

**ENHANCING CRM STRATEGY: THE ROLE OF
DATA, LEADERSHIP AND ORGANIZATIONAL
CULTURE**

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<p>Tiivistelmä</p> <p>Ostokäyttäytymisen muuttuminen ja ostoprosessin pirstaloituminen useisiin kanaviin ovat muuttaneet yritysten tapaa tehdä asiakkuuksien johtamista (CRM). Jotta yritys pystyy tarjoamaan asiakkailleen arvoa oikeassa kanavassa ja oikeaan aikaan, on sen toteutettava CRM-strategiaansa tehokkaasti. Kokonaisvaltainen lähestymistapa CRM:ään painottaa yrityksen eri toimintojen yhteisvaikutusta asiakkuuksien johtamisen prosessiin. Siitä huolimatta tärkeiden toimintojen, kuten johtamisen ja organisaatiokulttuurin vaikutuksia CRM:ään on aiemmin tutkittu niukasti.</p> <p>Tämä tutkimus pyrkii osaltaan ratkaisemaan tätä ongelmaa esittelemällä uuden mallin, jonka avulla voidaan tutkia johtamisen, organisaatiokulttuurin, sekä datan ja analytiikan roolia CRM strategian luomisessa ja toteuttamisessa. Lisäksi tutkimuksen tavoitteena on selvittää, mitkä johtamisen, organisaatiokulttuurin, datan ja analytiikan toimenpiteet parhaiten tukevat CRM-strategian luontia ja toteutusta.</p> <p>Tutkimuksen tulokset osoittavat, että näiden kolmen elementin rooli CRM:ssä on merkittävä ja tutkimuksessa kehitetty malli kuvaa näitä merkityksiä kattavasti. Johto toimii yrityksessä portinvartijana CRM strategialle. Johdon sitoutuminen prosessiin, sekä sen kyky jalkauttaa strategiaa ja osallistaa siihen toimijoita läpi organisaation on onnistumisen kannalta kriittisessä roolissa. Organisaatiokulttuurin piirteistä erityisesti asiakaslähtöisyys, jatkuvan kehittämisen kulttuuri ja ihmislähtöisyys edistivät tuloksellista CRM:ää. Datan ja analytiikan rooli asiakkuuksien johtamisessa on muuttunut ja ne nousevat nyt entistä tärkeämpään asemaan CRM prosessissa. Pelkän raportoinnin ja tiedon varastoinnin sijaan ne mahdollistavat nyt ainutlaatuisen ja yksilöllisen asiakasarvon luomisen, jota kilpailijoiden on äärimmäisen vaikea kopioida.</p>	
<p>Keywords</p> <p>Customer Relationship Management, Relationship Marketing, Data Analytics, Leadership, Organizational Culture</p>	

ABSTRACT

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<p>Abstract</p> <p>Change in customer's buying behaviour has lead customer encounters to fragment across channels. Companies now need to master value creation in multiple touchpoints, online and offline, to develop profitable customer relationships. To gain customer understanding and to deliver value to the right customer at the right time, companies need to effectively implement CRM strategy. Holistic approach, which considers several business operations as part of the CRM process, is a key factor in CRM success. Nevertheless, little is known about how elements such as leadership and organizational culture affect CRM.</p> <p>This study develops a new research framework to explore how elements of leadership, organizational culture and data and analytics can be used to enhance CRM strategy development and implementation. In addition, the study aims to explore which activities of leadership, organizational culture, data and analytics best support the CRM.</p> <p>Main findings of the study reveal that the created framework effectively describes how the three elements are related to CRM strategy development and implementation. All three elements have a significant role in CRM process. Leadership acts as a gate keeper to strategy. Its commitment to the process and ability to implement strategy and enhance cross-functional coordination greatly influences the outcomes of the implementation. From the features of organizational culture, customer-orientation, culture of continuous development and people orientation arose as the main facilitators of CRM strategy. Finally, data and analytics have a strong supportive role thorough CRM process. The role of data, analytics, and IT has shifted from a reporting and record storing tool to enabler of supreme customer value creation and a competitive advantage that is hard to copy.</p>	
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1 INTRODUCTION

1.1 Research background

In tightening competitive environment of today, the success of a company increasingly depends on its ability to implement effective customer relationship management (CRM). However, change in customer's buying behaviour and technological development has set new requirements to CRM, as customers demand more individualised treatment (Avery, Fournier, & Wittenbraker, 2014; Cambra-Fierro, Melero-Polo, & Vázquez-Carrasco, 2016). While high quality customer data is widely acknowledged as major organizational asset (Malthouse & Hofacker, 2010; Reimann, Schilke, & Thomas, 2009), significant body of literature also emphasizes the importance of holistic approach to CRM over a narrow technology orientation (Cambra-Fierro, Centeno, Olavarria, & Vazquez-Carrasco, 2016; Payne & Frow, 2005; Werner Reinartz, Krafft, & Hoyer, 2004). Therefore, to benefit from CRM substantially, companies also need to effectively organize their leadership activities and organizational culture.

Relationship marketing, from which CRM stems from, focuses on attracting, maintaining and developing profitable long-term customer relationships (Shostak, 1983). However, development and implementation of CRM strategy has proved to be complex. In the beginning of 21st century, several authors disclosed the high failure rates of CRM implementation. For example, Zablah, Bellenger and Johnston (2004) cite five studies of unsuccessful CRM, with failure rates ranging from 35 per cent to 75 per cent. One main reason for implementation failure is viewing CRM only as a technology initiative (Kale, 2004). Nevertheless, significant benefits of well-implemented CRM strategy are supported by comprehensive body of literature (see e.g. Keramati, Mehrabi, & Mojir, 2010; Werner Reinartz et al., 2004). These studies highlight the importance of holistic approach on CRM as one of the key indicators for implementation success. According to holistic approach, CRM should be viewed as a strategic process that widely encompasses firms' operations from technology to organizational structures and human resources. In addition, business around CRM is booming. Report from Forbes Insights and Brainshark revealed that more than half of the interviewed executives of US top performing companies are investing in CRM technology (Brainshark, 2015). Both academics and business executives promote the benefits of CRM. It can be concluded, that CRM can offer significant advantage to companies, but achieving these benefits requires good implementation and consideration of other organizational aspects in addition to technologies.

Majority of the earlier research on CRM has concentrated on conceptualization, process models and CRM system implementations. Research on customer life time value (Peppard, 2000; Reichheld & Teal, 2001), knowledge management (Gebert, Geib, Kolbe, & Brenner, 2003) and social CRM (Malthouse, Haenlein, Skiera, Wege, & Zhang, 2013) allowed the understanding of CRM domain to grow richer. However, research on factors that affect the CRM strategy

implementation and further exploration on how they affect it, remains scarce. In their well-known article, Payne and Frow (2005) emphasize the importance of CRM related people issues, such as how to increase employees commitment to implementation, as an area in which further research is greatly needed. Keramati et al. (2010) argue, that infrastructural CRM resources have substantial effect on CRM success and organizational performance. In their study, infrastructural CRM resources stand for human resources and organizational resources, which include e.g. executive's commitment to CRM strategy and customer orientated organization. Nevertheless, both studies emphasize the need for further and more comprehensive research on these elements.

In addition to findings of Keramati et al. (2010) about the impact of executives' commitment to CRM, the important role of leadership in strategy implementation is widely recognized in strategy literature. The organization's performance is determined, at least in part, by how efficiently and effectively the company's business strategy is implemented (Walker & Ruekert, 1987). Leadership and management play an important part in CRM strategy implementation, and thus influence the outcome of CRM process (Garrido-Moreno & Padilla-Meléndez, 2011). In implementation phase of strategy, the strategy process that has traditionally started from top management is expanded across the firm and taken into action. The top management has a significant role in launching and leading the strategy process, implementation and performance measurement. Consequently, research on top management teams is extensive (Certo, Lester, Dalton, & Dalton, 2006; Hambrick & Mason, 1984). While leadership's impact in business strategy implementation is rather extensively studied, a review to current literature reveals a lack of research on how leadership can be used to enhance CRM strategy. Even though CRM strategy and business strategy share similar elements, it is likely that the two also have differences related to leadership activities.

The perspective in strategy process study has shifted from a top-down line of action that concentrates primarily on managerial planning processes (Mintzberg, Ahlstrand, & Lampel, 1998), to social construction (Jarzabkowski, 2004; Johnson, Melin, & Whittington, 2003). According to this prevailing viewpoint, strategy can be regarded as a cyclical process that encourages people to incorporate new information, action and emphasize social interaction and cooperation. Organizational culture has a key role in knowledge management of a company (Garrido-Moreno & Padilla-Meléndez, 2011). Authors suggest, that the vision of the organization, rules, structure, reward system and other organizational culture related aspects determinate the transmission of knowledge within the firm. While utilization of customer information is in the core of CRM, organizational culture that influences its transmission must also be considered in CRM strategy. Moreover, it is widely accepted that adoption of customer-oriented strategies and customer-oriented culture is a key requirement for implementing successful CRM strategy (Foss, Stone, & Ekinci, 2008; Johnson & Friend, 2015; Ryals & Knox, 2001). In order to utilize CRM effectively, management should set up a customer oriented organization culture and management system (Chang, Park, & Chaiy, 2010). Even though the significance of organizational culture is recognized to strategy implementation and customer

oriented culture, which both are closely related to CRM development and implementation, research on how organizational culture can be used to enhance CRM remains in its infancy. More study on which aspects of organizational culture best support the CRM and how can these aspects be encouraged within an organization needs to be conducted.

Recent development of technology has changed the role of CRM. New technological solutions allow companies to manage one-to-one relationships with potentially huge numbers of customer (Payne & Frow, 2006), while efficient use of customer data enables more customized communication, cross-selling and accurate segmentation (Saarijärvi, Karjaluoto, & Kuusela, 2013). Orenga-Roglá and Chalmeta (2016) highlight the shift in use of data and suggest three critical measures to companies. These are treating data as a corporate asset at the same level as human and financial resources, enabling knowledge generation and sharing from the data, and designing and implementing a technology infrastructure that enables addressing the challenges and opportunities presented by technological disruptors such as security, cloud, mobility and big data. In addition to changes and new opportunities that availability of large amounts of data and effective analytics brings to company's internal processes, it has also changed the way that companies must interact with customers. In the era of empowered customer, companies must use CRM as a system to enable customer engagement, instead of using it solely as a record of interactions (Aberdeen Group, 2017). However, even though technological capabilities exist, companies fail to use them to the full potential. The issue has not gone unnoticed. Marketing Science Institute has listed capturing information to fuel growth as one of its research priorities for years 2018-2020 (Marketing Science Institute, 2018). This includes exploring ways to paint a 360 view of customer as well as uncovering best practiced on capturing information across platforms. Undoubtedly, more research is needed to gain better understanding on potential of data, analytics and IT on CRM, and to explore the large gap between the potential and the state of art.

1.2 Research problem and objectives

This research will combine the previously presented themes; CRM strategy, leadership, organizational culture and data and analytics. The objective of this study is to examine drivers of successful CRM strategy development and implementation and to create deeper understanding on how leadership, organizational culture and data and analytics can be used to enhance it.

Because of the widely recognized importance of leadership regarding strategy implementation that was discussed in the earlier chapter, the first research question of this study concerns how leadership can enhance CRM strategy development and implementation. The study contributes to existing literature by exploring the ways in which leadership can be used in effective CRM and by creating a deeper understanding on which activities especially support the CRM process.

As discussed in earlier chapter, organizational culture had an important role in customer knowledge management as well as in creating customer orientation, both of which are essential in CRM. Therefore, the second research question of this study addresses how organizational culture can enhance CRM strategy development and implementation. The study contributes to existing literature by examining in which ways organizational culture can enhance CRM and which elements of it are especially meaningful regarding CRM process support.

Finally, data and analytics have increasingly important role in CRM. As discussed in the earlier chapter, data and analytics have changed the way companies execute and manage customer interactions as well as the way they can and should engage customers to CRM process. Thus, the third research question of this study addresses how data and analytics can enhance CRM strategy development and implementation. The study contributes to existing literature by investigating how the change in the role of data can be perceived in CRM and in which ways especially can organizations utilize data and analytics in CRM.

A compilation of the research objective and research questions of this study is presented below in figure 1.

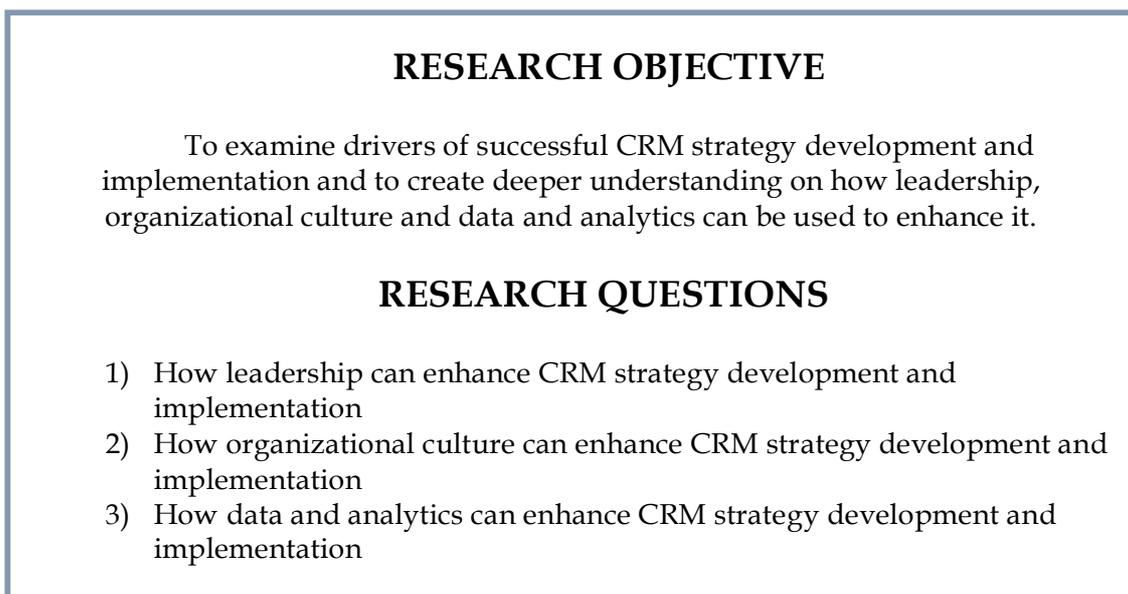


FIGURE 1 Research objective and research questions

1.3 Research structure

The study consists of six main chapters and their subchapters. These include the introduction, two chapters of literature review, methodology, research findings and the discussion. The structure of the study is exhibited in figure 2.

In the introduction, background of the study, justification of the chosen topic, research objectives and questions are presented. Short overview of the CRM concept, the role of data, leadership and organizational culture is offered.

The second and third chapters comprises literature review of the existing knowledge of CRM strategy and CRM sub-processes. In the second chapter, theoretical part goes through the literature and concepts of leadership and management, organizational culture and cross-functional coordination. These are contrasted to strategy and the known linkages between them are introduced. Next, the concept of CRM is explored and the development of CRM thought and concept is presented. Special emphasis is on the shift from tactical perspective to holistic and customer-centric approach. In the third chapter, the CRM process framework is introduced and each sub-process is discussed. Chapters concerning CRM process follow the structure of Payne and Frow's (2005) strategic framework of CRM. Finally, the chapter presents the research model of this study, which consists of the strategic framework of CRM, leadership and organizational culture.

The third chapter discusses the methodology. The chosen research methodology is presented and validated, and information of research philosophy is introduced. In addition, the chapter presents how the data was collected and analysed. Finally, this chapter comprises the description justification of the selected case company and the interviewees.

Chapter four presents the results of the empirical research. By following the structure of the research model, the research findings are categorised based on three themes: the role of leadership, the role of organizational culture and the role of data and analytics. All the themes are contrasted to phases of CRM process. The relations between and the influence of the component on CRM process implementation are explored. In the end of each sub-chapter the key findings of the component are presented a figure.

In chapter five the theoretical contributions and managerial implications are discussed and explained. Finally, the study is evaluated, its limitations pondered and relevant suggestions for future research are presented.

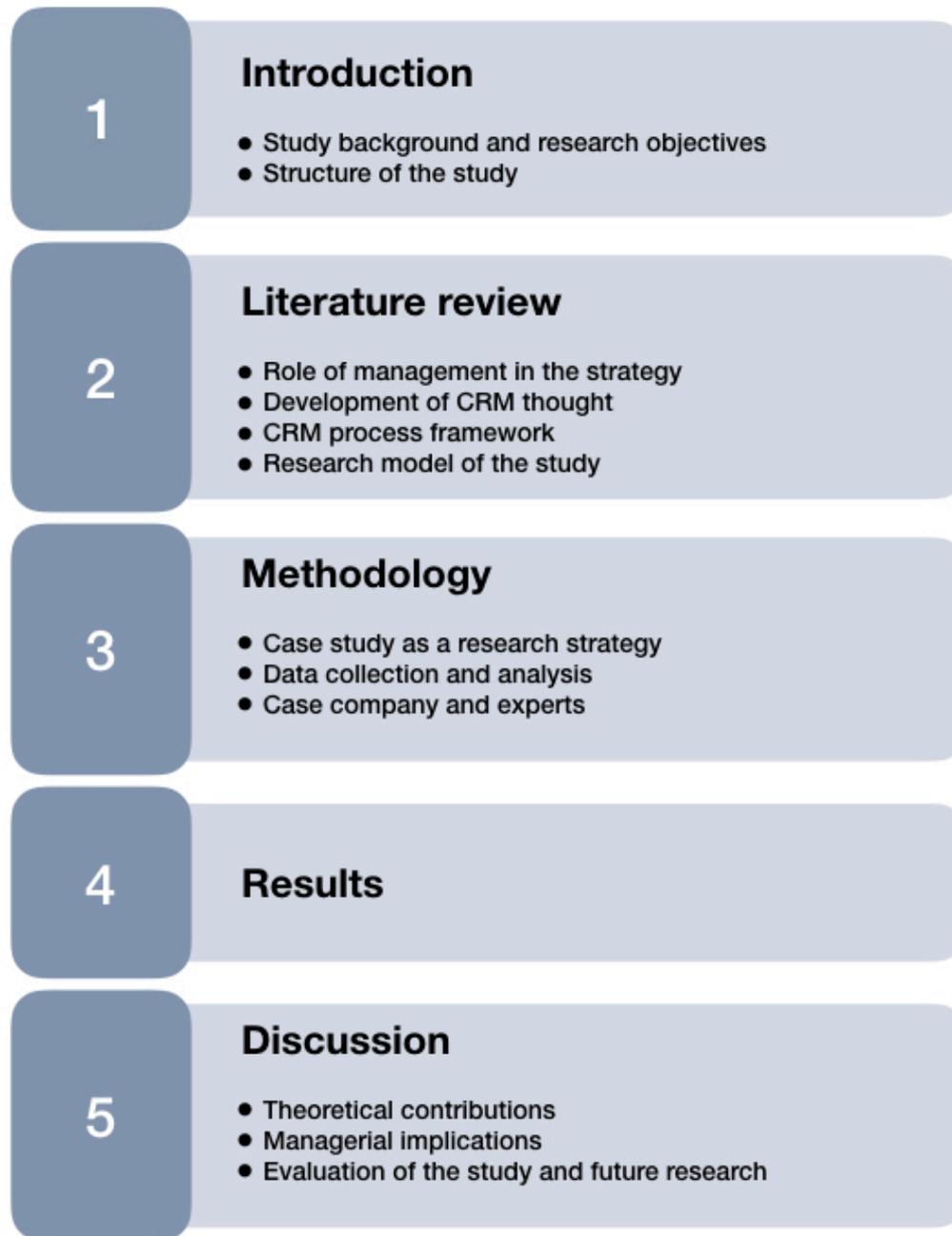


FIGURE 2 Structure of the study

2 CRM STRATEGY

2.1 Role of management in strategy

The research of strategy in business historically originates from the field of economics. One of the leading contributors to this field, Alfred Chandler (1962), defines the concept of strategy as follows:

“...the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.”

Even though there exist various definitions for strategy, all of them generally agree that strategy has to do with the “big decisions” of business operations. Strategy is focused on long-term goals and major policies; it includes planning and executing these objectives for a company to gain business success. Strategy is described as consistent behaviour (Besanko, Dranove, Shanley, & Schaefer, 2012). Because strategy need to be amended over the time and according to the changes in business environment, the direction and core of the strategy, once set, should not easily be reversed. Strategy defines what business the company is in or should be in and the kind of company it is or should be (Andrews, 1971). It includes the decisions that shape the company’s competitive persona, the basis of its competitive advantage and its collective understanding of the type of organization it is striving to become. In addition, strategy determines a firm’s relationship to its environment (Itami & Roehl, 1991). It describes the nature of markets in which the firm competes and articulates the firm’s preferred relationships with its environment. It provides guidelines for coordinating activities so that the firm can both cope with and influence the change that happens in this environment. Finally, strategy defines the company’s internal organization: how should the firm organize its structure and systems to be able to achieve its goals (Besanko et al., 2012). In short, strategy is fundamental to an organizations success. The research of strategy also stems from wonder about what common features can be found in the companies that manage to continuously be more successful than other firms.

Conventionally, the logic of strategy has been predominantly that of economics: market competition, demand, capital investment and production. It has been mostly straightforward and analytical. However, today the wider approach to strategy has been acknowledged. In addition to guiding an organisation dealing with an external market environment the strategy also has to lead the organisation made up of people. It is the people who either make or break the strategy – therefore the dynamic, soft and behavioural logic is also needed. Itami and Roehl (1991), suggest that three elements are especially important in dynamic strategic fit. These are the logic of invisible assets accumulation and utilization, the logic of human psychology and the logic of dynamic, unbalanced growth. The invisible assets include the utilization of

information-based resources. These include several elements such as consumer trust, brand image, corporate culture and management skills. Technology and analytics are also part of invisible assets but it is important to understand that the concept is much more than that.

To conclude, both the economical and psychological aspects to strategy are important. The holistic approach that integrates both types is essential for long-term success, as it addresses both the challenges in the external environment and leading the internal organization to exceeding them.

2.1.1 Role of top management

As strategy addresses the questions that are in the very core of an organization, the top management usually has the main responsibility of strategy. Not surprisingly, top management teams have long been studied as an important determinant of corporate success (Certo et al., 2006; Hambrick & Mason, 1984). The top management has a significant role in launching and leading the strategy process, implementation and performance measurement. Hence, expertise and management skills of the top management play a significant role in strategy implementation.

Because members of the top management team have extensive power in an organization, their personalities and values have affect major company-wide decisions. Some studies have found relationship between the CEO personality characteristics and corporate strategy and structures (e.g. Miller & Toulouse, 1986). The linkage is stronger especially in the smaller companies (in this study approximately 100 persons) where the decision-making power can still be highly concentrated to the owner or the CEO of the firm. However, in past two decades, the researchers have begun downplaying the role of top management team demographics and increasingly focus on processes underlying decision making in these teams (Certo et al., 2006). Instead of only personal characteristics, the diversity and competence of the whole team has more significant effect on results. Top management teams often consist of CEO and various function leaders of the company, such as finance, marketing, sales, R&D, production and human resources. All company functions are not necessarily part of the team and top management can often influence the team compilation themselves. The group compilation in turn affects the competences of the whole team and the representativeness of different organizational activities and knowledge. In addition, top management's view of strategy work also influences on how other employees of the organization engaged to the strategy process, because they make the decisions on who can participate and in what point of the process. Executives' commitment to strategy is an organizational CRM resource that has significant effect on CRM success and organizational performance (Keramati et al., 2010).

The company performance is determined, at least in part, by how efficiently and effectively the company's business strategy is implemented (Walker & Ruekert, 1987). Management plays an important part in CRM strategy implementation, and thus influences the outcome of CRM process (Garrido-Moreno & Padilla-Meléndez, 2011). In implementation, the strategy process that

has started from top management is expanded across the firm and taken into action. Top management is responsible in developing and sharing strategy vision for the organization, modeling that vision, encouraging innovativeness and allowing employees input into decisions concerning their jobs (Niehoff, Enz, & Grover, 1990; Posner, Kouzes, & Schmidt, 1985). After successful implementation strategy is no more only a plan but action and activities. Strategy continues to provide direction and guide the decision-making. Papadakis, Lioukas and Chambers (1998) argue that strategic decisions are among the main means through which management choices are effected. However, it is essential to lead the implementation throughout the company. It should reach all its levels, personnel and stakeholders. Most importantly, it should not only be heard but also understood and accepted. Individual employees can attain high levels of performance only if they understand and internalize the vision and commit their efforts to its accomplishment (Niehoff et al., 1990). Therefore, sense-giving and sense-making activities are central in developing a collective understanding of strategy, social order and justification in all levels of the organization (Weick, 2001). In addition, Niehoff et al. (1990), found that top-management actions are also strongly related to employee commitment, job satisfaction and role ambiguity, which in literature have been recognized as important factors affecting employee performance and company's ability to keep talented employees.

2.1.2 Role of organizational culture

Traditionally, strategy process is understood as a top-down line of action, concentrated primarily on managerial planning processes and leaving the out the other actors and the organization (Mintzberg et al., 1998). This is very narrow view that is later challenged by other schools of thought. Sull, Homkes and Sull (2015), emphasize social interaction and cooperation. Writers argue that strategy is a cyclical process that encourages people to incorporate new information into action. Strategy process can be seen as a social construction (Jarzabkowski, 2004; Johnson et al., 2003), and hence needs to be shared. Authors further argue, that viewing strategy as a shared tool enables cooperation horizontally, across all organizational levels, functions and boundaries. For successful implementation of strategy, companies should understand the importance of these social structures and ensure that implementation process reaches all these levels comprehensively. One way of viewing the organization's social structure is by the concept of organizational culture.

Organizational culture has enormous variation in the conceptualizations, however, majority of scholars agree on the key aspects. These include at least an organization, the members of which interact with each other and share a set of values and beliefs, and policies, norms, practices and regulations which guide members' attitudes and daily behaviours (O'Reilly & Chatman, 1996; Schein, 1983). Organizational culture can be seen as part of the organization itself, thus the culture cannot be consciously changed or managed (Smircich, 1983). According to this viewpoint organization "is" a culture. The second viewpoint refers to culture as an acquired characteristic, which is a controllable feature and

can be intentionally influenced and changed (Smircich, 1983). Hence, per this second viewpoint organization “has” a culture. Both viewpoints have advantages as well as critics. This study views organizational culture more from the perspective of the second viewpoint, as an entity that, even though it is highly complex, can be affected to some point.

It is easier to influence the surface level of culture: artefacts – visible behaviour patterns, than levels beneath it: beliefs and values, and basic underlying assumptions (Schein, 1990). While organizational culture comprises a framework of social interaction as well as guides the attitudes and daily behaviours, it has a significant effect on strategy implementation – it can either enhance or hinder the change. If strategic objectives and vision matches the organizational culture, strategy might be easier for members of the organization to accept and the culture will support the strategy. On the other hand, if strategy conflicts with organizational culture the implementation could be extremely difficult as core beliefs can be impossible to change. All organizational learning ultimately reflects someone’s original beliefs (Schein, 2010), therefore personnel decisions also play an important role in organizational culture. Instead of trying to change complex systems of beliefs and values, better results might be achieved with hiring employees that share the same culture that the organization want to endorse.

Organizational culture can also be taken as a critical factor leading to company’s knowledge transferring (Garrido-Moreno & Padilla-Meléndez, 2011), overall success and members’ personal well-being (Schein, 1984) and cross-functional cooperation (Mintzberg et al., 1998). Garrido-Moreno and Padilla-Meléndez (2011) argue that Organizational culture has a key role in knowledge management of a company. Authors suggest, that the vision of the organization, rules, structure, reward system and other organizational culture related aspects determinate the transmission of knowledge within the firm. When organization is dominated by strong culture, its members are more encouraged to pull together, and so there tends to be little job specification, loose division of labor, and a reduction in the distinction between different staff groups (Mintzberg et al., 1998). other words, culture can support both individual work in the form of performance and empowerment, and the cooperation between organizational functions and groups.

In addition to social cohesion, enhanced teamwork, cross-functional cooperation and employee satisfaction, one extremely relevant culture-related factor is customer-orientation. It is widely recognized that adoption of customer-oriented strategies and customer-oriented culture is a key requirement for executing successful CRM strategy (Foss et al., 2008; Johnson & Friend, 2015; Ryals & Knox, 2001). Customer-orientation and customer value is further addressed in following chapters of this study.

2.1.3 Role of cross-functional cooperation

The customer management context is becoming increasingly complex and shifts in the markets, technology and buying behaviour is urging businesses to develop their organization structures to more agile and efficient direction (Boles, Johnston,

& Gardner, 1999; Boles, Barksdale, & Johnson, 1997). Moreover, it is widely recognized that interfunctional interactions have a strong impact on the successful implementation of strategies (Wind & Robertson, 1983).

The key principles of relationship marketing are attracting, maintaining and enhancing customer relationships (Shostak, 1983). Developing and maintaining successful relationships ultimately generate value to the company (Werner Reinartz et al., 2004). The customer value is created in the value configurations, which refer to economic and social actors that interact across and through networks. Therefore, value creation takes place within and between systems and at various levels of aggregation. (Vargo & Lusch, 2008). These systems and actors also include employees and functions of the company. The customer value is created in interactions of employees and customers. While these activities happen in several functions of the organization, it is important that strategy implementation reaches all levels, departments and groups within organization and is accepted by organization members. Consequently, implementing CRM strategy and executing the customer relationship activities calls for a considerable degree of cross-functional cooperation (Ryals & Knox, 2001).

However, cross-functional cooperation is often difficult to achieve due to organization silos. Especially when companies grow bigger their functions develop in different directions and economical and cultural frictions occur (Kotler, Rackham, & Krishnaswamy, 2009). Even though earlier research commonly emphasizes the positive effects of cross-functional integration on performance measures (e.g. Brettel, Heinemann, Engelen, & Neubauer, 2011), it remains a highly complex phenomenon that does not yet have a generally accepted definition or general conclusions in terms of performance impacts. However, the business world is craving for more information and methods to tackle the problem. Sull et al. (2015), studied more than 400 global CEOs and found that 30% of them cite failure to coordinate across company units. The authors argue, that whereas firms have effective processes for cascading goals downward in the organization, their systems for managing horizontal performance commitments lack teeth.

Most of the existing literature examines only bi-functional cooperation and there is still a lack of empirical studies applying a multifunctional approach (Brettel et al., 2011). Most studies are focusing either in the relationship between marketing and R&D or marketing and sales. Next, to better understand the complex effects of cross-functional coordination on CRM strategy, this study will deepen into the interface between marketing and sales.

2.1.4 Role of marketing-sales interface

Marketing and sales are inseparably functioning in customer interface and therefore, they greatly affect the customer value creation and the outcome of CRM strategy. Even though they can be viewed as parts of the same customer process, the relationship of these two functions has often proved to be anything but simple.

The structures of the interface between marketing and sales have been defined in several ways. Depending on factors such as nature of the industry and

company size, marketing and sales functions may exist as a single entity (Kotler et al., 2009) or as separate units (Homburg, Jensen, & Krohmer, 2008; Workman, Homburg, & Gruner, 1998). One widely-used model is a multidimensional conceptualization of Homburg et al. (2008), (see figure 3). They identify the dimensions of marketing and sales (M & S) configurations in five domains: information sharing, structural linkages, power, orientations and knowledge-sharing. Domain of information sharing contains the extent of cross-functional intelligence dissemination and knowledge sharing, structural linkages refer to established formal horizontal platforms or interaction channels, power reflects the influence that M & S subunits have over market related activities, orientation describes the time-horizon and objectives of subunit (e.g. long-term versus short-term) and knowledge refers to the level of expertise in an organizational unit.

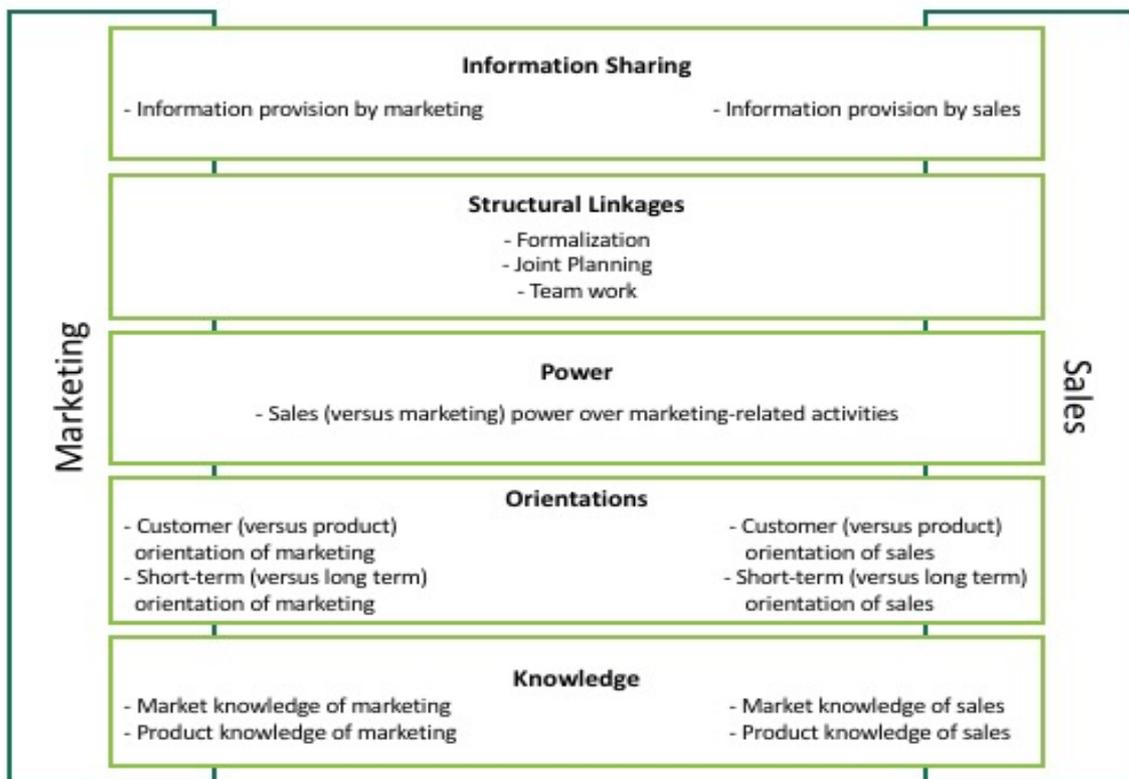


FIGURE 3 Conceptual Model of M & S Interfaces (Homburg et al. 2008.)

Ideally, marketing and sales activities are closely coordinated. Sales people collect the valuable customer information and pass it to their marketing colleagues (Dewsnap & Jobber, 2000; Rouziès et al., 2005), marketing then uses the information to create customized products and programs, thus increasing the value for customers (Biemans, Brenčić, & Malshe, 2010). Unfortunately, the cooperation is often more complicated. Over the years, scholars have found that the M & S interface is not always that harmonious and constructive (Beverland, Steel, & Dapiran, 2006; Carpenter, 1992; Cespedes, 1993; Dewsnap & Jobber, 2000; Rouziès et al., 2005; Sabnis et al., 2013; Strahle et al., 1996). Kotler et al. (2009, p.68)

conclude that in some companies “sales forces and marketers feud like Capulets and Montagues”, whereas Lorge (1999) states that sales and marketing people act like they would be from different planets. Furthermore, some studies show that sales representatives never contact approximately 70% of leads that marketing has generated (Marcus, 2002; Michiels, 2009). Instead the leads disappear to a proverbial “sales lead black hole” – ignored as irrelevant and unhelpful by sales (e.g., Hasselwander, 2006; Sabnis et al., 2013). Sales force criticize the quality of leads that marketing has produced, and marketing group criticizes poor follow-up skills of sales representatives (Biemans et al., 2010; Homburg & Jensen, 2007; Homburg et al., 2008). Thus, the resources that are put into producing these leads go to waste. Considering the scope of this issue, finding solutions for better integrating marketing and sales functions can have major effects on the total business outcome of a company. Moreover, it has been argued that this lack of follow-up of marketing-generated leads is one of the most contentious issues between sales and marketing (Kotler et al., 2009). Even though problems in M & S interface are severe, both sales and marketing do not always recognize the importance of cooperation in certain areas (Matthyssens & Johnston, 2006).

Continuous problems in M & S interfaces are unfortunate, because they have heavy impacts on businesses whereas good integration can provide significant benefits. Academics have found several advantages in integrating marketing and sales operations in a company and both marketing and sales literature stress the need for functional interfaces. Arguments for M & S integration are often related to the need for maintaining the present business outcomes or obtaining potential for better results. Kotler et al. (2009) argue that when sales and marketing work well together, companies can see substantial improvement in several performance metrics: sales cycles shorten, market-entry costs and the cost of sales decrease. Costs can be saved, when the leads generated by marketing are more efficiently used by sales. This increases the ROI of marketing actions. More sales revenue can be generated, when marketing is able to produce leads that have greater business potential and that fit the requirements of sales people. Homburg & Jensen (2007) conclude that there are two conceptual arguments that explain this phenomenon. One line of reasoning emphasizes that high-quality cooperation leads to market performance due to better usage and processing of market-related information in the company (Jaworski & Kohli, 1993). Another line of reasoning argues that high-quality means a commitment to implementing decisions and is thus positively related to the market performance of the business unit (Amason, 1996; Homburg, Krohmer, & Workman., 1999). Effective interfunctional interfaces can also better harness the potential of individual organizational units. Numerous scholars have demonstrated that the quality of cooperation between two organizational units affect the market-related outcomes that the units jointly achieve (see, e.g. Kirca, Jayachandran, & Bearden's [2005] meta-analysis). Marketer's success depends not only on their functional excellence but also requires cross-functional process competence to ensure the implementation of marketing ideas (Matthyssens & Johnston, 2006).

Fortunately, research has found several ways that help companies to tackle the problems in M & S interface. Homburg et al. (2008) empirically demonstrate

that the most successful relationships between marketing and sales are the results of intense usage of structural linkages. Instead of only looking at visible structures, the writers invite managers to look below and manage “soft factors” such as knowledge and orientation. Matthyssens and Johnston (2006) stress the importance of communication, information sharing and common culture and set of values in addition to organisational structures. Others (Lyonski, 1985; Venkatesh & Wilemon, 1976) underline importance of factors such as teamwork, interpersonal skills, interpersonal diplomacy and perseverance.

Nevertheless, same tactics do not work in all organizations. The external market environment in which the company operates and the internal environment of the company itself need to be considered. Companies must develop the M & S configuration that best matches the characteristics of the company and its environment (Biemans et al., 2010).

2.2 Development of CRM thought

The term “customer relationship management” emerged in the information technology field among IT vendors and practitioners in 1990’s (Payne & Frow, 2005). Since the introduction of CRM concept, it has gained increasing academic and managerial interest.

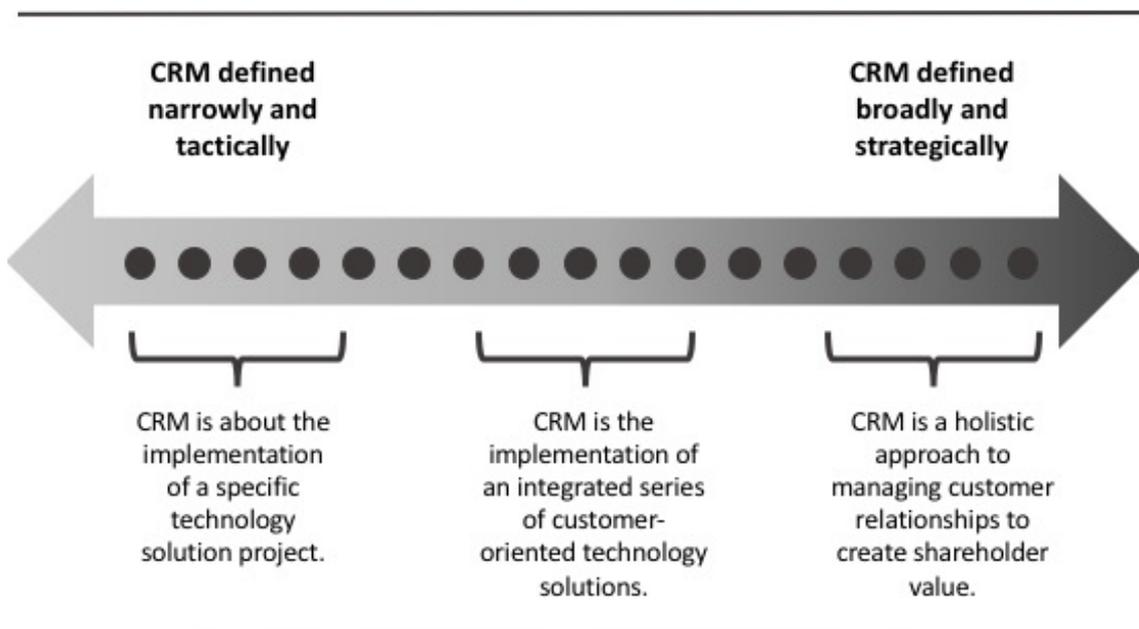


FIGURE 4 The CRM continuum (Payne & Frow, 2005)

However, despite of expanding amount of CRM literature there remains a lack of agreement about what CRM is and how CRM strategy should be developed (Payne & Frow, 2005; Peppers & Rogers, 2004; Werner Reinartz et al., 2004;

Zablah et al., 2004). This may be due to the fragmented research field around CRM and the lack of conceptualization of CRM phenomenon itself. The confusion about what constitutes CRM is a significant problem also to many organizations deciding to adopt it as its definition significantly affects the way an entire organization accepts and practices CRM. Viewing CRM too narrowly or undertaking it in fragmented basis can lead to failure of the whole adoption project (Payne & Frow, 2005). The CRM continuum of definitions ranging from narrow and tactical view to broad and strategic view is presented in figure 4.

2.2.1 Relational perspective

During Western industrial revolution, mass-market orientation and strictly product-focused marketing dominated the marketing field. Demand for new products was great and companies that could produce good products most efficiently thrived. In these days, there was no need for elaborate marketing actions - companies used mass marketing and mass advertising to reach the greatest possible number of potential customers. Branding emerged to offset the perception of the products of different competing companies being similar to each other. In a way, branding from its beginning was an expensive substitute for relationships that companies could not have with their masses of customers (Peppers & Rogers, 2004). Brands helped customers to distinguish products and services. They helped to create value through image, familiarity and trust. Even so, compared to real relationship, customer's brand relation often remained more distant and communication one-sided.

In 1970's a new relational perspective of marketing started to emerge. This school of marketing emphasized that marketing is more a management issue than a function and it must be built on relationships rather than transactions. The locus of attention was shifted from brands and products to relationships. Instead of just producing, selling and marketing to the masses, this new perspective emphasized real, two-way relationships and the customer viewpoint. Shostak (1983), initially defined the term "relationship marketing" as attracting, maintaining and enhancing customer relationships. During 1990's, the term was expanded from customer relationship development and maintenance to include also other types of exchange partners, such as suppliers, competitors and employees. Furthermore, Morgan and Hunt (1994) broadened the concept even more to cover all marketing activities that are directed toward establishing, developing and maintaining successful relationships. Relationship marketing can also be viewed as a philosophy. It refers to the idea that customer loyalty is best achieved when interactions are viewed in the context of ongoing relationship. This perspective has received support from Reichheld and Teal (1996), who demonstrated that a strong link exists between customer loyalty and corporate profitability. It is often cited that CRM stems from this philosophical predecessor phenomenon (Peppers & Rogers, 2004; Reinartz et al., 2004; Ryals & Payne, 2001; Zablah et al., 2004).

Common to all theoretical approaches in the relationship marketing literature is that managing relationships is seen beneficial for the firm (Werner Reinartz et al., 2004). However, it must be acknowledged that not all relationships

in all situations are beneficial. Even though having relationships is seen as a desirable situation, the relationship may not always exist. Sometimes the other party may not want to form a relationship. Furthermore, Grönroos (1997) argues that in these situations the relationship is latent but can always be activated if parties see it necessary to their strategy, needs, wants and expectations. Hence, the relationship between a company and a customer can be active or inactive, but active relationships often have many positive effects. Not all of the relationships are beneficial altogether and some may cause more harm than benefit (Niraj, Gupta, & Narasimhan, 2001; Reinartz & Kumar, 2000). Thus, more relationship building is not always better, instead companies should focus on building “right” types of relationships. Factors such as organizational design, adequate incentive schemes, and information technology resources, as well as industry, company, or customer structures, may affect the performance and need of different relationship marketing activities. Identifying good relationships from unbeneficial ones is also one of the key goals of CRM. That way the company can invest to those relationships that create the most value.

Other commonly adopted aspects of relationships are that they evolve with distinct phases (Dwyer, 1987) and companies should interact with customers and manage relationships differently at each stage (Srivastava, Shervani, & Fahey, 1998). If companies want to develop relationships the different needs and features of each phase must be acknowledged and actions planned and executed accordingly. Thus, relationships cannot be viewed as a group of independent transactions, instead, these transactions are interdependent and create their own dynamic over time (Reinartz et al., 2004). Altogether, relationship management is longitudinal phenomena. This idea is also the foundation of CRM thought: the goal of CRM is to manage and develop various stages of the relationship systematically and proactively.

2.2.2 Tactical perspective

In the beginning of 1990's, an enormous increase in customer data collection possibilities enabled the evolving of CRM thought. Organizing these new masses of data proved to be a difficult task for companies. Even though some attempts were made to sort and arrange data for the analytical purposes, many firms were overwhelmed by the flood of potentially useful information (Boulding, Staelin, Ehret, & Johnston, 2005).

Software vendors capitalized the need for customer data system solutions and developed software and hardware to meet the companies' needs. These CRM solutions enabled companies to acquire, warehouse and analyse customer behaviour and company actions. In the mid-1990s technological advances offered new and increasingly better possibilities for analysing customer data and identifying customers' behavioural stages (Peacock, 1998). Sales force automation (SFA) and customer service support functions became general part of companies CRM systems (Kumar, Venkatesan, & Reinartz, 2006). Subsequently, vendors began to use the term CRM to refer to the data collection and customer-firm interface management activities.

This sudden boom of technology driven approach led to highly tactical and rather narrow view of CRM concept. Consequently the common thought around CRM was that it only offered technological and software solutions (Verhoef & Langerak, 2002). The view emphasized organizing and managing of the relationships in company's perspective and dismissed the mutual development of two-way relationship. CRM was an implementation of a specific technology solution project (see figure 4). To this day, the tactical and technology-driven perspective of CRM still exists and CRM technology is often incorrectly equated with CRM (Reinartz et al., 2004). This happens regardless of a fact that both the research literature and managerial studies indicate other more holistic views to be better functioning conceptualizations of CRM. Viewing CRM only as a technology initiative is one of the key reasons for CRM failure (Kale, 2004). This finding is bolstered by empirical studies that suggest that CRM technology only has a moderate to weak impact on the overall success of firms' relationship building efforts (Reinartz, Krafft, & Hoyer, 2003).

2.2.3 Wide-ranging technology view

Broader approach to earlier tactical perspective of CRM is customer-oriented wide-ranging technology view (see figure 4). Rather than seeing CRM as an individual technology initiative, this perspective views it as implementation of an integrated series of customer-oriented technological solutions (Payne & Frow, 2005). Customer relationships exists in different phases and encounters of company and customer in several touchpoints affect the relationship. To better manage and develop these different encounters, a company uses several technological tools and processes. Technological solutions are chosen not only by the needs of the company but rather based on customer needs and possibilities.

Utilizing variety of technology solutions, even if these were customer-orientated, is not enough in obtaining successful CRM. In addition to technology, firms must invest in developing and acquiring a mix of other resources and capabilities that enables them to modify their behaviour towards individual customers or groups of customers on a continual basis (Peppers, Rogers, & Dorf, 1999). Zablah et al. (2004), have conceptualized this as the capability perspective on CRM. Capabilities and resources both in organizational level and of its individual employees are vital in implementation of CRM in day-to-day activities. Effective CRM demands that a company is capable of gathering intelligence about its current and prospective customers and apply intelligence to shape its subsequent interactions with them (Crosby & Johnson, 2000; Zablah et al., 2004). Ability to distribute, combine and utilize information from different systems and organizational units is not gained automatically in system implementation – generating these capabilities needs separate attention and effort.

2.2.4 Customer centric view

Academic and managerial approach to CRM shifted after wider fundamental change from traditional transaction-based marketing to the relationship-oriented marketing. In the beginning of millennium, customer centricity became the

corner stone of CRM (Bolton, 2004; Bose, 2002). Furthermore, interest towards customer life time value (Peppard, 2000; Reichheld & Teal, 2001) and knowledge management (Gebert et al., 2003) allowed the understanding of CRM domain to grow richer. The approach to CRM became customer centric, holistic and multidimensional. Researchers (eg. Payne & Frow, 2005; Zablah et al., 2004) presented more precise and comprehensive conceptualizations for CRM and clarified the differences between many CRM approaches. This development brought forth strategic and process approach to CRM, which are currently the most supported views of CRM. According to this holistic viewpoint, CRM is not simply a compilation of IT solutions and capabilities that are used to acquire and grow a customer base. It is an on-going process that stems from company's business strategy, reaches different organization levels and is inseparably connected to customer-facing level of business. Payne and Frow (2005, p. 168), synthesized aspects from CRM definitions and tested the synthetisation with practical managers. Their suggested definition results as follows.

CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications.

CRM involves profound synthesis of strategic vision: a corporate understanding of the nature of customer value in multichannel environment, the utilization of the information management and CRM application, and the high-quality operations, fulfilment and service (Payne & Frow, 2005). More specifically, the strategic viewpoint suggests that all customer relationships are not equally valuable and therefore, to achieve maximum profitability, companies must continually asses and prioritize customers and to focus on the best ones.

In the process viewpoint, CRM is a macro level process that includes activities that firms undertake in their quest to build durable, profitable and mutually beneficial relationships (Reinartz, Krafft, & Hoyer, 2003; Srivastava, Shervani, & Fahey, 1999). This view also acknowledges that the buyer-seller relationships develop over time and must be developed to endure.

However, change in customer's buying behaviour and technological development has set new requirements to CRM. Customers have started to demand more individualized treatment from companies and expect that their relationships are managed according to these individual needs (Avery et al., 2014; Cambra-Fierro et al., 2016). Holistic approach of CRM emphasizes the building of a single view of the customer across all channels, distribution of customer intelligence and customer-facing functions (Reinartz et al., 2004). Coordination of customer information across time and contact channels is vital in managing the entire customer relationship systematically and in providing individual interaction to customers. In addition, executing of a single view of customer across all channels and organizational units also enables customers to have single

view of the company itself and of its core marketing message. New technological solutions allow companies to manage relationships in this kind of one-to-one level and to do it simultaneously with huge numbers of customer (Payne & Frow, 2006). Customer data has an important role in this process, because it enables more customized communication, cross-selling and accurate segmentation (Saarijärvi et al., 2013). Therefore, high quality customer data has been widely acknowledged as major organizational asset in CRM process (Malthouse & Hofacker, 2010; Reimann et al., 2009).

Finally, the rise of social media has empowered and connected customers and thus started to challenge the CRM view of a company managing the relationship with a customer (Greenberg, 2010; Malthouse et al., 2013; Orenca-Rogla & Chalmeta, 2016). Authors further argue, that in social media platforms, the customer is no longer limited to a passive role in his or her relationship with a firm. In addition to being more informed about competitive products, customers can easily express and distribute their opinions to large audiences through social media channels. This makes it more and more difficult for companies to manage the messages that customer receives about their products or services. Greenberg (2009) introduced the concept of social CRM or CRM 2.0. and described the shift of CRM to a strategy that incorporates both customer transactions and customer interactions. Per this viewpoint, the power to manage customer relationships is no longer mainly concentrated around companies. Instead, both the customer and the company manage the relationship through interaction. Greenberg (2010) argues, that when social CRM strategy is implemented effectively it adds greatly to the information needed for customer insights. Rather than replacing earlier CRM approach, social CRM complements it and highlight the customer perspective and mutual interaction (Orenca-Rogla & Chalmeta, 2016).

To conclude, explosion of customer data and difficulties of managing it resulted as emerging of CRM thought. Even though the roots of CRM philosophy are in the relationship marketing, which is based on the idea of focusing on customer value creation process, in early days of CRM the focus drifted to narrow technology view concentrating on IT system implementations. The approach slowly widened to more customer-centric direction, acknowledging company capabilities but still heavily relying on multiple technological solutions. Efficient use of customer data allowed companies execute more customized communication, cross-selling and accurate segmentation (Saarijärvi et al., 2013). Still, the approach was firm-centred and the CRM was mostly seen as tool to enhance company's internal actions and processes. In 2000's CRM thought was reconnected with its relationship marketing origins and customer centricity again became to the core of the concept. Aided with accelerating technology development companies today can gather more specific information and analyse it quicker and in larger masses than ever before. This has led to the situation where customer information is used both ways: besides companies using the information from its customer's, some companies offer customers an opportunity to see and use the information gathered from them too (see figure 5), for example personal purchase history in online stores. This way information can be used to mutually create value in relationship.

Since this study aims to enlighten the adoption of CRM strategy in B2B companies, holistic strategic and process oriented approach to CRM was chosen as the guiding CRM definition.

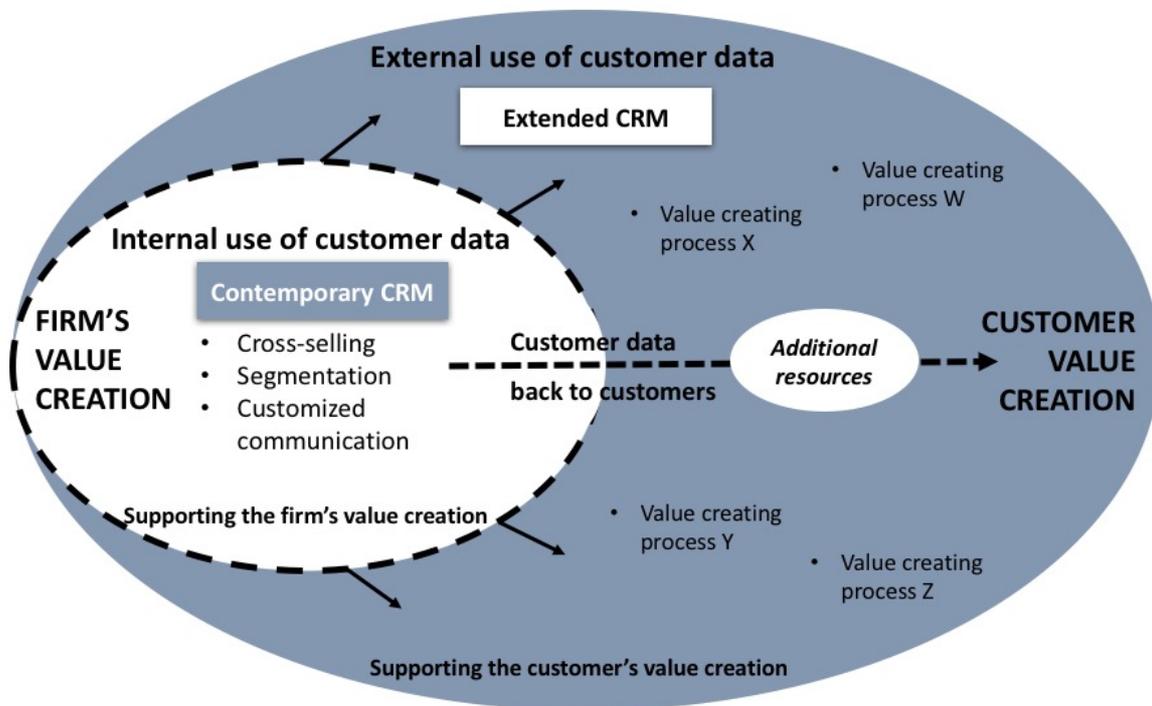


FIGURE 5 From internal to external use of customer data – extending the CRM framework (Saarijärvi, et al. 2013)

3 CRM SUB-PROCESSES

This chapter deepens into CRM sub-process. A process refers to a collection of activities and tasks that together result in a desired outcome (Davenport & Beers, 1995; Davenport & Short, 1990). These group of activities convert organisational inputs (e.g. human resources) into desired business outcomes (e.g. successful new products). Activities can also be divided or aggregated into lower or higher level processes – macro level processes subsume numerous smaller sub-processes (Zablah et al., 2004). As discussed earlier, strategic CRM aims for an organization to reach its business goals by providing superior value to right customers via profitable relationships. Achieving this goal requires that the organization can identify and lead essential macro level processes that affect the relationships as well as design and execute many work practices that constitute them.

As the process view is one of common approaches to CRM, there exist several frameworks for CRM process (see eg. Zablah et al., 2004). Nonetheless, it is important to understand that while process approach is based in different levels of aggregation there is no clear consensus about which tasks are subsumed under which processes (Zablah et al., 2004). Process frameworks have organized similar sub-tasks differently, emphasized various aspects and therefore, the literature in process approach to CRM faces fragmentation issues alike CRM literature altogether.

One of the widely known models is the strategic CRM framework developed by Payne and Frow (2005). Their framework is used as a foundation of this study. Payne and Frow's (2005) framework consists of five interrelated sub-processes that together form the CRM process: strategy development process, value creation process, multi-channel integration process, information management process and performance assessment process (see figure 6). First, in the strategy development process, organization determines its business strategy and then based on it, determines the customer strategy. How well the two interrelate will fundamentally affect the success of CRM strategy. Second, in value creation process, organization transform the outputs of the strategy development process into programs that extract and deliver value. This includes determining the value company provides its customers, the value that customers provide to company and the management of this value exchange. Third, the multi-channel integration process translates outcomes of strategy development process and value creation process into value-adding activities with customers. It also includes the choosing of right channels and integrated channel management. Fourth, the information management process comprises the collection, collation and use of customer information from all customer contact points to generate customer insight and marketing responses. Finally, the performance assessment process ensures that the company's strategic aims of CRM are being delivered to an appropriate standard and a basis for future improvement is established. The main components of this process are shareholder results and CRM performance monitoring. Together these five processes create a cross-functional and ongoing macro level CRM process.

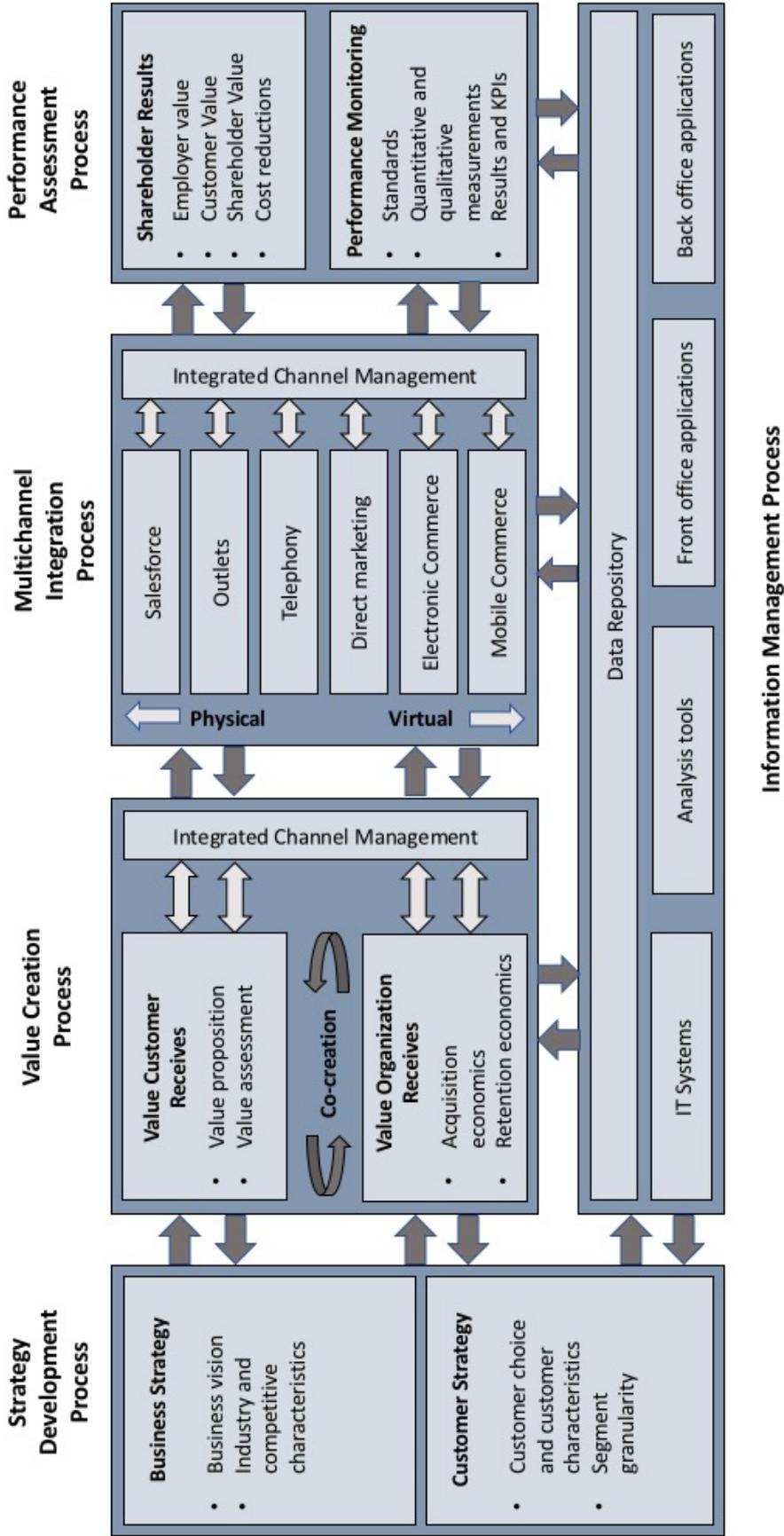


FIGURE 6 Conceptual framework for CRM strategy (Payne & Frow, 2005)

3.1 Strategy development process

According to the strategic CRM framework of Payne and Frow (2005), the first sub-process under the macro level process of CRM is strategy development process (see figure 7). It includes two components: business strategy and customer strategy. Simply put, the business strategy answers to the question “what business are we in” while customer strategy encompasses the question “which customers do we serve”. Payne and Frow suggest that companies should first determine a business strategy and then conduct a customer strategy from it. This process requires a dual focus on both strategies and the aligning of these two fundamentally affects the CRM strategy success. In addition to CRM success, the company performance altogether is determined, at least partly, by how effectively and efficiently the company’s business strategy is implemented (Ruekert & Walker, 1987).

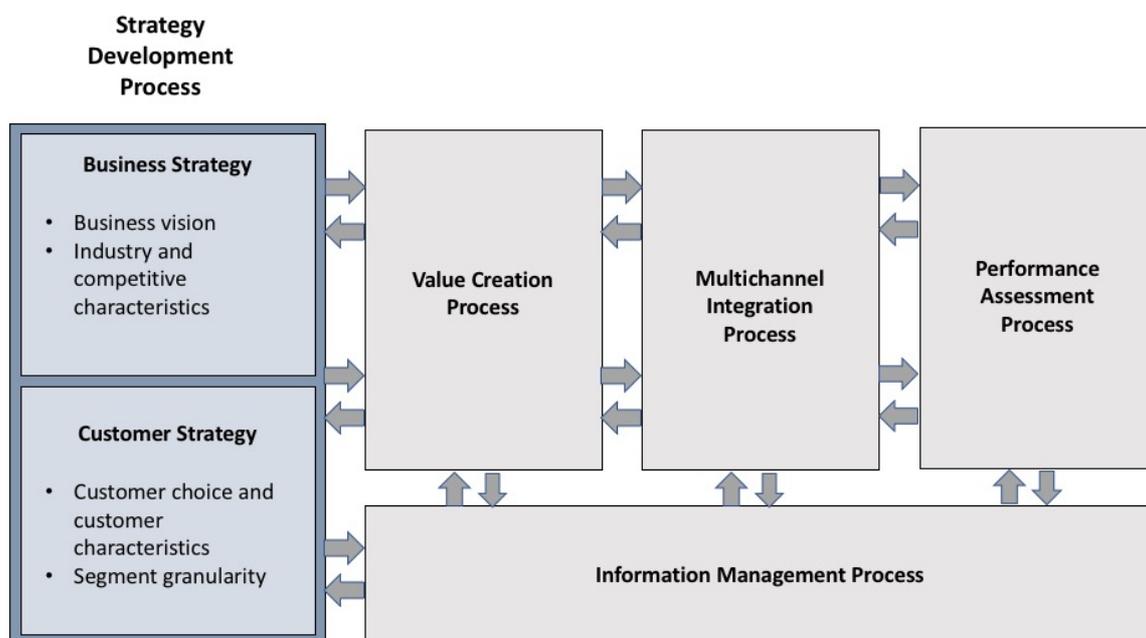


FIGURE 7 Strategy development process – modified conceptual framework for CRM strategy (Payne & Frow, 2005)

Whereas corporate strategy typically is concerned with the question of what business(es) a firm should be involved in and how its priorities and resources should be allocated across those businesses, the business strategy refers to how firms compete in an industry or market (Olson, Slater, & Hult, 2005; Walker & Ruekert, 1987). Two dominant frameworks of business strategy are those of Porter (1980) and Miles & Snow (1978). Porter (1980) suggests a typology focusing on customers and competitors. He distinguishes three types of strategy based on how a firm gains and maintains its competitive advantage. These strategies

are: (1) overall cost leadership, (2) differentiation based on building customer perceptions and superior product quality, service, design or brand, and (3) focus whereby the firm uses cost leadership or differentiation approach but focuses on narrower market niche. On the contrary, Miles and Snow (1978) propose a typology focusing on intended rate of product-market change. They classify businesses into four strategic types: (1) prospectors – industry pioneers with aggressive new product-market position, (2) defenders – business units that compete with price or quality and try to maintain and secure a market position in narrower segment, (3) analysers – intermediate business units that share elements from both prospectors and defenders, and finally (4) reactors – business units characterized by the absence of any well-developed plan for competing within an industry. Ruckert and Walker (1987) observed that even though both typologies have strengths (i.e. Porter's external focus and Miles and Snow's internal focus), each of them also have limitations. To address this, Ruckert and Walker suggest a synthesizing hybrid model that consists of prospectors, low-cost defenders and differentiated defenders. Their framework has later been broadened by Olson, Slater and Hult (2005) who added analysers to Ruckert and Walker's model as the fourth strategy type.

Concerning the phases of business strategy development process, Payne & Frow (2005) suggest that a company should first review or form its vision and especially consider the vision in relation to CRM (e.g. Davidson, 2002). Secondly, company should use traditional industry analysis using strategy typology frameworks (e.g. the Olson, Slater, & Hult, 2005 model). In addition, companies should further augment the analysis by including networks and environmental analysis (Achrol, 1996) and the impact of disruptive technologies (Christensen & Overdorf, 2000).

After developing the business strategy, the next step is forming the customer strategy. Customer strategy involves examining potential and existing customer base and identifying most appropriate segmentation forms (Payne & Frow, 2005). This also involves decisions about the level of subdivision for customer segments. Size and diversity of the customer base as well as elements of business strategy can affect the need for segment granularity. Technological development and online environment can enable much deeper level of segmentation than most of the traditional channels. Increasing the level of segment granulation so that each segment is coherent and homogeneous has increased results also according to managerial studies (Sabag, 2016). The results indicate that the better in detail company knows its customer segment, the more personal value proposition it can offer. Finally, CRM requires cross-functional approach and while business strategy is often the responsibility of chief executive officer and the board, the customer strategy is typically the responsibility of marketing department. Therefore, as different departments are involved, special emphasis should be placed on alignment integration of business strategy and customer strategy (Payne & Frow, 2005).

3.2 Value creation process

Following the strategic CRM framework of Payne and Frow (2005), the second sub-process under the macro level process of CRM is value creation process (see figure 8). In this process the decisions made in business strategy and customer strategy are translated into implementation program that both extract and deliver value. It consists of three main components: determining what value the organization can deliver to customer, determining what value the company receives from its customers and managing this value exchange and value co-creation processes.

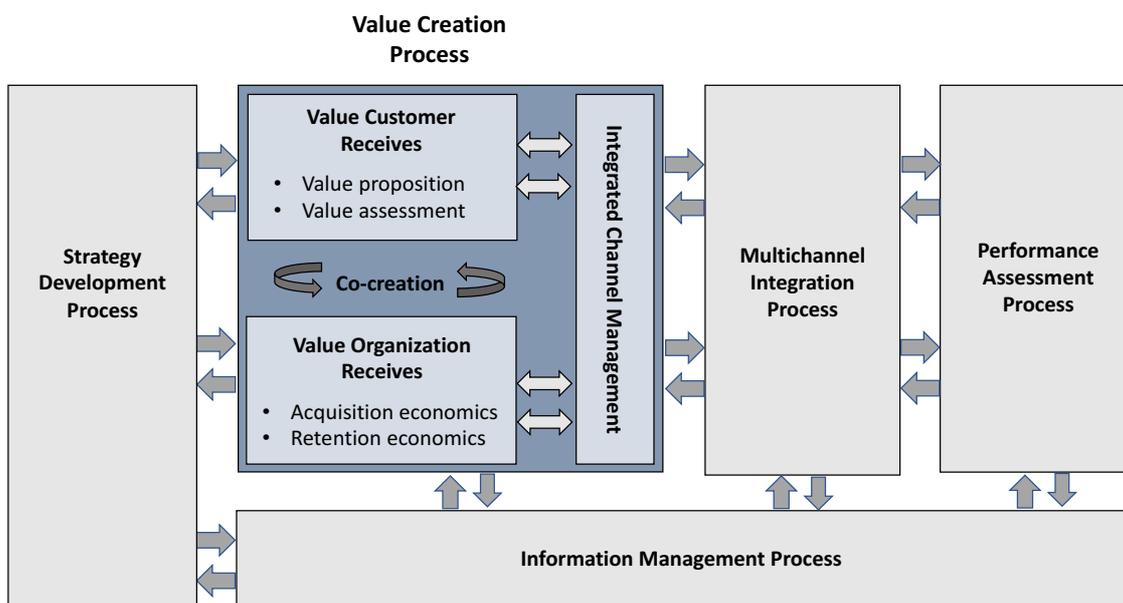


FIGURE 8 Value creation process - modified conceptual framework for CRM strategy (Payne & Frow, 2005)

Value creation is a crucial component of CRM. It is a core element of relationship between producer and consumer (Grönroos, 1996a), hence it is also inseparable part of managing customer relationships. Broadly said, creation of value is the central purpose of the economic exchange altogether. Consequently, it is hardly surprising that value creation is considered as a core element of a relationship between producer and consumer.

However, the concept of value is multifaceted and complicated and the literature provides no unambiguous consensus on its definition. This might be due the fact that value is experienced individually (Zeithaml, 1988), hence the literature in value is emphasizing the "perceived value" in conceptualizations. What constitutes value differs between people and even if the examined person and product stay the same, the person can view the value differently on different occasions. Value is also easily mixed with the concept of quality. In addition to the personal nature of value, it differs from quality also because it involves the trade-off of give and get components (Zeithaml, 1988). Grönroos (1996b) states that the heterogeneity of the value concept has led to a situation where the term

is at times used without any efforts and commitments to understand really what it means. Therefore, attention in exploring and familiarizing the background and main conceptualizations of the term is needed.

3.2.1 Goods-Dominant Logic

In the traditional point of view, value was concentrating mainly on the trade-off – output and price (see table 1). Customer perceived value has been defined in individual level as a means-end approach or a compromise between benefits and sacrifices (Woodruff, 1997; Zeithaml, 1988; Day, 1990). This view that understands the meaning of value as value-exchange is referred as goods-dominant (G-D) (Vargo & Lusch, 2004). According to G-D logic, value is created by the producer, a firm, and then distributed to customers.

	Goods-centred dominant logic	Service-centred dominant logic
Primary unit of exchange	People exchange for goods. These goods serve primarily as operand resources.	People exchange to gain the benefits of special skills and knowledge or services. They are operant resources.
Role of goods	Goods are end products. Marketers change its form, place, time and possession.	Goods are transmitters of operant resources.
Role of customer	Customers are the recipients of goods. Marketers' role is to segment and penetrate them. They also distribute and promote goods to customers, which are operand resource.	Customers are co-producers of the service. Marketing can be seen as a process of doing things with customers.
Determination and meaning of value	The producer determines value: "exchange-value". Value is embedded in the goods itself.	Value is determined by the consumer: "value-in-use".
Firm-customer interaction	The customer is an operand resource. Customers are acted on to create transactions with resources	Customers have active role in relational exchanges and coproduction. Firms can only make value propositions.
Source of economic growth	Wealth is perceived from surplus resources and goods.	Wealth is perceived through exchange of special skills and knowledge.

TABLE 1 Differences between goods-dominant logic and service-dominant logic (Vargo & Lusch, 2004)

These roles are distinct – the firm creates the value, the customer receives it and the results are traditionally measured by the exchange transaction. G-D logic also sees the creation of value as series of activities performed by the firm (Vargo & Lusch, 2004). For example, different parts or functionalities are added to product in factory production line. Adding functionalities were referred as adding value. Companies may also outsource some of the producing processes and thus entrench value into the goods, later the whole value of the good is represented by the price that customer is willing to pay (Vargo & Lusch, 2008).

Critics to G-D logic argue that value is created in cooperation with customers (Vargo & Lusch, 2004), the value creation process is part of a social system (Edvardsson, Tronvoll, & Gruber, 2011) and because customers' daily experiences and activities are unexpected and spontaneous, value is not created consciously (Schatzki, 1996).

3.2.2 Service-Dominant logic and value co-creation

To address the deficiencies of G-D logic, more holistic and relative approach to value has achieved predominant status in literature. Service-dominant (S-D) logic argues that value is not something added to a product, it is what customers experience during the product or service consumption (Vargo & Lusch, 2008). The roles of firms and customers are not distinct – the process of value creation is bidirectional. Value is always co-created in customer-firm interaction through the integration of both parties' resources, but the service provider is in key position to facilitate the value co-creation. To better understand and fit the customer needs that lie beneath, the S-D approach strives to maximize consumer involvement (Grönroos, 1996b). Interaction happens in several touchpoints and involves personnel around the organization. Therefore, everyone in an organization acts as a marketer and influences the value creation process.

Establishing what value customer is actually seeking from the company is the starting point for being able to communicate and deliver the correct benefits that provide value (Grönroos, 1996b). A firm should always aim for identifying what a customer is trying to do with its offering at particular time and place, then the conclusions about what is valued and why can be drawn (Christopher, Payne, & Ballantyne, 1991). One way to gain better understanding on customer-perceived value is to understand buyer's value chain (Porter, 1985). The buyer's value chain is a series of action that a customer takes with the aim to produce value for himself or herself. For example, purchasing a software licence may in itself be an input to a customer's value chain, but the way that the software is actually used is determined by the customer's own priorities and values. These priorities and values then affect the aspects which are valuable to that particular customer. Payne and Frow (2005) suggest that analytical tools such as conjoint analysis can be used to identify customers that share common preferences in terms of product attributes and to reveal substantial market segments with service needs that are currently not delivered by existing offers.

To explain the relationship among the performance of the product, the fulfilment of the customer's needs and the total cost to the customer over the customer relationship life cycle, the service provider presents a value proposition

(Grönroos & Ravald, 2011). In other words, the value that a customer can get when using the product or service is summarised in easily understandable package. This makes comparing and comprehending offerings easier. Firms' value and service propositions are intermediary in the process of value co-creation (Holbrook, 1987). To determine whether the value proposition is likely produce superior results, companies should undertake value assessment to quantify the relative importance that customers place in different attributes of product or service (Payne & Frow, 2005).

3.2.3 The value the organization receives

As discussed earlier, CRM is developing and managing relationships that are valuable to both the company and the customer. The same idea is supported also by S-D logic which argues that value is co-created by both parties. More specifically, strategic CRM encourages to continually assess relationships and to focus on the profitable ones. Thus, it is also important to understand and measure what value organization receives from its customer relationships. From this perspective, the value the organization receives is the return on investments in the value creation process. Payne and Frow (2005) suggest that two key elements fundamentally contribute the value organization receives. First, how profitability varies across different existing customers and customer segments must be determined. Second, the economics of customer acquisition, customer retention and opportunities for cross-selling, up-selling and building customer advocacy must be understood. How these elements contribute to increasing customer lifetime value is essential to the value creation.

One off the widely-used concepts for measuring the customer's potential long-term profit for a company is customer lifetime value (CLV). It has received increasing attention, both managerial and in literature (Reinartz & Kumar, 2000; Rust, Lemon, & Zeithaml, 2004). Typically, CLV is a function of the predicted contribution margin, the propensity for a customer to continue in a relationship (customer retention) and the marketing resources allocated to customers. In addition, the total of discounted lifetime values summed over all of the firm's current and potential customers is defined as customer equity (Rust et al., 2004).

However, different models for calculating CLV exist and challenges of measuring CLV also need to be acknowledged. These challenges include difficulties in meeting data requirements, as well as accuracy and scope of the metrics (Kumar & George, 2007). Predicting long-term effects in the future based on the information of today is always extremely difficult and rarely highly accurate. Still, these metrics are very useful tools to companies when the limitations are realized.

3.3 Multichannel integration process

The third sub-process in Payne and Frow's (2005) strategic CRM framework is multichannel integration (see figure 9). It takes the outputs of the business strategy and value creation processes and translates them into value creating activities with customer. It is within this environment that most of the customer experience and value co-creation occurs (Payne & Frow, 2004, 2005). Therefore, the writers argue that multichannel integration is one of the most important and critical processes in CRM. Multichannel integration process includes decisions about what are the most appropriate combinations of channels choices, how to ensure that the customer experiences positive interaction within those channels, and how to create a single unified view of the customer to the company and similarly how to present a single unified view of the company to the customer. Developing multichannel strategies often requires long-term commitment and investments in infrastructure and human skills (Rosenbloom, 2007). Multichannel strategies are difficult for competitors to copy, hence the topic has gained increased attention as a means for gaining a sustainable competitive advantage.

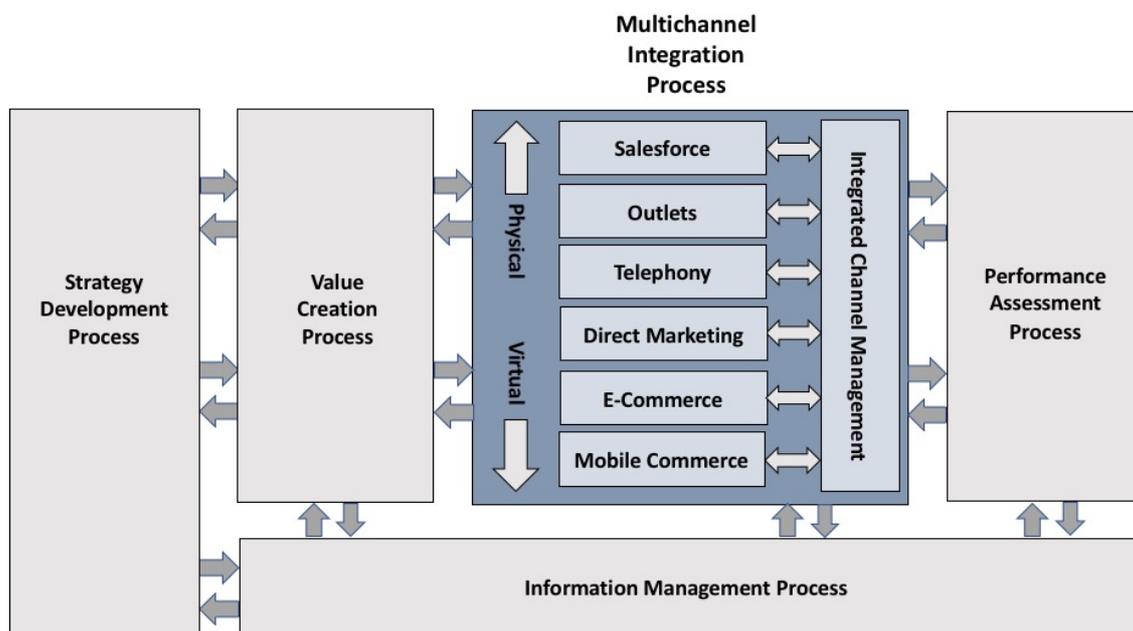


FIGURE 9 Multichannel integration process - modified conceptual framework for CRM strategy (Payne & Frow, 2005)

In the beginning of multichannel integration process a company needs to review its industry channel structure and its channel participants (Payne & Frow, 2004). Usually companies have a range of channel participants through which they may seek to serve the final customer. The industry channel structure review also includes mapping of roles of current channel participants (Slater & Olson, 2002)

as well as considering how customers' buying behaviour and motivations might change over time and how this could affect the channels (Wilson, McDonald, Hobbs & Dolder, 2003).

Next, the company needs to decide on channel options, including what channel combination should be used, at what time and with which segments. In literature there exists many categorizations of different channels. Payne and Frow (2005), present six broadly based categories in their model (see figure 9), that include both personal face-to-face communication (salesforce and outlets), interaction via digital platforms (e-commerce and mobile commerce) and other channels that are set somewhat between these (telephony and direct marketing). These choices should be made following a determination of the value proposition relevant to the final customer. In addition, Sharma and Mehrotra (2007) emphasize the need for applying an empirical data-based approach to ensure relevant channel decision making. Quality and suitability should always be underscored more than the quantity of channels. This requires understanding on buying behaviour of customer segments, the nature of each channel type and what benefits and limitation each channel type offers.

After channel structure review and decisions on channel mix, the next phase is integrated channel management. The goal of this process is to enable consistent delivery of the value proposition in the eyes of the customer (Payne & Frow, 2004). Customer interacts with several channels of the company, for example marketing communication, customer service and sales representatives. If a firm is to succeed in producing consistent outstanding customer experience, it needs to ensure that it continues to offer the customer the same individualised relationship over time and across all points of contact. Payne and Frow (2005) argue that managing integrated channels relies in the company's ability to uphold the same high standards across multiple, different channels. First a company needs to establish a set of standards for each channel that define an outstanding customer experience for that channel. Second, the company works to integrate all the channels and to develop the common standards for them all. Rosenbloom (2007) argues that one of the most significant obstacles to building multichannel strategies is the emergence of conflicts between channels. Furthermore, Rosenbloom (2007) suggests that leadership is in vital role in successful multichannel strategies. In addition to top management focus, multichannel strategy also requires management attention in the tactical level. Securing the cooperation of member of different channels to work together takes on added importance in a multichannel environment (Frazier & Rody, 1991).

3.3.1 Role of technology in channel management

Organization's ability to execute successful multichannel integration is greatly dependent on the its ability to gather and deploy customer information from all channels and to integrate it with other relevant information (Malthouse & Hofacker, 2010; Payne & Frow, 2005; Reimann et al., 2009). Customers are used to getting individualised interaction and require it in their relationships with companies (Avery et al., 2014; Cambra-Fierro et al., 2016). Customers are demanding more channel options for gaining access to products and services and

these technological sources enable the capture, interpretation and dissemination of information in greater detail than ever before (Payne & Frow, 2005; Rosenbloom, 2007). Different channels are used to undertake different tasks. Furthermore, these technologies enable the development and management of more complex multiple channel relationships (Payne & Frow, 2004).

Advances in technology and digital channels have greatly enhanced the flow of this dialogue. By adopting CRM process and technologies that support it, sales professionals can work closely with managers and co-workers to offer customized, unique solutions that satisfy client opportunities and straighten long-term relationships (Rodriguez & Honeycutt, 2011). Authors further argue, that B2B companies, whose sales teams collaborate with other departments within the firm should therefore adopt CRM technology. Technology can enhance channel integration also by better integrating operations of marketing and sales teams. Järvinen and Taiminen (2016) suggest that developing a joint funnel for sales and marketing promotes transparency and cooperation between the two departments. This endeavour can be supported by adopting a marketing automation solution in addition to CRM and SFA systems.

Even though technological development has created vast opportunities for CRM, it has also caused challenging issues. Problems arise in integration of high-tech online channels with conventional channels, finding optimal channel mixes, creating synergies across channels as well as coordinating and managing the highly complex multichannel environment (Rosenbloom, 2007). Earlier companies struggled with the data collection. Instead, firms of today are struggling with how to systematically manage the use the vast amount of collected data. Integrating all channels to a “seamless” experience for customer is the ideal situation, but in practice such seamless integration is rather exception than the rule (Rosenbloom, 2007).

3.4 Performance measurement process

The fourth sub-process in strategic CRM framework of Payne and Frow (2005) is performance measurement. It covers the essential task of ensuring that the company’s strategic aims in terms of CRM are being delivered to and appropriate and acceptable standard and that a basis for future improvement is established. The process can be divided in two main components: shareholder results and performance monitoring.

Shareholder results provide a macro view of the overall relationships that drive performance. Increasing shareholder value is also the ultimate objective of CRM as earlier mentioned in the definition of the CRM concept itself. To deliver shareholder results, the organization should consider employee value, customer value, shareholder value and how to reduce costs (Payne & Frow, 2005). In other words, shareholder results are the ultimate product of CRM process and the combined outcome of implementation of other value processes. Thus, to understand where the shareholder results arise, companies must also measure and assess the results of these sub-processes. The writers further argue that in the

light of recent research, companies should adopt more informed and integrated approach to benefit from linkages among employees, customers and shareholders. Service profit chain models and related research (e.g. Heskett, Jones, Loveman, Sasser, & Schlesinger, 2008; Loveman, 1998) focuses on establishing relationships between customer loyalty, employee satisfaction, profitability and shareholder value. These models can be used as frameworks to better understand the relationships between these factors. However, they do not present solid methods for measuring these linkages, as the connections are complex and multifaceted. In addition to measuring the value creating linkages of employees, customers and shareholders, another important aspect related to shareholder viewpoint is cost reduction. Payne and Frow (2005), suggest two means of cost reduction that are especially relevant to CRM: deployment of technologies ranging from automated customer service possibilities to web services and the use of digital channels.

Second component of performance measurement process is company performance monitoring, which proves a more detailed, micro view of metrics and key performance indicators. Despite the growing urge for firms to be more customer oriented, there is a concern that the metrics used by firms to monitor and measure their CRM performance are not well developed or well communicated. Ambler (2002) found in his study that key aspects of CRM, such as customer satisfaction and customer retention, only reach the board in 36% and 51% of companies. Payne and Frow (2005) emphasize that traditional functionally driven performance measurement systems may be inappropriate for cross-functional CRM. Instead, the writers suggest wider range of metrics, such as balanced scorecard (Norton & Kaplan, 1996) and return on relationships (Gummesson, 2004). Another model that has evoked academic and managerial interest is customer lifetime value (Venkatesan & Kumar, 2004). In addition, authors underscore the importance of having indicators that can reveal the future financial results, not just historical results. The chosen standards, metrics and key performance indicators of CRM should reflect the performance standards necessary across the five major processes. This ensures that CRM activities are planned and practiced effectively and that a feedback loop exist to maximize performance improvements and organizational learning.

Recent development of technology offered many new solutions for better performance measurement of CRM process. Integrating operations with software such as CRM, marketing automation and SFA can enhance managerial tracking and provide more comprehensive view of the ongoing marketing and sales funnels (Järvinen & Taiminen, 2016). Authors continue, that this includes e.g. tracking the quality and quantity of incoming marketing leads and reviewing the activity of sales reps lead follow-up. Consequently, it is easier for management to detect what causes issues in performance and which operations are performing well. The increasingly growing role of information management and technology is more deeply discussed in the next chapter.

3.5 Information Management process

The fifth sub-process in the CRM framework of Payne and Frow (2005) is information management process. This process is concerned with the collection, collation and use of customer data and information from all customer touch-points to generate customer insight and appropriate marketing responses. The key elements of the process can further be divided to the data repository, IT systems, analysis tools and front office and back office applications (Greenberg, 2009). Altogether, information management is a process that supports all the other CRM sub-processes, moves information from one process to another and makes performance measurement possible.

As discussed earlier in the chapter addressing the CRM though and its different perspectives, it is extremely important to understand that it is the knowledge, not a singular technological solution that matters the most. Nevertheless, it is also important to notice that technology does play a substantial role in CRM process by, among other things, seamlessly linking front (e.g. sales) and back office (e.g. logistics) functions to provide for the efficient and effective management of interactions across different customer contact points (e.g., websites, social media, sales calls, direct mail, etc.) (Chen & Popovich, 2003). When it is used strategically, technology functions as a facilitator of CRM activities and contribute to better performance in the market (Reinartz et al., 2004). As discussed earlier, marketing and sales system integration (e.g. marketing automation and CRM) can also substantially improve the efficiency of M & S organizations (Järvinen & Taiminen, 2016).

Moreover, data and technology can improve decision-making and even empower whole functions in the company by providing an effective way to show results and thus justify decisions and recourse use (Järvinen & Taiminen, 2016). For example, in marketing the lack of lengthy history of longitudinal data has made the application of return on investment (ROI) models fairly difficult. As a results, top management has too often viewed marketing expenses as short-term costs rather than long-term investments and as financially unaccountable (Rust et al., 2004). Technologies such as CRM solutions, marketing automation solutions, web analytics, social media analytics, and analytic of different platforms (e.g. mobile apps, customer service platform) provides a way of gathering longitudinal customer data. Furthermore, social CRM technology complements traditional CRM technology with social features, functions, processes, and characteristics that address the interactions between the customer and his or her peers and the customer and the company with its suppliers and partners (Greenberg, 2010). A high quality customer data base is a fundamental requirement for developing and implementing interactive marketing strategies (Malthouse & Hofacker, 2010; Peltier, Zahay, & Lehmann, 2013). Quality data and analytics enable gaining of deeper customer insight that may also enlighten the upcoming changes in customer behavior and needs better than historical data from existing customers. Orenaga-Roglá and Chalmeta (2016) underscore the major shift in use of data and the need for companies to prepare in participating into this shift. Furthermore, the authors suggest three key measures to be taken.

First, data should be treated as a corporate asset at the same level as human and financial resources. Second, knowledge generation and sharing from the collected data should be enabled and enhanced. Third, companies should design and implement a technology infrastructure that enables addressing the challenges and opportunities presented by technological disruptors such as security, cloud, mobility and big data.

To sum up, gathering data both from customers and CRM process implementation, analyzing it, integrating it and using it as a tool for management and decision making has an extremely significant role in the implementation of CRM process.

3.6 Research framework of the study

CRM strategy consists of several components that together reflect a holistic view of businesses' value creation. Because CRM comprises such wide range of operations, it is a complex phenomenon that is often viewed too narrowly. Understanding of CRM has developed from a history of tactical perspective to comprehensive, customer-oriented view that derives from creation of customer value. Holistic approaches to CRM see it as strategic and process-like actions that encompass several business functions and operations, from sales to marketing and top management to customer service.

This approach brings CRM research close to other related fields of study, such as strategy, management and leadership and organizational culture. Strategies and processes are implemented by people who either make or break the strategy (Itami & Roehl, 1991). Therefore, understanding how leadership and organizational culture affect CRM implementation is extremely important. CRM strategy can fail when a limited number of employees are committed to the initiative. Some authors, e.g. Payne and Frow (2005) have focused their study on process framework, but emphasize the need for further study in social factors that affect the success of strategy process. This study aims to deepen the understanding of the relation between CRM process, leadership and organizational culture.

Another perspective that is taken into the centre of this study is the role of data and analytics regarding CRM process. The core of the research framework is based on CRM strategic framework by Payne and Frow (2005) who present five sub-processes of CRM that together form the whole CRM process. However, accelerating development of IT systems and data analytics has changed the way that organizations do performance measurement and information management.

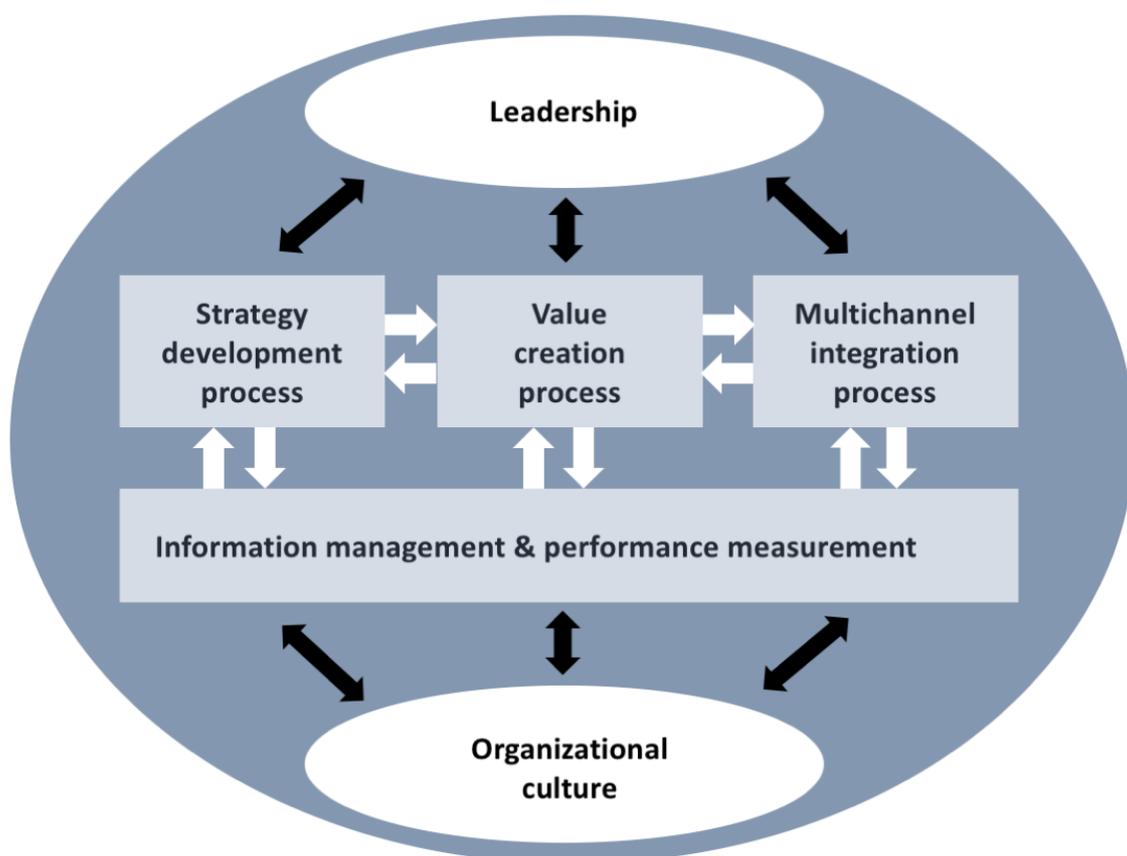


FIGURE 10 Research framework of the study

Explosion of available data has led to new means of analysing and utilizing it, which has changed the role of information and measurement. Companies can use data analytics not only as a supportive tool but also as a source of competitive advantage and a way of creating new business. Data together with IT solutions can be a source of customer value creation. Moreover, performance measurement, both with soft and hard metrics, is almost inseparably bound to data and analytics. Thus, the roles of information management and performance measurement are overlapping. Because of this development, sub-processes of information management and performance measurement are studied as a one entity in this research.

Based on earlier research on the above subjects, the research framework of this study is shown in figure 10. Strategic framework of CRM is contrasted to leadership and organizational culture to unravel important relations relating to CRM success. Similarly, the changing role of information management and performance measurement and its relationship to other sub-processes is examined. The research framework will serve as the guiding principle for the implementation of the empirical study.

4 METHODOLOGY

This chapter will discuss the research methodology and the methodological choices of the research. The methodological process of this empirical study is presented in figure 11. The methodological approach was chosen to support research questions and the research process of this study. Hence, this study will explore the phenomena around CRM process, leadership, organizational culture and data without trying to generate general rules and interpretations.

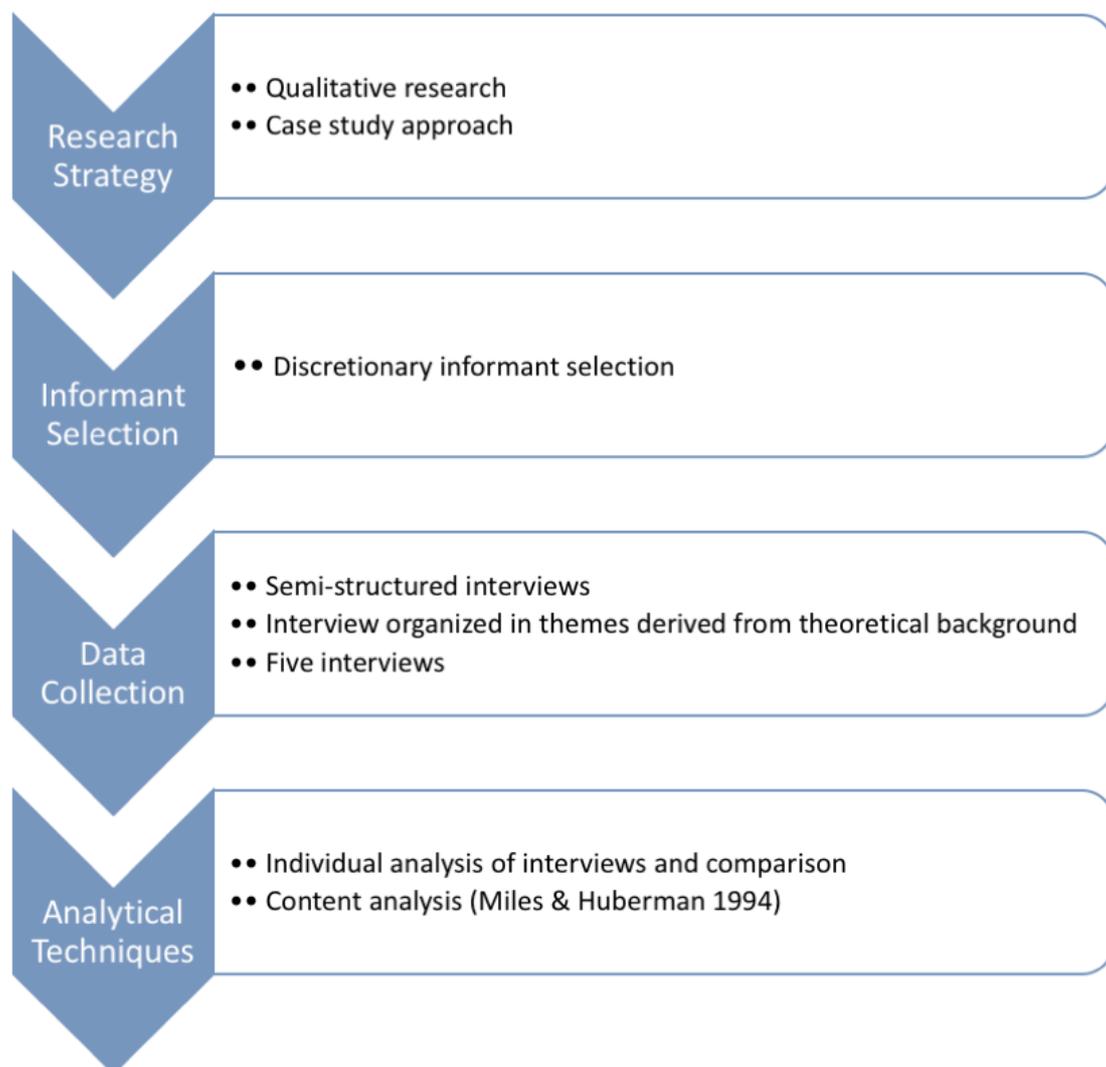


FIGURE 11 Methodological process of the study

Methodology can be roughly divided into three components: ontology, epistemology and methodology (Bryman & Bell, 2007, 402-403). Ontology is

interested in the nature of reality and what we can know from it (Metsämuuronen, 2006). Ontologically, this study fits to constructivism. Constructivism sees reality as relative; it is created by individuals, who each have their own interpretations of reality. Yet it also does recognize, that there may be similarities in different subjective realities. Epistemology defines the relationship between researcher and research subject. It is theory about knowledge and its nature. Following the idea of constructivism, the epistemological basis of this study is subjectivism, which sees that findings are created not discovered by the researcher who makes his or her own interpretations of the reality. Based on ontological and epistemological choices, methodology lies in hermeneutics. (Metsämuuronen, 2006).

4.1 Case study as a research strategy

The method of case study provides rather an approach than a method to the studied subject (Eriksson & Kovalainen, 2008). Instead of causal connections and generalizations, case study aims to produce holistic and detailed knowledge of phenomenon, and it usually exploits various empirical sources and further analyzes those (Eriksson & Kovalainen, 2008). It's a useful way of testing theories and models in the real world and it conjoins induction and deduction by accentuating the building of new theories, and also combines prior theory (Perry, 1998). Hence, case study can be considered as an abductive research strategy. Furthermore, case study is suitable research strategy in a situation where the boundaries between the phenomenon and research context are not explicit (Yin, 2003). As discussed before, the CRM process in whole is a complex phenomenon that is difficult to assess in quantitative methods and the literature acknowledges the need of deeper understanding of it. Therefore, case study was chosen as a suitable research strategy for this study. Case study approach allows this study to contemplate CRM process in-depth, increase knowledge about it and aim to enlighten then "how" and "why" questions related to it. Thus, the chosen strategy is consistent with the purpose of the whole study.

A case study can include different analysis and concern one of multiple cases. The research topic can be e.g. a company, person, community or process. Because of the abductive and cyclical nature of case study, the unit of analysis may vary while conducting the research and should therefore be considered again in analysis phase of the study. Hence, it is important to have a clear start and ending point to the case and clearly formed research questions, otherwise a clear and coherent research cannot be executed. (Saldaña, 2011). The topic of this study addresses the CRM strategy in B2B companies. This research focuses on single case and the unit of analysis is CRM process itself. The case company was selected through a purposeful sample. This provided an opportunity to select the most suitable company considering the study's goals. In this research, three interviews with three different members of the same company were conducted. In addition, two experts from the CRM sector were interviewed to achieve even better in-depth knowledge about the subject. While the unit of analysis is the

CRM process itself, majority of interviews were decided to conduct in same company to better understand the CRM process from different viewpoints, functions and sub-processes. This company is therefore called the case company of this study. The case company as well as the individual interviewees including the experts were selected through a discretionary sample which provided an option to select the most suitable company and individuals. The case company and the experts are presented in chapter 3.4 as thoroughly as the professional confidentiality allows.

4.2 Data collection

Yin (2003) presents six ways to acquire evidence for case studies. These sources are documents, archival records, interviews, direct observation, participant-observation and physical artefacts. In this study, interviews were conducted to gather empirical data. There exist several methods for interviews. They can be highly structured, comprise a set of prepared questions to be asked in specific order or to be totally unstructured or they can happen spontaneously (Saldaña, 2011, p. 32). Common to all interviews are that they can be used to find out issues that the researcher is unable to discover itself by only observing and they can acquire unique information or interpretations held by the interviewees. In this study, the semi-structured theme interview was chosen as the most appropriate strategy, since it allows free discussion about the themes framed by the researcher but also offers the researcher the freedom to raise issues in the course of the interview (Eskola & Suoranta 1998, p. 89).

Each person from the case company as well as the experts were interviewed separately. All interviews were recorded and transcribed to ensure the responses were captured accurately. The selected themes of the interview were based on the research framework of this study (figure 10). The five processes of CRM were the five themes of the interview. First the holistic view of CRM process and the CRM sub-processes were explained to gain common ground in the discussion. During the interview, the interviewee was given a possibility to explain how the sub-process was done in the case company (workers of the case company) or generally in the field (experts). Next, the role of leadership and organizational culture in the sub-process was discussed. Interview plan and the main questions can be seen from the appendix 1.

4.3 Data analysis

Qualitative case study research aims to produce understanding to a phenomenon with flexible research methods, and therefore the chosen data analysing method should also fit to case study approach (Yin, 2003). Literature provides many different methods for analysis, since the qualitative analysis can be conducted in several ways (Bryman & Bell, 2007). However, qualitative analysis cannot be

done randomly. The aim of the study, methodological decisions and data collection methods must be acknowledged while selecting the proper analysis techniques. The lack of attention to these questions may lead to diminished credibility of the study (Eskola & Suoranta, 1998).

Even though no singular clear-cut technique has been identified for qualitative analysis, researchers agree on some common phases of analyze. To transform the interview data to analysable form, the interviews first need to be transcribed (Eskola & Suoranta, 1998). The analysis of this study started with listening to the taped interviews and transcribing them. To capture all the proper information the transcription of the study was done in verbatim. This allows the use of several different data analysing methods as well as the use of the material in later studies. After transcription, more detailed analysis techniques are needed to analyse data thoroughly. Specific techniques help researchers to conduct both credible and transparent research. One of the most cited qualitative analysis methods is content analysis, presented by Miles & Huberman (1994). They suggest three key phases in successful content analysis: 1) data reduction, 2) data display, and 3) conclusion drawing, which form the guidance for the analysis of this study.

To reduce the amount of data, the transcribed material was coded under themes. While coding the data, the researcher processes all the data and then divides it into smaller text portions. This process makes data easier to interpret (Eskola & Suoranta, 1998). The sub-processes of CRM presented in the research model if this study were used as main themes of the data analysis. Coding process does not give results, instead, it is used to simplify the analysis and interpretation. After the coding process, the data was further analysed with the method of Boeije (2010): the data is first separated to segments and then again assembled as a whole, where the important findings are highlighted. Thematic matrixes were used to organize and display the data. Each main theme was given a matrix and data was then divided to smaller categories in it, the similar ones were put together and further coded to get the most relevant and important information out of the case interviews. Next, the codes were combined and patterns and relationships between interviews were compared. Finally, themes created in the process were analysed in the light of findings of earlier research.

4.4 Case company and experts

Even though the unit of analysis in this study is CRM process itself, a case company was selected to gain deeper insight into the phenomenon and to better understand it from different viewpoints and positions inside a company. In addition, two experts were interviewed to get more comprehensive understanding of the process and to widen the perspective outside a single company.

The case company is an international middle-sized recruiting and human resources corporation. This research was conducted in its Finnish branch and

does not address the corporation level or its other branches. The industry of outsourced recruiting services is rather new in Finland, only in recent years it has become generally used service throughout the country, which has resulted in major growth of the industry. The case company has thrived above average companies in the field. This made it a suitable research subject, as successful CRM strategy is associated with better business results. Moreover, the company had tightly integrated some of its functions that work in customer interface. Because channel integration is considered to be one of the main requirements of CRM process (Payne & Frow, 2005), the case company had appropriate organizational conditions for CRM success.

	Background	Industry	Position	Interview duration
Person A	case company	Recruitment, Human resources	CEO	45 min
Person B	case company	Recruitment, Human resources	Head of Marketing	76 min
Person C	case company	Recruitment, Human resources	Head of Sales	81 min
Person D	expert 1	IT & Consulting, CRM system solutions	Director, Consulting	43 min
Person F	expert 2	IT & Consulting, Marketing automation	CEO, Consultant	52 min

TABLE 2 Interviewed case company's employees and experts

In addition, fast-pacing growth often requires more frequent adjustment to CRM strategy and process implementation. This means that current employees have more probably been part of the strategy planning and implementation themselves, rather than "inheriting" it from their predecessors. In the case company, some of the interviewees had created or lived through several major strategy up-dates. Two out of three interviewees had seen more than one round of CRM strategy implementation rounds. Therefore, the interviewees had comprehensive knowledge about CRM process in the company. Because of the amount of personnel, CRM strategy implementation in middle-sized company needs more planning, structure and management skills than in small companies. Furthermore, as there were several functions as well as office sites in the case company, it requires more effort to implement CRM strategy evenly throughout the whole firm. Implementing and executing CRM strategy successfully in middle-sized company implies that these kinds of problems have been tackled, which in turn can offer valuable information on good practices of CRM strategy implementation.

Three persons from the case company were selected for interviews: CEO, head of marketing and head of sales. The background information of all the interviewees is presented in table 2. These roles were selected because of their

significance in CRM process. Executives of sales and marketing functions have a key role in bringing their function's customer knowledge to the top management as well as in implementing the strategy to teams working in the customer interface. CEO usually has the main responsibility of the CRM strategy in the company.

Experts were selected based on their knowledge and experience of CRM process. Expert 1 worked in a multinational information technology company as director in consulting. Company offers consultation, several IT solutions for CRM and is also a major Sales Force vendor and partner. Expert 1 had a strong background on large CRM system implementations and extensive knowledge on CRM process altogether. Deep understanding of technology combined with comprehensive experience CRM and customer experience made him a great subject for interviews. Expert 2 is a founder and CEO in a smaller Finnish company that offers strategic partnership and consulting with a marketing automation solution. The company is one of the first European partner agencies of Hubspot marketing automation software. Expert 2 had holistic experience especially in small and medium size companies, which he has consulted about strategy and strategic marketing alongside with CRM solutions.

5 RESULTS

The chapter begins with the findings about the role of leadership in CRM process. Management-related issue's effects on the implementation on CRM sub-processes and CRM strategy altogether are illustrated. Second, findings about the role of organizational culture in CRM process are presented. This part, similarly to leadership, relates to the implementation process and the social environment in which the CRM process takes place. Third, the findings about the sub-processes of CRM process are discussed. As in the research model, this chapter addresses performance assessment process and information management process as a one entity.

Because interviews were delivered in Finnish, the quotations are translated to English in such a way that the original meaning remains clear. To maintain the privacy of the companies, interviewees of the case company are presented with titles and experts are presented as expert 1 and expert 2.

5.1 Leadership

5.1.1 Process management and communication

All the interviewees emphasized the role of leadership as a significant factor influencing the success or failure of CRM strategy. Top management acts as an initiator of the CRM strategy, facilitator of strategy formulation, leader of the ongoing process and assessor of the results. Management makes sure that the strategy process advances and that there is all the information and resources needed. They are also the ones making final decisions. Management's commitment to strategy process is as a key success factor to CRM success by interviewees. Commitment was described as a will to follow through the entire process, ability to make decisions in tough situations and take calculated risks, and allocate resources so that executing the process is possible.

"We also need that kind of risk-taking, that ability decide even when data wouldn't provide us that direct answer or completely support it, but we believe in it" CEO

"If management doesn't have the will, or they are not leading that [CRM strategy] forward, the process has disaster written all over it" Expert 2

However, none of the interviewees thought that CRM strategy creation should be solely in the hands of the management. Strategy formulation itself should comprehensively engage employees and shareholders – even customers can be engaged to the process. Operating bottom-up was regarded as a productive method in strategy work.

"Those companies that have engaged large number of people often end up having better strategies" Expert 2

“It makes the whole process easier, when people are constantly bringing up ideas, processing them and doing that [strategy] work too” **CEO**

As the initiators and facilitators of the strategy process, decisions on how much employees and shareholders are engaged is largely in the hands of top management. It can be extremely difficult or impossible for an employee to take part, especially in strategy development stage, if there is no “invite” from the management or access to the group that leads the process. Thus, management also acts as a gatekeeper of strategy work: it largely depends on their skills and decisions how well are they able to engage employees and shareholders and how holistic the strategy will be.

Another aspect that was underlined by all interviewees was the management’s responsibility in communicating the strategy as a critical factor. The customer value needs to be concretized and communicated to the whole organization. The process includes sense-making of strategic objectives and values. This was seen both as a difficult and somewhat complex task, because sense-making of abstract values as well as communicating a clear message to large number of different people is challenging. Nevertheless, it can be interpreted that this task is of extreme importance regarding the success of CRM process.

“If we try to execute strategy and create value to the customer, while the personnel of the company don’t understand why certain things are done or what is the actual value that we try to create, it is extremely difficult to achieve the desired results”

Expert 1

“[customer value creation] is a topic that should concern the whole top management group. We have done a lot of work investigating where customer value arises and how it can be concretized” **Head of Marketing**

Because of managements’ role as strategy process leader and communicator, they can serve as a uniting agent in the organization. The CRM process cuts through all organizational operations, or at least it does so in ideal situation. Communication and leadership is needed in all these operations. With strategy and common understanding of customer value, management can communicate a common goal to whole organization. Organizational hierarchy and growing distance between functions or office sites can make this more difficult than in smaller more flexible organizations.

“Both offices have their own culture, which it is tightly branded around the office leaders. Top management is more like a country wide function that has little bit been left in the background and not necessarily anymore that uniting agent as it has been earlier.” **Head of Marketing**

5.1.2 Culture creation

The crucial role of strategy implementation was mentioned several times by all interviewees. Without implementation, CRM strategy is only a plan detached from reality of a company and the time and resources put into planning will not create profitable results.

“The biggest element of success is the execution: how the strategy is implemented, how is it visible in everyday operations, how does it lead the action.” **Expert 2**

“Leadership is extremely important for justifying the value decisions, delivering them in a sense-making way, and for motivating the people to deliver them together.” **Expert 1**

Implementation brings strategic decisions from plan-level to everyday action of employees. Both experts underscored the importance of getting the people motivated and making daily work to support strategy. It is a responsibility of the management to enhance this action.

Implementation should be part of all sub-process stages of CRM, but major part of this work seemed to culminate especially in value creation process. While discussing about value creation process the interviewees emphasised organizational culture and value talk as a critical part of that.

“[value creation] arises from our everyday “value work”. We actually talk very little about strategy and business strategy in our daily work, these are mostly discussed between top management. But the thing that we do talk about all the time is our values, our culture. These things are very closely attached to our value creation.”

Head of Marketing

“Our managers think and discuss what value we provide to our customers when we bring right people to them, and what kind of problems we solve for them. We then give some general messages about these, and the main responsibility lies with the working couple [sales rep and recruiter] who work directly with the customer.” **CEO**

“When we go back to basics, every encounter with a customer is the moment in which we create the value.” **Head of Sales**

From these answers, it can be interpreted that the value creation process in the case company happens in several levels of the organization and it has a strong foothold in the everyday life. Because value creation is strongly merged with organizational culture and this culture is rather well adopted by employees, members of the organization share quite united view of the values. This is reflected to daily work. Employees are engaged to customer value creation and the interpretations of the organization values are shared.

“First, the team managers – how have they understood values and goals, have they adopted these ideas. When they have adopted them – that this is the right thing that we are now putting our efforts to, then it comes down to how they can inspire their people, like hey, I believe in this, you should too.” **Head of Sales**

When culture supports value creation, management efforts can be directed to nurturing the culture instead of generating and implementing value creation itself. This is more efficient, as it is easier to support the existing culture than trying to change a culture to more value creation engaging direction.

“We know that this all comes down to having the right people. If we can get the right people to this company, then everything is possible. If not, well then we are going to end up with wrong type of culture. Basically, we can only tell our employees that this is we should do and what our customers need.” **CEO**

“Sometimes we have great people, great sales reps, but they just won’t fit to our way of doing things. At some point, we need to let go of them, because they just won’t fit our culture. It’s not a match.” **Head of Sales**

To create and maintain a certain culture it is important to find employees that already share similar ideas. Changing the values of people is extremely difficult and telling and educating are about the only tools that the company can use for that purpose. Thus, personnel choices are an essential way of affecting culture, the values within and that way also the customer value creation. Managers and team leaders hold a key to success in this matter, as they are the ones that make the final personnel choices. Moreover, this illuminates that even human resources department which usually has no direct connection to company’s customer interface can have a major effect in customer value creation via personnel choices. Thus, it further underscores the importance of comprehensive implementation strategic values.

One culture related aspect that emerged repeatedly from in the interviews – particularly with case company interviewees – was investments in leadership. Leadership was regarded as an extremely important matter in the case company, to the point that it was mentioned as one of their key strategic element and driver for competitive advantage. CEO expressed that to change the behaviour of the people they first must analyse what needs to be changed in leadership. The change of leadership is often needed to be able to change other behaviour too.

“We have always set out to have excellent people, excellent leadership, excellent managers, that’s the main thing. We chose that to our strategy as a source of competitive advantage. So, we do talk a lot about good leadership, transferring knowledge between employees, experiencing of our values, and introduction of new employees.” **Head of Marketing**

“Absolutely we also invest in leadership and think ways to develop it. We think how to change leadership rather than how to change people, because leadership has to change first for people to change.” **CEO**

In case company, leadership in all levels was greatly valued and major investments, both in time and money, were made to create supportive circumstances for it. The company has an extensive introduction programs for new employees, as well as mentoring and knowledge sharing processes. Head of sales and CEO stated that they have carefully mapped out what kind of skills a new employee needs in a certain time span and developed ways for the company to offer training for those needs. Introduction is not only something that happens during the couple of weeks or a month – the training plan continues for several years forward. Employees are well supported, because in addition to their superior and team, the mentor from another team can provide different kind support. A mentor that comes from outside of the team has a more equal and perhaps more objective role, as there is no superior-subordinate relation. Head of marketing also pressed the importance of giving enough time for team managers to lead their team members. In busy daily life, other tasks might easily consume most of team managers’ time. Therefore, it is also important to support team managers to prioritize the time that is intended to spend on leadership

activities and in all ways to create that kind of culture and environment that further enhances it.

“We have thought a lot about the introduction calendar; what must be learned in this point of time, when should we train it and how. We provide all the know-how [for new sales employee], then there’s the team leader who always supports you too. Everyone also gets a sales coach, who is a kind of a mentor or tutor to you and helps you with everything related to this company and work. This mentor is also with you in your first customer meetings and so on.” **Head of Sales**

“If we think about introduction, we put a lot of time and effort to it. Take for example a new sales rep. The first introduction period is intensive, but the teaching and support doesn’t stop there; next three months are also quite intensive and this still continues afterwards.” **CEO**

“Here you really can spend time on leadership. And when you have good superiors who also understand what the company is selling and what customers want to buy, this message goes forward to functions and teams extremely well in our company.” **Head of Marketing**

Investing to these procedures, nurturing appreciation towards leadership activities and creating culture and structures that foster great management is a part of managers’ responsibilities in the case company.

5.1.3 Cross-functional management

All interviewees found cross-functional cooperation as critical element of success in CRM process implementation. Value to customer is created across the organization and several groups and functions together are responsible of customer-related processes. In the case company, the same customer encounters marketing messages, sales reps as well as employees from recruiting operations. From the customer point-of-view, encounters with the company should be uniform: even if there are several employees or functions dealing with the customer, the customer experience should not be fragmented. The core marketing message from the organization should be the same, the regardless of which function the customer is in touch with. Cross-functional information and knowledge should be extensively utilized, from top management team compilation to cooperation of marketing and sales departments.

“Integration of information, so that it flows from function to function, is one of the most important matters in CRM.” **Expert 2**

“In my opinion, it all comes down to how we cooperate. It’s the attitude that this is important and one function cannot make it without the other.” **Head of Marketing**

Interviewees found that the top management should gather knowledge and competence around the organization and facilitate cooperation. Expert 1 underscored that the viewpoint of employees working in customer interface should especially be regarded, because that is where the value creation takes place. He also expressed his concern on how this particular viewpoint is often ignored. The CEO found that the top management group consisting of executives

of different functions works closely together in the case company and the importance of cross-functional coordination is acknowledged.

“It can’t mean that it’s the management alone that defines the solution...it’s more important to listen to the end user [employee working in customer interface], to understand his distress, needs and feelings, and from that perspective to do the reasoning for the optimal solution.” **Expert 1**

“We just had a conversation in our top management about how we can reach our goals for this year and what are our focus areas. There it was highlighted that even if someone owns a focus area, all the rest of us are still having a role in it. Our executives in the top management group are closely cooperated.” **CEO**

It may also be extremely difficult to provide the knowledge and information to management decisions if a part of company or function is not represented in top management. Utilizing this knowledge in that kind of situation needs extra efforts in communication, but the results may still turn out to be less successful. This effect was noticed by both the case company CEO and the Head of Marketing.

“Neither of us are part of the top management group so it’s bit like water off a duck’s back.” **Head of Marketing**

“I hope that now that we will bring marketing to the top management group it will also help [marketing and sales cooperation], when marketing is taking part to all those conversations. I have noticed that we should have a lot of communication, we should communicate all the time, especially to those functions that are not part of the top management group. If the communication is not active enough there are going to be misunderstandings.” **CEO**

In addition to considering cross-functional perspectives in decision-making and ensuring that all the functions of organization are represented, and thus knowledge is gathered as comprehensively as possible, the interviewees also pressed the importance of cooperation between functions. This was regarded as a necessary requirement in strategy implementation. If the CRM strategy is not implemented similarly in different functions, or if the functions are in the different stage of implementation, it can cause fragmentation. This can further complicate the cross-functional cooperation.

Cross-functional management is difficult and closely coordinating even two functions can be a challenge. However, case company has succeeded in this area remarkably well. Employees in sales and operations work as pairs, where every client has a personal sales rep and a recruiter. Both the sales rep and the recruiter have own portfolios of clients; they have different sales-operations pairs for different customers but there always is a representative from both functions. Cooperation is close, and according to interviews the both functions share the same view of the customer and have access to same customer information. This cooperation is cherished in the organization and lots of effort and resources are put to execute and develop the collaboration. This was suggested to be one source of company’s competitive advantage.

"We always strive for that [cross-functional cooperation]. And I think we are doing really good job there and it's getting better and better all the time. Especially, in our core are sales and operations – operations meaning recruiting in our case – and then, also marketing." **CEO**

While the collaboration of sales and operations was extremely good and seamless, interviewees from the case company expressed that cooperation of marketing and sales still has room for development. M & S integration is of extreme importance regarding the success of CRM strategy, as the two functions are often the ones working closest to customers and have extensive understanding of customer base and markets. Sales department often has a deep knowledge of the current customers. Marketing on the other hand usually has more horizontal view that extends also to potential customers and market trends. All three interviewees of the case company had a bit different view on the M & S situation, which indicates that marketing is more disconnected from sales, operations and the top management. However, the need for development was recognized by the case company and actions had already been taken to start correcting the problem. The interviewees described the situations as follows.

"That is one aspect that needs to develop and the reason why I'm now taking the marketing executive to the top management team. In my opinion, marketing and sales have been a bit too reactive in their cooperation, they have been working on their own goals too separately." **CEO**

"In our organization there is a strong emphasis on the strong role of sales and operations. Every now and then the marketing perspective is kind of forgotten from the strategic action. We should change this mindset; marketing should be taken along not only in implementation, but earlier in the stage of planning together. But I feel that we are now going to the right direction with this." **Head of Marketing**

"In customer acquisition, I believe that marketing has influence on that, but at the moment it's quite invisible. From that perspective, this [M & S cooperation] is really something that we need to work on in future." **Head of Sales**

Interviewees could provide some thoughts on the roots of the problem. Sales and operations have always had a major role in the organization. Sales function has been regarded as a key factor of company's growth and lots of resources has been put into it. This also included personnel. The company had a sales department of over 60 persons, which can be considered very extensive regarding the size of the company and industry norms. Recruiting operations have been regarded as a key player in growth too, as the customer value is mostly delivered in recruiting services of the company. This view of the two strong functions has also been strong in corporation level of the company, from which the procedures and frameworks for cooperation partly have come from. Compared to these two large functions, marketing has been seen in a smaller role in the business growth, but has steadily established stronger position in recent years. Changes in the market have boosted the importance of marketing in case company's business.

Another barrier that still affects the position of the marketing in the company is the availability and ownership of customer data. Customer data has been easily available to sales and operations, but marketing hasn't had the same access to it. Lack of data with the absence of tools to measure revenue-related

marketing results has led to a situation where it is difficult for marketing to indicate measurable results and thus justify its role. Thus, it has not been part of the top management group and therefore, it has not been able to bring marketing based knowledge to decision-making as effectively either. In addition, lack of time and objectives for cooperation have resulted to marketing and sales executing CRM separately.

“If I think about a typical marketing manager, he/she could be quite screwed in this kind of situation where it is impossible to see the customer process, how it goes, and you can only rely on the information that you yourself ask straight from sales, operations or top management. But the big thing is that this situation has now been acknowledged, even though changing it will take time as the positions of different functions are quite ultimatum matters in the corporation level.” **Head of Marketing**

“It cannot be expected that functions work closely together if there are no resources, because everyone has a lot of ideas, expectations and needs for the collaboration. And it’s also a matter of defining job descriptions and objectives.” **CEO**

From this it can be interpreted that functioning cooperation of the functions does have some basic requirements and the organizational culture can either hinder or enhance the cooperation. Interviews also revealed some tools and means for enhancing cross-functional cooperation. In addition to tangible requirements such as personnel, budget and access to customer information, intangible requirements are needed. Expert 2 mentioned the common understanding of customer in the way of “speaking customer’s language”. Customer-orientation and similar view of customer value can work as a common ground for different functions. Thus, implementation of the value creation process outcomes is also related to success in cross-functional cooperation.

“It’s a common example that marketing is really customer-focused, serving customer’s needs and everything is organized from that basis, but when you look at the sales function, it’s different. Old procedures may still be generally used or sales are done aggressively. Or then, marketing and sales are working very well together and they speak customer’s language, but the execution of value proposition in customer service is poorly done”. **Expert 2**

In addition to similar viewpoint of customers, concrete time spend on cooperation and tasks done together were regarded as other main enhancing elements of cross-functional cooperation. Common goals and resources provide the base for cooperation. Functions must genuinely work together striving for common goals, instead of only doing their own part and combining separately made elements together in the end. This requires that people who are encouraged to work together are also personally motivated to do so. Both Head of Marketing and Head of Sales of the case company were hoping for more cooperation in daily work. The current cooperation of the functions was described as shallow and somewhat occasional. They also mentioned that all projects that affect both functions should be planned together from the beginning. Head of Sales expressed that instead of combining functions’ ready-made needs for cooperation he would like to define the needs together with marketing from scratch. Likewise, expert 2 suggested that cooperation should be visible in daily life of a company and its employees.

“I would like to have more that kind of cooperation with marketing that we would together sit down and think how to get more sales, how we should cooperate. We could refine these ideas together and then just start putting them into practice.” **Head of Sales**

“I think that just actually working side-by-side would do the trick. We could decide to invest our efforts to developing customer experience, collecting qualitative customer data and plan our offering together. This kind of daily work could take the cooperation to that next level.” **Head of Marketing**

“It really should be visible in all daily operations.” **Expert 2**

To sum up, cross-functional cooperation is a vital element that supports all stages of CRM strategy process. Top management group that has representatives from all the main CRM-related operations can utilize comprehensive knowledge in its decision making. To support the value creation to customer, management should especially consider the customer interface and employees working in it. In addition, resources and position of functions should be examined and daily cooperation encouraged. Cross-functional cooperation was found to be one of the most difficult CRM related tasks by all the interviewees, but simultaneously, it was a source of for great value to the company.

Finally, findings on how managers can influence CRM with process management and communication, culture creation and cross-functional management are summarized in figure 12.

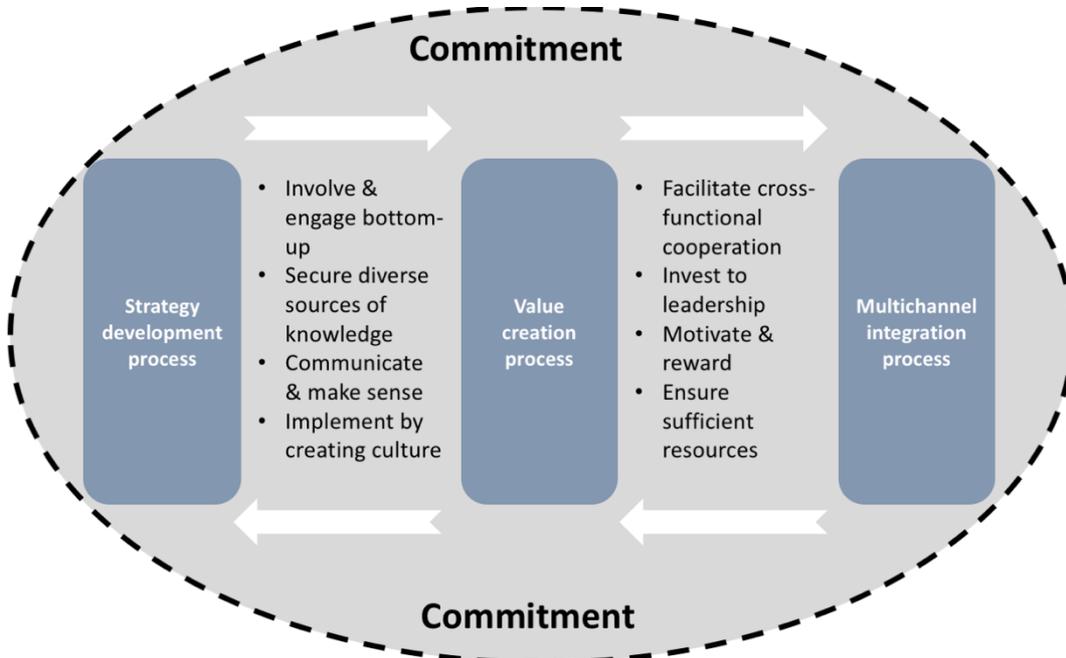


FIGURE 12 Summary on leadership's influence to CRM

5.2 Organizational culture

5.2.1 Customer orientation

When interviewees were asked about factors that contribute to the success in CRM sub-processes, customer orientation constantly arose. Listening, understanding and serving the customer was regarded as a critical success factor in all CRM sub-processes. In ideal situation, customer is in the centre of all operations. This means customer-centred thinking within the company as well as enabling customers' active role in creation and evaluation of value. Expert 2 expressed that companies that take customers into CRM process from the beginning, already in strategy creation stage, often end up having better strategies. Expert 1 described that customer-centricity requires an environment where people in the organization believe that by providing ultimate value to customer in all levels of CRM the company also reaches best results. Creating value that makes customer's life easier, or a product or a service that supremely fulfils his/her needs, enables business to prosper and develop. All interviewees felt that creating superior customer value is in the core of CRM success and business altogether.

"...so that we decide business objectives first and then we already take customers in and think what do these objectives actually mean, who are our customers and what do we offer to our customers. Then, what does it require from us to reach these objectives, regarding communication, regarding, well, everything." **Expert 2**

"The spirit that when our customer is satisfied and receives value and that way experiences that he has been served well, or the product meets his needs, and so on, that also means that our business thrives." **Expert 1**

Comparing strategic objectives to customers' perspective from the start can help evading problems that would otherwise arise later when strategy implementation meets the people working in the customer interface. Or at worst, when the company offering meets the final customer. At this point, it is difficult and costly to change direction. Viewpoints of both existing and potential customer can be beneficial and companies can use several tactics to gain the customer perspective. Customers can tell their views on how the firm stands out in its competitive environment, do they relate to company's strategic objectives, and what aspects of service or products are providing real value for them – and which are not. Case company had not taken customers to the first phases of CRM strategy concretely. Instead they used customer data and customer feedback. Customers were more engaged to the process in the later phases of CRM.

"I would ask customers about how our company stands out at the moment, how they relate to our company's goals...but rarely customers can envision a lot about what they want in future, it's more about the things that make this company different, what they feel is done well or badly in the industry and how they evaluate it. The company just needs to interpret this and transfer it to usable form." **Expert 2**

“Customers do come along to the process, but more in that phase where we think what are those services, and the feedback that we get from the field, so that we can create as good services as possible and reach our growth objectives.” **CEO**

However, customer feedback should be carefully estimated and interpreted, because customers can very rarely envision their future desires and buying behaviour accurately. Problems may arise if customer value is misunderstood or is understood too shallowly. Expert 2 describes a misunderstanding situation that came across with one of the customer companies that he was consulting. Head of Marketing of the case company on the other hand expressed challenges in developing a deep customer understanding.

“An accounting company stopped sending a monthly report for their customers via email, because the same statistics were available in their customer platform system. Afterwards it was discovered that this report was actually a major factor that created customer value; it came personally from an employee of the accounting company with a short overview. Customers felt that receiving the report this way was great deal more valuable to them compared to looking for the same report themselves.”

Expert 2

“As long as we, at general level, talk about young professionals and recruiting them to different industries, this is really easy. But when we start to think about what does it mean to find a IT worker, what are our customers looking for, what issues do they have in their own recruiting, what are they doing themselves and what are they buying from us, why do they want to buy employment agency workers instead of buying direct recruiting – these are the questions that we still don’t have clear answers that we could back up with evidence.” **Head of Marketing**

From these comments it can be interpreted that self-evaluation regarding customer understanding is difficult. This further highlights the need for comparing company’s own view to customers view in order to attain more objective perception of the company’s level of customer understanding. Otherwise customer understanding may be limited in the level of “who” and “what”, while most valuable information for the company could be understanding “why”; the reasons that lead the customer to act the way as he does.

Customer-centricity should be visible in all company’s daily activities, throughout the organization. This was seen crucial, otherwise customer-orientation is not truly adopted to organizational culture. Implementing customer-orientation across the company was remarkably well done in the case company. All three case company members felt that it is an inseparable part of daily work and attitudes, and that this vision is also shared among all the functions of the company.

“That kind of customer experience and customer-orientation is part of our daily work. For example, in our management group we think what kind of value it brings to our customers when we provide them the right people, what kind of impact does that create, and how we can solve a problem for them. Then in the end, we give [case company employees] more open definitions and the big responsibility lies between the customer-team [sales rep & recruiter pair].” **CEO**

“It is really customer-oriented sales. When we go to see him, we take his perspective, we want to personally hear what he values the most.” **Head of Sales**

"I think it comes more from our daily value talk; that understanding about what value we can provide the customer. We very seldom use sales arguments related to time-saving or low price, you know, this kind of common arguments that our competitors use a lot." **Head of Marketing**

In the case company, common understanding of customer value works as a base that all employees use in their own work. This culture encourages employees to first mentally step into customer's shoes and then to figure out the needs, also those that are harder to perceive. Head of sales also expressed that in a large customer company there can be several recruitment decision makers, hence, different people in the same customer company have different motivators and needs. Therefore, case company's sales reps and recruiters are encouraged to customize the sales situation as well as the offering to meet the customers' personal perspective.

Finally, organizational culture that supports regarding the value as a long-term matter arose from the interviews. Some aspects of customer value are easy to perceive. Nevertheless, the most important aspects are often more complex, and therefore, they are often difficult for sales reps to understand and communicate. These aspects might be incomprehensible even to the customer himself. It requires good listening skills and deeper customer understanding to figure out these underlying needs and fears. Case company's CEO described that they have understood some of these aspects that deliver long-term value to the customer. This approach was also mentioned by head of marketing in her previous citation. By concentrating to long-term value creation, case company has effectively won customers' trust, and with that, sales.

"We know, for example, that speed is important to our customers [in recruitment], and we know it's because customer needs to have some tasks done quickly. But often that is only the first need and after we have quickly found the person, needs change and now it is more important that it is the right person that fits the culture and have similar ambitions with the company." **CEO**

5.2.2 Culture of continuous development

Strategy cannot be implemented in one go. Implementation is continuous action and change happens little by little. From earlier chapters, it can be interpreted that executing CRM strategy is complex and in some ways, rather difficult. To manage this multifaceted entity, certain mentality and procedures to foster continuous development must exist. All interviewees expressed that companies with this kind of practices succeeded better in CRM process.

When asked about traits that are common amongst companies that have succeeded in CRM above average, expert 1 underscored the culture of testing and developing. It is impossible to figure out the best way to do CRM process when the company first time sets out for it. Moreover, there is no single model of CRM practices that guarantee success, because the company itself as well as its environment is always changing. The only way to attain a winning CRM process is to continuously develop it. This means that a firm needs to have courage to try and test, even though it is very likely that many of these tests fail. The important aspect is the ability to learn from the failures and afterwards develop the process

accordingly. Attitude towards failures has a significant impact on creation of development culture. If failures are not accepted, people tend to avoid trying altogether. This leads to a situation where many good improvements will remain undiscovered. In case company, culture that encourages testing was also strongly present. Employees were encouraged to try and test their limits in safe environment and with support from team leaders.

“The common factor between succeeding organizations the courage to try, fail, learn from it and try more. They are willing to take the risk of trying a new thing, they do it for a while and see if it works. These organizations have understood that if they want to ensure their survival in our fast-changing world, let alone thrive in it, they need to be able to experiment with the attitude that okay, this probably will fail and it will cost something, but that way we can learn from it and the next experiment will have better chances to succeed.” **Expert 1**

“We encourage to that kind of mindset. It’s okay to make mistakes, tell us afterwards what you learned from it. Being afraid of doing mistakes leads to being afraid of doing anything.” **Head of Sales**

Building an organizational culture that encourages action described above arose from several interviews. CEO and Expert 2 highlighted the importance of courage in decision-making – it is necessary to take risks and follow these decisions through. All case company members indicated that their company has a positive culture for testing and this can be seen in several ways; developing and testing new technology, trying out ways of knowledge sharing and cross-functional cooperation, adjusting management practices according to business objectives, as well as changing procedures and policies that have traditionally come from the corporation level headquarters.

“We tried to make one gigantic software system that would have everything we need in it. Then, some years ago we decided that it didn’t work and we need to let go of this centralized system. Now we have a CRM system and 4 other large systems that are linked to it.” **CEO**

“It is the outcome of great amount of work, we have continuously tailored, developed and refined our introduction to new employees” **Head of Sales**

“We had completely different dashboards [access to customer data] here in marketing than people had in sales. But now I got permission to extended access from headquarters, because we together with the top management of our Finnish branch resiliently requested it.” **Head of Marketing**

In addition to culture of testing, failing and developing in cycles, the importance systematic planning and implementation also arose in the interviews. Certain level of structure is needed to systematically support development. Expert 2 indicated that companies with clear and well-articulated strategy are the most successful ones. Implementation of strategic goal and values requires systematic action in communication and culture creation. Management can influence the culture by decision making. If decisions systematically support strategic goals and values, these goals and values are better transferred into organization. Both experts also highlighted the effect of firm’s maturity regarding strategy. Companies that are already experienced in CRM related matters and have done

systematic development learn quicker, because they understand where they should focus on. With experience, organizations will get better in executing CRM process, and with systematic processes for testing and learning this experience can be captured and utilized.

“It is easy to see that client companies with clear strategy and clear vision are the ones that thrive.” **Expert 2**

“One of the main points is the company’s maturity in doing strategy for themselves. Some organizations have developed digital customer experience for years; therefore, they can pay attention to right things.” **Expert 1**

Companies need to have the will to invest to processes and procedures that support CRM strategy implementation, because they play important role in strategy implementation. The importance of implementation arose from all interviews. Experts expressed that after successful implementation strategic action becomes part of daily activities. Firms need to understand the importance of creating circumstances that make strategic activities concrete and enduring.

“Most important matter regarding success is the implementation, how we get the strategy implemented, how it is visible in daily activities, how it guides daily activities.” **Expert 2**

“In concrete level of implementation, employees can tell customers why we exist, what we do and to whom in the same way that it is said in the strategy.” **Expert 2**

In the case company, implementation was done through value talk, employee introduction and training, and cross-functional cooperation. It can be interpreted that in the case company, CRM strategy implementation has been successful in many ways and is adopted to organizational culture. Several supporting processes already existed. Interviewees also identified aspects that need to be improved to allow further development, such as lack of time to do long-term planning. Structures, in this context, do not mean activities that particularly aim to increase bureaucracy and hierarchy. Instead, procedures that enable testing, resourcing that enables development and ways that support cross-functional cooperation were mentioned by interviewees.

“I think that in the end it’s about the combination that we have; large amount of knowledge and some structure to hold it together.” **CEO**

“Before it was easier to think about mid-length and long-term stuff. But now all the focus and energy goes to surviving from the next week, that’s how intensive our growth has been. I think that this is one of our future challenges; how do we take care of building the big picture.” **Head of Marketing**

To sum up, some level of structure is needed to keep the CRM process heading to the right direction. Companies should invest to implementation and find methods that create a safe environment to test and fail. Obstructive processes should be removed, while learning and development should be supported in all possible ways.

5.2.3 People orientation

People orientation was strongly present in interviews, especially with the case company members. "People first" -attitude was a cornerstone of the firm and guiding force in all action, including CRM strategy. This orientation had also become a solid part of the organizational culture in the case company. All interviewees underscored that people orientation has been a critical success factor for the entire company and it was regarded as one of the main sources of competitive advantage. It was also present in daily activities of the firm, from leadership practices to flexible working methods.

"We have understood that it's the people that make results." **Head of Marketing**

The company has done significant investments to its employees. Recruiting is done carefully and considering the matching of the values of potential employee versus the values of the company. This can also be interpreted from the comment of head of sales, where he expressed that they prefer a matching persona over sales experience. CEO described the same phenomenon by pressing that skills can be taught but the set of values is next to impossible to change. This is concretely done for example by developing so extensive training for new employees that problems, which the lack of earlier experience might cause, can be prevented. Head of marketing expressed that great efforts are put into developing a team spirit for the teams but also for the social cohesion the company members altogether.

"You don't have to know how to do sales when you come into our company. We will teach you those skills, but the thing that I want to see is the will to do and to develop. If you have that will, just show that you are active and we will give you all the support you need." **Head of Sales**

"We have built concepts such as awards -events, goal trips, team trips and pre-Christmas parties. The core of all these is how we increase the experience of closeness and belongingness in this company. And these are big investment time and money vice, but we have been willing to invest to that." **Head of Marketing**

Interviewees saw open and receptive organizational culture as one of the facilitators of CRM process. Organization needs to have open atmosphere for value talk to take place and for customer value interpretations to reach employees. Open culture also helps in preventing and addressing resistance to change. Open, people-oriented atmosphere is present in case company and it seems that it has had a serious impact on CRM implementation. All interviewees expressed that implementing CRM strategy has mostly gone smoothly and especially the value creation process has evolved almost spontaneously. Culture has supported the process and enhanced communication. CEO described, that it is common for employees to come forward and speak out about daily matters, problems, and ideas.

"We have succeeded in creating an open atmosphere. If something doesn't work properly, it will come up quickly and directly. That's how I feel at least, because

people come to talk about quite small things too, so I believe that if there was something bigger going that would come out too." **CEO**

Related to openness, the case company also had low organizational hierarchy. Head of sales mentioned that the low hierarchy is a trait that they feel very proud of, especially considering that the company is also a part of large international corporation. Other case company employees shared the same view. CEO commented that it is common to go lunch also with less familiar colleagues. People from different teams as well as from different hierarchy levels constantly associate with each other. Head of marketing described that there are free desks in the office that anyone can use, for example in the same room with the top management. It is considered completely normal that anyone can go to sit next to CEO and have a chat.

"We want to have low hierarchy and give a lot of freedom and responsibility. We [management] provide the big picture, then we empower our office executives, they empower team managers and they empower their team members." **Head of Sales**

"There are couple of extra desks in the top management group's room so anyone can go to sit next to CEO. We don't have kind of artificial hierarchy. We have kept the working environment and culture really open." **Head of Marketing**

People orientation has led the case company to follow methods that boost the openness, trust and belongingness in the organization. It has supported the CRM strategy and especially enhanced the implementation. No great efforts to "managing" the culture have been needed, as culture and strategy share the same value sets and culture is also sustained by matching recruitments.

Finally, findings on which cultural elements and cultural manifestations of customer orientation, culture of continuous development and people orientation influenced the CRM process are summarized in figure 13.

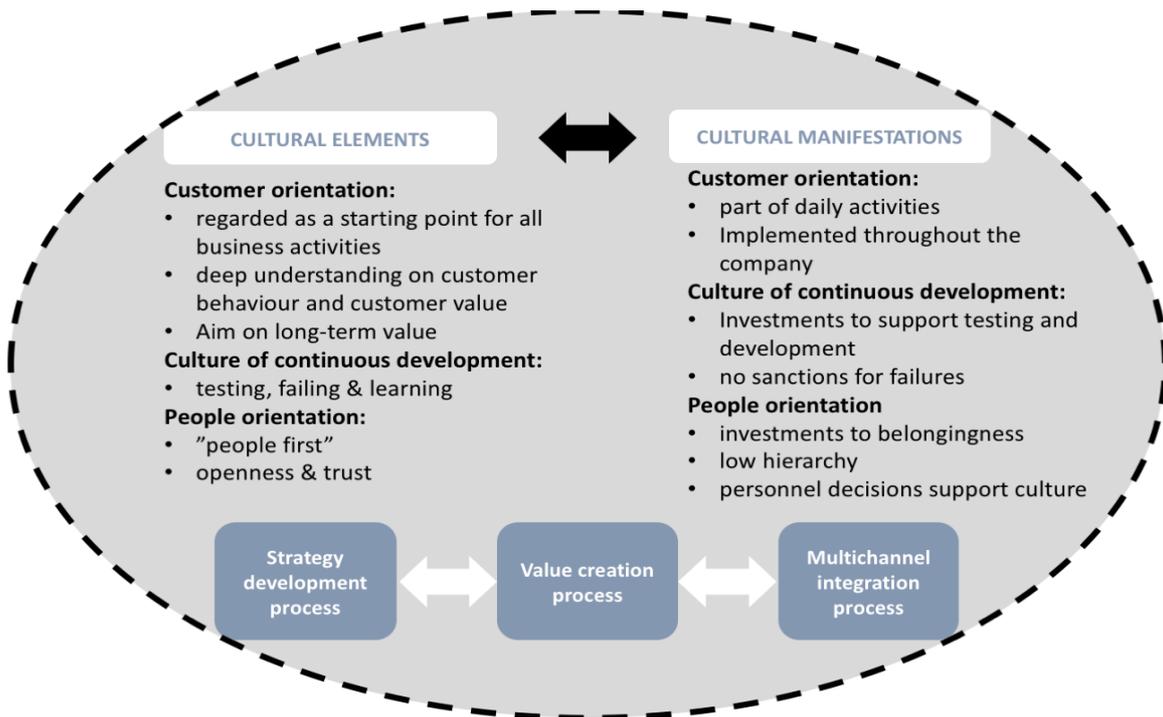


FIGURE 13 Summary on culture's influence to CRM

5.3 Data and analytics

5.3.1 Support for other sub-processes

All interviewees pressed that the role of data and analytics have continuously grown in importance. There are more means available for gathering and analysing business-related data than ever before. Consequently, companies are using data more, better and more efficiently. One role of data is supporting the decision-making in the firm. It helps to provide clearer picture of present situation and to evaluate what actions a company should or could take. Data was regarded as a supporting element in all sub-processes of CRM, but it had a slightly different role in different processes.

"Data and data analytics have an increasingly important role in businesses." **Expert 1**

"When we have distinct metrics for strategy, we can understand the present situation and how to further develop from that." **CEO**

In strategy creation process market data and business intelligence data were regarded as most relevant by interviewees. In case company, industry specific market analysis and corporate's own data from its other market areas were used to gather comprehensive picture of the competitive environment. This

information was then contrasted to company's internal customer data and brand research. Brand research of the case company was extensive and covered time span of ten years. Some of the data used in strategy creation process by top management was also used in open workshops that were held to employees.

"We have done really good brand research for last ten years. That gives us clues to our market position and how we are being perceived. We have utilized this knowledge also in our strategy work." **Head of Marketing**

However, utilization of data had a smaller role in strategy creation than in other processes. CEO expressed, that in strategy creation the executives must also trust their own expertise. Data usually represents past, and long-term future direction cannot be based only on historical information. Moreover, CEO indicated that it is also important to take distance from data in some point of strategy creation. That way, he felt, it was easier to set ambitious long-term goals. The role of data increased in the implementing phase.

"But at the same time, it is also good to have a moment where there isn't too much data on display. Then, we set ambitious, really ambitious goals, that kind of goals that feel even a bit frightening." **CEO**

"I think it [data] certainly makes implementation easier, because that way the stages and progression of implementation process of CRM strategy are more visible. It makes it more observable." **Expert 2**

In value creation process, customer data and market data related to potential customers were regarded most useful. This type of data can be used to deepen the understanding of current and potential customer segments, their behaviour, values and their relation to the brand. This information can then be used to create new or validate current view of customer segments. Because understanding customers comprehensively is essential in creation of customer-oriented culture, it is important to ensure sufficient customer insight. The case company had extensive data from sales operations, customer encounters, and it also measured the customer loyalty with NPS (net promoter score). However, head of marketing expressed that deeper and more comprehensive information is still needed. This concerned, for example, gathering wider perspective of customer experience and tacit knowledge of experienced sales reps.

"We basically measure everything in sales that is possible to be measured. We have understood that if we want to make justifiable decisions we need a lot of data about what has really happened and how it has worked." **Head of Sales**

"We measure for example NPS, which provides us valuable information. We also continuously interact with customers, which helps us to reflect our understanding." **CEO**

"The information that we get from our analyses', customer research and customer experience examinations... it could be transmitted to the top management better. I believe that today there needs to be wider variety of tools to measure customer perceived value, NPS alone is not enough." **Head of Marketing**

In channel integration process data was used to three purposes: 1) to measure results of CRM strategy, different departments, operations, and revenue; 2) to support end-users and to manage performance; 3) and to support and justify decision-making and resourcing. In the case company, executives utilized CRM performance related business data, while team managers and team member mostly utilized specific customer data and work performance management data. Heads of departments could assess their department's performance based on real-time data. As the case company had strong people first attitude and identified it as a strategic goal, employee satisfaction and commitment were also monitored closely. In addition to sales and finance, recruiting operations and marketing too had the aspiration and methods to monitor how their work generates revenue and growth.

"We use data to follow-up the strategy and to find causal connections, so that we can verify that some aspects are functioning well." **CEO**

"I use it [data] to make more general conclusions on execution." **Head of Sales**

"We closely measure employee satisfaction and commitment. We have an indicator that we can monitor in a weekly basis." **CEO**

Expert 1 underscored the importance of considering end user of information systems. For example, CRM system should genuinely support the daily work of the sales rep. This underscores the usability of the solution as well as the value for the end user. Implementation of a new IT system is often viewed as a negative change. If the systems do not help the employee to do his work well, it does not support the creation of customer value. Employees might also feel that systems are only meant for managers to watch over their shoulder and to analyze them. In that case, the employee feels that he does not benefit from the system. On the contrary, if the system has better usability than the earlier one, it automatizes tasks and helps the user to understand the effect of his or her work on customers, users are more likely to be motivated to use the system.

"Systems solution should not become only suitable for management needs. It makes the end user feel that it is only meant for their reporting, and they think that 'well this is really stupid, we only need to use this system so that managers can get reports and watch over our shoulders'. Instead, the system should create value for the user."

Expert 1

This matter was regarded extremely important in the case company too. Performance-related data was used to motivate employees and to enhance self-leadership. Employees found information systems useful and used them as an intrinsic part of their daily work. Interviewees implied that open access to data created transparency throughout the organization. Shared data and IT systems contributed to cross-functional cooperation. Without them, it would be extremely difficult for sales rep and recruiter pairs to do their job. Development of the company's IT systems has allowed development of sales reps and recruiter pairs working methods. It has been an enabler for scaling up the business.

“And the other aspect is that with data we can understand our people and what motivates them. Then in sales for example, all our employees have wide variety of data that functions as a feedback for their work. They see that ‘hey, I have this kind of statistics and this guy sitting next to has better numbers on that aspect, so maybe I should ask him for advice on this’. We find it important in performance management that everyone can see everyone’s data.” **CEO**

“Everyone browses through their own data, but the team leader also has the responsibility to go through your data with you. Our reps can also use data tools to enhance their customer knowledge. We use Vainu analyzer, where you can download your customer information and the system then enriches that data.” **Head of Sales**

Integration of IT systems was regarded as one of the most important data-related element by all interviewees. Experts highlighted that merging information and providing a holistic view of CRM across the organization should be a top priority.

“Integrating information so that it flows from one function to another is the most important matter. And information flow usually is the bottle neck. Whatever will specific IT solutions be, the guy in customer service needs to know what marketing has promised to customer, and sales rep needs to know not to re-sell for a customer who has burdened the customer service excessively.” **Expert 2**

In case company, while operations and sales had open access to well integrated and timely customer data, marketing was somewhat left out of this entity. All interviewees expressed that marketing has access only to minority of existing data. Marketing together with business development creates a lot of market-related customer data – information about potential customers and their behaviour. They have deeper understanding on customer behaviour and changes in the market. However, this information stays separate from large body customer information created by sales and operation.

“Customer data mostly comes from sales reps... I can’t say right now what data does marketing actually provide to our sales. I’m sure that marketing does strongly supports our sales, it’s just that they are quite independently in their own area.” **Head of Sales**

“I’ve done a lot of work to gain even the same reports that our operations get. Marketing has been completely forgotten from the IT systems back in the days when they have made these decisions. There’s plenty of data but we can’t use it because we can’t access it.” **Head of Marketing**

Head of marketing indicated that this issue is hindering their work. Opening the access to customer data would not only enhance their current work but also create new possibilities to generate revenue from marketing operations. In addition, inaccessibility of data and IT systems hindered the cooperation of sales and marketing. While both departments evidently achieved good results, they miss the synergy benefits, because of the gap between the two operations. Information between sales and marketing passed mostly manually between individual employees. Head of marketing also expressed, that it is difficult for marketing department to show results and gain a position of a real revenue-maker in the company because of the lack of data. Without explicit and

measurable results, it is difficult to justify the need for more resources or access to IT systems.

“What are we able to provide, when I can’t show ROI [return on investment] of our operations, only some separate cases to justify that marketing should be taken seriously.” **Head of Marketing**

“Marketing services that we have sold to our customers have succeeded extremely well. They have gotten a lot of attention and I think it can lead our managers to think that that we’re using big amount of our resources to these small cases, while actually our team uses major efforts to our own marketing.” **Head of Marketing**

This leads to an egg and chicken situation that makes changing the status quo difficult. However, the issue was recognized by all case company interviewees and actions for solving it had already been taken. Decisions of IT systems accesses come from the corporation level and stem from the views of marketing operation’s position in the company. Therefore, the situation changes slowly. Nevertheless, company is going to implement marketing automation system, which provides valuable data to marketing and integrates to CRM system, linking it together with sales operations. This should give marketing an opportunity to show explicit results and provide important business information for the top management level. Hence, it can help to justify decisions and straighten the role of marketing function in company’s CRM process. This could further enhance the customer value creation.

“I’m really looking forward to getting that marketing automation to use. It provides us that concreteness, so I can show that hey, this is what we can bring to the table”
Head of Marketing

“We are still quite in the beginning [with M & S cooperation in customer data]. That is something that we really need to work on.” **Head of Sales**

Finally, in information management and performance measurement process, decision-making on IT system investments was underscored. Interviewees highlighted that all information systems and metrics of performance measurement should be chosen based in the objectives of the CRM strategy. In performance measurement, the key performance indicators should critically express the success of the business holistically. Other metrics are then built to support the key performance indicators. Expert 1 explained, that many times the perspective for measurement tends to be constricted. For example, when a company purchases new CRM system, they often measure meticulously the actions of the sales reps, but may completely forget to measure if the investment to the new system has decreased the customer churn. The case company had followed these best practices: their CRM strategy stems from the business goal and the metrics and systems stem from critical success factors of the CRM strategy.

“In ideal situation, strategy can be measured by a single indicator. For example, a Home Depot company might use profit per warehouse square meter as an indicator, and then the operations of the whole company are organized to increase the

performance of this metric. That means good inventory turnover, efficient delivery processes, effective sales and so on.” **Expert 2**

“I think this should be looked from a wider perspective instead of focusing on the CRM system use of a single person. When we compare our value proposition and our tools, in this case CRM system, are we able to cut customer churn in half? When we invest to these solutions, are we actually able create a better customer experience to keep the customers compared to the year before?” **Expert 1**

“But we have thought how to grow our revenue from 30 million to 100 million in five years, what are the most important things that need to happen to actually get there and what are the indicators.” **CEO**

The IT systems, technological solution and tools for analysing a measuring data should be decided based on strategic objectives and key performance indicators. From the enormous range of solutions, companies should first pick those that are critical in achieving the goals. Variety of solutions can then be expanded when the operations and needs scale up. Both experts suggested that for basic needs a CRM system and a marketing automation system often provide the most necessary features. However, CRM and marketing automation systems as well as their set-up should always support customer value creation.

“There exists a separate system for everything you want to measure, but for basic needs it often is marketing automation, CRM system, and there also could be a system for customer inquiries.” **Expert 2**

“In some cases a good CRM and marketing automation solution might be just good enough, while others want to utilize wide range of analytical solutions, e-commerce, mobile applications and custom digital services that are integrated to CRM system to gain the real 360 view from the customer.” **Expert 1**

Case company has chosen less common approach to their IT systems; they have built many of their systems themselves and the corporation level of the enterprise employs large IT department. The remarkable investment is a deliberate one, while having the best possible IT systems is regarded as a major source of competitive advantage. By building their own systems, the company has created well-functioning integration of sales and recruiting systems. Data from both functions is collected to CRM system, hence comprehensive picture of the customer is available in one place. End users can send feed-back directly to system developers and new systems and large updates are first piloted with test groups within the company. Departments also have acquired several additional systems to supplement company’s self-developed systems.

“Our corporate level CEO has said that our goal is to have the most advanced IT systems of the industry.” **Head of Sales**

“The systems have been developed from the needs that stem from the changes our business and industry and what would support our processes the best way possible. It has been a brave decision to build the systems ourselves. There are lots of risks but it has worked out well for us.” **CEO**

“We give feedback very actively. Every sales rep or recruiter here can instantly give feedback to system support if they find that they need a functionality or something

could work better. That way we also develop our systems continuously and together.” **Head of Sales**

While the arrangement seems to work rather well in the case company, it is probably not a solution that will fit to the purposes in most of the firms. Leading business system vendors invest enormous amounts to system development and offer massive number of functionalities. A company either needs to be quite large by size or have very specific needs to benefit more from building its own systems from a scratch. Most important aspect is, that a company has a way to attain systems that fit their needs and that can be scaled up or developed to fit the changing needs also in the future.

“As a part of the corporation we are dependent of some changes in the systems, we can’t make the changes on our own and that of course affects us in some ways.” **CEO**

To conclude, information management is an important process that can either facilitate or hinder the CRM process. Some aspects, such as consideration to the end user of technology, integration of IT systems and selection of information management tools based on strategic objectives, were general for all CRM sub-processes. Other aspects, such as type of data and goal of integration varied between sub-processes. Findings on how information management supports the CRM sub-processes are summarized in figure 14.

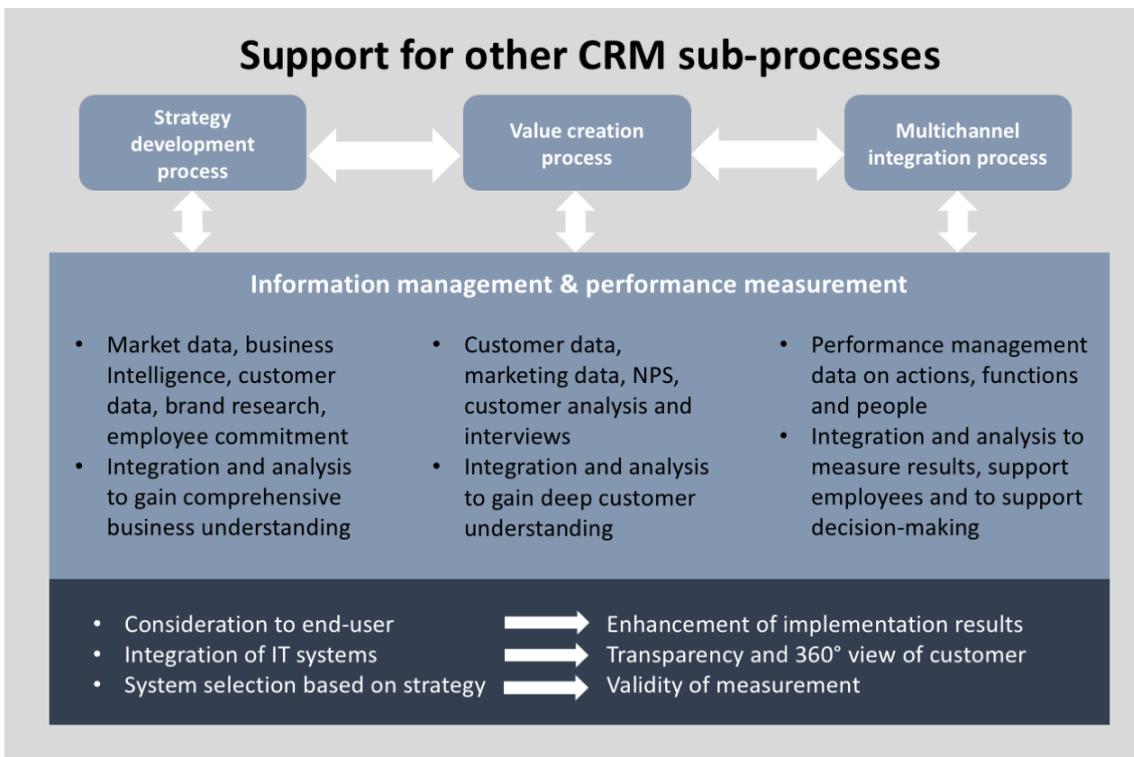


FIGURE 14 Role of data: support for CRM sub-processes

5.3.2 Continuity, quality and testing

To achieve enduring results, strategic investing to IT systems, data gathering and analytics are not enough. Companies need to have the know-how to correctly analyse results, resilience to maintain continuous measuring and competence to test and introduce changes in phases. They also need to react and take correct actions based on the information that they have gathered and analysed.

“If we measure something we also need to react based on results. If we don’t, it gives a sign that we don't care.” **Expert 2**

“When we look at data, we can see in which areas we aren’t succeeding, which can lead to a conclusion that we need to make changes in our leadership.” **CEO**

Both experts suggest that data and technological solutions are available for almost all needs, but companies often lack of competence in utilizing these resources to the fullest. The numbers can be interpreted wrongly or the reasons behind the numbers can be concluded incorrectly, which can lead the company to take incorrect actions. Moreover, because IT systems are usually major investments, it is crucial to ensure the competence in using the resulting information. Other vice these investments fail to bring revenue.

“I would say that organizations still have got lot to learn in how to utilize modern digital platforms, such as Sales Force, in practice. A technological solution may have the capability, but does the organization have the competence to use it? That isn’t at all certain.” **Expert 1**

“It’s common that numbers are interpret incorrectly. The number itself tells us something, but where does the result come from, can we locale the reasons behind it, there lies the importance of competence in measuring.” **Expert 2**

In the case company, competence in measuring and analysing the numbers appears to be in quite exemplarily level. It can be interpreted that the firm has strong culture of continuous measuring and data utilization in almost all decision-making. Measuring, analysing results and acting based on this knowledge seems to be a valued part of normal work throughout the organization. Individual sales reps follow actively their own and colleagues’ sales numbers. They use data to deepen their knowledge of customers and to determine a suitable sales approach. By utilizing data, it is possible for them to personate the sales experience for the customer. Similar approach can be observed on the behaviour of top management. CEO described that all managers are aware of important business metrics, they search and follow the information independently to keep up to date and use the extensive database of the company. Similar action could be observed on the answers of the department heads. The experts also underscored the importance of continuity of measuring. Business environment, customers and competitors are always changing and the company must change with them. Hence, there is no “end” for measuring.

“It is continuous action that we do with following the numbers. I feel that our management is very aware on how we are doing in our business and from what

aspects it is comprised of. When everyone follows our data, they have wider and deeper understanding, then we can combine the knowledge to create something new. We use that knowledge even though we might not always be able to say from which specific source of data that has come from.” **CEO**

“If we think about a customer relationship, it’s never ready, it develops all the time. The world changes and the needs of the person or company changes.” **Expert 1**

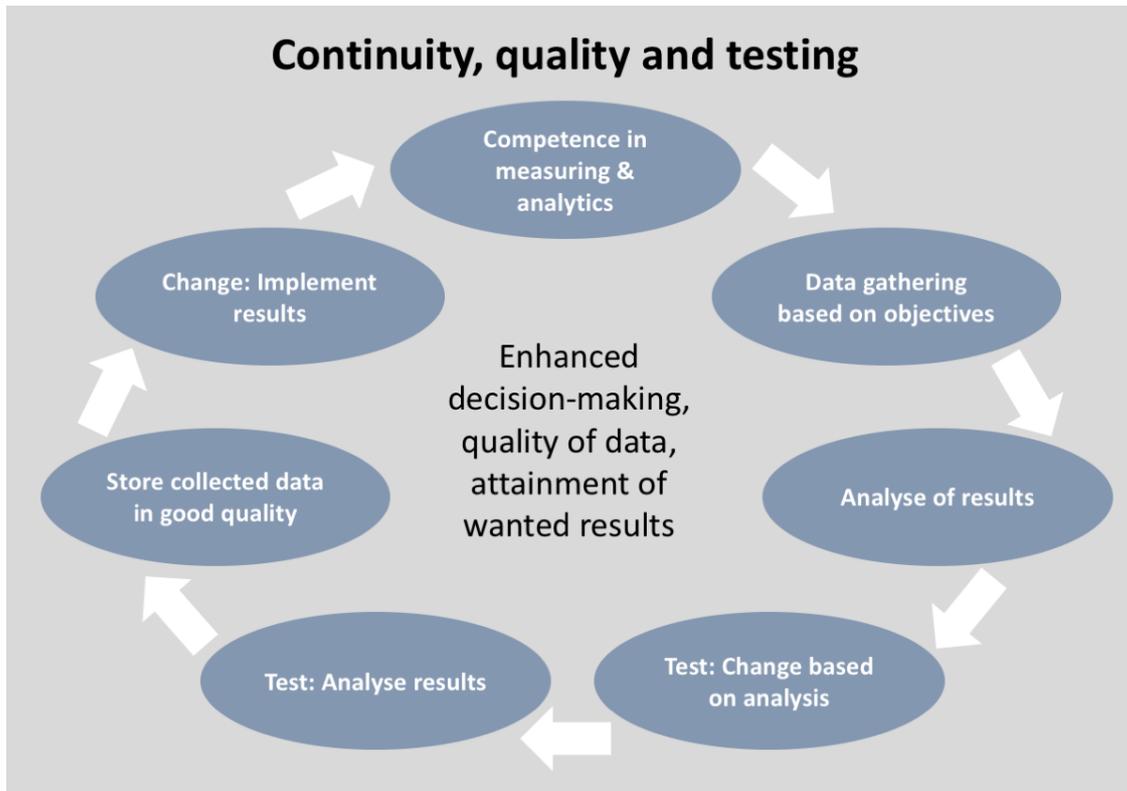


FIGURE 15 Development of continuity, quality and testing

The continuity of measuring affects the comparability of data, and thus its quality. Other quality-related aspects should also be considered to avoid collecting data that proves to be unusable. Databases need to be up-to-date and problems, such as large number of duplicates should be cleared out. Existing data can be enriched to make it more useful. For example, automatic tools can be used to enrich contact information of a marketing lead with finance information of the company, or real-time information of company’s recruiting announcements can be used as a signal for sales rep to contact the firm. It can be risky to rely too heavily on one source of data. Head of marketing expressed that data of existing customers’ behaviour may not reliably indicate the needs of future customers, and thus the company would need more data on potential customers and market knowledge to back it up.

“Even if you’d have extremely good tools that make your life easier and you feel that this solution is everything you need to succeed in your work, but the data is bad, for

example there's a terrible number of duplicates, you end up in with the same problem: you can't create the desired value to the customer." **Expert 1**

"Sometimes strategic decisions related to five years from now are quite care freely justified with several years old customer data. There's always a risk, because market can change quickly." **Head of Marketing**

In the world of continuous development, too much or too big changes at the time can hinder other vice well-functioning operations. System changes should be introduced in phases. Preferably these changes should be first tested in smaller scale and then rolled out to full scale and enough training and support should be offered to users. Aspects of change management should be considered, because letting go of the custom habits can be difficult. Same mentality applies to implementation of new systems. The case company was currently in the middle of large scale system reform. Head of marketing implied that continuous system changes result to uncertainty and CEO expressed his concerns about the same matter. Expert 1 emphasized that system implementation is a long, cyclical and dynamic process. To succeed better, a small part of the system should first be implemented to a test group. After each round of testing, test group users learn to use the system better and better. Hence, they can give more and more valuable feedback. Afterwards, the next part of system is handled the similar way. This agile approach helps to ensure that the result of system implementation fits the actual needs.

"We are now having the largest system reform of our company's history, and it hinders my work a lot. You never know where to find the information next week, have access rights changed, or is there some new measuring tools that you didn't know of." **Head of Marketing**

"We want to develop fast but we also have to consider how our people will keep up with the changes. We have practiced lots of change management routines and open communication." **CEO**

"Development of CRM systems is so fast, so agile, that phasing becomes extremely important." **Expert 1**

To conclude, continuity, quality and testing influence how companies can utilize data, analytics and information systems. They affect to overall measurement of the CRM strategy, decision-making as well as implementation of new processes or technology. Findings on how continuity, quality and testing influenced the CRM process are summarized in figure 15.

6 DISCUSSION

6.1 Theoretical contributions

The first contribution of this study is that it represents a research framework of assessing the strategic perspectives of CRM (see figure 16). This new framework extends the work by Payne and Frow (2005) in adding the elements of leadership and organizational culture. Furthermore, the framework addresses the grown importance of data and analytics on CRM process. This research framework functioned as the general principle for collection of empirical evidence of this study. Similarly, the framework will serve as the guiding principle for the implementation of this research. Because this research contributes to earlier literature by offering a framework to assess the role of leadership, organizational culture and data analytics in CRM, the findings on these three core elements of the research framework are next discussed.

The findings of this study imply that key elements of leadership regarding CRM development and implementation are process management and communication, cross-functional management and culture creation. These elements of leadership had a significant role thorough the CRM process. In line with the studies of Ryals and Knox (2001) the commitment of top management to CRM strategy implementation is a requirement for CRM success altogether. However, in strategy development process and value creation process leadership's role was especially highlighted. Management's ability to involve and engage people to strategy creation process was found to be important regarding the quality of CRM strategy. Involvement within the company as well as with main stakeholders, including customers, related to comprehensiveness of strategy and further enhanced the organization's commitment to strategy in implementation phase.

Findings of the study implicate that implementation of CRM strategy mainly takes place in value creation process and multichannel integration process. Implementation is the responsibility of top management and this study revealed factors that affect it and that can be used by management to facilitate it. Most significant factors were culture creation, communication and decision-making. Managers used active, mutual communication for sense-making and sense-giving of strategic values and objectives. By active communication and decision-making that support the strategy and match strategic values, managers influenced and "created" organizational culture. When strategic values are adopted to organizational culture, the culture starts to support strategy implementation. These findings support earlier literature on effects of inspiring shared vision and engaging employees to employee commitment and organizational outcomes (Niehoff et al., 1990; Schein, 1984). Nevertheless, integrating CRM strategy to organizational culture can be extremely challenging if the existing organizational culture encompasses very different set values.

In addition to integrating CRM strategy to organization, empirical findings suggest that top management should actively support cross-functional

cooperation. This adds to earlier studies (Payne & Frow, 2004; Ryals & Knox, 2001; Wind & Robertson, 1983) interfunctional interaction's strong impact on implementation of strategies and customer value creation. Cross-functional coordination was important in all sub-processes of CRM. In strategy development and value creation processes the cross-functional compilation of top management team enhanced the amount and comprehensiveness of available knowledge. However, the sub-process that was most influenced by success in cross-functional action was multichannel integration process. To create sustainable customer value through CRM, operations in company's customer interface need to be well-integrated. To facilitate CRM strategy implementation, managers must remove the barriers between functions, ensure access to customer information, and encourage the daily cooperation between different functions. Marketing and Sales have a major role in customer value creation, because they work closely in customer interface. In line with earlier literature on difficulties of M & S interface (e.g. Homburg et al., 2008; Kotler et al., 2009; Matthyssens & Johnston, 2006; Sabnis et al., 2013), this study also indicates that several issues complicates the cooperation. Even if culture and CRM strategy supports the cooperation, concrete common goals, resources and processes are needed to enable it.

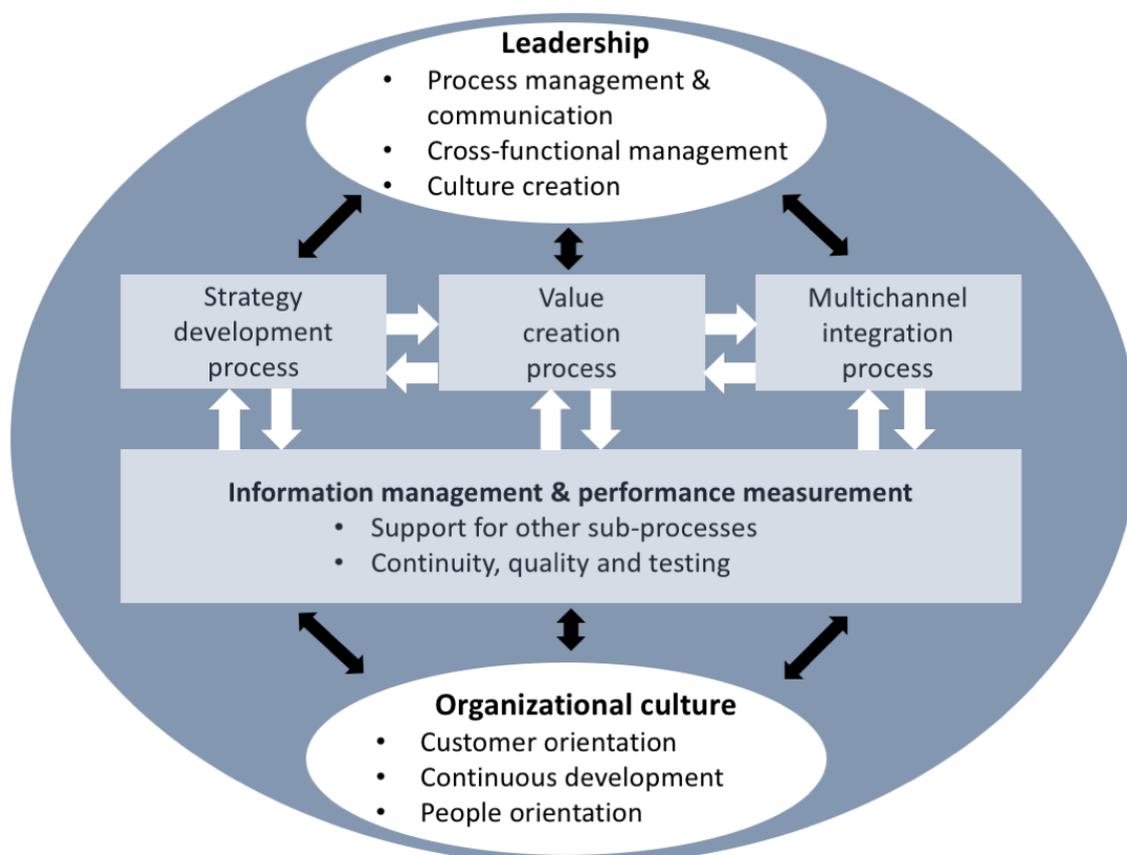


FIGURE 16 Strategic framework for development and implementation of CRM

Second, the findings of this study contribute to existing literature by suggesting that key elements of organizational culture regarding CRM are customer orientation, culture of continuous development and people orientation. These three elements of organizational culture had important role in regarding the CRM strategy development, implementation and success. At its best, organizational culture is a great tool to implement CRM strategy and to support continuous execution of CRM process. Some features of organizational culture were found to be more significant regarding the CRM. These were customer orientation, culture of development and people orientation.

Companies that implement customer oriented culture implemented across their organization can also enhance their CRM implementation. To provide superior customer experience and customer value, deep understanding of customers is first needed. This study supports findings of Grönroos (1996b) regarding how extensive customer involvement to CRM process stages influences gathering of deep understanding of the customer within a company. This is best achieved if data and knowledge from all customer touch-points is systematically collected and utilized. However, because of organizational silos, information from some touch-points are often lost or not used to its full potential. Findings of this study indicate, that customer oriented organizational culture can partly function as a remedy for that issue, because common understanding of the customer as well as common engagement to providing customer value can unite different functions. Furthermore, customer oriented culture encourages companies to evaluate customer value in a long term. Understanding of what value customer is actually seeking in long term can provide substantial competitive advantage to a company.

Culture of continuous and development was found to enhance CRM implementation. Needs of the customer, company and business environment are constantly changing, hence, being able to deliver the right value to customer at the right time requires monitoring of current situation and quick reaction to changes. Reacting too slowly may become costly. The findings of this study indicate that companies should promote agility in development – testing, failing, and learning fast. Implementing this to organizational culture requires supportive atmosphere and processes. Creating a safe environment for failing had an important role in this. If organization encourages to try and accepts the risk of failure, does not punish from failures and provides support for both trying, testing and for quickly learning from the failures, culture of development can be adopted by organization. In addition, decision-making of top management should support the development culture. Will to invest to testing and development can be seen as a manifestation of development culture. To enable sustaining of testing culture, some structures and processes also need to be created to make development cycles and learning systematic.

Third element of organizational culture was related to CRM success was people orientation. Findings relate to earlier studies (e.g. Mintzberg et al., 1998), which indicate that members of the organization that is dominated by strong culture are more encouraged to pull together which in turn enhances the cooperation between teams and departments. Openness, transparency and trust

also contribute to leadership, because employees are more willing to adapt to strategy implementation and less change resistance occurs. Findings suggest three main means to affect people orientation. These are investments to social cohesion, training and personnel decisions. Training was found to be one of the most concrete means to implement strategy and promote customer orientation. Personnel decisions on the other hand, were found to be vital in both creating and supporting the culture. As discussed earlier, it is extremely difficult change persistent existing values. Therefore, the changing the culture and supporting the culture is greatly influenced by recruitments and other personnel decisions.

Finally, the findings of this study implicate that the role of data and analytics, relating to the information management and performance measurement of CRM, has grown in importance. Results imply that the key elements of successful data and analytics are supporting of other CRM sub-processes and continuity, quality and testing. Data and analytics support all the CRM sub-processes, as they offer means for performance measurement and information management. However, the role of the data and analytics in CRM has greatly evolved in recent years. The findings of this study indicate, that data and IT are no longer only tools to enhance the current operations, instead they can be used to create unique customer value that would other vice be impossible offer. However, it must be considered that it is not the results of technology acquirement, but the integrated result from data, analytics, IT and processes that lead them. Data and IT should be selected and used based on strategic goals, needs of the end-user and value of the customer. Integration of e.g. CRM system, SFA, marketing automation and customer service systems combined to company's customer research, brand research and market intelligence, enable creation of 360° view of the customer. Simultaneously, they enable the measurement of entire CRM process. Selection of appropriate metrics guide and facilitate the leadership of whole CRM process.

However, even though the capabilities exist, they are rarely used to the full potential. Empirical findings suggest, that integration is among the main impediments for comprehensive use of data. Integration problems arise from several sources; loose cross-functional coordination can affect the quality and amount of shared data, technological solution might be impossible or too expensive to integrate to other systems, functions may not be given accesses to existing data, or leadership's competence to measuring and information management might be inadequate.

To conclude, both people and data related factors play an important role in CRM success. When used well, they clearly have the potential to enhance CRM results. This research has contributed to existing literature by exploring these connections and by providing a deeper understanding of the role and functioning of each element.

6.2 Managerial implications

Managerial purpose of this study was to increase the understanding on how CRM implementation can be enhanced and identified which people and data related factors can be used to this process. These conclusions are compiled under the four CRM sub-process and presented in the order that they occur in CRM process. Thus, managerial implications start with findings on strategy development process, second the chapter explores findings on value creation process, third the findings on multichannel integration process are presented and finally, findings on information management and performance measurement process.

In the beginning of strategy creation when a group responsible of process is selected, it is important to ensure the competence and representation of the compilation. To ensure the presence of comprehensive knowledge in the group, representatives from different functions should be selected. Functions that work in the customer interface have important first-hand customer knowledge, hence, participation of such members is emphasised. Findings of this study support using data and analytics in strategy creation process. In strategy creation, company's internal data from existing customers, customer relationships, business intelligence can be used to gain understanding of existing situation. Moreover, customer research from potential customers, market research and brand research should be considered. In addition to customer-related data, soft metrics from employee commitment and review of company's organisation culture can provide important information from the company itself. If current values of the organization vary distinctly from the values of CRM strategy, the implementation might be challenging. If a company is able to prepare for this kind of situation, implementation can be more successful.

Findings of this study indicate that engaging stakeholders comprehensively to strategy creation process can enhance the process results. In addition to involving employees, companies should also consider involving customers. The results show that it is difficult for companies to evaluate the level of their customer understanding. This underscores the importance of engaging the customer into the CRM process. Engaging the customer refers to endeavouring customer loyalty, re-purchase intention and word-of-mouth with customer interaction. In strategy development process a company can, for example, ask customers to reflect the drafts of strategic values and objectives and ask if the customer can relate to them or if they consider them important. This gives the customer a possibility to influence on the relationship and promotes a feeling of partnership. Following the principles of development culture, several rounds of refinement, with stakeholders and within the group itself, is recommended. Furthermore, a clear picture of how customer will be engaged in next sub-processes should be conducted.

Finally, when strategic objectives are formed, clear and descriptive metrics are chosen. It is advisable to select one or few key performance metrics that comprehensively describe the results of whole CRM process. Other metrics are then chosen to support the key performance indicators. In this study, it was

found that continuous measuring plays an important role in CRM success. Consequently, procedures that support continuity as well as top management's competence for measuring and analysing results should be considered.

Empirical findings of the research support the importance of customer oriented culture in value creation process. In the core of it, lies deep understanding of customer and vision of a long-term customer value. During value creation process and strategy implementation, customer data can be used to share and make sense of the customer value. Customer orientation can function as uniting aspect between department. Even though these functions often have their own sub-cultures and viewpoints, common understanding of customer and customer value can be shared across organization. In this study, it was detected that top management that promotes common understanding of customer can also become a uniting agent between functions.

Implementation of the strategy requires open and transparent communication. Not all are willing to adopt the changes and new culture. In these situations, it is important that open atmosphere allows disagreeing opinions to come forth so that the situation can be addressed. Decision-making is one of the most concrete ways that managers can use to implementation. The findings of the study indicate that personnel decisions are among the ones that most influence the strategy implementation and organizational culture. It is the people who either make or break the strategy. Nevertheless, management does not have many tools to change the existing persistent values of people, especially if they differ greatly from the values of CRM strategy. Therefore, it is of extreme importance, that matching of values and fit to organizational culture is considered in recruiting.

In addition, employee trainings were found to be an effective way to implement and support the culture. However, this relates to training as a somewhat continuous program or process, not as a single strategy training or lecture. If a company has training programs for its employees, it can align the content of these trainings with the CRM strategy and customer oriented culture. This way, it is possible to enhance sharing of values and support culture adoption. Culture is shared between people. Hence, implementation is also done in relations of team members and managers as well as between co-workers. Based on the findings of this study, investments to leadership, belongingness and social cohesion are recommended. Ensuring that managers have enough time to spend on their leadership duties can enhance the adoption of CRM strategy. Social cohesion also facilitates cross-functional cooperation and reduction in the distinction between different staff groups.

In multichannel integration process, customer value is delivered in several touchpoints. Customer should move seamlessly in buying process. Regardless of the company's functions that is responsible of the touchpoint, customer should be provided with similar core marketing message and value proposition. Customer experience is formulated from the combination of these encounters and value that is created via them. Similarly, the organization should be able to collect data from each touchpoint and to create and comprehensive view of the customer. To succeed in this task, CRM strategy must be well implemented

across the organization. Only then it is possible to create the comprehensive picture from the pieces that take place across the company.

Cross-functional cooperation greatly influences the value creation in multichannel integration as well as the integration of technology. Quality of data input is depended on the people who use it and if functions that work in the customer interface work completely separately, it is likely that the same happens also within the IT solutions. Several means to enhance cross-functional cooperation was provided by findings of this study. Like strategy implementation, the cross-functional cooperation also needs to become part of the daily activities of the employees to achieve results. Projects that concern several functions, for example new CRM system implementation, should involve all these functions from the beginning. Leaders should ensure needed resources for collaboration and encourage it with setting common goals. Special emphasizes should be in ensuring smooth collaboration of marketing and sales interface, as these two function play a vital role in customer value creation but often have difficulties in cooperation.

Findings of this study suggest that integration of the data and IT is more important than the selection of specific technologies. The organization should be able to view the comprehensive picture of the customer from one place. Several other solutions can then be used to further address more specific need of different functions and touch-points. Access to customer data is important to all functions that work in the customer interface. Data allows developing, measuring of results and justifications of decisions. Lack of access to data can hinder operations and trap a function to situation where it is unable to justify its work. Another aspect to be considered is the user experience of the system end-user. Technology should be used to motivate and support the daily work of the end user. All the leading CRM software offer capabilities for management to monitor results. The user experience, however, is too often disregarded if though it significantly impacts the system implementation. Changes to systems should always be introduced in phases. Changes or new technology should always be tested first with a pilot group. After several rounds of testing, analysing and learning from results, the new feature can be introduced to larger group (see figure 15).

Results of the study reveal several ways that data, analytics and IT can be used to enhance daily operations in multichannel integration process. First, existing data can be used in customer acquisition and value creation. CRM system, SFA and marketing automation are some of the basics tools that usually used for this purpose. The internal data can be enriched, so deeper and more specific insights can be gained. Companies use software (e.g. Vainu) to automatically enrich their current customer information with relevant information or to find potential customers based on analysis on the current ones. This data can further be used in lead nurturing. Also, several customer inquiries and feedback, such as NPS measurement can be automated. Nevertheless, in must be underscored that focus should remain holistically in CRM process and its objectives and IT solutions should always be chosen based on it.

Finally, like a customer relationship, the CRM process is never ready. Continuous, proactive development is needed to achieve long term results. Top management is responsible of measuring and following the results of whole CRM

process. When a change of direction is needed, a change in management practices is probably needed too to implement it.

6.3 Evaluation of the study

According to Eriksson and Kovalainen (2008), reliability and validity should be used to evaluate a qualitative research. Validity denotes the extent to which the conclusions of the research can give a solid description of what actually has happened (Eriksson & Kovalainen, 2008). Internal validity relates to analysis of data. To strengthen the internal validity, the new research framework that was developed in this study was justified by earlier literature. This research framework was then used to guide the data collection and analysis of the study. The method of Boeije (2010) was used to segment and re-assemble the data in analysis.

External validity refers to generalizing of the results. To strengthen the external validity of this single case research, a clear justification for the case selection was provided in the methodology chapter, and the new research framework of this study was used to guide the research. Nevertheless, because this research was based on one case study, results are not transferable beyond the context. The sample size of five participants sets limitations for the research results. However, these participants were executive level professionals who had extensive knowledge on CRM. Case company employees had deep understanding and experience on CRM in their company. Nevertheless, the case company has its own industry environment, company culture and organisational structure. These factors inevitably affected the research. However, the experts supplement this knowledge by providing a more horizontal view, as they had a wider experience in CRM implementation in different companies. Still, it must be acknowledged that the experts are also influenced by their role and job history.

Reliability signifies the extent to which the procedure or measure achieves the same result if it the research is repeated (Eriksson & Kovalainen, 2008). The transparency of the research was enhanced by producing, clearly describing and following a case study protocol. The data collection of the study was done with semi-structured interviews. Interview questions were based on the research model and are available in the appendix of the paper, so the research could be easily repeated in some other context. Moreover, all the interviews and notes were properly recorded, which allows both reviewing of the results afterwards and facilitates the future replication of the case study. However, because of the nature of semi-structured interviews, the researcher asked additional questions based on the answers of the interviewees. Hence if repeated, a different researcher may collect some different aspects to the interview data. Although objectivity and critical thinking have been considered, it is also important to remark that findings in qualitative research are always somewhat subjective.

6.4 Suggestions for future research

In addition to being a useful study for firms executing and investing to CRM strategy, this research provides promising avenues for future research. Because of the nature of single case study, the results cannot be generalized to large extent. Hence, more research is needed about the elements that can be used to enhance the CRM process.

First, this study presented the new research framework for CRM strategy development and implementation that included the elements leadership and management in addition to CRM sub-processes. While this framework offers a potentially useful starting point for the development of improved insight into these aspects of CRM theory, more research needs to be done to further test and develop this framework.

While extensive body of literature addresses CRM, most of it is focused on conceptualizations, creation of process frameworks. Major part of it is also concentrated on technological perspective of the phenomena, such as CRM system or SFA system implementation. More research is needed on implementation of CRM process. This study contributes to the literature by providing a deeper understanding of CRM strategy application to practice. Because implementation is widely regarded as the key success element in strategy implementation, more research should be focused on enlighten this vital stage of CRM.

Literature on influence of leadership or organizational factors in CRM process is rather scarce. Utilization of elements such as cross-functional leadership, top management teams and organizational culture have been recognised to improve CRM process implementation, but should be further explored. This study revealed how elements of leadership and organizational culture are related to CRM process, but only briefly discussed how companies can efficiently affect the functioning of these elements to guide their CRM implementation. It would be important to investigate, through which actions could these elements be purposefully modulated.

The case company of this research could be regarded as a success case in CRM strategy implementation. Success case provides interesting insights on best practices and results that can be achieved through excellent CRM. Nevertheless, most companies have not succeeded in CRM as well and many have severe issues in the implementation. Studying companies that do not excel in CRM, or that have grown from CRM novice to sovereign CRM executioners, can provide essential information on barriers of CRM strategy implementation. By exploring this kind of companies also the ways to tackle persistent problems in CRM implementation could be revealed.

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APPENDIX

Appendix 1. Interview questions

Before starting the interview, the terms of CRM strategy and sub-processes were introduced to interviewees to ensure that all the questions would be understood in the similar way.

THEME 1: Strategy creation process

- 1) How has your company (experts: companies that you have worked with) executed strategy creation process? Would you describe the process?
- 2) What in that process has worked out well? What has been difficult?
- 3) What kind of role has leadership/management played in the process?
- 4) Who participates to the process? How?
- 5) What kind of data/analytics/IT systems did you use in the process?

THEME 2: Value creation process

- 1) How has your company (experts: companies that you have worked with) executed value creation process? Would you describe the process?
- 2) What in that process has worked out well? What has been difficult?
- 3) What kind of role has leadership/management played in the process?
- 4) Who participates to the process? How?
- 5) What kind of data/analytics/IT systems did you use in the process?

THEME 3: Multichannel integration process

- 1) How has your company (experts: companies that you have worked with) executed multichannel integration process? Would you describe the process?
- 2) What in that process has worked out well? What has been difficult?
- 3) What kind of role has leadership/management played in the process?
- 4) In what ways does cross-functional cooperation happen in this process? Would you describe the relationships?
- 5) Who in your company has access to customer data?
- 6) What kind of data/analytics/IT systems did you use in the process?

THEME 4: Performance measurement process

- 1) How has your company (experts: companies that you have worked with) executed performance measurement process? Would you describe the process?
- 2) What in that process has worked out well? What has been difficult?
- 3) What kind of role has leadership/management played in the process?
- 4) Who participates to the process? How?
- 5) What kind of data/analytics/IT systems did you use in the process?