



Lappeenranta-Lahti University of Technology LUT

School of Business and Management

Master's Programme in Strategy, Innovation and Sustainability

**IMPLEMENTING STRATEGIC CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN THE NON-PROFIT SECTOR**

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## **ABSTRACT**

Lappeenranta-Lahti University of Technology LUT  
School of Business and Management  
Degree Programme in Strategy, Innovation and Sustainability

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### **Implementing strategic customer relationship management (CRM) in the non-profit sector**

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76 pages, 7 figures, 8 tables and 1 appendix

Examiners: Professor Kaisu Puumalainen and Postdoctoral teacher Sanna Heinänen

Keywords: CRM, implementation, strategy, non-profit sector

The aim of the master's thesis is to help non-profit organizations implement more effective strategic customer management. The study is done for a case organization and the results are based on interviews and theory literature.

The work examines the critical success factors influencing the implementation of CRM in small and medium-sized organizations. By mapping critical success factors, the target organization can ensure the successful implementation of CRM and achieve significant improvements in the delivery of member services. The implementation and use of CRM are an ongoing process that is implemented by the entire organization as well as continuously developed.

The non-profit case organization competes with its services in the same operating environment with for-profit companies. Customer relationship management must be a holistic, cross-cutting function of the organization, which generates added value not only for the organization but also for customers.

The study examined a total of 17 different critical success factors, categorized under human factors, processes, and technology. Each of the success factors studied emerged in the interviews and were perceived to be at least to some extent relevant. The setting of the organization's goals and the quality of customer information were the most relevant. In addition, for non-profit organizations, the choice of an appropriate technology that meets the requirements was found important, for which adequate funding and time should be set aside for investment.

## TIIVISTELMÄ

Lappeenrannan–Lahden teknillinen yliopisto LUT  
Kauppatieteiden koulutusohjelma  
Maisteriohjelma Strategy, Innovation and Sustainability

Aleksi Rustholkarhu

### **Strategisen asiakassuhteiden hallinnan (CRM) toteuttaminen voittoa tavoittelemattomalla sektorilla**

Pro gradu -tutkielma

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76 sivua, 7 kuviota, 8 taulukkoa ja 1 liitettä

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Pro gradu -tutkielman tavoitteena on auttaa voittoa tavoittelemattomia organisaatiota tehokkaamman strategisen asiakashallinnan toteutuksessa. Tutkimus tehdään yhden tapausorganisaation toimeksiannosta ja tulokset perustuvat haastatteluihin ja teoriakirjallisuuteen.

Työssä tutkitaan pienten ja keskisuurten organisaatioiden CRM käyttöönottoon vaikuttavia kriittisiä menestystekijöitä. Kartoittamalla kriittiset menestystekijät kohdeorganisaatio voi varmistaa CRM onnistuneen käyttöönoton ja saavuttaa sen avulla merkittäviä parannuksia jäsenpalveluiden tuottamiseen. CRM käyttöönotto ja käyttö nähdään jatkuvana prosessina, jota toteuttaa koko organisaation voimina sekä kehittää jatkuvasti.

Voittoa tavoittelematon case organisaatio kilpailee palveluillaan samassa toimintaympäristössä kuin voittoa tavoittelevat. Asiakassuhdehallinta tulee nähdä kokonaisvaltaisena organisaation läpileikkaavana toimintona, joka tuottaa lisäarvoa organisaation lisäksi myös asiakkaille.

Tutkimuksessa tutkittiin yhteensä 17 eri kriittistä menestystekijää, jotka kategorisoitiin inhimillisten tekijöiden, prosessien ja teknologian alle. Jokainen tutkituista menestystekijöistä koettiin vähintään jossain määrin merkityksellisinä, sillä ne nousivat esiin haastatteluissa. Organisaation tavoitteiden asetanta ja asiakastiedon eli datan laatu koettiin kaikkein merkityksellisimpinä. Lisäksi voittoa tavoittelemattomien organisaatioiden osalta nähtiin tärkeänä sopivan vaatimuksia vastaavan teknologian valinta, jonka investointiin tulisi varata riittävästi sekä taloudellisia että ajallisia resursseja.

## Table of Contents

1 INTRODUCTION.....	7
1.1 Literature review .....	8
1.2 Research question and objectives.....	11
1.3 Methodology .....	12
1.4 Terminology and key concepts .....	13
1.5 Limitations .....	13
1.6 Structure of the study .....	14
2 CUSTOMER RELATIONSHIP MANAGEMENT.....	16
2.1 The concept of CRM.....	16
2.2 The exponential growth of CRM .....	20
2.3 The downsides of CRM.....	21
2.4 Strategic CRM.....	23
2.5 CSFs for CRM implementation.....	26
2.5.1 Human factors .....	27
2.5.2 Processes .....	29
2.5.3 Technology.....	31
2.6 Non-profit organizations .....	33
3 RESEARCH METHODS.....	35
3.1 Case organization: SAP Finnish User Group ry.....	36
3.1.1 Activities of the organization .....	36
3.1.2 Current state of customer information management .....	37
3.2 Data collection.....	40
3.3 Data processing and analysis.....	41
3.4 Reliability of the study .....	42
4 RESULTS AND DISCUSSION .....	43
4.1 Member-centric organization .....	44
4.2 Non-profit perspective.....	45
4.3 CRM expectations .....	48
4.4 CSFs on CRM implementation .....	50
4.4.1 Human factors .....	52
4.4.2 Processes .....	56
4.4.3 Technology.....	60
4.4.4 Suggestions for case organisation .....	66
5 CONCLUSIONS.....	69
LIST OF REFERENCES .....	72

## APPENDICES

### Appendix 1. Research thematic interview questions in Finnish

## LIST OF FIGURES

Figure 1. Structure of the study

Figure 2. The elements of CRM Strategy (Kumar & Reinartz, 2018, 36)

Figure 3. The development of the marketing discipline (Payne & Frow, 2013, 5)

Figure 4. The CRM Continuum (Payne & Frow, 2018, 168)

Figure 5. Dark side behaviour of CRM service providers (Frow et al., 2011, 79)

Figure 6. The field of strategic customer management (Payne & Frow, 2013, 4)

Figure 7. Categorized CSFs for CRM implementation (Oksanen, 2010, 48)

## LIST OF TABLES

Table 1. Research questions and objectives

Table 2. Key terminology

Table 3. Types of CRM (Buttle, 2009, 5)

Table 4. Interviewees

Table 5. CSFs in CRM based on the theoretical literature, sorted by strategic significance (Oksanen, 2010, 48)

Table 6. Human factor-related CSFs emerged in the interviews

Table 7. Process-related CSFs emerged in the interviews

Table 8. Technology-related CSFs emerged in the interviews

## ABBREVIATIONS

CRM = Customer Relationship Management

CSF = Critical Success Factor

E-CRM = Electronic Customer Relationship Management

ERP = Enterprise Resource Planning

GDPR = General Data Protection Regulations

KAM = Key account manager

SaaS = Software as a Service

SME = Small and medium-sized Enterprise

## 1 INTRODUCTION

In today's market economy, non-profits and associations cannot avoid the increasing competition and are forced to compete for visibility and customers. Modern organizations need to understand and respect three major forces: customers, marketplaces and marketing functions. As customers become more demanding, organizations should provide them with individual, immediate, and two-way communication. The marketplace has shifted in a more relationship-based and customer-centric direction where advertisement is getting blocked and traditional one-way communication no longer reaches audiences in the same way as before. Organizations experience pressure to quickly adapt into this fragmented and more competed market. One way to operate in this new market economy is to gather data about customers, customer needs and preferences, which creates the basis for Customer Relationship Management (CRM) implementation (Kumar & Reinartz, 2018, 15).

The first goal of the study is to aid non-profit organizations on implementing a strategic CRM system. Implementing any strategic and information technology systems is a challenging project for every small and medium sized enterprise (SMEs). CRM acquisition often seems cumbersome process and expensive to implement even though benefits of CRM are often known. Accessing those benefits can seem far-reaching for SMEs, especially on a strategic level.

The second goal of this study is to broaden understanding of the support needed to implement CRM system within non-profit sector. The study utilizes theory literature on strategic CRM systems and the success factors for CRM implementation with non-profit sector in scope. The different aspects of strategic and operational CRM systems are also addressed in the study. Through theme interviews the study aims to suggest how strategic CRM systems are best applied to the non-profit case organization.

The author of the study works in the operational management of the case organization, which is apt motivation on the research for finding the critical success factors (CSF) in CRM implementation and simultaneously avoiding most common pitfalls. The case organization's board members are committed to support study by participating in the study's thematic interview.

This is an important aspect in terms of the empirical part of the study as board members work in IT roles in large international and national companies as well as in the services of cities.

## **1.1 Literature review**

Customer relationship management has been extensively studied in the literature from several different perspectives for decades. Meanwhile the perspective of a non-profit organization has received less attention in the academic literature. Depending on the research, CRM is seen in the literature as a broad strategic entity as well as an operational activity related to, for example, the implementation of an individual information system. Although CRM is understood as broader concept, many researchers and experts have defined it over the past decades. As part of this study, a few definitions of CRM found in the theoretical literature are presented. In general, it can be stated that the meaning of CRM is always is affected by the interpretation of the researcher and the target of the research.

As described before, the study utilizes primary literary sources in order to search for more pragmatic examples and definitions corresponding to the present moment on the broad topic of CRM on which there is much research data over several decades.

The operational CRM, which in practice means the deployment of IT systems, can be considered to apply to all organizations, regardless of size or industry. The objective of operational CRM is to create an infrastructure that meets the functional and technical requirements of CRM. Kumar and Reinartz (2018, 50) mention few examples of operational CRM such as the automation of ordering processes and contacts, the collection and management of customer data, the installation of suitable IT systems, the creation of a customer database and data warehouses. In small organizations, CRM projects are typically narrow and are usually implemented modularly. For example, a company may initially decide to automate the management of order processes, omitting more complex applications, such as customer analytics for a later date, and sometimes they are not implemented at all (Bohling, Bowman, LaValle, Mittal, Narayandas, Ramani & Varadarajan, 2006, 190).

The focus of this study is on the strategic CRM and the operational side is given less attention. Strategic CRM differs from operational in that it is initiated by the organization's top management. Like all strategic initiatives, including CRM, they crosscut several, if not all, organization's functions. Strategic CRM requires the attention of all parts of the organization and is not just a tool, for example, of the sales and marketing department. Silo mentality is not compatible with strategic CRM, as the key is information sharing, in which all parts of the organization are involved. CRM is an ongoing process that cannot be treated as one IT software but must be continuously developed with the target of transforming into a more customer-centric organization (Kumar & Reinartz, 2018, 35). Based on successful CRM use, similar views can be found from other researchers. Strong top management support, effective CRM strategies, an innovative organizational culture, excellent IT staff, and other resources must also be available to reap the promised benefits of a CRM system (Roh, Ahn & Han, 2005, 651).

The main goal of this study is to find out critical success factors in strategic CRM implementation and research is done with the focus on non-profit sector. When an organization decides on strategic issues, as in this study of CRM, they need a supportive vision behind it. CRM strategy is presented using a frame of reference that begins with the CRM vision and results in CRM implementation. This three-part framework consists of *Culture of Customer Orientation*, *Alignment of Organizational Processes* and *Data and Technology Support* (Kumar & Reinartz, 2018, 36). This triad presented in figure 2 is utilized in building the themes for the empirical part of the study, which aims to identify critical success factors in the CRM implementations of non-profits organizations.

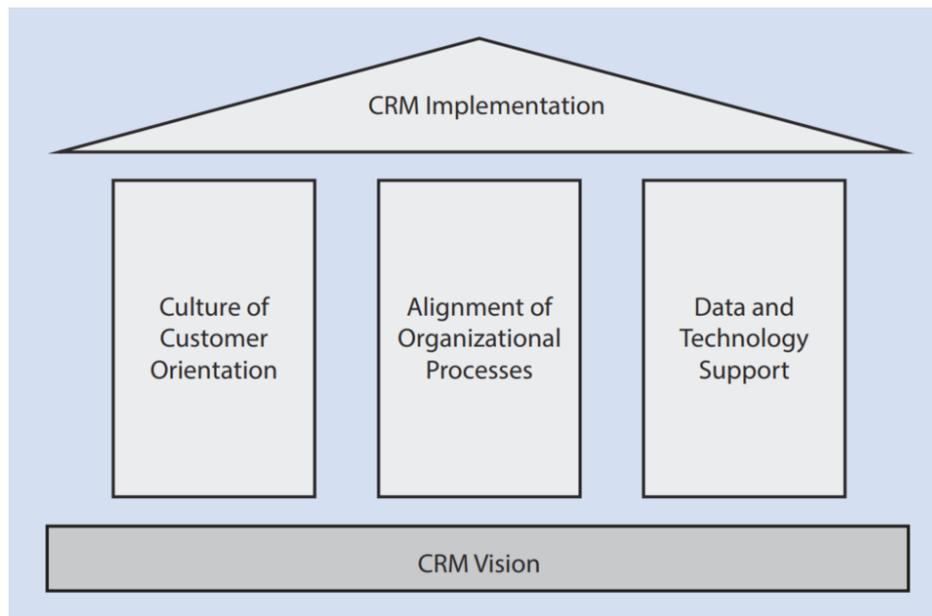


Figure 2. The elements of CRM Strategy (Kumar & Reinartz, 2018, 36).

Customer-centric culture, organizational processes, and technological support are the overarching concepts under which quantities of critical success factors for CRM implementation have been found in the previous theoretical literature. In the study of CSFs, the same topics are often repeated, although more precise definitions and delimitations differ. This study utilizes research done by Oksanen (2010, 48) with results based on a comprehensive study of 129 Finnish business leaders and 152 companies. The studies identified the key success factors for CRM deployments, which are further examined in the empirical part of this study.

Today CRM software is the largest software market in the world. It has been the largest since 2017 after it overtook Database Management Systems (\$36.8 billion) with the revenue of \$39.5 billion (Gartner, 2018). The CRM market continued to grow in its lead in 2019, when the market grew by 15.9% to \$56.6 billion worldwide. The biggest engines behind the CRM markets growth were Salesforce, SAP and Oracle (Gartner, 2020). Another research estimated the value of CRM market size at 40.2\$ billion in 2019 with compound annual growth rate of 14.2% from 2020 to 2027. Behind the high growth forecast are demand for software as a service (SaaS), automation and increase customer experience (Grand View Research, 2019).

The use of social media is outside the scope of this CRM study. However, it is worth mentioning Social CRM and e-CRM as concepts. Some use the Social CRM term to describe the use of social

media as part of CRM. Payne and Frow (2013, 173) suggest that e-CRM and Social CRM should be treated under general heading of CRM as *social influence marketing*, rather than separating them into their own CRM entities.

## 1.2 Research question and objectives

This study focuses on finding CSFs on CRM implementation, especially in the non-profit sector point of view. There is little research on CRM in non-profit sector compared to CRM research in general. The study examines how non-profits' organizational culture, processes and technology affect CRM implementation. Research questions and objectives are formed based on the needs of the case organization. The research questions and objectives are presented in table 1.

Table 1. Research questions and objectives

Main research question	Objective
“What are the critical success factors in strategic CRM implementation within non-profit sector?”	Find out what CSFs influence non-profit organizations on implementing CRM.
Sub-questions	Objective
“What is meant when dealing with strategic CRM?”	Explain the difference between strategic and operational CRM.
“How can a non-profit organization establish a culture to support CRM?”	Discover what organizational culture aspects support the implementation of CRM in non-profit sector.
“How the organizational processes should be aligned in terms of CRM in a non-profit organization?”	Find out what processes should non-profit organizations consider when implementing CRM.
“How can technology support the organizations CRM?”	Identify IT related critical success factors and best practices that support CRM.

Research questions are based on theoretical literature on critical success factors (CFS) on CRM implementation. Many researchers have identified similar aspects of CSFs as several studies highlight organizational processes, human resources, and technology. Each CSF inherently has

a direct or indirect impact on the three components of a CRM strategy: people, processes, and technology. Ultimately, CRM is a combination of people, processes, and technology that seeks to understand a company's customer base in order to better serve it (Mendoza, Marius, Pérez & Grimán, 2007, 921).

### ***1.3 Methodology***

A single case study with a semi-structured thematic interview is selected as a research strategy for the study. This methodology is typical in qualitative research and is chosen for the study because critical success factors are organization-specific and cannot be applied as such from the best practices of other organizations or theoretical literature. The interviews aim to understand the complex nature of the research question and to outline the interviewees' views into a broader context.

The case organization has expressed interest in implementing CRM system that supports organizational strategy. Data collection is done through series of theme interviews from case organisations board members and as well as few selected persons, who of their CRM related job description, are suitable for the interview of the study. Data collection in the empirical part of the study is utilized to better understand the case organization's need for issues affecting CRM implementation. Utilizing is done in practice through the transcription and analysis of the interviews. The goal is to understand how a case organization can best prepare for CRM deployment and leverage it effectively as part of its strategy.

The research uses a thematic interview as the method of data collection, which is an intermediate form between a form survey and an open interview. In a thematic interview, it is typical that the topics of the interview, the thematic areas, are known, but the exact form of questioning is absent, and the questions are not in a certain order. (Hirsjärvi, Remes & Sajavaara, 2009, 208) Theme interviews are set to find success factors for CRM implementations as well as problem areas. The study will include framework for theme interviews with the case organ-

ization's board members, including the chairman and the vice chairman. Complementary interviews are targeted on persons with CRM implementation experience of outside the case organization that still fit the non-profit or SMEs scope of the study.

## **1.4 Terminology and key concepts**

The key terminology used this study is listed in table 2.

Table 2. Key terminology

<b>Critical Success Factor (CSF)</b>	A feature, function, or mode of operation whose failure results in the failure of the entire implementation. (Oksanen, 2010, 208)
<b>Customer Relationship Management (CRM)</b>	The ultimate purpose of the CRM is to ensure that the company builds long-term mutually beneficial relationships with its strategically significant customers. (Buttle, 2001, 52).
<b>Non-profit organization</b>	Non-profit organizations established for the purpose of producing goods and services for sale in the market at a price. that is normally designed to cover the cost of production. They often receive bulk of their income from contributions of their members and supporters. (Salamon & Anheier, 1997, 31)
<b>Strategic CRM</b>	Strategic CRM involves the development of an approach to CRM that starts with the business strategy of the enterprise and is concerned with development of customer relationships that result in long-term shareholder value creation. (Payne & Frow, 2013, 27)

## **1.5 Limitations**

The scope of the study is the EU and the case organization is a Finnish non-profit association. The empirical part of the study is carried out with the General Data Protection Regulation (GDPR) in consideration. The case study of a Finnish non-profit organization in relative to size of SME and international and large companies are excluded from the study. Research focuses on strategic CRM and gives less attention to operational CRM usage in terms of theory. The

differences between strategic and operational CRM is discussed in more depth in the next Literature Review chapter.

Due to the limited scope of the research, the research results obtained in this dissertation cannot be generalized to other non-profit organizations, as the target organization of the research is very specific. Also, the longer-term benefits cannot be analysed in this study, as the customer relationship management system is just being implemented in the target organization. The longer-term benefits will remain to be analysed in the future, once the CRM has been fully introduced in all planned areas of the organization.

The study does not consider the perspective of customers or the information system providers. The study also excludes the generalization of the CSFs of a CRM system to all user group associations or non-profit organization. In the customer or member management of non-profit organizations, the roles and job descriptions differ considerably depending on the purpose of the organisation. For this is the main reason why benefits of research cannot be generalized to all non-profit organizations.

## ***1.6 Structure of the study***

Focus of the study is on the introduction CSFs of strategic CRM implementation in non-profit sector. Before CSFs are explored, the study takes a closer look at strategic CRM. First, it is important to answer what distinguishes strategic CRM from operational. After this distinction, the study proceeds with an introduction to the features of strategic CRM and CSFs related to CRM implementation. The study focuses on theoretical literature implications that organizations should consider when moving toward strategic CRM and more customer-centric, or member-centric, goals. The structure of the study is illustrated in figure 1.

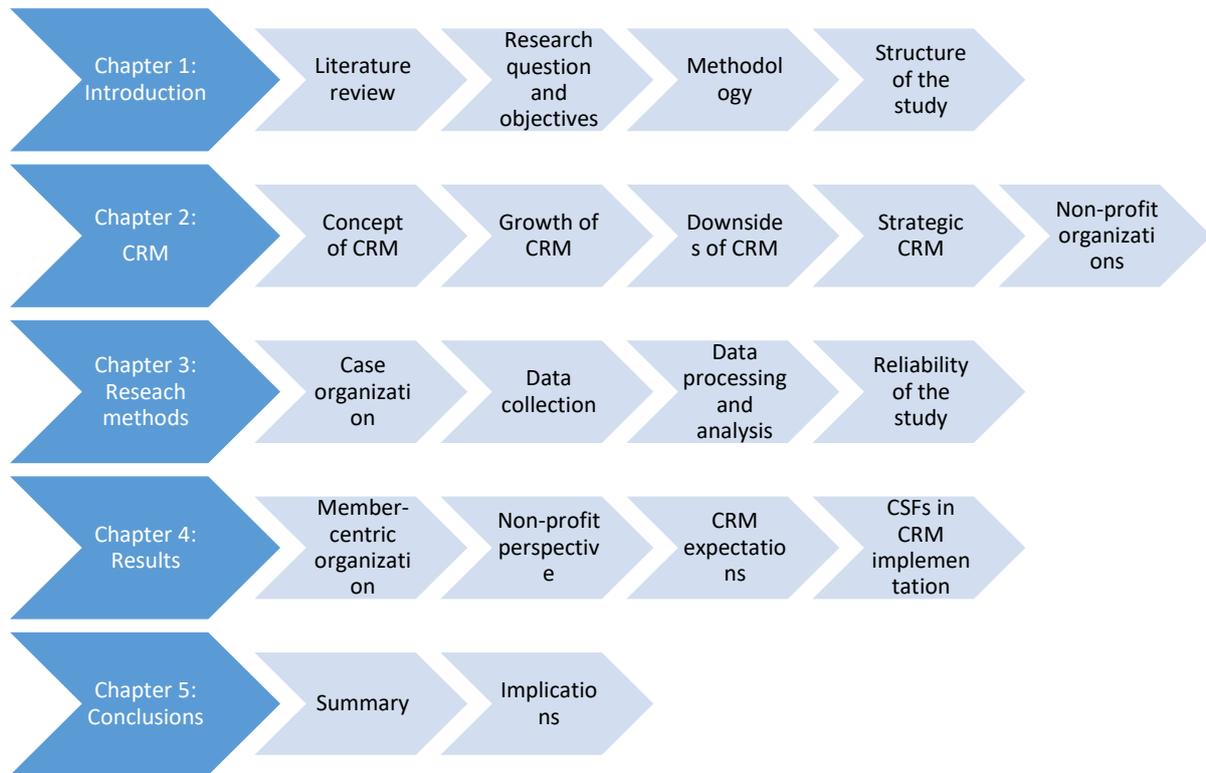


Figure 1. Structure of the study

## 2 CUSTOMER RELATIONSHIP MANAGEMENT

CRM has been described in the literature as a multidimensional both strategic entity and operational activity. The term has a colourful and far-reaching history with marketing. Today, CRM is understood as a broader concept that has taken rapid development in recent decades. This chapter examines the development and growth of the CRM concept to the present day and explores its downsides. Research-relevant CSFs related to CRM implementation are discussed from a non-profit sector perspective are also presented in this chapter.

### 2.1 The concept of CRM

The use of the term Customer Relationship Management (CRM) originated in the early 2000s, but the exact beginning of the first use of the term is not known. The term was not born overnight but has come a long way since the 1950s, when the concept of Consumer Marketing was first used as presented in figure 3.

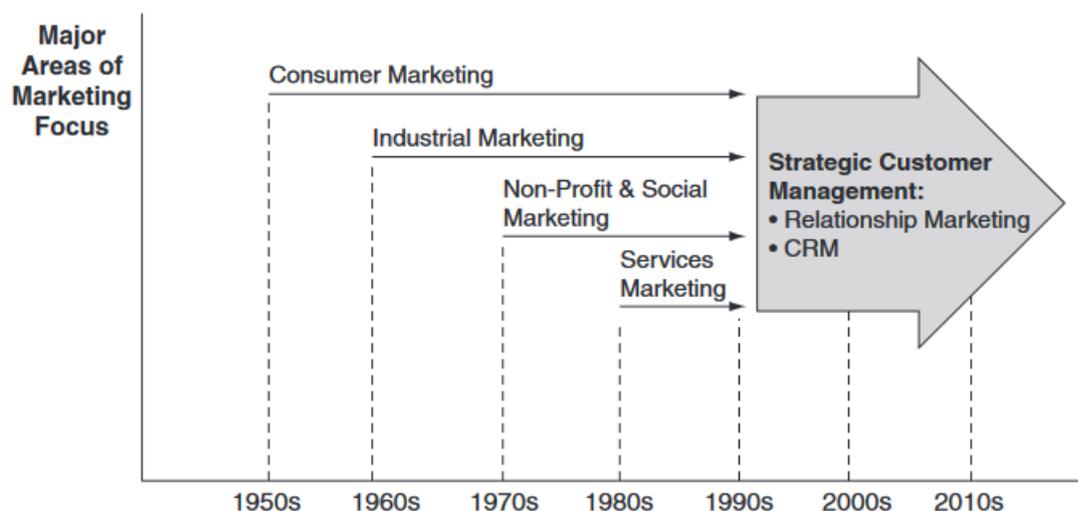


Figure 3. The development of the marketing discipline (Payne & Frow, 2013, 5)

After the Second World War consumer demand rose quickly and companies offering consumer goods were the first ones with a formal marketing plan. Over the next decade, non-

profit organizations such as museums and charities came into the picture. In addition to consumers, they sought funding for their activities. In the 1970s CRM was first seen as generating value only when both parties felt they were getting value out from it (Grattan, 2012, 6).

Later, in the 1980s, attention shifted to the service sector, which, despite its important role, had been left out of the focus of marketing. Indeed, the service sector rapidly displaced many manufacturing industries, especially in North America and Western Europe. Upon 1990s, a new form of marketing, relationship marketing, took over the industry. It was described as attracting, maintaining, and embracing customer relationships (Payne & Frow, 2013, 6). Grattan (2012, 7) makes a similar interpretation in her study, that at that time there were three main principles in building relationships: long-term relationship value, the influence of prior experience on future expectations, and different treatment of each customer.

In the 1990s, CRM was a tactical tool, but as the Internet became more widespread, its use has grown tremendously and made it a strategic part of all marketing (Kumar & Reinartz, 2018, 12). Information processes began to be increasingly used to figure out what the customer wants and needs (Grattan, 2012, 7).

As the world entered the 21st century, for the first time, the organization had access to new technology that enabled it to manage customer relationships in an unprecedented way. At the same time, the ineffectiveness of traditional marketing became increasingly apparent. Rise of the social media -phenomenon revolutionized customer management as consumers transitioned to different platforms at an unprecedented rate. This study does not address social media as part of CRM, but it cannot be ignored because of its impact on the topic. Social media has had a significant impact on the development of customer relationship management strategies and initiatives. CRM and social media influencing together form an area of strategic customer management (Payne & Frow, 2013, 7). For non-profits, like for-profits, it is important to distinguish between CRM technology implementation and CRM as part of a strategy. As a strategic implementation, CRM is a system initiated and encouraged by management that brings together all departments of an organization to enable it to succeed (Grattan, 2012, 8).

Today, CRM has risen at an accelerating pace into the agenda of corporations. Organizations of different sizes have adopted the term for two important reasons. Firstly, new technology enables organizations to better target their various offerings to specific target groups in the market, even with the precision of an individual customer. Second, organizations have noticed the limitations of traditional marketing. CRM enables creating precise target audiences in which organizations can plan specific strategies that are more customer-focused and process-based. In the end, everything is based on maximizing shareholder value, which is achieved by building deep and long-term customer relationships. CRM plays a key role here as it is often associated with the use of information technology in order to develop new relationship marketing strategies (Payne & Frow, 2013, 6-7).

Theoretical literature has seen several attempts to define CRM in recent decades. Buttle (2009, 3) highlights the challenge within the term by noting that some organizations understand CRM as *customer relationship marketing*. Whereas in the marketing sector, the term is often associated with an IT application that automates marketing. Some organizations perceive CRM as developing and maintaining customer relationships in a way which technology may not even play a role.

Table 3. Types of CRM (Buttle, 2009, 5)

Type of CRM	Dominant characteristic
Strategic	Strategic CRM is a core customer-centric business strategy that aims at winning and keeping profitable customers
Operational	Operational CRM focuses on the automation of customer-facing processes such as selling, marketing and customer service
Analytical	Analytical CRM focuses on the intelligent mining of customer-related data for strategic or tactical purposes
Collaborative	Collaborative CRM applies technology across organizational boundaries with a view to optimizing company, partner and customer value

Table 3 presents the different types of CRM in theoretical literature. The focus of this research is on Strategic CRM, which Buttle (2009, 4) describes as a customer-centric corporate culture. It aims to win customers by producing and offering them better value than competitors. In a customer-centric culture, an organization invests its resources where they best add value to the customer while rewarding employees for customer retention.

As a result, customer relationships can be managed and developed selectively to improve customer retention and profitability. This represents a significant departure from the more traditional view that customers are simply a commercial audience to which a variety of advertising and other promotional activities must be conveyed. Figure 4 illustrates the CRM continuum with a narrow definition at the other end. In it, CRM is understood as just one technological application or software with a straightforward function such as automation. Moving from one end to the other, CRM becomes a customer-driven entity that strategically considers all aspects of the organization. In organizations like this, the CRM strategy has taken into account, for example, training staff to create new value proposition. The more widespread and strategic the use of CRM, the less it has to do with IT (Payne, 2006). It can be said pointedly that technology means computing capabilities that allows organizations to collect, organize, store, and use information regarding its customers. Technology enables CRM to achieve goals of collecting, categorizing, and saving valuable customer information.

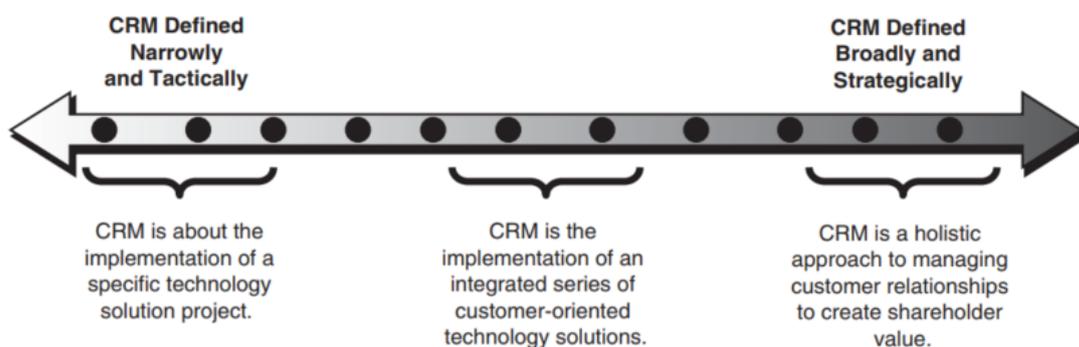


Figure 4. The CRM Continuum (Payne & Frow, 2018, 168)

Peelen, van Montfort, Beltman & Klerkx (2009, 453) note that CRM requires vision, strategy, and organizational change to succeed. They define CRM as *"it unites the potential of relationship marketing strategies and information technology (IT) to create mutually profitable, long-term relationships with customers and other key stakeholders"*

In recent literature by Payne and Frow (2018, 168) CRM is defined slightly more broadly than in the previous research: *"CRM is a strategic approach that is concerned with creating im-*

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

The accompanying comprehensive CRM definition highlights the changed role of the customer, or for this study, the member. With the help of CRM, the customer is involved in the activities of the organization and together they create added value for both the customer and the organization. Ideally, all customer-related information can be found in an organization's information systems, and it is well-organized, high-quality, and in keeping with the spirit of data protection regulations. Often, however, this is not the case, and the information is distributed in the collective memory, separate documents, and e-mail of people working on different systems and customer interfaces (Oksanen, 2010, 149). Value creation takes place as a cross-cutting activity of the organization and does not depend on a single department or business unit, such as sales or customer service. In the end, underneath everything, the enabling factor or interface is IT systems and customer data.

Given the previous comprehensive literature on CRM definitions, in this study CRM is defined as follows. First, CRM refers to the ways in which an organization systematically manages its customer relationships. In addition, CRM implementation means the deployment of both organizational processes and IT systems.

## **2.2 The exponential growth of CRM**

An essential part of any system to be implemented is the idea that they add value to the needs of the organization. Usually, value is measured by economic return on investment measures. Many organizations invest in expensive CRM systems, but do not use the full potential of the

system in order to acquire customer information (Khodakamari & Chan 2014, 38). Many organizations invest in highly advanced CRM systems, but the effectiveness of these systems for organizations with well-defined purposes is a big question for managers. Globally, \$8 billion was spent on CRM systems in 2008 and by 2012 the amount had grown to \$13 billion. At the same time, studies showed that only 50 percent of CRM projects fully met their goals. Even worse, 22 percent of CRM initiatives had "disappointing" results (Frow, Payne, Wilkinson & Young, 2011, 79).

### ***2.3 The downsides of CRM***

Like any project or system implementation, CRM is open to the possibility of failure. Failure can be due to a variety of reasons, ranging from technical risks to misuse of customer data. One fundamental reason for CRM failure can occur when CRM is considered as a technological initiative. As in reality technology doesn't do much by itself, it is the employees of the organization that manage the customer retention (Kale, 2004, 44). Similarly, Grattan (2012, 31) notes, that CRM implementation fails and opportunities are missed if the driving force behind a CRM strategy is technology.

Researchers have suggested that the dark side of customer relationship management behaviours can occur not only when the suppliers are motivated to maliciously abuse their customers, but also when organizations mistake customer exploitation as CRM (Frow et al., 2011, 84). It is not the intention to milk all possible information about customers into depths of data banks, but to gather information that is relevant to the organization and can be used to develop the customer relationship. In the worst case, it is a misuse of customer information and the "relationship" becomes toxic.

Peelen (2009, 454) highlighted in his study that in 2007 more than 60 percent of all CRM initiatives will eventually fail from an organizational perspective for a variety of reasons, such as inability to link channels, inappropriate processes, or failed output of real customer benefits. Other researchers have listed ten different forms of dark side behavior of customer management and CRM as illustrated in figure 5 (Frow et al., 2011, 85).

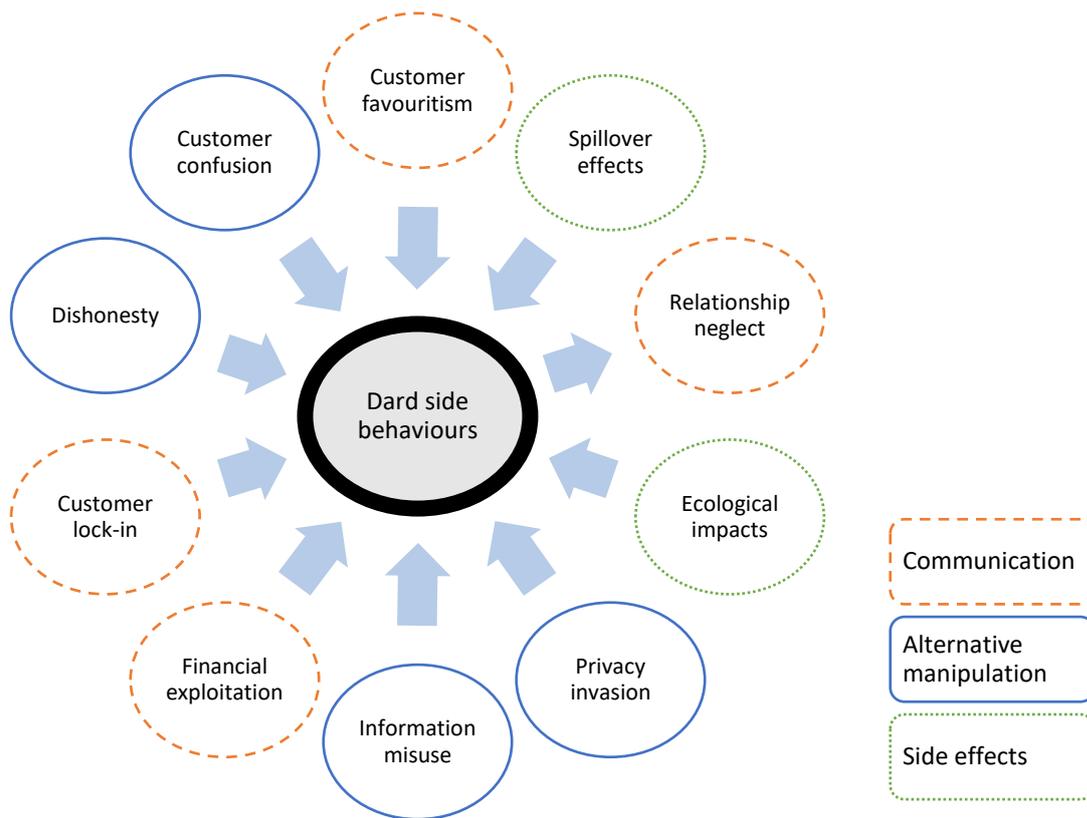


Figure 5. Dark side behaviour of CRM service providers (Frow et al., 2011, 79)

From the list presented above, it is necessary to open the purpose of the term *spillover effects*. It means that the focus on specific targeted consumer groups can have unwanted *spillover effects* on other groups, such as annoying or invasive promotion. For example, when promoting targeted at specific customer groups also reaches untargeted, or all of the customer groups (Frow et al., 2011, 84). This kind of poor user experience can easily lead to a denial of the entire service. Especially after the validity of the GDPR on May 25<sup>th</sup>, 2018, with the new strict rules on what constitutes consent from a data subject to process their information.

In CRM, customer segmentation is based on their purchasing behaviour and financial attractiveness. Primary customers are then offered additional services, which can lead to *customer favouritism* (Frow et al., 2011, 83). Similar favouritism can also occur between CRM buyer and CRM supplier organizations. “CRM vendors, of course, swear that all customers are important, and they are customer-centric. If there is an SME or association with a small inbound turnover

compared to another customer, then unfortunately other customers are often served first by the vendors. There is a self-feeding mechanism in customer favouritism.” (Oksanen, 2020)

In this chapter on the negative aspects and challenges of CRM, it is important to note that while strategic CRM implementations can be done in all organizations, its benefits can vary considerably. For example, there can be significant differences between customer retention and satisfaction rates. Each CEO can create a vision, mission, and values that put the customer at the center of the organization. (Buttle, 2009, 14).

## **2.4 Strategic CRM**

In terms of theoretical literature on CRM, it is important to distinguish what are the characteristics of strategic CRM and how does these differ from operational CRM. Identifying those CRM differences allows the study to focus on key success factors for implementing strategic CRM within organisations. At the same time, external marketplace has become more relationship-oriented, the primary way to maintain market share is to adapt business strategies and be customer-oriented. CRM is therefore critically strategically important in positioning a company in today’s marketplace (Kumar & Reinartz, 2018, 10).

Payne and Frow (2013, 4) present the conceptual differences between three terms: (1) *Relationship Marketing*, (2) *CRM*, and (3) *Customer Management* in figure 6. They describe relationship marketing as being the strategic management of relationships between all relevant stakeholders. CRM, they describe strategic relationship management with customers, using the right technology. Customer management is described as the execution and tactical management of customer transactions. These three topics collectively represent the field of strategic customer management. This study primarily focuses on the strategic aspects that relate to *Relationship Marketing* and *CRM* and doesn't address the more operational side of *Customer Management* in more detail.

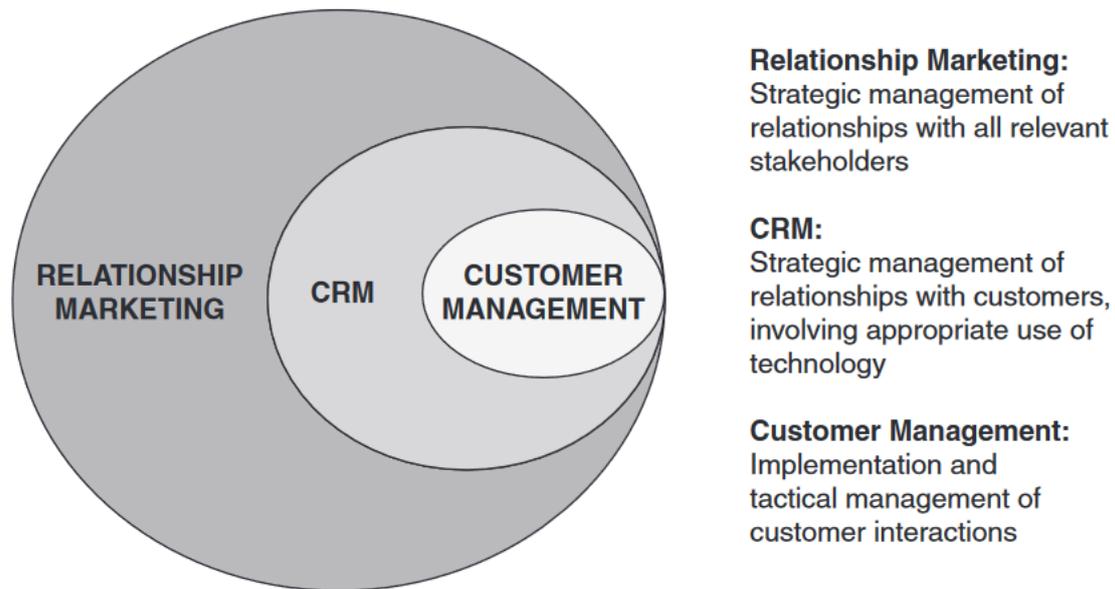


Figure 6. The field of strategic customer management (Payne & Frow, 2013, 4)

According to Kumar and Reinartz (2018, 5) the overriding goal of strategic CRM is to create a relationship management concept based on the marketing principle of conscientiously balancing the targets of the organization and the customer. Organizations should note that CRM is not ultimately a technological solution but rather a technologically supported solution. Together these complex measures create the foundation for a competitive advantage that is sustainable and difficult to replicate, in other words a customer-centric organization.

Once an organization has defined and created a scope for CRM, it should build a CRM strategy. The strategy should take into account key factors that serve the implementation of CRM. These five key elements are (1) *CRM Vision*, (2) *Culture of customer orientation*, (3) *Alignment of organizational processes*, (4) *Data and technology support* and (5) *CRM implementation*. Strategic initiatives require a strong vision of the goals they are pursuing. In terms of CRM vision, focus should be at the customer value. (Kumar & Reinartz, 2018, 36). With regard to these factors, points 2-4 are focused in more depth in the following sections of the study.

The CRM strategy used by an organization is an important factor influencing the creation of customer knowledge. Effective management and utilization of customer knowledge requires a customer-centric CRM strategy to synchronize different CRM processes in the organization.

(Khodakarami & Chan, 2014, 38). The goal of strategic CRM is to actively deepen customer knowledge and utilize the information gained for the interactions between the organization and customers, with the aim of maximizing lifetime value of customers for the organization (Kumar & Reinartz, 2018, 34).

Based on the theoretical literature presented in this section, it can be concluded that in order for CRM strategy to meet the organizational expectations, the organizational focus must be on the customer. The focus of CRM is on a narrow customer segment rather than market segment as a whole (Galvão, de Carvalho & de Oliveira, 2018, 707). Strategy can be described as a path to some desired goal, but before strategy a goal needs to be set. Vision can be described as the goal, and it needs to be focused on becoming more customer-centric. With this kind of vision, organizations can focus on developing their core functions to better serve their most valuable customers.

When discussing strategic CRM, we must not forget the new EU regulations that came into force in 2018. Customer information management, like any business, must comply with local laws. All companies and organizations operating in the EU must comply with its legislation. The General Data Protection Regulation (GDPR) is the toughest privacy and security law in the world. Though it was drafted and passed by the European Union (EU), it imposes obligations onto organizations anywhere, so long as they target or collect data related to people in the EU (Wolford, 2020).

The purpose of the regulation is to secure the processing of personal data in the rapidly evolving IT world. The previous chapter addressed the disadvantages of CRM, some of which GDPR is clearly related to. *Information misuse, dishonesty* and *privacy invasion* in the use of CRM are very strongly linked to EU regulations. According to regulations, data collection and use must be based on the customer's consent. Consent must be clearly distinguishable from other matters and must be presented in clear and simple language. These issues should be seen as a holistic activity in the organization, not only as individual set of instructions related to specific IT systems such as CRM.

## ***2.5 CSFs for CRM implementation***

A CRM implementation is a large project that requires a lot of different resources from the organization. Taking into account the different critical success factors and challenges is crucial for the success of the implementation. CRM research emphasizes the importance of knowledge management, cultural change for the development of a customer-oriented organization, and technological readiness (King & Burgess, 2008, 422). This chapter examines CSFs for CRM implementations presented in the previous theoretical literature and sorts them under three categories: processes, human factors and technology. At the end of the chapter, these success factors are examined from the perspective of non-profit organizations.

CSFs are factors that affect critically, in the given context, the successfulness of the activity. Conversely, this means that if a particular CSF fails, the entire operation in question may fail. The topic of CSFs has been studied in a Finnish context with similar results as in foreign research on the topic. Oksanen (2010, 48) interviewed opinions of Finnish business leaders on the CSFs of the implementations, which are utilized in the framework of this study. CSFs are presented in figure 7, where they are arranged into categories: processes, human factors and technology.

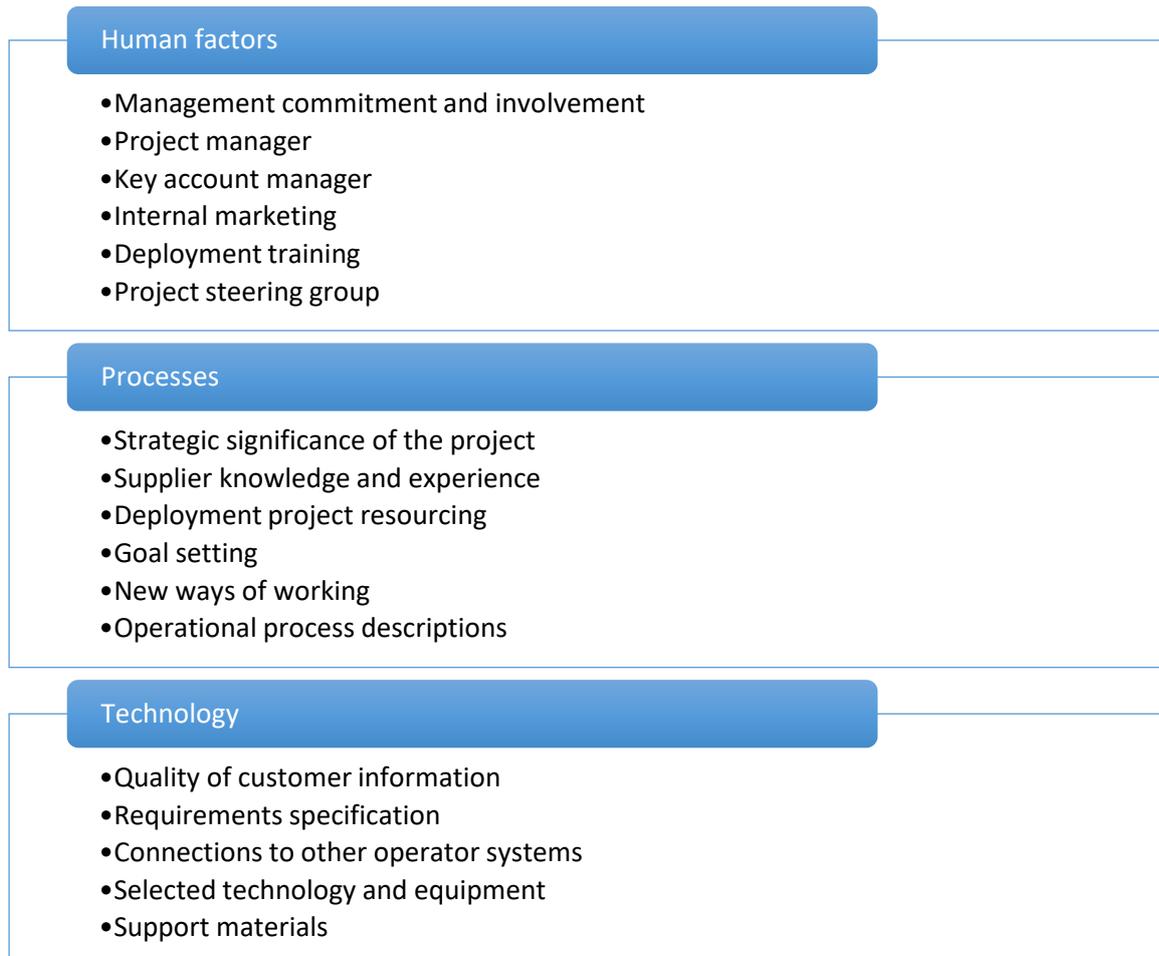


Figure 7. Categorized CSFs for CRM implementation (Oksanen, 2010, 48)

Similar CSFs findings have been obtained by other CRM researchers. Mendoza et al. (2007, 925, 936) highlight CSFs that are most accepted by experts are senior management commitment, management of customer information, market automation, and commit to operations management. In their further research they state that CSFs must consider three elements: human factor, processes and technology. In addition to the CSF and the initial definition they made improvements to the definitions with the help of experts, and highlighted some essential aspects: structure, objectives, nature of the organization and product, and automation.

### 2.5.1 Human factors

A successful CRM strategy starts with top management being fully committed to keep the customer at the center of all organizational activities. A product, location, or anything else instead of the customer, cannot be in the center organizational focus. If top management fails

to create a customer-centric culture and build an appropriate organizational structure and reward system, the CRM outcome may be irrelevant or even negative (Kumar & Reinartz 2018, 37). When CRM is part of a broader set of strategies, there is an accumulation of action around it to support implementation, as well as other means to achieve the same outcome. In addition, management and supervisors must be involved in the implementation of CRM in the same way as their subordinates. Supervisors don't have to be the smartest users of the system, but they have to do their part (Oksanen, 2010, 51, 268). It is important to remember that in management, the use of CRM is not just an example of leadership but should benefit them as well as the entire organization.

Customers are a matter of course for all organizations. Not even non-profit organizations can operate without customers. Previously, marketing focused on maximizing the number and size of transactions. A great shift in marketing focus from transactional marketing towards relationship marketing has been a consequence of companies realizing the benefits of long-term and lucrative customer relationships, compared to costly new customer acquisition (Payne, 2006). Organizations therefore need to answer an important question: who is the customer? There may be several different definitions of a client within an organization, depending on which department is being asked.

Putting customer focus at the heart of organization's culture helps to develop long-term customer relationships. Organizational culture also plays a role in defining financial outcomes of CRM. Iriana, Buttle and Ang (2013, 470, 481) have found in their research, that organizational culture has an important impact on financial outcomes of CRM. However, they emphasize that this was not universally applicable to all organizational cultures. Clan culture was an exception for having statistically significant negative impact on CRM financial success. In organizational culture, clan culture described as value model with internal focus and integration as well as flexibility and discretion. The opposite of this model is external focus and differentiation with stability and control. Researchers find that CRM is lucrative in organizations where employees have the power to build long-term profitable customer relationships and are rewarded for it. This supports the idea that management should be empowered at the forefront and design reward systems that reward customer satisfaction and retention.

### 2.5.2 Processes

Organizations have goals and objectives for which they implement various processes and functions in their own operations. These actions are believed to lead to the achievement of the objectives. Organizations are often constantly evolving and developing their operations, which also means implementing, evaluating new processes as well as changing existing processes. When processes and systems are implemented, they become available to CRM users. Initially, the results are related to the development phase and are directly related to the project organization's operations, but when processes and systems "go live," operational results are generated (King & Burgess, 2008, 424). Strategy is a way for organizations to navigate a changing market environment through the most appropriate operating models and processes. There are different ways to implement business and organizational processes. In the context of CRM, organizations must be prepared to act as a whole and synchronize all the processes and principles that support customer value generation.

A properly functioning CRM can be seen more broadly as a management tool, not just as customer information management. "Through consistent and stable information flows and we can really lead people and optimize operations for the better. While these are primarily tools for leadership and customer relationship management, they also play a role in work management from an internal organizational perspective. That's something that is sadly in many organizations that gets less attention. When policies and tools are put in place, management as a process may become easier and more efficient." (Oksanen, 2020)

The idea that CRM only affects sales and customer service operations and processes often prevails today. Customer experience in interacting with the organizations sales or service personnel also depends on internal functions such as product development, IT support, and HR management. The majority of organization's departments and activities must be involved in the strategic CRM initiative. Stating, that marketing, sales, or information technology alone performs CRM is simply false. Strategic CRM works primarily in organizations that do not use functional silos but instead implement cross-functional processes (Kumar & Reinartz, 2018, 38). Oksanen (2010, 57) sees the preparation of a department-specific CRM implementation as one of the risks, in which the problems and needs of one department are solved first. The

department that was the first in a model like this controls the whole process and can no longer be extended to the needs of other departments.

CRM implementation must have the full support of management. CEOs need to be actively involved and support the organisations implementation processes. Their job is to provide the necessary resources for implementation, such as training, financial support or any practical assistance in encouraging the usage of the new processes. (Ghobakhloo, Hong, Sabouri & Zulkifli, 2012, 57). Management commitment and involvement is mentioned as the most important or one of the most important CSFs by many other CRM experts and researchers (Oksanen, 2010, 49). In addition to supporting the entire CRM project, top management should be actively involved in supporting key account managers (KAMs). Top management should support team building and the performance of KAMs by assigning members from various backgrounds. This ensures that new knowledge is learned quickly, and that existing knowledge stays within the organization (Kumar & Reinartz, 2018, 273).

Research on 350 organizations suggest that when implementing a CRM in organization, a dominant focus on technology at the expense of aligning processes and people is one of the main reasons for failing CRM implementation (Farhan, Abed & Ellatif, 2018).

Garrido-Moreno, Lockett & García-Morales (2014, 1039) found in their study, that CRM initiative has several positive effects for organizations. These effects include improvement in profitability, market share and increase in sales income. More developed and appropriate CRM also brings added value to customers. Such added value is improved customer satisfaction, loyalty and enablement of personalized products and services. The study also revealed that organizational commitment has the most significant direct and indirect effects through information management. Researchers emphasize that organizational commitment is an integrative variable that contains a variety of factors in cross cutting the organization's staff and considering the incentive system. Incentive-based systems should reflect and reinforce a relationship approach to customer management processes and outcomes (Kumar & Reinartz, 2018, 38).

One of the concepts that produces success factors is simplicity. In addition to processes, simplicity fits into many perspectives in a practical level such as how to use the tools and the user

interface. “In terms of processes, simplicity is emphasized. The same mistake is repeated down the line, when people are allowed to create and design processes, in three out of four cases planning is far too complicated. Simplification is in place in the SME sector and it is a “make it or break it” on the non-profit side. If there is anything too complicated to do around the CRM process, then as a rule, they are left undone and data gaps appear in the systems.” (Oksanen, 2020)

### **2.5.3 Technology**

Today, everything is connected with data and technology. IT has made CRM more efficient in terms of processes and services, especially in online activities (Kumar & Reinartz, 2018, 38). In this study large international organizations are excluded, and the focus is on non-profits relative to size of SMEs. Although, the factors identified to impact of CRM implementation on SMEs are in general like the factors influencing large organization CRM implementation. In smaller organizations, there are fewer people handling customer data. Naturally, this reduces the risk of errors compared to situation where several personnel from different departments manage customer data in CRM systems simultaneously.

Researchers conclude a comprehensive list of various key factors CRM implementation of which the following are attached as a frame for this study with SME perspective: *staff and managerial ICT skills, strategy, business objectives, customer response/attitude, system evaluation and selection criteria and software selection criteria* (Alshawi, Missi & Irani, 2011). Most of the elements of the list have been addressed earlier in this study, but IT skills and software are so far untouched topics.

When implementing CRM external consultants are necessary for SMEs. For organizations of this size are often endowed with inadequate IT skills and a lack of training resources (Ghobakhloo et al., 2012, 57). An experienced IT provider knows best practices and detects places of danger (Oksanen, 2010, 52). Of course, an organization may have expertise that help to avoid the most common challenges related to poor data quality, such as poor data entry like typographic and grammatic errors, missing information, lack of company-wide coding

standards, multiple scattered databases, and legacy systems that contain poorly documented or outdated information (Kumar & Reinartz, 2018, 58).

CRM has become a priority for companies and organizations around the world are investing heavily in CRM initiatives. However, a previous empirical study examining the success of CRM in technology infrastructures has yielded inconsistent evidence (Garrido-Moreno et al., 2014, 1039). One popular trend is where software manufacturers identify CRM as a series of IT products designed to automate some business processes like marketing, sales, or services (Mendoza et al., 2007, 914). However, CRM is not just an IT solution to the problem of finding and growing the right customer base. It is an in-depth synthesis for a strategic vision where the organization understands the nature of customer value in a multi-channel environment, deploying appropriate IT systems that support the quality use of CRM.

Customers are a very valuable source of information for organizations. However, organizations often do not leverage the ability of their CRM systems to obtain information from customers (Khodakarami & Khan, 2014, 39). Researchers of CRM estimate that there will be an improvement in CRM efficiency in the coming years through machine learning and artificial intelligence. "In practice, I would see that a new leap in productivity and efficiency has been taken over the last two years, that there is starting to be more data collection and more proactive action. If we look in the direction where CRM tools are going, and forget about GDPR and other such slowing factors for a moment, then efficiency has been the same for a long time, but now there may be an increase through artificial intelligence and machine learning applications." (Oksanen, 2020)

Finally, it is very important to consider what kind of situation the implementation of CRM in the organization will be. Is it a new organization that does not have existing IT systems or is it built on existing IT systems? An experienced IT supplier might have been through dozens CRM implementations, while the customer who placed the order goes through the first or second one. This underlines the importance of supplier selection for the success of CRM implementations. (Oksanen, 2010, 52). Today, the situation is often that the organization already has IT

systems in an online environment, such as e-commerce. In any case, aligning all systems together with CRM into an organization's strategy is one critical component to ensure success (Mendoza et al., 2007, 918).

## ***2.6 Non-profit organizations***

In order to understand the context of CRM in non-profit organisations, it is important to first define what is meant by non-profit organizations. Also important are the services provided by non-profit organizations, their external environmental factors, and the internal systems and processes that define organizations. Akingbola, Rogers & Baluch (2019, 37) defines non-profits generally as organisations established for achieving a social mission or purpose. In other words, non-profit organizations are established to respond emergent problems and issues that arise in society. Non-profit organizations generally seek to solve problems that the government and non-profit business organizations are unable or unwilling to solve alone or at all.

Today, non-profit organizations represent a very heterogeneous group of companies or associations that invest profits to various socially useful activities and purposes. In general, non-profit organizations are in many ways similar to for-profit organizations. This similarity also holds true for the most part when looking at aspects of CRM. For example, charity organizations and universities have successfully leveraged CRM with their members and alumni. Cities can also use CRM to better serve their residents (Buttle, 2009, 18).

There has been little research on assessing the e-services capabilities of non-profit SMEs. Study by Fathian, Akhavan and Hoorali (2008, 587) highlights the perspective of critical issues in e-capacities on examining 45 Iranian non-profit SMEs specializing in the ICT sector. The research states that following organizational features of non-profit SME should be noted carefully: skills and human resources, ICT management and policy, investment and financial support, and revenue from e-services. Not to forgot, regulations and legal environment, that can facilitate e-readiness in organizations. Later research supports these perspectives, especially in terms of investment and financial management. Under the pressure of securing funding,

non-profits tend to meet the expectations of the founders, which often undermines investment in infrastructure. Outdated systems lead to poor performance, which only enhances supervisee on obtaining funding. Non-profit organizations are often required not to spend more than a tenth on administrative and overhead costs, which can render them inoperable. This can be compared to the absurd idea of what if SAP would spend no more than a tenth on salaries, travel, training, technology, and computing. Yet this mindset is required for non-profits (Tsai, 2010, 24). The economic aspect of CRM acquisition is also emphasized by Galvão et al. (2018, 712) noting SMEs in scope that "generic solutions, which require large investments, must be avoided."

Non-profit organizations with a strong culture that have decided to implement CRM, may face challenges related to the organization's employees and culture. While a large percentage of employees understand the importance of implementing CRM on organizational level, it is characteristic that they do not promote it at the expense of organization's cultural harmony being disturbed (Grattan, 2012, 52).

The role and importance of marketing is clearly growing in non-profit organizations. On the other hand, researchers have revealed that marketing is often not given its own department and non-profits' CEOs and colleagues rarely have a marketing perspective. In addition, limited budgets significantly hamper the ability to apply marketing concepts and tools seen. This is not made easier by the fact that some non-profits think they need less segmentation, as often their mission is to serve everyone. Cost discipline and lack of appropriate skills tend to even more increase the gap with for-profit organizations. (Andreasen, Goodstein & Wilson, 2005, 62-63)

### 3 RESEARCH METHODS

The interview is a validated data collection method for this study, as it allows the subjects to be responded to as naturally and freely as possible. The conversational method of data collection makes the subjects more favourable to the research, while the free-form and in-depth discussions reveal things that could otherwise have been left out. (Hirsjärvi & Hurme, 1993, 8) This naturalness and free-form discussion is put to the test because the implementation is an online interview. At the time of writing the study, the Covid-19 situation prevails in the world and also in Finland, which is why all close contacts with other people should be avoided. This is facilitated by the fact that many have been forced to actively use tools and platforms for online discussion for their studies and work. Thus, reaching respondents over the Internet, working technology, and recording the interview are unlikely to pose any challenges.

Several authors mention thematic interview as a semi-structured or semi-standardized interview. One can identify a theme interview, as its name implies, that it is built around different themes. These thematic areas, topics of the interview, are known, but the exact form and order of the questions is missing from the interview. Moving in the other direction would be a fully structured interview with pre-defined questions. (Hirsjärvi & Hurme, 1993, 26) Regarding the study, the themes of the interview are presented in the third paragraph and the interview questions are found in the appendix.

To ensure the reliability of the study each interview was recorded and spelled out so that others interested in the topic can draw their own conclusions from it by researching and comparing the data. After the interviews were stored according to reliability criteria, the qualitative data was analysed and simplified. It is important to display the large amount of interview data in more compact and simplified way in order to be able to draw conclusions. The analysis of the study took place as a continuous process together with the interviews, and the transcription of the recordings. Because the research was targeted to a single case organization, the research results are not meant to be generalizable.

### **3.1 Case organization: SAP Finnish User Group ry**

The aim of this study is to provide an understanding of the case association's customer (membership) information management and to find out how the member services could be strategically supported by CRM implementation. The case organization for this study is association called SAP Finnish User Group (Finug). It is an independent user-driven association with a mission to maintain and develop cooperation between organizations that use SAP and to act as a channel of discussion between these organizations and SAP. The association was established in 1997 and is located in Helsinki, Finland (SAP Finug, 2020a).

The case organization is independent but strongly affiliated with the SAP company and its product family. Before a more detailed presentation of the case organization and for the study to achieve its objectives, it is important to also briefly introduce SAP as a company.

SAP is the market leader in enterprise application software and has 440 000 customers in more than 180 countries. The company was founded in 1972 in Germany and today it has offices in 130 countries. Today total of 77% of the world's transaction revenue touches an SAP system. In Finland, SAP has one of the highest market shares in the world, and more than 90 percent of the large companies in our country rely on SAP (Ahlsted, 2016). Total revenue of SAP in Q3 2020 was \$6.54 billion. (SAP, 2020b)

#### **3.1.1 Activities of the organization**

The associations purpose is to promote the exchange of information, proper use, know-how and experiences between users of SAP applications. It functions as communication channel between SAP users and SAP and promotes SAP competence and training in Finland. The activities of the association take place by organizing member meetings, information events and other similar joint events for SAP users. Special Interest Groups (SIGs) are established to address a specific SAP issue and development projects. Finug coordinates and takes forward development aspirations based on SIG meetings reports. The most important events in the association's annual calendar are spring and autumn seminars. The autumn seminar is the single

largest of the events and brings together more than 400 SAP professionals each year. In total, up to 3,000 people visit Finug events during the year.

In addition, the association coordinates travels for its members and events. The association maintains regular contact with the offices of SAP Finland Oy and SAP AG and provides members with up-to-date information on application development.

There are nearly fifty SAP user groups around the globe. Finug is part of the SAP User Groups Executive Network (SUGEN), which is International collaboration and a collective voice of regional user groups. In total, just over twenty user associations are part of the network. SUGEN's mission is to unite regional user groups and have honest dialogue between members and SAP. Furthermore, SUGEN members share best practices on organizational focus and different programs with each other and SAP (SAP, 2020a).

The association accepts organizations that use SAP as well as organizations that develop and resell them as members. SAP is also a member of the association. Any legal entity that has entered into a license agreement to use SAP applications and uses or is in the process of deploying applications may become a full member of the association. A prerequisite for supporter membership is a SAP application consultant partnership or a SAP-certified software partnership in Finland. There is also an option to join as a third party with a closely related SAP product such as IT equipment manufacturer. Although this is a Finnish user association, foreign organizations can also join as members. However, no more than one-tenth of the actual members may be non-Finnish entities. The board of the association processes and approves membership applications at monthly board meetings. By the end of 2020 Finug had a total of 140 members. The majority, two out of three, of the members are SAP user organizations (SAP Finug, 2020b)

### **3.1.2 Current state of customer information management**

At present, the membership information management is not where aimed and there is a desire to improve it with the help of a CRM implementation. Resources could be made to better

meet the need and the board of the association aims to set a new CRM strategy promoting successful CRM implementation.

The association is run by board of members, that is selected by members in annual meeting. The selected board members are responsible for the association's operations, administration and finances. They prepare the annual action plan, operating budget and draw up the financial statements and are responsible for organizing and informing about events. The board also defines annual membership fees, is responsible for payment transactions, and liaises and promotes cooperation and exchange of experiences with SAP and other SAP user associations. In addition, an important task of the board members is to convene the annual meeting to elect a new board and review activities. The board members are also responsible for advocating for the association and officially represents the association externally.

The strategy of the association is reviewed by the board members in three-year periods. The current strategy emphasizes implementation of CRM, deeper examination of membership needs, collaboration between educational institutions and effective transition to digital channels. Over the past year 2020, Covid-19, which has become widespread around the world, has highlighted the importance of digital channels and highlights the timeliness of CRM implementation.

As a non-profit organization, the purpose of the association is not to profit from customers but to serve members. In other ways the association's operations are very comparable to operations of a normal organization. The association business activities must at least cover the operating expenses and the available annual budget must be used in such a way as to provide the best possible service to members. In other words, members must receive the expected value for their membership fees.

The association's customer management has developed steadily over the years. The current customer management is implemented as a purchasing service through an external company. Currently, digital membership registration and event registration are the biggest areas of development. The CRM in place allows members to manage their own information. Information management includes creating a member profile, updating information, allowing or denying

contact permission, and deleting a member profile. A new system for strategic customer relationship management is planned to meet today's needs in terms of maintenance and usability.

The digital membership registration and event participant registration are already in place but developing them to be more effective and supportive of the strategy is an ongoing process. One of the key goals in these areas is automation. So far, current digital systems require a lot of manual work, such as data verification and logging.

The most important methods of collecting membership information are the member register and events in connection with which registrant information is collected. There is no effective integration between the two above-mentioned data collection methods. It is important for the association to gather relevant information about the members. Basic information such as name, contact information and employer is defined as essential. In addition to this, information is collected on special diets and allergies in order to provide equal service to all participants at the events. The collection of additional information is also limited by the GDPR, which means that temporary and transaction-specific information is retained only for the duration of that transaction and for possible billing purposes.

Annual membership billing is one of the association's most important financial income streams. Therefore, the membership register is maintained on an ongoing basis and the contact details of member organizations must be kept up to date. For the time being, maintaining the membership register is a process that requires manual work, which the association wants to develop in a more user-friendly and automated direction. These are perceived as one of the clearest CRM goals along with measurability and comparability.

For events organized by the association, the use of CRM has been taken further, but not yet in the desired state. Participation in events takes place, including physical events, from the perspective of members entirely through digital channels. Event registration, event program, feedback and aftermarket, are all in digital channels. Although participants can be monitored on an event-by-event basis, comprehensive CRM utilization is not yet available to the association.

### 3.2 Data collection

A great advantage of the interview compared to other data collection methods is the possibility to adjust the data collection flexibly according to the situation and according to the respondent. The interview is suitable for this study because the outcome can be complex, and the answers are likely to need to be clarified and deepened in terms of reasoning and additional questions (Hirsjärvi et al., 2009, 205).

The research material has been acquired using thematic interviews with SAP Finnish User Group board members as well as by interviewing personnel of a few selected outside organizations who fit the subject of the study on behalf of their job experience. A thematic interview is a semi-structured interview model that proceeds according to pre-defined themes. The thematic interview does not have to proceed systematically in such a way that the interviewer asks precisely formulated questions directly on paper, but the interview is a discussion-like situation in which the aim is to have as much free-form discussion as possible. As a result, interview outcomes are often not the same, and not all issues are discussed as extensively with everyone.

The interviews were done in online-environment (Microsoft Teams), because the current Covid-19 situation does not recommend or allow face-to-face interactions. The interview guidelines are presented in Appendix 1 (in Finnish). Online interviews were transcribed, and the results of the interviews are categorized under processes, human factors, and technology. Table 4 details the interviewees through their job position, interview date, interview duration, interview method, and identifier created for the study.

Table 4. Interviewees

Position of interviewee	Date	Duration	Method	ID
Representative of a non-profit association	17.11.2020	51 min	Online	A
SAP Finug board representative	17.11.2020	29 min	Online	B
SAP Finug board representative	17.11.2020	30 min	Online	C
SAP Finug board representative	18.11.2020	31 min	Online	D

SAP Finug board representative	18.11.2020	32 min	Online	E
SAP Finug board representative	20.11.2020	28 min	Online	F
CRM consultant	23.11.2020	29 min	Online	G
SAP Finug board representative	24.11.2020	28 min	Online	H

In addition to these interviews the author of the book *CRM ja muutoksen tuska: asiakkuudet haltuun*, Tommi Oksanen, the CEO of THO Consulting Oy, was interviewed online via Microsoft Teams. The interview was conducted and recorded on November 20, 2020 and lasted 33 minutes. As a result of the interview, his CRM experience has been utilized through citations in this study.

### **3.3 Data processing and analysis**

The study utilizes both interview material and case-related data. At the heart of the study is analytical interpretation and drawing conclusions. The analysis of the interview material focuses on content and the analysis of the data seeks to find out the similarities to the theoretical literature. The interviews in the empirical part are recorder and the final citations are checked together with the interviewees for possible errors. Semi-structured thematic interviews generate large amounts of data, which is organized and categorized for analysis. Due to the large amount of material, not all data can be used for analysis, but it is also not necessary for qualitative research. The study utilizes direct citations from thematic interviewees without presenting names and titles with one exception described before. The empirical data collected from the interviews are described and analysed in more detail in chapter 5 Results and discussion.

The information collected from the interviews was recorded and the recordings is transcribed. The conclusions of the study are not drawn directly from the recorded data but were derived from the transcribed data. Hirsjärvi et al. (2009. 223) state that continuous observation is an appropriate way to analyse an interview or other study in which material is collected in several stages and in parallel. Since this is a qualitative interview study, the analysis of the study is

done along the research process. The starting point for analysing the data is an understanding approach from which conclusions can be drawn.

### ***3.4 Reliability of the study***

Reliability refers to the repeatability of the measurement results, or in other words, its ability to provide a repeatable result, and in qualitative research it is enhanced by the researcher's detailed description of the implementation of the research. (Hirsjärvi et al., 2009, 231-232). The selection and presentation of the research strategy are important for clarifying the structure of the research and for the reliability of the research. The research strategy includes both the choice of the strategy for the entire research and the strategy to be used in an individual research method. In this study, a simultaneous method is used, which refers to the simultaneous collection, analysis and interpretation of different types of research data.

Validity refers to the ability of a research method to measure a phenomenon that it is intended to study (Hirsjärvi et al., 2009, 231). Validity is a question of whether the study is valid, whether it has been thoroughly carried out and whether the results obtained are "correct". This study clearly and truthfully presents the conditions for the empirical data collection of the material in terms of the structure, method, duration, time and place of the thematic interview. The interviews have taken into account the interviewer's own interpretations as well as possible differences in interpretation due to the translation. Interviewees have been asked for permission to use the contact information and confirmation has been asked for direct citations in order to avoid possible translation misunderstandings.

## 4 RESULTS AND DISCUSSION

This chapter presents the results from the empirical part of the study and discusses them further. The interviewees' experience with CRM provided an interesting starting point to delve into their CRM knowledge and experience as almost all interviewees (A, C, E, F, G, H) had different types of history related to CRM systems. Some have gone through major international CRM projects from strategy and needs assessment to implementation. For some, the use of CRM was familiar or part of the daily job description.

The customer-centric organization is important aspect for the implementation of CRM, which emerged not only in the theoretical literature but also in the research's thematic interviews. Therefore, the first focus is on the organizational culture in which the customer, or in this case the member, is defined and identified.

Second, the focus is on the perspective of non-profits in CRM implementations, which is a slightly less prominent topic in the theoretical literature. The interviews raised interesting perspectives on the business of the non-profit association. Some of the interviewees challenged the view, stating that in the end it is a normal business without profit sharing.

After this, the study looks at what kind of expectations the implementation of CRM systems should set. Expectations were also asked from the point of how they should be measured and monitored. When discussing expectations, it was also considered how these expectations should be measured and monitored. This section delves deeper into customer-centric view by considering how different types of customers, or members, behave.

Finally, the focus is on critical success factors, and compares how the interviewees' views relate to observations in the theoretical literature. This is the broadest part of the chapter, comprehensive list of CSFs is selected, and it is necessary to categorize them in order to form a clearer overall picture.

## **4.1 Member-centric organization**

First, it must be stated a little obviously that there would be no SAP user association without the SAP users. SAP users who feel that they receive value for membership from the association make up two-thirds of the association's total memberships. The association's rules define its purpose to be user-driven organization that promotes the exchange of information, know-how and experience among SAP users (SAP Finug, 2012c).

In Finug, the events and trainings are one of the most important member services, as the sharing of new information, the exchange of peer experiences and networking take place in them effectively. Interviewee (A) discusses on high quality CRM system and highlights the importance of customers or member focus:

*"Training, or organizing an event, is a product where there is nothing concrete that would be left physically to the customer, but it is the information that is passed on during the training or event. The whole product really does not exist without that customer. There is no training without participants. There is no event product with zero participants."*

Organizational commitment has proven to be a key driver of CRM success, and managers are directly responsible for gaining engagement and participation throughout the organization. Given the important role of information management, managers should promote an organizational culture that encourages employees to acquire, share, and use information effectively. Managers need to create channels that enable two-way communication between customers as well as departments, and they should promote information sharing between employees in cross-functional way (Garrido-Moreno et al., 2014, 1039). Two-way communication emerged in the interviews, and some of the interviewees described it as a 360 view of the customer.

*"CRM functionality should be above all in the CRM project. The CRM system becomes a helpful support and enabler. Customer relationship management activities, indicators and the ability to monitor and control operations. The goal should be a 360 visibility where the customer is at the center."* (Interviewee, C)

*“It is certainly important that centralized customer relationship management is controlled. It is possible to form a 360 view of customers that informs the whole organization a view of who the customer is, who the contact persons are, what activities are related to the customer, the customer's requests and needs as well.”* (Interviewee, F)

In the theoretical literature, a customer-centric culture is seen as generating financial benefits for an organization. Employees who are encouraged be innovative in order to satisfy customers are able to build long-term profitable customer relationships (Iriana et al., 2013, 481). The described innovativeness is also supported by the 360 view of the customer as employees working in different departments see every activity done with the customer in question. The interviewee (F) described this as follows:

*“A company sells products that includes installation as part of delivery. When the installer goes to the customer, it is good for this service person to know everything about that customer. Whether the customer has made any wishes or complaints, or whether it has requested a quote for another product. This makes it possible for this person (A) to correct the problem and (B) to position the product for which the customer has already requested another quote. This is one example where it is important that throughout the entire organization a 360 visibility of the customer is available, so everyone knows what situation the customer is in.”*

In the end, organizations need to generate revenue. It is essential to remember that organizations can not only focus on creating value for the customer but must also get value from them (Kumar & Reinartz, 2018, 28). In this customer-oriented regard, strategic CRM is a proper implementation for companies to stay relevant in the increasingly competitive market.

## **4.2 Non-profit perspective**

The CRM perspective of a non-profit organization sparked a lot of discussion, especially in terms of revenue and profits. Some interviewees stated that for-profit and non-profit are very close to each other, the only difference being the distribution of profits. On the other hand, some stated that CRM priorities are very different for non-profit organizations.

*“They differ because a for-profit association seeks, depending on the strategic, more achievable returns from customers or better margins. Active new customer acquisition is also different. In addition, especially in listed companies, efforts are made to track everything that can be recorded as sales revenue.”* (Interviewee, B)

*“Yes, they are very different, because customer relationships are different. Perhaps it is accentuated when thinking about membership acquisition and its retention, so in fact the service I get on average from consumer markets would be considered simply terrible on the non-profit sector.”* (Interviewee, G)

Most interviewees felt that the same basic rules apply to the implementation of CRM, which ultimately do not differ between a for-profit and a non-profit organization. Their counterargument to the statement that vendors with commissions are the driving force behind CRM deployment, is that everyone should be equally involved in the deployment process, not just vendors. The interviewee (E) states that the CRM of a non-profit association is no different from that of a normal company, as the goal is always to maximize the benefit to the customer (member):

*“Although we are a non-profit association, our goal, with the money we have raised, is to maximize the return on our services to our members. And that’s why there really aren’t any differences here, whether it’s for profit or not. With the resource we have in place, the goal is to provide the best possible service. Our profit target is zero, while some company has 10%. It is just a different parameter value. Otherwise, operations must focus on producing the highest possible level of customer or member satisfaction.”*

Non-profit organizations are not necessarily selling a product or service that can be measured quantitatively (Tsai, 2010, 26). Despite this, at the same time non-profits need to adapt to the market situation while ensuring adequate funding for their activities. Oksanen (2020) notes that “the SAP user association focus is definitely the user, then capacity and resources may be lacking in supplier management”. Adequacy and targeting of resources were often mentioned

in almost all of the interviews. Some of the interviewees raised the issue of solvency and investment financing.

*“Membership can be one way to participate. It gives you certain powers that other participants don’t have. It is, in a way, one form of participation. The number and value of members is essential.”* (Interviewee, G)

The available budget of the organization sets the boundary conditions for the business’ investments. In the case of a small company or association, budget limits are, naturally, often stricter than in large companies. Nonetheless, small organizations should be able to invest and develop their operations, as in the spotlight of this study: the CRM system.

*“The association will die if the income stream remains constant while everything in the market tilts. Associations are also forced to make investments, for which the money must be found somewhere. Money needs to be raised in order to make investments, say a CRM system, which is definitely a big investment for an association when you think about zero income, which is always the norm in the association’s economy. While it is non-profit in the sense that no one raises dividends, it still needs to be able to cover existence and reforms in order to do a better service to members.”* (Interviewee, A)

*“Non-profit CRM differs from normal for-profit in that the investment is certainly smaller, especially in the case CRM system of a small association.”* (Interviewee, D)

*“The challenge for the non-profit sector is that when there are a lot of business-built CRM systems with business models for business use. The non-profit problem is that turnover is small. CRM may bite a big chunk of revenue as a cost, so the cost-effectiveness of a system is sometimes questionable. Here, too, we often return to a strategy that must be able to understand where our money comes from and what kind of system would support this structure.”* (Interviewee, G)

Deploying CRM often requires changes, small or large, within the organization. Successful change management requires the deliberate involvement of non-profits by employees in organizational change. People are the key to the success or failure of change initiatives, and top leaders understand this from the beginning and look for ways to leverage the human capital of their non-profit organization to achieve performance and organizational goals (Akingbola et al., 2019, 120). Managers must be skilled at using salary and incentives to enable successful change management.

*“Probably in a non-profit company, the incentives of its own staff may differ from those of a non-profit, in the sense that they do not exist.”* (Interviewee, F)

In the non-profit and association sector, a few interviewees felt that technological development posed challenges in implementing the system. Too attractive opportunities in CRM products can complicate things to do and overload small organizations, which should rather streamline operations.

*“The systems are hugely efficient, it is more a challenge how to use them and how the system is suitable for the target organization. Many times you see on the organization side that you are going to go too far in customizing solutions when you don’t realize that here could be a place to develop your own operations to look different and use ready-made packages.”* (Interviewee, G)

### **4.3 CRM expectations**

CRM expectations presented in this chapter emerged in the interviews, both in general terms of CRM, as well as the perspective of the case association. When starting a CRM project, often organizations expect significant paybacks in terms of increased revenue, reduced costs, increased customer loyalty, real-time customer data, and satisfied CRM users (Roh et al., 2005, 641). With expectations, it is important to consider how the implementation of a CRM system should be implemented in relation to the goals of the organization in question.

Many interviewees emphasized the same expectations, but for a few interviewees, detailed examples applicable especially to the activities of the target association emerged. One of the often-recurring expectations was to know who the members of the association are and being able to distinguish between the active and inactive members. This expectation emerged in many interviews, and interviewee (B) stated:

*“Even more important than CRM analytics is the monitoring of membership activity. Whom of the members participate in events and in what events do they attend? Is there any way to get internal referrals from active members? It would be good to have extended attractiveness within the member companies with the help of most active members.”*

The membership must be described from the perspective of different user groups. The idea that CRM contains both company and personal information, which together form customer information. The idea of putting only the data of those who pay for something, fades because in the end all users must be stored in the CRM. Customer favouritism can have detrimental effects on customers who are not prioritized and who see how other customers are treated better, for example by providing primary service lines or dedicated staff (Frow et al. 2011, 83).

*“If you look at a course or event as an example, then knowing who has attended the event or training for a particular core course becomes very important when marketing an advanced course or future event, compared to marketing for a randomly selected person.”* (Interviewee, A)

Other important considerations about expectations were related to the provided membership offer now and in the future. Interviewees emphasized the mirroring of the membership service provided with the membership information in CRM. Particular emphasis was placed on the timeliness and accuracy of membership information in the CRM system.

In order for CRM expectations to be met, it is very important to find out the organization’s perspective on customer, or in this study, member. For a sales, the customer can be the one with whom the deals are negotiated or who decides to buy. For delivery or customer service,

the customer may be the end user. In the case of training, the customer may be the HR department of the organization that buys it or makes the decision to buy. Customer can also be a member of the management team who buys someone's training for their own division. This view was confirmed by several interviewees and the interviewee (A) said:

*"There is a very interesting debate, which I have visited many times and it sounds a bit ridiculous. It begins with a definition "who is the customer?". If you have five people from different sides of the organization, then you get exactly five different answers."*

Example of the debate above is noteworthy and can be applied to other issues and seen as part of a process of continuous improvement. The market economy in which member companies operate is constantly changing. As a result, members change as well as the needs of member companies. It is worthy idea to stay up to date with one's customer or membership picture so that organizational offering meets the needs and needs of members. Interviewee (A) summarizes:

*"There is no end to a good CRM process. If our goals are long-term, then there will be tangible, measurable, even economically measurable gains and benefits from that CRM deployment journey."*

#### **4.4 CSFs on CRM implementation**

The thematic interviews discussed the implementation of CRM within the case organization as well as CRM in general from the perspective of the non-profit sector. Although, the discussion with everyone remained close to the topic of CSFs to be considered in the strategic CRM implementation. The study highlighted the list of CSFs based on the theoretical literature and categorized them under three factors: human factors, processes, and technology. The issues raised in the interviews have been compared with the observations made in the theoretical literature through previous categorization. The interviews did not specifically emphasize importance or ask the interviewee's views on specific CSFs specifically.

Every CSFs emerged from the interviews is tabulated in accordance with the theoretical literature under *human factors, processes, or technology*. In this way, the results of the interview are observable in simplified form and thus easier to interpret. The result of the tabulation provided an interesting perspective on the CSFs presented in the following chapters and summarized in the conclusions. Table 5 shows the CSFs covered in the study, sorted by strategic significance according to the theoretical literature, starting from the most significant.

Table 5. CSFs in CRM based on the theoretical literature, sorted by strategic significance (Oksanen, 2010, 48)

<b>Categorization</b>	<b>Critical Success Factor in CRM implementation</b>
Human factors	Management commitment and involvement
Human factors	Project manager
Processes	Strategic significance of the project
Human factors	Key account manager
Processes	Supplier knowledge and experience
Processes	Deployment project resourcing
Processes	Goal setting
Human factors	Internal marketing
Human factors	Deployment training
Technology	Quality of customer information
Technology	Requirements specification
Processes	New ways of working
Processes	Operational process descriptions
Technology	Connections to other operator systems
Technology	Selected technology and equipment
Technology	Support materials
Human factors	Project steering group

All CSFs related to CRM implementation are addressed and discussed through the above categorization in the following chapters. One factor, simplicity, is emphasized in all interviews in complex meanings. "Simplification and reduction are wildly difficult for organizations, most CRM vendors, and the expert field. In order to simplify something, you must understand well

what is being done, the background processes, what is really useless and what is really important. It is not obvious at all, but if successful, there is a clear chance of success.” (Oksanen, 2020).

#### 4.4.1 Human factors

In the theoretical literature, human factors in CRM implementation involve several aspects of the organization, such as the role of the employee in successfully building relationships with the customer and thus generating customer loyalty and profit. In addition to this, the retention of employees, not just customers, must also be considered by organizations. At the management level, one very important aspect is the emphasis on the commitment and participation of senior executives. The role of senior management is to sell and convince those under its control of the benefits and results of CRM (Mendoza et al., 2007, 917). Regarding human factors, in almost all discussions, management commitment and involvement, and internal marketing emerged some way. The project manager and steering group were the least prominent CSFs in this category as seen in table 6. According to the study, CSFs emerged in the interviews are in order of priority: management commitment and involvement, internal marketing, deployment training, key account manager (KAM), project manager, and project steering group.

Table 6. Human factor-related CSFs emerged in the interviews

Human factors	A	B	C	D	E	F	G	H	Total
Management commitment and involvement	x	x			x	x	x	x	6
Project manager			x				x		2
Key account manager	x			x			x	x	4
Internal marketing	x	x	x			x	x	x	6
Deployment training	x	x	x	x		x			5
Project steering group			x						1

Interviewers also saw significant differences between small and large organizations. Compared to large organizations, it is recognized that SMEs suffer from a lack of in-house IT expertise, which may have a negative impact on the IT deployment process (Ghobakhloo et al., 2012, 44). However, at the same time, many of the basics related to CRM implementation remain unchanged regardless of the size of the organization, according to the interviewees. Regarding the membership management of a small association, the interviewee (A) stated:

*"I believe that almost all associations are built in such a way that even a small staff is really closely involved with the membership. It may lead to the conclusion that there is no reason to exclude any employee in a CRM-related decision."*

Nearly all the interviewees highlighted the commitment or leadership role of top management in general as one of the most critical success factors in CRM implementation. At the structure level, the board of directors and CRM project manager play a critical role in achieving overall commitment. This includes the involvement of different levels of management (Mendoza et al., 2007, 936).

*"For number one CSF, I would raise management support, it's more than support. It is the policy of top and sales management on how customer relationship management will be done. Human resources are the organization's business activities, and it is the overwhelming number one, followed by processes and technology."* (Interviewee, H)

*"Employees and managers are the human factor, and sometimes things don't work out if there is no support from top management. Top management must be committed to deployment. Otherwise, it is not easy to make a change on the lower steps as well."* (Interviewee, F)

With a top management level of involvement in key account manager (KAM), the company shows its commitment to key accounts, which increases participation and further strengthens the buyer-seller relationship (Kumar & Reinartz, 2018, 273). KAM is basically related to better communication with the organizations' most important customers (Workman et al., 2003, 15). "In high-level CRM systems, there is a noticeable type of administrator who is an extremely responsible, accurate, social, and influential person. This person is influential in an informal

world of organization where his or her guidance, in data entry or otherwise, makes it succeed. This power is the same in both large and small organizations, I think.” (Oksanen, 2020)

The role of the KAM as part of voluntary work in small organizations emerged in a discussion with interviewee (G):

*“If the KAM is voluntary, and often the volunteers change more frequently than those in employment, then it must be ensured that the time and energy invested does not disappear with the individual KAM when he or she changes roles.”*

*“The more fragmented an organization is geographically, the role of KAM becomes truly critical. They run the business processes locally and even market the system internally.”* (Interviewee, H)

*“The really important part is that some users have to play a role in analysing the information in the CRM system about things that are important to the organization, such as sales marketing, customer service, and look for things to create new initiatives.”* (Interviewee, A)

New tools require new learning, as does the introduction of CRM or its new features. In the use of CRM, the customer or member experiences the end result, so there is no need to market CRM usage externally. Internal marketing, on the other hand, is all the more important and is helped by a strong organizational culture. Employees who experience strong values of human relations values in their area show a better readiness for change before the introduction of a new IT systems (Ghobakhloo et al., 2012, 48). The way users of different functions work together to initiate, build, and maintain mutually beneficial relationships with the right customers determines the results of CRM (Peelen et al., 2009, 467).

*“In small organizations, the core business defines the most important goals. If you are thinking of a non-profit organization, then strengthening commitment is essential. Strengthening long-term commitment, and relationship management, are the reasons why CRM is built. We need to find out how CRM can help focus on where people are good and leave the system to where it is good.”* (Interviewee, G)

*“It is important how change is managed and implemented in a controlled way. Be it a change of activity or a change of roles. It affects the entire organization and people.”* (Interviewee, C)

*“The technology has enabled real-time processes and easier usability, which enables salespeople to work more efficiently. The biggest challenge in deployment is certainly change management. That is, the question of how to implement CRM systems in a way that all staff would use them and retrieve this real-time information and benefits.”* (Interviewee, F)

Some of the interviews noted the use of CRM would be a viable option in the case organization if it were to be implemented comprehensively, easy enough to use and the division of tasks among everyone would be clear. The view of the interviewees was that, especially in volunteer-based government work, the lightness and simplicity of use in what is built is emphasized so that the end system is not too complex.

*“It should be pretty easy and light to use CRM. Of course, data management must be considered. In addition to these, legislation and data security must also be respected, they must not contain any shortcuts.”* (Interviewee, G)

*“With CRM enabled, I would look at who our members are, what they do and in what events do they participate. I could call the members and ask for advice or offer advice. Or find suitable conversation partners for them.”* (Interviewee, E)

To summarize the results of the human factors chapter, comparison between the issues emerged in the interviews to those raised by theoretical literature is presented. No differences were found in the key success factors, with management commitment and internal marketing being the most important. The need for a steering group was perceived as the least critical in the theoretical literature and was also the least frequently raised in the interview. Less attention was also paid to the role of the project manager in the implementation of CRM.

#### 4.4.2 Processes

The processes in this chapter are examined from several different perspectives, such as strategy, supplier, goal setting, and resources. In the theoretical literature, research findings emphasize the importance of change management and process change for the success of CRM initiatives (Bohling et al. 2006, 192). It must be emphasized that the processes are not a separate entity in between in the human factors and technology chapters, but together they form a whole in the CRM implementation topic that must be considered together. At the heart of CRM is customer information, which is used to create better customer value. All processes should support customer value proposition. This is especially important to consider in process redesign, where processes are prioritized because not all processes are equally important to the customer, even they serve the same purpose of customer value proposition (Kale, 2004, 24).

The integration and harmonization of organizational processes also requires the recognition that the value given to target customers is the driver of all processes. The results of customer value can be used to define and design organizational processes. Individual employee processes work in sync with attracting and retaining the target customer (Kumar & Reinartz, 2018, 38). For the purposes of this study, this customer value is also considered more broadly from the perspectives of member and membership value.

The process related CSFs emerged in the interview are illustrated in table 7. CSFs that emerged from the interviews in order of priority are as follows: goal setting, supplier knowledge and experience, strategic significance of the project, deployment project resourcing, new ways of working, and operational process descriptions.

Table 7. Process-related CSFs emerged in the interviews

Processes	A	B	C	D	E	F	G	H	Total
Strategic significance of the project	x			x	x	x	x		5
Supplier knowledge and experience	x	x	x		x	x	x		6
Deployment project resourcing	x			x	x		x	x	5

Goal setting	x	x	x	x	x	x	x	x	8
New ways of working			x		x	x	x		4
Operational process descriptions		x	x				x		3

Effective and profitable customer relationship management offers numerous benefits to organizations as well as a CRM technology infrastructure, when properly implemented, can increase competitiveness. Using the latest CRM technologies to build relationships and learn, a company can develop connections with its customers, leading to a successful and profitable long-term business strategy (Garrido-Moreno et al., 2014, 1032). The setting of CRM goals and descriptions of operational processes emerged in the views of the interviewees.

*“The process is important: Proper timing, execution, and relationship care. This design of the customer service process is a very key success factor. The most important of all from a process perspective is to draw the customer path and experiences even at the top level. This allows you to see how the CRM system supports these. It doesn’t start with technology but from designing the customer experience.”* (Interviewee, G)

*“In terms of processes, a strong understanding and insight into the main tasks and goals of customer relationship management is one of the critical success factors. They need to be clarified and able to communicate to the entire organization.”* (Interviewee, C)

The role of management in organizational culture is emphasized as the driving force for the change. One of the few things in management where SMEs can compete on an equal level or even have an advantage over large organizations in the market is that SMEs have the propensity to be more flexible (Galvão et al., 2018, 707). The creation of a customer-centric culture was discussed before, but interviews emerged the role of management in defining the processes and needs in CRM implementation. Several studies emphasize the importance of prioritizing organizational activities to improve CRM performance. When organizations decide where they should first invest to build a successful CRM process, they should prioritize the organizational policy dimension, given budget constraints. From a company-wide perspective, CRM is seen as complex process that requires multiple operations in different areas of the

organization (Dalla Pozza, Goetz & Sahut, 2018, 391, 399). Organizations should examine independently the order in which they implement the processes, as heterogeneous forms of organizations make it difficult to define an unambiguous best model of order.

*"The same thing is important in all IT systems, needs definition. An unambiguous needs definition, including what we need the system for, what we use it for. It requires skilled determinants of managers. Together with the end users, the right options should ultimately be decided, thus ensuring the right kind of use. "* (Interviewee, D)

*"The most important goals should be to define the activities of customer relationship management processes and to implement and implement them - right down to the business field and all representatives of the organization. The organization needs to understand the key actions, metrics, and monitoring of customer relationship management."* (Interviewee, C)

The multidimensional nature of CRM was repeated in interviews in different ways. The majority of the interviewees felt that a well-functioning CRM is not just a single functionality, such as direct marketing, sales or invoicing, but a versatile tool for the entire organization. Therefore, the implementation of CRM should take into account several different departments of the organization and their processes.

*"In the processes, personnel, technology layout, the processes should be designed so that we have a potentially continuous interaction with the customer. That CRM is not just a direct marketing registry. What is done with the customer becomes visible in the CRM."* (Interviewee, E)

*"I have seen quite a lot CRM projects and development over the years, with awful lot of focus on user experience on a sales-user point of view. There is a huge development of the end user interface to CRM, but no development of the underlying processes and automation, and how the system could handle these more efficiently."* (Interviewee, G)

The organization's processes for implementing and using CRM were felt to be too complex in several interviews. Views emerged on streamlining systems and eliminating duplication between different systems. According to the interviewees, customer information should be collected in one place according to a commonly agreed process.

*“For example, if you need to retrieve different information from the system when using partners instead of a client as trainers. And these training partners are indeed available from a different system and may sometimes be simultaneously customers of another product. It is insane nonsense to take the same information around to a different system when it could be taken to one and the same place. From one centralized place you would immediately see that a person has been at the event as a project manager as well as a participant in another event, so he or she may be interested in several follow-up products from different events.”* (Interviewee, A)

An important part of CRM is the implementations of all the processes that take place between a company and its customers in the supply chain (Kale, 2004, 46). In addition to taking into account the processes of the deployment phase, the interviews highlighted the processes produced by CRM systems. Some of the interviewees felt that marketing influenced perceptions of CRM functions, distorting them, or supporting misunderstandings. In this case, processes refer to both processes that are visible to the customer and those within the organization that are invisible to the customer. At the same time, however, some interviewees emphasized the importance of best practices based on the experience of IT suppliers.

*“In a weak organizations, there is talk of processes, but they don't really exist. Technological innovation, in other words new CRM systems and cloud services, are often said to include processes but I personally see that they can rather perform a wide range of processes.”* (Interviewee, H)

*“In terms of processes, the best practices of the tools should be utilized, especially if the organization is about to adopt its first CRM. Otherwise, nothing happens when no one outlines the whole of deployment, how the process should go. In that respect, processes are a critical issue that must be agreed upon before implementation can begin.”* (Interviewee, F)

*“When implementing a CRM system in an organization, I would first identify the best possible partner with experience in these matters and who is able to provide best practices through applications. The greatest added value comes from the fact that the supplier has done things in the past and is able to share his experience with the customer on these best practices, which are best for that particular customer and organization.”* (Interviewee, F)

In summary of the chapter the CSFs in CRM implementation discussed in terms of processes, goal setting emerged in each interview. Secondly, most interviewees raise supplier knowledge and experience, just before strategic significance of the project and deployment project re-sourcing. The least mentioned in the interviews, related to the processes, was new ways of working and operational process descriptions.

#### 4.4.3 Technology

All the activities of a modern organization are managed with the support of technology. One key theme of the study is figuring out how much technology defines other factors in an organization. In the context of CRM implementation in particular, technology has a huge role to play and the purpose of the interviews is to identify the emergence of the following technology-related CSFs presented in table 8: quality of customer information, requirements specification, connections to other operator systems, selected technology and equipment, and support materials.

Table 8. Technology-related CSFs emerged in the interviews

Technology	A	B	C	D	E	F	G	H	Total
Quality of customer information	x	x		x	x	x	x	x	7
Requirements specification		x		x		x	x	x	5
Connections to other operator systems					x	x		x	3
Selected technology and equipment	x	x	x				x	x	5
Support materials	x			x					2

CRM systems leverage technology to gather data that can then be analysed to provide the information needed to create a more personal interaction with the customer. Although, the issue is very complex in terms of technology, as organizations have significantly different definitions of customer and customer value. The CRM technology infrastructure has an enabling role, but it has only an indirect impact on CRM success, mediated by information management and organizational commitment (Garrido-Moreno et al., 2014, 1039). There are endlessly different definitions of customers, suppliers, products and services. In addition, the technology used is directly affected by the size of the organization and the resources available. This section focuses on the above presentations of CSFs in order to identify factors important in non-profit sector.

The maturity of the organization and ability to implement the systems emerged for a few interviewees. Maturity is an understanding of the level of organizations technological requirements as well as a realistic estimate of the size of the CRM system that can be effectively deployed. According to the interviewees, the size of the organization was closely related to the choice of supplier. The available budget and human resources, in other words, the size of the organization, were a determinant of technology in the implementation of CRM for several interviewees. Oksanen (2020) notes in relation to the choice of supplier, “look for a supplier that is neither too big nor too small for the customer. As soon as there is a huge mismatch in either direction, there will inevitably be difficulties”.

*“With technology, there is the risk of leaving on a particular product condition when they are so damn extensive. There are all kinds available. You need to be able to choose just the right size. There is a lot of data that you are more likely to have to enter in one way or another that makes up a project that is too big to take advantage of. If you need to constantly enter data, whenever something happens like who, where, what and when and follow up. And everything should be monitored and updated. Everything should be done, such maintenance. And not everything is necessarily automated, that is, it is necessary to identify one's own resources that can run CRM.”* (Interviewee, B)

*“Much depends on the maturity of the organization and the type of interaction with the client. The Internet is full of various CRM systems from free to expensive. Their integration with other information systems of a company or association varies from case to case.”* (Interviewee, E)

*“The supply of CRM systems is quite plentiful. When assessing capability from a technology perspective, it is worth considering issues such as the future vision of the technology producer. That the chosen technology supplier does not disappear from the market but is a solvent company. Cloud-based solutions today are evolving, and I wouldn’t choose anything else. It is also a service that is consumed and given a fixed-term contract that can be appropriately disconnected if the service does not meet expectations.”* (Interviewee, F)

The views of the interviewees differed in what stage technology or system selection should be involved when planning CRM implementation. Some felt that suitable potential technologies needed to be included in the discussion from the beginning. Where some saw that background processes and definition should first be done accurately, and there was no need to map existing technologies at that stage. In interpreting the answers, it must be considered that the interviewees talked about organizations of different sizes in their examples.

*“Selecting a technology vendor is not the final step in deployment. The CRM customer relationship management system should be considered as a whole. It must include business and customer relationship management processes, organizational needs, and technology. Three major areas that should be able to be considered in technology estimation and selection.”* (Interviewee, C)

*“There are big CRM suppliers with a focus on organizations of a certain size. It is a good idea to find out at the evaluation stage that you can find a supplier of approximately the right size for your clientele. Although today there is a clear trend for suppliers to be interested in smaller size customers as it is seen as good reference cases.”* (Interviewee, F)

*“I think of the CRM sourcing process in such a way that it depends a lot on the overall budget, how much time is worth spending on it. It starts with needs, that is, we return to strategy. One can look at what technologies are on the market and whether there is something specific that*

*we want to commit to. Large CRM platforms need to compete with partners. In small organizations, it is about what is basically the best way to cost-effectively handle a particular piece that is expected of it. Technology is of huge importance, but it is smaller when there is no point in creating massive amounts of data.”* (Interviewee, G)

Today, the technological development of CRM systems is at an ever-improving level. Interviewees mentioned that CRM systems have taken major productivity leaps in recent years. “Almost every CRM solution, whether they are global or smaller special tools or local solutions, they all have a huge amount of that functionality. If we fail to simplify what we want to do and why we do it but start using tools ‘A’ as widely as possible or ‘B’ patchwork where everyone does in their own way, then that solution will start falling apart.” (Oksanen, 2020)

The, the ease of use of current technology emerged from the interviews as factor that significantly increased operational efficiency. In practice, this means, device independence where the end user can operate on the desired terminal, such as on a mobile or tablet.

*“One important thing is keeping CRM information up to date, especially when volunteers are involved. It must be a simple and easy-to-use platform. Must be able to use a mobile phone, for example, to map speakers and keep in touch with members. With an easy user interface, you bother adding information to CRM on what everyone has been up to and with whom.”* (Interviewee, B)

*“Of course, CRM guides the user to store information in the right places, many systems are very laborious and therefore bad practices arise. When you must quickly push things forward, a few annoying user interfaces at the time can cause laziness to strike, even if it will annoy you later.”* (Interviewee, G)

*“Today, CRM has been on the market for quite some time that CRM capabilities are very close when compared to different technology vendors. There may be some differences in some niche areas, but the basic features can be found in all technology vendors.”* (Interviewee, F)

The view of the ease of use of technology and the intelligence of the system is also emphasized by researchers. This very pragmatic end-user perspective should therefore not be overshadowed by major issues such as system integrations. Artificial intelligence-assisted work, but it needs to be introduced and taught. “As a practical example, the CRM side panel, which actively announces suggestions for action on the title and subject of the discussion, whether this is related to this support request. If the user can enter the data with one or two clicks, then it is no longer a question of entering the data but of accepting the data. This is the image of the decade that brings big developments in CRM functionalities from a long time.” (Oksanen, 2020)

Technology automation is also improved by moving resources away from the organization’s datacenter to a more flexible cloud environment. Cloud computing scales up and down according to demand, eliminating the need for endless preparations for different results. The automated and customizable platform allows companies to cut labour and additional costs associated with physical databases (Kumar & Reinatz, 2018, 400). As a result, many of the world’s global giants have relocated their business infrastructure into a cloud-based environment.

The importance of good quality data is hardly underestimated by anyone, but its implementation remains a challenging issue. All organizations accumulate ever-changing customer data that resides in different locations, from legacy systems and back-offices to databases, ERP systems, and CRM applications (Kale, 2004, 46). A successful CRM implementation should increase knowledge of management features and a willingness to share information (King & Burgess, 2008, 424). Interviewees highlighted the importance of data collection as well as practical challenges in collecting that should be considered.

*“Data quality is a critical factor. Basic information about customers and information on the structures of customer companies. They may sometimes be supplemented inadequately or even inferiorly. In SaaS software in particular, use begins with storing basic information in a system that can be used to utilize it.”* (Interviewee, H)

*“Data quality is a success factor. Data collection needs to be considered, when and where it is collected. Data is a key value generator and this needs to be understood. We have to make sure that people themselves maintain their own contact information. The system administrator has a great deal of responsibility for the data inside the system.”* (Interviewee, G)

*“The value of CRM comes from the fact that customers have up-to-date good quality data from a reasonably long period of time. It can be said that CRM may sometimes be the most valuable single thing even in a business acquisition.”* (Interviewee, A)

The EU GDPR must be taken into account when planning and implementing technological processes such as data collection. Some interviewees noted that the data protection regulation should not be seen as restrictive but as an enabling factor for transparency and real-time data management.

*“Today, the core of CRM should have a so-called transaction account. The customer should have access to CRM for their own information and transactions. We need to make interaction visible to customers, so they see what services they have used and what mail they have received from us. In addition, all permissions and authorization management must of course be handled by the system, such as we can send via SMS, email, and GDPR information requests. When a customer asks what information you have about me, it could be printed or viewed directly from the system.”* (Interviewee, E)

In a customer relationship strategy, integrated systems are a key factor because they provide customer-related information that can be used by marketing, sales, and service departments (Mendoza et al., 2007, 918). The question is how these systems can be adapted to match the strategy where the customer is at the core of the business. The larger the organization, the more diverse systems that need to be seamlessly integrated with each other. Connections to other operator systems were highlighted in the interviews.

*“One factor in CRM success is that it is attached to a vital process in organization. It immediately makes the quality to be imported much more significant. The information in two places creates a situation where someone must check at some point, in addition to their work, which*

*one has more correct information. Completely pointless work that can be done so that the information is in one right place. At the same time, it increases the motivation of all people in the organization to do that knowledge correctly.” (Interviewee, A)*

*“Smaller and lighter CRM systems are less likely to integrate with the back-end systems from which that information is obtained. Then the information about the customer and the products will be a little thinner. The systems have evolved precisely in terms of integration into background systems and retrieval of information.” (Interviewee, F)*

In terms of technology, one success factor was highlighted above the others. Data quality emerged in almost every interview and was seen to be strongly tied to the success of the entire CRM implementation. Quality was seen to be affected by many things, such as the rules for entering information in the organization, integrations between systems, and the user interface of the member system. Further to these, some interviewees emphasized the organization must define responsibilities for data processing, development, and maintenance of its input.

In addition to data quality, technological success factors based on interviews include requirements specification and selected technology and equipment. Less attention was paid to the connections between the different systems, as well as to the support materials.

#### **4.4.4 Suggestions for case organisation**

This chapter includes emphasis by the author of the study, which can be utilized within the case organisation, SAP Finnish User Group. In the interviews with the board members of the case organization, one main theme was strategy and operations related to CRM. Performance appraisal in terms of CRM expectations, opportunities, and success factors raised many notable suggestions for implementation phase. A general observation from the interviews is that all the interviewees had a very positive or rather positive attitude towards the introduction of CRM in case organization. The ability of the CRM system to produce a result that is conducive to the association was not questioned. There was some caution of the challenges associated

with implementation phase and the correct use following it. This study chapter presents and comments on the results of the interviews, which directly concerned the case organization.

The interviewees' suggestions for developing member services using CRM were related both at the strategy and practical level. As an example of practical implementation was better targeting of services to members through the CRM system emerged. This view emerged in the most interviews. CRM system was seen as a strategic decision-making support in providing up-to-date analytics of member organizations and membership behaviour.

*“There must be services for a membership fee, which can be used to study how members use them. Personalized approaches made from analytics could be used for potential colleagues of members who have already participated in our events.”* (Interviewee, E)

*“With proper CRM, membership information would be based more on fact than today. The reports would add up-to-date information to support strategic decision-making.”* (Interviewee, D)

*“With the help of CRM, member-specific marketing of events would be successful, and information would be found out where the member has attended and which events have been of interest to member individuals. In addition, CRM can be used as a source of information on which to base a strategy.”* (Interviewee, F)

In general, the interviews highlighted an important aspect of the implementation of CRM, where the activities of the association need to be strongly tied to its operational functions and everyone within the association is encouraged and involved to use the CRM system.

*“CRM could be some kind of ERP system for this type of association to help control activities and through which to plan things and implement activities.”* (Interviewee, H)

*“Specifically, CRM could be a platform to deliver and manage the daily operational tasks. It should be activated for the widest possible use so that it does not remain a separate system.”* (Interviewee, C)

In the case of a small organization, some of the interviewees saw that flexibility and creativity should be used more.

*“If CRM only remains a customer contact registry that is not utilized further, then it is a wasted investment, in both large and small organizations. In small non-profit organizations, more creativity could be used.”* (Interviewee, H)

To summarize the proposals, CRM expectations for the implementation of the organization are favourable. Although many potential risk factors were identified, the overall picture of CRM implementation is optimistic. The vast majority felt that CRM would provide assistance both in support of strategic planning and decision-making and in operational activities to further develop member service.

## 5 CONCLUSIONS

This chapter summarizes the conclusions and key findings of the study. The study examined the critical success factors for strategic customer relationship management implementation from the perspective of the non-profit sector. Research questions were set to determine which CSFs are the most significant and whether the role of the non-profit sector differs from the for-profit organizations. The answers to these questions were sought by interviewing the members of the board of directors from the case organization, as well as a few persons suitable for defining the research for their job description. The issues raised in the interviews were examined in relation to SAP Finnish User Group association. This provided an overview of how the case association could develop organizational strategic customer relationship management processes to implement the new CRM system more effectively by leveraging the results of this work for the CRM system definition and implementation phase.

The main research question was related to CSFs in strategic CRM implementation within non-profit sector. The study found several CSFs that emerged in the literature, the significance of which corresponded well to the findings of the previous literature. Based on the background questions and theoretical literature, a total of 17 different success factors were identified. These CSFs were divided into three different categories, *human factors*, *processes*, and *technology*, to make their consideration and interpretation clearer. The main question for the empirical part of the study was to find out how the mentioned CSFs emerge in the interviews. This study presents the ranking of selected CSFs according to significance in the previous research literature. In the following list, all the CSFs are listed in order of priority based on interviews on the empirical part of this study, starting with the most mentioned: goal setting, quality of customer information, management commitment and involvement, internal marketing, supplier knowledge and experience, deployment training, strategic significance of the project, deployment project resourcing, requirements specification, selected technology and equipment, key account manager, new ways of working, operational process descriptions, connections to other operator systems, project manager, support materials, and project steering group.

Regarding the selected CSFs, the results of the study support the findings of the previous theoretical literature to a large extent. One exception in the results is represented as the *project manager* which was perceived in this study to be significantly less critical. In most organizations, a CRM project manager is an interested person who handles the project manager's work alongside his or her own work (Oksanen, 2010, 150). In interviews with the empirical part of the study, the project manager was one of the least prominent success factors, while its role is more emphasized in the theoretical literature.

One sub-question was set to look at the differences between strategic and operational CRM, based on which the interviews revealed several examples of how CRM serves as a strategic tool to support management in decision-making. The culture and processes of non-profit organizations was also discussed, and sub-questions sought how they support CRM implementation. Several issues emerged as a result of the study, such as setting goals for non-profits and understanding the role of the customer or member. Non-profit organizations often understandably focus their resources on their core business, leaving less resources for other things, such as supplier relationships. This should be addressed proactively in a timely manner in CRM implementation. In addition, non-profit organizations should be able to raise the required investment in the necessary CRM and IT systems, as they are expected to provide even better service than for-profit organizations.

In terms of technology, the quality of customer information, or data, was the most significant factor to be invested in, both in terms of processes and selected technology. In addition, for technology, organization-specific requirement definitions were also relevant, as was the selection of an appropriate CRM system or technology.

Interviewees provided a comprehensive picture of CRM implementation and related CSFs in non-profit sector in general. It was noticeable that interviewees looked at CRM through their own work history and current job description. The responses thus reflected emphasis on CRM strategy, personnel, processes, and technology and functionality, depending on the respondent. This can be seen as a limiting factor for the generalizability of the study results.

This study provides managerial implication for both strategic and operational management of the case organization. In operational sense, the case organization can utilize research data as well as practical suggestions in CRM planning and implementation to improve member service quality. The organization can assess whether the presented CRM CSFs meet the actual needs of the company or what priorities should be set for them. In addition, the case organization can leverage the results from this study to better and more effectively manage membership information.

The case organization can utilize this research to assess what requirements should be placed on a strategic CRM system and reflect on the realization of a customer-centric culture through it. Successful CRM implementation also provides support in the form of real-time analytics to strengthen strategic planning and decision making.

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## APPENDIX 1

## Research thematic interview questions in Finnish

1. Taustatiedot (SAP Finug hallituksen jäsen / muu organisaatio)
  - Taustatiedot: nimi, yritys, titteli
  - Mikä on roolisi/tehtäväkuvasi yhdistyksen hallituksessa? (SAP Finug)
  - Kauanko olet ollut yhdistyksen hallituksen jäsenenä? (SAP Finug)
  - Miksi olet liittynyt yhdistyksen hallitukseen? (SAP Finug)
  - Miten yrityksesi suhtautuu yhdistyksen hallituksen jäsenyyteen? (SAP Finug)
  
2. Asiakkuudenhallintajärjestelmistä (CRM) yleisesti
  - Onko sinulla kokemusta CRM-järjestelmistä?
    - o Strategia, arviointi- ja valintaprosessi, käyttöönotto, käyttö, muu?
  - Mitkä ovat mielestäsi CRM-järjestelmän tärkeimpiä tavoitteita?
  - Mikä on mielipiteesi CRM-järjestelmien tehokkuudesta?
  - Mitkä ovat mielestäsi kriittisiä menestystekijöitä CRM-järjestelmän käyttöönotolle?
  - Mitä näet suurimpina haasteita CRM-järjestelmän käyttöönotolle?
  - Miten tärkeänä koet teknologian (IT-järjestelmän/-ohjelmiston) valinnan?
  
3. CRM voittoa tavoittelemattomassa yhdistyksessä
  - Miten CRM ja strategia ovat linjassa? (SAP Finug tai muu organisaatio)
    - o Miten CRM tukee strategiaa? (SAP Finug tai muu organisaatio)
  - Miten koet johdon sitoutuvan CRM käyttöönottoon? (SAP Finug tai muu organisaatio)
  - Mitkä ovat odotukset CRM-järjestelmältä? (SAP Finug tai muu organisaatio)
  - Eroaako voittoa tavoittelemattoman yhdistyksen CRM normaalista?
  - Koetko, että CRM parantaa jäsenpalvelua (tai asiakaspalvelua)?
    - o Jäsenpalvelun laatu, tarjonta, pysyvyys, muu?
  - Koetko, että CRM muuttaa työskentelyäsi?
  - Vapaa sana (haluatko palata johonkin teemaan?)