

## The Benefits of Applying CRM Systems in Manufacturing Enterprises – Lessons from Practice<sup>1</sup>

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### **Abstract**

*Article contribution is to present in compound form results of survey about CRM systems performance, with orientation to exploitation of CRM software solutions, their assets towards development of relationships with customers and impact on company economic results. We state, how perceive CRM concept personnel within several companies also reasons of CRM system implementation and what are expectations. Major part of article is valuation of CRM system and its performance in production companies.*

### **Key words**

*Customer relationship management, marketing survey, customer satisfaction.*

**JEL Classification:** M 31

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### **Introduction**

Customer relationship management (CRM) could be considered in recent time a matter of fashion, in enterprises of various types, from SMEs to large multinationals. Next new feature, valid for some years, is the increasing frequency of CRM software implementation to support business information systems, either separately or in link to support modules used by business information systems. After the initial enthusiasm related with the software products is now time for a pragmatic assessment of the effects on sales and on overall financial indicators. We should note that a number of firms do not consider the concept of customer relationship management as exceptional novelty or innovation only appeared in recent years. Good market successful businesses appreciated and built relationships with customers, also suppliers and other partners as part of work throughout all their existence.

This paper presents the survey results of the implementation of CRM systems, focusing on the usage of software products and benefits related with developing customer relationships, impacts on economic performance of enterprises. The execution of the survey led by the article author with students' participation in the year 2008 and 2009.

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## **1 Satisfaction survey with CRM application software systems among firm managers and executives**

The survey was carried out by the experts questioning method. Through controlled conversation with the firm managers and executives of firms we looked at satisfaction with the performance and use of information system support for customer relationship management in several companies. Within the companies, from the time of software deployment for customer relationship management had not been made assessment of the success or the usage effectiveness or evaluation of investment returns realized to these systems. The survey was conducted in engineering firms, in furniture industry, in paper industry and building materials industry and total of 76 files were processed with responses, the opinions of managers and executives. These experts were from the departments of marketing, logistics and customer service departments and sales departments. Interviews were conducted with all parties separately. There was not time for (from the firm side) to achieve controlled group interview. Most of the respondents had friendly access and willing to answer questions, the answers were usually very brief. On average, the interview lasted from 15 to 20 minutes.

The interviews with executives and managers showed that neither any department whose activities are concerned with customers, initially did not feel need to purchase software for managing customer relationships. Their previous work in this area was considered as sufficient. The initiative to buy software systems resulted either from the top management or in the case of multinationals, from the foreign company's headquarters. In the case, when decision on investment in CRM was done by headquarter of multinational company, there was necessity to adapt the business processes in relations with customers according to company standards. According the managements, the employees` adaptation for work in the newly implemented systems was with any significant problems.

### **1.1 Understanding customer relationship management by the staff of enterprises**

We found that among employees of enterprises, there are certain differences how they understand the term – CRM. For most of them, this is an information system supporting relationships with customers. Around one third of them see CRM as a business policy or a comprehensive approach to the customers.

The data listed in Table 1 shows what employees (managers and executives) considered as key areas associated with customer relationship management, particularly those ones offered by software solutions in its modules. Marketing, sales and customer service, all were named at questioning. Next related areas were included logistics and supply products and services. Such functions as controlling, research and development and quality management, according respondents, have no connection with CRM.

**Table 1** Company functions associated with CRM

Company function	Linkage with CRM
Finance	30 %
Logistics	80 %
Marketing	100 %
Sales	100 %
Customer service	100 %
Product supply	90 %

Source: Survey data.

## 1.2 Reasons of CRM software systems implementation, expectations and training of employees

All responders (managers and executives) were aware about the reasons to purchase and implement software to support customer relationship management. They knew who had been the initiator. We can say that 100 percent of the asked persons aware that the need for its introduction was the impact of constant changes in market conditions and growing competition. Next main reasons supported to buy the software is usage such systems by significant suppliers and customers and also by competing companies.

Expectations from the systems implementation named by the respondents were very similar, almost identical together. Mostly respondents listed the following expectations, which could be described as fairly common:

- better overview, respectively easier and faster access to better quality information about customers to increase their satisfaction;
- better communication between company staff within various departments, facilitating the work;
- headquarter satisfaction, particularly in relation to the required analysis;
- reduction of the administrative costs;
- quicker order processing, easier requests` answers and customer complaints;

None of the interviewed executives and managers expected from the introduction of the CRM system the support for an increase in revenues, or profits of the company and on the other side one third of them expected increase of the share of standing (loyal) customers. There were any expectations or any connection with a stronger differentiation to the competition thanks to CRM system. Finally all respondents agreed that implementation of CRM system fulfilled the expected targets.

Hours of training and the period of trial CRM system operation were satisfactory to all involved persons and adapted to the system work was done without big problems. Over 90 % of respondents expressed the views that the system has been adopted by employees surprisingly well, without difficulties. This approach shows good adaptability of our employees.

## 2 Evaluation and exploitation of CRM systems

The level of customer relationship management within own enterprises responders evaluated in the range of numbers from 1 to 5, where value of 1 represents the worst level and the value 5 represents the best level. In the 60 % level was assessed at number 4, in 30 % at the value of 3 and 10 % at number 5. The results speak for relatively good perception of the level of CRM within the surveyed firms.

To the question how staff evaluates acquired CRM system as the best choice for the company, the answers were clearly positive, although most respondents acknowledged that they have only little insight into current CRM information systems offers. The companies used the following CRM information systems: ABRA G3 CRM Datalock CRM, Microsoft Dynamics CRM, CRM Cigler S3 SAS CRM, mySAP CRM, CRM FLEX. As a high-quality and sophisticated, user friendly has been evaluated SAP CRM system.

Managers and executives are informed about customer satisfaction surveys. All respondents knew that customer satisfaction is measured continuously, particularly through customer feedbacks, which are placed in the records in the CRM system. From these results they identify business areas and activities where company has weaknesses and vice versa, also positive responses. Other surveys or other methods for customer satisfaction verification did not apply.

Significant be negative, respectively we saw the lack of exploitation of the full range of functions offered by the CRM systems modules. Analysis and statistics which are offered by CRM systems were used just within half of respondents, namely managers and executives in these companies. Such reports are processed, either without the use of CRM system or the old familiar methods are processed and used. Very weak in this area came to be the marketing staff, followed by salesmen. It sends signal that marketing and sales staffs do not know how to use these procedures or do not see necessity of it for the successful performance of the enterprise. This area is clearly the biggest shortcoming in the use of CRM systems within the respondent companies, which should be solved.

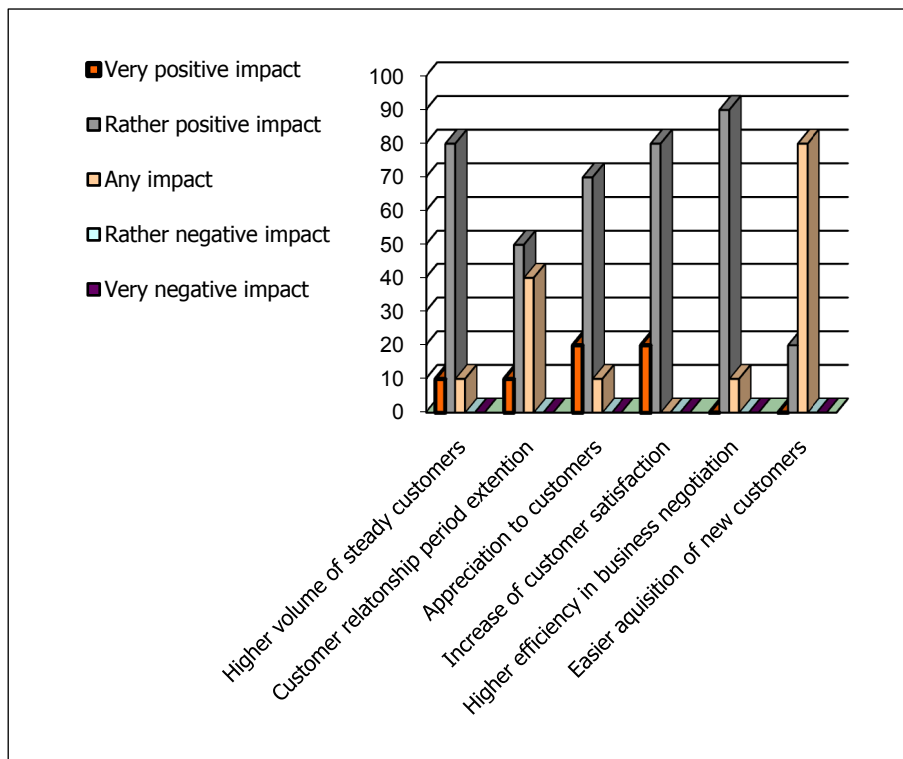
Respondents presented that consumer orientation of the company was under the spotlight before implementation of CRM information systems. After the systems start up positive changes and influences were reported in every company. Many companies managed improvement of customer service by stepping up activities through corporate training centres and by providing better and more targeted advices. Furthermore, the views expressed by respondents indicated that the operation of system for managing customer relationships positively affects the quality of processes within companies. The main intra company benefits, two-thirds of respondents see in better, more transparent information and the more effective sharing and information flow within the firm.

Figure 1 presents the results of the impact of the CRM systems implementation on relations to customers. The chart shows that the respondent employees perceived positive direction in all areas of CRM systems, any one area of impacts were rated negatively. Very positive effects have CRM systems the introduction for the following three areas:

- increase of customer satisfaction (from the point of view of suppliers);

- increase of customer needs and problems understanding;
- relationships duration with customers.

**Figure 1** Evaluation of the CRM systems implementation impacts on relations to customers



Source: survey data.

Share changes of the regular customers see respondents differently. They reported increase of share ranging from 10 up to 20 % during the period of last five years. In some areas, respondents have seen any impact, particularly in the following ones:

- increase of company market share;
- easier to obtain new customers;
- the financial performance of company.

As enterprises did not apply assessment of CRM systems usage and its impact on firm efficiency and performance in previous years, it was not possible to make comparisons and identify changes. Interesting findings during the survey are considered to the opinions of the respondents that they did not propose changes for amendment of the systems. This at first glance, the full satisfaction of respondents may hide the reluctance to make further changes, or fear to have additional duties and increased responsibilities.

## Conclusion

We met the objectives of the survey. Results and interpretation, which we reported in reduced form, confirm the positive effects of applying the concept of customer relationship management, supported by appropriate software product, in relations to customers. In selected areas was confirmed positive impact on customer orientation processes within the enterprises. On the other hand, these systems are not yet sufficiently used for analyses and economic performance analyses, which can show the financial implications of intensive work with customers.

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