

A Novel Dynamic Learning ECRM Model to Increase Levels of Bank Customer Satisfaction

Fahimeh Dadnam

Department of Management - Electronic Business University of Sistan and Baloochestan

fahimehdadnam@yahoo.com

Noor Mohammad Yaghoobi

Department of Management - Electronic Business University of Sistan and Baloochestan

yaghoobi@hamoo.usb.ac.ir

Abstract:

Because of existing risk and high unreliability in customer relationship management projects, it is necessary to reduce the risk before implementing the project by proper planning, to take advantage of it the best. So a proper investment should be done by knowing current situation of CRM, determining the distance between these two situations and the way of reaching to optimum situation. Hence, in this paper, to determine a comprehensive model which helps in this respect, the most important factors and indexes extracted from studying literature and various internal and external models, and after asking experts opinions about form of prototype and problem solving between them, these factors being polled (by Delphi method) from 20 CRM experts in Iran to make sure about preliminary extraction. After collecting this questionnaire's data and statistic analysis using SPSS, all factors and indexes were approved. Finally, priority of factors and indexes also determined using average statistics.

Keywords: Customer relationship management, Readiness assessing model, constitutional success factors

1. Introduction

Along with today's market in which consumer has being able and uses technology and he can enter a dynamic conversation – a conversation which customers have in control – and deal with manufactures, organizations have to accept that the costumer is turning to a partner in creating value. Customer relationship management is totally a process of designing an organization around its customers in a way that increases mutual value of

organization and customer in customer relationship context. From organization point of view, this value consists of improved amount of customer retaining and income increase, while more efficiency and expense control, so most of them are trying in long term to raise customer's Loyalty. Some of them try to compete by implementing principles to raise customer's loyalty in long term, some of them end their compete by implementing relationship marketing using strategic "customer relationship management" applicable programs and based on technology on their own benefit [1]. Although implementing E-CRM may have many benefits both for them and customers, but many of them spend high expenses for fast implementing before developing an effective strategy of ECRM and precise study about preparing the organization to implement ECRM, so in most cases the results will not be satisfactory. It is estimated in recent study that 70% of thesefinally faces failure and these are totally neglected complexities of CRM [3]. Hence a series of conditions, situations, challenges lead to final success or failure in implementing customer relationship management. In recent conditions that Sanat-o-Madan Bank has been privatized, competition between Sanat-O-Madan Bank of Iran, second operator (Irancell) in mobile phone, third operator and other competitors will be more meaningful in the future. Also the aim of capital owners is having more benefit and share of market. On the other hand, customers may be attracted to a Sanat-o-Madan Bank operator or leave an operator with different motivations which these factors may be dissatisfaction of quality or proper service in previous operator. It is estimated that mobile operators lose averagely about 2.2% of their customers monthly. Expense of attracting a

new customer is usually much higher than retaining current customer. Also existing subscribers are less sensitive to prices so cause to make more cash flow and benefit and their satisfaction and loyalty also cause to introduce other people to receive service from this operator [20]. So assessing readiness to implement electronic customer relationship management have special place in Sanat-o-Madan bank

2. Research history

In this paper, we provide a comprehensive model by studying researches about constitutional success factors, provided frameworks, assessing models of preparing for implementing customer relationship management in external and internal researches and other researches in realm of problem.

2.1 constitutional success factors to implement customer relationship management:

Constitutional success factors (CSF) are specialties, conditions or variables which may have considerable effect on success that compete in a special industry, if supported and managed correctly [23]. To evaluate CRM maturity, Gartner research institution has studied eight different industries to collect a model, and constitutional success factors are consist of perspective (leadership, market success, value suggestion), CRM strategy (goals, market section, effective dealing), dealing with valuable customer (realizing necessities, controlling expectations, satisfaction against competition, applying feedbacks, customer relationship), organizational participation (culture and structure, customer understanding, high-powered individuals, reward and encourager, internal relationships, partners and suppliers) process (customer life cycle, knowledge management), CRM information (data, analyze, market research), technology (applicable programs, CRM architecture), CRM indexes (value, hold, satisfaction, loyalty and customer services expenses) which in fact involve structural, cultural, human resources and leadership, knowledge management, strategy, processes, evaluate and technology standards factors [5]. Dziugas M.& V .Kirsi considered leadership factors (organizational commitments, organizational excellent management leadership, protecting organizational excellent management),

internal marketing (giving encourages to employees, training and retraining employees), knowledge management (customer related knowledge, knowledge related to market portions, competitors related knowledge), privatize, customer oriented technical interaction, conforming work process with information technology structure), system integrity (integrating duties such as marketing, sale and services to customer, conforming data integrating system, experiences comparable to offline management of customer relationship, integrating with other paths of customer relationship management), change in structure/ culture (sense of customer service, customer oriented organizational culture, customer oriented marketing strategies) which in fact refers to strategy, leadership, human resources, knowledge management, privatizing process and integrating processes, technology integration, structure and culture factors and also assumes supporting working strategies by information technology strategies one of the strategy indexes [7]. This strategic alignment is referred to proper and on time using of information and in balance with strategies, goals and business needs. Implemented researches in strategic alignment context show a positive and effective relation between competitive strategies, information technology and organizational function [1]. Kerns and Lederer mentioned commercial program alignment with informational systems programming as bilateral [2]. Lindgreen addresses strategy factors (brand strategy, customer strategy, customer dealing strategy and value creation strategy), CRM process and integrating it with other business processes, customers' knowledge management and organizational culture, organizational structure, technology, creating CRM skills in human resources and defining weights to assess these skills periodically [6]. In internal researches in this respect, Omidvaran presented knowledge management (attracting information, knowledge application), technology (data gathering tools, data analyzing tools, offline organizational interaction tools, internal interactions), senior manager, personnel (motivation and training), service individualization, systems integration in organization (integrating different parts of organization, customers data integration in organization, customer relationship channels

integration) as important factors in implementing CRM in Iran's hospitality industry [3]. In his maturity model, Khanlary has stated strategy (viewpoint, customer strategy, value creation strategy, interaction strategy), culture (customer oriented culture, change culture, participation culture, learning culture), structure (team work, flexible structure, dealing with customer standard, no hint), human resource (training, employment, rewarding, employees satisfactions), knowledge management (creating knowledge, knowledge application, sharing knowledge, revising and improving knowledge), change management (leadership, management commitment, employees participation, project control, risk management), process (customer development, problems management, targeting, welcoming, familiarity, process integrity), measurement (market share and competitive situation measurement, profit increase measurement, loyalty measurement, customer satisfaction measurement), technology (technology integration, industrial and mineral CRM, participatory CRM, analytical CRM, information management) as constitutional factors of success in managing customer relationship [4]. Proper information with quality is one of the constitutional infrastructures for CRM [21]. This information should have integration, reliance versatility and comprehensive view about customer and information management strategy is also considerable as a strategic factor [1]. Hence, information management may also be referred as a strategic index.

2.2 Provided frameworks to implement customer relationship management

Romano considers three levels for her frame work before designing; consist of goals and strategy, competitive analyze, individuals (changing individuals, knowing, training, education, participate, rewarding for employees), job rotation, technology and integrating it with existing technology, level during designing consist of participation and coordinate designing, software development requirements and data and information requirements, improving human factors and using multipurpose teams, realizing and simplification organizational processes and procedures and the next level consist of collecting feedback of users, creating credit, developing long term plans, increasing and repetitive

implementation, improving organizational problems, recreating relations, assigning a system consultant) [8]. In internal researches, Poshne has known strategy, processes, individuals, technology and indexes factors to measure activities as elements of provided framework to manage customer relationship [5] and competitors analyze as one of the strategy factor indexes. Also, it is mentioned in other researches that competitors and organization situation in related industry are effective on editing customer relationship management strategy. So by exploiting these key factors, a proper edit of strategy can be achieved to provide services in service organizations [6] [10].

2.3 Models of assessing readiness to implement customer relationship management

Daiche introduces a check list with 26 criterions in assessing readiness context which has no special category and mentions factor of leadership to commitment, support and protection of senior manager, tendency to exploit new technology, familiarizing with dimensions of senior management project. Since he has mentioned, manager of organization should understand CRM concept and benefits of its implementing. Need to application CRM in organization should be considered and for each project related to CRM in organization, there should be organization protection (manager or investor) [11]. Jotla et al, provided a model which has two aspects: 1- identifying components (may consist of total, partial, fundamental and basic, organizational, cultural, technological and or human components) and related enabling (consist of knowledge, trust and technology management) and 2- criterions to assess the function (holding, satisfaction, customer profit and getting) and also this model has regarded role of government in respect of developing situations, laws, trust and lawfulness of applying electronic business in ECRM [12]. Aker and Madambi engages to thinking dimension (strategy and senior management, structure, planning) cultural dimension (culture, interactions with beneficiaries, work dominant knowledge) and technological dimension (CRM applicable program, organization IT capabilities, knowledge management). This model has also considered understanding technology by stockholders and dynamism and their involvement and has addressed viewpoints based on employees trust

among cultural factor [13]. Fotuhi poor; has provided the most important factors influencing electronic CRM readiness inter firm markets consist of strategy (customer focus, financial and economical advantage, competitive advantages), culture (organization culture, investors acceptance), management of changing sale force (sale force leadership, multi function of sale force, training sale force), customer and customer knowledge (customer information process, country technological readiness, information technology skills and experiences), business structure (organizational structure, business procedure, continues improve) factors which are tested on five none Iranian ...and also it is mentioned in this model that investors cultural situation (understanding and accepting technology) may have an effective role in ECRM success [9]. Samimi Omleshi has provided developed model of Acrodampi in researches inside country which has added the customers to CRM beneficiaries and knows understand and involve and skill of customers and stockholders of CRM readiness measurement factors [8]. Hosseini has considered customer (loyalty, satisfaction and targeting of customer, quality of services, customer knowledge), employees (rewarding system, recruitment, satisfaction, participation, skill of employees), processes (team work, cross functional activity, procedures, decentralize, merging processes), strategy (viewpoint, customer strategy, relationship strategy, value creation strategy, managers commitment), technology (ultra structure, merging technology, information management, knowledge management), culture (customer focus, flexibility culture, coordination culture, learning culture) factors for his model [7]. Farzane considers culture (changeability culture, collaborate culture, learning culture, customer oriented culture), strategy (view point, customer strategy, value making strategy), organizational structure (team structure, horizontal relationship, manner of dealing with customer, decentralize), human resource (proper reward, employment, customers satisfaction and training), technology (technology infrastructure, technology integrity, knowledge management, information management), process (targeting on customers, familiarizing with customers, organization services and products quality, information management integrity), control and measurement (measuring

customer importance, measuring customer loyalty, measuring customer satisfaction, planning and controlling project, support, commitment and involvement of senior management) [9] factors as readiness assessing factors to implement CRM in Iranian organizations.

Ali Azari has introduced more comprehensive indexes than other researches in relation with function assessing and measuring factors which are consist of: measuring existing factors in financial realm (increase in organization sale amount, increase in organization profitability amount, decrease in marketing and selling expenses), measuring factors in marketing realm (customer satisfaction and loyalty rate, customer attraction rate, increase in customers re-buying, increase in ultra selling and short selling, increase in stock market), measuring existing factors in realm of internal indexes (measuring success in implementing and controlling project or system conformance with characteristics, improve in organization knowledge about customer, increase in profitability of sale force, accessing project targets, CRM system acceptance rate by employees and customers [10].

2.4 Organization readiness assessing criterions to implementation:

According to realm of application, in factor selection, Iranian models are used. Because this models has been localized by researchers previously. To achieve whole factors stated of six proposed model in research history, factors extracted which were repeated at least in three models. Repetition of some of factors in existing models in assessing realm is a sign of their high importance.

Since role of senior management has been bold by privatizing Sanat-o- Madan bank organization, and according to provincial Sanat-o-Mandan bank organizational structure, we considered leadership factor as an independent factor.

Table 1. Studying previous models

Row	factors	Farzane	Omlashi	Omidvaran	Khanlari	Poshne	Hosseini
1	Human resource	*		*	*	*	*
2	Process	*	*		*	*	*
3	Culture	*	*		*		*
4	Strategy	*	*		*	*	*
5	Technology	*	*	*	*	*	*
6	Structure	*	*		*		
7	Knowledge management	*	*	*	*		*
8	Control and measure	*			*	*	
9	Change management				*		
10	Senior management and leadership	*		*	*		*

Finally conceptual model achieves which is mentioned as follows.

1. Leadership factor: (familiarizing with project dimensions, support, commitment and protection of senior management, tendency of exploiting new technology, leadership).
2. Strategy factor: (value creating strategy, interaction strategy, defining view point, information management strategy, analyzing competitors, customer strategy, strategic alignment).
3. Technology factor: (technology, technology integrity, technology readiness of country and government).
4. Culture factor: adaptable culture with change, flexibility culture, cooperation and knowledge multiplexing culture, learning culture of accepting investors, trust oriented culture, understanding and accepting customers).
5. Process factor: (customer problems management, services quality, familiarizing with customer, organization processes integrity, customer development, welcoming customer,

targeting on customers).

6. Individuals' factor: (training employees, employees' satisfaction, employing high powered employees, employees' skill, employees' participation, proper rewarding system).

7. Measure and control factor: (measuring factors existing in marketing, planning and control project realm, measuring existing factors in the realm of financial, risk management, measuring existing factors in the realm of internal indexes).

8. Structure factor: (flexible structure, team structure, horizontal relationship easiness, procedure and standard of encounter with customer, decentralize).

9. Knowledge management factor: (knowledge creation, applying customer knowledge, revising and updating customer knowledge, sharing customer knowledge)

3. Proposed model

Following provides proposed model of electronic customer relationship management in banking system.

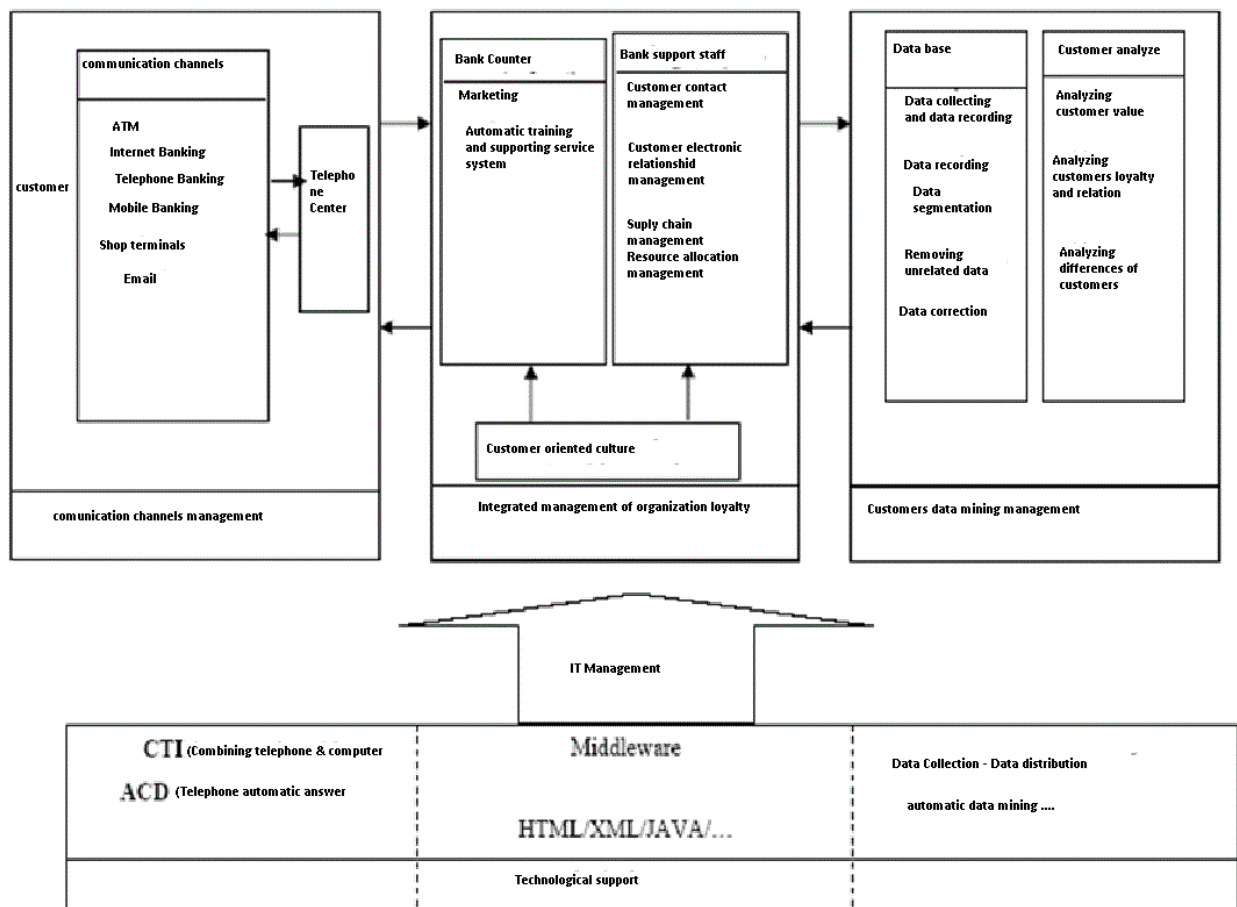


Figure 1- proposed model of electronic customer relationship management in Sanat-o-Madan bank

5. Discussion and results analyzing

Results of analyzing this research may be provided as follows:

First step for successful CRM implementation is the previous level before implementing, consist of commitment and support of senior manager and leader that addresses required changes in human resource, technology and processes by determining strategies [16]. And surely, all troubles of CRM project are somehow results of weak management or ineffective leadership [11]. An obvious and distinct strategy is recognized as necessary part of successful implementing CRM projects [17, 19]. Making viewpoint is to draw commercial situation distinguishing the targets and having explicit targets causes forming a communication system, upgrade and leading along making a strategy

should distinguish targets of editing and using resources which use to deal with customers [5]. Rest of the strategy indexes are in second priority, but score of this index had also high importance in consensus viewpoint of experts. Measuring index priority of factors in marketing realm has also obtained proportion to other measuring factor indexes. Since this index distinguishes [4,6,10] [19] on the other hand, based on Pareto law which says 20% of customers make 80% of profitability and 5% increase in expense of customer retention turns into 25% or more increase in profitability [11] and customer satisfaction, giving value to customer leads to customer loyalty and as a result, increase in profitability. Hence, retaining long term relation with customer has turned to a

necessity [10]. About indexes of process factor, it can be said that based on Swedish satisfaction index model, mechanism of investigating complaints in an organization, may cause increase in customer's loyalty of that organization by proper function [12] and based on according to Salomon and Muir, one of the strategies of creating positive loyalty in ECRM is on time investigating the complains [11]. Service quality has also effect on customers satisfaction and decrease in complains [13]. Also to develop customer, familiarizing with customer is needed first [20]. Hence these three indexes of process are in first priority. Of course, other indexes are confirmed by experts with high importance. All knowledge management indexes are in second priority. Following analyze may be used in analyzing human resources, culture, structure factors.

To change structure of economical institutions, social organizations and firms, it is inevitable to seek help of reengineering. Reengineering will be successful under strong protection of senior management and utilizing forces related to process and proper training to all practitioners, and considering cultural issues and human resources of organization is the most effective factor of successful redesigning. Building internal culture is affected by external culture of society and is changeable slowly. According to acculturation of organization and employees stimulation to basic changes, structure transition program should be done [15] [16]. In addition to improving knowledge and skills of personnel, training, increases stimulation and commitment of employees and decreases their resistance [against change] [4]. On the other hand, IT has strong role in organizations and Iran as far as it is claimed that enforcement of reengineering project is not possible without IT [14]. During research on specialties of Iranian culture for organizational transformation, it is specified that there is resistance against change in Iranian culture, in case of certain transformation at first, but in continue efficiency of team will be high, and in case of having support, participation in change will be done [19]. The best offer to reduce resistance is participating employees in process of change [16]. According to study of Mohahad Almotaiery, 2009; in 17 previous research about consensus factors of

CRM success, addressed abundance percentage of success factors in articles were as follows: 80% senior management support, 67% technology factors, 47% strategy factors, 47% culture factor, 40% human resource factor, 40% data management, 33% control factor, 27% structure factor, 27% involvement and participation percentage of customers [15]. In present research also priorities in these three factors are human resource, culture and structure respectively.

Conclusion

In this research, the most important factors obtained at first were human resource, process, culture, strategy, technology, structure, knowledge management, control and measurement and leadership, from a study to provide a model to assess readiness of implement customer relationship management in Sanat-o-Madan Bank of Iran.

References

- [1] Rafiee, Mojtaba & Amini, Akram (2006), alignment of business approaches with IT, Tadbir montyly- 18th year- No. 184, pp.49-53
- [2] Akbari, Mohsen, Alipoor pijani, Mohsen (2006), measuring alignment of IT strategy and business strategy of organization, No.41, pp.151-180
- [3] Omidvara, Marzie (2006), influencing factors on implementing customer relationship management in service industries, M.A thesis, university of Tarbiat modares.
- [4] Khanlari, Amir (2006), providing a concept model to measure maturity of customer relationship management in IT organizations, M.A thesis, university of Tehran.
- [5] Pooshne, Atie (2008), providing a framework for customer relationship management, third international conference of marketing management.
- [6] Abbas nejad, Atousa (2008), collecting strategy of customer relationship management in service

providing organizations, forth international conference of industrial engineering.

[7] Hosseini, Jaber (2007), providing a model to measure organization readiness to implement customer relationship management (case study of Tejarat Bank), M.A thesis, university of Tehran.

[8] Samimi, Omlesi (2007), revising and developing Acrodambi model to assess readiness of organizations of Iran to implement customer relationship management, M.A thesis, university of Tarbiat modarres.

[9] Farzane, Mahdi (2006), M.A thesis, university of Alame Tabtabae

[10] Azari, Ali (2007), a model to assess effectiveness of customer relationship management in Iranian agencies, 6th international management conference

[11] Elahi, Shaban, Hatamian Haghghi, Fereshte (2005), customer relationship management, Bazargani publication

[12] Rezae, Masoud (2004), customer satisfaction indexes models, first logistic and supply chain conference

[13] Ebrahim zade isfahani, Mahboobe (2005), measuring customers satisfaction in communication service organizations using service quality measurement models: SERVPERE tool, sixth international conference of quality managers

[14] Tarokh, Mohamd jafa & Aghaei, Golzar (2008), role of IT in reengineering business process of organizations andof Iran, fifth international conference of information and communication technology

[15] Abbasi Nasab, Ebrahim (2010), reengineering in organizations of Iran, accessible in public relation of Tablighate Islami head office of east Azarbayjan province site, 5th april of 2010 with thisaddress,

<http://www.ido.ir/a.aspx?a=1389011607>

[16] Ebrahimi Eskandi, Alireza (2006), challenges of implementing ERP in organizations of country, Tadbir magazine – No.178, 2006, pp.38-42

[17] Zamanali, Haji, Albadavi, Amir (2004), a model to implement customer relationship management in Iran (case mining of Homa airlines) forth international conference of Industrial engineering

[18] Ahmadi, Fazlolah, Nasriani, Khadije, Abazari, Parvane (2008), Delphi Abari technique in research, Iranian magazine of training in medicine/ spring, summer 2008, 8(1), pp.175-185

[19] Ziae, Mazaher (2004), considering specialties of Iran`s culture to successful organizational transformation, second international conference of management

[20] Soofie, Jamal (2009), managing leaving customers of Sanat-o-Madan bank using data mining, No.59, pp.63-64

[21] Bose ,R.& Sugumaran ,V.(2003). Application Of Knowledge Management Technology in Customer Relationship Management,Knowledge and Process Management,Vol.10,NO-1,pp.3-17\

[22] Iftikhar ahmad(2008),Electronic Customer Relationship Management(ECRM)-Customer , Perception of Value From ECRM Features on Airline E-Ticketing Websites , Master thesis, University of Technology

[23] Dickie,j.(2000), Why CRM Project Fail, Available at www.firstware.net

[24] Loria, K., Obeng, T.K. (2005), Customer Relationship Management Implementation: A case study of two service companies. Master`s Thesis Leidecker, J.K. and Bruno, A.V. (1987), “CSF analysis and the strategy development process”;