



CUSTOMER RELATIONSHIP MANAGEMENT (CRM) FOR DEVELOPING COMPETITIVE EDGE - A CASE STUDY FOCUSED ON FIRMS COVERED BY INDIAN HEAVY INDUSTRY

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Abstract

This is a comprehensive case study has attempted not only to identify CRM elements but also to find out role of these elements in the growth of firms in Indian Heavy Industry (IHI). The authors have also examined the contribution of these elements in helping firms to develop competitive edge to enhance their market share. The case study identified four basic CRM Elements namely customers, people, processes, and technology.

Key Words: *Customer Relationship Management, CRM Technology, Vendors, Integrated Growth.*

INTRODUCTION

CRM helps firm to create superior customer value. In simple terms, customer value is the sum total of all the positive effects that in a firm has on the customer's business or in the case of ultimate users, their personal satisfaction. A firm requires sound CRM framework for increasing customer value and to develop competitive edge. This case study focuses on role of CRM and its elements for helping firms not only to develop the competitive edge but also for growth and developing greater market share. The scope of the study is limited to the selected twelve firms identified from Indian Heavy Industry.

STATEMENT OF PROBLEM

This case study focuses on the role played by CRM in helping organizations for creating a unique competitive advantage to fight with cut-throat competition in market place. The aim of the study is to find out the role and influence of CRM elements in the growth of the organizations. It is an attempt to find answers to the questions like which are the CRM elements that influence growth of the firms? Which are the inherent firm specific factors that enable them to survive and grow further? What role technology and process play in ensuring greater customer satisfaction and lead to customer retention.

OBJECTIVES

The objectives of the case study are

1. To study Evolution, Growth & Development of CRM in Indian Heavy Industry.
2. To make an appraisal of the CRM-Process that has contributed in the integrated growth of the Organization.
3. To critically examine contribution of Relationship Elements in giving Competitive Edge to the organization with special focus to employees.
4. To examine CRM Practices in Indian Heavy Industry vis-a-vis global business environment.

SCOPE

The case study is limited to a few selected firms in Indian Heavy industry Sector (IHIS) to examine how CRM strategy is followed for achieving corporate success. The study is trying to find role of CRM in enabling organizations to create a unique competitive edge, important CRM elements in the context of the growth, the company specific factors that help organizations to survive and grow further.

LITERATURE REVIEW

The review of literature enables in crystallizing thinking and orientation towards concepts related to CRM and its important elements that influence business buying processes. For the present study, the literature review was divided in to the following six parts:



1. Role of CRM in general
2. CRM Practices
3. Elements of CRM
4. CRM – Processes
5. 5) CRM and
6. Employees.

RESEARCH GAPS

Most of the existing literature is concentrated on CRM in a general. Many authors have done work and examined it from various perspectives of B 2 B marketing. Further, the direct literature explaining impact of important elements of CRM on performance is very few and far between. Also, research papers pertaining to Indian heavy industry are inadequate. Hence the researcher felt the need to fill the research gap by undertaking a comprehensive study.

RESEARCH DESIGN

The study has used both primary and secondary source of information extensively. The secondary information sources consist of various business journals, magazines, newspapers and firms' web sites. The primary information was collected from respondents by administering a structured questionnaire in the selected firms.

Sample Design

For the purpose of the study, a sample size of 12 organizations comprising of 10 respondents each was taken. The technique for sample selection was selective and the respondents selected were based on convenience.

Instrument for Data Collection

A structured and mainly close ended questionnaire was designed and customized according to the requirement of the research objectives. It was administered to all selected respondents in the sample companies.

Data analysis Techniques

SPSS was used for the analysis of the primary data. The techniques used were ranging from simple percentage analysis, cross tabulation, Pearson's, Kendall's and Spearman's correlation, linear regression and ably supported with a bar charts where ever required.

Hypotheses

- Ho1:** CRM practices are independent of the company.
- Ha1:** CRM practices are associated positively with the company.
- Ho2:** Technology implemented for CRM practices is independent of the sample company.
- Ha2:** Technology implemented for CRM practices are closely associated with the sample company.
- Ho3:** Customer interactions and interface for CRM practices are independent of the sample company.
- Ha3:** Customer interactions and interface for CRM practices are associated with the sample company.
- Ho4:** Processes followed for CRM practices are independent of the company
- Ha4:** Processes followed for CRM practices are positively associated with the company
- Ho5:** There is no significant association between growth of the Navratna PSUs and its CRM practices.
- Ha5:** There is a significant association between growth of the Navratna PSUs and its CRM Practices.
- Ho6:** There is no significant association between growth of the private organizations and its CRM practices.
- Ha6:** There is a significant association between growth of the private organizations and its CRM practices.



Calculations for normalized score

Element	Number of questions	Total points	Normalization	Final scaled score out of
Process	14	70	100/70	100
People	9	45	100/45	100
Technology	7	35	100/35	100
Customer	11	55	100/55	100
Overall CRM score	Average of the final scaled score of the 4 elements			

	Process	People	Customer	Technology	CRM score
BHEL	79.25	78.44	85.45	87.33	82.62
L & T	80.14	78.89	85.82	78.67	80.88
NTPC	63.86	67.11	70.55	78.67	70.05
ONGC	62.36	67.78	67.09	80.00	69.31
ABB	63.46	67.33	70.00	76.00	69.20
BOSCH	63.46	66.22	67.09	77.33	68.53
BEML	58.46	62.22	65.45	84.00	67.54
YOKOGAWA	62.64	64.44	66.18	68.00	65.32
SAIL	51.50	64.00	62.36	76.67	63.63
CCI	56.29	65.33	60.00	50.00	57.90
HMT	52.71	62.89	61.82	42.67	55.02

Various CRM scores calculated using questionnaire results

LIMITATIONS

The case study is mainly concentrated on the 12 firms chosen from public sectors enjoying navratna & non navratna status and private sector organizations situated in Bangalore and other cities. The views expressed and inputs offered may vary from firm to firm and status enjoyed by them, and therefore the results may not hold good universally. Since in decision making process, situations play a significant role, the good / bad experience a respondent has encountered in a specific situation might have influenced his or her response given.

FINDINGS

The major findings of the research are as given below:

1. Varied degree of emphasis is given to CRM practices and followed in different organizations in IHI.
2. It has been found that the firms enjoying “ Navratna ” status are following CRM practices more actively and emphasize more on elements of CRM namely People (employees as internal customers), Processes Customers, and technology Processes.
3. The organizations with navratna status are more customer centric and focus all their business activities to take care of the customer needs and requirements.
4. Generally organizations focused on the following elements of CRM.
 - a. People element consist of External customers as well as employees of the firm
 - b. Process element and
 - c. Technology element
5. During the process of analysis a high positive correlation has been found during Pearson’s, Kendall’s and Spearman’s coefficients. It clearly indicates that retained customers and CRM initiatives are positively correlated for Indian Heavy Industry.



6. It was found that CRM can be on 4 fronts namely - Process, People, Customer and Technology. Results of the multivariate regression indicated clearly that process and people elements appear to be having the maximum impact on the growth of the company when compared to the other two parameters.

SCOPE FOR FURTHER STUDY

1. THIS STUDY can be replicated for different firms to get either similar or different results.
2. The same study can be extended to related categories of other organizations.
3. There may be many underlying factors in buying decision making and it may significantly vary from firm to firm which can also be tested.
4. A specific study can be initiated with a special focus to **People element, Process element, Customer element, and Technology element** of CRM in the development and overall growth of the organizations in Indian heavy industry.
5. A comprehensive analysis can be initiated between private and public sector enterprises covered under Indian heavy industry and the results can be verified under the major elements of Customer Relationship Management (CRM).

SUGGESTIONS

1. To obtain more benefits, organizations should categorize its business activities from the perspectives of customers, employees, processes and technology. Organizations also have to focus on developing long lasting bond with customers.
2. Since people and processes are playing vital role in the business growth, organizations should develop sound relationship with people and orient their all processes to keep customer satisfied.
3. It is suggested that non navratna PSUs should bench mark both private organizations like Larsen and Toubro (L & T) and Asian Brown Bowery (ABB) and navratna Public Sector Organizations for various CRM practices that found suitable and matching their resources for adopting to improve their overall performance.
4. It is suggested that the organizations in Indian Heavy Industry have to understand the impact of CRM practices and learn how this strategic approach influence and contribute in their integrated growth.
5. Out of all CRM elements, process and people appear to be having the maximum impact on the growth of the company when compared to the other parameters. Hence it is suggested that firms should formulate their business strategies and approaches keeping in the view processes and people.

POLICY IMPLICATIONS

1. Corporate approach with respect to total customer satisfaction plays a very vital role in the overall growth of the firm. Senior management members have to focus on “**Customer Element**” to understand what really their customers want. CRM may be considered as a fundamental management philosophy for acquiring customers by understanding their technical applications and end use of the product or service offering and fulfill them beyond their expectations. Therefore it becomes imperative for the management to revisit their business strategies to address these issues and reorient it so that customer comes in the center of their strategic focus.
2. In order to assure world class quality to compete in global market, firms in the IHI have to improve quality of products. One of the strategies can be to procure supplies of critical raw material / key inputs from the qualified vendors. IHI also should provide level playing field to the domestic industry and improve labor productivity. IHI have to review impediments to optimal working capital management.
3. The “**Process Element**” of CRM is the second most vital element. The various processes followed by the firms only ensure the customer as well as employee satisfaction. The management has to review its policies and procedures to ensure employees understand and follow the CRM processes across the organization.



4. From “**Technology**” element point of view, Indian heavy industry has to upgrade the existing technology in power generation equipment industry and in transmission and distribution equipment industry. It has to enhance research & development (R&D) expenditure by domestic companies. Last but not least, IHI should upgrade testing facilities and improve power distribution systems.

CONCLUSION

There is very little work available in the area of CRM and specifically in the context of Indian Heavy Industry. In-order to understand the development of CRM practices researcher has considered the growth in the retained customer as an alibi for the same. From this study it can be concluded that according to the respondents who are related to Indian Heavy Industry (navaratna and non navratna public sector organizations, and private organizations corporate, brand consultants and ad agencies) CRM elements –people, processes, customers and technology play very crucial role in the growth of the firm. Business activities focused on these elements become certain for more customer retention and delighted internal as well as external customers. It can be concluded that in Indian Heavy Industries, process and people are the two major elements where the company needs to follow CRM practices to improve their overall performance.

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