

HELSINKI UNIVERSITY OF TECHNOLOGY  
Department of Mechanical Engineering  
MASTER'S THESIS

Jaakko Keskitalo

**Implementation of a New Customer Relationship Management System in a  
Global Company**

Espoo, 31.07.2006

Supervisor: Professor, Kalevi Aaltonen  
Instructor: M. Sc. (Econ.), Petri Kairinen

|  |                  |                               |
|--|------------------|-------------------------------|
| Author: Jaakko Ilmari Keskitalo  |                  |                               |
| Subject of the thesis: Implementation of a New Customer Relationship Management System in a Global Company   |                  |                               |
| Number of pages: 99 + appendices   | Date: 31.07.2006 | Library location: K           |
| Professorship: Production Engineering  |                  | Code of professorship: Kon-15 |
| Supervisor: Professor, Kalevi Aaltonen   |                  |                               |
| Instructor: M. Sc. (Econ.), Petri Kairinen   |                  |                               |
| <p>The electronics manufacturing services (EMS) business is mainly working in outsourcing and project business environment. In this kind of business the customer relationship is extremely important. Relationship is tight because it may include the whole product lifecycle from design to after sales services and this ties the customer and the EMS company very tightly together. Because customer relationships are important for the business, an urgent need for a customer relationship management strategy and system in many companies has been arisen.</p> <p>The purpose of this research was to examine the implementation of the customer relationship management system and to recognize the main causes of CRM system implementation failure and things that have to be done so that the implementation will be a success. Evaluation of the results and matters to be performed in the future were also objectives of the research. The thesis aims to give an understanding of the history of customer relationship management and factors affecting on the implementation of a CRM system. Contract manufacturing business environment and the service marketing in business-to-business environment are also explained so that the reader understands better in what kind of environment the implementation is taking place.</p> <p>The information needs were collected through the sales platform user survey and by being involved in the implementation project. Through the empirical study and theory, the key issues which affect the implementation of a customer relationship management were studied. The results from the survey gave some answers how the implementation project succeeded.</p> <p>The research showed that the implementation progressed according to theory’s best practices and it can be said to be successful. Main reasons for successful implementation were the timing of the project, the need that sales persons had for a tool to help their work, and good planning and execution of the implementation. Users of the systems have noticed the benefits that the new sales platform offers and they have got used to using the new system. Main obstacles in the future are the slowing effect of the system to the computer and inadequate reporting. Overall Elcoteq’s CRM system implementation has been a success and it has created structure in an unstructured environment.</p> |                  |                               |
| Keywords: customer relationship management, CRM, customer, relationship, implementation  |                  | Publishing language: English  |



|   |                     |                         |
|---|---------------------|-------------------------|
| Tekijä: Jaakko Ilmari Keskitalo   |                     |                         |
| Työn nimi: Uuden asiakkuudenhallintajärjestelmän käyttöönotto globaalissa yrityksessä   |                     |                         |
| Sivumäärä: 99 + liitteet  | Päiväys: 31.07.2006 | Työn sijainti: K        |
| Professuuri: Valmistustekniikka   |                     | Koodi: Kon-15           |
| Työn valvoja: Professori, Kalevi Aaltonen   |                     |                         |
| Työn ohjaaja: Tuotemarkkinointipäällikkö, Petri Kairinen  |                     |                         |
| <p>Elektroniikan sopimusvalmistus (EMS) toimii keskeisesti ulkoistuksen ja projektiliiketoiminnan parissa. Tällaisessa ympäristössä asiakassuhde on erittäin tärkeä. Suhde on tiivis, koska siihen voi kuulua tuotteen koko elinkaari suunnittelusta jälkimarkkinointiin ja tämä sitoo asiakkaan ja EMS-yrityksen tiukasti yhteen. Asiakkuudenhallintastrategialle ja -systeemille on syntynyt kiireellinen tarve monissa yrityksissä, koska asiakassuhteet ovat elinehto liiketoiminnalle.</p> <p>Tämän työn tarkoituksena oli tutkia asiakkuudenhallintajärjestelmän käyttöönottoa ja tunnistaa olennaisimmat käyttöönoton epäonnistumiseen johtavat syyt sekä tehtävät, mitä tulisi tehdä, jotta käyttöönotto onnistuisi. Tulosten analysointi ja jatkotoimenpiteiden pohtiminen kuuluivat myös työn tavoitteisiin. Työ sisältää tietoa asiakkuudenhallinnan historiasta ja tekijöistä, jotka vaikuttavat asiakkuudenhallintajärjestelmän käyttöönottoon. Sopimusvalmistustoimiala ja palveluiden markkinointi yritykseltä yritykselle on kuvailtu työssä, jotta lukija ymmärtäisi minkälaisessa ympäristössä käyttöönotto tapahtuu.</p> <p>Tarvittava tieto työhön kerättiin suorittamalla kysely käyttäjille ja olemalla mukana käyttöönottoprojektissa. Avainasiat, jotka vaikuttavat asiakkuudenhallintajärjestelmän käyttöönottoon, käytiin läpi empiirisen tutkimuksen ja teorian avulla. Kyselyn tulokset antoivat suuntaa siitä miten käyttöönotto onnistui.</p> <p>Tutkimus osoitti, että käyttöönotto sujui noudattaen teoriaa ja käyttöönoton voidaan sanoa olevan onnistunut. Suurimmat syyt onnistumiseen olivat projektin ajoitus, myyntihenkilöillä ollut tarve työkalulle auttamaan työskentelyä ja hyvä käyttöönoton suunnittelu sekä toteutus. Käyttäjät ovat huomanneet uuden järjestelmän tuomat edut ja he ovat tottuneet käyttämään sitä. Suurimmat esteet tulevaisuuden varalle ovat järjestelmän hidastava vaikutus tietokoneeseen ja raportoinnin puutteellisuus. Kokonaisuudessaan Elcoteqin asiakkuudenhallintajärjestelmän käyttöönotto on ollut menestys ja se on luonut järjestyksen järjestäytymättömään ympäristöön.</p> |                     |                         |
| Avainsanat: asiakkuudenhallinta, CRM, asiakas, suhde, käyttöönotto  |                     | Julkaisukieli: Englanti |

## ACKNOWLEDGEMENTS

My studies in HUT have been a mixture of mechanical engineering and industrial management. One might ask that what I am doing in marketing and sales development department doing a master thesis. Before starting in Elcoteq I did not know anything about customer relationship management. I have had one marketing course in Australia and that is the only thing that I have studied about marketing. That is why this master's thesis has been a good learning opportunity for me. It has provided me a possibility to work with different people in different organizations, which has proven to be very interesting and valuable. The subject of the work was quite unknown for me at the start but I feel I have learnt to master it well. Customer relationship management is definitely a hot topic of today's business and I am happy to know I have broadened my knowledge to include this. My studies in Helsinki University of Technology, Royal Melbourne Institute of Technology and master's thesis in Elcoteq have given me a good background to build my future career.

I hope this thesis will benefit Elcoteq and others who are thinking about implementation of a CRM system or have already implemented it. I would like to thank my Professor Kalevi Aaltonen for all the guidance and support during my University time. I want to thank Elcoteq for giving me the possibility to write the thesis on the very interesting subject and giving me plenty of good experience. All my friends and family deserve thanks for their continuous support during my studies. I also want to thank several people who have helped me in various situations and these people are: Riikka Virtanen, Petri Kairinen, Ikla Puustinen and Jan Lindholm. Last but not least I want to thank my girlfriend who has been a great support in the process of writing this thesis and for giving me the strength to carry out this thesis.



# TABLE OF CONTENTS

|   |            |
|---|------------|
| <b>ABSTRACT .....</b>   | <b>I</b>   |
| <b>TIIVISTELMÄ.....</b>   | <b>II</b>  |
| <b>ACKNOWLEDGEMENTS .....</b>                                       | <b>III</b> |
| <b>TABLE OF CONTENTS.....</b>                                       | <b>IV</b>  |
| <b>LIST OF FIGURES.....</b>   | <b>VII</b> |
| <b>LIST OF TABLES.....</b>  | <b>IX</b>  |
| <b>ABBREVIATIONS .....</b>  | <b>X</b>   |
| <b>1 INTRODUCTION .....</b>   | <b>1</b>   |
| 1.1 BACKGROUND OF THE RESEARCH AND THE PROBLEM .....                | 1          |
| 1.2 ELCOTEQ SE .....  | 3          |
| 1.2.1 Elcoteq's Strategy.....                                       | 4          |
| 1.2.2 Organization Model.....                                       | 6          |
| 1.2.3 Elcoteq Key Figures .....                                     | 7          |
| 1.3 RESEARCH OBJECTIVES AND SCOPE.....                              | 7          |
| 1.4 RESEARCH METHODOLOGY .....                                      | 8          |
| 1.5 STRUCTURE OF THE RESEARCH REPORT.....                           | 9          |
| <b>2 BUSINESS ENVIRONMENT AND THE SERVICE MARKETING .....</b>       | <b>12</b>  |
| 2.1 OUTSOURCING OF MANUFACTURING IN ELECTRONIC BUSINESS.....        | 12         |
| 2.2 SERVICE MARKETING IN BUSINESS-TO-BUSINESS ENVIRONMENT .....     | 14         |
| 2.2.1 Key Account Management.....                                   | 14         |
| 2.2.2 Market Segmentation.....                                      | 15         |
| 2.2.3 Customers' Perspective .....                                  | 15         |
| <b>3 CUSTOMER RELATIONSHIP MANAGEMENT .....</b>                     | <b>17</b>  |
| 3.1 EVOLUTION AND HISTORY OF CUSTOMER RELATIONSHIP MANAGEMENT ..... | 19         |
| 3.1.1 The Evolution of CRM Systems.....                             | 20         |
| 3.1.2 The Changing Nature of Customer Relationships .....           | 21         |
| 3.2 CUSTOMERS ARE THE KEY TO SUCCESS .....                          | 23         |
| 3.2.1 The Customer Relationship Life Cycle .....                    | 23         |
| 3.2.2 Creating One-to-One Relationship with the Customer.....       | 25         |



|       |   |    |
|-------|---|----|
| 3.2.3 | <i>Implementing a Relationship-based Strategy</i> .....                                 | 26 |
| 3.2.4 | <i>Knowledge Management and Developing the Customer Database</i> .....                  | 27 |
| 3.2.5 | <i>Customer Satisfaction, Value, and Loyalty</i> .....                                  | 29 |
| 3.2.6 | <i>Customer Churn and Profitability</i> .....   | 32 |
| 3.2.7 | <i>Basic Motivations for CRM</i> .....  | 34 |
| 3.3   | THE MAIN REQUIREMENTS FOR A CRM SYSTEM.....   | 35 |
| 3.4   | MAIN BENEFITS FROM CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM.....                         | 37 |
| 3.4.1 | <i>Benefits Resulting From CRM Usage</i> .....  | 39 |
| 3.4.2 | <i>Return on Investment and Total Cost of Ownership</i> .....                           | 40 |
| 3.4.3 | <i>For whom a CRM System is Valuable?</i> .....   | 41 |
| 3.5   | REASONS FOR THE FAILURE OF A CRM SYSTEM.....  | 42 |
| 3.5.1 | <i>The Scientific Reason for CRM Failure</i> .....                                      | 43 |
| 3.5.2 | <i>Integration is the key</i> .....   | 44 |
| 3.6   | CRITICAL SUCCESS FACTORS WHEN IMPLEMENTING A CRM SYSTEM .....                           | 45 |
| 3.6.1 | <i>Successful Implementation of CRM Software</i> .....                                  | 46 |
| 3.6.2 | <i>Change Management</i> .....  | 49 |
| 4     | <b>CUSTOMER RELATIONSHIP MANAGEMENT IN ELCOTEQ</b> .....                                | 50 |
| 4.1   | DESCRIPTION OF THE OLD SYSTEM .....   | 51 |
| 4.2   | SALES FUNNEL .....  | 51 |
| 4.2.1 | <i>Sales Funnel Reporting</i> .....   | 52 |
| 5     | <b>CUSTOMER RELATIONSHIP MANAGEMENT –IMPLEMENTATION OF THE NEW SALES PLATFORM</b> ..... | 53 |
| 5.1   | WHY THE NEW SALES PLATFORM AND THE CRM SYSTEM .....                                     | 54 |
| 5.2   | SPECIFICATION WORK.....   | 56 |
| 5.3   | SYSTEM IMPLEMENTATION AND THE ROLL-OUT .....  | 58 |
| 5.3.1 | <i>CRM System Key Functionality for Elcoteq</i> .....                                   | 59 |
| 5.3.2 | <i>Choosing the System and the Supplier</i> .....                                       | 59 |
| 5.3.3 | <i>Phases of the System Implementation Project</i> .....                                | 60 |
| 5.4   | DESCRIPTION OF THE NEW SYSTEM.....  | 63 |
| 5.4.1 | <i>Microsoft Dynamics 3.0 Technological and Functional Features</i> .....               | 64 |
| 5.4.2 | <i>Sharepoint and Content Management Systems</i> .....                                  | 67 |
| 5.4.3 | <i>Elcoteq's Sales Process Provides Benefits to the Customers Business</i> .....        | 68 |
| 5.4.4 | <i>Main Benefits for the Employees and Management</i> .....                             | 70 |
| 5.4.5 | <i>Return on Investment for the Implementation</i> .....                                | 71 |

6 ELCOTEQ SALES PLATFORM USER SURVEY .....73

6.1 CONDUCTING THE SURVEY .....74

6.2 RESULTS OF THE SURVEY .....75

6.2.1 The Usage of the System and the User-friendliness.....75

6.2.2 Training and Support.....80

6.2.3 Benefits Resulting from the Implementation.....81

6.2.4 Main Benefits and Failures of the System .....85

6.2.5 Conclusions from the Survey .....86

7 CONCLUSIONS .....88

7.1 RESULTS OF THE RESEARCH.....88

8 RECOMMENDATIONS.....92

9 SUMMARY .....95

REFERENCES .....97

Appendix 1

Appendix 2

## LIST OF FIGURES

|   |    |
|---|----|
| Figure 1 Elcoteq's vision and strategy /1/ .....  | 5  |
| Figure 2 Elcoteq's service offering /1/ .....   | 5  |
| Figure 3 Reducing the dependence on few customers /2/ .....   | 6  |
| Figure 4 Organizational structure of Elcoteq /3/ .....  | 6  |
| Figure 5 Elcoteq Key Figures /1/ .....  | 7  |
| Figure 6 Structure of the research.....   | 10 |
| Figure 7 Forecast about the growth of EMS and ODM markets in billion dollars /4/ ....                               | 13 |
| Figure 8 What customer relationship management system is comprised of /16/ .....                                    | 18 |
| Figure 9 Transactional style and relational style /10/ .....  | 22 |
| Figure 10 Traditional organization versus modern customer-oriented company organization /16/.....                   | 23 |
| Figure 11 Customer relationship life cycle /13/.....  | 24 |
| Figure 12 The 80/20 rule of customers /19/.....   | 30 |
| Figure 13 Creating value for customers and building customer relationship /8/ .....                                 | 31 |
| Figure 14 Customer staying in your company pays off /10/.....   | 32 |
| Figure 15 Main functional and technological requirements of a CRM system /13/ .....                                 | 36 |
| Figure 16 Main features and requirements of a CRM system /13/ .....   | 37 |
| Figure 17 Benefits resulting from CRM usage /24/.....   | 39 |
| Figure 18 a) How we wish change in performance would happen because of CRM implementation b) the reality /27/ ..... | 44 |
| Figure 19 Critical CRM components /29/.....   | 45 |
| Figure 20 Changing nature of marketing and the supporting tools .....   | 50 |



|  |    |
|--|----|
| Figure 21 The renewed sales platform.....  | 53 |
| Figure 22 Critical CRM components /29/.....  | 56 |
| Figure 23 Development roadmap for the sales platform implementation .....            | 58 |
| Figure 24 Elcoteq's CRM system and some of the features.....                         | 65 |
| Figure 25 Customer's purchasing process as a basis for Elcoteq's sales process ..... | 68 |
| Figure 26 How often employees are using the system?.....                             | 76 |
| Figure 27 How fast is Elcoteq's CRM system?.....                                     | 77 |
| Figure 28 User-friendliness of the CRM system .....                                  | 78 |
| Figure 29 Saving contacts to CRM.....  | 79 |
| Figure 30 Have you used CRM offline?.....  | 80 |
| Figure 31 Training and the support of the system .....                               | 81 |
| Figure 32 How are users rating the benefits from the new sales platform?.....        | 83 |
| Figure 33 Benefits from the sales platform .....                                     | 84 |
| Figure 34 Summary of the answers to the research problem.....                        | 89 |

## LIST OF TABLES

|  |    |
|--|----|
| Table 1 Objectives, strategies and initiatives of the company in each phase of the customer relationship life cycle /13/ ..... | 25 |
| Table 2 CRM drivers and impacts /13/ .....   | 35 |
| Table 3 CRM system changes the work environment of a company /17/ .....  | 38 |
| Table 4 CRM implementation costs distribution /30/ .....   | 41 |
| Table 5 A) Specification project group B) System implementation project group .....  | 57 |
| Table 6 The main phases of the system implementation project .....   | 61 |
| Table 7 From offering solutions to offering benefits and value to the customer .....   | 70 |
| Table 8 Main benefits and faults of the system .....   | 85 |

## ABBREVIATIONS

|       |   |
|-------|---|
| APAC  | Asia-Pacific                                    |
| BA    | Business Area                                   |
| CISSY | Customer Information Support System             |
| CM    | Contract Manufacturing or Contract Manufacturer |
| CNE   | Communications Network Equipment                |
| CRM   | Customer Relationship Management                |
| EMS   | Electronic Manufacturing Services               |
| ERP   | Enterprise Resource Planning                    |
| GA    | Geographical Area                               |
| IM    | Information Management                          |
| NPI   | New Product Introduction                        |
| ODM   | Original Design Manufacturer                    |
| OEM   | Original Equipment Manufacturer                 |
| PCP   | Product Creation Process                        |
| PTT   | Product and Technology Transfer                 |
| TP    | Terminal Products                               |



# 1 Introduction

In the late 1980's nobody could have imagined how communications technology cluster would look like in the future and how fast mobile phone business would grow. 1980's was highly production orientated decade. The common way of thinking was that the only way to gain profitability was to improve manufacturing efficiency and capabilities. In 1990's the focus changed from production orientation to marketing orientation. It was not enough just to manufacture profitably but now a company would have to market their products to the customers so that products would be purchased. From the late 1990's to the 2000's the focus has yet changed from marketing orientation to customer orientation. Manufacturing efficiency and marketing are still important factors to produce profitable business but the main focus is now on filling the customer wants and needs completely.

Fulfilling customer's wants has proven to be a challenging task and there is an urgent need for a customer relationship management (CRM) strategy and system in many companies. CRM system enables storing and sharing of important information, which has been collected from different customer encounters. The system helps sales people to do their everyday work and managers on analyzing the customers and the company's markets. With the help of this system a company can learn about their customer expectations and is able to better build profitable customer relationships. Customer relationship management has become a core priority in outsourcing business, as in any other business. In this thesis, the factors behind implementation of a new CRM system in a global company are researched.

## 1.1 Background of the Research and the Problem

There are several contract manufactures in the world and not many differences between them. Elcoteq among other contract manufacturer companies do not want to compete only with prices because that would lower the profits. Companies have to consider other

ways to show their superiority. One way to achieve superiority is to manage customers better than competitors do and to produce added value to customers.

Earlier Elcoteq only had few customers and those were managed by account managers. Now the company has several customers and it still attempts to increase its customer base. Several account teams are serving different customers and these teams have slightly different ways of doing business. The information is incoherent inside the account teams and therefore it is hard to follow customers and projects in a global scale and on accurate level. Information about customers is needed in different levels of the organization and among different people. For example marketing people has difficulties to reach right people because the contact information about the customers is not up to date. Sufficiently suitable reports are hard to compile from the incoherent source of information and it is difficult to compare the situation between various geographical areas. The mobility of employees is also a critical problem. When employees change jobs internally or externally important information is taken away with them. This and many other problems are attempted to sort out with the help of implementing a new customer relationship management system.

Implementing a CRM system is not a straight answer to all the problems. It should be remembered that a CRM system is not a tool that will diminish all the problems but it is a good tool to help account teams to work. Historically the results of CRM system implementation have not been so good mainly because companies have had unrealistic goals for CRM. CRM has been thought to be the answer to all the problems. Furthermore, implementations have been dictated by the application not the processes that are behind the systems.

CRM is a hot topic in many companies today and successful implementations are becoming more common than failures. This research includes factors related to customer relations, reporting, information management, change management and marketing. The purpose of this research is to examine the implementation of the customer relationship management system and to recognise the main causes of CRM system implementation failure and the things that have to be done in order to implement the system successfully.



In order to clarify, the study explores the following research questions:

- What are the factors contributing to the success on implementing a CRM system?
- What are the main causes behind CRM system implementation failures?
- What are the benefits of a CRM system?

These issues are the research problem where this thesis tries to answer. Evaluation of the results and matters to be performed in the future were also objectives of the research.

## 1.2 Elcoteq SE

Elcoteq SE is a leading electronics manufacturing services (EMS) company that focuses on communications technology customers and products. Most of Elcoteq's customers are globally operating original equipment manufacturers (OEMs) of communications technology products. Elcoteq's focus on communications technology sets the company apart from its competitors. Elcoteq provides globally end-to-end solutions from product development to after-sales services for the whole lifecycle of its customers' products. Elcoteq is the largest European company in its field and the fourth largest in the world.

Elcoteq was established in 1984 as a part of the Lohja Corporation in Finland. It has operated as an independent company since 1991 when the three existing principal shareholders of Elcoteq acquired the Lohja Microelectronics in a management buy-out. Since then the company's compound average growth rate has been over 50 %. Starting in Finland with 170 employees, Elcoteq today employs approximately 22 000 people on four continents in altogether 15 countries. Elcoteq organizes its operations into two business areas (BA): Terminal Products (TP) and Communications Network Equipment (CNE). In addition to these, the company has three geographical areas (GA): Europe, Asia-Pacific (APAC) and Americas. /1/

The main product group for Terminal Products is mobile phones, their parts, modules and accessories. Terminal Products also manufactures other terminal devices such as set-

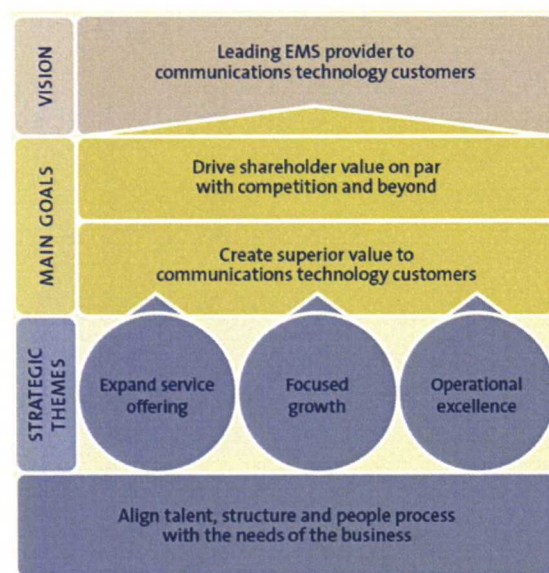


top boxes and PDAs. In recent years demand for home communications products has clearly increased. In addition to set-top boxes, Elcoteq also manufactures electronics for flat-screen televisions. Communications network equipment's customers are primarily manufacturers of wireless and wire line infrastructure, as well as enterprise networks. In this sector Elcoteq manufactures base stations and microwave systems for mobile phone networks, broadband products, routers and switches. In 2005 Terminal products contributed 82,5 % and Communications Network Equipment 17,5 % to the Group's net sales. /1/

### *1.2.1 Elcoteq's Strategy*

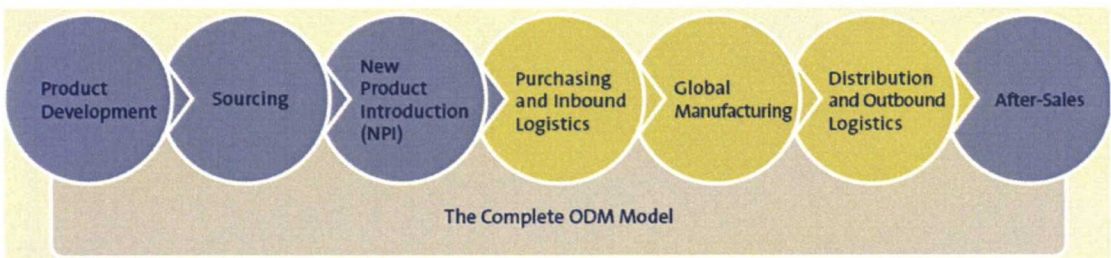
Elcoteq has a vision that it wants to be a leading EMS provider to communications technology customers in the world. Elcoteq believes that serving this specific segment will give the company a clear competitive edge. Elcoteq has two main goals that it wants to achieve. One is to drive shareholder value as well as competitors do and beyond. The second goal is to create superior value to communications technology customers. /1/

Elcoteq has formulated three core strategic themes, which are expanding the service offering, focused growth, and operational excellence. Expanding the service offering starts with the customer's need to outsource not only manufacturing but other functions as well. Elcoteq offers a comprehensive range of services throughout the product lifecycle and is continuously strengthening its expertise. Elcoteq is also targeting focused growth, both organically and through acquisitions. The essential aspects of this plan are to broaden the customer base and to increase the share of the communications network equipment business area of the group's net sales. Operational excellence, in turn, is a prerequisite of success. Alongside these strategic themes, the company also recognizes the importance of ensuring that the competencies of its employees, and its organizational structures and processes, are at all times correctly dimensioned to the company's business needs. Elcoteq's vision and strategy can be seen as a whole in Figure 1. /1/



**Figure 1** Elcoteq’s vision and strategy /1/

The core of Elcoteq’s business is traditional electronics manufacturing services (EMS). However because of the increased interest shown by customers in product design and new product introduction (NPI) services, Elcoteq’s core business is expanding to encompass original design manufacturing (ODM) services as well. In the ODM model, the EMS provider not only manufactures the product but is more broadly involved in the product’s lifecycle from product development to after-sales services as Figure 2 reveals. /1/

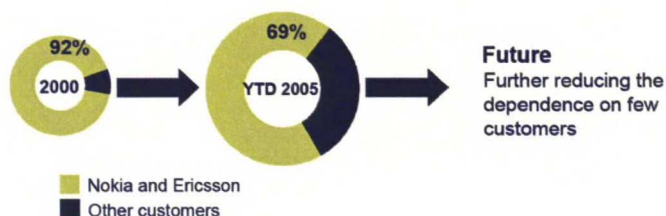


**Figure 2** Elcoteq’s service offering /1/

Focused growth strategy includes organic growth and selected acquisitions, balancing the customer portfolio and attracting new customers especially among globally operating companies. These enable Elcoteq to grow profitably and spread the risk. /2/

---

Keskitalo, Jaakko (2006), *Implementation of a New Customer Relationship Management System in a Global Company*, Helsinki University of Technology

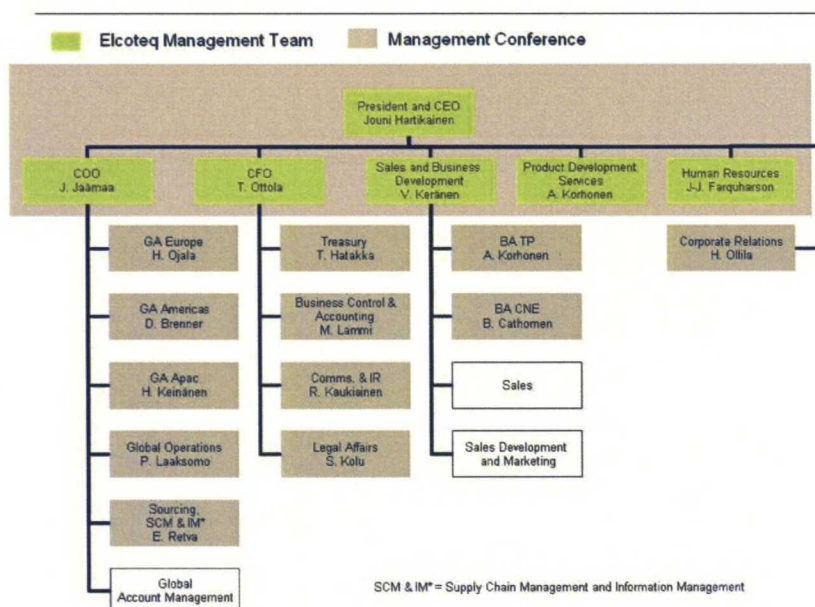


**Figure 3 Reducing the dependence on few customers /2/**

The dependence on few customers has reduced and has to continue reducing like is seen Figure 3. /2/

### 1.2.2 Organization Model

Elcoteq’s organizational structure is seen in Figure 4. Elcoteq has a two level structure in its executive management board. There is Elcoteq management team, which meets every month. Its main tasks are strategy formulation and assuring and monitoring the company’s financial performance. The broader management conference meets three to four times a year. Meetings concentrate on planning the company’s operations and sharing information. /3/



**Figure 4 Organizational structure of Elcoteq /3/**



Elcoteq has a matrix organization, in which the BAs are responsible for developing the respective business models, service offerings, value propositions and partnership networks of their individual areas, as well as for maintaining the global consistency of Elcoteq's operations. The GAs are responsible for the sales, production, and financial performance of their respective areas. The GAs and BAs are supported by group functions such as finance. /3/

### 1.2.3 Elcoteq Key Figures

2005 was a year of strong growth for Elcoteq. Net sales rose 43 % on the previous year to 4,169.0 MEUR (2,921.8) and operating income increased 34 % to 76.5 MEUR (57.3). Elcoteq's compound average growth rate has been 52 % between years 1991-2004. Figure 5 shows Elcoteq's key figures from the years 2004 and 2005.

| <i>Key Figures</i>                       | 2005    | 2004    | Change, % |
|--|---------|---------|-----------|
| Net sales, MEUR                          | 4,169.0 | 2,921.8 | 43        |
| Operating income, MEUR                   | 76.5    | 57.3    | 34        |
| % of net sales                           | 1.8     | 2.0     |           |
| Income before taxes, MEUR                | 59.3    | 44.9    | 32        |
| Net income, MEUR*                        | 41.3    | 30.7    | 35        |
| Capital employed, MEUR                   | 495.6   | 414.3   | 20        |
| Return on capital employed (ROI/ROCE), % | 17.6    | 19.5    |           |
| Cash flow, MEUR                          | 24.4    | -80.3   |           |
| Interest-bearing net debt, MEUR          | 90.3    | 98.2    | -8        |
| Gearing                                  | 0.3     | 0.4     |           |
| Solvency ratio, %                        | 26.0    | 30.5    |           |
| Earnings per share, EUR                  | 1.34    | 1.01    | 33        |
| Gross capital expenditures, MEUR         | 123.6   | 128.3   | -4        |
| Personnel on December 31                 | 19,802  | 19,480  | 2         |

**Figure 5 Elcoteq Key Figures /1/**

## 1.3 Research Objectives and Scope

In this master's thesis the elements of customer relationship management are examined. Aspects of the implementation of a CRM system and other general CRM theories are studied. These findings are then used as guidelines in interpreting the results. The aim of



the work is to follow the implementation of a customer relationship management system that will help account teams to work more efficiently and improve sales reporting. The objective of the research is also to evaluate the success of the implementation. The theory part of the study will be the base for the overall evaluation and a user survey will give valuable feedback about the success of the implementation project.

The focus of the research is on customer relationship management systems and it can be said to be the main theme of this thesis. The thesis aims to give an understanding of the history of customer relationship management and factors affecting on implementation of a customer relationship management systems. Contract manufacturing (CM) business environment and the service marketing in business-to-business environment are also explained so that the reader understands better in which kind of environment the implementation is taking place.

This thesis explains how customer relationship management was handled previously in Elcoteq and describes the new system. Technology, processes and people are all important issues that have to be thought through when implementing a CRM system. All of these matters are discussed in this thesis and a user survey is conducted because it gives valuable information about the success of the overall implementation. Technical side of the implementation is not part of this thesis work. Also customers account portals and integration with other Elcoteq systems are out of the research scope because then the thesis would expand too much. Briefly, the research will include defining of the old customer relationship management systems in Elcoteq, implementation of the new one and a user survey to help estimating the success of the implementation.

## 1.4 Research Methodology

Contract manufacturing business and customer relationship management are the bases for the theory part of the thesis. The theoretical background for this research consists of many different topics. CRM systems evolution, main requirements, main benefits, failures, and critical implementation success factors are some of the issues discussed in

the theory part to give the reader sufficient background information about the subject. These issues will provide important information in order to turn theory into concrete action.

The literature used is mostly the newest available but also some older sources are used. Some articles are used related to the implementation of a customer relationship management system. The use of the internet as a source of the theoretical background of this research is used somewhat as the subject of implementing a customer relationship management system has been researched a lot lately and several articles are published there.

The research is done in Elcoteq's Espoo office and the material is collected mostly by being involved in the CRM system implementation work. Important information has been gained by being involved in the planning phase of the implementation, training phase and by conducting a user survey. These sources of information have provided relevant material in order to develop an answer to the question of how the implementation has succeeded.

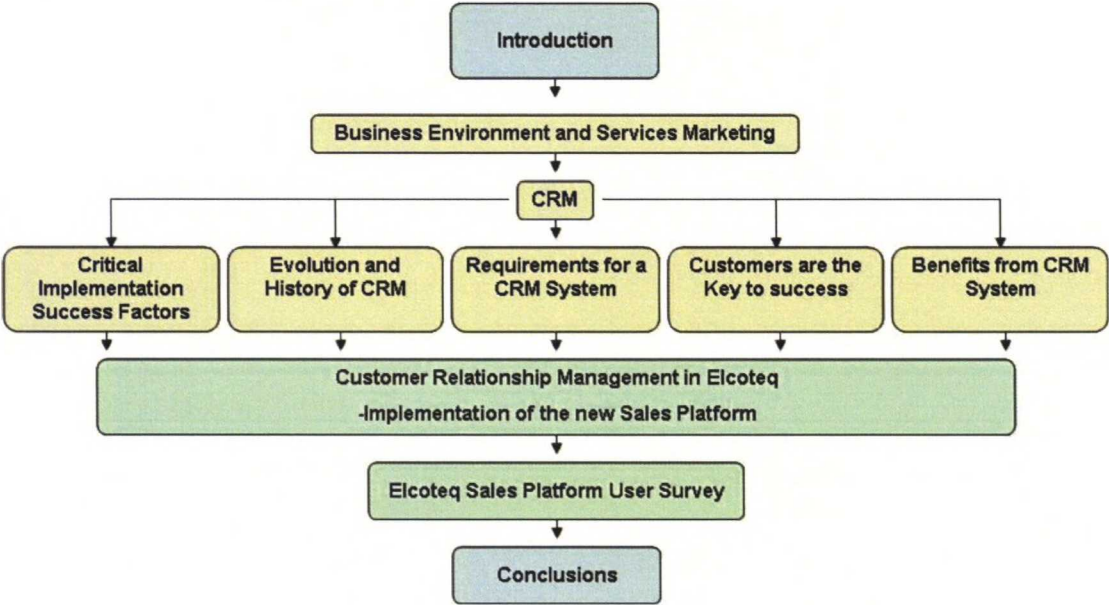
The nature of the research is qualitative because the information collected is soft data and people's opinions on how the new sales platform feels from their point of view. The survey is processed through the qualitative analysis and it is reflected to the theory. The objective of qualitative research type is to understand the phenomenon under the study from the informant's point of view. Informants, in this thesis, are the respondents of the user survey. Qualitative methods may be used to describe phenomenon (what?) and explain it (how?). The theory and survey complete each other and through empirical study and theory, the success of the implementation is evaluated. The survey questions can be seen in appendix 1.

## 1.5 Structure of the Research Report

This research is composed of four parts. The first part is introduction, which includes background information of the research and presentation of Elcoteq SE. The second part



concentrates on the theories around the research subject. The third part consists of the empirical part of the work and fourth part is the conclusions. Figure 6 reveals the structure of this research.



**Figure 6 Structure of the research**

Theory is divided into two chapters. The first chapter introduces the reader to the business environment and the service marketing in electronics business. This chapter tries to explain the specific nature of electronics manufacturing service business. Customers' importance is highlighted in this business environment and because of that also customer relationship management strategy. Next chapter is called customer relationship management and this is the most important theoretical chapter of this thesis. The chapter starts with description of the history of customer relationship management. It continues highlighting the importance of the customer and the relationship with the customer. From this chapter reader can find the critical success factors when implementing a CRM system, the main requirements for a CRM system, main benefits from CRM system and the reasons for failure of a CRM system.

The third part of this thesis is the empirical part. This part consists of explaining Elcoteq's old customer relationship management system, implementation of the new



sales platform and a sales platform user survey. Chapter 4 describes how customer relationship was managed before the new sales platform. The chapter tries to describe the need that there were for a better solution. Chapter 5 goes through the implementation process of a new sales platform and presents the new system. After the implementation a user survey is conducted and chapter 6 reveals the results from this survey. The fourth and last part of this thesis includes chapters where the conclusion, recommendations and summary are presented.

## 2 Business Environment and the Service Marketing

The business environment where electronics manufacturing service (EMS) and original design manufacturer (ODM) companies operate is a very specific one. EMS companies possibly design, assemble, produce and test electronic components and assemblies for original equipment manufacturers (OEMs). Usually EMS companies are not marketing their products but rather the ability to manufacture the product and offer the needed services to the potential customer. That is why customers are in an important role. A large part of the EMS business is project business and EMS companies are normally contract manufacturers to another company. /2/

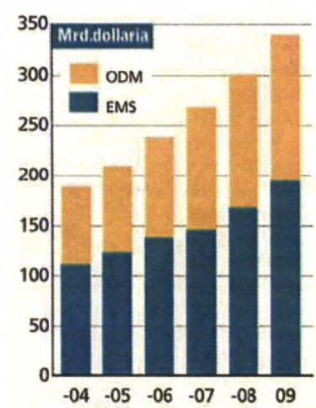
The EMS and ODM markets have been growing enormously during recent years and are also expected to grow in the years ahead. According to research company IDC the EMS and ODM markets grew approximately 15 percent to roughly 170 billion dollars last year. The growth of the markets, shortened product life cycles and increasing global competition are some reasons, which have forced companies to broaden their offerings and at the same time focus on their core competencies. /2, 4/

### 2.1 Outsourcing of Manufacturing in Electronic Business

In the communications technology business, outsourcing refers to a situation where an original equipment manufacturer (OEM) purchases services related to the design or manufacture of some of their products from an EMS or ODM company. The product is always sold under the customer's brand. OEMs can purchase services from product development right through to after-sales. They can purchase a particular single service, a selection of services, or a complete ODM service package, which is now the hottest trend in outsourcing business. /1, 4/

Marketing research company, Technology Forecasts, believes that ODM markets will grow almost as big as EMS markets by the year 2009. Figure 7 reveals the forecast about the growth of the EMS and ODM markets by the year 2009. Many companies that have

been focusing on EMS business have broadened their offering to include design services because of the growing importance of ODM. The success of Elcoteq is also partly caused by the company’s broadened service offerings, which nowadays include design services. /4/



**Figure 7 Forecast about the growth of EMS and ODM markets in billion dollars /4/**

Despite the growth of the EMS and ODM business, the companies still have to battle with weakening balance that they get from the business. OEM companies are very economical about their expenses and that affects EMS companies’ profits. These expense pressures influence also to production and that is why the production facilities are being moved to the countries with cheaper labour costs. The production in Finland is continuously decreasing. /4/

Asia is one of the most significant production countries and an important market place for electronic manufacturing business. At the moment the economy of China is growing fastest in the world. According to the research company In-Stat, outsourcing business in Asia will grow to 162 billion dollars by the year 2009. The share of Asia in outsourcing business is then 65 percent. In the year 2005 the share was 52 percent. Despite the fact that EMS and ODM business is growing the vast majority of the world’s electronics manufacturing is made by the OEMs. Research done by the Technology Forecast reveals that the EMS companies’ share of the entire electronics manufacturing is 19 percent. So 80 percent of the manufacturing is still available to be outsourced. Outsourcing



continues to grow and the forecast for the year 2009 is that EMS companies has 24 percent share. /4/

## 2.2 Service Marketing in Business-to-Business Environment

Business-to-business markets are for products and services. The markets are local to international and the services or products offered are bought by businesses for ingredients, for consumption, for use, or for resale. Marketing of products and services differ from each other because of the special characteristics of services. Furthermore, marketing techniques vary depending on the service industry and professional services are often more difficult to market to the target audience than common services. In business-to-business markets, customers experience uncertainty in all kinds of purchasing situations and especially when purchasing professional services. Thus, the challenge of marketing lies in the methods of how to decrease the uncertainty. /5/

Marketers should continuously study customers operating environment and provide assurance that the marketing company has the relevant knowledge of operating in that particular market. Demonstrating experience is challenging and so is communicating company's uniqueness in the market. Companies wish to differentiate themselves from the competitors by offering unique services or utilizing marketing communications to convince customers that their services differ from others. /5, 11/

### 2.2.1 Key Account Management

Business-to-business markets are getting more and more complex and they are presenting a new challenge to companies. Internationalization of business and the growing sophistication of consumers are driving business towards key account management. All the indications are that in business-to-business marketing, key account management is not so much an option, but a customer expectation. Key accounts are clarified to be strategically important customers in business-to-business markets. Key accounts normally are the leading players in the segments that have been identified as attractive for the selling company. Account management correspondingly is an approach

aimed at building a portfolio of loyal key accounts by offering them a product/service package tailored to their individual needs. Selling companies typically form dedicated teams headed up by key account manager who tries to establish a long term relationship with the customer. This special treatment has significant implications for organization structure, communications and managing expectations. /6/

### *2.2.2 Market Segmentation*

Usually most organizations have a number of key accounts in each of their different market segments. Before analysing the needs of the key accounts and setting objectives and strategies for them, it is necessary to ensure that there is the clearest understanding of how the market works, what the key segments are and where it would be possible to influence the most with decision on what is bought and from whom. Market segmentation is the means by which any company seeks to gain differential advantage over its competitors. There are certain universally accepted criteria concerning what constitutes a viable market segment:

- A segment should be adequate size to provide the company with the desired return for its effort
- Members of a segment should have a high degree of similarity, yet be distinct from the rest of the market
- Criteria for describing segments must be relevant to the purchase situation
- A segment must be reachable

These criteria seem like obvious but in practice market segmentation is one of the most difficult marketing concepts to turn into reality. Yet it is important to succeed in that because otherwise a company ends up offering similar kinds of products as any other company does. /6/

### *2.2.3 Customers' Perspective*

Customers are not buying products and services but rather benefits that are gained from the products and services. So customers are buying the whole offering and the value that

is received from the offered services. At the end of the day companies are offering always services regardless of what is produced. The value appears when business customers utilize the offering that has been bought. From the issues mentioned above it can be concluded that customers are not seeking products or offerings as such but rather a solution, which will serve their own value creation processes. Due to this reason, it is very important to study customer's value creation process and find solutions that customers really want. /7/



### 3 Customer Relationship Management

Customer Relationship Management (CRM) is perhaps the most important concept of the modern marketing. Until recently, CRM has been defined narrowly as a customer data management activity. By this definition, it involves managing detailed information about individual customers and carefully managing customer interactions in order to maximize customer loyalty. More recently CRM has taken on a broader meaning. In this broader sense, CRM is the overall process of building and maintaining profitable customer relationship by delivering superior customer value and satisfaction. It takes into account all the aspects of acquiring, keeping, and increasing customers. This is why CRM has received a tremendous amount of interest in recent years. Companies, large and small, across a variety of sectors are including CRM as one of the major elements of corporate strategy for two important reasons: new technologies now enable companies to target chosen market segments, micro-segments or individual customers more precisely and new marketing thinking has noticed the limitations of traditional marketing and the potential of more customer-focused, process-based strategies. /16, 8, 10, 9, 10/

Although the term CRM is relatively new, the principles behind it are not unfamiliar. Organizations have for a long time practised some form of customer relationship management. What sets present day apart is that organizations can manage one-to-one relationships with all of their customers. CRM is aimed at increasing the acquisition and retention of profitable customers by, respectively, initiating and improving relationships with them. The development of strategically targeted relationships is enabled through opportunities afforded by advances in information technology. Figure 8 shows the five imperatives of CRM and where technology fits in. Companies today can try to improve their customer management by utilizing a range of database, data mart and data warehouse technologies, as well as growing number of CRM applications. Such developments make it possible to gather big amounts of customer data and increase customer feedback, as well as to analyse, interpret and utilize them constructively. /16, 9/

| CRM Imperative  |   |  |   |   |
|---|---|--|---|---|
| Acquiring the right customer  | Crafting the right value proposition  | Instituting the best processes   | Motivating employees  | Learning to retain customers  |
| You Get It When . . .   |   |  |   |   |
| <ul style="list-style-type: none"> <li>■ You've identified your most valuable customers.</li> <li>■ You've calculated your share of their wallet for your goods and services.</li> </ul>                | <ul style="list-style-type: none"> <li>■ You've studied what products or services your customers need today and will need tomorrow.</li> <li>■ You've surveyed what products or services your competitors offer today and will offer tomorrow.</li> <li>■ You've spotted what products or services you should be offering.</li> </ul> | <ul style="list-style-type: none"> <li>■ You've researched the best way to deliver your products or services to customers, including the alliances you need to strike, the technologies you need to invest in, and the service capabilities you need to develop or acquire.</li> </ul> | <ul style="list-style-type: none"> <li>■ You know what tools your employees need to foster customer relationships.</li> <li>■ You've identified the HR systems you need to institute in order to boost employee loyalty.</li> </ul> | <ul style="list-style-type: none"> <li>■ You've learned why customers defect and how to win them back.</li> <li>■ You've analyzed what your competitors are doing to win your high-value customers.</li> <li>■ Your senior management monitors customer defection metrics.</li> </ul> |
| CRM Technology Can Help . . .   |   |  |   |   |
| <ul style="list-style-type: none"> <li>■ Analyze customer revenue and cost data to identify current and future high-value customers.</li> <li>■ Target your direct-marketing efforts better.</li> </ul> | <ul style="list-style-type: none"> <li>■ Capture relevant product and service behavior data.</li> <li>■ Create new distribution channels.</li> <li>■ Develop new pricing models.</li> <li>■ Build communities.</li> </ul>   | <ul style="list-style-type: none"> <li>■ Process transactions faster.</li> <li>■ Provide better information to the front line.</li> <li>■ Manage logistics and the supply chain more efficiently.</li> <li>■ Catalyze collaborative commerce.</li> </ul>                               | <ul style="list-style-type: none"> <li>■ Align incentives and metrics.</li> <li>■ Deploy knowledge management systems.</li> </ul>   | <ul style="list-style-type: none"> <li>■ Track customer defection and retention levels.</li> <li>■ Track customer service satisfaction levels.</li> </ul>   |

**Figure 8 What customer relationship management system is comprised of /16/**

Customer relationship management is beneficial for all companies in service industry and for manufacturing industry which offer services. This is one of the reason why in recent years, there has been an explosion in the number of companies using CRM systems. United States companies spent an estimated \$42,800 MEUR in the year 2005 on CRM systems from companies such as Siebel Systems, Oracle, Microsoft, and SAS, and spending is expected to increases by 11.5 percent a year through 2007. A firm's investment in its customers can be as real as investments in plant and equipment. /8, 11, 7/



### 3.1 Evolution and History of Customer Relationship Management

During the production-orientated period in the beginning of the 1900's, everything that was produced was sold as well. The primary focus was only on production and efficient distribution while marketing was not considered to be needed. Various features of the products and services, or the needs of the customers were not considered. It was believed that modifications were not needed because all the production was sold. /12/

Sales orientated period prevailed in the 1950s and lasted until 1960s basically because supply and competition increased in the markets and customers had more choices. Products were not automatically sold, which caused that companies had to find new ways to increase sales. Reasons behind the decrease in demand were not researched nor were the needs of the customers. The goal was to attract the customers to purchase the unchanged products. The sales volume was more important than customer satisfaction. /12/

Demand orientated period started in Finland in 1970s and lasted until the beginning of 1980s when it was realized that focusing on sales is not enough but rather to research wants and needs of the customers in order to produce right kind of products and services. Companies started to utilize marketing and all the elements of the 4P's (product, price, place, and promotion) as part of their competitive strategy. Still all the customers were thought as a homogenous bulk of people to whom products or services, that were considered somehow suitable, were produced. Later in the 1980s, customer orientation became important because researches showed that not all the customers wanted the new modified products or services. Companies started to segment their customers and differentiated offerings to each were developed. /12/

Today customer relationship management is emphasized where customer relationships are considered to be the most important. The focus lies in finding such a segment or segments that a company knows well in order to provide the best possible products and services for them. Single marketing campaigns are not the primary focus of marketing anymore but rather marketing aiming at long-term customer relationships. This is



because it has been realized that it is more profitable to develop existing relationships rather than establish new ones. /12/

Companies have realized that it is no longer simply enough to offer excellent products because they are easy to duplicate. Today's key differentiator is exceptional service. Service is more difficult to imitate than a product because service requires customer input and involvement. Competitive advantage can therefore be gained by using knowledge of customers' expectations, preferences and behaviour. This involves creating an ongoing dialogue with customers and exploiting the information and insights obtained at every customer touch points. /9/

### *3.1.1 The Evolution of CRM Systems*

CRM systems have gone through many stages before they have evolved to be the way they now are. Some of these stages, which can be associated to CRM, are management information systems, decision support systems and executive information systems. Management information systems were born to provide top management with the data necessary to control internal processes and plan resources correctly. A decision support system's idea is to give automated decision-help and it was born to support decision-makers in the analysis of open problems. After these systems came executive information systems, which were designed especially to support summit power decisions. All of these approaches have found real applications in the complex management of information systems environment. The most interesting results did not come at once, but only when the available technology offered user-friendly systems. However these systems did not often fully satisfy company requirements and they did not deliver relevant information in an integrated way. /13/

The last years are characterized by the widespread adoption of the internet and company intranets. This common and easily operated access interface allows access to data and information from different sources to be shared and used for different purposes. Information flows will experience further development thanks to the new functionalities

offered by the internet. Development will lead to increased organizational and economic relevance of information processing activities. /13/

At the end of the 1980s new trends emerged in the direction of increasing integration of operational and analytical information systems. One of these trends was the so-called business intelligence systems. These systems automate the decision process through systematic access to database, which makes it possible to carry out analyses and extract information. The system reduces uncertainties of the decisions to be taken and helps to understand those phenomena that lead to an improvement of the decision process. Some members of the business intelligence family are decision support systems, executive information systems, and all tools that enable querying and reporting activities. The popularity of data warehouse and data mining systems is pushing towards increasing integration with operational and decision support systems, which in turn leads to increasing automation in some of the decision activities. Data analysis systems can uncover hidden patterns and help to provide for directions that are likely to reduce the degree of uncertainty in future decisions. /13/

Marketing information systems have gained advantages by the introduction of business intelligence technologies, namely data warehouses and data mining. Integrated solutions that are well-suited to allow automation of company-customer interaction are being studied, in order to gain a long lasting competitive advantage. /13/

### *3.1.2 The Changing Nature of Customer Relationships*

Today's companies are working in a complex playing field. Continuous and radical changes are every day life and competition is getting harder and harder. Companies have to change their working methods in order to stay competitive. Yesterday's companies focused on mass marketing to all customers at arm's length. Today's companies are building more direct and lasting relationships with more carefully selected customers. Customers are getting more and more particular products whereby standard products and services are out of date. Individual requirements and personalized products are the main



factors affecting purchase choices. The new trends forces companies to look for new strategies in order to differentiate themselves from the competition. /8, 13/

Business is changing away from the transactional style, which is focused on short-term-oriented single sales and on the product's features, with scarce and discontinuous contacts with customers. In this transactional style the relationship between company and customers is troublesome in nature and limited to the negotiation (quantity, price delivery terms etc.) and service provision phase. Therefore companies have to adapt a relational style. This means that companies have to develop and reinforce steady and durable relationships with customers who become active partners in the process of innovating and creating value. Transactional marketing can be a good choice when a company needs new customers but nowadays keeping old customers is much more important. The market is regarded more as a network of stable relationships between several actors (customers, companies, providers and competitors) than just as a combination of exchanges. The single transaction is no longer the key to economic activities as it becomes part of steady relational process, which in turn creates a system of exchanges. Transactional and relational styles are shown in Figure 9. /13, 7/



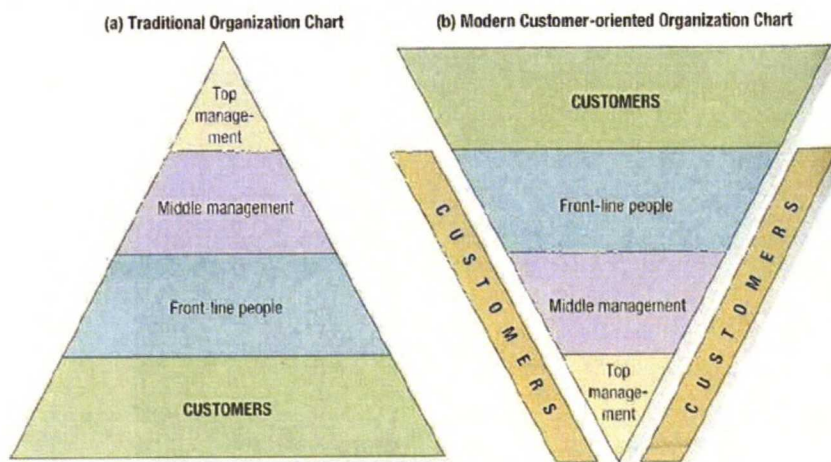
**Figure 9 Transactional style and relational style /10/**

All organizations are aiming to become more and more customer orientated: in order to acquire, increase or maintain a competitive advantage, they have to set the customer and customer satisfaction at the centre of most of the company's choices and decisions. Personnel, technology, systems and other resources must all be used to preserve and increase the customer's loyalty to the company. /13/



### 3.2 Customers are the Key to Success

CRM recognizes that customers are the core of company's business. Company's success depends on how effectively the relationships with customers are managed. Customer is the company's only true "profit centre" and the firm's ability to create, maintain, and strengthen a keen bonding with its customers is a key to economic success. These are the reasons why companies have to try change from traditional organization (Figure 10a) to modern customer-orientated organization like shown in Figure 10b. /16/



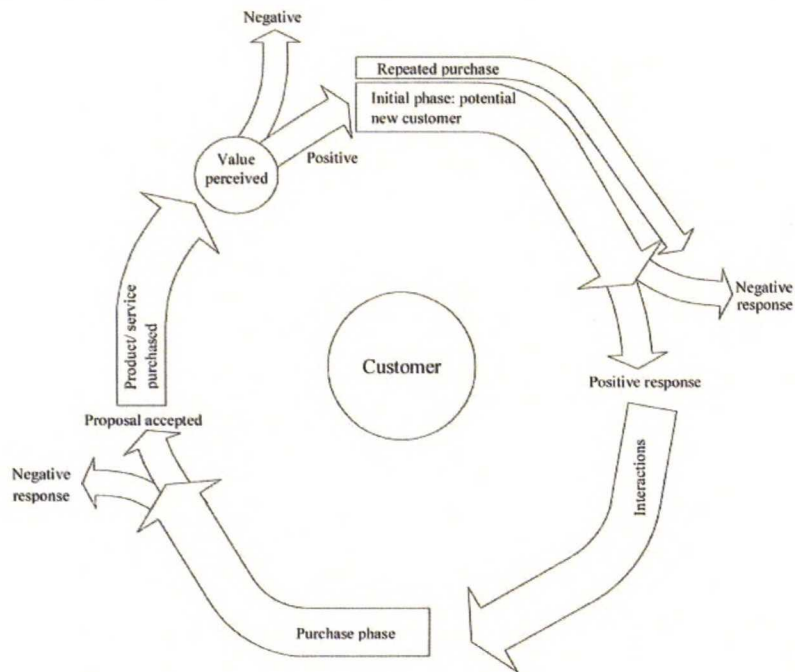
**Figure 10 Traditional organization versus modern customer-oriented company organization /16/**

At the top of modern customer-oriented organization chart are customers; next in importance are front-line people who meet, serve and satisfy customers; under them are the middle managers whose job is to support front-line people so they can serve customers well; and at the base is top management whose job is to hire and support good middle managers. Customers along the side indicate that managers at every level must be personally involved in knowing, meeting, and serving customers. /16/

#### 3.2.1 The Customer Relationship Life Cycle

Each company-customer interaction is part of a deeper relationship, which has several development stages. These development stages can be seen in "customer relationship

life cycle” (Figure 11). At the origin of the cycle is the potential customer who may not even be acquainted with the selling company and its products/services. This is the phase where the company’s efforts are highly relevant and that is why it will try to attract attention with its potential customers and create interest in its offer. When the customer realizes to have certain needs that might be met by a certain company the interactivity phase, which ideally ends with a purchase, is entered. During the purchase process the potential customer evaluates the offered product with reference to both its ability to actually meet his needs and his desire to pay for it. Next stage is the consumption or use stage, in which the consumer establishes the functional and technical features of the good as well as the company’s ability to provide assistance and subsidiary services. If the customer is satisfied for the value perceived, the odds are better that the relationship will continue, leading to new purchases. The customer can leave the cycle at any moment and contact the competition offering. In the business-to-business markets, the relationship may lead to establishment of actual commercial partnership. /7, 13/



**Figure 11 Customer relationship life cycle /13/**

The company should be able to recognize in which phase of the cycle the customers it wants to reach are and what actions and initiatives are required at each phase to retain the largest possible number of customers. The objectives, strategies and initiatives of the company in each phase of the customer relationship life cycle are seen in Table 1. /13/

**Table 1 Objectives, strategies and initiatives of the company in each phase of the customer relationship life cycle /13/**

|                        | OBJECTIVES                                    | STRATEGY   | INITIATIVES  |
|------------------------|---|--|--|
| ATTRACTING ATTENTION   | Spot suspects<br>Select prospects             | Increase brand popularity                                    | Introduce company and the products/services it has on offer                      |
| INTERACTIVITY          | Anticipate needs and seek affinity            | Draw interest in prospects                                   | Evaluate customer needs<br>Carry out test orders                                 |
| ADAPTATION             | Seek actual affinity                          | Ensure quality and satisfaction                              | Interact with the customer by personalizing the offer                            |
| REQUIREMENT            | Loyalize the customer<br>Increase penetration | Promote customer service                                     | Cross selling<br>Programming and management of purchases, orders, and deliveries |
| COMMERCIAL PARTNERSHIP | Develop both customer and provider business   | Promote development initiatives through communal investments | Sign concession deals<br>Joint design of new products                            |

In the attention phase company has to introduce its products/services it has to offer and increase brand popularity. From that phase onwards company has to start evaluate customer needs, interact with the customer, cross sell and so on. The major objectives of customer relationship life cycle are to make customer loyal and develop customer business. /13/

### 3.2.2 Creating One-to-One Relationship with the Customer

Relationship marketing is based on confidential cooperation with the customers. This is why companies have to learn more about their customers than they are used to.



Companies can serve each customer individually in consumer service markets. On the mass market consumers can not be recognised in the same way. Manufacturers or retailers should develop systems where they could get as much information as possible about their customers. This way for example advertisement campaigns, sales contacts, and reclamations could be cared of maintaining a good relationship. With the help of information technology, companies can show to their customers in many ways that they know them and care about them. It is important to get as close as possible to the customer with the help of information technology and face to face meetings. /7/

### *3.2.3 Implementing a Relationship-based Strategy*

The implementation of relationship marketing cannot be left only as a responsibility for the marketing department. The components necessary to implement a relationship-based strategy are broad ranging and require input and a cooperative effort from all departments. Several different departments must be involved in developing and implementing relationship strategies. It is a philosophy dealing with how to treat customers, how to serve them, how to create value for them. One of the key points of implementation is that there must be company-wide commitment to seeing the initiative through to the end. There are several tactical elements involved implementing relationship-based strategy: /10, 7/

- Find direct contacts to the customers and other business partners
- Develop database, which includes all the necessary information about the customers and other party involved
- Develop customer orientated service system

There are also three strategically important demands for relationship-based strategy:

- Company has to be clarified as a service company and the competition has to be clarified as service competition (companies compete with their whole service offerings not just with for example sales)

- Organizations have to be observed from the process management view not from transactional view (the process that creates value to the customer has to be under control not just for example product distribution)
- In order to manage the whole process it is necessary to establish partnerships and a network (close relationships with the suppliers and other partners)

These three strategic demands formulate the base for relationship management strategy. The tactical elements are needed for successful implementation. /10, 7/

### *3.2.4 Knowledge Management and Developing the Customer Database*

Marketing is becoming a battle based more on ownership of information than ownership of other resources. Competitors can copy each other's equipment, products and procedures, but they cannot copy the company's information and intellectual capital. Information content of the company might be the competitive advantage. This has lead to a point where companies contain more information than any manager can possibly know. The information is scattered in countless databases, plans, records, and in heads of employees. In order that managers can more easily find answers to questions and make informed decisions, companies must somehow bring order into its information. /14/

Marketing department usually has limited and inadequate information about the customers. If a company wants to create a relationship-based strategy, they have to get rid of their ignorance and formulate a customer database. Customer contacts will not be cared of relationship-based if company does not have this kind of database. Usually employees do not know their customers personally for example when answering phone, receiving visitors, and making service calls. Then well constructed, updated, and easily readable customer database gives employees a chance to take care of the interaction situation relationship-based. Databases can be used in other purposes also like customer segmentation, customer profiling, supporting services and managing prospects. Customer contact database has to include also profitability information, so that long term



profitability can be observed. If there is no profitability meters, company can have customers that are not profitable and they do not even notice that. /7/

The question of how best to analyze and use individual customer data presents special problems. Most companies are drowning with the information about their customers. The problem is that the information is usually scattered widely across the organization. It is buried deep in the separate databases and records of different company departments. Smart companies capture information at every possible customer interaction. These interactions include customer purchases, sales force contacts, service and support calls, web site visits, satisfaction surveys, credit and payment interactions, market research studies and basically every contact between the customer and the company. The CRM industry has positioned its software products as having the ability to create stronger relationships with customers by integrating all the aspects of the contact with the customer including those that were mentioned above. By using CRM systems to understand customers better, companies can provide higher levels of customer service and develop deeper customer relationships. They can use CRM to show high-value customers, target them more effectively, cross-sell the company's products, and create offers tailored to specific requirements. /15, 10, 8/

Today companies organize their information in databases: customer databases, product databases, salesperson databases and then combine data from different databases. The customer database would contain for example every customer's name, address, past transactions, and even demographics (age, income, family members, and birthdays) and psychographics (activities, interests, and opinions) in some instances. Now instead of sending a mass marketing mailing of a new offer to every customer in its database, it will score the different customers according to recent purchase, frequency, and monetary value. The company will send the offer only to the highest scoring customers. Besides saving on mailing expenses, this will often achieve a double-digit response rate. Companies have to be thoughtful about what data is collected and stored because storing useless data wastes time and money. Companies also have to clean the data regularly because the CRM system is only as good as the data in it. /16, 32, 31/



CRM consists of sophisticated software and analytical tools that integrate customer information from all sources, analyze it in depth, and apply the results to build stronger customer relationship. CRM integrates everything that a company's sales, service, and marketing teams know about individual customers to provide a 360-degree view of the customer relationship. A data warehouse is a company wide electronic database of finely detailed customer information. CRM analysts develop data warehouses and use sophisticated data mining techniques to get the riches hidden in customer data. Analyst can gather fresh insights into neglected customer segments, recent customer trends, and other useful information. The purpose of a data warehouse is not just to gather information, but to pull it together into a central, accessible location. This kind of systems can give a company a big competitive advantage. /8, 16/

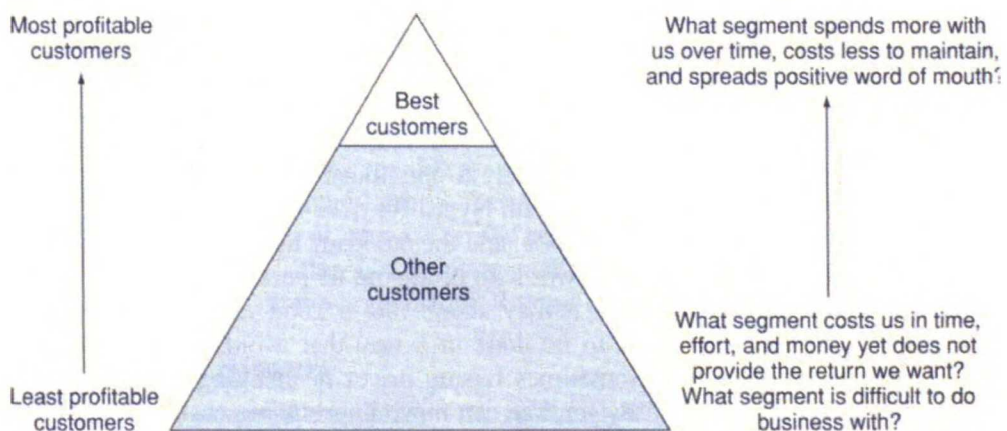
Ownership of data is important question concerning companies. When a salesperson or key employee leaves to join a competitor, all the data the employee has collected over the years could be lost. Such data might include companies visited, contacts made, notes on people, and personalities, a history of inter-company relationships, milestones, issues, problems, resolutions and potential deals that could be made. Usually customer data has been stored in personal palm pilots, notebooks and Microsoft word documents. CRM gives business continuity by providing the technology and techniques to take ownership of data and make the data visible and accessible to the entire enterprise. A company must protect its critical customer and relationship information. /17/

### *3.2.5 Customer Satisfaction, Value, and Loyalty*

The key to build lasting customer relationships is to create superior customer value and satisfaction. In order to do this, it is necessary for the company to know precisely who the customers are, and not simply know them as groups or macro market segments. The essence of CRM system is the ability to give detailed answers, which include figures to such questions as: Is this a good customer? What does he especially like about us? Does he purchase from the competitors as well? Competition on markets is very strong and that is why it is important to manage relationships at every contact point in order to build up increasingly firm association and thus be able to define the company's own

customers as loyal and try to ensure that the loyal ones also become the most profitable. /8, 13, 18/

The duration a customer has been doing business with a firm and repeat purchases are indicators of loyalty. Loyalty is very closely related to the concept of a relationship. If a customer has been doing business a long time with a company, then it can be said that a relationship is formed. The closer the relationship becomes the more loyal are the parties involved. The foundation of loyalty is in sustained customer satisfaction; it is not simply behavioural but it is also emotional and attitudinal connection. Increasing customer satisfaction increases also loyalty. Correspondingly by adding value to what we offer to the customer we raise satisfaction. Satisfied customers are more likely to be loyal customers and to give the company a larger share of their business. Marketing literature proposes that customers' satisfaction influences customer loyalty, which in turn affects profitability. /18, 8, 10, 7/



**Figure 12 The 80/20 rule of customers /19/**

The aim of customer relationship management is to produce high customer equity. This means the lifetime value of all of the firm's customers. The more loyal the customers are the higher the customer equity is. Frederick Reichheld and Earl Sasser point out that an increase of 5% in customer loyalty can double a firm's profitability. This is because 70% of sales come from loyal customers. Loyalty can be defined as a length of time a customer stays with a business. Loyal customers give increasing amounts of business to



a company over time as their satisfaction and comfort level increases. It has been said that 80% of profits are generated by 20% of a company's customers. The 80/20 rule is also presented in the Figure 12 above, from which can be noted the importance of finding the most valuable customers for the company. Some firms even argue that 20% of their customers generate as much as 120% of profits. This 20% is the loyal customers who give the firm big share of their business. Customer loyalty is achieved by providing high-quality service and ensuring that the customer is satisfied. This can only occur if everyone in the firm is committed to internal and external service quality and to retaining customers. CRM software enables creating business rules to prioritize customers and interacting with them based on their preferences. This helps to cater your most profitable customers more effectively and according to their wants and needs. /16, 10, 25, 19/

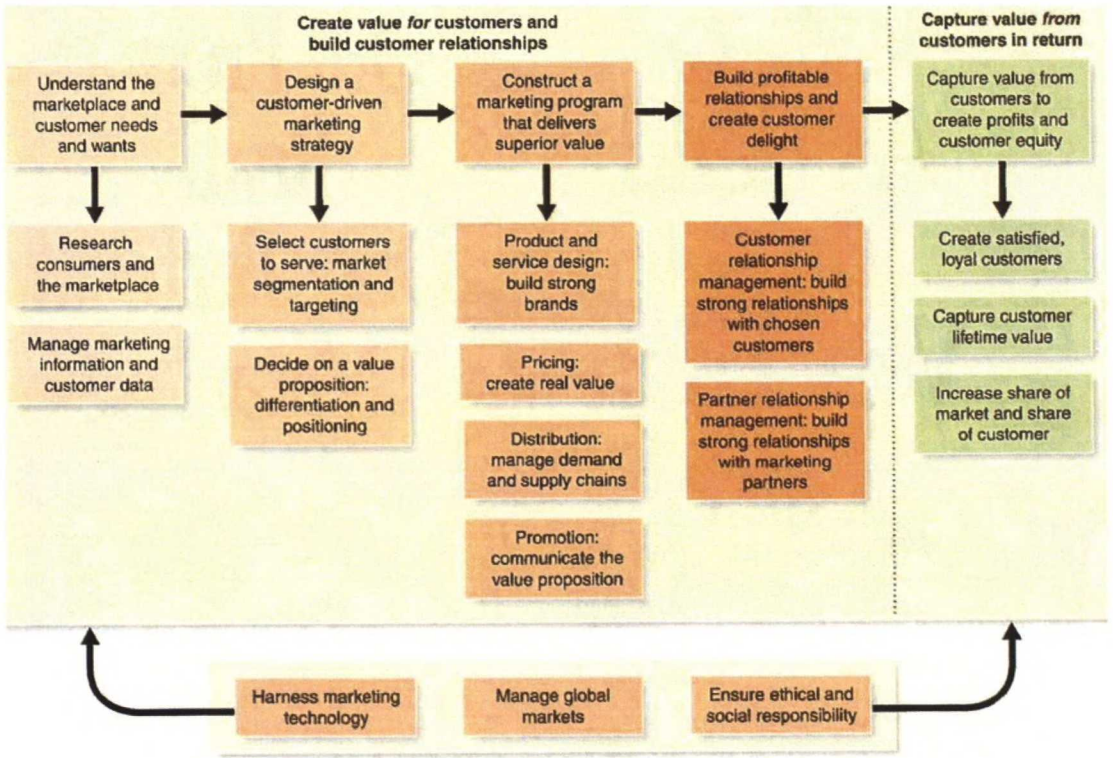


Figure 13 Creating value for customers and building customer relationship /8/



Marketing is the process building profitable customer relationships by creating value for customers and capturing value in return. Figure 13 presents this marketing process. Perhaps the most important step in the marketing process involves building profitable relationships with target customers. The first four steps in the marketing process create value for customers. In the final step, the company gets the rewards of its strong customer relationships by capturing value from the customers. Delivering superior customer value creates highly satisfied customers who will buy more and will buy again. This helps the company to capture customer lifetime value and greater share of customers. /8/

### 3.2.6 *Customer Churn and Profitability*

Acquiring new customers is very expensive. In fact, on average, it costs 5 to 10 times as much to attract a new customer as it does to keep current customer satisfied. Advertising, promotions, discounts, checking credit histories, and processing applications are all costs associated with recruiting customers. The worst case scenario is that customer stay with a business only for a short time then the recruiting costs are lost and more money must be spent again to recruit more new customers. As a result the business does not realize the profits that it would like to. This phenomenon is called customer “churn”, to which many businesses are exposed. Cable television and cellular telephone companies have the curse of a big churn. Figure 14 includes some reasons why a customer that stays loyal to a company creates greater profit potential than a customer that is not loyal to a company. These reasons are clarified in this chapter. Given these new realities, companies now go all out to keep profitable customers. /8, 10/

1. Recruiting new customers costs money.
2. Customers spend more with us: increased “share of wallet.”
3. They get comfortable dealing with us.
4. They spread positive word of mouth.
5. They cost less to serve.
6. They are less price sensitive.
7. They are more forgiving when something goes wrong.
8. They make our marketing program more efficient.
9. They have greater profit potential.

**Figure 14 Customer staying in your company pays off /10/**

An objective of customer relationship management is to create long-term but also profitable customer relationships. A profitable customer is an individual, a household or a company that generates adequate profits for the company in the long-term, which means that the profits are greater than the costs occurred of attracting, selling, and serving that customer. Profitability is calculated by profits of the relationship minus costs of serving that particular customer. /20/

It is often believed that the largest customers will be the most profitable ones, which however in most cases is not true. Middle size organizations are usually the most profitable because customers receive high quality service and pay almost full price, while large companies demand substantial service and deep price cuts. Profitability of small customers can be good because those receive minimum service but pay full price. /16/

New established relationships are often unprofitable but will start to produce profits when the relationship develops towards loyalty. Once the customer has become loyal, there is no longer a need to compete with short-term price reductions and profitability can be achieved. However, it must be remembered that although a customer is loyal towards the company, it does not automatically state that the relationship is profitable. Therefore, marketers should carefully consider with whom a relationship is worth developing and to lose the unprofitable ones if those cannot be turned towards profitability. It has been stated that over 30 percent of the customers are unprofitable. This leads to strategic and operational exposure where a competitor tries to compete so that they would get your profitable customers. /21/

As a customer relationship develops the profits of the company will increase. Profits will not show immediately in the company's financial statement but later in the future. During the later stages of the relationship, the profitability of the customer will usually be the greatest because for example the frequency and quantity of purchases increases, other services are bought, and the costs serving the customer decrease. In addition, marketing expenditures decrease because the need to create new customer contacts reduces and customers are willing to pay higher prices than competitors charge since

customers are satisfied with the total service package. Staying with the same supplier means savings also for the customer as changing a supplier means higher costs for it, which is why customers are usually satisfied to stay with a good quality and good service supplier if the costs are on a reasonable level. Moreover, satisfied loyal customers often act as a spokes-person on behalf of the company thus delivering new customers to the company. Multiple loyal customers are great asset for the company and it is hard for competitors to enter the market or increase market share. /16/

Companies have had difficulties in defining the value of their customers. Implementing a customer relationship management application should help companies to measure their customers' value and profitability. Because of the new accounting regulations companies have to evaluate their customers' value and quality in the future. Some companies are trying meters, which do not reveal any business secrets but state for example the time how long some customer has been doing business with them and the profitability of the customer. These meters could be included to the annual report. /22/

### *3.2.7 Basic Motivations for CRM*

The drivers of a CRM as a source of competitive advantage can be divided into four classes: market drivers, customer drivers, business drivers and technology drivers. In the Table 2 all of these drivers are shown and their impacts are clarified. All of these drivers are somehow described in the following chapters. /13/



**Table 2 CRM drivers and impacts /13/**

|  |   |
|--|---|
| <p><i>Market drivers</i></p> <p>Competitive environment, standardization of products and services, reduced switching costs, aggressive price competition, and saturation/maturity of markets</p>   | <p><i>Impacts</i></p> <p>An effective CRM strategy is nowadays a critical factor in achieving objectives such as differentiation and customer loyalty</p>   |
| <p><i>Customer drivers</i></p> <p>End of mass marketing, growing importance of one-to-one relationships</p>  | <p><i>Impacts</i></p> <p>As a consequence of the end of mass marketing, today “the customer is king”: customers have access to a wide range of personalized products and services, can better evaluate purchase convenience, and can demand high-level post-sales assistance. In short, the traditional four P’s of the marketing mix have been replaced by the four C’s of rational marketing: Costs, Convenience, Communication, and Customer needs and wants</p> |
| <p><i>Business drivers</i></p> <p>80/20 rule (80% of profits are produced by 20% of customers); acquiring new customers is much more expensive than maintaining existing ones; “loyal” customers are more profitable than new ones; a longer customer relationship brings higher profits</p> | <p><i>Impacts</i></p> <p>Production of added value for customers is the real source of a company’s competitive advantage</p>  |
| <p><i>Technology drivers</i></p> <p>Development of interactive communication tools such as call centres, development of front office solutions, of data mining, etc.</p>   | <p><i>Impacts</i></p> <p>IT and Internet allow the use of new channels to enhance the retention rate of profitable customers while reducing the service costs of the less profitable ones</p>   |

### 3.3 The Main Requirements for a CRM System

The common problem in the implementation of CRM systems is that the market does not seem to provide products that are able to cover all CRM areas. Software vendors offer solutions that seem to be integrated but they do not fulfil all necessary requirements for a complete CRM solution. That is why it is rational to highlight the

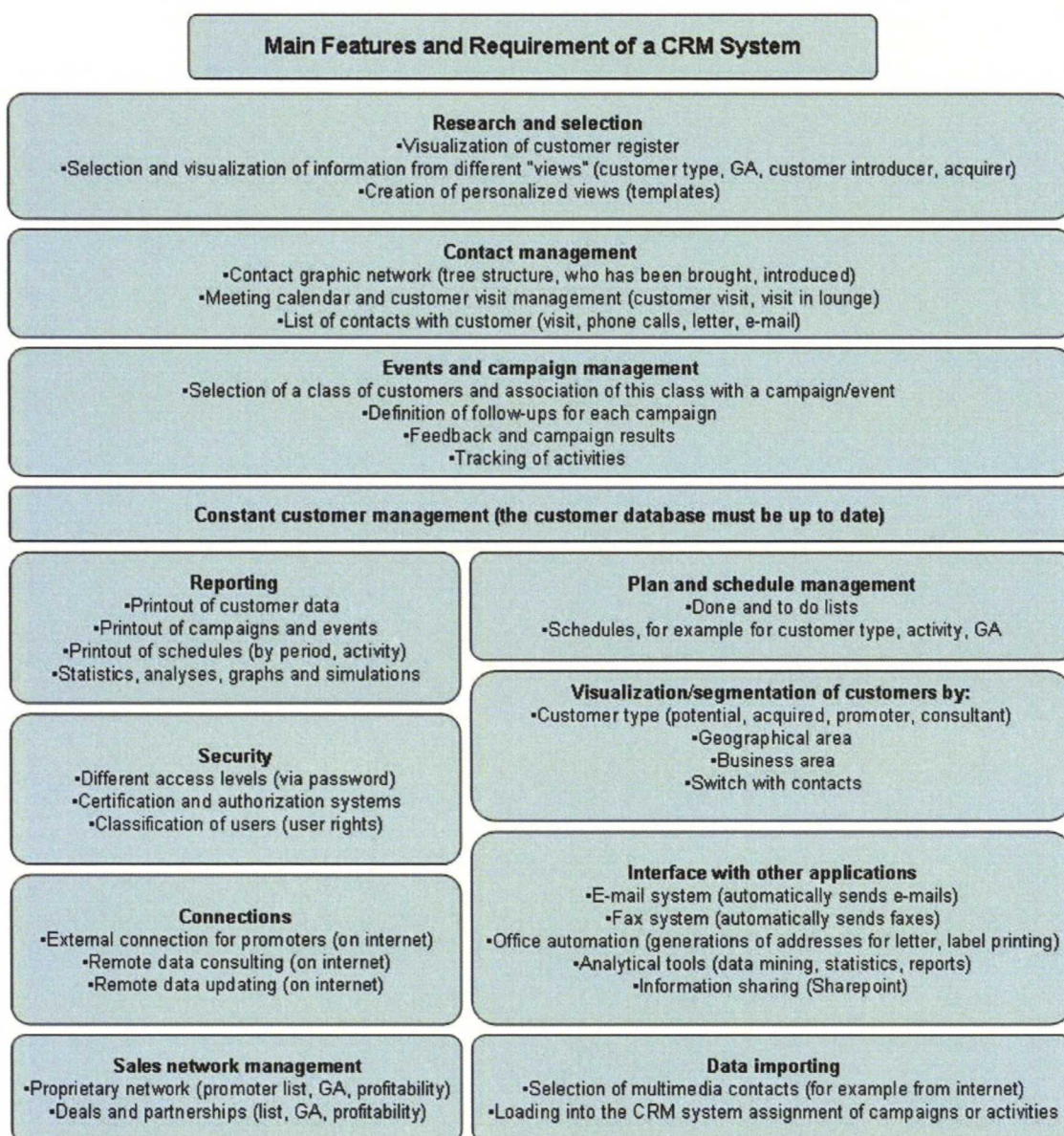
main functional and technological requirements of a CRM system shown in Figure 15. The aim for the clarification of the requirements is to point out how a complete solution, which is integrated to an information system, is much more than the choice of a product. The CRM implementation projects usually lasts a long time and in order to automate the customer relationship, integrate the existing systems, and support all the actions required for implementing the system itself each of the following points should be taken into consideration. /13/

| Main Functional Requirements   | Main Technological Requirements                               |
|--|---|
| Adaptation of the solution   | Quick development (rapid application development)             |
| Adaptation and personalization according to business goals   | Database support and data synchronization                     |
| Massive and flexible database  | Business intelligence systems (data mining, data warehouse)   |
| Flexibility in development of vertical applications  | Sharing of information  |
| Simplicity in management and administration  | User interface (management of data through drop list, panels) |
| Easy in implementation (gradual growth, open development, maximum personalization, change flexibility) | Real-time integration with other applications (MS office)     |
| Easy operation (help, standard windows, wizard utilities)  | Multi channel management (web access, call centre, e-mail)    |
| Change management  | Standard application development (windows interface, WEB)     |
| Simple training  | Portability of system development and communication platform  |
|  | Integration with security systems                             |

**Figure 15** Main functional and technological requirements of a CRM system /13/

Main features and requirements of a complete CRM system are shown in Figure 16. The main factors that it includes are contact register, campaign management, reporting, sales management and customer management. Various search options and data importing are features that will enable the system to be more user-friendly. Security levels and integration with other applications are positive factors that are seen as good features for the system. /13/





**Figure 16 Main features and requirements of a CRM system /13/**

### 3.4 Main Benefits from Customer Relationship Management System

CRM benefits do not come without cost and risk, not only in collecting the original customer data but also in maintaining and mining it. An estimated half or more of all CRM efforts fail to meet their objectives. The most common cause of CRM failures is



that companies mistakenly view CRM only as a technology and software solution. But the fact is that technology alone cannot build profitable customer relationships. “CRM is not a technology solution –you can not achieve improved customer relationships by simply slapping in some software,” says a CRM expert. “Focus on the R and remember, a relationship is what CRM is all about,” advises the expert. CRM is just one part of an effective overall customer relationship management strategy. /8/

When a CRM works, the benefits can far outweigh the costs and risks. A CRM system changes the work environment of the company and some of the benefits that it brings are listed in Table 3. Based on regular polls of its customers, Siebel Systems claims that customers using its CRM software report an average 16 percent increase in revenues and 21 percent increase in customer loyalty and staff efficiency. “No question that companies are getting tremendous value out of this,” says CRM consultant. “Companies are looking for ways to bring disparate sources of customer information together, and then get it to all the customer touch points.” The powerful new CRM techniques can bring forward important information that will help closing more deals. /8, 17/

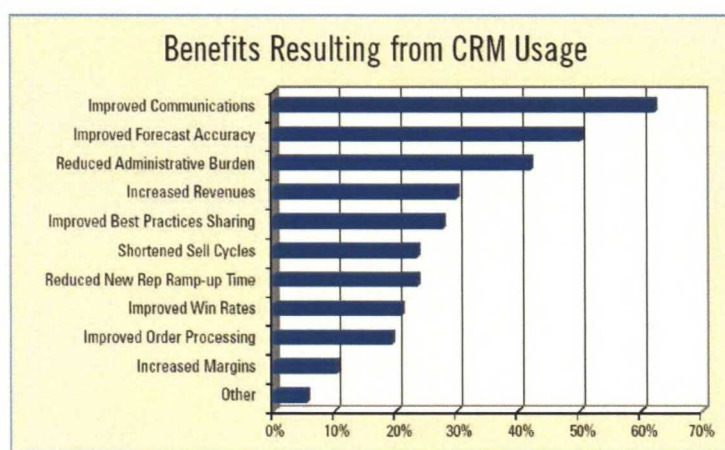
**Table 3 CRM system changes the work environment of a company /17/**

|   |
|---|
| <b>CRM creates structure in an unstructured environment</b>   |
| <b>CRM creates accountability</b>   |
| <b>CRM creates visibility</b>   |
| <b>CRM creates and maintains history</b>  |
| <b>CRM forces inter-departmental collaboration and accountability</b>                                       |
| <b>CRM creates and environment for more focused analyse over operations allowing better decision making</b> |

CRM is designed to make money through increasing profitable sales and to save money by decreasing the cost of getting and keeping customers. The system allows sales people to be much more responsive to customers by providing better communication between customer and the company. It does not matter if you have 10 customers or a million. Every time a customer talks to you they want to feel like they are your only customer. /23/

### 3.4.1 Benefits Resulting From CRM Usage

Every CRM project group should evaluate what they are doing better after installing a CRM system. Is it worth the time and money investment required? CSO Insights gathered some data about this as a part of survey of 457 firms that implemented CRM system. Sales executives were asked to estimate the impact that technology was having on their sales performance. Result of the survey found that 71,9 percent said that CRM was improving their performance, 18,2 percent stated it was having no effect, and 9,9 percent had not a clue. So for more than seven out of 10 firms there is a positive side to their CRM initiative. /24/



**Figure 17 Benefits resulting from CRM usage /24/**

Figure 17 shows the benefits resulting from CRM usage found by the survey. The biggest benefit from the usage of a CRM is improved communications. It is hard to evaluate the financial result from improved communication, but they are essential. The other benefits that can be seen from the figure are more concrete and the monetary value that company gets from them can be calculated. Inventory costs might be reduced because of the improved accuracy of forecasts. CRM initiative reduces the administrative burden on sales representatives and that way frees several hours a week for real selling time. These results show that how CRM can represent real value to a company. /24/



### 3.4.2 *Return on Investment and Total Cost of Ownership*

The return on investment (ROI) comes from several sources, depending on installation, the package selected and company's market. ROI is frequently thought as the period of time in which the cost savings or increase in profits equal the investment made. Payback can be seen after three to four months, but sometimes company can realize the CRM benefits overnight. Not all companies see the payback so fast and they may never see it because it is difficult to isolate and quantify some of the business results due solely to CRM implementation. CRM requires identifying and setting specific metrics before rolling out the system. CRM return on investment and justification often comes from call centre cost savings achieved by directing the least profitable customers to the least expensive media, thereby improving profit per customer and by increased up-selling and cross-selling. Other benefits come from being able to handle growth with existing crew, salespeople being able to make shorter, more effective sales calls because they have all the information at their fingertips, and from faster assisted customer service and web-enabled self-service. All the benefits stated in previous paragraph about the survey affect also to the ROI. /25, 23, 30/

Short and long term costs of a CRM implementation over time should both be calculated. Costs in the first year can often account for more than 60 percent of overall project costs. In order to manage expectations over a period of years, total cost of ownership (TCO) analyses should be conducted with a clear view of the overall strategic expectations for a CRM project. TCO has to be used together with ROI when evaluating a CRM project. Key CRM costs come from owning a CRM system. 90 percent of CRM lifecycle costs are associated with customization, integration, deployment, and ongoing administration (support and maintenance) of the CRM system. In the Table 4 the cost distribution from a CRM project during the first year is shown. /30, 31/



**Table 4 CRM implementation costs distribution /30/**

| Cost location                          | Costs / Percent |
|--|-----------------|
| Software                               | 30-38 %         |
| Services (customizing and integrating) | 34-47 %         |
| Maintenance and support                | 7-10 %          |
| Hardware                               | 8-18 %          |

In the second and third year of ownership the CRM costs shift to support and maintenance fees. Services and software costs remain minimal unless the organization decides to extend their CRM implementation. Long-term services and maintenance fees will outweigh the price of licensed applications by a ratio of nearly 3:1. /30, 31/

### *3.4.3 For whom a CRM System is Valuable?*

Every company does not need CRM system. The investment, which ranges from tens of thousands of dollars to millions of dollars depending on the installation, may not pay off if a firm has a natural monopoly, does not have multiple sales and service channels and/or low customer acquisition costs. CRM software is also not worth if there are little contact with end-customers or companies selling low-value products to a small customer base and companies which have a tiny number of contacts. CRM software does not give much payoff in cases where company do not have repeat business from customers, or if company's product/service market is customers that primarily buy based on the lowest price or the firm that has the sharpest cutting edge technology. A principal with Pittiglio Rabin Todd & McGrath Jeff Kaplan says that, "If maintaining long-term customer relationship is not a priority for your company then you are wasting your time and resources by investing in CRM software". /25/

CRM software is especially valuable to firms that sell to a limited customer base, where the buyer and the product/service has high value and whose sales loss would cause considerable pain to the balance sheet. This is especially important where there is limited or slow growth in the number of customers and prospects. Senior director Siebel Systems San Mateo, CA Kevin Nix advises that, "Business to business marketers should invest in CRM if the cost of losing a single sale or customer exceeds the cost of the

software”. Business to business firms are not the only market types that can benefit from CRM software. Mass market business-to-business and business-to-consumer firms that sell and contact different channels and need to keep, update and dynamically use data gathered from customers and develop relationships with them (such as financial services, healthcare, high-tech, internet service providers, and other utilities) may also benefit from CRM software. CRM software can better coordinate and target sales and customer acquisition/retention programs when conducting business. Clarify’s senior product marketing manager John Ragsdale says that, “The businesses that stand to gain the most from CRM are those that are organized, without walls, to deliver consistent quality service and support across all departments to customers”. /25/

### 3.5 Reasons for the Failure of a CRM System

The potential benefits of CRM system done right are large, but if there is implementation problems the CRM project can fail to achieve its goals. Four problems can hinder a firm from effectively using CRM. The first is that building and maintaining a customer database requires a large investment in computer hardware, database software, analytical programs, communication links, and skilled personnel. It is difficult to collect right data, especially to capture all the occasions of company interaction with individual customers. The investment is not worthwhile in the following cases: 1) Where the product is a once-in-a-lifetime purchase; 2) Where customers show little loyalty to a brand; 3) Where the unit sale is very small (e.g. a candy bar); and 4) Where the cost of gathering information is too high. /26, 16/

The second problem is the difficulty of getting everyone in the company to be customer-orientated and to use the available information. Employees find it far easier to carry on traditional transaction marketing than to practice customer relationship marketing. Effective database marketing requires managing and training employees as well as dealers and suppliers. The third problem is that not all customers want a relationship with the company, and they may be offended knowing that the company has collected that much personal information about them. /16/



A fourth problem is that the assumptions behind CRM may not always hold true. For example, it may not be the case that it costs less to serve more loyal customers. High volume customers often know their value to a company and can leverage it to get premium service and price discounts. Loyal customers may expect and demand more from the firm and do not like any attempt by the firm to receive full or higher prices. /16/ Deloitte Consulting reported in 1999 that 70 percent of firms found little or no improvement through CRM implementation. There might be many reasons for that: the system was poorly designed, it became too expensive, users did not make much use of it or report much benefit, and collaborators ignored the system. CRM initiative failing to produce the anticipated results is often because executives do not understand what they are implementing, let alone how long it will take. Here are listed the four common pitfalls that managers stumble into when trying to implement CRM: /16, 26/

1. Implementing CRM before creating a customer strategy
2. Rolling out CRM before changing organization to match
3. Assuming more CRM technology is better
4. Stalking, not creating one-to-one relationship with the customers

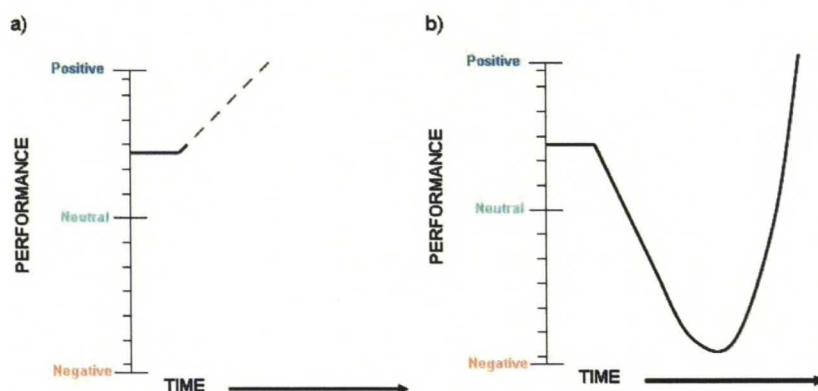
Each of these pitfalls has been born because of wrong assumption that CRM is software that will automatically manage customer relationships. It does not go like that because CRM is the creation of customer strategies and processes to build customer loyalty, which are then supported by the technology. /26/

### *3.5.1 The Scientific Reason for CRM Failure*

Years of data show that the people that are not part of CRM projects have the most impact on business results. Resistance is the main reason for CRM failures. The consequence from resistance is the fall in the CRM project performance, leading to longer time lines, missed milestones, higher implementation costs, and fewer realized benefits. From the Figure 18 a) we can see the expectation that how we would like our



performance to increase because of CRM implementation. The hard fact is that it will never go like that. The reality is unfortunately usually like in Figure 18 b). /28, 27/



**Figure 18 a) How we wish change in performance would happen because of CRM implementation b) the reality /27/**

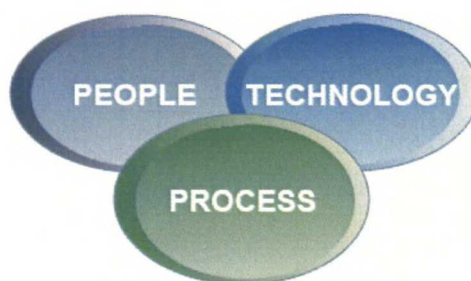
The amount of resistance can be affected by leadership behaviour and how the organization is designed to handle change. The worst thing that leaders can do is to lead with command and control method, which will lead to even more resistance. The best thing to do is to approve the increased budget and integrate a change management program into every step of the implementation project. The change management program will minimize the resistance reaction and transform it into buy-in, support, and ownership. Transforming resistance to ownership is the only way CRM can achieve business results. /28/

### 3.5.2 *Integration is the key*

Businesses have between 5 and 25 different systems in place containing relevant customer information. People concerned about this data have to compile information from various places. It takes time and effort to log-in, navigate and gain access to different application's, not to mention the danger of working with outdated data. The purpose of CRM is to create a single profile and understanding of the customer throughout the company and a consistent and satisfying experience for the customer. Usually CRM implementations fail due to lack of integration with other systems. /17/

### 3.6 Critical Success Factors when Implementing a CRM System

Successful implementation of CRM initiatives requires focus not only on information technology but also on customer relationship strategies and customer processes among others. CRM is a strategy and technology is only one enabler of implementation of this strategy. Before buying CRM software business process has to be evaluated and if there are any flaws, such as poor customer satisfaction, then the processes must be corrected. CRM by itself will not fix other problems. Probably the CRM software will worsen a bad process. It has been proposed that customer relationship management initiatives will succeed only after organizations have restructured their processes, training programs, performance measures and so on to better meet customer needs. “There are two bad ways of implementing CRM: having no business process –what CRM packages give you are business rules –but not the process by which you implement those rules –and taking flawed business process models and trying to automate it which also usually does not work,” says Clarify’s senior product marketing manager John Ragsdale. The longer you must spend reorganizing and testing your business process the longer you may wait before you can install the software and realize its benefits. CRM software installation and integration can take as little as a few weeks to over a year depending on system, requirements and on the package selected, including how much customizing is needed, and on IT staff’s capabilities and time. /18, 25, 29, 30/



**Figure 19 Critical CRM components /29/**

CRM implementation needs to take into account 3 important variables (people, technology, and process) shown in Figure 19. One of the key success factors for CRM

solution is the people using the system. It is essential to manage the system's impact on the people using the CRM on a daily basis. People resist change and they have to be managed to confront the change head on. Users of the system must understand why the change is happening and why it is in their personal self-interest to adopt the changes. Users have to receive adequate training to be able to utilise the full capabilities available and to understand that they are getting something better. To ensure effective adoption, continued training of new introduced features is essential to maintain user buy in. /17, 29/

### *3.6.1 Successful Implementation of CRM Software*

There are many factors influencing the success of any CRM software deployment. Some of the key factors are presented in this chapter. Every CRM project should be started only if they have commitment from the top. Executive project sponsorship and participation is critical to identify goals and objectives. It is important to create a cross-functional CRM steering committee and to appoint an overall CRM executive sponsor. The executive sponsor and the steering committee must actively participate throughout the project life cycle with specific involvement at key milestones. Visibility of the project sponsor to the user community is important throughout the project. If management does not believe in a new CRM system, why should employees. It is also incredibly important that management is hands-on and involved directly to the project. /32, 31/

When implementing the first CRM version it is reasonable to start small. The fewer bells and whistles, the less time and money will be needed to devote to everything. Breaking CRM into manageable pieces by setting up pilot programs and short-term milestones will help to get started. Start with a pilot project that incorporates all the necessary departments but is small enough and flexible enough to allow modifying along the way. It is very important to set a project scope that can be delivered in a relatively short timeframe with measurable business benefit. Implementing all the features at once may take a long time to complete and realizing success is hard. It is better to deliver small rollouts to build on the initial deployment. User expectations with respect to the initial



scope have to be managed along the project. The functionalities delivered have to provide a measurable return on the capital invested. /32, 31/

Communication, marketing, and assimilation have to be emphasized at least as much as the technology. The technology will have a little to do with success of the project. Effort spent on communication, solution marketing to the user group, training, and assimilation will have the most rewarding outcomes. Business leadership has to be involved at several levels and project executive sponsor at the key milestones throughout the whole project. The probability of project success increases exponentially if the core issues receive the focus and the technology system stays at the background. /33, 32/

Representatives of the users should be involved throughout the projects as they act for the front-line users of the CRM system. This may be difficult to execute because the users of these projects are usually in customer facing roles and need to focus on the normal business activities. Getting user feedback is crucial for the project success. Feedback information helps to drive the CRM implementation's requirements definition, functional design, user acceptance, testing, and implementation pilot. Representatives should be selected from each department to make sure that all the needs and concerns are addressed. Too often companies select the wrong stakeholders, and the initiative fails to meet the needs of those tied to its results. The sooner the employees are part to the process the sooner they realize the benefits from the system. Because of the same reason the training of the system should also be started as soon as possible. /31, 32/

People, process, and technology should be considered because CRM is not an IT project but rather organizational and business-process change. CRM project should be immediately stopped if the application dictates the process and not other way round. All unnecessary configuration and customization should be avoided because these impacts the deployment time and cost. A reasonable effort should be made to take advantage of the best functions in system packages, while leveraging their flexibility to accommodate to firms business processes. /33, 32, 31/

Business change, so CRM and its related technology must also be able to change. From regulatory changes to mergers and acquisitions, every shift in the external business

climate can require corresponding moves in strategy and business processes. That is why there has to exist room for expansion and the CRM application has to be flexible enough to handle potential growth and change. /31/

What should be considered when a CRM project is to be implemented: /13, 16, 17/

1. Project length
2. The role played by external consultants
3. The right weight given to technologies
4. New internal skills
5. New responsibilities of employees relationships between business functions
6. Change in work processes and the required cultural change
7. Role played by business sponsors
8. Cost of organizational and human resources
9. Steps in the change process
10. Team in charge of supervising the project
11. Economic justification for the project
12. Internal commitment to be developed
13. Project leadership
14. Change in behaviour towards the customers
15. Staff training programme management of internal resistance to change
16. Objectives to be reached
17. CRM should be embraced as a competitive tool

Companies that considered these aspects and immediately face up to them are able to rise to the challenge and win through by adapting CRM solution. /13/

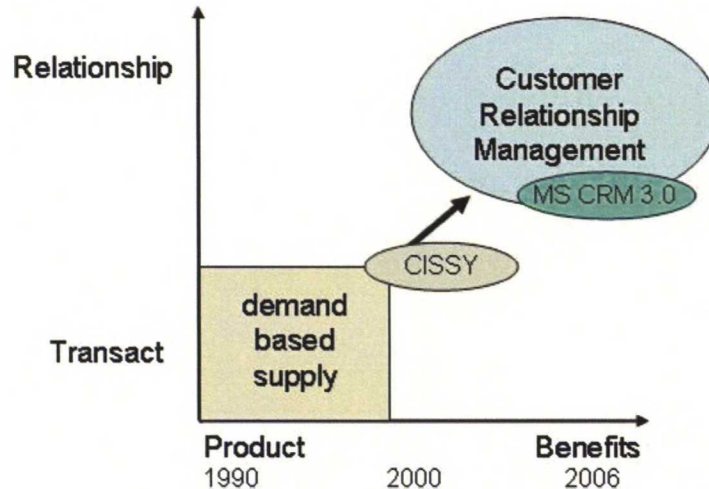
### 3.6.2 *Change Management*

In most industrial companies, the internal culture has been production oriented. This is natural since most investments have been made in these areas. As CRM is growing in importance, traditional organizations are facing the challenge of changing the mindset of their employees. Companies need to undergo substantial organizational and cultural change in order to implement customer relationship management system. Therefore a critical factor of any large CRM programme is an effective change management programme within the organization. The culture can be changed, but it is by no means easy. It is especially difficult when business indicators are positive and there are no urgent reasons for changing anything. Change management is primarily concerned with people, systems and organizational change. /33, 9/



## 4 Customer Relationship Management in Elcoteq

Communications technology cluster has changed and grown enormously in the past decades. Elcoteq has been part of this growth from the early 1990's. In order to keep up with the growth, Elcoteq has to continuously think and improve how it operates in the markets. From the 1990's to the 2100 century the focus has changed from demand based supply to customer relationship marketing. There are several contract manufacturer companies in the world and they do not have many differences between them. Elcoteq and other contract manufacturer companies do not want to run into price wars between each others. That is why customer relationship management is a key word in today's business and in Elcoteq. Companies have to focus more on customers and fulfilling entirely their wants and needs. Transactional thinking has changed to relationship thinking and product orientated thinking has changed to creating benefits to specific customers. Combining these two dimensions we can see the change to customer relationship management shown in Figure 20.



**Figure 20** Changing nature of marketing and the supporting tools

This transformation of thinking has pushed Elcoteq to implement tools like CISSY and Microsoft CRM to help in their customer relationship management.

## 4.1 Description of the Old System

Elcoteq's first customer relationship management tool or database was called customer information support system (CISSY). In CISSY the different incoming and ongoing projects were reported. There was customer account list and contact list in the system. CISSY had many faults and it was abandoned because of that. Everybody worked with CISSY in different way since the system had lack of standardization. During time employees decreased the use of the system and the information went out of date. Reasons for not using the system were things like employees were not satisfied for the fact that everybody could see the information put to the system. CISSY was designed more as a tool to management purposes than to employees. CISSY was also linear system so it was slow and clumsy to use. That is why everybody had their own ways of storing for example customer contact information. Users of the system wanted some restrictions to the data that everybody could see. In addition to maintaining customer database in everybody's own computer, they had to maintain also an excel file for the ongoing projects. Because of these usability problems, Elcoteq had to find a new system to answer the needs of sales people.

## 4.2 Sales funnel

Sales funnel is a tool for sales management to follow the sales case flow in Elcoteq. Previously sales funnel reporting was based on the CISSY database where the input of the information was done. As the projects information were not completely up to date in CISSY it was decided that the following and reporting of projects were removed from CISSY and from that on they were made in excel (global sales pipeline report) sheets. All account managers reported their cases in excel to the sales directors. The sales director combined all the information into a master version of the sales funnel. In different levels also the sales and volumes resulting from a project were estimated. The metrics and data needed for balanced scorecard could be extracted from the sales funnel. The BSC related metrics were measured for all accounts. The metrics included: 1) the

weighted funnel size (size of the project \* probability), 2) win-rate of the cases (won cases/won+lost+cancelled cases). The sales funnel served mainly the sales management purposes and that is why it needed to be revised. The sales funnel should be a tool to support sales activities and still provide sufficient reporting for management needs.

#### *4.2.1 Sales Funnel Reporting*

Reporting was done once a month for the sales steering group meeting. Reporting practices were made differently in different geographical areas. For example in the United States, there were few cases in the funnel with a probability under 90% however In Finland cases with a 10% probability could be found in the funnel. This made it hard to compare the funnel between different geographical areas. So that the benefits of the sales funnel reporting would be bigger, the discipline in inputting the projects in the early phases of the sales process should be better and the funnel have to be standardized between geographical areas.

Reporting gives a better view for the future of the business. For example, if suddenly the number of projects identified falls below the normal or target level it can be an indicator that after some time the sales might be falling too. It is important for the sales management to have some kind of sight into the future. Then managers are able to make some corrective actions in time if needed. To have such indicators means that the data security of the sales funnel had to be improved. This is because there are from time to time some projects, which can be shown only to a few people who are related to the project and sales management. Because of that, the excel file went only through vice president of sales and marketing and it was available in his sharepoint pages where only restricted people were allowed to visit.

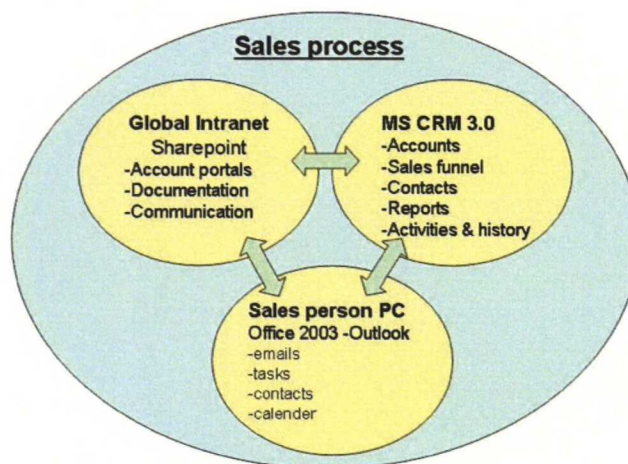


## 5 Customer Relationship Management –Implementation of the New Sales Platform

In this chapter, the implementation project of the new sales platform from specification work to the final implementation and presenting the new system is described.

Long-term customer relationships are essential for companies like Elcoteq and therefore utilizing customer relationship management is to be exercised in order to be competitive. In business-to-business markets, buyers are rarely interested in creating short-term customer relationships but rather on finding partners who are able to produce additional value for the company's processes in long-term. Needs for the services have an influence on what is required from the relationship. For example the need might be to find new partners to improve competitiveness in the market. Whatever the need is, it is always an opportunity for a company to create a long-term relationship.

In order to manage customer relationships and support the account teams in their day-to-day work, Elcoteq took globally into use a renewed sales platform during March 2006. The platform included an enhanced sales process, a new CRM system and renewed account portals supporting the use of the sales process. Figure 21 shows the renewed sales platform and the elements of it.



**Figure 21 The renewed sales platform**

There were two major objectives of renewing the sales platform. First one was to help sales persons to close more sales and ensure that the right decisions are made during the various phases of the sales process. The second objective was to improve sales reporting. Minor objectives were to give sales persons a systematic way of doing business and to improve communication between account teams and with the management. The sales funnel in excel and CISSY was replaced with the new CRM system, and the account portals were standardized and renewed according to the new platform.

### 5.1 Why the new Sales Platform and the CRM System

In the theory part of this thesis in Figure 8 is shown what customer relationship management system is comprised of. The five CRM imperatives are: acquiring the right customer, crafting the right value proposition, instituting the best processes, motivating employees, and learning to retain customers. Elcoteq has similar goals that it wants to achieve. One purpose of the new sales platform is to ensure Elcoteq's focused growth strategy which in a way means acquiring the right customers. The new CRM system helps to identify the most valuable customers and that way aids to acquire the right customers. When managing the sales funnel in CRM it enables that work is done with the right customers and the right prospects. The sales funnel can also answer to the question whether the prospect base is healthy.

The second imperative crafting the right value proposition was thought through when planning the new sales platform. In the sales funnel there are certain must-do's that has to be done before the sales case can move to the next phase. Must-do's drive towards a more consistent way of doing business. The value proposition is done together with the customer and is developed as the case proceeds through various phases. It is important to study what products or services the customer needs today and in the future. Gates in the sales funnel ensure that the must-do's gets done and poor cases get terminated early enough. Systematic gate management ensures that reporting gives a more accurate view of the sales cases globally and sales is carried out with discipline.



The third imperative is instituting the best processes. The Elcoteq sales process guides to work proactively and in a disciplined way to create and win sales cases. The total value of the sales funnel is a balanced scorecard measure. In addition to the focused growth the new sales platform also ensures operational excellence in sales. One goal is to increase predictability in sales. The gates in the sales process are check-points for approval, commitment, alignment and joint decisions. The resources that are needed for winning the sales cases are nominated in the decision making gates. Customers and sales case information can easily be shared to support cross geographical areas.

The fourth imperative is motivating employees. The most valuable help from the CRM system should be for the people who use the new tool. The motivation for usage of the system should come from the benefits that the users get from using the system. It is obvious that employees have to have some kind of database where they keep customer contact information and other useful information about the customer. The new CRM system enables saving the information to a central place and sharing the information becomes easier. With the old system this was not possible. After the employees notice the advantages from the system they do not need any further motivation. Of course, training and support are necessary factors that help to get the approval from the users. One good motivator for the sales person is incentives and metrics. Sales person in Elcoteq gets bonus from the sales cases that they have won and if they have not inputted the sales case in to the CRM system then that sales case does not exist so that should be a good source of usage motivation. However forcing employees to use the system is not the best way to proceed but rather it would be best that employees would notice the benefits from the system and because of that want to use the system more and more.

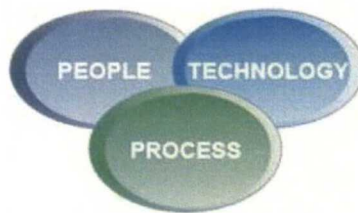
The fifth imperative is learning to retain customers. Previously, Elcoteq had only few customers which were managed by account managers. Today, the company has several customers and still aims to increase its customer base. With the help of CRM tool, managing customer data has facilitated and although, a customer relationship would end, the information will not disappear but rather will be used later on to help in retaining that specific customer back.



It is important not to give up if a customer says no but rather to start analyzing what the competitors did to win the customer and try to retain the customer somehow. Without the CRM system the information could have been lost with an employee that has been fired or changed company. CRM system helps to track customer history and other relevant factors that might come handy some day.

## 5.2 Specification Work

It has been said in the theory that there are three important variables that have to be taken into account when implementing CRM (look Figure 22). One of them is process. Importance of evaluating and correcting of business process has to be emphasized before buying CRM software. Elcoteq's customer relationship management initiative would succeed only after the processes are restructured. That is why sales platform project started with specification work in September 2005. The objective of the project was to define Elcoteq's sales funnel in such a way that it can be implemented both as a working practice in the sales organization and as an IT solution based on a commercial CRM solution. The goal was to get rid of the excel based reporting and help sales persons work. It was important to do the groundwork first and after that start thinking about the technology and people part of the implementation.



**Figure 22 Critical CRM components /29/**

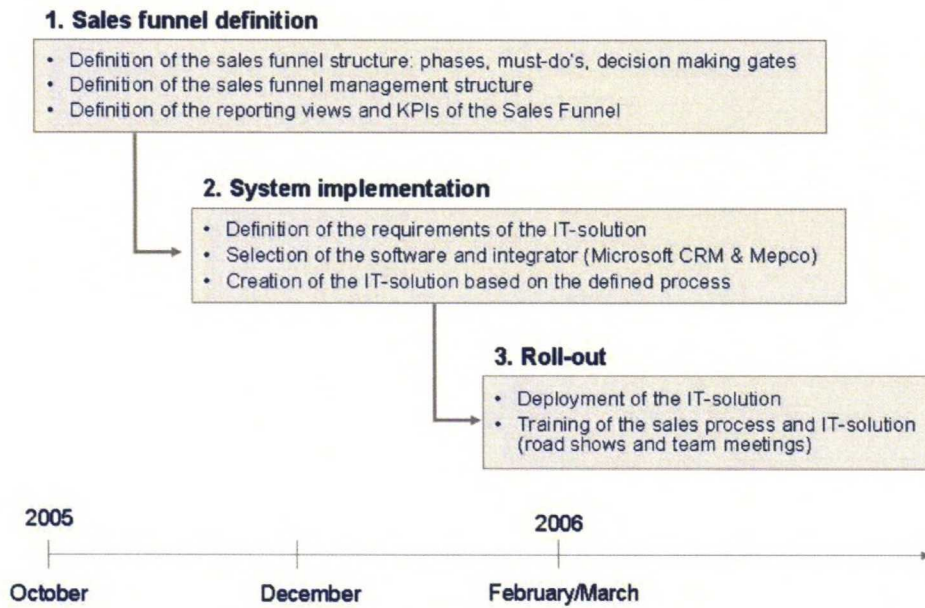
For the implementation of the new sales platform, two project groups were formed. These were specification project group and system implementation project group. The members of the project groups were from different parts of sales organization and from information management. Members of the specification project group are presented in Table 5 A) and system implementation project group members are presented in Table 5

B). Specification project group had external resources from Vectia and implementation project group had resources from Mepco Oy. Consultants from Vectia and Mepco offered specialized expertise in evaluating and implementing CRM systems and processes.

**Table 5 A) Specification project group B) System implementation project group**

|  |  |
|--|--|
| <b>A)</b><br>Project manager: Jan Lindholm   | <b>B)</b><br>Executive sponsor:<br>Nils Kämpe  |
| Task Force   | Business ownership:<br>Jan Lindholm  |
| Petri Aho  | Project managers:<br>Lauri Tarkkonen and Petri Kairinen                                |
| Petri Kairinen   | Task Force   |
| Tommi Pettersson   | Ikla Puustinen   |
| Ilkka Teppo  | Jaakko Keskitalo   |
| Lauri Tarkkonen  | Mepco resources: Esa Rantamäki, Leo Merikallio,<br>Heikki Kontuniemi and Tommi Säiläki |
| Vectia resources: Risto Pennanen, Robin Bergholm,<br>Jarmo Kortelahti, Ville Salomaa |  |

Specification project group started with an analysis of shortcomings of the current sales funnel structure and management practice. The group tried to find bottlenecks and challenges in the current way of working. Interviews and material analysis were performed to get the essential information. The key definitions to the sales funnel and for the IT implementation were made after the analysis. The definitions included the must-do's that need to be fulfilled to move sales cases to the next phase and the key performance indicators (both leading and lagging) that describe the status of the sales funnel. Gate management process, reporting views, reporting schedule, data content in the sales funnel, access rights, roles and responsibilities were some of the other issues that were defined. The definitions were validated with key persons in the sales organization. Specification project group made preparations of a communication package highlighting the benefits for Elcoteq and the users, to help to get the buy in for the roll-out.



**Figure 23 Development roadmap for the sales platform implementation**

Figure 23 describes the development roadmap of the sales platform implementation. Sales funnel definition was the first step of the project. System implementation and the roll-out followed the sales funnel definition phase.

### 5.3 System Implementation and the Roll-out

After restructuring the process, the technology part of the implementation could be started and the system implementation project group took charge. Technical realisation of the sales funnel was done by Mepco Oy together with Elcoteq system implementation project group presented in the Table 5 B). Executive sponsor for the project was Nils Kämpe and the business owner was Jan Lindholm. Visibility of project sponsor to the user community is important throughout the project and that is why Nils Kämpe or Jan Lindholm sent all the important emails concerning the launch of the new sales platform. Jan Lindholm took part also in every sales platform launch sessions. Project had two project managers. Lauri Tarkkonen was responsible for the technical side of the implementation and Petri Kairinen for the business side. It was important to involve



consultants from Mepco as early as possible to guarantee that the specification met the system requirements and vice versa.

#### *5.3.1 CRM System Key Functionality for Elcoteq*

The first task for the system implementation project group was to define the requirements for the IT-solution. Elcoteq had three essential feature requirements that they needed to have in their CRM system. The first one was account and contact register. Account and contact register is the basic requirement for employees to find accounts, create mailing list and campaigns. The old system for example did not have a feature that could be used to find accounts or contacts and add them to the mailing list easily. In addition, information was hard to update and therefore it was not up-to-date. That caused problems for example when sending mail to customers. Out of 100 mails one third came back or went to incorrect place because of wrong address.

The second essential feature that Elcoteq needed from the new system was sales case workflow control. System has to include the phase of the sales case and reporting tools. Previously, the reporting was accomplished with excel which was hard to maintain and present. The new system has to have automatic reporting features which will help managers and employees significantly. Information of number and value of cases, and the win percentage has to be able to export effortlessly and fast from the system.

The third feature is document saving and sharing. All the documents related to specific sales cases have to be easily saved and shared. The old system had the possibility to save documents in it but the common way was that everybody had documents related to sales cases saved to their own hard drive and nobody else could access to them. The new system has to be more flexible and everybody who needs the information concerning about customers has to be able to access to the information.

#### *5.3.2 Choosing the System and the Supplier*

The CRM software marketplace is extremely confusing, with over 1000 products offered by more than 350 vendors worldwide. Choosing the right vendor can feel frustrating at the start. Therefore, the starting point was to limit the vendors to those that were relevant

to the Elcoteq needs. The functional requirements described above were essential to the new system and the system had to be able to adapt to Elcoteq's business environment changes. These were the main criteria that Elcoteq had. One factor affecting to the selection of the system and the supplier was time. Elcoteq needed the system to be implemented before April and there were not many suppliers that had capabilities to implement in such a short notice. Combining all these factors Mepco Oy was selected to be the supplier of the system which was selected to be Microsoft Business Solutions CRM version 3.0 software. Other reasons for selecting this product was that Elcoteq is working with Microsoft architecture and as much integration with other systems was wanted with the new system. Licensing model for this software was quite cheap and for example integration with outlook was seen as a great benefit from the system.

### *5.3.3 Phases of the System Implementation Project*

The system and the provider had been selected and the hands on work started. In the beginning of the project, Mepco provided delivery agreement where the phases and working days of the project were described from their part. Project group arranged 6 meetings lasting about 3 hours each where the next steps of the project were planned. The main phases of the project are shown in the Table 6 and are explained in this chapter. The first phase of the implementation project was project management and control. The phase included services of the supplier's project manager and Elcoteq project managers. The main task of the project managers was to lead the project from the start to the end. Project managers made notes and enclosed minutes from the meetings.



**Table 6 The main phases of the system implementation project**

| <b>MS CRM 3.0 Implementation Phases</b> | <b>Tasks</b>   |
|---|--|
| Project management and control          | Lead the project through the end   |
| Planning                                | Requirement definition, structure definition, report definition, organization definition, etc. |
| Conversion                              | Verify & select information to be keyed in.  |
| Testing and piloting                    | Testing demo of the Elcoteq MS CRM   |
| Checkpoint                              | Additional definitions and final customization   |
| Deployment                              | Planning of deployment and developing the training material                                    |
| Training                                | Administrator and sales person training sessions   |
| Technical readiness                     | Verify that everybody has MS Office 2003   |
| Launch of the application               | Launch of Elcoteq MS CRM application and user support  |
| Project closure                         | A post implementation audit  |

Subject for the first project meetings were planning. The goal was to define the outline of the application. Some of the topics in the meetings were for example sales funnel structure, reporting needs, organization definition, entity customization, and requirements definition. Requirement definitions and customizations tasks were critical for the project and needed the most cooperation between Elcoteq and the supplier. Entity customization refers to carrying out things agreed in definition meetings into MS CRM application. Fields and entities were changed to match Elcoteq's requirements. After couple of meetings and customization rounds the application transformed into Elcoteq's own solution. Project group's goal was to start small and keep the application easy-to-use. The idea was to implement a light version at first and then build on the initial deployment like also advised in the theory part of this work.

Conversion phase included transferring Elcoteq's current customer data from excel sheets into the MS CRM application. Data that Elcoteq got was taken from CISSY. Getting the data, cleaning, and organizing it so that it could be transferred to the new system, included huge amount of work. The data was sent to sales directors so that they would check and update it. Checking the data was not done as well as it should have been and because of that some useless data was stored to the new system. In the theory part, it was mentioned that the CRM system is only as good as the data in it and storing



useless data wastes time and money. The results from this phase were not as expected and it should have been done somehow differently. Perhaps the best way to proceed would have been that the data would have been sent to sales directors just after the implementation. In this way, sales directors would have had time to use the system for a while and to better understand what is being transferred and where.

Elcoteq's implementation method enabled to test the system throughout the implementation process and on February a testing pilot with one of the strategic accounts was conducted. The account got training of the system and started using it. Because the persons in the pilot group were busy and worked in different places of the world, it was hard to get the improvement ideas from them easily. However, Elcoteq got some important information about the system from the day-to-day users. The idea for the pilot group was good but the benefits from it could have been better with little more planning. Concrete tasks for the pilot group would have been useful and maybe couple of more teleconferences could have been held. Major benefits from the pilot group came at the training session. There were many conversations and ideas that came into mind were taken into consideration and transferred to the system. After the pilot account had used the system for a while Elcoteq had a checkpoint phase of the project and additional definitions and customization were made to the system.

Deployment phase included planning of the deployment and developing the training materials. Pilot group project gave advantageous help when planning the deployment. Timetables, installations and reservations were thought in this phase. It was decided that there would be 7 training sessions 4 in Europe, 2 in APAC, 1 in America. Training of the system went fairly good in all GAs but some problems occurred. Training sessions included about 10 to 15 persons with different backgrounds. Some had used CRM systems before and some were unfamiliar with CRM. That is why everything about the processes and the system were trained very thoroughly so that everybody get used with the new system. Training included teaching of the sales platform, sales process and the hands-on training of the CRM system supporting the sales process. The exact agenda for

user training of sales platform in Espoo can be found in appendix 2. Training of the main users and administrator took place simultaneously during the project work.

Before the trainings, technical readiness of sales persons computers were checked. The requirement was that everybody has Microsoft Office 2003 or newer version installed. CRM application and Microsoft Office 2003 were installed to sales persons computers before the training. Some installations were made just before the training and some of them did not go without problems. Couple of the training participants could not do the hands-on training because their computers collapsed when installing CRM. Few of the users also complained the slowness of the system after installing the CRM. These problems were due to lack of RAM memory in some computers. Memory capacity and network connection problems were the most critical setbacks during and after the training sessions. Implementation project group did not recognize this problem as all the persons who were testing the system had new computers with enough memory capacity and fast network connection available. Computer troubles have created some resistance towards the new system among the persons who have had problems. Noticing these problems before installations Elcoteq would have avoided much of the resistance.

After the training, participants got the sales platform quick guide which included instructions to all the basic functionalities of CRM and important support information. Implementation project group made sales platform support pages on company's intranet where the training material and all the relevant support information would be available.

#### 5.4 Description of the new System

Elcoteq's new customer relationship management system consists of sales process, sales persons PC, CRM system, and sales and customer portals like shown in Figure 21. CRM system supports the sales related activities and includes accounts, contacts, sales funnel, reports, activities and history information. Elcoteq introduced a new global intranet on January which helps communication in the whole company. Communication with the team and with the management is improved with the help of the sharepoint based portals



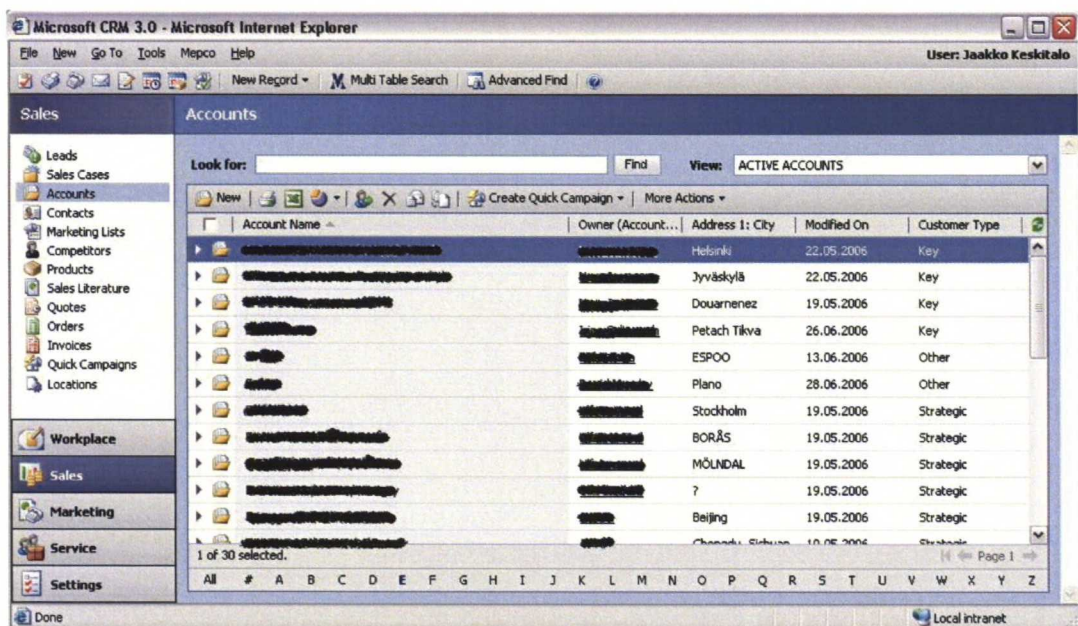
in the intranet. The portals are for storing and sharing account and sales case related files and information. Good in the new system is that every piece of the platform is well integrated with each other. Sales person can do all the daily tasks concerned about the sales platform with his/hers own PC. In the following paragraphs the elements of the new sales platform is described more accurately.

In the new system, continuous updating of the sales cases in the sales funnel is done by the case owner who can be an account manager or a sales manager. The case owner can make the gate decision but is accountable that the must-do's in the process have been done. The funnel is frozen once a month when there are management reviews about it. Sales teams can review their funnel status weekly or monthly according to their wants. Elcoteq's global sales development owns the sales funnel and each geographical area has a key user supporting the use of the funnel.

#### *5.4.1 Microsoft Dynamics 3.0 Technological and Functional Features*

Elcoteq implemented Microsoft out-of-box software MS CRM Dynamics 3.0. The software is integrated with Microsoft outlook, Sharepoint, and Microsoft office. When a salesperson opens outlook will the CRM system open also. This means that salesperson do not have to log on into two systems. MS CRM 3.0 includes information about account, sales funnel, contacts, reports, activities and history. Figure 24 shows some of the features that are in Elcoteq's CRM system. With CISSY Elcoteq had limited and inadequate information about the customers. Elcoteq needed a system that would enable to work relationship-based with the customer. Microsoft dynamics 3.0 offered all the functionalities required for Elcoteq and it was easily configured to answer Elcoteq's business needs. In the theory part Figure 15 and Figure 16 introduced the main features and requirements of a CRM system. When comparing the requirements of a CRM system and the features that Microsoft Dynamics 3.0 includes, it can be said that Microsoft's product fulfils the requirements.





**Figure 24** Elcoteq's CRM system and some of the features

Sales person usually use email for storing customer information. This makes it necessary for CRM application to tightly integrate with email. Elcoteq's CRM enables that and employees can work directly from Microsoft office outlook. The tight integration with Microsoft outlook and other Microsoft office programs means that sales and marketing staff can stay in their favourite work environment while accessing customer data. They can look up customer information, send and manage e-mail messages, set up appointments, export real time reports, and capture customer discussions, all ever leaving outlook. It is very important that the new system works like the employees have used to work. Employees do not have to jump from one system to another. This was an important factor which was emphasized when training the system. When users noticed the user-friendliness of the system it helped to win the approval from the users.

With the CRM system, Elcoteq has created a single, centralized location for all customer information. One functional requirement of a CRM system was a massive and flexible database. Now, the information can be instantly accessible wherever and whenever it is needed. Employees have the accurate, up-to-date customer knowledge they need to drive sales, maximize up-sell and cross-sell, and deliver personalized customer service.

Elcoteq's CRM is easy to operate and it is easily changed according to the business needs in the future. Good feature in the system is that even mobile employees can stay up-to-date through mobility and data synchronization features in Microsoft CRM. It is critical for employees to be able to use the system also offline. For example when travelling on an airplane, the salesperson can update information to the system. When back in the office and online all the updates transfers automatically to the system.

CISSY had issues concerning the security and improvements were needed. Now Elcoteq's CRM has advanced security features and it helps on keeping customer data confidential. Role-based and permission-based access to customer data helps to ensure that each user is restricted to only information he or she is authorized to see. Some sales persons are very strict about their customer information. Now by default when a sales person adds a contact to the system he/she and his/her team are only one who can see the contact information. The contact information is easily shared for other users if that is necessary.

By nature, Microsoft's CRM application is a tool in which reporting is carried out through on line queries which are based on search systems and utilized Microsoft Office tools (Excel/Pivot). The software included several ready-made reports, of which some of them were customized to meet Elcoteq's requirements. Also couple of tailored reports were created to meet Elcoteq's reporting needs. Now it is much easier to compare the funnel and reporting between different geographical areas. However, reporting needs of the users were not researched before the implementation and reporting did not answer to the needs of the users. Reporting has a great focus when thinking about the second version of the CRM system.

Elcoteq brought into use only a small amount of features from the Microsoft CRM because Elcoteq wants to keep the system as simple as possible. It is easy to extend the capabilities of the system when sales persons get used to using it. Elcoteq's CRM is very easily customized to fulfil different needs of the business and changes in the environment. It is advantageous that the CRM is integrated excellently with other Microsoft products. Training of the system was also easier to complete because people



are used to work with Microsoft products. Integrating contact data from Microsoft office outlook to the new CRM happens with a click of a mouse button. Users can design their specific views and finding information from the system is effortless. Many filtering options are available to ease the use. Forms, data fields and relationships are easily modified without writing single line of a code. Overall the Microsoft dynamics CRM system satisfy or even exceed the requirements of a CRM system described in the theory.

CRM system with functionalities that provides ease of use will help customer facing employees better manage sales and service processes, share customer views to key employees and integrate with email and financial applications. These all help employees to improve efficiency while enhancing customer relationship. Elcoteq's CRM systems features are excellent tools for improving efficiency and productivity of sales.

#### *5.4.2 Sharepoint and Content Management Systems*

Elcoteq launched a new global intranet Piazza in the beginning of the year 2006. The main reason was to have one common channel for sharing and distributing information within the company. Intranet goals were to improve internal communication and add a possibility to share documents and other information securely between individuals, teams and units. Intranet is a tool for all the employees working at Elcoteq and it improves operational excellence. Intranet makes consistent processes and tools possible within the company. The tool should also improve information sharing at different organizational levels by providing a possibility for workspaces with restricted access. This makes storing of critical information possible to the internet. Now employees have fast access to timely, accurate and relevant information.

Intranet has a significant part in the new sales platform as well. Like in the case of CISSY old customer portals were not standardized. There were as many structures as there were portals and because of the new Piazza it was also practical to standardize the portals. All the customers have their own account portals in Piazza. The portals are local account home sites and all customer related documentation such as sales case



documents, request for quotation and project documents are saved in there. Account portals are central place where the account team can communicate with each other and share information.

Account portals and the CRM system are well integrated. In the CRM system there is a link that takes the user straight to the specific account portal. In this way, it is easy to save customer related documents to somewhere else than to sales persons own computer. This will improve account team communication and communication with the management.

5.4.3 *Elcoteq's Sales Process Provides Benefits to the Customers Business*

At the theory part of this work, it was said that CRM implementation has to start by going through your own processes and also keeping in mind your customer process. When implementing CRM Elcoteq did just like that. Elcoteq's sales process have been formulated by taking customer purchasing process and making Elcoteq's sales process to fulfil the needs of the customer's process like shown in Figure 25. The new sales process aims to shift the mindset from Elcoteq perspective to customer perspective.

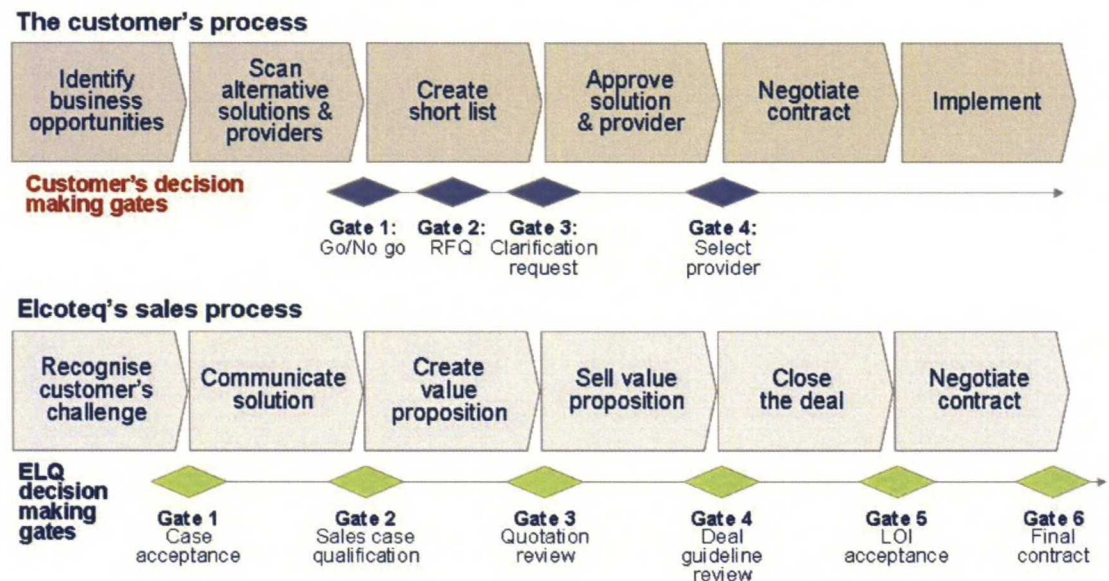


Figure 25 Customer's purchasing process as a basis for Elcoteq's sales process

Like mentioned many times in the theory part, CRM recognizes that the customers are the core of company's business. Without customers no company would have any business. It is important to manage effectively the relationship with the customer and that way try to increase the profitability of the relationship. Because Elcoteq's business environment is very different from other big companies, it has to focus even more to maintaining and improving the relationship with the customer. Companies like Kone and IBM have thousands of customers. Elcoteq has about ten significant customers that bring the major part of the net sales to the company. The service/products that Elcoteq is providing are not easy to describe or show like cars for example. Elcoteq business is far away from transactional business where customer gets the merchandise immediately after giving money to the sales person. Therefore, selling Elcoteq's services is not called selling but rather account/relationship management. Some projects might last several years and Elcoteq do not afford to lose the projects because of bad relationship management. Due to the complex business environment, acquiring new customers is very challenging and so is creating strong relationships with them. These challenges have to be bypassed and the sales platform will help on that. Elcoteq has to maintain excellent customer relationships and exceed customer expectations. Customers do business with Elcoteq because it offers them something better than competitors.

The new sales platform is helping Elcoteq in maintaining customer relationship as required. It is much harder to get new customers than trying to expand the offering to the customers that the company is already doing business with. Therefore, Elcoteq tries to maintain, expand and strengthen the bond with its important customers. To be able to do that mindset has to change from Elcoteq perspective to customer perspective. Elcoteq's customers have to get benefits and value from the relationship. Table 7 shows some solutions from where customers can gain benefits during a relationship with Elcoteq. Just selling features is not enough anymore. The benefits and the value what customers get when working with Elcoteq have to be shown to the customer. These benefits and value are for example cost savings, faster time to market and increased revenue.



**Table 7 From offering solutions to offering benefits and value to the customer**

| Solutions   | Benefits and value to the customer   |
|---|--|
| <ul style="list-style-type: none"><li>•Product features</li><li>•Production process</li><li>•Materials / bill of material</li><li>•Volumes</li><li>•Logistics</li><li>•Pricing</li><li>•Prototypes</li><li>•Packing</li></ul> | <ul style="list-style-type: none"><li>•Cost savings</li><li>•Faster time to market</li><li>•Faster lead times</li><li>•Increased revenue and profit</li><li>•Competitive advantage</li><li>•Increased market share</li><li>•Achievement of strategic goals</li></ul> |

After relationship has been created it is crucial to maintain the relationship. In addition to the price, customer has to be satisfied with the services offered or otherwise they will change their partner. Theory part emphasizes the importance of customer satisfaction. Customer satisfaction is increased when benefits and value that customer gets increases. Therefore, it is important to offer something special to the customer. A satisfied customer is usually a profitable one. Figure 13 shows the process of creating value for customer and building customer relationship. Sales platform helps in various tasks when creating and maintaining the relationship. For example managing marketing information and customer data are all managed with CRM. Creating a customer specific value proposition can have help from information provided in CRM.

*5.4.4 Main Benefits for the Employees and Management*

The goal of the sales platform was to help sales person's day-to-day work. Sales platform gives sales person a systematic way of working with the sales cases. There is a check lists in the system which support the user and ensures that all the important issues are done. Check points also functions as a decision making points, ensuring communication with relevant people. With the help of CRM tool, case situation can be shared easily with the team and the management, and the case documentation is easy to access throughout the case for the entire team. Other account cases can be reviewed to find similarities and right people to contact for further information. CRM tool helps employees in many daily activities like tracking e-mail, creating of mailing list, finding contact information and so on. Earlier employees had to fill in sales case information in



their own excel sheet for reporting. With the help of the new system the reports are generated automatically to the management. So the new tool had replaced CISSY and the excel based sales pipeline report. Here are mentioned some of the benefits that the sales platform was planned to give to the sales persons. The user survey tries to research whether these benefits have been realised.

The old system CISSY was more of a tool for the management purpose. The tool was clumsy and did not serve the needs for management or other users either. The new CRM system will improve management reporting considerably. The old excel based reports required a lot of effort to combine the data into effective reports and now the reports are generated by a click of a button. These reports have up-to-date information about the current situation.

Account portals are standardized and from there, deeper insight about the sales cases can be found. Account portals improve communication with the management and with the team. Much of information concerning different accounts can be found from the portals. Revised sales process will put pressure more on understanding customer and helping in creating proactive mindset before quoting phase. This will also expand sales management visibility. The major asset from the system is that it will provide a standardized format on which to discuss cases in a sales meeting.

#### *5.4.5 Return on Investment for the Implementation*

There should have been an evaluation of the return on investment before the CRM project started. Measuring the payback of the investment in the CRM project is extremely hard to do. It is difficult to select the criteria by which the implementations return on investment is evaluated. All the benefits described above are somehow due to the new CRM system. It is hard to count the monetary value for example of improved communication. Measuring the performance of the organization's customer service strategy provides feedback, which tells the strategy's overall effectiveness. It is just difficult to select the performance measures. This thesis does not give an answer to the ROI of this implementation because it would be almost impossible to evaluate it. If

someone could do the monetary value evaluation of how customer relationship management strategy increases retention and loyalty, creates added value to the customers and contributes to higher quality of products and services then the implementations ROI could be calculated.

## 6 Elcoteq Sales Platform User Survey

The three important CRM system implementation variables are processes, technology, and people. Elcoteq did good job on evaluating and correcting business processes before thinking about the technology. After the process restructuring the right technological solution was selected to fit Elcoteq's business processes and requirements. The third critical implementation component is people using the system. CRM implementation is doomed to fail if the users do not take the system into daily use. People resist all kind of a change and they have to get some benefits out of it so that something could happen. Users have to get something better. Those people who are not part of CRM projects have the most impact to the results. So the reason for conducting the sales platform user survey was to get valuable feedback from the users of the system about the success of the new sales platform.

User resistance, usage of the system, benefits from the system and basic feelings towards the system is tried to solve with the help of the survey. The users of the system influence on whether the implementation of the CRM system will fail or succeed and therefore it was important to hear their opinions. It was also important to hear comments and ideas so that the next release of the system will fill the needs of the users. The questions of the survey were constructed according to the goals of the sales platform implementation. The aim of the survey was to clarify whether the goals have been met and what benefits the users have got from using the system. It was important to hear the main faults of the system so that improvement could be done. The questions of the survey were mainly concerned about the CRM system and the overall benefits of the sales platform.

The survey was compiled of four different parts and all the questions can be found from appendix 1. First part concerned about the every day usage of the system. Intention of the questions was to find out whether people are using the system and what are they thinking about the user-friendliness and functionalities of the system. It is clear that if the system is hard to use and extremely slow then the users do not bother to use it like



happened with CISSY. Second section of the survey was concerned about the training and the support of the system.

Third section of the survey concentrated on the benefits of the system. The idea was to clarify what have been the main benefits from the sales platform. The improvements from time of CISSY are significant and answers to these questions should prove that. Last section had couple of open ended questions. Main faults of the system and additional comments were asked there. Suggestions here were valuable feedback for future development.

## 6.1 Conducting the Survey

The goal of the survey was to find out if the new sales platform provided the benefits that it was planned to provide for the sales persons work. The survey was sent to persons that are using CRM in someway. The recipients included: sales directors, account managers, sales assistants and some other relevant people. The survey was sent to 74 recipients and from those 24 answered the survey. The response rate then was  $24/74=32,4\%$ . Answers to the survey came from Europe and APAC. These users have had the training for the sales platform on March and the survey was made on May, so the users had been using the system about 2 months. America had the sales platform training on May and they did not get the survey because they have not had time to use the system enough.

The survey was made in Elcoteq's intranet pages. All the recipients got an email which included short information about the survey and a link to the survey pages. For answering the survey, the recipients had two weeks time. Few days before the deadline the recipients got a reminder of the survey via email and were asked to take a few minutes of their time and give valuable feedback about the sales platform.

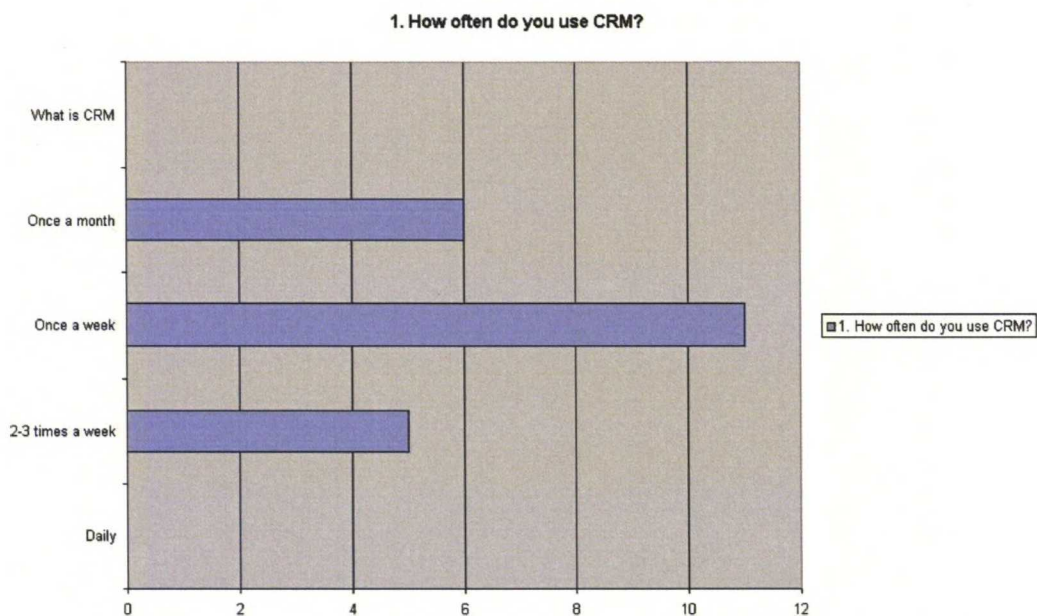
## 6.2 Results of the Survey

Some of the reasons for not using the old CRM system CISSY were that it was not convenient to use. There were no user right restrictions and it was said to be more of a tool to management purposes than to employees. Using CISSY was uncomfortable job and that is why everybody had their own way of doing things. With the new system working methods should have changed and some of the answers in the survey will tell how working has changed.

### 6.2.1 *The Usage of the System and the User-friendliness*

First 6 questions from the survey were mainly concerned about the usage of the system. From these questions, the key was to find out whether people are using the system and how they are working with it. First question of the survey asked how often employees are using the system, Figure 26. Half of the respondents said that they are using CRM once a week and other ones said either once a month or 2-3 times a week. None of the users said that they are using CRM daily basis. It would be the ideal situation that sales persons would use the system every day or almost every day. This way the information would be up to date all the time and for example forecasting the future would be more accurate. Also for example marketing campaigns will have much better outcomes with up to date information than with old one.

Of course CRM should not be used everyday if there is no need for that but updating information about contacts, account, sales cases and activities should be done almost daily basis. CRM system is a tool for helping sales people work and if the users are using the system only once a month, it tells that the user can not get all the benefits the system could offer. Despite most of the respondents who chose the option once a month are management people, still they should use the system more often than that. By using the system they can check the status of the sales cases and check reports. Overall management can be more aware about the current situation and if the managers start using and demanding the usage of the system then will also sales persons notice the importance of the system.



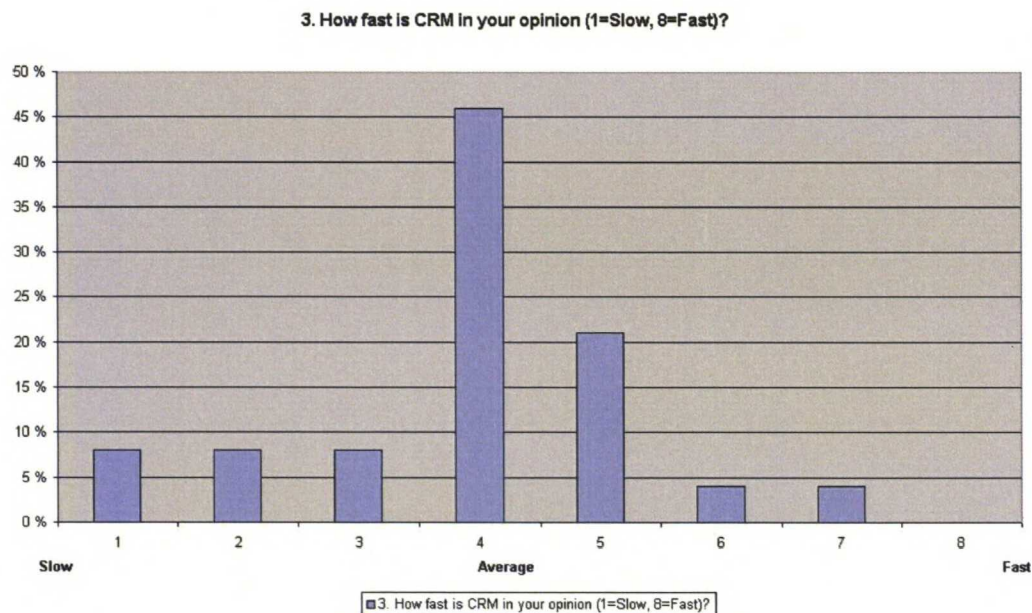
**Figure 26 How often employees are using the system?**

Second question asked the reasons for not using CRM. Couple of respondents said that they are not using the system because it does not serve the purpose and needs of the particular user. Reporting system was said not to serve the needs and this has to be taken into consideration. One reason for saying this is because they are not familiar to the features of the system. Elcoteq's CRM is easily modified to answer different person's personal needs. Common answer to this question was of course also that users have not had anything to input to the system.

One critical obstacle for not using CRM is the speed of the system. It is important that the CRM system is easy to use but also fast since otherwise users will find the usage of the system difficult and even waste of time. These features were important to Elcoteq's system and next questions asked the users opinions about these issues. Figure 27 shows the respondents feelings about the speed of the system. It is unfortunate to notice that the users feel that the system is quite slow. Only couple of answers were above average and the rest were under. All the testing of the system has been done in Espoo where the internet connection is pretty good and testing people have good computers. User feedback has been that CRM is slow especially in GA APAC and especially if the users



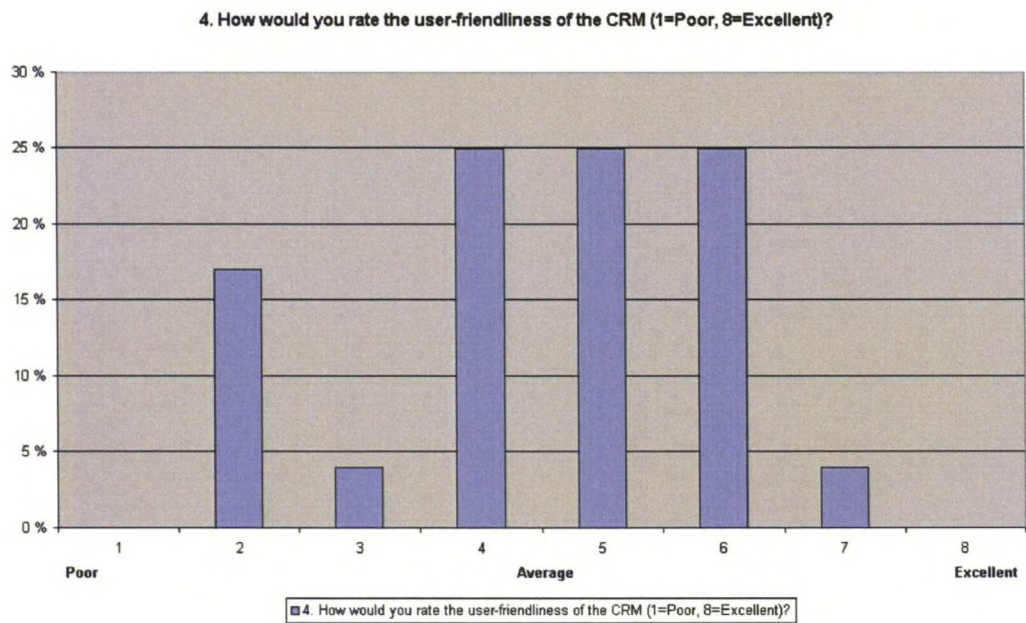
have older computers without enough memory capacity. Upgrading computers memory capacity might help a little bit with this concern but the internet connection can not be fixed so easily. Slowness of the system has to be taken into consideration and it should be acted on. It is important to clarify the reasons for the slowness and fix the problems. It is a fact that if the system is not working fast enough, then the users do not use the system so much than they might. The slowness of the system is the most critical issue arising from the implementation.



**Figure 27 How fast is Elcoteq’s CRM system?**

It is certain that employees who do not feel comfortable and confident using the CRM system will not use it. Question 4 asked about the user-friendliness of the system and it was positive to notice that users were satisfied about the user-friendliness. Results from the question 4 can be seen in Figure 28. Majority of the respondents thought that user-friendliness is over the average level. 17% still answered that user-friendliness is in level 2. This result might be due the lack of using the system. Elcoteq’s CRM system is a Microsoft product and it works the way that other Microsoft products do. There is a tight integration with CRM, MS office tools and outlook. This enables the sales person to work in the same environment that he or she is already used to. After using other

Microsoft products, using the CRM system should be easy. Some of the respondents might feel that the system is hard to use because they have not had time to get to know the system yet.



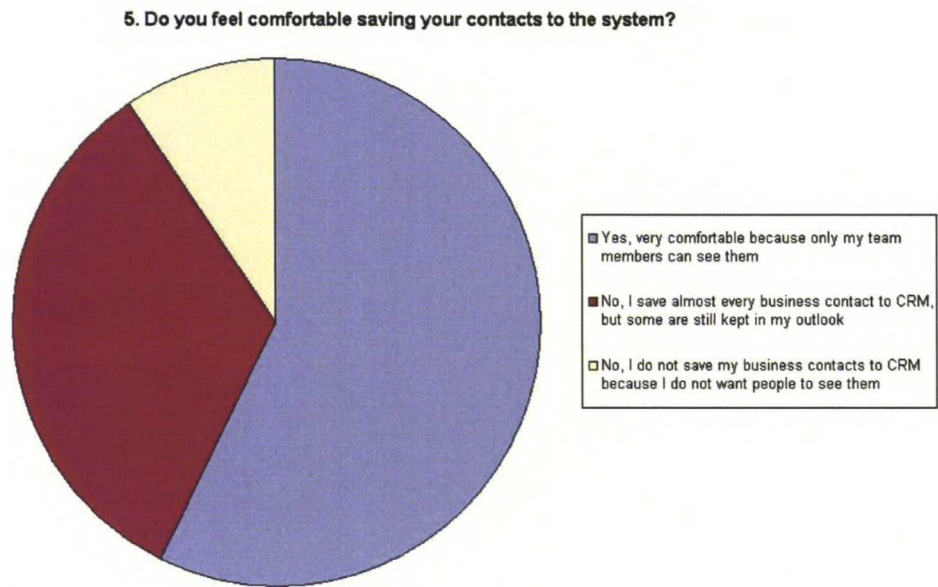
**Figure 28 User-friendliness of the CRM system**

The CRM system is as good as the data that is inputted there. If important information is not inputted to the system or the information that is already inputted are not kept up to date, that will cause problems for example with mailings and reports. One reason for not using CISSY was that everybody could see the information put there. Now in Elcoteq's CRM system the contacts inputted there can be seen only by the person who inputs the data and his/hers team. Information can be shared to other people as well.

Fifth question of the survey asked about the feelings about saving contacts to the system, Figure 29. The results show that the old habits still exist in the way of how contacts are saved. It is a negative fact to notice that all the business contacts are not kept in CRM. Almost half of the respondents said that they are not saving all the business contacts to CRM. This is alarming because when these people leave from Elcoteq, also the business contacts leave. This means also that sales persons have to keep up double contact



information database, one in their own computer and one in the CRM system. Seemingly the consequence from this is that the contact information is not so up to date that it should be and for example mailing lists does not include all the people that they should.

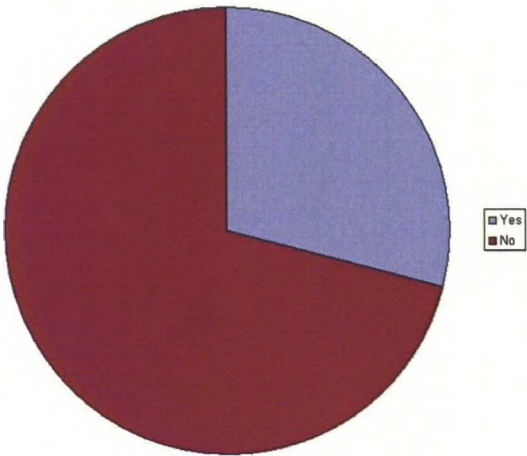


**Figure 29 Saving contacts to CRM**

Sales persons work is very mobile. They are all the time on the move to somewhere. Saving contact information and updating sales case status is done when the sales person have time to sit down and type this information. Sometimes when a sales person is on a business trip they might be without an internet connection for several days and inputting crucial information to the system might be forgotten. The new CRM system offers a great offline function. When a sales persons leaves to a business trip he/she can export all the information that he wants to his computer and modifications to these can be done offline. After the business trip and when back online again, the information that has been inputted will be transferred to the system so that everybody can see the changes.



6. Have you used CRM offline?

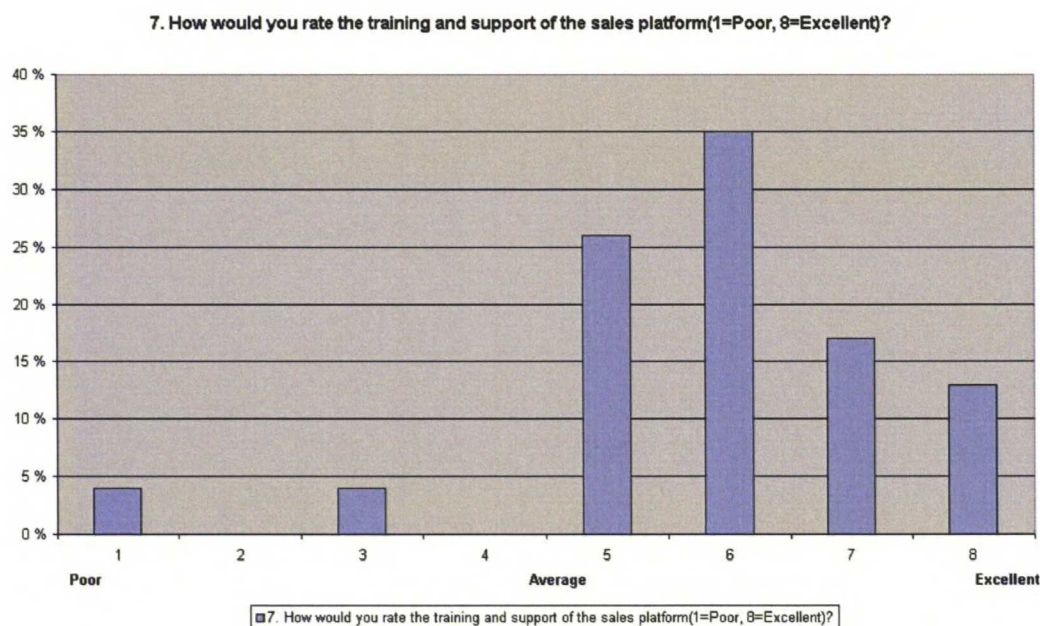


**Figure 30 Have you used CRM offline?**

Answers to question number 6 reveal that offline feature is not used so much. From Figure 30 it can be seen that almost 3 out of 4 have never used the offline function. Practicality of this feature should be emphasized for those who are travelling much. It would save lots of time to do more important things if a sales person would input some information to the system for example when sitting in an airplane.

*6.2.2 Training and Support*

People using the system are key persons to the success of CRM system. Therefore good training and support is essential. It is important to involve the users as early as possible and in Elcoteq's case this happened concretely when training the users. The first interaction with the system has to go as fluently as possible and if there will be difficulties at the first time it will reflect to the future usage of the system.



**Figure 31 Training and the support of the system**

Seventh question of the survey asked about the training and support of the sales platform, Figure 31. Most positive results were gained from this question and from the question concerning the benefits of the system. It is impressive to see that according to the users the training and support have been excellent. Nearly all the respondents answered that the training and the support are over average. If the results from this question would have been worse, that would have most probably meant that the implementation has been failure. Now it can be said that users had approved the new system and noticed the need for it. Resistance is said to be main reason for CRM failure and results from the training questions shows that Elcoteq is on the right track with the implementation. Resistance has to be kept in a minimum level so that it will not affect the performance of the implementation. Additional training sessions and constant support are essential issues that have to be kept in mind in the future.

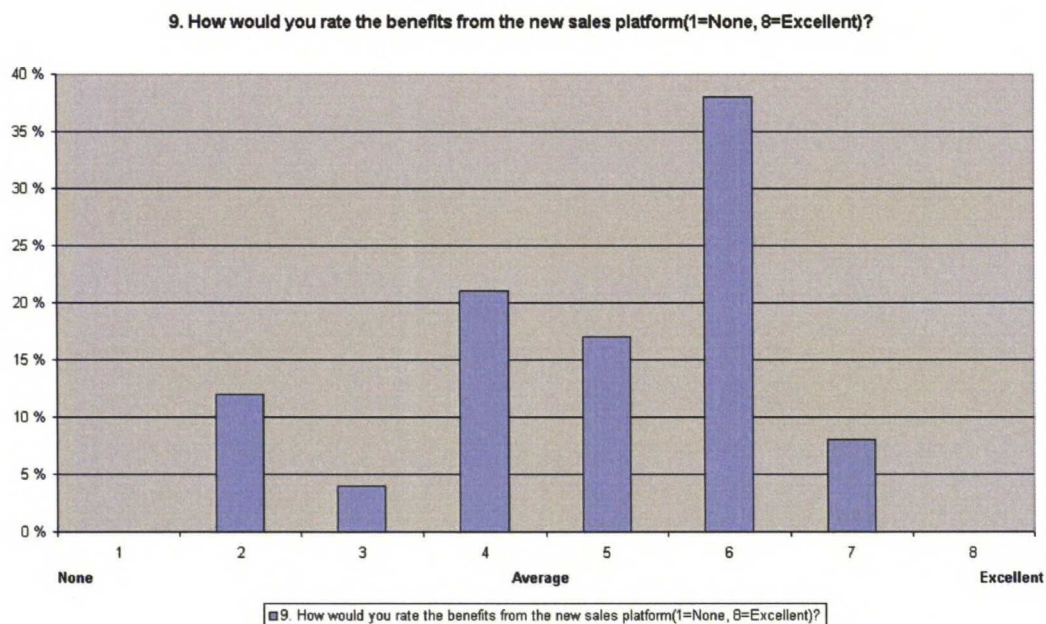
### 6.2.3 Benefits Resulting from the Implementation

It is obvious that the purpose of implementing the new sales platform was to improve the way things are done in Elcoteq. Some of the things that were thought to be better after

implementation were for example systematic working methods and reporting. Question 9, 10 and 11 focused on the benefits from the system. Poor results from these questions would be alarming. If the users do not feel that they are getting something better than the old way of working, it will definitely affect on their working habits with the system. Users have to notice that the new platform gives them benefits and in that way their resistance towards change will be at the lowest level. The implementation is surely going to fail if the management is forcing employees to use the tool and users feel that they are not getting any benefits out of it.

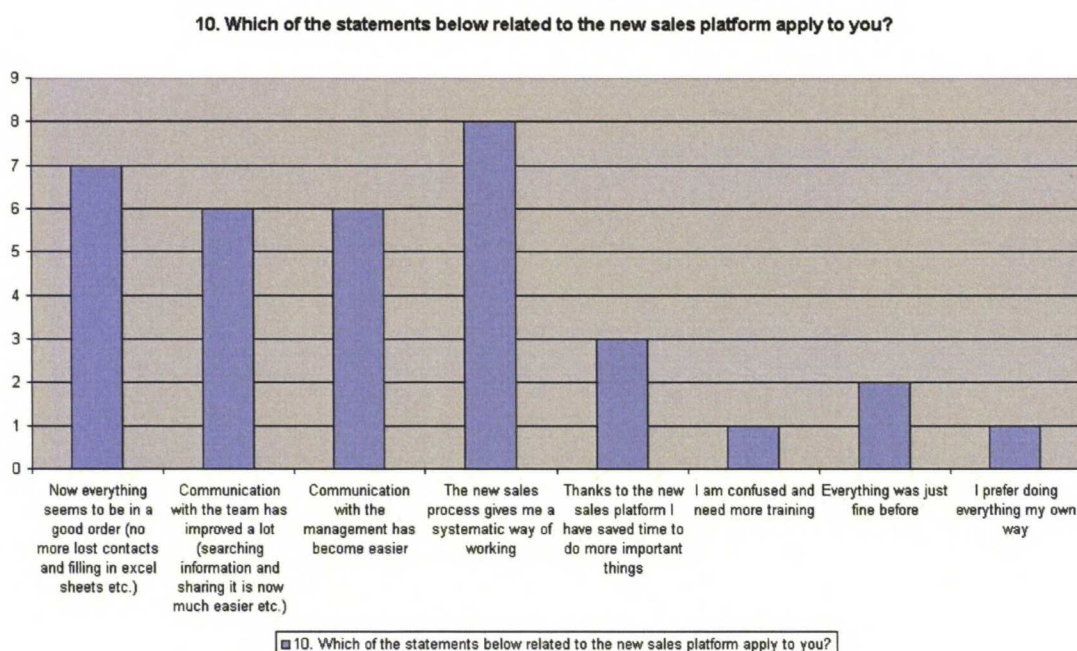
Figure 32 shows how users are rating the benefits from the new sales platform. The results are not as successful as they could. It is great that majority of the respondents feel that the benefits are over the average level, but there are too many answers below average. Over 10 % of the respondents feel the benefits in level 2 and about 40 % feel the benefits are below average. Reasons for giving bad ratings for this question might be that the users do not know how to get the benefits out from the platform or they have had some difficulties getting started. Still it is positive that almost 40 % answered that benefits are at level 6 and almost 10 % thought that benefits are at level 7. Users can notice the benefits after 2 months use and that is a very good sign. After users have learnt to use the platform more efficiently they get more benefits out of it. It can be evaluated that the benefits that users get will increase when the times goes by.





**Figure 32 How are users rating the benefits from the new sales platform?**

Question 10 continued with the theme of the benefits. Statements in the question were thought so that they correlate to the theory of this thesis and the history of Elcoteq. When training the system it was said that the new sales platform gives a systematic way of working, improves communication, saves time for more important things and replaces excel based sales pipeline report. Theory part of this thesis states that the three major benefits resulting from CRM usage are improved communication, improved forecast accuracy and reduced administrative burden. These statements were put to this question and couple of other not so positive ones. Question 10 and the statements in it can be seen in Figure 33.



**Figure 33 Benefits from the sales platform**

Respondents got to choose the statements that applied to them. The benefits that were thought to be the most important ones were also important to the users. Systematic way of working was seen as the major benefit from the system and it got 8 answers. Communication is the most important thing that should improve after CRM implementation according to theory and answers to the survey shows that users see that the communication has improved with the team and management after implementation. Getting rid of the excel sheets has had a good response from sales persons and one benefit resulting from this is that employees have saved time to do more important things. Only 2 out of 24 respondents answered something negative about the benefits of the sales platform. This is not so big surprise because there are always people who have own ways of working. Their way might be good to them but it does not serve the goals of the company or the team. These results go in line with the goals that Elcoteq had and they prove that the new sales platform has already created real value to the company. Value will still grow when the platform comes more familiar for everybody.



6.2.4 Main Benefits and Failures of the System

Question 11 and 12 were open ended questions where the respondents could write the main benefits and faults of the system. Table 8 compiles some of the most common answers from these questions. In the old system the sales pipeline reports were compiled from pieces and it was hard to manage. One of the main benefit that respondents said was that global view of the sales pipeline is excellent and now it is much easier to track sales process and retrieve update status of the sales funnel for sales director. Sales process is said to give a systematic way of working and that way saves time for more useful things. Other benefits that were mentioned in the answers were clear structure, easy to find information, easy to update information, easy to use and one database for all to access.

Table 8 Main benefits and faults of the system

| <b>What are the main benefits of the system?</b>                                    | <b>What are the main faults of the system?</b>                          |
|---|---|
| Global view of the sales pipeline.  | It is not a tool for customer's whole life time                         |
| Standardized and up to date reporting   | Double job with contacts  |
| Clear structure, easy to find information, easy to update information, easy to use. | Outlook integration uses too much memory and makes computer work slowly |
| It helps working systematically and saves time                                      | Reporting is not functioning properly                                   |
| One database for all to access  | Not a CRM in its real meaning, more a data system                       |

Respondents found some faults from the system. Biggest issue with the system is that the system is using too much memory and that way makes computer work slowly. This problem has occurred with many users with outlook integration and old computers with little memory. The required memory capacity is 256 MB and the computer has to be Pentium 3 or newer. CRM takes 100 MB memory and the real memory capacity that computer should have is around 1 GB. Several sales persons computers have too little memory capacity. This problem is extremely uncomfortable because the system gets negative associations after it has worked slowly and problematically. Outcome from this will be lack of using the system and negative mouth-to-mouth advertisement for other users as well. Consequence can be critical so this matter have to be taken cared of. Upgrading computers might be one answer to these problems. Other answer might be



that, if user does not need the outlook integration, then it can be taken out of the computer and employee can use the web client to access CRM.

Today computers get out of date after about 3 years of use. All the sales persons in Elcoteq are using computers all the time. It is the most important tool for them and they spend huge amount of time with it. Therefore it is extremely important that the computer works efficiently. All the computers that are not working fast enough should be changed to a newer one or upgrade with more memory. It is crucial because the time spend on waiting the computer to work means severe costs to a company. It is much cheaper to upgrade the sales person's tool to the level it should be.

Some users have had problems with the reporting but that is mainly because they do not know all the opportunities that CRM have. Reports are still under modification because they did not meet the requirements that were done at the first place. Elcoteq has recognised the problems with reporting and they will be modified to fulfil the requirements of the users better.

One respondent said that he has problems because he has to do double job with the contacts, but this is because he wants to keep some business contacts in his own computer. This is not according to company's policies so it can not be seen as a fault. Some of the respondents said that the system is not CRM as in its real meaning and that it does not cover account management issues for the customers' whole life cycle. These are reasonable claims and it is in Elcoteq's knowledge that the ideal situation would be that one system would cover customer management as a whole including back-office management. These things have to be taken into consideration when thinking the future releases for the system.

#### *6.2.5 Conclusions from the Survey*

Resistant is the main reason for CRM failures according to theory. The employees using the system are the key for CRM success and the answers to this survey shows that Elcoteq is on the right tack with the implementation. Resistance towards the new sales platform has been pretty low and users have noticed the benefits that the new sales

platform can offer to them. Slowness of the system, reports, and not saving business contacts to the system are the major problems that Elcoteq has to face as fast as possible so that these issues will not cause any further harm. More training and support has to be given to the users so that everybody knows how the system works. Giving support to the users will help to keep the system up to date and running smoothly. The system is just in the start of the usage so it is now time to think how Elcoteq could get the most out of the system. It should still be remembered that the new software is not the key to success but rather the people using it. This research shows that the right amount of effort is given to the users and the system has been kept in the background.

Before Elcoteq sales persons maintained different databases concerning contacts and sales cases. Account managers used MS excel for keeping track of sales cases and for reporting purposes. Employees also used different excel and Microsoft word documents to manage their contacts. Maintaining these multiple, disparate databases was too complex and costly. It was hard to compile many records in order to get required data and reports. CRM have given the advantages of an integrated solution and single database. Reports are now accomplished in seconds and all sales people work with the same current data.

## 7 Conclusions

Elcoteq is facing many challenges when developing its business from a manufacturing-oriented to a customer-driven service organization. New orientation demands remarkable changes in people's minds. Elcoteq must focus more on the customer and how to fulfil their wants and needs. Elcoteq's success will be affected on how effectively the relationships with customers are managed. Because Elcoteq's business environment is very different from other companies', it has forced Elcoteq to focus even more on maintaining and improving the relationship with the customer. Customers do business with Elcoteq because the company offers them something better than competitors. Elcoteq does not afford to lose any of its customers because of bad relationship handling. The change in the business environment and internal knowledge management need has pushed Elcoteq to implement a customer relationship management system.

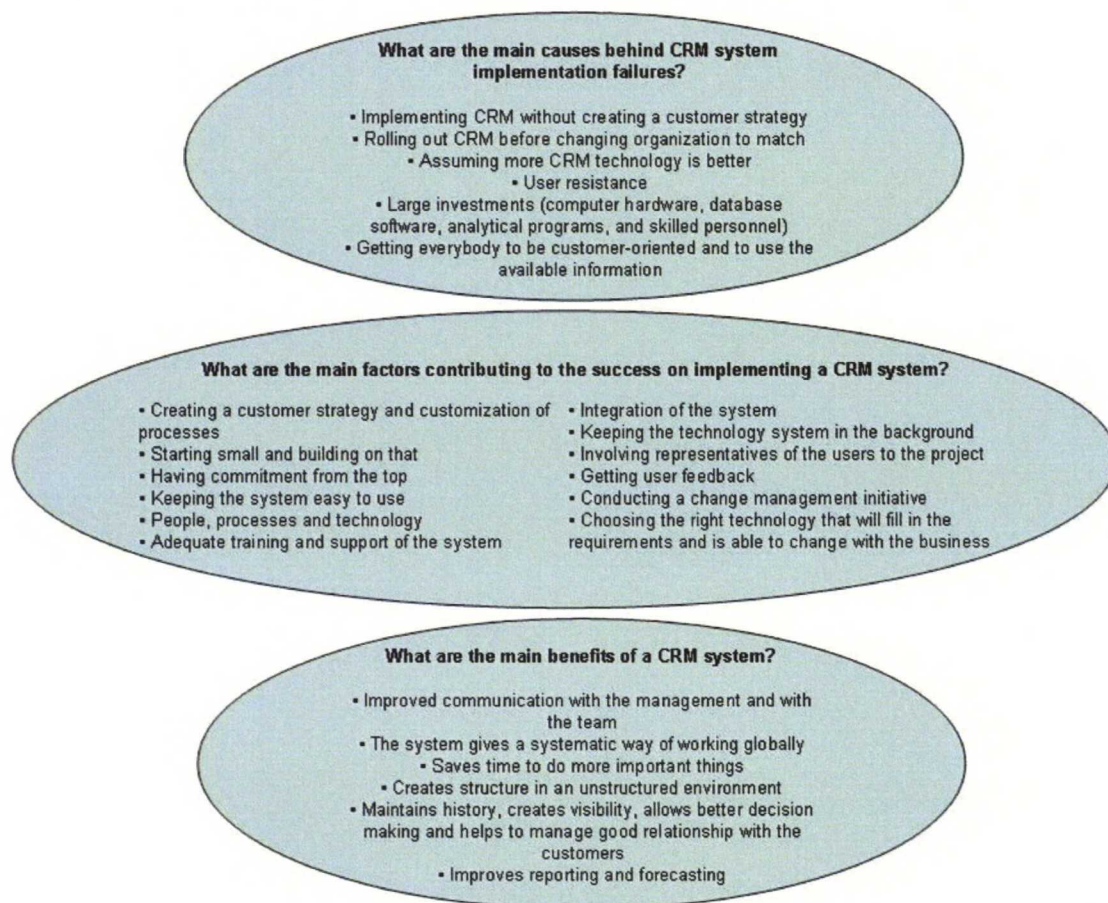
The purpose of this research was to examine the implementation of a customer relationship management system and to recognise the main causes of CRM system implementation failure and the things that have to be done so that the implementation will be a success. Evaluation of the results and matters to be performed in the future were also objectives of the research.

### 7.1 Results of the Research

Implementing CRM right can have amazing results but there are some issues that can jeopardize the implementation. Implementing CRM without creating a customer strategy, rolling out CRM before changing organizations to match, assuming more CRM technology is better and not creating one-to-one relationship with the customers are some problems that can endanger the success of the implementation. These pitfalls are due to assumption that CRM is software that will automatically manage customer relationship. That is not true because CRM is creation of customer strategies and processes to build customer loyalty, which are then supported by the technology. Figure



34 includes the main causes behind CRM system implementation failures, the main factors contributing to the success on implementing a CRM system and the main benefits of a CRM system.



**Figure 34 Summary of the answers to the research problem**

Elcoteq's implementation project was started in the right way and CRM system was thought to be only one part of an overall customer relationship management strategy. Implementation started by evaluating and correcting the processes of Elcoteq after which an application which would fulfill Elcoteq's needs, was chosen. This was an extremely important starting-point for successful implementation. Implementation project had a commitment from top level and thus the user community realized that management believes in the new system.

Creating customer strategy and customization of processes were important tasks in the beginning of the implementation. It was also important to start the implementation with a small CRM version. By keeping the first implementation version small and easy to use helped the training of the system. At the training session when the users got to use the system first time they noticed how easy it was to use. This affected to their acceptance towards the system. Resistance is the main reason for CRM failures and keeping the system easy to use helped to keep the resistance at the lowest level possible.

Successful CRM system implementation consists of processes, technology and people. Elcoteq did good job on evaluating and correcting business process before focusing on technology. The technology was chosen so that it would fulfill Elcoteq's requirements. The selected CRM software was Microsoft CRM dynamics 3.0, which is integrated with Microsoft outlook, Sharepoint, and Microsoft office. The system filled clearly all the Elcoteq requirements and the requirements mentioned in the theory.

It was very important that the new system works like the employees have used to work. Security problems and filling excel sheets that were problems with the old system were taken care of with the new system. Reports are now created automatically and users have restricted access to the account portals and to the information in CRM.

People who use the system on daily base are the ones who contribute whether the system implementation will be a success or a failure. The user survey's aim was to find out the users feelings about the system. Have the goals been met and are people using the system were some of the things that the survey tried to get the answers for. The results from the survey were overall quite positive but there were couple of things that could jeopardize the success of the implementation. Positive results from the survey were that people have started using the system and they find the system user-friendly and improvements to the old system have been clear. Training and support of the system were also seen very positive and this was extremely important for the success of the implementation. Answers to these questions show that the starting point with the implementation was well managed and the users of the system have approved the new system with only little resistance. Negative things found out from the survey were that



some users have problems with the speed of their computers after installing CRM and reporting seems not to serve needs of the majority of the users. These are the major obstacles of the implementation that have to be sorted out immediately.

The purpose of the implementation was to improve sales persons work. One section of the survey asked about the benefits of the system. Results from the question go in line with Elcoteq's goals and they prove that the new sales platform has already created value to the company. The main benefit from the system is that it gives a systematic way of working globally. Improved communication with the management and with the team was seen as a great benefit. Some of the users answered that they have saved a lot of time to do more important matters thanks to the new system. Everything is said to be in good order and some jobs that were hard to do are now much easier to do.

The implementation for the sales platform and CRM has been successful. Almost everything was made according to the theory and the implementation was well planned and carried out. The timing for the project was very good because there were a real need for a tool to help sales persons work. The benefits from the implementation have been significant. Elcoteq's CRM system has created structure in an unstructured environment. From the time of filling excel based sheets and doing business differently in separate GAs have changed to a time where everything seems to be in a good order globally. CRM system maintains Elcoteq's history, creates visibility, allows better decision making and helps to manage good relationship with the customers.



## 8 Recommendations

Elcoteq's CRM system is rather new in the company. The user survey was made after couple of months of using the system and it is clear that the users have not yet get completely used to the system and its features. Therefore, after some period of time, a follow-up survey should be conducted about the use of the CRM. With the survey, again, opinions and ideas of improving the system should be collected. It would be valuable to check that have the old problems disappeared or are they still there. These problems include slowness of the system and not saving business contact information to the system. After the answers are collected the preparation for the next release should begin and errors should be corrected. This loop of releasing versions and modifying the system should continue as the business continues to develop. It is good that Elcoteq's CRM system is easily modified to answer the future needs because it is certain that the needs will develop after some time. It is clear that this development should be continued for some time but it should also be remembered that users will become tired of continuous surveys and an end must be put to the releases at some point. This does not mean that the development totally ends then but it means that it will be done more quietly.

CRM can be seen as a logical extension of Enterprise Resource Planning (ERP). There are many similarities between the two. Both involve the whole organization and require process and application development. Projects are large and require a lot of investments. Elcoteq's ERP system is Baan. Baan can be said to automate the back office and CRM is helping to automate the front office. For CRM to be even more successful, the two need to be integrated in serving the customer. Some of the respondents in the survey said that CRM is not handling the customer for its whole life cycle but only in the start. The ideal situation would be that all the data about the customer would be in one place. Now the total information has to be compiled from various places. CRM implementation can fail due to the lack of integration with other systems and therefore it should be researched how CRM could be integrated with the other systems in Elcoteq. So integrating CRM

with Elcoteq dashboard and Baan should be considered as a next step with the implementation.

Training and support were ranked high up in the user survey. This does not mean that it should be stopped but rather on the contrary. Support has to be constant and users should be trained more when possible. New features can be added to the system and these have to be trained. Now lot of the administrator job is done in Espoo group office by couple of system administrators. This should change so that the every day user support would come from the key users from each GA. This would improve the user support and help to keep the system more systematic and up-to-date.

At the theory part of this thesis there was paragraph about customer satisfaction, value and loyalty. With the new CRM system Elcoteq can more easily measure its customers' value, satisfaction and loyalty. It is said that the duration of the relationship and repeat purchases, are indicators of loyalty. Elcoteq should definitely think meters on how it can measure its customer. Interval and amount of sales cases could be measured for example. The longer there are sales cases going, the longer and stronger relationship could be created.

Since this study only concerns Elcoteq, it would be very useful to do a benchmark with other companies that have implemented the same CRM system. It would be valuable to evaluate the differences of the various implementations and find tips for further development. It would also be interesting to see what the main problems have been with other implementations and what they have made differently from Elcoteq.

Evaluating what Elcoteq is doing better after the implementation of the CRM system has been done only partly in this thesis. For example evaluating the impact of the new system on sales performance can not be done so quickly after the implementation, but it could be reasonable to do in the future. Have revenues increased or win rates improved after the implementation are some of the subjects that could be evaluated as well.

Representatives of the users were not part of the implementation project team, despite during the pilot project. This was one error that Elcoteq made that they did not have any

user representatives in the implementation project group. This would have helped to fill in the needs of the users better. When improving the system in future it is important to find out the needs of the users and bring more features to the system according to their needs.



## 9 Summary

Companies focus has changed from production orientation thinking to customer orientation thinking. The main focus is on fulfilling the customer wants and needs completely. Fulfilling customer's wants has proven to be a challenging task and there is an urgent need for a customer relationship management strategy and system in many companies.

Elcoteq has several account teams serving different customers and these teams have their own way of doing business. The information is incoherent between the account teams and therefore it is hard to follow customers and projects in a global scale and on accurate level. Marketing people have difficulties in reaching right people because the information about the customers is not up to date. Sufficiently suitable reports are hard to compile from the incoherent source of information and it is difficult to compare the situation between various geographical areas. These problems are attempted to sort out in Elcoteq with the help of implementing a new customer relationship management system.

The purpose of this research was to examine the implementation of the customer relationship management system and to recognise the main causes of CRM system implementation failure and the things that have to be done in order the implementation will be a success. Evaluation of the results and matters to be performed in the future were also objectives of the research. The thesis aims to give an understanding of the history of customer relationship management and factors affecting the implementation of a CRM system. Contract manufacturing business environment and the service marketing in business-to-business environment are also explained so that the reader understands better in which kind of environment the implementation is taking place.

The research problem is tried to solve by studying the theory about the subject and by conducting a user survey. Theory and the survey have provided relevant material in order to develop an answer to the question that how the implementation has went.

Successful CRM system implementation consists of processes, technology and people. Elcoteq did good job by evaluating and correcting business process before focusing on technology. The technology was chosen so that it would fulfil the requirements for a good CRM system and the Elcoteq specific requirements. The first implementation version was small which helped the training and introduction of the system.

People who use the system on daily base are the ones who contribute whether the system implementation will be a success or a failure. The survey revealed overall quite good results. Positive results from the survey were that people have started using the system and they find it user-friendly and the improvements to the old system have been clear. Training and support of the system were seen very positive. Answers to the survey show that users of the system have approved the new system with only little resistance. Challenging things found from the survey were the slowing effect of the system to the computer, inadequate reports and not saving business contacts to the system. These are the major obstacles of the implementation that have to be sorted out immediately.

The purpose of the implementation was to improve sales person work. The survey shows that users have got many benefits out of the system and the benefits go in line with the Elcoteq's goals. This proves that the new sales platform has already created value to the company. The implementation of the sales platform and CRM has been successful. Main reasons for successful implementation are the timing of the project, the real need for a tool to help sales person work, planning and execution of the implementation. Elcoteq's CRM system has created structure in an unstructured environment and it maintains Elcoteq's history, creates visibility, allows better decision making and helps to manage good relationship with the customers.

## References

---

- <sup>1</sup> Elcoteq SE, Annual Report 2005, Erweko Painotuote Oy, Helsinki, 2006, 88 pages
- <sup>2</sup> Elcoteq SE, Elcoteq Group Intranet, [Intranet], March 2006 [retrieved 15.3.2006]. Elcoteq confidential for internal use only.
- <sup>3</sup> Elcoteq SE, Elcoteq SE homepages, [web page], March 2006 [retrieved 13.3.2006]. Available at: [www.elcoteq.com](http://www.elcoteq.com)
- <sup>4</sup> Mikko Torikka, Sopimussuunnittelun merkitys kasvaa vauhdilla –Elcoteq parantelee asemiaan ems-kilpailussa, Article in Tekniikka&Talous, 6.4.2006
- <sup>5</sup> Philip Kotler, Hayes Thomas J., Bloom Paul, Marketing Professional Services –Forward Thinking Strategies for Boosting Your Business, Your Image and Your Profits, Prentice Hall Press, New Jersey, 2002, 288 pages
- <sup>6</sup> Malcom McDonald and Beth Rogers, Key Account Management –Learning from supplier and customer perspectives, Butterworth Heineman, Oxford, 1998, 194 pages
- <sup>7</sup> Christian Grönroos, Palveluiden johtaminen ja markkinointi, Service Management and Marketing. A Customer Relationship Management Approach, WS Bookwell Oy, Porvoo, 2001, 565 pages
- <sup>8</sup> Philip Kotler, Gary Armstrong, Principles of Marketing –Eleventh Edition, Pearson Prentice Hall, United States of America, 2006, 652 pages
- <sup>9</sup> Adrian Payne, Handbook of CRM –Achieving Excellence in Customer Management, Butterworth-Heinemann, Great Britain, 2006, 438 pages
- <sup>10</sup> James G. Barnes, Secrets of Customer Relationship Management –it’s all about how you make them feel, McGraw-Hill, United States of America, 2001, 316 pages
- <sup>11</sup> Henrik Räsänen, Developing Intimate Relationships: The Effect of Knowledge-Intensity on Management of Customer Relationship Portfolios in Profitable High Technology Firms, Tampere University of Technology’s publication 245, Tampere, 1999, 345 pages
- <sup>12</sup> Seija Bergström, Arja Leppänen, Yrityksen Asiakasmarkkinointi 4-5 edition, Edita Ab, Helsinki, 2000, 463 pages




- 
- <sup>13</sup> Federico Rajola, Customer Relationship Management –organizational and technological perspectives, Springer-Verlag Berlin, Heidelberg, 2003, 172 pages
- <sup>14</sup> Philip Kotler, Kotler on Marketing –How to create, win, and dominate markets, The free press, New York, 199, 257 pages
- <sup>15</sup> Erica Selin, Jarmo Selin, Kaikki on kiinni asiakkaasta –avaimia asiakasrajapintojen hallintaan, RT-Print Oy, Pieksämäki, 2005, 200 pages
- <sup>16</sup> Philip Kotler, Kevin Lane Keller, Marketing Management –Twelfth Edition, Pearson Prentice Hall, United States of America, 2006, 729 pages
- <sup>17</sup> Harold Katz, How to Embrace CRM and Make it Succeed in an Organization, [web article]. 2002 [Retrieved 15.3.2006] Available at: <http://crm.ittoolbox.com/pub/MV022503.pdf>
- <sup>18</sup> Mikko Mäntyneva, Competence Development for Enhancing Customer Satisfaction, Tampere University of Tehcnology's publication 472, Tampere, 2004, 211 pages
- <sup>19</sup> Valarie Zeithaml, Mary Jo Bitner, Services Marketing: Integrating Customer Focus Across The Firm -Third Edition, McGraw-Hill, New York, 2003, 736 pages
- <sup>20</sup> Kaj Storbacka, Jarmo R. Lehtinen, Asiakkuuden ehdoilla vai asiakkaiden armoilla 5 painos, WS Bookwell Oy, Juva, 2002, 157 pages
- <sup>21</sup> Kaj Storbacka, Ralf Blomqvist, Johan Dahl, Tomas Haeger, Asiakkuuden arvonn lähteillä, WS Bookwell Oy, Juva, 2003, 160 pages
- <sup>22</sup> Kaj Storbacka, Asiakkuuksien johtaminen –Myyjä muuttuu konsultiksi, Article in Talouselämä, Helsinki, 17.3.2006, 74 pages
- <sup>23</sup> Victor B. Cariri, CRM Secrets of TCO and ROI, [web article]. 2005, [retrieved 15.3.2006]. Available at: <http://www.bellrockolutions.com/BRSsecretsCRM.pdf>
- <sup>24</sup> Jim Dickie, What Does CRM Really Do to Help Salespeople? [web magazine]. May 2006 [Retrieved 8.5.2006]. Available at: <http://www.nxtbook.com/nxtbooks/crmmedia/crm0506/>
- <sup>25</sup> Brendan B. Read, Exploring CRM Technology, [web magazine]. January 10 1999, [retrieved 13.3.2006]. Available at: <http://www.callcentermagazine.com/article/CCM20000630S0001>
- <sup>26</sup> BR Darrel K. Rigby, Frederick F. Reichheld, and Phil Schefter, "Avoid the Four Perils of CRM", Harvard Business Review, February 2002, pages 101-109

- 
- <sup>27</sup> Natalie Petouhoff, The Scientific Reason for CRM Failure 2, [web magazine]. April 2006 [Retrieved 10.4.2006]. Available at: <http://www.nxtbook.com/nxtbooks/crmmedia/crm0406/>
- <sup>28</sup> Natalie Petouhoff, The Scientific Reason for CRM Failure 1, [web magazine]. March 2006 [Retrieved 13.3.2006]. Available at: <http://www.nxtbook.com/nxtbooks/crmmedia/crm0306/>
- <sup>29</sup> Gush, CRM Transformation and Innovation to take Organisations into 21<sup>st</sup> Century, [web magazine]. 2005 [retrieved 15.3.2006]. Available at: <http://www.tecwhitepapers.com/Documents/DocInfo.asp?DocID=3830552688>
- <sup>30</sup> Pivotal Corporation, CRM: The Essential Guide –The Five Principles for CRM Success [web article]. 2005 [retrieved 13.3.2006]. Available at: <http://www.pivotal.com/>
- <sup>31</sup> Coreen Bailor, Colin Beasty, 100 Proven CRM ideas, [web magazine]. June 2005 [retrieved 13.3.2006]. Available at: <http://www.destinationcrm.com/articles/default.asp?ArticleID=5099>
- <sup>32</sup> Bill Donlan, Anatomy of a Successful CRM Implementation, [web magazine]. September 01 2005 [retrieved 13.3.2006]. Available at: <http://www.destinationcrm.com/articles/default.asp?ArticleID=5381>
- <sup>33</sup> Kaj Storbacka, Petteri Sivula, Kari Kaario, Create Value With Strategic Account, Multiprint, Helsinki, 1999, 175 pages

## APPENDIX 1

Sales Platform Support -Portal

### Elcoteq Sales Platform User Survey -Europe & APAC: New Item

 [Save and Close](#) | [Go Back to Survey](#)

How often do you use CRM?

- ☐ Daily
- ☐ 2-3 times a week
- ☐ Once a week
- ☐ Once a month
- ☐ What is CRM

If you have not used CRM, what has been the main reasons for that?

A A | B I U |    |    |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | 



Have you used CRM offline?

- ☐ Yes
- ☐ No

How would you rate the training and support of the sales platform(1=Poor, 8=Excellent)?

|    |                       |                       |                       |                       |                       |                       |                       |                       |
|----|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|    | Poor                  |                       |                       | Average               |                       |                       |                       | Excellent             |
|    | 1                     | 2                     | 3                     | 4                     | 5                     | 6                     | 7                     | 8                     |
| -> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Improvement ideas to the training & support?

A A | B I U | | | | | | | | A ↶ ↷ ↸ ↹

How would you rate the benefits from the new sales platform(1=None, 8=Excellent)?

|    |                       |                       |                       |                       |                       |                       |                       |                       |
|----|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|    | None                  |                       |                       | Average               |                       |                       |                       | Excellent             |
|    | 1                     | 2                     | 3                     | 4                     | 5                     | 6                     | 7                     | 8                     |
| -> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Which of the statements below related to the new sales platform apply to you?

- ☐ Now everything seems to be in a good order (no more lost contacts and filling in excel sheets etc.)
- ☐ Communication with the team has improved a lot (searching information and sharing it is now much easier etc.)
- ☐ Communication with the management has become easier
- ☐ The new sales process gives me a systematic way of working
- ☐ Thanks to the new sales platform I have saved time to do more important things
- ☐ I am confused and need more training
- ☐ Everything was just fine before
- ☐ I prefer doing everything my own way

What are the main benefits of the system?

A A | B I U | | | | | | | | A ↶ ↷ ↸ ↹

What are the main faults of the system?

A A | B I U | | | | | | | | A ↶ ↷ ↸ ↹

ADDITIONAL COMMENTS !

- What should be improved?
- Is there something missing from CRM?
- Do you need more training?
- How is the offline function working?
- How is the outlook integration working?
- What is good and what is not?

A A | B I U | | | | | | | | A ↶ ↷ ↸ ↹

## APPENDIX 2

### ESPOO SALES PLATFORM TRAINING

Thursday 16 March 2006, 9:00 – 17:00 Espoo, Meeting room 233

#### Preparations for the training session:

- Check that you have background information for all your current sales cases and contacts
- Check that your laptop has Office 2003 and CRM Outlook client installed – if not contact your local IM support to install it

#### Agenda for user training of sales platform

| Time         | Content   | Responsible      |
|--------------|---|------------------|
|              | Opening: the purpose of new sales platform<br>- Way of working with the platform  | Account director |
|              | What is the sales platform?<br>- Modules<br>- Schedule<br>- Benefits<br>- Support   | Jan Lindholm     |
|              | Sales process in Elcoteq<br>- Sales funnel structure<br>- Key deliverables in each phase<br>- Passing sales gates   | Jan Lindholm     |
|              | CRM in supporting the sales process<br>- Differences to CISSY and Excel funnel<br>- Relational model of CRM <ul style="list-style-type: none"><li>o Account</li><li>o Contact</li><li>o Sales case</li><li>o Activities</li><li>o Reports</li><li>o Marketing lists</li></ul><br>- Sales process inside CRM<br>- How to work offline? | Ikla Puustinen   |
| Around noon  | Lunch break   |                  |
|              | Hands-on training with own sales cases<br>- Checking of own accounts and contacts<br>- Creation of current sales cases to the system<br>- Assigning activities to sales cases   | Ikla Puustinen   |
|              | Sales portals and customer portal<br>- Finding relevant information<br>- Storing customer documents   | Ikla Puustinen   |
|              | Break   |                  |
|              | Hands-on training with sales portals<br>- Finding relevant information<br>- Saving sales documents to portal<br>- Using funnel reporting views<br>- Questions on using Sales platform?  | Ikla Puustinen   |
|              | Group discussion: How to launch sales platform with extended account teams?   | Account director |
| Before 17:00 | Summary and closing<br>- How to continue & support options  | Jan & AD         |