant information from all this abundance of information. A few decades ago, the internet companies were hardly finding the necessary information for functioning and developing; but things have changed radically: the information is abundant and is presented through all possible channels; XXIst century means that one has to "choose" and "filter" the information in order to prosper and remain competitive in the market in which he or she activates. Performance of an enterprise is influenced by its capacity to integrate into its environment, by the effectiveness of its actions in capitalizing on the opportunities, by its ability to cope with adverse situations and faced risks. Information management is a process whereby information previously collected is analyzed and then used by managers to make decisions or to substantiate decisions.

KEYWORDS: CRM, integrated systems management, information systems, software support for management, information systems on production planning

JEL CLASSIFICATION: M 210 Business Economics

1. INTRODUCTION AND RESEARCH PROBLEM

The problem and the reasons for this study is as follows: first, to increase awareness on the need for implementing the CRM-type solutions and secondly to share observations with regard to this issue as well as the evolution of acceptance and integration in Romania of such integrated solutions. Effectiveness of information management and knowledge management is urgently needed, in ensuring continuous organizational survival and competition in the face of constant change of the organizational environment.

Science and current practice shows that the essential factor in the management of the enterprise is the ability to assure both inside it, and an analysis of market information which lead to conclusive decisions grounded in the management of companies. The emphasis put upon information management indicates its importance as a topical issue at business and enterprise level.

2. METHODOLOGY

The majority of research published on this topic agrees upon the fact that a set of "customer relationship management" deals with the merits and deficiencies concerning the collection, selection and use of relevant information in the decision making process within companies. Some of

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the scientific papers are focused on the analysis, addressing deficiencies in the main operation of the concept of "customer relationship management". In terms of issues relating to the implementation of CRM software solutions as application aspects of corporate orientation towards clients and adapting the company to the new concepts, these are not sufficiently explored and special attention should be given to the subject

3. CASE STUDY: IMPLEMENTING THE CRM IN SELLCOM COMPANY

In 2008, when the economic crisis hit the construction market, SELLCOM was a leading supplier in the building materials market in Romania.

Because of the major reorganization problems of the company (the reduction of the employees by 2.050 people, 3.100 to 1.050) the company had to develop a management and information control system and a project was launched to identify the solution that could solve the big management problem related to commercial relations to third parties and the relations between departments.

The company's clients – be them buyers of SELLCOM products, users in the building companies or specialized personnel – find SELLCOM to be a good long time partner with proper commercial conditions.

90% of the suppliers have a production facility in Romania; among the suppliers there are those who offer products – solutions for structures, construction materials, isolations, finishing products, decoration suppliers and solutions to arrange outdoor spaces.

3.1. What is CRM?

The term CRM is an abbreviation of the concept defined as Customer Relationship Management. Freely translated, the term refers to the Management of Customer Relations. The history of this type of applications spans over a period of more than 40 years. At first, the concept was defined as software, an advanced method of data collection and processing and, not least, a sales strategy or data analysis. A CRM solution can have different implementations depending on the needs of the company. Such an application can have many facilities that are made possible through the most important departments or by their integration:

- Financial-accounting;
- IT;
- Marketing;
- Sales;
- Commercial.

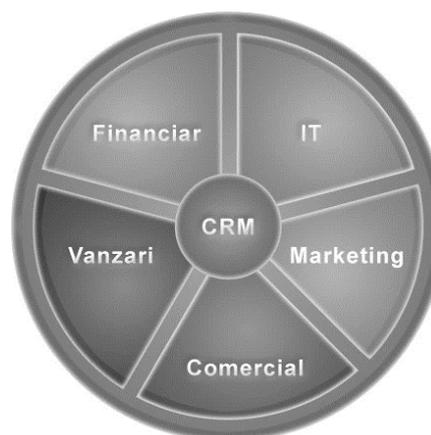


Figure 1. CRM applications fields

Source: adapted from www.microsoft.com Customer Relationship Management CRM. "Magic Quadrant for Sales Force Automation." Gartner, 17 July 2013

Benefits:

The CRM & SFA solution is an advanced management and reporting tool, its effectiveness being given by the automation of the tasks and by the achievement of a comprehensive analysis of the activity of the company. Its benefits are simply irreplaceable for obtaining success:

- Improving sales force by updating customer information;
- Maintaining updated information about competitors;
- Management can act considering a broad set of information;
- Enabling the management of future actions based on relevant charts about their past effects;
- Providing information about many products;
- Planning and detailed customizing customer service;
- Enabling people in the Service Department to track the product from entering the stock to delivery and after;
- Controlling the sales process through all the channels set by the manager;
- Automating the sales process;
- Automating marketing activities;
- Providing support for implementing schedules and budgets;
- Personalizing the offers;
- Providing direct customer access to the solution without the long and boring intermediate stages;
- Integrating information about the customer with impact on future negotiations; (enables predictions about the next product/service that the customer will purchase);
- Calculating customer satisfaction;
- Measuring customer loyalty for the product/service and company;
- Calculating both synthetic and analytic value of a customer;
- Enabling rapid determination of a product/service profitability;

Advantages of the CRM project

The implementation project of an information solution for client relationship management (CRM) comes to support this client oriented strategy. By using a competitive software solution, the increase in the sales force is aimed at, in order to offer custom made services and optimise some internal processes which enable the efficient maintenance of these services.

3.2. Analysis of the broad- macro environment of the PESTEL organization in the SELLCOM Company

The following six factors have strong influence in the commerce with building materials according to the PESTEL Model each category having its relevant information and details.

Table 1. PESTEL Factors

Factors	Influence
Political	<ul style="list-style-type: none"> ● Romanian law offers guarantees and support for construction, eg: "The First House";
Economic	<ul style="list-style-type: none"> ● Romania is affected by the economic crisis; ● Civil constructions market is down.
Social	<ul style="list-style-type: none"> ● Company is present in areas where the population invests in building and renovates their homes; ● Young generation is leaving the country.
Technological	<ul style="list-style-type: none"> ● Structural materials have a reduced dynamics concerning innovation; ● Finishing materials and interior design using innovative technology.
Legal	<ul style="list-style-type: none"> ● Law supported projects that generate "green energy"; ● Corruption rate is very high.
Ecological	<ul style="list-style-type: none"> ● Romanian legislation harmonized with EU regulations.

3.3. Industries and sectors – Porters` five forces framework

Porter's five forces model is an excellent model to use in order to analyze the particular environment of an industry. For example, if we examine the Connectivity & Networks industry, we can use Porter's model to help us find out about:

- i. Competitive rivalry;
- ii. Power of suppliers;
- iii. Power of buyers;
- iv. Threats of substitutes;
- v. Threats of new entrants.

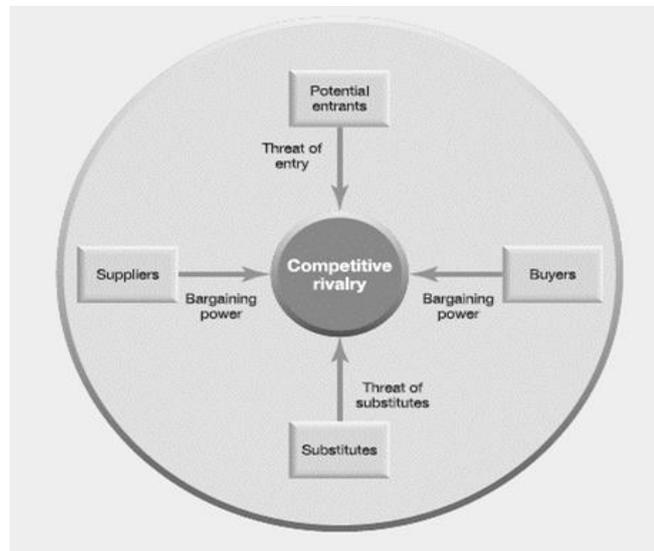


Figure 2. Porters` five forces

We will quantify each threat by a mark between 1-low and 5- high and for each force and then calculate the average.

3.3.1. Competitive rivalry

A starting point for analyzing the industry is to look at the competitive rivalry. If entering an industry is easy, then the competitive rivalry is likely to be high. If it is easy for customers to move to substitute products then again rivalry will be high. Generally competitive rivalry will be high if:

- There is little differentiation between the products sold to customers. In this case, the mark is 2;
- Competitors are approximately the same size. Mark 2;
- If the competitors all have similar strategies, then we do not know their strategies;
- The General Mark is 2.

3.3.2. Power of suppliers

Suppliers are also essential for the success of an organization.

Suppliers have the power. This power comes:

- If they are the only suppliers or one of the few suppliers who supply that particular raw material. In our case there are a lot of suppliers. Mark 2;
- If it is costly for the organization to move from one supplier to another (also known as switching cost) We have to certify again our products and the time and cost are average, therefore we will mark it with 3;
- If there is no other substitute for their product. In this case on the market a substitute of their products exists. Mark 2;
- General Mark 2,33.

3.3.3. Power of buyers

Buyers or customers can exert influence and control over an industry in certain circumstances. This happens when:

- There is little product differentiation and substitutes can be found easily. In our case, the difference is small and therefore the threat is great. Mark 4;
- Customers are sensitive to price. Mark 3;
- General mark 3,5.

3.3.4. Threat of substitutes

Are there alternative products that customers can purchase over our product that offer the same benefit for the same or lower price? The threat of a substitute is high when:

- The price of that substitute product/copy decreases. Mark 4;
- It is easy for consumers to switch from one substitute product to another. Mark 2;
- Buyers are willing to substitute. Considering the long business relation, this option is marked with 1;
- General mark 2,3.

3.3.5. Threat of new entrant

- The threat of a new organization entering the industry is high when it is easy for an organization to enter the industry, entry barriers are low;
- General mark 4.

Objectives of the project Sellcom

SELLCOM wants to implement a software solution that enables it to manage all sales activities, customer services and to coordinate the marketing activities and the contact to clients by means of a WEB platform.

With the aid of the software solution, SELLCOM wants to reach the desired goals, regarding potential performance, increase and expansion of the business.

The main purpose is improving the management and optimizing the life cycle of the client and, also, developing a proper deal and connection between the various departments, sales force and company clients.

The main objectives of SELLCOM were:

- To keep and obtain more clients;
- To increase and reach absolute maximization of the client's life circle;
- To identify and exploit projects with commercial potential;
- To upgrade solutions offered to clients.

3.4. Solutions:

3.4.1. Non Solution

The tendency on the real estate and construction market is one of decrease;

In a study Roland Berger made last year, he sounded the alarm with „do it yourself“ (DYI) retailers (so called in the industry), that were already feeling – the do-it-yourself market in Romania decreased in 2010 by 15%, up to 1,7 billion Euro, and it was affected by the decrease in purchasing power and the decline of the construction sector. It was the second year in a row when the market decreased, after 2009 when it decreased by 24%.

3.4.2. Solution CRM & SFA:

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3.5. Advantages of the CRM project

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The solution we offer is entirely developed on the Microsoft Dynamics CRM platform – one of the top solutions world wide at this moment.

Microsoft Dynamics CRM is a management solution for customer relationships (CRM), which offers the necessary instruments and functions in order to maintain a clear and complete image of the customers, from the first contact up to the purchase and down to the post-sales processes. With the help of sales, marketing and customer service modules, Microsoft Dynamics CRM offers a fast, flexible and cost efficient solution, which guarantees considerable improvement of each business process. With this solution you can strengthen your relationship to customers and obtain an increased rentability level.

Microsoft Dynamics CRM is appreciated by international CRM market analysts (Gartner, Forester, IDC) as the solution with the highest growth rate from all the CRM global solutions. Dynamics CRM is the streamer product of Microsoft in the application area, benefiting from important development resources.

In one of its last reports, the IT Gartner analysis group places Dynamics CRM in the Leader quadrant – together with other 7 solutions from the Microsoft portfolio.

Counting on the support of one of the strongest software companies world wide, Microsoft, Dynamics CRM offers a guarantee for its long term development, which is possible due to the allocated financial resources, resources which allow for substantial investments in R&D and also the attraction of the best specialists – the guarantee of a long term implemented solution!

Over 20,000 companies world wide use Dynamics CRM, among which 3M, Deutsche Telekom, Novartis, Pergo, Schenker, Pfizer, Williams-Sonoma, Renault, ING, Raiffeisen Bank, Zurich Insurance, Banca Transilvania or Boromir.

The software solution chosen by SELLCOM must be mature and established. Technology evolves fast.

From SELLCOM's perspective, "seller lock-in" means that we must assume the following major risks:

- Lack of a developed community;
- Out-of-business risk for the seller / implementer;
- The risk to lose importance for the seller in the client portfolio;
- The risk of not having access to the best technology;
- The risk of using an unprotected technology as far as the investments are concerned – will the seller be able to offer a new technically and paradigmatically rewritten version?

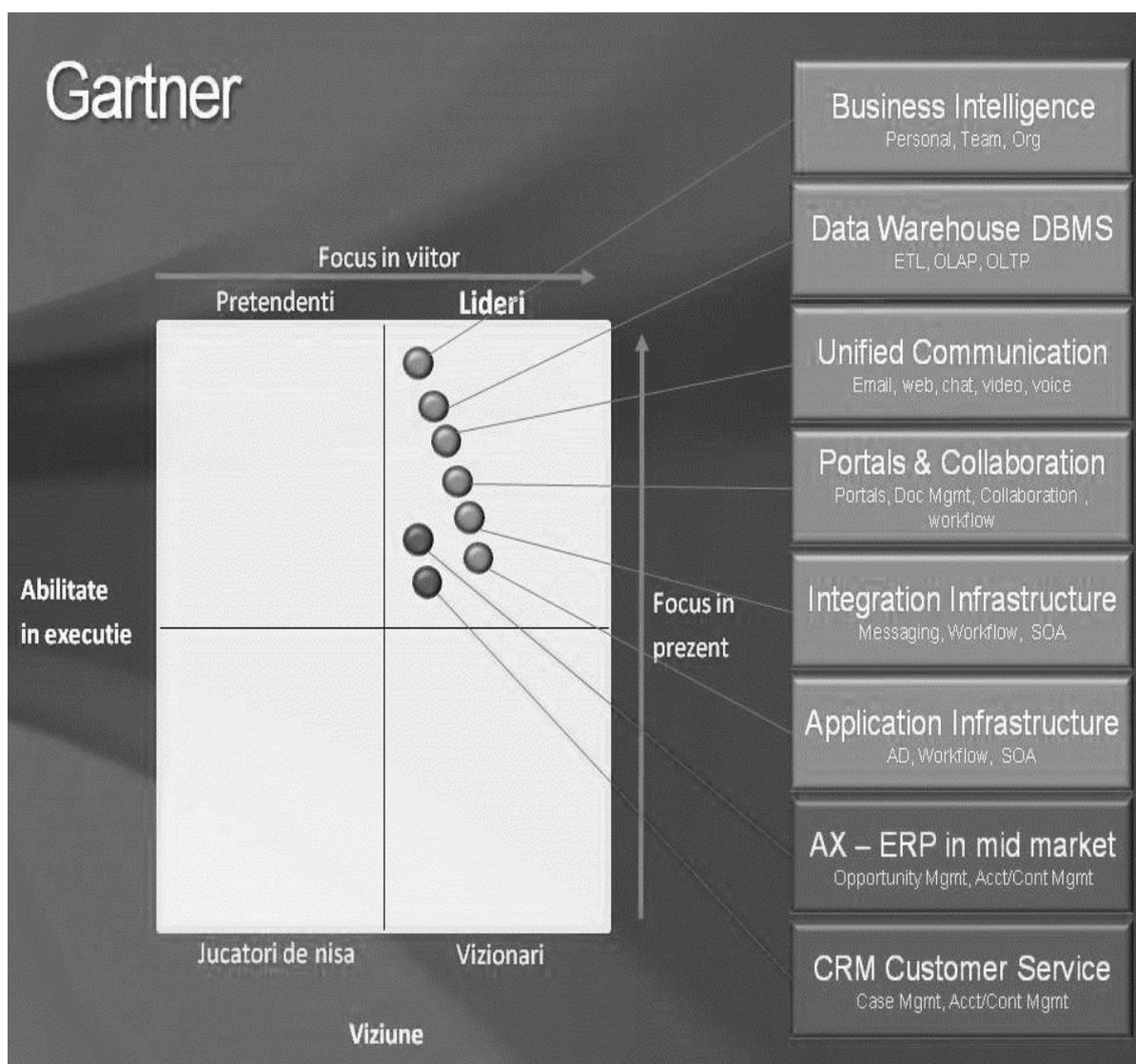


Figure 3. Gartner's graphic for Microsoft Dynamics CRM

Source: adapted from www.microsoft.com Customer Relationship Management CRM. "Magic Quadrant for Sales Force Automation." Gartner, 17 July 2013

4. RISK ANALYSIS CRM RISK MATRIX AND CONTINGENCY PLAN**Table 2. Matrix and contingency plan**

Nr	Title	Description	Impact (1-10)	Prevention	Contingency
1	Objectives of the project versus the expectations of the stakeholders	There is the risk that the objectives of the project are not well understood and the stakeholder's expectations are different from the objectives.	10	A transparent setting of the objectives of the project.	Decision of the strategic committee
2	Major changes of requirements and processes	Major changes of requirements have an essential impact on the estimates, on the plan and on the project costs. Processes change.	10	Management and request change control. Communicating the impact of every project change requirements, debating on them, the obligation of being approved by the project manager and strategic management. Stage establishment, requirements prioritization.	Estimate renewal, project plan, and budget. Analysis of the need to temporarily allocate additional resources. Decision of the strategic committee.
3	Lack of clear requirements, delays in project decisions	Vagueness regarding requirements or lack of decisions regarding the desired processes has an impact on the entire project.	8	Requirements analysis. Their prioritization. Project purpose management.	Analysis replay, remake of the project plan, budget. Decision of the strategic committee.
4	Insufficient knowledge of personnel assigned by the clients regarding the business processes.	The impact can be major if the analysis, review or decision making personnel are not the right ones.	9	Establishing the project team so that this risk is minimized (it would be ideal to have the requirements approved by 2 people)	Analysis replay, remake of the project plan, budget. Decision of the strategic committee
5	Not respecting the project plan	The impossibility to organize the activity of the SELLCOM implementation team in order to respect the project plan.	8	Time Management Delays of the strategic management team. Permanent control over the project plan. Periodic activity reports.	Analysis replay, remake of the project plan, budget.

6	Analysis and review availability	Lack of availability from the people at SELLCOM in charge of: -participating in the analysis; -reviewing the documents after every phase.	8	The nomination of the project team and their responsibilities from the beginning of the project. Informing the strategic team about the lack of availability.	The nomination of other people to do the tasks. Change of the project plan.
7	Acceptance testing activities, insufficient testing of the application by the client	The impossibility to organise the acceptance testing, the lack of organisation and availability of the nominated users who are supposed to go through the acceptance tests.	8	The clear establishing of the acceptance criteria during the analysis phase, including these use-cases in the Software Requirements Specifications document. The timely planning, organization and communication of UAT activities to all users involved.	The nomination of other people for the acceptance tests. Change of the project plan.
8	Lack of communication and coordination within the implementation team of SELLCOM	The lack of good communication and coordination amongst the users responsible with expressing CRM testing and acceptance requirements.	8	Timely nomination of the implementation team. Periodic meetings.	Nomination of other people. Change of the project plan.
9	Non-compliance with recommended hardware requirements	Non-compliance with recommended hardware requirements – will have a major impact on the functionality of the application after production starts.	8	Establishing necessary hardware requirements at the beginning of the project.	Improvement of hardware infrastructure.
10	Delay in service and license purchase	These delays will disseminate throughout the entire project plan and in the final start.	7	Escalations of the delays of the strategic management team Permanent project plan control. Periodic activity reports.	Change of the project plan.
11	Lack of understanding regarding the additional costs	Additional requirements or changes or processes will determine additional costs. The additional analysis, the additional delegations can also generate additional costs.	7	Change management, transparent estimates, transparent costs, clear communication.	Decision of the strategic committee
12	Personnel resistance while working with the new system or with the new business implemented rules.	Any new system has a certain rejection degree amongst the final users.	9	The involvement of the final users in analysis, feedback, interfaces. Explaining the benefits to the final users. A clear expression of the management's position regarding the implementation and usage of the system. Operational support.	Explaining the benefits to the final users. A clear expression of the management's position regarding the implementation and usage of the system. Training. Operational support.

13	Delay of decisions regarding other systems in which the CRM system must be integrated.	The system must be integrated with other systems and the delays in integration decisions affect the whole system.	7	Analysis of the system with which it is integrated; integration methods analysis	Change of the project plan.
14	Lack of technical information from the producers of other systems with which CRM must be integrated or from the internal IT team.	Clear technical integration specifications must exist.	7	Technical analysis of the integration method.	Change of the project plan.

5. CONCLUSIONS

The work was elaborated taking into account both scientific literature and numerous experiences from companies. This research is meant to be a contribution to this field of study, an attempt to combine economic theory and practice, and contribute to the debate on the issue of implementing CRM software solutions. The intentions are that of making the CRM software solutions be seen as a big advantage in substantiation decisions management companies.

Dissemination or Information Flow: The results of this research are to be used in an appropriate manner; information must be exchanged between the various participants in the project. Other parties involved in the project may also use this information in making their own decisions. In this way they can help those that collect information determine its need in managerial process within big companies.

Management information is an integral part of monitoring because it is obtained during this kind of process and also helps in planning and implementing its activities.

The aim of this work is the priority treatment and highlighting all aspects that contribute to operate with "customer relationship management". A further approach to the issues already encountered and discussed above is needed for implementing the CRM-type solutions in the Romanian market.

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