Abstract: - Customer Relationship Management (CRM) systems are very common in large companies. However, CRM systems are not very common in Small and Medium Enterprises (SMEs). Most SMEs do not implement CRM systems due to several reasons, such as lack of knowledge about CRM or lack of resources or expertise to implement CRM system. SMEs have to start implementing Information Systems (IS) technology into their business operations in order to improve business values and gain more competitive advantage over rivals. CRM system has the potential to help improve the business value and competitive capabilities of SMEs. Most SMEs do not realize the potential and benefits that CRM system can bring, and there are so many options available now for them to implement CRM system. In this paper, the reasons why SMEs do not implement CRM system, the benefits of CRM system to SMEs and the methods to implement CRM system in SMEs will be studied and examined using related works. The contributions are to create more awareness among SMEs about the benefits of implementing CRM system and to give more insight of successful implementation of CRM system in SMEs.

Key-Words: - Customer Relationship Management (CRM) system; Small and Medium Enterprises (SME); CRM benefits; CRM implementation; CRM definition; CRM Options

1 Introduction
Galimi [1] states that CRM is a business strategy focused on customers to increase customer satisfaction and customer loyalty by providing a more responsive and customized service to each customer. CRM is a broad innovation because CRM system initiatives and efforts normally involve the implementation of customer-focused business strategy, a re-design of business function processes and also a re-engineering of work processes. According to Secretariat of Malaysia National SME Development Council [2], an enterprise is classified as a SME in Malaysia if it meets the specified number of employees or annual sales turnover definition. SMEs in Malaysia are divided into four different sectors that are primary agriculture, manufacturing (including agro-based), manufacturing-related services, and services (including Information and Communications Technology); and the definitions of the specified number of employees and annual sales turnover vary for each and every one of them.

CRM is believed to have the potential to improve the performance and value of SMEs, but not many SMEs adopt CRM system due to various reasons such as lack of knowledge about CRM, lack of resources to acquire the CRM system, lack of skills and expertise to implement it and so on. Therefore, the objective of this research paper is to study the reasons why SMEs do not implement CRM system, the benefits CRM system can bring to SMEs and the various methods CRM system can be implemented in SMEs. This paper will study and review existing related works about the above-mentioned aspects especially implementing CRM system in SMEs so that the CRM system implementation success rate among SMEs can increase.

2 Related Work
Existing work has shown the reasons SMEs do not implement CRM system, the benefits and the ways of implementing CRM system in SMEs. Ramaseshan and Chia [3] discovered that top management support
emerged as the most important factor influencing adoption of CRM in SMEs followed by other factors such as competitive pressure, government support, cost effectiveness and IT knowledge. In general, Winer [4] states that CRM systems improve customer lifetime value, which is the value of the customers to the company until one of them pulls out of the relationship. It is common to know that maintaining an existing customer saves more cost than trying to gain a new customer.

Meanwhile, Tanoury and Pease [5], Adebanjo [6] and Earley [7] mentioned the factors that caused the failure of the implementation of electronic customer relationship management (e-CRM) system. The first stated that most companies bought e-CRM system from vendors without having the resources and expertise necessary to understand how it would affect their organization, the second mentioned about the dynamism of the e-CRM vendors that makes the selection of an appropriate application a difficult task, while the third stated that most e-CRM systems are implemented hastily and without proper planning.

3 SMEs CRM System Implementation Issues

CRM is a useful tool for SMEs to manage and nurture customer relationship which help organization to maximize their business potential but there are still many SMEs tend to shy away from CRM. Customers’ demands are important and need to be fulfilled but customer relationships are more important in retaining existing customers [8]. Many SMEs not willing to adopt CRM system in their organization due to various reasons and this could be a big loss towards these organizations. CRM not only will help an organization to retain existing customers but also will help the organization to expand their customer base and become more competitive in this challenging economy.

Many SMEs tend to shy away from CRM, which will restrict the organizations’ business growth and reduce the profits earned. There are few reasons SMEs shy away from CRM. Ramaseshan and Chia [3] stated that many small businesses do not adopt CRM in their organizations due to the cost of hardware and software. Normally, before implementing a new technology, the organizations will evaluate the benefits they will gain and make sure it commensurate with the cost spends in implementing the system. This factor must take into consideration when adopting CRM because huge investment is needed in maintaining customer database. Some organizations face failure in implementing CRM system and results in CRM to collapse. A report of Gartner group stated that about 55% of all CRM projects fail and these failures 20% affect long-standing relationships [9]. This is because they have less understanding about CRM technologies and do not know how a particular CRM approach should be cost-effectively implemented [10].

Reynold et al. [11] mentioned that for small businesses, mostly the owners and employees have limited technical knowledge or expertise and resources when it comes to implementing new technology in the organization. Lack of knowledge of Information Technology (IT) would led many organization tend to postpone the implementation of the new innovation and may even influence the mindset of the owners that IT would not have any use to their organization. Insufficient resources will also cause CRM to fail midway as the cost for maintaining CRM system is reduced. These factors can be avoided by employing experts in this field and provide sufficient resources for a successful CRM system.

Cragg and King [12] pointed out that perceived relative advantage of IT is the factor for IT implementation in SMEs. This is because by implementing new innovation, it will help to reduce the turnaround time, provide better customer service, reduced unnecessary costs, etc which benefits the organizations. Many organizations are encouraged to find out more about new technologies, as it will help to maximize business potential. Organizations can conduct researches to find out more about new innovation and try it out to find out whether it suits the organization and able to help the organization in business growth.

Grover and Goslar [13]; Ang and Pavri [14]; Rogers [15]; and Ramaseshan [16] stressed that top management support is the most important factor in creating a supportive condition and providing adequate resources for implementation of a new innovation. With the support of the higher management, CRM can be successfully implemented because funds used to maintain customer database, software and hardware are sufficient and employees will be given sufficient training to comprehend and deal with the complex system.

In this challenging economy, the adoption of new innovation is essential as competition and tough rival increases [17]. By adopting CRM in an organization, it will help to create competitive advantage as businesses operation changes and able to outperform
rival and get new businesses [3]. Marinescu et al. [10] pointed out that many board-level managers not dare to take the risk in adopting CRM in their organization because they do not know how and where to get started with this system and technology option also become one of the factor that the firms must consider when adopting new innovation. Board-level managers should be clear of the form of CRM that suit their business so that the percentage of failure in implementing CRM system can be minimize.

Ramaseshan and Chia [3] found out that top management support emerged as the most important factor influencing adoption of CRM in SMEs followed by relative advantages. Other factors such as competitive pressure, government support, cost effectiveness and IT knowledge were found to be minor factors influencing adoption of CRM. All these factors must take into consideration when adopting CRM system in organization because every single factor will affect the implementation of CRM and cause major loss towards organization.

4 Implementation Benefits
In this competitive market, customer is the most important property in an organization. It is not surprising that CRM is increasingly used by the organizations to support different type of their customer. SMEs can try to adopt the CRM programs to satisfy the customer’s requirements in order to build up a long-term relationship. It is belief that the CRM implementation can optimize organization’s profitability and revenue by satisfy the customer’s need and wants. Therefore, the customer’s satisfaction is the main objective for SMEs to grow and extend their business in the future.

An organization should understand about their customer’s requirement before can start to build a relationship with the customers. Any organization should understand how well it really knows its customer, which data are available to be used in the organization management, how different parts of organization consider their customers, and which possibilities are important for organization especially SMEs to extend their business. According to Chen and Popovich [18] and Zablah et al. [19], CRM implementation allows customers’ information sharing throughout the organization. It provides the ability for the organization to define different customer groups that will be served in different ways. For example, the top tier customers enable to receive individualized and personalized services from contact personnel while the later tiers customers are encouraged to interact with the enterprise through self-service channel. By having the customer’s information, CRM implementation allows the organization to focus its time and resources on its most profitable customers. It is supported by the study of Adebanjo [20] that CRM implementation can improve the transaction process by expediting the collection and use of the information from customers.

In order to success in the competitive market, scholars have long suggested that a customer-centred is a powerful strategy for organization like SMEs to hit their business target. According to Ryals and Payne [21], Kumar and Ramani [22], and Boulding et al. [23], an organization either a big company or SMEs need to in constant touch with their customers in order to build up a long-term relationship. In this case, SMEs adopts the CRM program realizes that customer relationships are the important assets that need to be protected in order to increase future business. Additional work was done by Colman [24] to determine a successful CRM program should include the combination of technical, human and business capabilities. This complete CRM implementation can drive a portfolio of the CRM processes that include all the aspects in the transaction such as cross-selling, up-selling, marketing and fulfilment, customer service and support, field service operations and retention management. Thus, the CRM implementation is necessary to integrate customer content, customer contact information, and end-to-end business processes throughout the organization.

Once when the organization acquires the customers and is able to have them lastingly forever. This implies that the customer will become more loyal and making good use of the services of the organization. According to Harej and Horvat[25] and Darajeh and Tahajod[26], customer’s satisfaction became one of the most important principles for the organization management to improved customer loyalty leading to repeat business in the future. An organization can adopt CRM implementation to predict future customers’ behavior that will be measured and analyzed under a broad range of circumstances in order to understand those customer patterns and preferences. So, the CRM implementation can be used to plan, schedule and control the presales and post-sales activities in SMEs.
5 CRM Implementation Options

There are already a lot of CRM system implementations everywhere, especially in large companies. SMEs now have the luxury of choosing the best and most appropriate CRM system for themselves, since there are now so many options available for them to do so. SMEs with a proper Information Technology (IT) team can try to develop their own CRM system from scratch themselves to better suit their business needs, provided the skills and expertise to do so are available. Open source CRM systems are also easily available now, and SMEs just have to get one suitable for them, study and implement it in their business operations. Besides, there are a lot of CRM vendors providing a wide range of CRM system applications for different kinds of uses. The problem lies in how should an SME choose the right CRM system to implement, which we will address in the later sections.

There are a lot of existing works discussing on the methods of implementing CRM system in SMEs. Parvatiyar and Sheth [27] stated that a front-line information system sharing related customers’ information across the whole organization is essential for a good CRM implementation, therefore the use of relational databases, data mining and data warehousing tools are important for CRM systems; and involvement of all relevant users such as the marketing, sales and finance department in the implementation efforts are important as well. They proposed a CRM framework that builds on other types of relationship development process models. It first identifies the purpose of the CRM system; then selects the people related to the appropriate CRM programs, including customers and finally develops and implements the CRM program. Defining the purpose of the CRM system helps to identify the CRM functions to be performed and also makes the task of identifying and selecting the people related to the CRM program easier. Next, SMEs can start to identify the departments that will be involved in the CRM programs and also which customers they would like to focus their CRM effort on. Finally after everything is decided, then the CRM program can start to be developed. However, the framework seems to be a tad too general and lack of some details such as the skills and resources consideration.

Kim [28] addressed the issue by proposing a process model for a successful Information Systems (IS) development (which can also be applied to CRM systems). The proposed CRM system development framework can be divided into five parts, namely organizational commitment to the CRM project, project management techniques, strategy and process factors, technology available to use and consequences of implementation. The proposed frameworks might not suit all SMEs, as some of them are really small and might not have the technical expertise or resources to do so. The good news is that it is not always necessary to develop a CRM system, given the many options available now.

Alt & Puschmann [29] and Adebanjo [20] stated that there is no definite way to implement a CRM system. Every CRM system is different and the success of the CRM system depends on the need of the company and how the company implements it. The former revealed results of the cross-industry benchmarking project conducted that 120 companies has participated in and came up with some critical success factors for CRM projects; some of them are selecting the right way to implement CRM system according to CRM focus; for example purchasing from a vendor or develop an in-house CRM system, starting with operational CRM and improve later with analytical and collaborative CRM, top management’s involvement, project progress are ‘in-time’ and ‘in-budget’, involvement of all relevant users in early stages to communicate on CRM goals and make sure CRM is used on management level as well. The latter did a comparative study of three case studies of different approaches to e-CRM implementation by three SMEs and the result showed that although all three SMEs adopt CRM in different ways; the first bought a basic and inexpensive off-the-shelf CRM application, the second developed a CRM system themselves while the third purchased a CRM application and personalized it according to their own needs; all of them gained benefits from the CRM system and it can be considered as a success, to different extents. However, all three of their systems have their own constraints; the ability to maintain, modify or integrate with other systems is some of the problems that could occur.

6 Results And Discussion

Although CRM system is a good tool in enhancing customer relationship, there are still many SMEs tend to shy away from implementing CRM due to the reasons mentioned. This is a big loss for those SMEs because CRM system can help an organization enhance its customers’ relationship and this will increase company’s profits and become more competitive. Top management support and cost of software and hardware considered as important reasons influencing implementation of CRM because
only with supportive condition and adequate funds can maintain CRM system and make use of CRM system effectively. Other factors such as limited technical knowledge or expertise and resources, perceived relative advantage of IT, competitive pressure and unclear about CRM system also cause SMEs not adopting CRM in their organization. All these factors need to be taken into consideration when adopting CRM system because by adopting new technology would affect the organization’s process structure and organization will sustain major loss if anything happens. Owners and the employees of the organization have to be careful of the CRM system adoption so that they can implement it in useful and effective way.

SMEs should try to adopt CRM systems because CRM systems have a lot of benefits. CRM implementation that focused on customers’ satisfaction can maximize SMEs’ profitability and revenue. The customers’ requirements are an important issue to be concerned as well as to satisfy the customer’s needs and wants. Customers’ satisfaction can be achieved when the customer’s requirements are clear to be defined. Thus, SMEs need to update the customers’ requirements from time to time in order to build up a long-term relationship with them. Besides that, customers’ information provides the ability for SMEs to identify their customer group that can be served in different method. It can shorten the transaction process and save the customers’ valuable time. Thus, the CRM implementation should concern about the security and privacy issues of their customer’s information while sharing the customer’s information throughout the organization. To maximize the organization’s profitability and revenue, SMEs should determine how much time and effort should be invested in the CRM implementation. Therefore, it cannot be denied that CRM has plenty of benefits. However, SMEs has to plan and analyze the benefits of the CRM implementation to ensure that the benefits always outweigh the cost of CRM implementation.

Now that the potential benefits of CRM system are known, the problem lies in how to implement a successful CRM system. We concluded that successful CRM implementations depend on several main factors and we will propose a framework on how to implement a successful CRM system. First of all, SMEs have to set and define the purpose of the CRM system, that is what it will be used for, how will it be used, who will use it, and so on. It is best to involve all related people in this stage to ensure everyone’s opinions are heard and needs are met. Next, SMEs have to identify and evaluate the possible alternatives that are suitable for them to implement. Every factor has to be taken into consideration and analyzed, including feasibility study, cost/benefit analysis and risk analysis. For example, if an SME decides to use an open source CRM system, some of the issues to look at are the ability to understand and implement it, the relevance of the CRM system’s functions with the intended purpose, and so on. After everything is analyzed, then the best alternative will be chosen and the implementation can begin. However, before the implementation begins, the process must be thought and planned carefully throughout with proper project management techniques. The implementation of a CRM system will be counted as a success if it functions well and meets its original intended purpose.

7 Conclusion
It would not be long before SMEs start to implement CRM systems, due to the obvious potential of CRM systems. Adebanjo [20] pointed out that there is a growing trend of the adoption of e-CRM. E-CRM is the implementation of customer relationship management system using technology, such as computers, Internet or mobile. The main problems preventing the adoption of CRM system in SMEs such as lack of support from top management, lack of knowledge about CRM systems and lack of technical skills and expertise to implement and maintain CRM system will be solved soon in the future. This is because top management will soon realize the potential of CRM system as they are becoming more and more popular; and the number of IT graduates is increasing day by day.

With so much to offer, CRM systems are hard to resist. Based on the study conducted, the benefits CRM system brings to SMEs are:

- Enable more systematic acquisition, collection, analysis and usage of customers’ information.
- Gain more customer satisfaction and indirectly improving the business relationship with the customers, and increasing the customer lifetime value.
- Giving personalized and customized services to a specific group of customers.
- Gain more profits in sales through better response to customers and the ability to maintain existing customers and getting new customers.
The main issue is to implement a successful CRM system. It is useless if the SME only knows about the potential of CRM systems without knowing how to implement one, or failed at implementing one. There are a lot of methods to implement a CRM system now, for example:

- Get an open source CRM system from the Internet.
- Purchase a CRM solution from a CRM vendor.
- Implement an in-house CRM application.

In conclusion, there are many ways SME can implement CRM system, and the way it will be implemented differs for each SME. The success of CRM actually differs for each company as they define their success differently and have different organization structures, customers, purposes, goals and budgets. A more detailed and tested framework to help SMEs in choosing the right CRM system and the way to implement could be proposed in the future.

References:

