Journal of
Personal Selling & Sales Management

Winter 2006, Volume 26, Number 1

THE PI SIGMA EPSILON NATIONAL EDUCATIONAL FOUNDATION

THE SALES MANAGEMENT ASSOCIATION
SALESMANAGEMENT.ORG

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LEVERAGING CRM FOR SALES: THE ROLE OF ORGANIZATIONAL CAPABILITIES IN SUCCESSFUL CRM IMPLEMENTATION

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Customer relationship management (CRM) is one of the fastest growing business practices in today's environment. CRM has been credited with substantial improvements in improving the effectiveness of sales forces. This paper offers an investigation of CRM implementation and proposes a model that explains the roles of organizational learning, business process orientation, customer-centric orientation, and task–technology fit in enabling the transformation of CRM from a technological tool to an advantage-producing resource. The development of the framework is based on extant theory and an analysis of responses to open-ended questions assessing (dis)satisfaction with CRM implementation. Implications for sales management are discussed.

A Fortune 500 company's sales managers often discuss the issue of "impact versus activity" with their salespeople. The underlying premise is that the company would prefer that the salesperson spend his or her time on customers and activities that have the greatest effect on the bottom line rather than simply make a large number of sales calls. Over the past several years, there has been a shift in how sales success is measured, shifting from "quota" performance indicators to long-term buyer–seller "relationship" performance indicators (Ganesan 1994). Therefore, the salesperson must be able to prioritize and manage customers using information related to long-term customer profitability, ordering habits, selling cycles, interpersonal relationships, purchasing requirements, payment terms, competitive actions, sales volume, and potential and overall cost-to-serve, among other factors.

Sales force automation (SFA) software consisting of contact and lead management functions were the pioneering elements of customer relationship management (CRM). SFA software vendors originally emphasized productivity gains rather than strategic gains through the use of SFA technology. CRM, at first glance, appears to be a technology-enabled resource that will allow salespeople to increase their return on time invested in sales activities. For example, the promise presently advanced to sales organizations by CRM vendors is that a successfully implemented sales-focused CRM system can provide a salesperson with the information necessary to focus on high revenue, high profit, and high potential customers while reducing the level of activity focused on low revenue, low profit, and low potential customers.

Because of this promise, CRM is one of the fastest growing practices in today's business environment. In 2002, Aberdeen Research estimates that over $13 billion was spent worldwide on CRM-related technologies and services (Thompson 2003). Various estimates have been made about the projected growth in demand for CRM solutions. According to IDC forecasts, worldwide sales of CRM applications will increase by a compounded annual growth rate of 8.9 percent between 2004 and 2008. AMR estimates that SFA applications alone accounted for 16 percent of overall CRM sales in 2005 (eMarketer 2005).

Despite the enormous growth in the acquisition of CRM systems, critics point to the high failure rate of CRM implementations. In an international survey of 1,337 companies who have implemented CRM systems to support their sales force, CSO Insights has estimated that only 25 percent reported significant improvements in performance (Dickie 2005). A primary argument that has been proffered for the failure of CRM systems is the lack of strategic planning prior to the implementation of CRM (Day 2000). Others contend that organizations lack the capabilities to effectively integrate CRM technologies into the sales processes of an organization (Erffmeyer and Johnson 2001; Speier and Venkatesh 2002). Our interests, therefore, lie in exploring factors that contribute to successful CRM implementation as experienced by users in the private sector. The main premise of this paper is that,

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This research was funded by a grant from the Florida State University Council on Research and Creativity. The authors thank Bob Thompson of CRMGuru.com for assistance in data collection, and the reviewers and editors for their comments.

Journal of Personal Selling & Sales Management, vol. XXVI, no. 1 (winter 2006), pp. 39–53.
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ISSN 0885-3134 / 2006 $9.50 + 0.00.

given the right set of enabling factors, CRM can be transformed into an advantage-producing resource.

In this paper, we draw on resource-advantage (R-A) theory (Hunt 1997; Hunt 2000; Hunt and Morgan 1995) as a theoretical foundation to (1) explain CRM's potential as an advantage-producing resource for sales management, and (2) identify enabling factors that contribute to successful CRM implementation. Following an extensive literature review and an exploratory investigation, this paper offers a model of CRM implementation that identifies four categories of organizational capabilities that may influence CRM implementation success. These capabilities are organizational learning (team, systems, learning, and memory orientation), customer-centric orientation, business process orientation, and task–technology fit (TTF). Because of the exploratory nature of this study, our research uses qualitative methods that include in-depth interviews with CRM experts, followed by an analysis of open-ended comments from 65 CRM users. This method is consistent with Tanner's (2002) call for understanding strategic relationships and ensuring greater generalizability through the use of qualitative methods.

We outline the role of CRM as a potential advantage-producing resource and present a model of CRM implementation success (Figure 1). First, in developing the framework, we draw on R-A theory to (1) ground CRM as an advantage-producing resource and (2) explain the relationships between intangible organizational capabilities and CRM implementation for successful sales management (Day 1994; Lukas and Ferrell 2000). Second, we examine the significant role of learning capabilities in technology-critical organizations (Day and Schoemaker 2000; Hurley and Hult 1998) and the need for a customer-centric orientation to achieve a sustainable positional advantage (Baker and Sinkula 1999). Third, given the dramatic impact of technology on business practices, an organizational focus on business processes is considered critical for a CRM model (Hammer and Stanton 1999; McCormack 1999). Fourth, given the difficulties that firms have had in implementing CRM, we suggest that a strong TTF is a key organizational capability for transforming CRM technology into a strategic resource advantage. After identifying the relevant organizational capabilities, we describe the methodology used to obtain field support for the framework presented in Figure 1. The relevant principles from the literature review are interwoven with insights from our qualitative research phase of this study.

CUSTOMER RELATIONSHIP MANAGEMENT

What Is CRM?

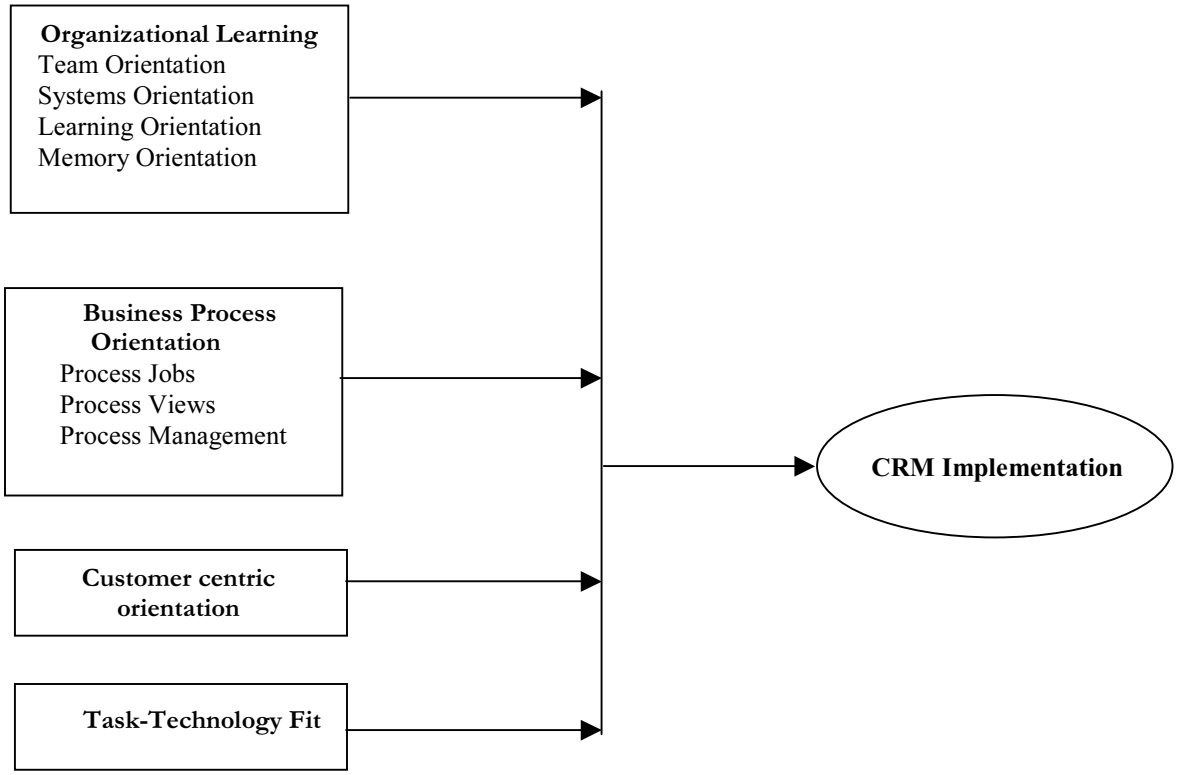
CRM is a technology-enabled business management tool for developing and leveraging customer knowledge to nurture, maintain, and strengthen profitable relationships (Sue and Morin 2001). CRM is consistent with a customer-focused strategy and relationship marketing in that CRM holds that a long-term customer relationship often serves firms better than a short-term transaction orientation (Berry, Futrell, and Bowers 1983; Gronroos 1991; Morgan and Hunt 1994). The underlying premise of CRM is that firms need customer knowledge to (1) effectively segment customers, (2) develop and maintain long-term relationships with profitable customers, (3) determine how to handle unprofitable customers, and (4) customize market offerings and promotional efforts (Srivastava, Shervani, and Fahey 1999).

CRM applications can be categorized into operational or analytical. Operational CRM involves automation of sales, marketing, and customer support with a view to making these functions more efficient and effective. It aims to reduce operating costs while enabling these functional areas to render a higher level of value to customers (Moriarty and Swartz 1988). For instance, a CRM system may guide a salesperson through a needs analysis when making a sales call. This information can immediately be transferred to other functions (e.g., manufacturing, finance, logistics) in order to identify and provide the customer with a market offering that provides value.

Analytical CRM refers to the technologies that aggregate customer information and provide analysis of the data to improve business decisions and actions. Firms develop a central data bank such as a data warehouse, where all customer-related information is stored. Ideally, this data bank should be accessible from all relevant departments such as sales, customer service, and marketing. The data from the data warehouse are often analyzed employing data mining techniques (Swift 2001). For example, using CRM, salespersons can identify underserved market segments or identify opportunities for cross-selling products from different business units. In addition, some CRM applications now have a social networking function. This function allows salespeople to use this application to find friends, coworkers, or customers with connections to a prospect firm. These individuals are then able to make an introduction that may shorten the time it takes to arrange a sales meeting (Picarille 2004).

To successfully implement CRM, firms must combine physical resources (e.g., computers and technological infrastructure), informational resources (e.g., customer databases, salespeople's call records, customer service interactions), and organizational resources (e.g., customer-oriented culture, information-sharing routines) to enhance relational resources (i.e., relationships with customers) in a manner that improves a firm's competitive position. CRM implementation success may be defined as occurring when CRM assists firms in profitably delivering market offerings to customers that (1) provide value to customers at a lower cost (relative to competition), (2) provide more value at the same relative cost (relative to

Figure 1
Identification of Organizational Capabilities for Successful CRM



competition), or (3) provide more value at a lower cost (relative to competition) (Hunt and Lambe 2000).

R-A Theory and CRM

R-A theory is "an evolutionary, disequilibrium-provoking, process theory of competition, in which innovation and organizational learning are endogenous, firms and consumers have imperfect information, and in which entrepreneurship, institutions, and public policy affect economic performance" (Hunt and Arnett 2003, p. 4). R-A theory draws on a number of research traditions including Austrian economics, heterogeneous demand theory, the historical tradition, economic sociology and institutional economics, evolutionary economics, differential advantage theory, and the resource-based view of the firm (Hunt 2000; Hunt and Derozier 2004; Hunt and Lambe 2000; Hunt and Morgan 1995). R-A theory serves as a theoretical foundation for business and marketing strategy (Hunt and Derozier 2004) and, therefore, explains (1) CRM's potential as an advantage-producing resource and (2) how capabilities serve as enablers for successful CRM implementation. As such, R-A theory is particularly useful in framing how CRM facilitates sales force deployment of CRM as a strategic tool for achieving market advantage. A complete discussion of R-A theory is outside the scope of this paper (see Hunt 2000); therefore we focus on the aspects relevant to our discussion of CRM as a resource.

R-A theory, while a theory of competition, adopts the resource-based view of the firm and views resources as "tangible and intangible entities available to the firm that enable it to produce efficiently and/or effectively a market offering that has value for some market segment(s)" (Hunt, Lambe, and Wittmann 2001, p. 29). R-A theory expands the resource-based view of the firm to include tangible and intangible resources available to the firm (e.g., through strategic alliances) in addition to resources owned by the firm. For R-A theory, resources include financial, physical, legal, human, organizational, relational, and informational resources (Morgan and Hunt 1999).

Because R-A theory postulates that firms possess heterogeneous resources, firms' performance vary within and across industries. That is, different firms have different resource assortments that can be deployed to deliver valued market offerings. Therefore, when firms have a comparative advantage (disadvantage) in resources, they will occupy positions of competitive advantage (disadvantage), which then results in superior (inferior) financial performance (Hunt 2000; Hunt and Lambe 2000; Hunt and Morgan 1995). Resources are more likely to contribute to sustainable competitive advantage when they contribute to a firm's efficiency or effectiveness,

are imperfectly imitable and substitutable, rare, and immobile (Barney 1991; Dierickx and Cool 1989; Michalisin, Smith, and Kline 1997).

R-A theory views firm competences as higher-order resources that consist of tangible and intangible lower-order resources that combine in a synergistic manner (Hunt and Derozier 2004). In short, a competence is "an ability to sustain the coordinated deployment of assets in a way that helps a firm to achieve its goals" (Sanchez, Heene, and Thomas 1996, p. 8). Competences are often advantage-producing because they are tacit, complex, and firm-specific (Reed and DeFillipi 1990) and, consequently, are valuable, difficult to imitate, rare, and often without strategically equivalent substitutes. For example, for many companies, the sales force is critical to its success. From an R-A perspective, an advantage-producing sales force is a combination of a number of tangible and intangible resources. Human resources are obviously primary, but other company resources include the organization's hiring policies and procedures, training programs, technological support of salespeople, compensation structure, and professional education programs, among others. Individually, these resources have limited capacity for competitive advantage. However, by combining these resources in a unique manner, the result may provide an organization with a competence that is highly difficult to imitate.

CRM as an Advantage-Producing Resource

In this paper, we distinguish between CRM *technology systems* and *effective implementation* of CRM. That is, although CRM is often viewed as a technological solution, we view CRM implementation success as occurring when organizational or critical organizational units (e.g., the sales organization) are able to leverage CRM as an advantage-producing resource. Thus, CRM can be conceptualized as a complex, higher-order resource (competence) that is enabled by four distinctive organizational capabilities. Following previous research (Day 1994; Day and Wensley 1988), we define capabilities as the organizational systems comprised of complementary skills and accumulated knowledge exercised through organizational processes that enable firms to coordinate activities and make use of their tangible and intangible resources (Day 1994; Lukas and Ferrell 2000). Distinctive capabilities are those that set an organization apart from the competition and help speed up the organization's adaptation to environmental change (Day 1994; Day and Wensley 1988). Specifically, we posit that organizational learning, customer-centered orientation, business process orientation, and TTF are four capabilities that act in concert for successful CRM implementation. The conceptual model is presented in Figure 1.

In considering successful CRM implementation, we found that, with some exceptions, the literature primarily emphasizes the technical and operational aspects of the technology rather than the organizational behaviors and skills exhibited by best-practice CRM companies. For instance, Rivers and Dart (1999) investigated factors influencing the acquisition and use of SFA systems by mid-sized manufacturers. The acquisition of SFA was measured by the dollar amount spent on technologies employed including laptops, videos, and so on. Moreover, they rated the tendency of the organizations under study to acquire leading-edge technologies. A focus on the operational aspects of technology alone does not provide a unique advantage to the use of CRM.

Recent work in the sales literature has started to move the discussion of successful CRM implementation beyond technical and operational considerations. Zablah, Bellenger, and Johnston (2004) developed the Cognitive Dissonance Model of Organizational Innovation, which focuses on three gaps—employee–process, technology–employee, and process–technology. These three gaps, two of which are technology-related, are posited to influence innovation-related cognitive dissonance, which, in turn, can affect CRM assimilation likelihood. Ahearne, Srinivasan, and Weinstein (2004) developed the Technology Performance Usage Model, which describes the relationship between performance and usage of CRM systems.

Our model complements their work by more specifically focusing on the organizational capabilities that enable a technological innovation, such as CRM, to become a resource advantage (Achrol and Kotler 1999; Deshpande and Farley 1999; Hurley and Hult 1998; Speier and Venkatesh 2002; Srinivasan 2000). Based on the literature, we now present our arguments for the selection of the four organizational capabilities presented in our framework.

Organizational Learning

As to the determinants of organizational innovation, studies have mainly emphasized the effects of an organization's structural characteristics such as size, formalization, centralization, complexity, and interconnectedness on adoption and implementation of innovations (Damanpour 1991). Organizational behavioral characteristics have not been considered in organizational innovation models until recently when management and marketing scholars made advances to link organizational behavior determinants and organizational innovation (Hurley and Hult 1998; Thong 1999). The few organizational behavior determinants of innovation found throughout the organizational innovation literature include (1) developmental and group behaviors displayed in employees to promote continuous learning within an organization (Zammuto and O'Connor 1992); (2) the removal of knowledge barriers through learning (Thong 1999); and (3) organizational learning in the context of technical training available, technical expertise, and level of knowledge of the

innovation (McGowan and Madey 1998). For example, Spirit Cruises launched a CRM system that, in addition to technological problems, was difficult to learn. In the second iteration of the CRM system, it drastically changed the system and removed many of the learning barriers to make it easy to learn and use (Gallagher 2004). We propose organizational learning as an antecedent to successful implementation of CRM.

Business Process Orientation

Day (1994) argues that distinctive capabilities can only be present in an organization when there is a balance between the external and internal environments. Internally oriented processes cannot be productively harnessed unless the organization has equally emphasized external processes that allow employees the ability to learn about its markets and diffuse the knowledge widely (Day 1994). The underlying assumption of Day's framework is a business process orientation. Day suggested that future research include the study of a business process orientation as a distinctive capability and its influence on market-driven behaviors. Organizational capabilities, such as those outlined by Day (1994), help explain the performance of innovations when organizations attempt to match existing processes with new technology such as CRM (Teece, Pisano, and Shuen 1997). For example, some organizations in the pharmaceutical industry are linking promotional processes with medical affairs and customer service processes to optimize promotional programs and have a "more complete and accurate understanding of customer interactions and ROI [return on investment]" (Sederman 2004, p. 10). Accordingly, we present business process orientation as a second capability that may be essential for successful CRM implementation.

Customer Centricity

A customer-centric management system consists of organizational structure and processes focused on customers rather than functional areas (Day 2000). A customer-centric management system helps maintain the organization's attention on customer interactions and ensures that expertise from different functional areas is deployed to promote the quality of customer experience. A customer-centric management system will also reward performance based on metrics that reflect the quality of customer experience (Day 2000; 2003). Thus, we suggest that a customer-centric orientation will enable CRM implementation success. Specifically, Moorman (1995) observes that information processes are likely to be influenced by organizational systems. As such, management system or configuration (Day 2000), reflecting the design of the organization's structure and incentives, affects the implementation of CRM. For example, Pass, Evans, and Schlacter (2004) suggest that salespeople should be evaluated and rewarded for gathering information that can be utilized in CRM information systems. They conclude that involvement, reward, and utilization of the information may increase a firm's competitive position. In other words, to effectively drive relational information processes, organizational configuration should involve a customer-centric management system (Dutta 2000; Wilson, Daniel, and McDonald 2002).

Task–Technology Fit

TTF is the degree to which a technology assists an individual in positioning his or her tasks (Goodhue and Thompson 1995). Depending on the needs of the organization, the functional area where CRM is to be implemented, and the desired outcomes, CRM technology can be tailored and adapted to meet company needs. However, as in all technology, the user's ability is essential to the success of CRM. Accordingly, we suggest that the match between the task and the technology is essential for successful CRM implementation. This match can be achieved through customization of the package and through adequate training. Irrespective of the means by which the match is achieved, TTF is necessary for the successful execution of CRM (Speier and Venkatesh 2002). Ingrian Networks is an example of a company that has matched sales and marketing tasks with CRM technology to enhance the productivity of its organization. The system that Ingrian uses saves salespeople several hours a week through an intuitive reporting methodology and by providing current data that has enhanced sales forecasts (Weinberger 2004).

In summary, the literature review provides support for recognizing organizational learning, business process orientation, customer-centric orientation, and TTF as "distinctive organizational capabilities." A firm that has a fair degree of these organizational capabilities may be in a better position to transform CRM into an advantage-producing resource as opposed to firms that have a very low level of, or do not possess, these capabilities.

In order to further develop our arguments for selection of these four capabilities and their role in CRM implementation, we use perspectives gleaned from our interviews. This paper adopts a grounded theory approach, where we match the literature review with insights from our qualitative research.

METHOD

The decision to pursue a qualitative approach to further elucidating the role of organizational capabilities in CRM implementation was motivated both by the acknowledged absence of CRM-specific research in this area and our desire to provide a stronger foundation to guide thinking and subsequent empirical investigation regarding the implementation of

Table 1
Sample Statistics: The Company

Company Details	Percent of Total Responses (*N* = 65) (in percent)
Nature of Business	
Business-to-business	69.1
Business-to-customer	30.2
Annual Sales	
$1 billion or more	19.1
$500 million to $1 billion	7.6
$100 million to $500 million	14.3
$5 million to $100 million	26.6
Under $5 million	21.8
Number of Employees in Firm	
< 500	53.7
500 to 5,000	25.2
> 5,000	21.1
Location of Firm Headquarters	
North America	53.2
Europe (including Great Britain)	24.4
Asia Pacific	13.5
Other	10.7

CRM. Of particular concern to us was the link between the R-A view of the firm and organizational capabilities with respect to CRM. Given the relatively few studies that address these specific issues, we consider it appropriate to seek validation from CRM practitioners and users for our framework, which is derived from the literature. When previous empirical research within a specific domain is scant, qualitative methods have been used to generate a foundation for subsequent hypotheses (Drumwright 1996; Flint, Woodruff, and Gardial 2002).

Respondents were solicited through a third-party survey run on a popular Web site that serves as a forum for CRM users, developers, and consultants. Potential respondents were told that they would be requested to provide open-ended responses to a few questions and that, in some cases, they might be contacted for a telephone interview. The intended respondent was a person in a firm currently using CRM solutions. Respondents were asked to indicate their level of involvement in the CRM process. Specifically, they were asked if they had played any role in the different stages of CRM implementation, such as vendor selection, design, use, and so on. This information enabled deletion of respondents who were not directly involved in the CRM implementation process. Consent to participate was received from 200 people. The following questions were e-mailed to these people:

1. Are you satisfied/dissatisfied with the CRM solution your company/strategic business unit (SBU) is using?
2. Why are you (dis)satisfied with your CRM solution?
3. Why did CRM implementation take longer than expected?
4. Why is it difficult to share information?
5. How did customer requirements affect CRM system design (if at all)?
6. What problems, if any, did you encounter in the adoption and implementation of the CRM system?

The selection of questions was guided by the traditional barriers that are faced in CRM implementation as identified in the literature. Questions 3 and 4 were answered by respondents who had experienced significant delays in implementation and information-sharing problems.

A total of 108 electronic questionnaires were received. After eliminating questionnaires with incomplete responses, data from 65 responding firms were available. The descriptions of the companies and the individual respondents in the sample are outlined in Tables 1 and 2, respectively.

In order to check for accuracy and consistency of statements, phone interviews were held with 10 percent of the respondents, who were randomly selected. In these cases, we also contacted other members of their respective CRM teams, and they were asked the same questions. The objective of this exercise was to mitigate any possible biases from single-informant reports. In all cases, the views of multiple informants from the same company were in agreement. Several of the respondents had worked together in the implementation of CRM.

Two of the authors of this paper independently reviewed the open-ended comments. A two-step process was implemented. First, the open-ended responses to questions were independently divided into thought units by the two authors (Mackenzie and Lutz 1989). Any differences in the grouping (or splitting) of sentences into thought units were resolved through discussion. A total of 163 distinct thought units were identified. Following that, the thoughts were coded into four categories depending on whether the thought was directed to organizational learning, business process orientation, customer centricity, or TTF. Within the category of organizational learning, the thoughts were categorized as team, systems, learning, and memory orientation. An average interrater reliability (percentage of simple agreement) of 91.3 percent was obtained across all categories. All differences in coding were then resolved through discussion to yield the final counts of various types of organizational capabilities. Table 3 summarizes the number of times each organizational capability was mentioned by respondents. In addition, to provide further objectivity, one professor of management reviewed our findings.

Table 2
Sample Statistics: The Individual Respondent

Company Details	Percent of Total Responses (*N* = 65) (in percent)
Position in Organization	
Executive/Top Management	27.6
Middle Management	44.3
Technical	12.2
Other	15.9
Function in Organization	
Sales and Customer Service	32.6
Information Technology	26.1
Financial Services	9.7
Media and Other Services	14.8
Other	16.8

Table 3
Frequency of Responses

Organizational Capability	Number of Responses	Percent of Total Responses (*N* = 163) (in percent)
Organizational Learning		
Team Orientation	139	85
Systems Orientation	111	68
Learning Orientation	117	72
Memory Orientation	86	53
Business Process Orientation	143	88
Customer-Centric Orientation	150	92
Task–Technology Fit	78	48

ORGANIZATIONAL CAPABILITIES FOR ENABLING CRM IMPLEMENTATION

In this section, the organizational capabilities influencing CRM implementation (see Figure 1) are illustrated and amplified by the use of comments from the respondents to this study. It is proposed that higher degrees of organizational learning, customer-centric orientation, business process orientation, and TTF will lower the barriers to successful CRM implementation. We now use relevant literature and insights from our analysis of open-ended comments to develop the relationships proposed in Figure 1.

Organizational Learning

The learning organization is described as one having the capacity to improve actions and performance and to modify its behaviors due to superior organizational learning capabilities (Senge 1990). The four learning capabilities that have been proposed are team orientation, systems orientation, learning orientation, and memory orientation (Hult 1998).

Team orientation provides the basis for true learning, beginning with a dialogue in which team members share assumptions and think together to solve problems (Goh and Richards 1997; Hult 1998; Tobin 1993). Teams are formal groups with clearly defined tasks and boundaries. Learning in a team environment is the process of aligning a group of individuals toward a shared vision and commonality of direction (Senge 1990). This is consistent with the increased emphasis in sales on the use of cross-functional selling teams (Moon and Armstrong 1994). The importance of defining and enabling teams in successful implementation of CRM systems is illustrated in a comment from one of our respondents. A senior sales manager in a financial services company talks about the process the firm went through after experiences with a failed CRM solution. In the second round of implementation, the company made an effort to understand and map the sales teams and processes. These inputs were then worked into the new CRM system. Learning from sales teams across different countries enabled the firm to develop the CRM system into an effective and efficient tool.

> Our first CRM solution was an out-of-the-box system with no real customization possibilities. Today, we want something new, and we have put up a set of requirements ourselves based on an analysis of how our sales force works. From this analysis, we have made a list of points to improve and automate. Then we held a workshop internally with members of the sales force from five different country offices. The result was an optimized sales process for the group. This sales process we want mapped in a new CRM system to come.

The above comment points to the need for defining and understanding teams *prior* to the selection and execution of the system. Team orientation also ensures that people work toward a common goal and have a shared understanding of that goal.

The need for team orientation was experienced by UPS in its SFA implementation. In order to improve the effectiveness of SFA, committees spearheaded by about a dozen managers, including representatives from the sales, marketing, and information technology [IT] divisions, were formed. This resulted in better communication and shared goals. The net effect of SFA was a reduction in the time for contract implementation. Before SFA implementation, contract finalization used to take 45 to 90 days; after implementation, the average time was reduced to 15 days (Berger 1996).

Systems orientation emphasizes structuring and making sense of the multiple inputs from the entire environment, and creating multiple outputs consistent with the "big picture" of the organization (Hult 1998; Senge 1990). A "systems thinking"

orientation serves as an incentive for organizations to integrate learning throughout the organization and demands that all participants analyze the consequences and impact of their actions on the entire organization (Argyris and Schon 1978). Lack of a systems orientation was repeatedly cited by respondents as a reason for delays or failure of CRM systems. Specifically, organizations seem to have failed to request and consider user input early in the process. One of our respondents, a senior marketing manager in a telecommunications company, pointed out that her organization's CRM implementation suffered from a lack of coordination and integration. Her comment, which follows, describes a system that was designed by the technical team and then presented as a fait accompli to the users.

> I believe that the end users of these solutions were not brought into the project early enough. This was an IS [information systems]–driven project. Once a solution was defined and ready for deployment, it was then presented to the end-user organizations. The end users had several critical needs that were not included in the original design of the tool. Rework then had to be done on the functionality. Once implementation did begin, there were, as should have been expected, additional functionality requests to improve usability of the tool. Adoption of the tool was hindered by this delay and word-of-mouth caused additional hindrances to further adoption and deployments.

The lack of a systems orientation, as illustrated in the above quotation, leads to user dissatisfaction, reluctant participation, and delays in implementation. This is also reflected in the following comment from a CRM consultant who had this insight to offer based on eight different implementations across five different industries:

> I have seen several causes for delay across the various CRM implementations that I have done. Primary cause: lack of business involvement in the implementation. Every time that I have seen an implementation pushed too hard from the technical perspective, it is never quite as successful. Because the solution is supposed to support the business, not be an elegant technical development. It can be hard to draw back to business benefit because, when the business is not involved enough, there is not enough input and context to fulfill the major needs. Only after it is in development and it does not do what the business implicitly expects (never hinted or suspected but always understood when compared against implementation results) is this lack of involvement seen.

Lack of knowledge and understanding of all the disparate functions within the organization contributes to delays in CRM implementation and reduces the effectiveness of the solution.

From a sales organization perspective, the implication is that salespeople and sales managers should get involved early in the development and deployment process. In the Spirit Cruises example, a task force was formed that included members from various functions including IT, sales directors, sales managers, and the sales team. Prototype screens were evaluated and tested throughout the process with constant updates and feedback from all parties (Gallagher 2004).

Learning orientation describes an organization's willingness and desire to continuously understand its environment, learn new skills and information, and use new knowledge (Hult 1998; Sinkula, Baker, and Noordeweir 1997). Innovation and success in today's highly competitive global marketplace require that employees have the ability to learn and change quickly (Bartezzaghi, Corso, and Verganti 1997; Tichy and Cohen 1998). Failure to adopt a learning orientation can result in difficulties in exchanging information and having a common understanding of the system. Two respondents in our interviews talked about delays and setbacks to implementation because of this inability. Specifically, one interviewee, a senior sales manager, expressed the view that acquisition of units with different reporting styles resulted in the lack of a common base for exchanging information. The company did not have the time to invest in, and develop, a learning orientation with respect to all its acquired units. On the surface, it would appear that CRM technology is well situated to integrate information in all the diverse units. However, the technology's ability to accomplish its goal is hindered by the failure of these units to communicate in a common language and contribute to the system. This underlines the ability of learning orientation to catapult CRM from a mere technology tool to a strategic capability. The second quotation, from a manager in the IT department and a member of the CRM implementation task force, reiterates the need for companies to learn new skills and information and ways in which these can be parlayed for strategic advantage.

> Problem is not in technology but in changing mind-sets of the teams and paradigm of the company. Discipline in reporting and communication and feedbacks will alter the situation and solve problems.

> Our group of companies consists of about 30 different units acquired during the past 10 years. Each company has had their own legacy and back-office system, and therefore, their own cultures related to these routines. Since there is no defined common reference base, there will be difficulties when exchanging information. This is only on the sales-reporting side, not to speak about prospects, leads, etc.

The implication for sales management is the need to listen to the users of technology and use their input in gearing technology to meet the company's specific needs. In an effort to streamline sales force activities while increasing effectiveness, Frigidaire adopted a CRM system that had limited functionality. Based on feedback from the field, the company implemented a new system that had a central database. It also

provided incentives for salespeople by telling them that they no longer had to file monthly and weekly reports as long as they used the system (Flanagan 1995).

Closely associated with learning orientation, *memory orientation* emphasizes the development of new knowledge by continuously reviewing the lessons learned from activities (Dixon 1992; Hult 1998; Sinkula 1994). The ability to identify best practices, capture the lessons, and spread them across organizational boundaries is a key component of a learning organization. Several respondents complained about the fragmentation of data within the company, causing a reduction in the effectiveness and efficiency of the CRM system.

> Well, I do not want to disclose company secrets here—however, I have seen many companies with CRM approaches. Most of them have limited success because the customer information is fragmented throughout the company—and the bigger a company is, the more parts are available. Problem is, the parts do not have a sense for self-organization. So, people need to bring the pieces together—or technology.

> The main reason for my dissatisfaction is the lack of a central, comprehensive source of information. I am fairly new to the firm and I was rather surprised to find the lack of coordination.

Lack of a memory orientation also hampers a firm's ability to reorganize in response to the needs of CRM. A CRM consultant pointed out that firms' reward systems are geared toward protection rather than sharing of information. With sufficient organizational learning, it would be reasonable to expect that the organization would revamp its systems to take advantage of innovations. The respondent bases his observations on his three most recent clients: an electronics company, a mobile operator, and an Internet retailing subsidiary.

> It is difficult to integrate and share customer information because the information itself is considered an asset that can be turned into economic value. As such, these organizations have guarded the opportunity to extract incremental value from this information without sharing. Part of the problem is that corporate budgeting for these initiatives is based on division performance. Hence, certain divisions are wary of moving their data down the value chain to allow others to extract value from it.

Since CRM implementation can be a complex and frustrating process, it is necessary for companies to facilitate the process by sharing experiences. Astra Pharmaceuticals LP is an example of a company that designed its marketing organization to facilitate and encourage cross-selling through the use of a sophisticated customer database and SFA system. Astra's marketing system enables best practices to be shared across the enterprise, as the company deploys "virtual teams" to address the specific needs of customers. Two Astra sales reps, for example, with technical expertise in two unrelated drugs, can visit the same physician at different times and still coordinate their sales calls in ways designed to leverage the overall company's strength (Peppers and Rogers 1999).

Business Process Orientation

The success of CRM adoption can be greatly attributed to how well an organization can analyze its business processes and modify them by effectively integrating CRM technology (Hammer and Stanton 1999; Keen and McDonald 2000). Sales and sales management research has paid little attention to the integration of technology into sales processes (Erffmeyer and Johnson 2001). One respondent said that the primary reason for delay and failure was that "the road map could not be decided." This directly points to CRM's need for high levels of information sharing and integration among partnerships, whether internal or external to the organization. The process capabilities of an organization determine "its abilities to take charge of change rather than react to it" (Keen and McDonald 2000, p. 50). Many firms have successfully increased the pace of innovation through business process redesign (Collins and Hill 1998; Cravens 1998; Drew 1995; Hammer and Stanton 1999).

Business process orientation is the degree to which an organization designs and implements processes, activities, and tasks to create customer value. It is a way for firms to get closer to their customers by improving organizational performance and competitiveness (McCormack 1999). McCormack's (1999) model of business process orientation is comprised of three components—process view, process jobs, and process management and measurement systems. A "process view" is the degree to which the organization emphasizes the view of the organization and its external environment as a series of interlinked processes, or as a value chain. "Process jobs" relates to the activities performed by employees; these are based on a process rather than a function or product. "Process management and measurement systems" is the degree to which the organization has management approaches that continuously direct and assess the performance of business processes, allowing for the identification of opportunities for improvement. The following comments are from respondents who were involved in the implementation of CRM in their respective organizations. They offer their views on how the lack of a business process orientation led to substantial delays in the CRM implementation process.

> When we started implementation, there were no proper business processes in place (no common way of work). Also, lack of general computer knowledge significantly delayed the process of learning new software.

> [CRM implementation took longer than expected because] human issues and business processes were not properly addressed.

In addition to dissatisfaction and time delays, lack of a business process orientation can also cause difficulties in sharing customer information, resulting in a silo approach to data integration. Commenting on information-sharing problems, one respondent said:

> The primary reason [for difficulty in sharing information] is because we didn't have an architect design the system *relative to our business processes* across all functions and we don't have any user guidelines that are documented or enforced. (emphasis added)

Redesigning CRM business processes prior to the implementation of CRM technology is essential to the success of the latter (Day 1994). Sales, marketing, and customer service processes are considered primary to CRM strategies due to their direct contact with customers.

It is important to have a clear vision of the kind of information the technology needs to provide to support the activities that make up the sales and relationship management process. This is illustrated in Xerox's need to develop a process to manage customer relationships across multiple products, often with different sales processes (Peppers and Rogers 1999). The problem was that Xerox did not work with distributors and dealers. Since some office managers do not like buying low-end equipment from a direct sales force, Xerox was missing business when some of its largest users of printers and copiers went elsewhere for low-end office equipment. The company then formalized a policy that allowed direct and indirect channel sales. This enabled sales personnel to use their systems to refer customers to dealers when necessary.

Customer-Centric Orientation

Deshpande and Farley (1999) define market or customer-centric orientation as the customer focus or orientation that consists of a set of cross-functional processes and activities directed at creating and satisfying customers through continuous needs assessment. An orientation toward the customer, market, or external environment provides a source of new ideas for change and improvement, the foundations for CRM. Organizations are utilizing market intelligence to become more competitive in today's knowledge-intensive economy. To sustain a competitive advantage, companies have realized that they need to continuously acquire and use knowledge about their customers, markets, competitors, and partners when developing marketing strategies.

In line with this thinking in the literature, some respondents pointed to deficiencies in customer orientation as a cause for CRM failures. Specifically, lack of understanding of the customer prevented system designers from selecting the appropriate functionalities. One respondent, a senior marketing manager in a business-to-business (B2B) firm, underscored how customer orientation can help shape the strategic intent of the system. The respondent's comment points to the difference between using CRM to become customer-centric and having a business that is already customer-centric and is therefore better situated to take advantage of the possibilities offered by the CRM technology.

> In essence, the preplanning was not as thorough as it should have been, and our advice would be to ensure your company takes all influences into account and has completely understood strategic intent—from the customers' point of view as well! It is not enough to have a "nice" customer-centric program—the business needs to be customer-centric to start with—our own opinion!

Comments from one respondent whose organization was successful in CRM adoption and implementation stressed that the firm's focus on the customer enabled a smooth transition to the new CRM system. Having a customer-centric orientation entails a measurement and reward system that is tied to this philosophy.

> I was amazed at how well the process worked, when I started four months ago, coming from the META group. Well, there is something like a dashboard available for every customer project with ample functions. There is constant feedback from the customer to the dashboard—it highlights good and bad situations with respect to customers. Individual scorecards ensure that there is a constant focus on customer satisfaction. The scorecard is linked to the reward system of the top management.

The comments reported above suggest that companies attuned to the marketplace may be more successful in integrating technologies and converting them to a strategic advantage (Day and Schoemaker 2000). That is, when an organization is more customer-centric, the members of the organization are more likely to take into consideration factors that are important to customers and those who are the closest to customers (i.e., salespeople). Therefore, CRM systems in customer-centric organizations are more likely designed and implemented in a way that provides salespeople with the tools and information that will provide an advantage over competitors. For example, CRM systems can now utilize information from multiple points in the organization to help salespeople better perform sales tasks (e.g., needs analysis, cross- and up-sell) and develop customized sales collateral and more focused proposals (Dickie 2004).

Task–Technology Fit

TTF is the degree to which a technology assists an individual in performing his or her tasks (Goodhue and Thompson 1995). TTF requires that there be a correspondence between the task requirements, functionality of the CRM system, and

the abilities of the system user. It has been suggested that a fit between firm requirements, technology, and the user is necessary for successful execution of CRM (Speier and Venkatesh 2002; Srinivasan 2000).

TTF can result from a combination of selection of the appropriate technologies to match the task and training of the users. Comments from satisfied respondents reflect the role of TTF in the CRM implementation process. A middle-level sales manager in an industrial products company indicated that ease of use of the system has enabled faster implementation and acceptance by users. In this case, the right technology was selected for the task at hand.

> The system is an ASP—with a downloadable version to PC that gets updated when you log in. This has allowed access to sales reps on the road. Also, support has been very good and the system is easy to use.

In contrast, people who were dissatisfied with the system felt that problems arose from poor TTF because of (1) lack of understanding CRM offerings or not fully comprehending company needs, (2) inadequate training of employees, and (3) lack of support for employees. In the following comment, a customer service manager expressed her dissatisfaction with the implementation process, pointing specifically to the inadequate training that was provided to system users.

> The process was implemented without prior training to the end users. The CRM team went through the [vendor] training sessions for six months at their South African–based site, and 30 days thereafter, the frontline users were trained and expected to implement the system instantly.

One of our respondents discussed the failure of an earlier CRM system. This was then replaced with a system from a different vendor. The new system was selected with a better understanding of user requirements. The organization also spent more time in involving the end users in system selection and training. While there might have been some learning curve effects from the failure of the first system, other factors, such as business process orientation and customer centricity, remained the same. This reinforces the view that mere utilization of a system does not necessarily lead to higher performance when there is low TTF (Pentland 1989). The primary reason for success of the second system was the ability of users to find a fit between the task and the technology.

> It was up and running within a reasonable time frame despite some delays. The system administrators are working pretty well on it. The users are finding added value as they become more familiar with it—it is not just a "new system replacing the old one." Most of all, the senior management is keen to ensure the staff uses it—they hadn't that commitment to the old system. This is probably due to involving them in project management aspects like system selection, rollout, and internal communication process rather than due to some quality of the software itself.

These insights point to the need for a well-trained and informed sales force. U.S. Computer Services chose a sales automation system that was not substantially different from the existing system in its task requirements (Flanagan 1995). The company was able to substantially improve its closing rate and grow the list of active prospects by 60 percent.

In summary, we have attempted to develop a framework of organizational capabilities that facilitate CRM implementation. The framework presented in Figure 1 highlights the roles of customer and business process orientation, organizational learning, and TTF in determining the success of CRM implementation. Going beyond mere speedy implementation and ensuring participation from all users, the primary role of these organizational capabilities is to transform CRM from a technology tool to a strategic advantage. By suitable deployment of the four organizational capabilities identified in the framework, CRM can now be made firm-specific, and therefore can offer a competitive advantage. Successful implementation of CRM means that a company's sales organization will obtain (1) a customer-focused tool that will provide the information necessary in a format that is easy to use, (2) involvement in the process and buy-in with the CRM tools, (3) appropriate technology for the sales organization's needs, and (4) appropriate amount of training to leverage the technology for an edge over competitors. In short, effective CRM implementation means that the organization will have created a complex resource that will contribute to achieving a marketplace position of competitive advantage.

DISCUSSION AND IMPLICATIONS

The purpose of this paper was to develop a grounded model that explicates factors contributing to successful CRM implementation. To examine this issue, we argued that firms should focus on developing a set of organizational capabilities that will transform CRM from a technological tool to an advantage-producing resource. These capabilities are organizational learning, business process orientation, customer-centric orientation, and TTF. In developing the framework presented in Figure 1, we used the R-A theory as a theoretical foundation. Further, we used qualitative research to find support for the relationships proposed in our framework. Such an approach provides support for our framework from CRM users and also strives to ensure generalizability across industries in understanding the strategic relationships that we have proposed (Tanner 2002). Field verification for the framework proposed in Figure 1 was provided by analysis of open-ended comments from CRM users. The theoretical contribution of this paper is to go beyond the traditional emphasis on the

technical and operational aspects of CRM systems and focus on the organizational behaviors and skills exhibited by best-practice CRM users.

Managerially, there are a number of implications for salespeople and sales managers as well as the organization as a whole. First, managers need to engage in business process reengineering of sales processes prior to the implementation of CRM (Orman 1998). This will enable standardization of data formats, fields, and entries. It will also allow sales managers to embed critical business rules into the technology, thus automating sales work flows. Training the salespeople on the CRM technology becomes a less challenging task if sales processes are identified first and integrated into the technology.

Second, managers need to focus on building a team orientation and bringing various units of the company together. With the increased advent of cross-functional team selling, nonsalespeople need to be involved during the early stages of the sales process so that they can assist in specifying customer needs as well as gain a better understanding of the service requirements. From an implementation standpoint, salespeople must be brought into the development stage of the CRM technology to aid in identification of business and technical requirements. Comments from our respondents suggest that, very often, the system promised more than it was capable of delivering. Part of this perception stems from lack of involvement of the end user in the planning and implementation stages. Also, our results and reports in the literature indicate that when CRM efforts are led by the IT department and then thrust upon the rest of the organization, the implementation is often doomed to failure (Taschek 2001). This again highlights the importance of organizational learning and a customer-centric orientation.

CRM technology incorporates operational and analytical capabilities of the system. For successful CRM usage, the analytics should provide information to guide strategic decision making, such as identification of profitable customers, and potential for cross-selling (Shani and Chalasani 1992). For example, such analytics will enable salespeople to better organize their territories and determine which customers to focus on (based on customer profitability), which products to promote (based on customer needs and product profitability), how to price the product, how to gain a greater share of customer wallet, and which low-volume customers to nurture.

Barriers to successful implementation of CRM include lack of flexibility in the software and lack of skills in end users. This is illustrative of the role of TTF in enabling successful CRM adoption. To overcome the flexibility problem, managers need to choose software that comes with adequate technical support and the ability to be customized to the firm's needs. Second, training of users is critical for the success of any CRM system. Again, commitment of resources by senior management can ensure that the necessary skill sets are acquired by the end users.

In summary, our paper provides a framework that can help managers more effectively implement CRM, particularly in the sales organization. Second, we suggest that CRM is a higher-order resource that is enabled by four organizational capabilities—organizational learning, business process orientation, customer-centric orientation, and TTF. When these four organizational capabilities are nonexistent, or minimal in presence, we expect that the firm's ability to effectively implement CRM and gain a positional advantage may be limited. That is, if a firm is lacking in these capabilities, then the firm should either develop such capabilities or reevaluate whether it should spend the financial resources to adopt and implement CRM systems.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

Prior to offering suggestions for future research, we should note the limitations of our study. As in the use of any convenience sample, this survey suffers from respondent bias. We attempted to minimize the bias by using multiple respondents from a single organization for 10 percent of the sample. The views of multiple respondents for this subsegment of the sample were analyzed, and we found a fair level of agreement on the issues. Another form of respondent bias may be due to employees who do not wish to disclose sensitive information.[1] Moreover, there is a strong sampling frame bias in this study. Since we used a Web site for CRM users as the means to solicit respondents, our sample may consist of people who are closely involved with the CRM process or the use of CRM. While this may have resulted in personal views of the CRM implementation process, it may also be a strength of this study. Specifically, we have obtained views of people who are very familiar with the CRM processes in their respective organizations.[2] The ideal next step in this research would be to measure responses using scales for all the factors identified in the framework presented in Figure 1. A novel way of investigating barriers to implementation would be to undertake longitudinal studies where selected firms are followed through the entire CRM process, from identifying the need through adoption and implementation. This would enable identification of barriers at each stage and organizational capabilities that can overcome those barriers. Understanding the importance of barriers and their solutions at each stage would be beneficial to furthering research in this area.

Another avenue of future quantitative research could be the development of a structural model for studying the multiple relationships between the variables proposed in this study. This would provide researchers with an expanded exploratory ability. Moreover, study of the individual CRM business processes

might shed light on variations in CRM implementation. Segmenting both qualitative and quantitative studies according to the main CRM process (sales, marketing, and customer service) provides another venue for understanding the barriers to implementation. It is possible that some types of CRM are more effectively implemented than others, and that the determining organizational capabilities assume different weights.

More specific to the sales literature, future research could focus on the fine-grained aspects of CRM implementation and use. Such research could simultaneously draw on the model presented here as well as works that examine the information that salespeople contribute to CRM systems and how salespeople use that information (e.g., Ahearne, Srinivasan, and Weinstein 2004; Menon and Varadarajan 1992; Pass, Evans, and Schlacter 2004). The way in which information from CRM systems is used may influence performance and customer satisfaction differently. As firms continue to evaluate return on investment for CRM, increasing our understanding of how CRM influences the effectiveness of people closest to the customer is crucial.

NOTES

1. The authors thank one of the reviewers for pointing out this limitation.

2. The authors thank one of the reviewers for suggesting this limitation and strength.

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