Change process during a CRM system implementation

The journey of a CRM system at Volvo Truck Corporation

Authors

Mireille N. Durand

Sanna K. Kuukkanen

Supervisor

Björn Alarik

*"**A journey is certainly easier when you travel together**"*

To Henry, my parents, and little brother who have rendered me enormous support during the whole tenure of the research.
Sanna Kuukkanen

To my parents and Nils, who have encouraged me through the challenging moments ...
Mireille Durand

Abstract

Readings concerning Customer Relationship Management (CRM) show that it is not always easy to implement such a system. Although most of these readings provided solutions for making these kinds of implementations a success, only a few have highlighted the importance of the users as carriers of the change during a CRM implementation project. This thesis aims to understand the role of the people during CRM system implementation projects, from a change management perspective, by identifying some of the enablers and obstacles that arise in such projects.

The thesis uses three different cases: one main and two contrast companies. Combining the three narratives and theories, related to change management, the thesis intends to take the reader on a journey of CRM system implementation projects.

The thesis highlights the importance of soft issues during a change process and the balance between the soft and hard approaches of managing change that may have to be established. The use of these approaches may only be of help if it matches the context of the company.

Keywords: Change Management, Change Process, Customer Relationship Management system, Cognitive Dissonance.

Acknowledgement

Table of contents

List of Tables

List of Figures

Abbreviations

CDB - Customer Database
CIA - Customer Information Analysts
CIB - Commercial Information Database
CM   - Contact Management
CMP - Customer Management Project
CRM - Customer Relationship Management
DFP - Drive for Progress
OD   - Organisational Development
VCC - Volvo Car Corporation
VTC - Volvo Truck Corporation

Chapter 1 - Introduction

This introductory chapter is written with the aim of giving an overall picture of the thesis to the reader. In this chapter, we try to highlight the difficulties to reach success in Customer Relationship Management (CRM) system projects, where a well-implemented change process plays a key part. Here, we also briefly explore three different cases related to change processes during CRM system implementation projects. These stories will be further examined in the following chapters. After setting the scene, the overall purpose of the study is developed along with the problem discussion resulting in detailed research questions. (The method of the study, which gives additional information on the choices made to perform this study, can be found in Appendix 1). In the last part of introduction, the reader is given recommendations on how to read the thesis.

1.1 Background

According to the research and consulting company META Group, the worldwide market for Customer Relationship Management (CRM) is expected to expand by 50% annually, between 2000 and 2004, meaning that the global CRM market, worth more than US$13bn in 2000, is supposed to increase to US$67bn in 2004.[1] According to Swift (2001, pp. 14), *"CRM's goal is to increase the opportunity by improving the process to communicate with the right customer, providing the right offer (product and price), through the right channel, at the right time"*. Although the promise of CRM is captivating, in practice it can be perilous. For example, according to Gartner Group, some 55% of all CRM projects do not produce the anticipated results (Rigby et al., 2002). Therefore, it is advisable to avoid mistakes by devoting time and effort to the CRM system implementation in order to ensure that it pays its way.

When talking about manufacturer-dealer relationship, it is said that CRM is facilitating the change towards viewing the end-customer relationship in the

---

[1] www.crm-advisor.com

same way. This is because, according to Picarille (2004), manufacturers using CRM systems are becoming more aware about their end-customers and, at the same time, dealers are finding a more effective way of handling their customers and prospects. Closer manufacturer-dealer relationship is seen as essential, since both parties understand that they have information that could benefit the other if they could work together and share the same customer (Picarille, 2004).

There is no question about the benefits of this scenario, but the problem is that it is not easy to reach it. The difficulties are also recognised by academics and have been a rather "hot topic" in recent CRM articles that emphasise the prevalence of CRM failure, such as seen in an article by Rigby et al. (2002). Underestimating the importance of change management has often been mentioned as one of the major reasons for CRM failure, for instance, as presented in an article by Kale (2004). This is no news, or at least it should not be, for companies who have been implementing popular concepts, such as Total Quality Management and Business Process Reengineering, with well-established change plans and support from consulting firms, and who, despite of all this, noticed that the implemented systems were not delivering the promised benefits.

According to Kale (2004), companies often forget that it is the people within the organization who make concepts, such as CRM, a success. He continues by stating that people must be prepared for the technological changes that come along when a CRM system implementation takes place. He further argues that new technology will invariably affect the way people work and therefore may require a behavioural change from the employees in order to be successfully used. Thus, here comes the tricky part where many companies fail, as a change involving behavioural change is time consuming and hard to accomplish.

It would perhaps be interesting to observe how companies actually have managed their change processes during a CRM system implementation project. Below, we shortly describe the experiences of three companies during such a process, which will give the reader a chance to reflect on the aforementioned issues and relate them to the cases. In this thesis Volvo Truck Corporation is used as a main case and the two other companies (Volvo Car Corporation and

Schenker) as contrast cases, as illustrated in Figure 1 below. All the cases are explored based on the theoretical framework.
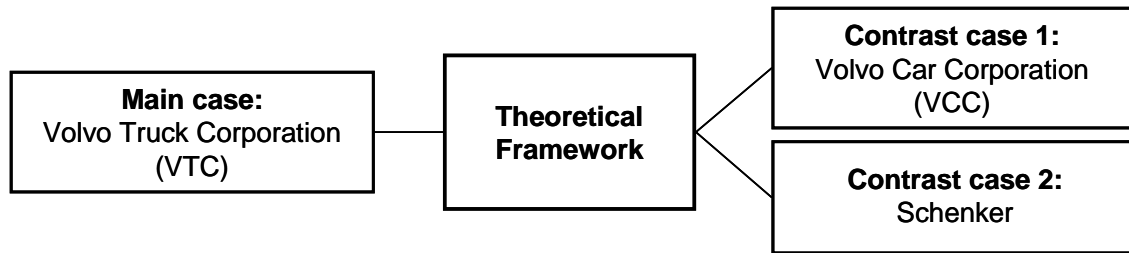
Figure 1: Relationship between the main case, theoretical framework and the contrast cases (source: author's own creation, 2004)

Main Case:

Main Case: Volvo Truck Corporation (VTC)

VTC, a business-to-business company, is ranked second in the world in terms of heavy truck production. The company is part, along with seven other business areas, of Volvo Group. Its headquarters is located in Gothenburg.[2] According to our interviews at VTC, the CRM system introduction took place in 1998, when the Commercial Information Database (CIB) project started. During that time, VTC's focus was progressing into a more customer-oriented approach. On the journey towards implementing this project, many pitfalls were encountered. The technological side caused some of these pitfalls, while other drawbacks were caused because of the human factor. As a result, CIB was never fully implemented. CIB ended and was replaced, in 2004, by Customer Management Project (CMP). Today, the CMP project group is working hard to implement a flawless system that will succeed in achieving dealer efficiency as a result of improved customer focused behaviour. VTC's intention is to first implement CMP in Europe and Eastern Europe. (Refer to Chapter 2 for the complete narrative).

---

[2] For more information, refer to http://www.volvo.com/trucks/global/en-gb

Contrast Cases:

Contrast Case 1: Volvo Car Corporation (VCC)

VCC, a business-to-customer company, is a major car manufacturer, based in Gothenburg, which used to be part of Volvo Group. However, since 1999, Ford Motor Company has wholly owned VCC.[3] VCC's first CRM system was in place in the mid 1990's. The need for a Customer Database (CDB) came from the markets and it was first implemented in order to support the processes that were used by the sales companies at the markets. This implementation was well carried out and the system was mainly used for customer complaints. In 1998/1999, the markets realised that they needed a tool to manage their prospects as well, but because VCC could not provide CDB quickly enough, the markets started to build their own systems. Today, VCC is working on centralising the system, although the company does not wish to standardise everything. The main reason for this centralisation is the high costs that were incurred from having two systems, at VCC and at the markets. According to our interviewee, the implementation of CDB was seen as a success since the markets started to use it. However, now people at VCC have realised that CDB has lacked the support for the continuous improvement of the system. VCC's CRM system has been implemented in at least 15 of their global markets. There are many important factors that contribute to CDB still being "alive". These factors will be introduced along with the theoretical framework. (This case will be followed throughout the theoretical framework, and for the complete narrative, refer to Appendix Two).

Contrast Case 2: Schenker

Schenker[4], a business-to-business company, is one of the major international providers of logistics services, and it first started to use a customer program in 1994. However, this was not seen as a CRM project until 1999. The reasons for this were mainly two-fold: briefly, the company had high sales cost and it was in the middle of a reorganisation change. Although, the focus was initially on the technical side, it became apparent that it was more important to define the

---

[3] For more information, refer to http://www.volvocars.com.
[4] For more information, please to http://www.schenker.com/index_en/index.html

process first. That is, Schenker's business process was not defined the first time (in 1994) and people were using the system inadequately, which was not in line with the objectives of having such a system. Today, the key players behind this implementation believe that the system was successfully implemented. Schenker's CRM system has only been implemented in Sweden but now it is in the course of implementing the system in other divisions of the company and focusing on the follow-ups. There were many important factors that contributed to this success, which will be introduced along with the theoretical framework. (This case will be followed throughout the theoretical framework, and for the complete narrative, refer to Appendix Three).

By using the three cases noted above, we apply the same line of thought based on Strannegård, (2003) that Diedrich (2004) used in his research. Based on Strannegård's inspiration, Diedrich (2004, pp. 70) states that "*individuals can of course view their own actions as a failure, but it is only once these actions are viewed in relationship to others that the labels, feelings and experiences of success or failure are created.*" Therefore, the judging of the CIB project as unsuccessful and, on the other hand, the CRM system projects at Volvo Cars and Schenker as successful are based on the participants' evaluations of the project themselves. The three cases will illustrate throughout the report that CRM system implementation is not so easy. We therefore wonder if this had something to do with the approach to how the change was managed during the CRM implementation.

1.2 Purpose of the research

We are studying the critical factors, during the change process, when implementing CRM systems. With this, we try to understand whether the focus on the soft aspect in a change situation can affect the outcome of CRM system implementation.

The purpose of this thesis is *to identify the obstacles and enablers on a change process, in order to understand their effect from when a CRM system is implemented*.

1.3 Problem discussion

1.3.1 Debate about the dominant change management approaches

Change management has been in the headlines for a long period and will continue its revival as long as companies are facing new situations. Our review of the change management literature reveals not only the large number of articles about critical success factors for a successful change process, but also a debate about the most appropriate approach for change management. The main approaches are the Planned Change approach and the Emergent Change approach, which will be further explored below.

Planned Change is a term first created in 1940s by Kurt Lewin, who was a German born social psychologist practising in the US. His point of departure was, according to Marrow (1969), as described in Burnes (2000, pp. 264) *"to distinguish change that was consciously embarked upon and planned by an organization, as averse to types of change that might come about by accident, by impulse or that might be forced on an organization"*. The Planned Change approach, or as Stjernberg (1993) calls it the *"Analytical Change Strategy"*, is illustrated in Figure 2 below[5]. In the Figure, according to Stjernberg (1993), the "experts and management" first map reality, which is then formulated into a model. This model is then analysed, in order to find out the best solution, and undergo the needed changes. With this, a new reality is created, that is, where the process is later repeated. The "others" which could be, for instance, the users of a CRM system, are only seen as a source for information and are not involved during the planning of the change.
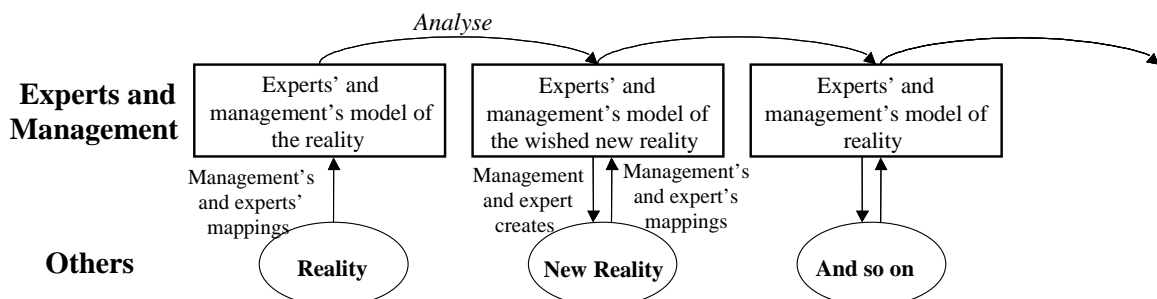
Figure 2: Planned Change Approach (source: Stjernberg, 1993, pp. 90)

---

[5] Figure 2, by Stjernberg (1993), is inspired by Österlund, J: Förändringsprocesses och organisationsutveckling presented in Rohlin, L. (ed.). Organisationsutveckling – organisationsteori för förändring, Gleerups, 1974, as well as from models created by Targama, A: AR som förändringsprocess, Sveriges Mekanförbund, 1974.

Over the years, many, especially the advocates of Organisational Development (OD), have followed Lewin's footsteps by further developing the Planned Change approach. According to Burnes (2000), OD is a process that applies behavioural science knowledge and practices to help organisations achieve greater effectiveness. However, in recent years, there has been a rather apparent move from the Planned Change approach and Lewin's emphasis on individual and group level, with a growing focus on organisation wide perspective on change. (Burnes, 2000)

In the 1960s and 1970s, the Planned Change was the dominant approach to managing change. However, from the early 1980s, it has been faced with criticism, particularly from the supporters of the Emergent Change approach (Burnes, 2000). Many writers agree with Garvin (1993), that change is an open-ended and continuous process rather than a set of discrete events as described in Planned Change approach. In addition, according to Burnes (2000), the Planned Change approach has also gained criticism for its emphasis on isolated change and its lack of ability to include radical transformational change.

Rather than being unified by a shared belief, the advocates of Emergent Change approach tend to be recognised by a shared disbelief in the usefulness of Planned Change. Nevertheless, they do share two common beliefs. Firstly, instead of seeing change as a phenomenon that can be pre-planned with an end, they see change as an emerging and ongoing process of organizational transformation. Secondly, they adopt an open systems perspective and therefore see individual organisations as interdependent parts or sub-systems of a much larger environment. (Burnes, 2000). The Emergent Change, or as Stjernberg (1993) calls it *"the Learning Strategy"*, is illustrated in Figure 3 below. Here, according to Stjernberg (1993), all of those who represent the reality are also involved in the analysis and in the development of ideas for future models. These models are continuously tested and modified, as the effects are understood.
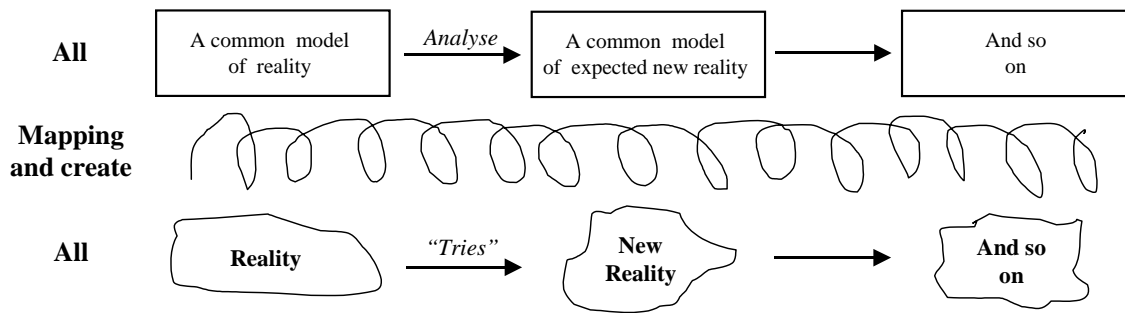
Figure 3: Emergent Change Approach (source: Stjernberg, 1993, pp. 91)

However, the Emergent Change approach has not been able to avoid criticism either, as it tends to be relatively abstract in nature and is difficult to apply on a day-to-day basis. On the other hand, there are Emergent Change practitioners who offer guidance that is more practical to managers and organisations. Interestingly, despite the criticism these practitioners have given, for instance to Lewin's models, they do speak of change as a transition process, which does have a beginning, middle and end. In addition, the Emergent Change approach is created on the assumption that organisations operate in a dynamic environment that requires continuous, large-scaled changes. It is then not appropriate for organisations operating in an environment, which requires for instance incremental equilibrium change programmes. Moreover, the focus on Emergent changes tends to be on the organisation and its major sub-systems, rather than on individuals and groups. (Burnes, 2000)

1.3.2 Another typology for change

Here, we have come to the point of the problem discussion where we can see that the debate about the two dominant approaches is rather intensive. Perhaps, it is time to pronounce that most likely neither one of the two approaches would apply to all situations within a broad field of change management. Another approach to change, which would allow methods to change management to be matched to environmental conditions and organisational limitations, is clearly stimulating. Surprisingly, according to Burnes (2000), this approach is not as prominent in the literature on organisational change as could be expected and the majority of the writers and practitioners are committed to a "one best way" approach to change.

Burns (2000) has created another typology that tries to take into account the specific context where organisational change may occur. As depicted in Figure 4 below, at one end it illustrates a slow change, where the focus is on behavioural and cultural change and, at the other end, it represents rapid change, where the focus is on changes in structures and processes.
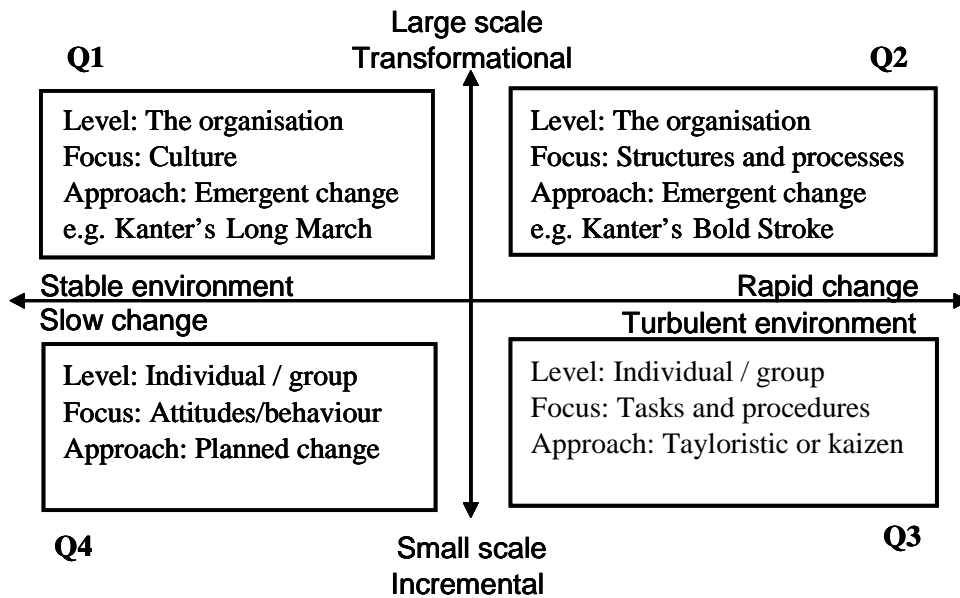
Figure 4: A Framework for Change (source: Burnes, 2000)

The model above shows four quadrants, each of which has a distinct focus in terms of change. The vertical arrow separates two different change models. According to Burnes (2000, pp. 254), an incremental change is "a *process whereby individual parts of an organization deal incrementally and separately with one problem and one goal at a time"*. Burnes (2000, pp. 255) continues that, in contrast, the transformational change pinpoints that "*in order to survive, organisations must develop the ability to change themselves continuously in a fundamental manner",* as the environment in which organisations operate is changing rapidly and unpredictably. The horizontal arrow separates the environment (stable or turbulent), as well as the speed of the change (slow or rapid).

Quadrant 2 relates to situations where the focus is on achieving major changes in structures and processes at the level of the entire organisation. Quadrant 3 presents a different picture, where the changes tend to be small-scale and of a relatively technical nature, and have few (if any) implications for behaviour

and attitudes. Such changes take place at the individual and group level rather than at the level of the entire organization. The way of managing change depends on the organisational culture. In a traditional, bureaucratic organisation, a Tayloristic approach may be adopted. This could mean that specialist managers and engineers will identify the "best way of working" and adapt to it. On the other hand, in a more participative culture, a more collaborative approach may be appropriate, such as a kaizen initiative. (Burnes, 2000)

Quadrants 1 and 4 describe change situations where the primary focus is on a cultural and attitudinal or behavioural change. According to Burnes (2000), these situations are likely to be best achieved through a slow, participative approach, rather than a rapid and directive one. He continues that for the relatively large-scaled initiatives, where the main focus is cultural change at the level of the entire organization or large parts of it, the Emergent Change approach is likely to be the most appropriate, as seen in Quadrant 1. However, for small-scaled initiatives with the performance improvement as main objective, and with a focus on attitudinal and behavioural change in the individual level, the Planned Change approach, is likely to be the most appropriate. (Burnes 2000)

It could be argued that it is difficult to identify situations that involve solely cultural, structural, behavioural or procedural changes. Therefore, according to Burnes (2000), when examining the management of change projects, they may not be seen as only co-operative or uncooperative. He continues that change management may also confront an unexpected occasion, which may require rethinking and backtracking from time to time. He also recognises the importance of understanding that in a change process there are often two parallel sets of tasks to manage: first, to lead the organization through change, and second, to lead the individuals through that change. Therefore, it is highly important to identify the main focus of the change.

1.3.3 People as part of the change process

According to Balogun and Hailey (1999), implementation is often considered in terms of the planning for change, although it is typically regarded with a

rather scant attention to managing the transition itself, during which the desired changes actually happen. Consequently, in order to emphasise transition, the implementation of a CRM system can be regarded as a process through which users become aware of, adopt, and start using the new system. This working definition is similar to the one made by Obermeyer and Pinto (1994) and is a starting point for our thesis as well.

According to Burnes (2000), organisational change could be viewed as the product of three interdependent organisational processes. The first is the choice process that is concerned with the nature, scope and focus of organisational decision-making. According to Balogun and Hailey (1999, pp. 3), it is the *"why of change"*. The second process, according to Burnes (2000), is the trajectory process relating to an organisation's past and future direction and could be seen as the outcome of its vision, purpose and future objectives. According to Balogun and Hailey (1999, pp. 3), it could be seen as the *"what of change"*. The third organisational process, identified by Burnes (2000), is the change process covering approaches to mechanisms for achieving and outcomes of change. According to Balogun and Hailey (1999, pp.3), it is the *"how of change"*.

The concentration area of this thesis is the change process that, according to Burnes (2000), comprises three interlinked elements: 1) Objectives and outcomes, 2) Planning the change, and 3) People. Even though, we are concentrating on the third element of the change process, the people, it is good to remember that the range of change situations and approaches needs to be kept in mind when considering the objectives and outcomes, as well as the planning, of the change activities. According to Burns (2000), people may be important because they often are the change objects, but, more importantly, because they are the ones carrying the change. Of course, new technologies such as CRM systems can be implemented, but as the new system often requires a behavioural change of the user, the willingness to change will often determine the success of the implementation. People have minds of their own; hence, they cannot be seen as objects that change because a CRM system implementation plan says they should. Therefore, it may be important for the change managers to gain an understanding of how individuals pass through the change process.

This is especially important because, although planning of a change process is in some ways "a technical" issue, according to Burnes (2000), the turning point toward the success may likely be the organisation's ability to involve and motivate the people concerned during the change process and those whose support is necessary. Balogun and Hailey (1999) agree by stating that change is more than a development of a plan. They continue by saying that, "*the failure to appreciate this can lead to two fatal flaws within many change plans that are otherwise very impressive in their detail and scheduling – the assumption that employee reactions to the plans can be controlled; and no provision within the plan for managing the process of change*" (Balogun and Hailey, 1999, pp. 48).

1.3.4 Flow chart of the theoretical framework

The concept of change, which allows approaches to change to match environmental conditions and organisational constraints, is highly inspiring to us. We do not believe in "one best way" of managing a change process, which is a conviction resulting from our readings on contingency theory, as well as situational or contextual approaches to change management.[6] Therefore, both approaches to change could contribute to a successful CRM system implementation. The main issue, however, is to find a fit between the approach chosen and the organisational context. The change situation described in quadrant 4, which is illustrated in Figure 4, could often characterise the CRM system implementation where the focus is often on performance improvement through behavioural change of the users. Hence, Planned Change approach to change could fit this type of change situation well. However, if the CRM system implementation is connected to another change project, for instance, new processes in an organisational level, perhaps an Emergent Change approach to change could be better.

This idea of context specific approach to change described above could be seen as the "backbone" behind the theoretical framework. However, we wanted to go deeper into the change management by investigating the people in a change process, as we believe that greater understanding of soft aspect during a CRM

---

[6] For further information see for example Carlisle, H. M. (1973). Situational management: a contingency approach to leadership, Publication New York.

system implementation is important for the change managers. With people, we mainly mean those subjected to the changes, such as the users, although the viewpoint is from the people making the changes, such as the ones we interviewed. As depicted in Figure 5 below, the theoretical framework starts with an introduction to hard and soft system approaches, in a change situation, which are presented in Chapter 3. In addition, the interdependency between them is explored. These issues are presented in order to understand the softer approaches' effects on a CRM system implementation project, since this approach considers people as an important part of a system implementation. When people are confronted with a new CRM system, it will often affect the way people work. In case the system is not in line with the users' present attitude or behaviour, the new situation can lead to behavioural change or, on the contrary, into avoidance of the new CRM solution. In order to investigate this phenomenon, we wanted to go deeper into the change process by investigating what influences the people during such process. Hence, in Chapter 4, cognitive dissonance theory, originally presented by Festinger (1957), is described. In addition, the level of involvement is examined in correlation to a level of cognitive dissonance, with the help of a theory by Burns and James (1995). In Chapter 5, two enablers as well as four change management tools are explored. These enablers and tools were identified from our empirical research and were combined with our theoretical findings. In Chapter 6, we aim to have a broader look on what the change process consists of. The theory is based on Lewin's Three-Step model of change (1951). The reason for this is mainly that the focus of this model is on individual/group level; hence, it is suitable for our purposes as well. Within this framework, we hope to be able to answer the research questions presented below.

Change Management during
CRM system implementation project
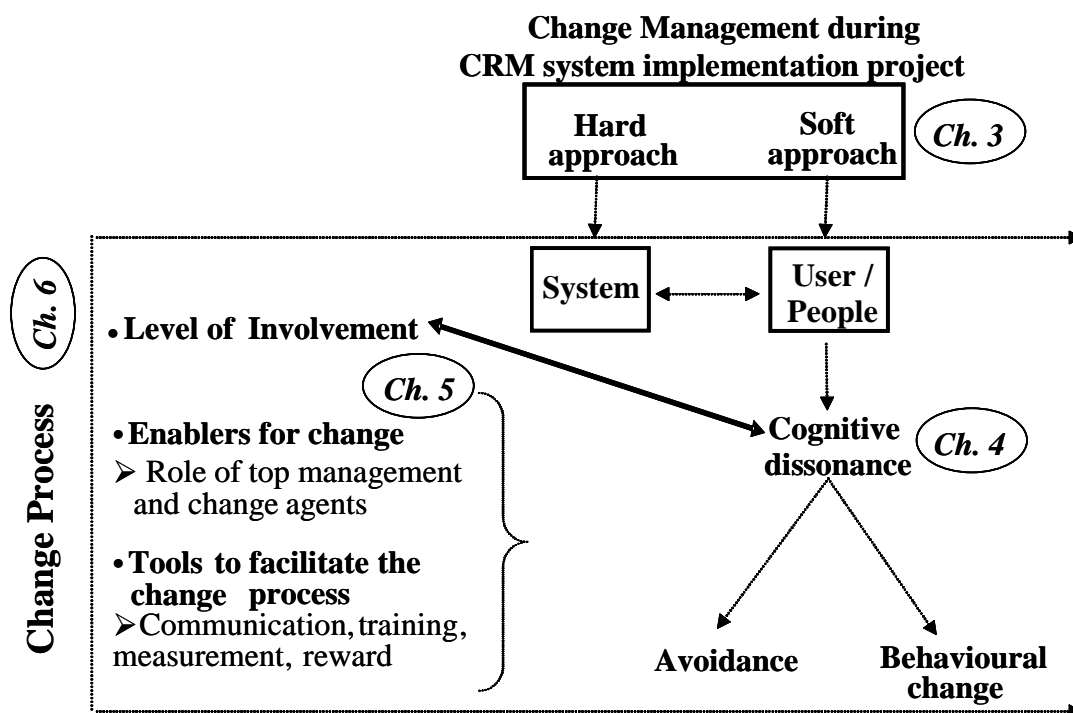
Figure 5: Theoretical Framework Flowchart (source: author's own creation, 2004)

1.4 Problem statement and research questions

The problem statement and research questions are presented in this section. As it has been illustrated above, CRM system implementation is not always a triumphant story. There are a number of reasons for that, one of which is mentioned in the literature of change management. We have decided to concentrate on the change process, that is, when the implementation starts occurring in practice, and we are keen to discern what issues might lead to the failure or success of a system implementation project during the change process. Hence, our problem statement is:

How may different approaches of managing change process affect companies when implementing a CRM system?

We also wish to answer the following:

1.   What has prevented VTC in the past from reaching its goals during the change process (when implementing a CRM system)?

14

*2.	What are the differences and similarities when change processes have been implemented at VTC, in comparison with Schenker and VCC?*

*3.	What has VTC learned from its earlier experiences?*

With the first three questions, we try to understand, in three steps, the CRM implementation process. We first try to comprehend why VTC has not been particularly successful in the past when implementing CRM processes. We then try to analyse what the main case (Volvo Trucks) and the contrast cases (Schenker and Volvo Cars) have done in the past and use the research findings in order to identify the obstacles and enablers. Finally, we would like to see how VTC has taken into account its past experience in order to avoid repeating the same mistake.

*4.	Why was VTC not able to overcome difficulties, as opposed to Schenker and VCC?*

With this question, we attempt to understand the meaning of those differences and similarities and what effect these have on an implementation project.

*5.	How can the findings help VTC obtain better results of implementing the Customer Management Project (CMP)?*

For this question, we would like to highlight how VTC can benefit from its earlier experiences as well as what has been learned from Schenker, VCC and the theories presented in Chapters 3, 4, 5 and 6. We would also like to understand whether Volvo Trucks has a chance to better implement the new system.

1.5 Chapter disposition and instruction to the reader

After the introduction of the topic, the background, the problem discussion, the purpose and the research questions (the methodology is depicted in Appendix One) presented in this chapter, we will introduce our main empirical findings in Chapter 2. The empirical data is based on the story of Volvo Trucks'

implementation of a CRM system. There, we will describe the past, the present and the reasons why these changes occurred.

In Chapters 3, 4, and 5, the theoretical framework, along with examples from our contrast case companies (VCC and Schenker) is introduced. These chapters will bring in the various concepts that relate to Change Management. The theoretical framework will not have a common approach, as we combine parts from our findings from the contrast cases with the theories. This is because we believe the contrast cases will give a good real life illustration to the theories used. The three first research questions will also be answered at the end of each chapter and/or section.

In Chapter 6, we aim to provide answers to the fourth research question. This is the fundamental part of the thesis where we try to understand the meaning of the findings presented in earlier chapters to the CRM system implementation project.

Chapter 7 is where we conclude the thesis, by giving the reader our reflections on what has been conveyed throughout the thesis. By answering the fifth question in this chapter, we try to summarise the findings illustrated in the earlier chapters.

Chapter 1 **Introduction**	Provides the background, overall purpose, problem discussion of the topic, problem statement, detailed research questions and recommendations on how to read the thesis.
Chapter 2 **Volvo Truck Corporation**	Introduces the main case company and reflects the story of its two CRM system implementation projects: a past attempt and a new project.
Chapter 3 **Two approaches to change**	Presents two different approaches in change process, as well as the interdependency between systems and business activities. The contrast cases are used to reflect on the theories and the analysis of the three first research questions is given.
Chapter 4 **User involvement during change**	Establishes a concentration on an individual level by investigating dissonance and involvement. The contrast cases are again used to reflect on the theories presented. An analysis of the three first research questions is given.
Chapter 5 **Enablers and tools for change**	Highlights the identified two enablers and four tools. The contrast cases are used in order to reflect on the theories. An analysis of the three first research questions is given.
Chapter 6 **Three steps of a change process**	Consists of the answer to the fourth research question, combining the reflections from the previous three chapters. This part also provides an overall picture of the change process.
Chapter 7 **Conclusions**	Concludes the thesis by answering the fifth research question and presents our final reflections of the topic.

Figure 6: Chapter disposition (source: authors' own creation, 2004)

We are taking a management perspective for this investigation throughout the thesis. In addition, we will not attempt to give suggestions or recommendations to the issues raised throughout the paper, as we believe we are not in a position to do so and that we do not have the full knowledge that the CMP project group at Volvo Trucks has. However, we intend to highlight some critical factors, as well as emphasise the importance of understanding the individual level during a change process. We feel that the aforementioned may contribute or facilitate the "double loop learning" at Volvo Trucks as well as give a deeper understanding to the reader. According to Argyris and Schön (1978, pp. 3), double loop learning is accomplished when an "*error is detected and corrected in ways that involve the modification of an organization's underlying norms, policies and objectives*". However, according to Argyris (1996), it is difficult for companies to learn using double loop principles, as the individuals in the company need to be pro-active, with continuous dialogues and changes in the

organization's knowledge and competency in order to reduce the barriers hindering the changes.

Although the main case is Volvo Trucks, we believe that other companies may also benefit from the findings by reflecting on them, in their own organisational context. In this part of the report, we would also like to give the reader some reading suggestions:

1. If you are interested in a specific area of the report, the structure of the report (in this section) will help you find the particular topic you wish to study. In addition, the Table of Contents at the beginning of the report also provides more details of the parts that could be of interest.

2. If you would like to find out more about each research question's main findings, we suggest you to go to the individual chapter analysis (Chapters 3, 4 and 5) for questions one, two and three, or to Chapters 6 and 7, where the fourth and fifth research questions will be answered.

3. If you are only interested in the end-results and our reflections, we suggest you to go to Chapter 7.

4. Finally, in order to obtain the holistic picture of the report, we suggest you to read all the parts in this thesis.

Chapter 2 – Volvo Truck Corporation: Winding route of two CRM system implementation projects

In this chapter, we will describe in more detail what happened at Volvo Truck Corporation (VTC) in the past, when the CRM system was implemented the first time, what reasons led to a second CRM system project, and what is currently occurring when the second CRM project began. We were able to compile this information through the interviews that we conducted at VTC. Volvo Trucks is one of the business areas of Volvo Group and it is the second largest producer of trucks in the world.[7]

The focus of this chapter is on two CRM system projects, the Commercial Information Database (CIB) and the Customer Management Project (CMP). The complete narrative of the contrast cases, that is the cases of Volvo Car Corporation (VCC) and Schenker, can be found in Appendices 2 and 3, respectively, as well as a reflection on the different theories presented in the subsequent chapters.

In order to facilitate the reading of this chapter, we have created a way to categorise the number of interviewees under "most", "some" and "few", as shown in the table below, in order to also keep our interviewees anonymous.

MOST	IF OVER 6 INTERVIEWEES
SOME	BETWEEN 4 AND 6 INTERVIEWEES
FEW	IF FEWER THAN 4 INTERVIEWEES

Table 1: Reading suggestions for the report (source: authors' own creation, 2004).

2.1 History of the winding route

According to an interviewee*, "It is something of the winding route we have taken to get where we are…"*

---

[7] For more information on Volvo Trucks Corporation, visit: http://www.volvo.com/trucks/global/en-gb.

Most of our interviewees agree that the real CRM process was introduced at Volvo Trucks in 1998, when the Commercial Information Database (CIB) project started, which was developed from another project as depicted in Figure 7 below. The idea behind CIB was to build an integrated information database and a front end user tool that would be available to support the business process once defined.

A case analysis was undertaken in 1999, where three main requirements for a new system were identified. The first was a need for a central customer database linking all the different systems containing customer information. The second requirement was a need for a platform, called Contact Management (CM), where one could manage the daily customer activities. This platform would be the user interface for the salesmen or for anybody meeting the customer. The third requirement was for business analysis, containing financial and customer profile, as well as segmentation information.

CIB has undergone many changes of ownership throughout its life, from departments such as Business Systems (more IT oriented) in the beginning to, more recently, the Strategic Development department (more business oriented).

CIB had an IT focus from the beginning. This IT focus did not prevail as, in 2001, the Quotation tool failed, which affected CIB in a way that it needed to be started again, with another application. This time there was a link between CIB and Volvo Sales System, whereby, in order to request a quotation or make an order, the dealer needed to use CIB. Other systems were also linked to CIB. A pilot began at WD Trucks and Thomas Hardy, which are two dealerships in the UK. In September of that year, it was discovered that there were more technical issues with CIB, which meant that deployment was not possible. In 2002, the technical issues were resolved to a base level and the project ownership was passed to Strategic Development, with the objective of still delivering customer information.
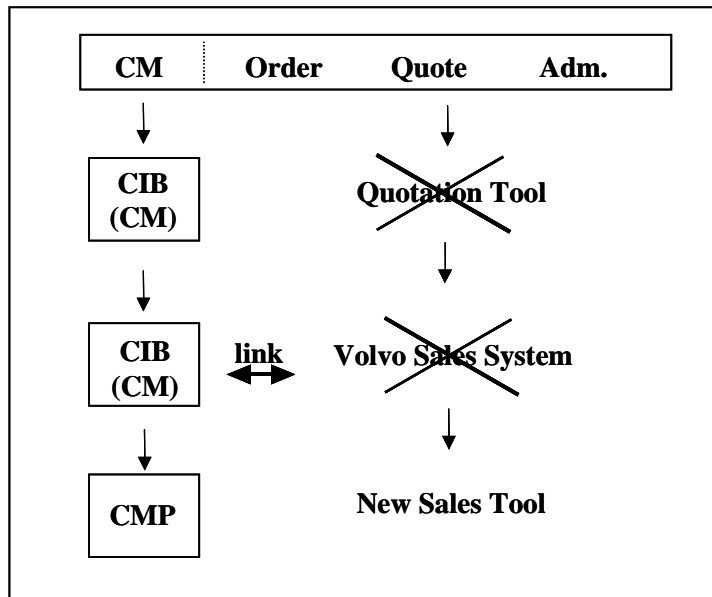
Figure 7: History of CRM systems at Volvo Trucks (source: Volvo Truck Corporation with authors' modification, 2004)

In 2004, the Customer Management Project (CMP) was introduced at VTC, as a substitute for CIB. In the beginning of the year, a CM progress survey was undertaken to evaluate the opinion of the people throughout the organisation, such as dealers and sales managers, on CM. The result concluded that CM was satisfactory and VTC could continue with it, under the new CMP project. Two other tools, segmentation and selection, were also added to CMP, functioning side by side with CM, as seen in Figure 8 below. A project called Drive for Progress (DFP) is expected to be the main communication support for CMP. CMP is currently the only CRM project undertaken by VTC and there are high hopes for its success.
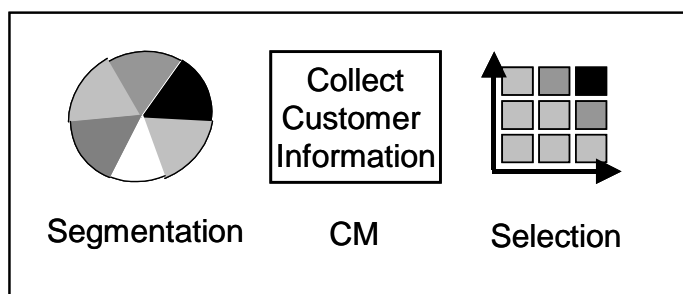
Figure 8: The components of Customer Management Project (CMP) (source: Volvo Truck Corporation with authors' modification, 2004)

2.2 The bumps during the winding route

In this part, we will take a closer look at the critical issues, which were identified from the interviews, when the project group was implementing CIB.

According to few of the interviewees, it seems that VTC often starts with large projects that may become too big to control, creating confusion during the implementation process for those involved with the project. So it may become hard for a project leader to grasp an overview as there are so many projects happening at the same time. When VTC starts a project, like CIB, it often does not follow up and fully support it after the implementation phase. As stated by an interviewee: "*Maybe we leave [the scene] too soon...*" When evaluating the relationship with VTC and its dealers, some of the interviewees mentioned that there has not always been trust between the dealers and VTC. When one of the interviewees was working on the market, she felt there was "*definitely a sort of them and us mentality, and it was not a partnership*". Some of the mistrust arises from the dealers not wanting to share the information with the other dealers and VTC because, for instance, some dealers may think that VTC could take advantage of the situation.

During CIB, the project manager has been doing the work behind the implementation of CM mainly on her own, or with the assistance of another group project member. The focus during the CIB implementation was on the technical side. There were mainly technical people involved and not as many business people. There was a steering group but no top managers were members of it. From a technical point of view, according to most interviewees, CIB was unsuccessfully implemented, as some issues where not resolved. The system was unstable, which led to the failure of delivering it on time, although some used the system even with the existent problems. The project team first wanted to provide the tools by offering better technical stability, to then define the business process and concentrate on the users. There are diverging views on whether the vision and strategy were defined early enough during the CIB project. Some interviewees believe that the vision and the strategy of CIB were not defined at an early stage. In addition, they believe that the business process

issues were not so focused on CIB, which resulted in a gap between the vision and the actual implementation. CIB was focusing on the tool to be used, in order to have a customer database in place. Then it was communicated as a phased delivery plan later in the project. Few interviewees believe that CIB had a vision, which was not put into operation, because it was never explained in a pedagogic way, but in a technological way.

The main communicators throughout the project were the project manager and another member of the project group. Often they would communicate the information down to the CIAs, which would further cascade down to the dealers and markets. The idea was the same with training, where members of the CIB project group first trained the CIAs, who then trained the dealers. The project group tried to involve the dealers by sending out the CM progress surveys to them. According to an interviewee, it was quite revolutionary that some dealers were involved with the project at that time. However, the main involvement of the dealers was done through the Customer Information Analysts (CIAs), who were responsible for taking the system out to the dealers in the markets. The CIAs were required to go out to their regions and push out the system. Nevertheless, at that time, there was a lack of resources to implement the new system and the CIAs often felt high pressure, knowing that the dealers *"had to have the system..."* According to an interviewee *"it was a real panic..."* The CIAs were travelling every week to inform the dealers about the system. The CIAs had to "sell" the system on the premise that it would be a foundation for future delivery of a completely integrated solution, with the business systems fully aligned to and supporting the business process. However, some interviewees said that, initially, it was quite easy to sell the benefits to the dealers, since all the systems were meant to be integrated. For instance, if the information was not available in the database, orders could not be placed. According to one of the CIAs, they were going to all the countries within their region to ask the dealers to load the data, where the dealers received some training for a couple of hours.

According to one of the CIAs, CIB was often a shock for the salesmen. As described by one of our interviewees, the normal behaviour of a salesman[8] is to visit satisfied customers. With CIB, they had to report their activities to a

---

[8] The term *salesman*, while masculine, is used in the thesis as a generic reference for both men and women.

database. As mentioned by an interviewee, *"planning was something very strange for them"*, as dealers at the time had a rather short-term view on planning. Not only that, but there was also a feeling that *"Big Brother"* was watching them. So their reaction was often worse than expected by the CIAs, especially at some of the independent dealers. The CIAs were busy keeping continuous contact to develop the system locally, while the local users were waiting for some changes to be made. These changes were mainly concerning the technical problems the users were facing, such as problems with the language and other local requirements. However, nothing happened, so there was no log ins. According to an interviewee, *"and as time goes by, you get new customers, you get new vehicles… so today all the data is old and has to get refreshed."* So the dealers went back to working their old way, using their local solutions, such as Excel files.

In the opinion of a few interviewees, VTC somehow succeeded in implementing CIB, although they believe it was not easy. Moreover, the dealers needed a lot of convincing. According to an interviewee, it was like *"two steps forward, one step back"*, which resulted in using more time and resources than anticipated. Most of the interviewees indicated that they thought it had been far too slow in delivering the systems and the CIB project has been too costly. Similarly, few interviewees believe that the timeframe objectives for the rollout of the project had not been realistic, considering the scale of the project. Some interviewees also believe that the project was under-staffed for a project of this magnitude, resulting in people leaving.

2.3 CIB becoming CMP

From the interviews conducted, we have also identified some reasons that could have turned CIB into CMP.

There are many reasons why CIB has become CMP, some of which can be deduced from the development of the story described earlier. However, from an IT perspective, at least according to few interviewees, CMP is seen more or less the same as CIB was.

The timing of CMP has much to do with the Block Exemption Regulations (BER).[9] This means that Volvo Trucks is no longer allowed to have exclusive dealers and dealers can choose to be multi-brand. As a result, Volvo Trucks has acquired a large number of dealers, although this was originally against the company's policy. BER also forced a change in strategy as well as in structure at VTC. That is, Volvo Trucks could now work directly with the Truck Centres (which are VTC's own dealers), as opposed to through independent dealers only. Volvo Trucks would like the dealers to own the relationship with the customers and have a one-to-one customer relationship with them. In addition, there has also been recognition from some dealers that they need to work together with Volvo Trucks to beat competition and drive the business forward.

Additionally, the top management suddenly awakened towards the CRM system projects, and hence, a business focus started to develop. As mentioned by an interviewee, there were many reasons for that. *"I think there were a number of reasons but first of all it started to draw resources, secondly since it is core for other systems, other people using other systems who started to complain, "hey, it is not implemented, no one is using this. What is this?" And there were some dealer managers who complained directly to [the head of the European division]."*

On a practical level, there has been recognition that a core system, such as the Contact Management (CM) tool, is still needed. With the help of CM, Volvo Trucks will acquire more knowledge and it will help the markets and dealers to address the right customers and right prospects. In addition, on top of CM, there is the segmentation and selection part, which needed a new starting point. CMP was an answer for that. Segmentation and selection were created in order for VTC to identify its most profitable customers, where most of the salesmen's time will be spent. The segmentation model will tell who are the future customers of VTC.

2.4 What is happening now

In this part, we will take a closer look at what CMP is and what is happening now with the project.

---

[9] For more information, check: http://europa.eu.int/comm/competition/antitrust/legislation/entente3_en.html

According to an interviewee, *"Time is always your enemy and I am really afraid to do the same mistakes that we always do..."*

As mentioned earlier, CMP, the global CRM system, is on its way to being implemented as a replacement for CIB. The aim of CMP is to have one customer database that is the only one used for all systems. This way, it would help the company to obtain a comprehensive view of everything on a dealer level and have the image available of the customer. This is seen important as the information is currently fragmented in different systems; hence, it is difficult to have a good overview of, for example, the European market. CMP also aims to set a concept out to the dealers so that they can start thinking strategically about the customers, in a structured way. CMP's project group wants the dealers to have customer inside capabilities. CMP is also aiming at increasing sales efficiency to the dealers, as well as concentrating the effort on the right customer.

The Drive for Progress (DFP) project group now supports CMP. DFP can be seen as an umbrella, under which there are six projects being coordinated, one of which is CMP. As illustrated in Figure 9 below, DFP is also coordinating new product launches as well as regional plans. The DFP project group coordinates the communication, training material and produces follow-up for these projects. The aim of DFP is to increase efficiency in the way work is carried out, in other words, that the focus is on the right customer and that VTC enhances its brand position to become the number one in image. This is the goal in the European market. DFP is acting as a sort of communication arm for CMP, which in turn supplies DFP with the information. So they are projected to work side by side. After that, the project group intends to hand the aforementioned responsibilities over to the line organisation.

```
                    ┌─────────────────┐
                    │                 │
                    │      DFP        │
                    │                 │
                    └──┬────────┬────────┬──┘
                       │        │        │
                       ▼        ▼        ▼
                  ┌────────┐ ┌──────┐ ┌─────────┐
                  │  Six   │ │Launch│ │Regional │
                  │Projects│ │      │ │ Plans   │
                  └────────┘ └──────┘ └─────────┘
                    - CMP
```
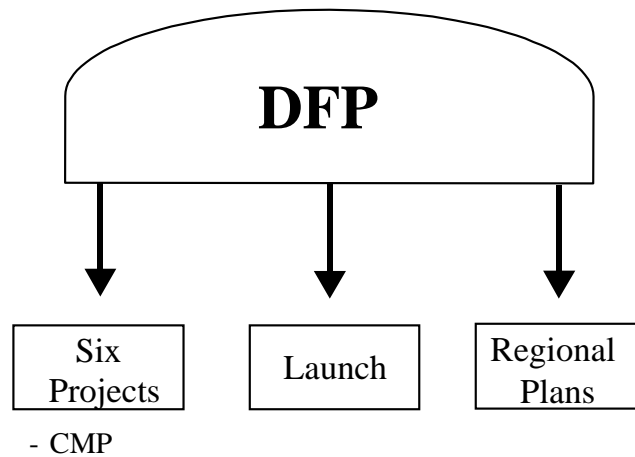
Figure 9: DFP umbrella (source: Volvo Truck Corporation, 2004)

Currently, VTC is also trying to reinforce a retail focus throughout the company with the aim of becoming closer to the customer. This is done as mentioned by an interviewee, in order to "*get away from this silo mentality and we all come together and focus on the customer*". Although it is in the business plan, it is a long process to make it happen as it involves changes in mindset. And then again some people in the organisation see the dealers as customers. According to an interviewee, "*we still have not turned everyone around thinking that the end-user is the customer*". Nevertheless, it is believed that the retail focus could give a boost to the CMP implementation.

During the fall of 2004, there have been major events happening to the people involved with CMP. The first CMP steering committee took place on the 29th of September 2004, when the decision to continue with the project was taken. This allowed the project group to start working on the implementation of CMP. Currently, there are two people working full-time on CMP. The completion target is for the end of 2005, when at least one truck centre is expected to be working in this new way in all the nine regions in Europe. The starting point for the CMP implementation is at Volvo's Truck Centres, that is Volvo Trucks' own dealers, as it is easier to implement there first.

2.5 CMP and its possible consequences

Below we will take a closer look on the interviewees' thoughts about what the change, from CIB to CMP, has brought or might bring along. It has been a winding route to reach the position where Volvo Trucks is now with the CMP

project, but according to an interviewee: *"…business wise, I think it [the CRM system project] has evolved, matured you can say, from being this small project into something handling how to answer important business questions…"*

The project group is at the planning stage for CMP at the moment, and this time, according to some interviewees, the project has a vision and a defined strategy. According to an interviewee, however, what is missing are the steps to deliver the system. Some believe that CMP will give Volvo Trucks a real competitive advantage, and few believe it will be an advantage if they implement the system fast enough. According to an interviewee, *"I think that if we could move fast on this…then I think we might be one of the first and that will give us a real competitive advantage. It will help us to retain our existing profitable customers and identify focus on new ones that will need to be developed."*

The business owner for CMP is the Strategic Development Department, and the chairman for the CMP steering committee is currently the head of the European Division at VTC. The retail department manager and the commercial trucks manager are also part of this committee. The steering group makes most of the decisions, although the scope and definition is under the responsibility of the manager of the Strategic Development Department. According to few interviewees, the manager for Strategic Development is not eager on being the owner of CMP, while being occupied with other projects as well. Drive for Progress (DFP) is expected to help prioritising the implementation of CMP, so that the markets will not be overloaded with activities. However, this is not done yet.

According to some interviewees, the business focus is now present on the project. Even though the technical side is still important, its role is seen as a facilitator for the business process to occur. Furthermore, there is some thought behind change management in the project. VTC is now putting the system aside, although it is still seen as important. It is now focusing more on the way of thinking and working during the CMP project. It seems that during CMP the change focus is on changing behaviour. Therefore, the project group expects less resistance from the users, and some believe, as mentioned by an interviewee, *"a lot of people are thinking this way now"*. The IT side still calls

the system CIB, as their part in the project is quite the same as before. That is, the IT people are still working with the customer database and the contact management tool. However, technologically speaking, the situation is better for entering the information, which means there has been an improvement in the system. As mentioned by an interviewee, "*...some dealers think the system is excellent.*" However, not all the interviewees agree with this. According to another interviewee, some dealers are missing some features. In addition, some dealers still believe that there is little benefit for them if comparing the amount of information they need to feed in.

According to few interviewees, there is still not much involvement from the dealer level and the project is mainly based on the requirements from the headquarters. However, the involvement of the dealers is seen as vital by some interviewees. VTC has two user group meetings per year, where the current situation is discussed and where the development is prioritised and new initiatives are taken. According to an interviewee, *"so it is a sort of consultancy type basis approach rather than going and saying "this is it". We want the dealers to be part of the project and actually participate in it"*. The CIAs' responsibilities are to visit VTC's dealers and talk to them about the new system. As of February 2005, VTC is expected to pick three to four Truck Centres where the CIAs will go and implement a proof of concept, for maybe two to three months.

Some believe the relationship with the dealers is better, although not perfect, as it is now easier to speak to them. There are conflicting views on how dealers were treated in the past. According to few interviewees, there have not been many differences in approach between Truck Centres and independent dealers. According to them, the differences are between the different dealers. For instance, as mentioned by an interviewee, *"I think some dealers are focusing very heavily on using the CMP system, as a marketing tool. And then some are focusing on using it, as an activity management tool"*. However, some interviewees said that although there is a need from VTC not to treat Truck Centres and independent dealers differently, in reality that is not the case. They also said that, at VTC, the talk and focus is more on the Truck Centres than on the independent dealers.

Nevertheless, it seems that there is a common agreement that the starting point for CMP implementation will be at Volvo's own dealers. The idea behind it is that if the implementation and usage of CMP works well at the Truck Centres, it will be easier to implement it at the independent dealers at a later stage. According to some of our interviewees, some private dealers (especially those having their own system in place already) are often reluctant to use the new system.

Chapter 3 - Two perspectives during the change process

According to Rigby et al. (2002), for CRM to work, one could help employees understand where they are going and why, and to align the business processes before implementing the technology. They continue by stating that often the change process needs to be effectively managed during the system implementation. Here, a process refers to a collection of tasks or activities that together result in a desired business outcome. Therefore, according to Kotorov (2003), change can be seen as a two-sided process to be managed with the focus on: 1) the business process and 2) the system integration. This leads us to the next chapter, where we provide a framework for the hard and soft system approaches, as well as explore the interdependency of business activities and IT applications.

3.1 Hard and soft system approaches to change

The hard system is an approach with precise objectives, which can be expressed in quantitative terms, allowing for the development of mathematical models. This approach might be used to predict the response of the system to changes in the environment. The approach produces a convergent solution to any change. In contrast, the soft system is used particularly in relation to human activity systems, where it is unlikely to have an agreement about the precise objectives of the system. It recognizes that organizations cannot impose technical solutions on the workplace without considering the effect on people. In addition, a soft system approach is characterized by having no agreement about the precise objectives of the system that are qualitative, rather than quantitative. In addition, there is no single solution; instead there is a range of equally valid alternative solutions. The soft approach also highlights a need for involvement of all those affected by the system. (Kirk, 1995)

According to Kirk (1995), it is important to recognize that people bring their own *"world view"* to any situation. Hence, it is often vital to involve

participants in the change situation and, through that, facilitate the system implementation. This cognitive aspect of the people in a change process in relation to involvement is presented in Chapter 3. Consequently, it is often recognised that the nature of the problem that the company is facing, for instance, during system implementation, might appear to be a technical problem, but what turns out to have a large behavioural dimension. In particular, as was presented in Kirk (1995), Moynihan (1993) states that any aspect of operational management, involving the management of technology, has both hard and soft aspects. He continues that ignoring soft elements of a system, particularly those related to organizational factors, has often led to the failure of new systems. (Kirk, 1995)

Another aspect of hard systems approach is that, typically, problem identification takes place at an early stage in the implementation project. However, with the soft systems approach, the focus is often less on the problem and more about defining what the system should do and how it should behave. Another key feature is that it obligates the user to define the system, not only in terms of technical or human activity sub-systems, but also in terms of interpersonal relationships involved in any human activity systems. (Kirk, 1995) Hence, it can be seen that the soft approach takes into account also the business activities assisting the achievement of the desired outcome, which is an issue further discussed below.

3.2 Interdependency of the business activities and IT application

As the management of technology has both hard (technology) and soft (people) aspects, it is often essential that they are used in an interdependent way in a change situation. Diedrich (2004) agrees with this by stating that people and things should not be thought of as two different items that can be evaluated independently. Furthermore, the interdependency between the business activities and IT application prevents dealing with both business and IT contents separately (Ward and Elvin, 1999).

According to Ward and Elvin (1999), a lack of empathy between the business and IT professionals has occurred historically as the knowledge of the substance of business and IT activities is often inherent in different

constituencies. Hence, cooperation between them is still not present in many companies. Nevertheless, Earl (1992) has argued that there is a need to include non-IT managers and professionals throughout the IT implementation process and to ensure the cooperation integrates and balances the IT and business change aspects effectively in order to achieve a successful outcome. Earl (1992, pp. 101) continues by stating that: "*In the successful change projects, IT may have been the key enabler, but the business benefits are derived from understanding the business, committing it to change, and aggressively pursuing the end not the means.*" In other words, according to Ward and Elvin (1999), technology can relate to the business change at a number of levels, such as the change may need IT to initiate it (by creating the opportunity for change) and facilitate it (by being an integral component of the change).

A study concerning complex IT implementation projects, by Ward and Elvin (1999), confirms that often there is lack of interdependency between business as well as technological focus in system implementation projects. The fragmentation of the content of change into two disconnected streams of activity (technology and business) occurred in all investigated projects, despite some attempts to set up project structures that were intended to bring together the business and technical knowledge. In addition, it was noticed that the IT content often dominated the process, especially when the IT actors were unmindful of the cooperation's intent and objectives. Even though the successful outcome of a project depends in part on implementing appropriate technology, the success has often been seen only as producing a "system", instead of focusing on its beneficial use in the organization and business processes delivering the desired outcome. At the same time, the softer change requirements are in many cases neglected, although the overall project outcome is often very dependent on them. This domination of the hard approach is often seen as resulting from the IT components proving to be more complex in practise than predicted, causing both IT and business people to focus on resolving technology and system issues. In addition, during the study, it was often noticed that the attention to the softer aspects were only resumed once the IT content was largely implemented. This could lead to an unbalanced situation, where non-technological issues are being neglected until the IT content is completed; that imbalance may result in an inappropriate IT system, which may not be used. (Ward and Elvin, 1999)

For the aforementioned reasons, pilot studies for a CRM system implementation are often seen as crucial opportunities to test the interdependency of business activities and IT applications before the actual system implementation project starts. In his article, Stewart (2004) states that pilots can be seen as an opportunity to test the technological side, but on the other hand they could also test the business side, while providing the possibility to test the tactical deployment of the CRM strategy. In addition, according to Stewart (2004), it has often been beneficial to include the users who are not directly involved in the project, and also those who have received the necessary communications about the new system.[10]

3.3 Reflections from Volvo Car Corporation and Schenker

3.3.1 Contrast Case 1: *Volvo Car Corporation (VCC)*

People at VCC have become more process oriented than in the past. They think that it is important not to have an IT driven project; instead, the drive is taken from the business requirements. According to them, these requirements should come from the market, as they are the ones dealing with this on a daily basis. Even though in the late 1990s CRM system implementation was an IT driven project, it was still based on business needs from the markets. They see that both business processes, as well as technological functionality, are essential ingredients to the successful CRM system implementation. For example, today during the piloting, the entire sales process is looked at so that the focus of the pilot is to identify the business process and what is needed to support it in order to benefit the local market. On the other hand, technical requirements are also looked at.

3.3.2 Contrast Case 2: *Schenker*

At Schenker, one of the basic conditions is that the whole organisation has to understand the business process. Schenker's business process was not defined the first time (in 1994) when the CRM system was implemented and, as a result, people put inadequate information in the system. The system used now is very open. Therefore, the important part is to have a process, because when that is

---

[10] For more information on this article, refer to www.crmguru.com

defined, one most likely knows exactly what s/he has to do. It is believed at Schenker that, this way, the users understand why they have a process and they are committed to the system. The CRM project group at Schenker believes that the technical process is behind the business process. They see that the technical system supports the business process, especially because the business process is changing all the time, and quite rapidly. According to them, it could be four to five times a year. Hence, they need an IT system that can change to support the business; otherwise, they have no use for it. If the project group should take one success factor, it would be the focus on the process and the implementation of it. According to our interviewees at Schenker, it is not difficult to define a structured process: "It is not rocket science. If you go to a company, which sells cars, or bananas, or whatever, you will find these steps, more or less." Schenker did not have pilots before implementing the system. Instead, they used workshops.

3.4 Analysis of Volvo Truck Corporation: Differences and similarities towards hard and soft approaches

It seems that one of the key issues leading to the disappointment in the Customer Information Base (CIB) project at VTC may be that it was seen purely as an IT system project. According to Kirk (1995), the soft approach recognises the effect changes have in people by imposing a technical solution. As it appears that VTC lacked this recognition, it seems that the company used a rather hard approach towards the change process during the system implementation.

During the change process, when the CIB was implemented, it was said that it became hard to "sell" the benefits to the dealers, as the system could not be delivered without pitfalls. Although the system experienced technical problems, it had to be sold on its own merits, for marketing, activity management and future integration. Therefore, it seems that the benefits to the dealers have been quite a weak argument during CIB. These technical problems in the beginning of the system implementation intensified the focus on the technical stability. Therefore, the CIB project group might not have even realised that the softer dimension could have been missing while they were busy solving the IT problems. As one of our interviewees stated "…*most of our problems up to*

now have been technical integration". It appears that the users were not entirely forgotten, but only once the IT problems that CIB confronted were solved, the full focus would have been turned onto the users. It seems that reason for this may have been that as some level of resistance to change was expected, providing good tools was important in order to persuade the users. As an interviewee mentioned, "*it is a really good thing to promote and push. [However], I have not have time, up to now, to actually go out and promote those sort of activities as I have been so busy with the technical implementation.*" However, according to Kirk (1995), the technological changes have an effect on people's way of working. Therefore, the lack of concentration on people, already at the beginning of the project, may have hindered the change process during CIB. This agrees with the study of results by Ward and Elvin (1999), who noticed that softer aspects of change were often neglected until the hard ones were solved. Because both aspects were not present at the same time, it seems that there was an imbalance during CIB, which resulted in a CRM system that was not always seen as suitable for the needs of the users.

Technical Project without Steering

It seems that one of the problems during CIB was that it was seen as a system project. It appears that Volvo Trucks had the vision on what the system could solve, but the process of how to get there was lacking; according to an interviewee, they had *"a technical project without steering"*. That could have made it hard to recognize the overall view of the CIB project as, according to an interviewee, *"without this process, all you have is an IT project"*. At Volvo Cars, both business process and technological functionality were fundamental when they were implementing a CRM system. Volvo Cars believes that it is important to have a drive from business requirements instead of an IT driven project. Likewise, Schenker attributes their success in implementation to their focus on the process. On the other hand, it took Schenker some time and patience to realise this, as perhaps the balance was not there from the beginning. In the beginning, Volvo Cars also lacked a clear business process when their CRM system project was established. It was seen as a more IT focused project than today. However, the difference with Volvo Trucks is that Volvo Cars still based the project on their business needs. Schenker followed

the same line, as their business process was not defined in 1994 when the CRM system was implemented the first time. However, they learnt from this while realising that many difficulties were faced because the business process was lacking in a way that now the softer approach, including the defined business process, is present. In short, whereas Volvo Trucks was concentrating on solving the technical problems, Volvo Cars and Schenker focused more on the softer aspect, which included the people and the business process, while the technology was there to support it.

Additionally, at VTC, it appears that the people implicated with the project were occasionally confused, which might be due to the lack of definition on what was going to happen and the reasons why. According to one interviewee, "…*it was really panic...*" This used to be quite the same situation at Schenker, where people did not know exactly what they had to do with the system before the business process was defined. As stated by Kirk (1995), the soft approach focuses on the process around the system instead of on the problems of the system. From this, we can again argue that it appears that a hard approach symbolises the change process at Volvo Trucks, which had an impact on the way CIB was implemented.

Overriding status of IT

Furthermore, it seems that the project experienced a lack of resources from the business side. According to Earl (1992), there is a need to include non-IT professionals in the implementation process. However, during CIB, mainly technical people were involved with the project. This was also the base for the steering group. Surely this was one of the reasons why the project was rather IT focused. Interdependency between a system and drive for change are often key factors in order to deliver a desired outcome during a system implementation project. Nevertheless, it seems that there could have been a better balance between the two approaches, than was experienced during CIB since it appears that there was no real motivation to deliver the change process. However, nothing is "black and white"; hence, this situation could be understood as a "chicken and egg effect". Even though, we assumed here that because CBI was very IT focused there was no business drive, we should not discard the fact that maybe it could have been the other way around. This is to say that the reason

why CIB was so IT focused might have resulted from lack of interest from the business side.

To elaborate on the subject further, according to Ward and Elvin (1999), the role of IT in a change process is more or less as an initiator and/or facilitator of change. Nevertheless, it seems that the role of IT had an overriding status during CIB. This way of viewing the role of IT at Volvo Trucks appears to differ compared to both Volvo Cars and Schenker, especially now. For instance, at Schenker, they see that, because the business process is changing all the time, the role of the technical system's function is to support the business process, which agrees with what Ward and Elvin (1999) stated. With regard to pilots, as presented by Stewart (2004), there could be a good opportunity to test both technical and business aspects of the project. Yet it appears that the pilots were mainly used for testing the technical stability. At Volvo Cars, however, the focus of the pilot was to identify the business process and what was needed to support it on top of testing the technical requirements. Interestingly, it does not seem as Schenker had pilots prior to implementing the system; instead they preferred to use workshops, which is a tool further explained in Chapter 5.

Balancing soft approach and hard approach

According to Moynihan (1993), it is preferable to have both hard and soft aspects when managing technology. Furthermore, he argues that the ignorance of soft approach could lead to project failure. Perhaps, as it seems there was no recognition of a soft approach, it can be one of the reasons CIB was not seen as a particularly successful project. However, looking at Customer Management Project (CMP), it seems that the new project group has recognised this weakness. Now that CMP has started, there seems to be a change of focus in the CRM system implementation project from being IT led, without a significant business process, towards a new way of working. It appears that Volvo Trucks has a clearer vision now of where it needs to go and what it needs to do in order to deliver the system, and the awareness of the interdependency required from both a business process and a supporting system. For instance, some of our interviewees told us that the business focus is now present in the project with the technical side, and they are now putting the

system aside: "*You have to have really strong business ownership [in order to succeed].*"

In addition to this, there has been a growing focus towards change in behaviour and an increase in business resources. It seems that the change process during CMP will be concentrating on explaining the benefits to the users, as well as focusing on behavioural changes, instead of just changing the technology behind the system. This may contribute to the future success at Volvo Trucks as, according to Rigby et al. (2002), in order for CRM to work, it is often important to direct the people so that they can understand where the change process is taking them and why. Some members of the project group believe that CMP will give VTC a real competitive advantage, if they implement the system fast enough. However, it might be important to remember that it takes time to change people's behaviour. Hence, even though time is important, it may not steer the project.

As stated earlier in the analysis, during CIB, it appeared that there was a lack of resources from the business side. Today, during CMP, there are both business and IT people involved. According to Earl (1992), this involvement is often important as it brings integration and balance to the project. This importance of interdependency has been already felt at Volvo Trucks, as according to an interviewee, a deeper involvement of the business people has facilitated the IT side to notice that the system might have been too complicated in the past. Then again, according to Stewart (2004), it is often beneficial when users who have not been involved in testing the system participate in the piloting of the new project. However, during CMP, Volvo Trucks seems to be using pilots who were in some way connected to the project, for instance, using those who have worked with CM before or who were pilots during CIB. As a few of the interviewees reflected, perhaps because of this past experience, people were more open to the CMP concept; hence, the feedback might have been biased leading to an overly optimistic view of the system at the headquarters. Also, according to an interviewee, more focus should be directed towards the ones who have not been involved in the past systems, than is occurring now.

In addition, when a project including a new system starts, one should be careful, especially if there are many systems that need to be interlinked. Even

though it may look rather easy from the headquarters to implement a system, and it may look good to the management, once it is implemented on the user level, it may not look the same from the dealers' perspective, especially if they are struggling with the complications of the system. As described in the study by Ward and Elvin (1999), often the IT system proved to be more complex than anticipated. For instance, the fact that Volvo Trucks is present in many regions could lead to problems. That is, if a CRM project created in Western countries is implemented in other areas, it could lead to a situation where another region ends up having a system that is too complicated and ineffective for their local needs. That may result in dealers continuing working in their old ways, as it seems easier and more effective for them to find information from their old systems.

Chapter 4 - Employee involvement in a change process

As described in the previous section, information technology can be seen as the means that aids in perfecting organisations' sales practices but, by itself, technology does little to further retain the customer. Instead, it is the users of the system who have the keys to turn technology into success. According to Kale (2004), too often the initiators of a CRM system forget that the technological changes will invariably affect the way people work, and therefore will often require a change in their behaviour. This change takes place in the attitudes of the people; hence, it is not an easy situation to deal with and often requires a lot of time and effort. Here, a cognitive concept is used in order to capture the change transformation on an individual level and to explain the concept of cognitive dissonance and its relationship to involvement.

4.1 Cognitive dissonance

According to Shani and Stjernberg (1995), the cognitive developments of employees in organisational change literature have become popular with having a focus on how to produce change. Cognitive level in a state of change is concerned with the thoughts of the individuals. According to Löwstedt (1989, pp. 205), cognitive level comprises of the way people create meaning of "*how things are and how they should be*". The cognitive structure (often referred as cognitive map) is the individual's entire cognitive world that is leading his/her interaction with the environment. These structures are the result of previous experiences, which means that a cognitive structure is not easy to be changed. (Löwstedt, 1989) The cognitive structure also orients perceptions for the future, hence steers actions in the present (Burnes and James, 1995).

Festinger (1957) originally presented the cognitive dissonance model. According to Festinger (1962), this model may help to understand some circumstances where cognitive structure does not correspond to a new reality. The model suggests that people try to be consistent in both their attitudes and

behaviour. When they sense an inconsistency between their attitudes and behaviour, people may experience dissonance that often makes them feel frustrated and uncomfortable with the situation. In order to avoid this, individuals often try to seek a stable state, where they will have minimum dissonance. It is unlikely that dissonance can be completely avoided. (Burnes and James, 1995) Moreover, according to Festinger (1962, pp. 16), *"if two elements are dissonant with one another, the magnitude of the dissonance will be a function of the importance of the element"*. In other words, when the elements creating the dissonance are relatively unimportant, the pressure to correct them will be low. On the other hand, where the issues involved are perceived to be significant, the presence of such dissonance will motivate the person concerned to try to reduce it and achieve consistency by changing either their attitudes, or behaviour, in order to bring them into line. This may involve a process of cognitive restructuring, which is unlikely to be free from difficulties for the individual concerned. Another option to cope with dissonance would be to try to actively avoid situations and information, which would likely increase the level of dissonance. (Burnes and James, 1995)

4.2 Cognitive dissonance and involvement in change

Burnes and James (1995) have applied the cognitive dissonance model to the issue of involvement in change. According to them, when an organization begins a change project, which is not in tune with the attitudes of those concerned and needs a change in behaviour, it will meet resistance unless those concerned will change. This is likely to occur only if they believe that they have some choice in the matter. On the other hand, where the level of dissonance occurred by proposed changes is low, attitudinal adjustments will be minor and potential resistance negligible. It is therefore possible to link the levels of involvement to the types of change proposed. The key is that the greater the effect on the individual, the deeper the level of involvement is required if successful behavioural change is to be achieved. On the other hand, where a proposed change is consistent with organizational norms, as well as with the individual's own attitudes, that person will be more inclined to accept its legitimacy and therefore less involvement will be needed. (Burnes and James, 1995)

4.3 Reflections from Volvo Car Corporation and Schenker

4.3.1 Contrast Case 1: *Volvo Car Corporation (VCC)*

The CRM project group at VCC sees that it is important to involve the users throughout the change process. Volvo Cars would not develop a CRM system on its own without including the markets in a project. Hence, they have involved the markets (users) at an early stage of the system development in a way that they have markets actually having a need for the new system as a starting point. Volvo Cars sees that the markets that have not been involved are often using the system improperly, hence, causing more problems without having an understanding on how or why to use the system. VCC has a participative management style that concentrates more on the user than on the system itself. The idea behind this is to ensure that the user will use the system in a right way and see the benefit. In order to involve the users to the change planning early enough, Volvo Cars has developed a change request process, and workshops and conferences are held. The new CRM strategy, since 2003, is to look at the consumer life cycle as a large flow, not only at parts of it. This was done partly in order to involve the market (users of the CRM system) and to make sure that VCC supports them.

4.3.2 Contrast Case 2: *Schenker*

At Schenker, it is seen as vital to understand people's behaviour because when considerable changes take place, people react in a certain way. The reactions cannot always be predicted, so it is seen as a good quality to have an understanding that negative responses from the users are also natural. During the beginning of the change process, the Schenker project group was away on business trips for almost one year visiting the local sales companies throughout Sweden. During those trips, the project group sat down with the sales and back office employees in Sweden, and explained how the system would affect them, the benefits they would obtain and the problem areas expected. They saw this as being important because they had learnt from past experiences that when trying to introduce a new way of working, people have a tendency to resist. Workshops were used in order to implement the change process and acquire the acceptance from the whole organisation. The workshops consisted of a project set up with the sales directors, and other sub-projects.

43

Those using the process, such as the sales people and back office were involved in the project. However, it was also important to involve the top-level management from Schenker to understand what they would like to get out of the system: for instance, to define issues such as what they want to measure and what they want to access in the system. In addition, Schenker sees that it is vital not to underestimate the time and effort when implementing changes in an organisation, especially when they have a focus on new ways of working. As an interviewee explained: "If I use a green pen for 20 years, it is going to take at least 3 months before I start to accept the black one".

4.4 Analysis of Volvo Truck Corporation*:* Differences and similarities in understanding dissonance and user involvement

Cognitive dissonance during CIB

According to Löwstedt (1989), in a change situation, cognitive structure is concerned with the meanings (of how things are now and how they should be) individuals create that have an impact on how people react. Therefore, this could mean that people have predetermined behaviours towards the change that is about to take place. In the case of CIB, it seems that the meaning of cognitive structure was not taken fully into account, as there might have been a lack of understanding that changes affect the way people work. This also goes in line with Kale's (2004) argument on how companies often forget that technological changes affect the way people are working.

According to Festinger (1962), cognitive elements that people bring with them may lead to dissonance when they experience inconsistency relating to the reality, which can in turn lead to behavioural changes or avoidance of the situation creating dissonance. To further reflect, it might be the case that in order for people to change, they may often need to experience high cognitive dissonance as, according to Burnes and James (1995), low dissonance seldom creates the pressure needed in order to steer the situation. When applying this to CIB, it seems that during the implementation of the system, some users may have experienced high cognitive dissonance, especially those using their own system. It seems that the biggest changes were felt in the regions, which were self contained. According to an interviewee, the salesmen at VTC were

occasionally shocked when CIB was introduced, as it did not always comply with their way of working. For instance, when the "Volvo System" was introduced and the employees were asked to use it, they already had a "better solution" themselves and were wondering why the change was needed, thus refusing it. As an interviewee mentioned, *"…it is not that they are against the idea that they do not want to do this, it is more like 'do we really need Volvo's system?'"* It appears that perhaps, the reason some people may not have accepted the new system was because they tried to avoid the situation. Hence, they tried to cope with cognitive dissonance as explained by Burnes and James (1995). Nevertheless, what we know is that VTC lacked the soft approach to change. As analysed in the previous chapter, the change focus was more on the system than on the people. Therefore, it seems that VTC was not able to support the users to reduce the dissonance by changing their behaviour instead of avoiding the situation.

However, not all the users were experiencing high dissonance. It seemed that by selling CIB as part of a bigger package, the package itself was accepted, but it did not mean that the people were using it. For this reason, CIB was perhaps not always seen as important; therefore, the people might not have felt there was a pressure to correct the dissonance occurring between the system and their behaviour (in case any dissonance was even experienced) by, for instance, changing the way they worked on a daily basis. It could have resulted in the lack of users while they were continuing to work in the old ways.

During CIB some change in project ownership was occurring. Perhaps, the cognitive dissonance model, by Festinger (1957), could be used here in order to understand why there was a frequent change of ownership during CIB. It appears that the outcome of the system implementation was not always according to plan. Thus the feedback received from the users might not have been always consistent with the project group's expectations, which could have created cognitive dissonance for the project owners. As a result, the project owners may have tried to reduce the cognitive dissonance, by avoiding ownership, thus giving it to another person.

Comparing user involvement and level of dissonance

In order to illuminate the cognitive dissonance further, it is essential to keep in mind that, as mentioned in previous chapter, it appears that VTC's focus was not on behavioural change during the CIB implementation project. Perhaps, in a pure IT project, it is not always so crucial to have focus on behavioural change, for instance, when the emphasis is on technical improvements. That may be because in order for the system to be implemented, there may not be a need for the users to change their behaviour in order for the system to function. Hence, users may experience a rather low cognitive dissonance that, according to Burnes and James (1995), could mean that involvement from the users is not always needed. However, when a CRM system, such as CIB, is implemented, it seems that a behavioural change is often needed in order for the system to be used in a beneficial way. This is, the CRM concept often requires a new way of understanding the customer relationship, for instance, through segmenting and selecting the long-term and profitable customer relationships. Often, a system user may feel an inconsistency with the needed behaviour in comparison to his/her present cognitive structure, which may lead to high cognitive dissonance. Based on Burnes and James' (1995) work, a deep involvement would then often be beneficial for a successful behavioural change. As an illustration, during CIB, Volvo Trucks' attempt at involving some dealers was through a survey conducted, asking for suggested system improvements, while it seems that later the people at the dealerships were not involved and the project was developed as well as implemented using the requirements mainly from the headquarters alone. On the other hand, it is good to keep in mind that Volvo Trucks is a large company, and it may be hard to involve everyone, as well as to pick the right dealers to represent the others when considering system improvements. Nevertheless, it does not seem as any special involvement was targeted towards those dealers experiencing a high cognitive dissonance. Therefore, in the case of CIB, it seems that a deeper involvement of those, especially with high dissonance, may have been vital, as well as supportive, to the behavioural change needed.

When comparing Volvo Trucks to Volvo Cars, we can see some differences in how they have involved the people during the implementation project. For instance, at Volvo Cars, the involvement of the users was often done from an

early stage, before the development of the project had even started, which is different in comparison with Volvo Trucks. This development was mainly based on the demand from the market. Volvo Cars involved the sales companies throughout the implementation process, as they believe that if markets are not involved, they may not be using the system appropriately. However, following Burnes and James (1995) ideas, it could be questionable whether this high involvement during the change process was actually even needed during the change process, as most likely the users did not experience a high cognitive dissonance. This argument is based on the information that since the system was based on the local needs of the sales companies, it was therefore often consistent with the local users' attitudes and behaviours. Furthermore, Burnes and James (1995) argue that if the change agrees with the individual's attitudes and behaviours, the person will be more willing to accept the change, and hence less involvement is needed. In other words, in accordance with what Burnes and James (1995) claimed, this kind of high level of involvement, as it was at Volvo Cars during the CRM system implementation, may not have been essential for the success of the project.

On the other hand, the involvement of the users (salesmen) at Schenker was mainly carried out during the change process, instead of involving them in the earlier processes[11], as was the case at Volvo Cars. However, during the change process, the involvement of the people at Schenker was very high. Schenker focused on behavioural change, as they understood that they could face some sort of resistance, which seems to be a rather different approach than what Volvo Trucks used. In Schenker's context, this focus was important because the change was quite dramatic; it involved the implementation of the CRM system, and also implied a need for reorganisation. Therefore, the users were expected to experience a high level of cognitive dissonance due to the change. According to Burnes and James (1995), this focus on involvement agrees with what Schenker has done. Thus, when a change project is not compatible with the attitudes of those concerned and a change in behaviour is needed, the project will face resistance, unless those concerned change. During CIB, the change was not so dramatic when compared to Schenker, as some users

---

[11] According to Burnes (2000), there are three different processes involved in an organisational change. This was earlier described in the Problem Discussion.

probably had high dissonance, while others may have experienced rather low dissonance.

From this we can argue that it appears that there might have been a higher dissonance at Schenker than at Volvo Trucks, since the change was more dramatic. According to Burnes and James (1995), there are two ways of decreasing high dissonance: one is to change the attitudes and behaviour, and the other is to avoid the situation. From Schenker's case, it shows that the company supported the required behavioural change process by involving the users in different ways, for instance, by using workshops, visiting the different branches and giving more time for the change process to take place, whereas it seems that Volvo Trucks lacked this kind of support for the individual change process. Perhaps the approach used by Schenker might have facilitated the implementation of the system by reducing the resistance and increasing the acceptance.

Dissonance and involvement during CMP

When considering the situation Volvo Trucks is facing now with the Customer Management Project (CMP), the project group now seems to be quite confident with regard to facing less resistance from the users, than it did with CIB. However, in reality, is this the case? It seems that there is still some resistance. It appears that many dealers are not against the idea of the system itself, but they do not understand the benefits of using a CRM system provided by Volvo Trucks. There is even now a portion of those who most likely are still experiencing cognitive dissonance, although some more than others. It seems that the people who are mainly experiencing cognitive dissonance are those private dealers who have their own systems in place already. The cognitive dissonance model to the involvement in change, by Burnes and James (1995), is also applicable here. As they state, involvement is important in a situation where high cognitive dissonance occurs; therefore it seems that it would be important to involve the private dealers and all the others experiencing high cognitive dissonance. However, as understood from the interviewees, in the beginning of the project, Volvo Trucks is mainly involving the "easy targets", that is the Truck Centres, which are those dealers owned by Volvo Trucks. This is because some of the interviewees expect them to be less resistant to using the

system; hence, the level of dissonance is expected to be lower. However, in the meantime, perhaps some of the independent dealers who are expected to experience a high level of dissonance could also be involved in order to prepare and support them for the coming changes during the CMP implementation.

It appears that, as discussed in the analysis section of Chapter 3, Volvo Trucks is beginning to focus more on changes in users' behaviour now, rather than on having a focus on the system. We consider that this focus will most likely result in a better understanding and support from the project group, especially for those individuals with high cognitive dissonance. This understanding and support may therefore facilitate the reduction of the dissonance in a way that the individuals who are trying to reduce the dissonance would be more willing to change their behaviour instead of avoiding the new information. Nevertheless, we can further ask that in case the users at VTC do not experience high cognitive dissonance, are they going to change their behaviour? Perhaps the need for behavioural change needs to be first identified, because perhaps some people have the desired behaviour already and, following Burnes and James (1995), they may not need to be involved so much. However, for the people who are undergoing low or no cognitive dissonance, during the implementation project, and who do not have the desired behaviour, Volvo Trucks may somehow need to create dissonance and then support them in order to obtain the targeted behavioural change.

Chapter 5 – Enablers and Tools facilitating a Change Process

We have also identified two enablers and four key tools for the change management that can facilitate the change process during a CRM system implementation. Both the enablers, as well as the key tools, have been identified by the authors based on the results from the interviews, in addition to the theoretical findings. At this point, it is good to remember that the levers and mechanisms used during the change process will often need to match the company's situation as well as the chosen change approach.

5.1 Enablers for a change process

5.1.1 Role of top & line management

In his article, Stewart (2004) stresses the importance of the management's understanding and agreeing on the process of implementing a CRM strategy with a clear appreciation that change management is often going to be required to make it a success. He continues that most importantly, it is often beneficial for the CRM implementation project if the management demonstrate their commitment and support to the CRM initiative. This means that to be committed does not mean only signing the cheques but *"walking the talk"* while demonstrating their support to the CRM initiative.[12]

As a change management team is often facing an enormous responsibility during a CRM system implementation, Burns (2000) highlights the crucial role of the top management in giving support to the team as well. Following this line of thought, Philips and Stjernberg (1993), describe the necessity that the top management give acceptance to the change project team, and hence, increase the legitimacy of the change initiative.

---

[12] www.crmguru.com

According to Raps (2004), in order to generate acceptance for the change process, line managers could be involved in formulating the strategy as they often have fertile knowledge. This may increase the chances for a smoother implementation of a new concept, as without understanding the general course of the change, employees might have a difficult time in contributing to the implementation. In addition, the involvement of line managers can promote an integrative understanding of the strategic direction and can help accomplish a strategic consensus. (Raps, 2004)

5.1.2 Change agent (Soul-of-Fire)

According to Balogun and Hailey (1999), the change agent is the person responsible for "making the change happen" in any organisation. Change agents, or as Stjernberg (1993) calls them, *Souls-of-fire(s)*, are the people who drive the project forward. According to him, these people are often strong and highly involved, which is essential as a project's success is often influenced by their insights and competence. Balogun and Hailey (1999) continue by stating that major change efforts are likely to require a supporter who shows tremendous commitment to, and enthusiasm for, the vision to be implemented. However, in order to succeed, according to Philips and Stjernberg (1993), the change agent needs legitimacy from both from the members of the unit (in the form of internal support), and from the senior management (in the form of external acceptance). Even though a change agent would be granted legitimacy from both parties, according to Philips and Stjernberg (1993), it should be kept in mind that legitimacy is usually limited in time. This is because the power or the attention of those who grant legitimacy to the change process is often short-lived.

According to Balogun and Hailey (1999), often in order for a change to succeed, someone is responsible for leading and making that change happen. However, this responsibility may not reside with just one person. According to Balogun and Hailey (1999), the primary change agent roles are:

1) Leadership: The success of the change programme is based on a key pivotal figure, such as the CEO or a Managing Director;

2) External facilitation: External consultants may play a pivotal role in the change process, in the form of advice or participation that is more active.

3) Change action team: A team within the organisation may be appointed to lead the changes, such as a steering committee. If this team does not consist of influential people, the team is likely to need support from the influential people in major change efforts.

4) Functional delegation: Change responsibility may be assigned to a particular function, which might be appropriate when implementing change is limited.

Balogun and Hailey (1999) continue by arguing that the change agent may need to have, and further develop, three skills, as described below:

1) Analytical skills, as without analysis the temptation is to draw upon ready-made change recipes;

2) Judgemental skills, as without judgement, change agents miss the most critical aspect of the change context; and

3) Implementation skills, as without action, the process can remain a planning exercise, which never tackles the reality of change within the organization.

5.2 Reflections from Volvo Car Corporation and Schenker

5.2.1 Contrast Case 1: *Volvo Car Corporation (VCC)*

Early on, Volvo Cars had involvement from others in the CRM system implementation. The involvement came from the middle management level, when approaching the users in the market. This involvement could have resulted in some lack of credibility from the users, as the top management was not seen as supporting the project. Now, VCC has gained the attention from one level above. They believe that there is no point in investing money on something that is not going to be used. In order to avoid that, they have involved the local top management in the change management. Nevertheless, applications and recommendations come from the people working with CRM issues (middle management), but the management in the steering group have to agree and sign off on them. The steering group now consists of the Vice President for Global Marketing, as well as the top management from the local markets. Also the role of the project managers is important as they take the responsibility for maintaining the dialog between VCC and the local markets.

During the CRM system implementation, the CRM project group has received support from VCC's management, as well as from Volvo IT, who has been supportive and maintained the application. The purchasing department has also been supportive by making agreements and arranging the set-up in place.

At VCC, the change agent is seen as the people from the sales company that will be involved in the change process in practice and have a dialog with dealers. VCC has no direct connection with their dealers. During the last six to seven years at VCC, there have been two to three people working for CRM centrally. There is lot of dialog and communication in place that cannot be dealt with by part-time individuals. This small CRM team has involved enthusiastic project managers who are expected to run the projects, and therefore, have an important role in the change process.

5.2.2 Contrast Case 2: *Schenker*

At Schenker, managers have a key role in change management. They are expected to handle the people who, for instance, dislike the changes. However, these skills are often missing from the people managing the change. Schenker solved this problem by recruiting new people to manage the change process, to fit the created profile of what is needed from change managers. These managers later formed the strategic sales steering group, so in addition to change management skills, they looked for a team that was dynamic. They also looked for generalists and specialists.

The CRM project group had very good support from Schenker's Managing Director. He had a very important role, which was to handle the information to the middle management and he was the key figure to deliver that information. He travelled around the branches and met with each local representative. Also, the line managers were given responsibility and they were involved in the process. Schenker sees this as important since, from the headquarters, people only have an overview of the company, as they cannot look at 160 people and see what they need. Therefore, they believe this is the role of the line managers.

The steering committee consisted of the managers responsible for the vertical sub-projects of the workshop matrix presented in Figure 10 below. This

workshop matrix included vertical sub-projects consisting of the sales process (handling what was run through), measurements and follow-ups, personnel (to handle dissatisfied employees, because at the same time Schenker had reduced its sales force), education (or change management), CRM and communication.
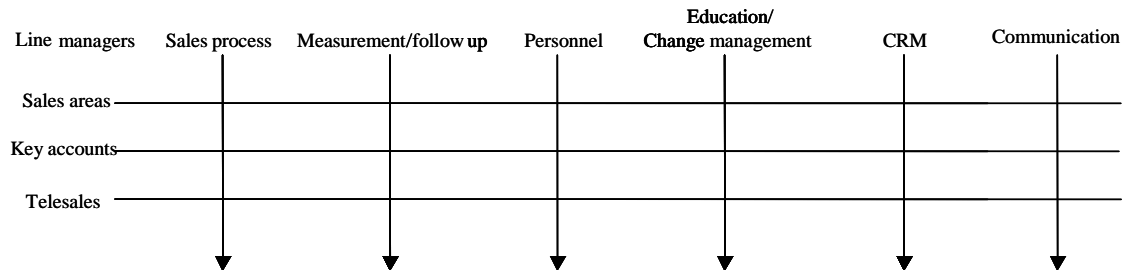
Figure 10: Workshop matrix at Schenker (source: Schenker, 2004)

At first, the managers at the headquarters were responsible for the vertical part of the matrix, whereas the line managers were responsible for the operational side (horizontal part of the matrix), which included the sales areas, the key accounts and telesales. In the beginning, the headquarters undertook the development work responsible for the implementation, but during the workshops, the responsibilities were switched within the project groups so that the line managers became responsible for the vertical part of the matrix and vice versa. For instance, the person responsible for the sales process switched with one of the line managers, such as the manager for sales areas. The entire project lasted for one and a half years. They worked for six months after that and then they switched roles. According to our interviewees, this workshop turned out to be very successful. The representation of the salesmen's managers was also later well viewed by the salesmen.

At Schenker, the line management was seen as playing the role of the change agents. This is because the manager responsible for the performance of his group often has interest in this issue. It is easier if they associate change management questions with the people who are later going to follow it up. They also emphasise the importance of using internal people as change agents, instead of outsourcing external resources working as change agents, such as consultants.

5.3 Analysis of Volvo Truck Corporation: Differences and similarities in management support and change agents

Support and commitment of management during CIB

According to Stewart (2004), the management support and commitment during the CRM system implementation is essential. In the case of CIB, there seemed to be some lack of top management support. It seems that at the time, the top management did not recognise the project as strategic, but more as a *"small scale IT project"*. As a result, it may be that insufficient business resources were available to drive the change at the beginning. This could be one reason why, according to some of our interviewees, the IT side was more supportive of the project than the business side, as well as that the members of the steering committee, including the chairman, were mainly from the IT side. In addition, the top management level was not present in the CIB steering committee. Furthermore, Stewart (2004) also emphasised the understanding of change management during a change process by the management. When implementing CIB, it appears that the support from the top management with regards to change management was missing. Perhaps, this leads back to the idea of CIB seen as a pure IT project without fully recognising its impacts on the users and their way of working.

Furthermore, according to Stewart (2004), in a CRM implementation project, it could be beneficial if the management could demonstrate their commitment and support to the CRM initiative. However, during CIB, this kind of action was not taken, as it seems that the top-level management was not really taking part in the CIB project. Instead, the project group was mainly taking the responsibilities of implementing the system, without the appropriate back up needed for such a project that, according to Burns (2000), is essential. Philips and Stjernberg (1993) continue by stating that in order to gain legitimacy for the project, top management's acceptance plays a vital role. It can be argued whether CIB ever really gained the legitimacy to act. It seemed as if, the need for legitimacy could have been somehow underestimated as in reality it was also the people who were a vital part of the implementation. We believe that this lack of legitimacy could be seen as a critical issue that was hindering the implementation of the CIB project.

Moreover, Raps (2004) adds that the line management could have been involved in the strategy formulation, and he believes that often the line managers would be better placed to explain the concept of those changes to the users. It has been alleged by some of the interviewees, that some people from the sales management, during the CIB project, did not have their full interest on the project. Perhaps, the involvement from the line management could have been higher in order to gain more interest from their side, as they could be important drivers for the change process. This was highlighted by Raps (2004), who further argues that the involvement of the line managers can encourage an understanding of the strategic direction and can facilitate the accomplishment of a strategic consensus.

Role of change agents during CIB

Balogun and Hailey (1999) define the change agent as someone responsible for the changes in an organisation. During the CIB project, the Customer Information Analysts (CIAs) were the ones responsible for informing and training the users of the system. As such, we could perhaps say that they were seen as some sort of change agents, although their main task seemed to be to "sell" CIB. It is another question whether selling means the same as driving the change project forward, the latter being the definition of *"Souls-of-fire"*, by Stjernberg (1993). Perhaps, some members from the CIB project group could have been seen as change agents who were driving CIB through the CIAs to the dealer level. However, it was often seen that the line management was not acting as change agents, even though their participation would have been important for the change to take place as mentioned by Raps (2004). Nevertheless, as argued in previous paragraphs, the change agents were not really given the legitimacy to act based on the lack of external acceptance from the top management. As Stjernberg (1993) argues, legitimacy is needed also from the members of the unit in the form of internal support. However, it seemed that most people having the role of change agents were not supported internally as much as they could have been. This is because it seems that they were left quite alone with the project and some CIAs were said to be confused during the CIB implementation.

It can be further mentioned that, according to Balogun and Hailey (1999), there are three skills that a change agent would preferably have to be capable of for this kind of role, in order to put into action the plan for the process: *acquiring analytical skills, using judgement,* and using *the implementation skills*. However, it seems, according to some of the interviewees, there may have been a lack of these skills among some of the change agents. That is, the CIAs' competence was not verified during CIB and they were not trained for change management issues, resulting, in some cases, in the lack of experience with the subject.

Balogun and Hailey (1999) continue by stating that if the change is to be successful, there is a need for someone to lead and turn this change into practise, but this responsibility may often not reside with one person only. They mention four primary change agent roles such as, *leadership, external facilitation, change action team* and *functional delegation*. As stated earlier, it seems that during CIB leadership was missing, especially when considering the low role that the top management played during the CIB implementation. External consultants were used at some level. However, although they can have a change agent role, it could be argued whether an external consultant would have the same impact as an internal superior towards the users. There was a change action team during CIB, but as stated earlier, it lacked the top-level attention. During CIB, the change responsibility was assigned to a particular function; however, this ownership was also changing from one department to another, which might have had a negative impact on the legitimacy of the project.

Findings from CIB in comparison to contrast cases

When reflecting to Volvo Cars, it could be seen that at first the top-level management was not much involved in the CRM system implementation project. This lack of involvement sometimes resulted in a lack of credibility that could be due to the low level of legitimacy that the project had, as the top management was not seen as strongly supporting the project. This is a rather similar situation to VTC, during the CIB project. It could be argued, however, that at Volvo Trucks the top level attention is even more vital as the project is rather centralised, whereas at VCC, the CRM system project has been quite

localised. Moreover, the CRM project group at VCC realised that they needed to gain more acceptance and support from the management. Now, the project group has been given acceptance and support not only from the management but also from the IT side during their CRM system implementation project, which is a difference in comparison with VTC during its CIB project. In addition, it seems that Volvo Cars has involved the line management from their market companies rather early in the process, at least when comparing the situation during CIB.

At VCC, the representatives from the sales companies were seen as the ones undertaking the role of the change agent, as they were the ones who were involved in the change practise. One of the reasons for having the representatives from the markets as the change agents is due to the fact that VCC's headquarter has no direct connection with their dealers, but instead the local sales companies are empowered to deal with the dealer relationships. Another reason may be that the CRM project team at VCC is fairly small, which does not allow them to allocate their time for such a task, although they are the ones supporting the change agents at the local markets. This is a slight difference with VTC, where the CIAs were seen mainly as change agents, instead of the line management from their sales companies. However, the difference is also that VTC no longer has sales companies in all the countries, and hence, it seems that the headquarters is closer to their dealers than at VCC. Perhaps, the CIAs could be seen as having a sort of role of line managers in these countries during CIB, as they worked rather closely with the dealers in their everyday work.

At Schenker, the Managing Director was supportive towards the CRM project and played a key role in the implementation process. He demonstrated his commitment and support by visiting the line managers personally, which according to Stewart (2004) is often important in order to succeed during a CRM system implementation project. In addition, the importance of having change management skills was highlighted at Schenker. Therefore, it seems that the project had the legitimacy in a way that the project group had acceptance and support from the upper level, which is a difference in comparison with VTC during CIB. Schenker also used a matrix workshop, where the line managers were highly involved later in the project. At Schenker,

the involvement of line managers was seen as critical since they believe that they are better placed to understand the individual needs and requirements of the users, which is consistent with what Raps (2004) argued, as one of the benefits of involving line managers in the change process. In addition, the salesmen viewed this high level of line manager involvement during the workshop as very positive. It seems that the commitment and support from the managers and line managers could be seen as stronger than at VTC during the CIB project. However, it is also good to recognise that, because, at Schenker, a reorganisation of the company was connected to a system implementation, the change itself was larger in scale than at VTC. Therefore, it might have attracted more management attention, as it was then not seen as "*a small scale IT project*".

With Schenker, the line management was taking the role of change agents, mainly due to their close relationship with the users of the system. It could also be seen that the Managing Director had a role of a change agent, at least at the beginning of the project. Schenker believes that the people who are closer to the users are best placed to deal with the change management issues at hand. They also believe that the line management would have a greater impact on the users than if this was to be done by an outsider, such as a consultant. According to an interviewee, "*If you have people from Accenture, it is not going to have the same impact as if you have your boss there.*"

Learning points from the past

When looking at the situation now at VTC, during the CMP project, it seems that there is coordination driven from the top. As aforementioned in the empirical data, the head of the European Division is the chairman for both the CMP and DFP steering committees, and therefore the vision, the strategy and the business plan of CMP are fully supported by him. The new project group seems to recognise the importance of involving both the top management at the headquarters, as well as at the dealerships. There has also been a rising interest towards seeing change management as an important part of a successful implementation of CMP. However, it seems that according to few interviewees the project group was still missing the step-by-step process on how people should work on a daily basis. Nevertheless, it appears that CMP has now strong

support from top management, which can be seen as one of the driving forces behind the CMP project. In addition, the most powerful individuals in the management group for the European department are part of the steering group. This could lead to a higher legitimacy towards the project group, which makes their work easier. However, even though the legitimacy from the top is acquired, it is too early to say how consistent the commitment will be. This agrees with Philips and Stjernberg (1993), who argue that legitimacy is limited in time and short-lived.

There are diverging views about who the change agent should be during CMP, though, the most common opinion among the interviewees is that the change agent should be from a managerial role. According to Balogun and Hailey (1999), the change agent should show certain characteristics, which include tremendous commitment and enthusiasm. According to some of the interviewees, it appears that the current project manager has the skills and capabilities to lead the change process and could be seen as a change agent. Still, others believe that the role of Customer Information Analyst (CIA) should remain as the change agents. In addition, they think that the role of the CIA could become full-time during the implementation process. However, for this to happen, some suggest that the CIA would need to gain adequate competence development training, including in change management issues. Few of the interviewees believe that the CIAs have the suitable profile today. But the statement from some CIAs could argue this, especially with regard to the projects. The CIAs believe they do not have enough information about when and how CMP will be implemented and what their part will be. Furthermore, as discussed earlier, Balogun and Hailey (1999) believe that the responsibility of change agents could be shared among different individuals or groups. Hence, during CMP many people could play the role of change agents, which is an issue that the CMP project group can discuss further.

5.4 Tools for a change process

5.4.1 Communication

According to Balogun and Hailey (1999), four issues should be taken into account when communicating during the change process: 1) timing for

communication, 2) communication channels, 3) message content, and 4) message presenter.

1) There is usually no ideal timing for communicating, as employees may want as much information as soon as possible, whereas the designers of the changes may want to give as little information as possible, until they are completely clear about what is to be done.

2) Often in a change situation, richer forms of communication, such as two-way and face-to-face communication, may be best since they provide an abundance of communication signals. However, if individuals involved in change are to achieve an understanding of the behavioural and attitudinal implications of change, it may need to include workshops, or even personal development interventions with role-play, to achieve experimental learning.

3) The key issue with the message content is often to match the detail to the needs of the receiver. If the message provides information that is personally relevant, which the recipient can relate to, the more likely it is that the message will be understood and retained. Instead of just showing the organisational vision, the receiver often also need to be shown a personal vision as everyone wants to know what is going to happen to him/her.

4) In situations of dramatic change, the senior managers may often need to be the ones communicating the change. In some instances, however, the use of line supervisors may be more appropriate as they are often more likely to be able to translate change into the language and terminology that is relevant to their employees. (Balogun and Hailey, 1999)

Another key issue to remember is that communication is not a transfer of meaning, since it is often the listeners who create the meaning for themselves. This can result in a problematic issue in change situations, as it is the receiver who interprets the message, which may be different from what the message presenter intended. (Balogun and Hailey, 1999)

This leads to nonverbal communication that is often called a symbolic activity. Balogun and Hailey (1999, pp. 185) further argue that a symbolic activity is "*anything that conveys something about an organization to the individuals within it*". It can include rituals, physical organizational aspects, behaviours and language (particularly of change agents and of those in positions of

authority), stories, and systems. A symbolic activity is often powerful in a change situation because it affects the way individuals interpret, for instance, the way they should work. Through symbolic activities it is possible to encourage people to challenge and question, and also to indicate new desired ways of working, by removing or changing old symbolic activities, and putting in place new ones. In a change situation, consistency with the verbal signs is usually important, because if all the nonverbal signs about what change means do not support the verbal messages about change, individuals may interpret the verbal messages as meaningless. (Balogun and Hailey, 1999)

5.4.2 Training

Training can be seen as a helpful tool during the change process, as it, according to Balogun and Hailey (1999), can facilitate and support the achievement of new working practices, as well as behavioural changes. There may be different focuses of training, one of which seeks a specific outcome in terms of skills or behaviours. Another might be to attempt to open a person's mind to new ways of thinking. Nevertheless, it is important to choose the right delivery channel for the type of change design, and the level of people who are the recipients of the training. (Balogun and Hailey, 1999) Stewart (2004) states that it is often good to train small groups, as well as to have the line managers trained separately ahead of their team members and have them participate later in the sessions with their team. He continues that in this way it may be possible for the line managers to develop the introduced non-technical practices, which may help ensure that the training is holistic and not just a technical "how to". In addition, according to Stewart (2004), it is not preferable to include too much information in the first training session. Instead, it is better to divide the sessions so that the users can practice the basics, and then to have a more advanced session at a later stage, where their competency can also be assessed.[13]

5.4.3 Measurement and reward

Stewart (2004) argues in his article that during the change process it is important that the users and non-users are aware of the objectives that have

---

[13] www.crmguru.com

been set for them to achieve. These then may need to be measured and reviewed. There may be a number of different aspects to measure when implementing a CRM system, ranging from synchronisation rates (hard aspects) to profiling of customers (soft aspects). The reviews of set objectives may help to populate the CRM system with the required data, and may also help to identify where users might be having adoption issues, which require some form of remedial action. Measurement is important all the way through the change process. It is often important if the management would be aware of who has reached competence and also ensure that these users are motivated. However, it is equally desirable to measure where other users are and implement tactics to help them reach the competence as well.[14]

Rewards can be linked to a measurement system. Reward is a common change tool to help obtain changes in user behaviour and performance, both through the change process and beyond. In the beginning of a change process, changes to the reward system are likely to be rather symbolic so the criteria against which bonuses are paid could be changed. For example, if rewards were previously determined by how many individual sales were achieved over a short period of time, a shift towards CRM might suggest that the reward system could be changed to replicate the ability to maintain long-term customer relationships. Then during the later phase, the reward system is more likely to be used to encourage change-related behaviours – through both financial and non-financial means. Often when the needed changes have been reached, rewards are used for maintaining changed behaviours into the longer term and are then more likely to be permanent changes to the reward system. (Balogun and Hailey, 1999)

5.5 Reflections from Volvo Car Corporation and Schenker

5.5.1 Contrast Case 1: *Volvo Car Corporation (VCC)*

Volvo Cars has a regular dialog about sales activities with the markets and in the meetings with the regional representatives, which take place every six months. That has been seen as a good way for the markets to communicate their future needs and requirements to the headquarters. In order to involve the

---

[14] www.crmguru.com

users in the change planning early, VCC has developed a change request process where changes can be suggested. However, if one market needs a specific solution and no one else requires it, it will be placed on the low priority list. Four conferences are held with the markets where the proposed changes are discussed, and prioritised. Based on the findings from the conferences, an implementation plan is created. When it comes to a new CRM system project, there are ongoing meetings, for instance, with the region and other stakeholders that are interested in the project, such as steering groups and working groups. The communication is rather open and, for example, in VCC's intranet system, all markets have access to the system where all the projects are placed with detailed information on them and their proceedings.

VCC gives support to the sales companies at the markets by, for instance, training the sales companies that can then take that training material and rework with the dealers. During the CRM system implementation (or the Customer Database), Volvo Cars had external consultants involved with the training. The regions contacted central VCC whenever they needed new training. However, training was rather focused on the system itself because the database was very application focused. During the introduction of the new CRM tool to the market in 2004, a process training was undertaken where the flow of the data was explained, as well as what the application can do within the big picture and what kind of responsibilities and roles of the users have in their process versus what the other people have. It is seen that the central CRM project group is responsible for the overall process so their recommendation is on how the market people should work. However, whether that fits with their local work is for them to decide.

Volvo Cars does not actually measure the success of their CRM system projects, although they are trying to do that, instead of focusing on the bottom line, by observing the long-term benefits. For example, one of the aims would be to measure how many prospects per sales leads they will have in the system once it has been used, in order to measure the real benefits. Volvo Cars does not have a central reward system in use that would be linked to CRM implementation projects. However, locally, for example in Spain, some sort of bonus system for the dealers to interact has been in use quite successfully. It is not standardised at Volvo Cars, but it is used more as a regional solution.

Volvo Cars, however, is trying to centralise it, as most markets are not consistent with Ford's rather strict IT requirements on, for example, what data to use or how to distribute the data. The local sales companies have the responsibility to ensure that the dealers enter the right data into CRM system, as they have the most contact with the dealers. This may be done with the help of a bonus system: "if you do this, you will get a bonus".

5.5.2 Contrast Case 2: *Schenker*

In 1999, when Schenker implemented the CRM system, it had defined the business process, which is more or less the same as the one it has today. This was explained with a process modelling, which was later not seen as a good way to communicate in the organisation, as the salesmen did not understand what the project group consisted of. Hence, the modelling was changed to an easier layout. These instructions are available on the intranet, so a new employee can just read these instructions and know what s/he is supposed to do or put into the CRM system. On top of that, corporate communication was responsible for other internal and external communication. They were not directly involved with the project but as they sat in the CRM steering committee, they had to know what was happening, in case there was a question. The structure was that corporate communication had the communication part, and the project group gave them what to communicate. The communication was done through regular mails, intranet, customer paper, and all the other means they had available and it was done on a frequent basis. However, it was not done from the very beginning as the project was classified for one and a half years in a way that during the beginning of the project, everything was rather secretive. That is also why it was a small group working with the project. When the information was given to the line managers, they then communicated it across the organisation as the information started to leak out. Different messages were communicated in different phases of the change process. In the beginning, the communication was focused on giving information. In the middle, it was focused on keeping people continuously updated and lowering the anxiety created by the changes. Later, when the launch had taken place, the focus was on information again, such as on how to use the system.

The matrix used in workshops, depicted in Figure 10, influenced the way communication was applied during the CRM implementation project; instead of having a group from the headquarters telling the sales companies what to do, the line managers took the responsibility of communicating it. That is, when the switch happened, the subproject groups gave the material to the line managers, who in turn had informative meetings with their own personnel. Schenker also used symbolic actions, as during the CRM system implementation, it had undergone a major reorganisation change. It mainly involved reducing the workforce, as the company believed there were too many salesmen. On top of that, Schenker wanted to have a workforce, which complied with their new way of working. When the implementation started, it was seen important to follow-up with consistency.

The beginning of the implementation project involved training on the strategies: to understand the overall company strategies and the sales strategies. When this was completed, one day training on change management started. Then, there was more training for managers only, which for some lasted as long as 12 days. Next, there was the sales process implementation via workshops, followed by the CRM sales process. At Schenker, when one is educated on CRM, sales process is used, in order to understand where you are in the system at that exact moment, and what needs to be done at that point when working with the system. This training was for the entire organisation, that is, all the 160 employees.

Today, the line managers are coaching their salesmen. It seems that some of these managers are not necessarily the best salesmen they have, but they are good managers. Schenker has found that this is a good way to handle the coaching. Good management and good coaching is crucial. After the implementation, the education is on a higher level, so that the line organisation can do more complex analysis to support the sales people better. Most education is hands on, following the whole process and doing a case at the same time, to understand what one is supposed to do, where in the system. Later, there is a follow up to see what happened after these training sessions. A group of 20 is gathered and given tasks to solve. This procedure is again to see if the users had implemented their strategies, to ensure that it worked within the new sales process and to see they understood the CRM process.

At Schenker it has been hard for the project group to know when they have achieved what they were aiming for, to say that at this day it was up and running. Before 1999, they could not measure, for instance, the number of business done each week, or the number of offers obtained each month. However, now it is different so that today a budget is set for the salesmen for example, on the number of visits, quotations, and gross profit revenue. This year, the measurement also uses customer satisfaction. So, on the CRM process, they can see on a daily basis whether they are on budget. When the system was implemented, there had to be a measurement somewhere. It is seen that even though visits may not be very important today, they may create customer satisfaction. Satisfying customers, on the other hand, does not mean that you are doing 40 visits a week. However, some traditional measures may not be used in the near future, as they will not become the most important ones, due to change in focus to softer measurements.

There was a reward system linked to the CRM implementation project between 2000 and 2003, but not in 2004. The reason for this is because Schenker is currently in the middle of two systems. Now, Schenker is discussing on implementing a more gross profit oriented system than that used before. The reason for this different direction is that the salesmen want to have a bigger part of the total salary as a reward. The way the new reward system is expected to work is if a salesman exceeds his/her budget, then Schenker and the salesmen share the profit.

5.6 Analysis of Volvo Truck Corporation: Differences and similarities in using tools during the change process

Communication during CIB in comparison to contrast cases

According to Balogun and Hailey (1999), the first issue to be taken into account when communicating during a change process consists of timing. However, we did not obtain a clear view of how early or late the messages concerning CIB were released; hence, we were not able to further analyse it. Nevertheless, we have information on what Balogun and Hailey (1999) mention as the three other issues related to communication. When considering the second issue, the communication channels, it seems that a one-way

communication was mainly used during the CIB project, as the CIAs cascaded the information down to the users, though this was often face-to-face. According to Balogun and Hailey (1999), in order to support the behavioural change process, workshops or even personal development interventions, could be used. However, it seems that these kinds of richer communication channels were not used during the CIB project. Perhaps, this can be seen as a result of the lack of support for and legitimacy given to the CIAs. Because of this, it may have been difficult for the CIAs to utilize these kinds of communication channels, as they were often seen as only the "messengers" who, on top of that, were not always proficient as change communicators.

The third issue to be taken into account consists of message content, which according to Balogun and Hailey (1999) could reflect the needs of the receiver. In the beginning, CIB was, in general, conveyed more as an information system and the communication was mainly targeted on how it should be used. Based on our interviews, it appears that the benefits for the users were not communicated; thus, it seems that the needs of the users were not fully reflected. Balogun and Hailey (1999) also highlighted the importance of showing a personal vision to the users. However, it seems that this vision was not communicated to them. This can be a consequence of not having established a clear view of the business process during CIB, as without a clear business process, it may be difficult to communicate the overall picture to the users and show their part in it.

In the fourth issue, introduced by Balogun and Hailey (1999), they see that depending on the level of change, the messenger may be chosen accordingly. It appears that CIB was not seen as a dramatic change, although it had an impact on the dealers. Perhaps the appropriate messenger would then not be the senior managers from Volvo Trucks; instead, the line managers may have been more suitable, as suggested by Balogun and Hailey (1999). However, during CIB, the line managers were not used to deliver the message, as it was mainly the CIAs who were responsible for that. Yet sometimes CIAs were somehow seen as having a line management role, especially since at the time Volvo Trucks did not own the dealers. In addition, according to Balogun and Hailey (1999), a new symbolic activity put into place could enhance change by, for instance, facilitating the indication of new desired ways of working. In the case of CIB,

we could not identify any major symbolic activities taken place during CIB. Even though, the acquisition of some of the dealers could be seen as some kind of a change symbolism occurring during the CRM system implementation, as the ownership of dealers became a rather new approach at Volvo Trucks, it appears that the repercussions might be felt in the future, when CMP is implemented. Likewise, the retail focus at Volvo Trucks could also be seen as a symbolic activity by highlighting the focus on the end customer, but it also seems that the retail focus is expected to become stronger later when CMP is introduced.

With regard to Volvo Cars, it seems that the company has a continuous dialog with its markets. Although there is no ideal timing for communicating, it seems that Volvo Cars communicated its change at a rather early stage of the implementation. This could be because the need for a CRM system came from the markets, so the markets were highly involved in the development process. It also appears to us that Volvo Cars had a two-way communication system when the new CRM project was taking place, which seems to be a difference when comparing to Volvo Trucks. However, we are unsure if any workshops or intervention were used at Volvo Cars. Nevertheless, as stated in the cognitive dissonance analysis in Chapter 4, since Volvo Cars seemed to experience a rather low dissonance from the markets, then perhaps this kind of richer communication tool may not have been needed, which follows Burnes and James' (1995) involvement in change theory. However, the situation during CIB, at Volvo Trucks, would perhaps have benefited from this kind of tool. As we have previously analysed, there might have been high dissonance at some of the dealers when implementing CIB. We do not exactly know how well the personal vision to the users was communicated at Volvo Cars, but it still seems important to communicate the benefits to the users. In addition, perhaps it was easier to communicate the change and the benefits to the users than at Volvo Trucks because the requirement came from the markets and therefore the message was likely relevant and easy to relate to by the users. According to Balogun and Hailey (1999), this could lead to a better understanding and retention of the message. With regard to the change focus, behavioural change was perhaps not seen as the main target. Instead, it could be seen that it was the system, which was targeted to the local needs of the users. For this reason, this change was not seen as dramatic, which is a rather similar view to what Volvo

Trucks had during CIB project. Hence, according to Balogun and Hailey (1999), it was not necessary for the senior management to be involved in communicating the information. Instead, at Volvo Cars, the line managers at the markets were empowered to communicate with the users who, according to Balogun and Hailey (1999), are likely to translate the change in a manner that it is relevant to the employees. Similarly, line managers might have been the appropriate messengers in the case of CIB, as mentioned in the previous paragraph.

With regard to Schenker, the change was seen as more dramatic than at Volvo Trucks and, especially than at Volvo Cars. This is because at Schenker there was a reorganisation, which took place, parallel to the implementation of the CRM system, and the project group knew that a new way of working was needed. The timing of the communication was organised in a way that it started when the project group was clear about what was to be done, which agrees with what Balogun and Hailey (1999) stated about timing. When the information started to leak out to the markets, the communication became more open and it was mainly seen as a two-way communication. It appears that the project group understood, as stated by Balogun and Hailey (1999), that in order to achieve behavioural change, face-to-face communication, as well as workshops, among other tools of experimental learning, may be used. In comparison to Volvo Trucks, it seems that Schenker used richer communication channels as the project group at Schenker had face-to-face meetings with the representatives of the sales companies. Similarly, the Managing Director also participated in communicating the message at Schenker, which was a difference with Volvo Trucks during the CIB project. On the other hand, the top management involvement was perhaps quite essential at Schenker in comparison to Volvo Trucks, as the change was rather dramatic. As Balogun and Hailey (1999) state, a senior management involvement could be beneficial in a dramatic change. If compared to Volvo Trucks, it seems that Schenker dedicated more resources to the communication during change. That is, with the communication, it seems that they tried to facilitate the individual change process by devoting time and effort in order to make the users understand the pressure for change. After the matrix switch (as explained earlier in this chapter), the line managers were able to show the personal vision to their subordinates, through local communication. Balogun and Hailey (1999) highlighted personal vision as being one of the key

issues in message content. However, Schenker also showed the organisational vision through the Corporate Communication Department, in order to deliver consistent messages. Comparing this to CIB, we can see a difference, as it seems that the project group was missing the support for the communication from the corporate level. That is, there was no communication department supporting the communication of CIB. Instead, there were mainly two members of the project group who were responsible for it, but perhaps this was not their core role. In comparison to Volvo Trucks, it seems that at Schenker some sort of symbolic activity was also linked to the CRM implementation. For instance, the reorganisation that was linked to the CRM system implementation at Schenker could have been seen as a symbolic activity. It may have encouraged the people to change, as stated by Balogun and Hailey (1999), by removing the "old" organisation.

Training during CIB in comparison to contrast cases

When focusing on training in general, it seems that during CIB the dealers were mainly trained on how to update the customer database, and less on understanding why they would need to use the system. These training sessions were quite basic, and it appears that sometimes after few weeks some dealers would forget how to use the system. The training undertaken during CIB may have not concentrated enough on the overview of the whole project and the users' role in it. However, according to Balogun and Hailey (1999), training could be used in order to facilitate and support behavioural changes and even open the person's mind on the new way of thinking. It seems that the different CIAs had different approaches on how to train the dealers, but mainly it was done on a dealer-by-dealer basis. However, for instance, one of the interviewed CIAs trained managers separately from the other users of the system in order to reflect their different needs, in accordance with the view of Balogun and Hailey (1999), who state that it is often important to choose the "right" delivery channel for the different roles of the people within the organisation.

Using Volvo Cars as an illustration, the company trained the representatives of the sales companies, who in turn were responsible for training the users of the system. When the sales company needed more support, they contacted Volvo Cars. Similarly with Volvo Trucks, the focus of the training at Volvo Cars was

on the system itself, rather than on the new way of working. However, it is good to keep in mind, as stated earlier, that the requirement for the CRM system at Volvo Cars came from the market, and that the system was also more localised than at Volvo Trucks, and thus the change in behaviour may have been less necessary at Volvo Cars. However, Volvo Cars is now focusing on the process training, that is, to explain what the users' role is in the sales process that appears not to be applied at Volvo Trucks during CIB training.

With reference to Schenker, the difference with Volvo Trucks seems to be that training appeared to be more structured around the role of the person, as there were different levels of training. For instance, change management was part of the training module for the managers before the workshops started and the salesmen were involved. This agrees with Stewart (2004) who states in his article that it may be beneficial to train line managers separately ahead of other people in the company, because this way the line managers could be able to facilitate the understanding of the non-technical practices as well. Stewart (2004) highlighted also the importance of having a more advanced training session later in the change process where the users' competence could be assessed. This leads to another difference between the two companies, as Schenker followed-up the training sessions in order to see whether the users understood the CRM process link to the new system, whereas at Volvo Trucks the follow-up seemed to be missing and some of the dealers went back to their old ways of working.

Measurements and rewards during CIB in comparison to contrast cases

According to Stewart (2004), it is important that people are aware of the objectives that have been set for them, so that the users understand what they need to achieve. During CIB, it seems that the business process was not well defined; many interviewees saw that there was a gap between the vision and the actual implementation. Perhaps this gap made it hard to primarily define the soft objectives to achieve for all of those involved, as well as to make the users aware of these objectives. In addition, according to Stewart (2004), the objectives may need to be measured where both hard and soft aspects can be used. During CIB, mainly hard measurements were used, such as the number of truck centres where the system was installed, which was mainly focused on the

data and the activities. The measures have been operational performance indicators. However, there was perhaps a lack of measurement of the soft aspects of CIB, such as the number of visits it takes before obtaining a quotation or the number of quotations needed to be produced before an order is taken. Most interviewees believe that softer measures may be adopted, since competence was never measured before.

According to Stewart (2004), the measurements could be used in order to identify the amount of implemented CRM systems, and also to locate the areas where people are having difficulties during the change process in order to give them more support. Perhaps the latter was not fully utilised during CIB, which could be a result of the overwhelming IT focus, identified in Chapter 3, and as one of the factors that may have hindered the CIB implementation.

Naturally the aspects chosen to measure the CIB implementation had an impact on the way the users were rewarded. Although Volvo Trucks had some reward systems targeted to dealer level, it seems that during CIB there were no rewards offered linked directly to the usage of the CIB system. When dealers were rewarded (which is not directly related to the implementation of CIB), the possible lack of measuring soft aspects could have led to rewarding the wrong behaviour. As one of the interviewees mentioned, *"We motivate people to sell high volumes of trucks, but not necessarily to take into account the long-term profitability of the customer towards us."* According to Balogun and Hailey (1999), reward is a common change lever to help obtain changes in staff behaviour and performance that may be matched to the needed future behaviour. However, in the case of CIB, it seems that the reward system was not consistent with the idea of long-term customer profitability behind the CRM system. This could have hindered the implementation project, as the possible behaviour needed in order to obtain the benefits when working with CIB was not necessarily rewarded. According to Balogun and Hailey (1999), reward systems may be shifted early in the change process, which is similar to a symbolic gesture. As mentioned earlier, it is important that the message communicated to the users of the system is consistent with the non-verbal symbolic activities in order to strengthen the message given and to avoid confusion among the users. However, it seems that there were no symbolic

gestures, such as reward systems, linked to the beginning of the change process during CIB.

When reflecting on Volvo Cars, it seems that they are not yet measuring the success of the CRM system projects, which is similar to Volvo Trucks. However, they are in a process of defining the right measurements that would measure the hard aspects such as the bottom line results, as well as the soft aspect of their CRM system project in order to measure the real long term benefits. Similar to Volvo Trucks, Volvo Cars does not have a central reward system in place. However, some local reward systems have been in use, which may be centralised in the future as they are seen to be quite successful in supporting the dealers' interaction with their customers. Naturally, the lack of a central reward system is also influenced by the decentralised approach that Volvo Cars has towards its sales companies who seem to have much freedom to modify the CRM system, as well as the tools facilitating the implementation of the system in order to match their local needs.

At Schenker, it has been difficult for the project group to know when they have achieved what they were aiming for, that is to say, that on a particular day the system was fully implemented. However, Schenker developed its way of measuring outcomes from the CRM system in a way that now the measurement also uses customer satisfaction. It appears that some of the traditional, hard aspect measurements may not be used in the future at Schenker, due to a change in focus towards a softer aspect of measurements. This differs from what was measured at Volvo Trucks during CIB. However, it is not long ago when they used a rather similar measurement at Volvo Trucks, since it took quite some time for Schenker to include softer aspects when measuring the outcomes from their CRM system. Also, today, the company is giving the control of measurement to the salesmen, so they can see for themselves whether they are on budget.

Similar to Volvo Trucks, Schenker has no reward systems in place that would be directly linked to the usage of their CRM system. However, the difference with Volvo Trucks is that they had a reward system prior to 2004. The reason why they do not have it any longer is due to the fact that they are now creating a new system for rewarding the salesmen based on salesmen activities. In

addition, in this new reward system the soft aspect will be present, as they are now measuring items such as long-term customer satisfaction.

Learning points from the past

With CMP, at Volvo Trucks, some interviewees believe that the communication is currently not working well enough. For instance, few of the interviewees have directly heard of CMP. However, it seems that the communication is quite good between the CIAs and the project leaders. According to Balogun and Hailey (1999), the recipients of a message create a meaning for themselves. Therefore, if the message is transferred through informal channels, the incorrect interpretation about the system could be made. This interpretation may lead to cognitive dissonance analysed earlier in Chapter 4. Therefore, communicating the message in a consistent way and through the proper channels could be important, as highlighted by Balogun and Hailey (1999). Today, there are diverging views on how the communication is undertaken for CMP. The communication part is still unclear, as sometimes the responsibilities seemed to be shared between the CMP project group and Drive for Progress (DFP), although some believe that the communication has now been picked up by DFP. Now the support for the communication of CMP is expected to be given by Drive for Progress (DFP), in order to be more consistent with the message sent out. DFP is on the agenda of every board meeting of the management team, where they can see how CMP is progressing. It is difficult to foresee the results from the new structure for communication, but what we can see is that there is a growing interest towards communicating also a personal vision, on top of the organisational one, which was highlighted by Balogun and Hailey (1999) as essential for the understanding and retention of the information.

According to some interviewees, the communication concerning CMP today may be carried out in three steps. The first is to sell the overview, the vision, how it all fits together and the benefits of the system. The second is to show how to use the system, how it is done, whether it works and who has done it with what benefits. And the third, it is to measure what is happening, how it is being used and what has been achieved. It seems, from the interviews, that the project group is preparing a softer approach to the communication of CMP,

which according to Balogun and Hailey (1999) is often a more beneficial approach during a change process.

When considering training, it seems that now, with the implementation of CMP, the project group at VTC is focusing more on developing the competence of the CIAs, in order to provide more consistent training to the users. According to an interviewee, the project group is planning to have a representative from the CMP project group go out with each CIA and *"help them with the first one that they do, then the rest of the rollout they should be able to manage themselves then. We gradually cascade"*. For instance, today one of the CIAs has divided his training sessions into three groups in order to reflect their needs. One group is comprised of the management of the dealership, another group is the daily users of the system, and the third is the administrators, or within the sales department of the dealership. This agrees with what Balogun and Hailey (1999) argued by believing that a specific training level may be used for the level of people who are the recipients.

Moreover, the idea behind training would be to show the users the benefits CMP would give them. According to one of our interviewees, *"It is more important now to know how to do things rather than what to do"*. This implies that in the future the focus of the training would be more concentrated on the people management, competence development, selling the concept into dealerships and about changing, than on the system itself. Moreover, as stated earlier by Balogun and Hailey (1999), training is also helpful in supporting and facilitating new working practices and behavioural changes. Competence development has been an important issue when talking about training. Some believe that both competence development, and coaching and consultancy are needed. The competence development programmes are to support the vision and the strategy at all levels, whereas the coaching and consultancy is to support the use of the front end to the dealers, Truck Centres and within VTC.

Now that the new project group has started its work on developing CMP, the situation concerning measurements and rewards seems to be improving. It seems that, today, Volvo Trucks is aware of the importance of measurement. This is based on the interviewees' beliefs that there are thoughts on how to measure the implementation of the project, as well as how to reward the desired

behaviour during the change process. The following example, from an interviewee, illustrates this new approach: *"I think that we need to come up with some sort of measurement that actually measures whether we are managing to move our customers [in a desired way]"*. Furthermore, Stewart's (2004) statement that measurement is important all the way through the change process supports the new focus undertaken by Volvo Trucks. According to Stewart (2004), there may be a number of different aspects to measure, which range from hard aspects to soft aspects. The CMP project group has suggested some operational performance indicators, as a starting point, which focuses on the data and activities, defined by Stewart (2004) as hard measures. Examples would be how many customers are present in the database, how many of them are segmented, or how many have at least one planned or completed activity. These are base level indicators. Volvo Trucks is trying to bring those performance indicators up to a certain level, in order to know whether the people are using the system. Furthermore, some prototypes of performance indicators to measure the level of information in the system have been made, although are not fully implemented. However, there are no measurements in place to identify the correct and the value added use of the system or the change of behaviour, defined by Stewart (2004) as soft measures.

With regard to rewards, the interviewees from the headquarters believe that in the future there may be one reward system in place, although they also believe that it is sometimes difficult to avoid allocating "hard" rewards. Nevertheless, Balogun and Hailey (1999) believe that rewards may help obtain changes in behaviour and performance, which is also understood by some of the project group members. On the other hand, those close to the dealers believe that the reward should come from the benefits of using the system itself. That is, one benefit for the dealers would be that if they use the system right way, they would be able to produce a better product offering for the customers, which would make it easier for the salesmen to sell. Some believe that the right behaviour should be rewarded, although the wrong behaviour is sometimes rewarded when using traditional systems. An interviewee stated that *"[they] motivate people to sell high volumes of trucks, not necessarily taking into account the long-term profitability of the customer towards [them]"*. The project group seems to be trying to find the right drivers and motivation for the salesmen to use the system in the appropriate way, although according to

Balogun and Hailey (1999) there is no constant reward system throughout the change process, as each stage requires a different incentive.

When looking at the tools, such as communication, training, and measurements and rewards that were used during CIB, it seems that the project group is now moving towards a softer approach, if taking into consideration what was introduced in Chapter 3. During CIB, the focus was more on the system and it seems that there were hard measurements in place. With CMP, it seems the focus is more on the benefits to the users, on competence development and it appears that the project group is aware of the importance of soft measurements and rewards. However, it is good to keep in mind that although it appears as the new project group is trying to learn from the experiences, at this point it is hard to say what the exact learning points are as the plan for these tools has not been created yet.

Chapter 6 - Change process on an individual level

The importance of understanding change management during a CRM system implementation and the individual user's cognitive structures has been highlighted in the previous chapters. According to Kale (2004), pro-active change management is by far the major component of a CRM project's success, as investing in a CRM system alone will not make a difference overnight, and hence it calls for an effective change process. It is essential to invest in efforts for managing the change process, as well as for the change managers to understand the change process from an individual perspective. Therefore, in this section, we will take a closer look at Lewin's three-phase model for change processes that takes into account the different phases of the process on an individual/group level.

6.1 Introduction of the original three-phase model by Lewin

According to Lewin (1951), a change consists of shifting between the driving and hampering forces that is facilitating the movement of the system to a new level of "equilibrium". He further argues, as described in Lind (2003, pp. 12), that *"the organisations exist in a state of equilibrium that being a result of opposing forces that constantly acted upon the organisation and its individuals",* as depicted in Figure 11 below. Lewin (1951) called this phenomenon a "force-field".
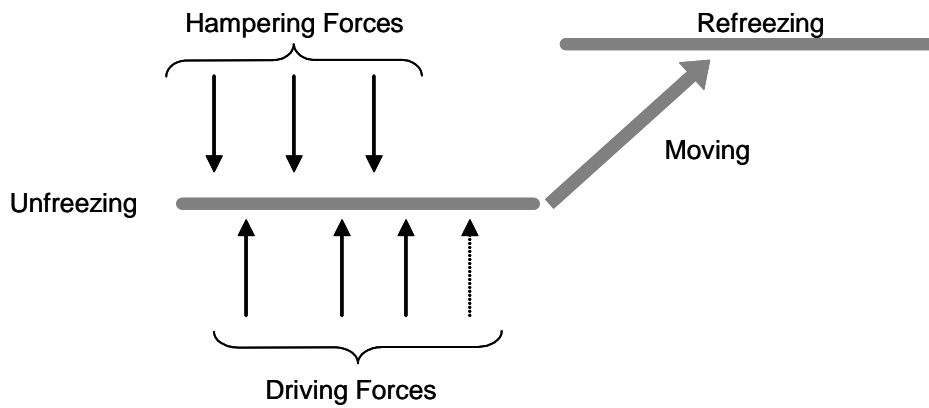
Figure 11: Illustration of the Lewin's change model (source: Lind 2003, pp. 13)

According to Jenkins (1949, pp.239), the driving forces are those forces that are *"pushing the change in a particular direction; they tend to initiate a change and keep it going"*. He continues that hindering forces may be described as barriers that slow down or prevent movement. According to him, the forces can be changed in three ways: 1) to reduce or remove forces, 2) to strengthen or add forces, and 3) to change the direction of the forces. He continues that the third option is likely the most efficient way for change to occur, as *"it acts as a removal of the force in one direction and an addition of the force in the opposite direction"* (Ed. Bennis et al., 1961, pp. 242).

As presented in Balogun and Hailey (1999), Lewin (1951) regarded change as a process with three phases: 1) *Unfreezing* the present level, that is, preparing the people for the change, 2) *Moving* to the next level, where the implementation of the needed changes is completed, and 3) *Refreezing* the new level, where the new patterns of behaviour are reinforced. Lewin's model recognises that before the new behaviour can be successfully adapted, the old one has to be discarded and only then can the new behaviour become acknowledged. (Balogun and Hailey, 1999) According to Burnes (2000), it also underlines the conviction that the will of the change adopter is important.

The *unfreezing* and *moving* phases are widely acknowledged as an important part of any change. The first phase of the change process is critical because, according to Balogun and Hailey (1999, pp. 144), the change process often *"stumbled along rather than acquired momentum, because the staff within the organization were never unfrozen and made ready for change"*. Similarly, the

concept of *refreezing* is of great value, as it seems that too often the change process has been left unfinished, as no real attempt has been made to institutionalise the required behavioural and attitudinal changes throughout the organization. This may result in people turning back into their old ways of behaving as confusion arises. (Balogun and Hailey, 1999) Furthermore, according to Macmillan and Tampoe (2000), this phase is often forgotten, and most project groups end their work at the previous phase.

According to Balogun and Hailey (1999), many argue that *refreezing*, as labelled by Lewin, is an inappropriate term in modern organizations, as even though the change project has been completed, the story does not end there as the change often continues with a continuous improvement. For this reasons, we will from this point forward call the third phase *sustaining* instead of *refreezing*.

6.1.1 Unfreezing

According to Lind (2003, pp.12) in Lewin's model, the first phase is about *unfreezing "the behaviour that increases the receptivity of the system to a possible change in the distribution and balance of forces". Unfreezing* an organization sounds rather simple in theory, but it is among the hardest phases to overcome. Here the change manager's aim is to create pressure and willingness to change and to help people let go of the past. The use of rational arguments will not necessarily be enough to convince individuals who may stand to lose by change, or who may have to undertake personal change themselves. It is often important to let the people know what the benefit is for them. (Balogun and Hailey, 1999) In addition, according to Burnes (2000), in this phase it is vital to make the people aware of the pressures for change, to give them regular feedback on the performance of individual processes and areas of activity within the organisation, to inform about successful change cases, as well as to understand people's fears and concerns. Here, cognitive dissonance can be reduced as the people begin to understand the need for the new way of working. Meanwhile there can be a lack of desire to proceed: "*What's wrong with the old way?*" Coalition and drive may be formed to overcome these hampering forces and continue to the next level.[15]

---

[15] www.crmguru.com

6.1.2 Moving

According to Lind (2003, pp.12) in Lewin's model, the second phase is about *"altering the number of driving and resisting forces and consequently shifting the equilibrium to a new level"*. Burnes (2000) continues that the main task in the *moving* phase is to further involve the people in the change process. Therefore, interventions such as education and training, communication, new work procedures and systems, and new management styles, which facilitate the move through this stage, could be included (Balogun and Hailey, 1999). It is often in this phase where the determination and commitment to doing things right is tested. In order to acquire continuous momentum, early benefits could be demonstrated to the whole team. In addition, people often need to see that there is something for them, for others and for the organisation and that the sold benefits in the previous phase become true. If people do not see this, then the desire to return to the status quo, or the way it was before, will often be very strong. In order for people to change to a new way of working, they need to understand and experience why it is worthwhile to do so.[16]

6.1.3 Sustaining

According to Lind (2003, pp.12) in Lewin's model, the third phase is about *"reinforcing the new distribution of forces, thereby maintaining and stabilising the new social equilibrium"*. According to Burnes (2000), this can be accomplished by providing resources for change, giving support to the change agents, developing new competencies and skills as well as reinforcing desired behaviours. Organisations may endeavour to have as many staff in this phase of the change process, prior to moving on to another project. People often desire to see the benefits in order to want to change, but if they have reached this phase in a past project, they are usually more likely to be open to new changes.[17]

Here, it is good to remember that after a change project has been completed, often the story may not end there. According to Macmillan and Tampoe (2000), in this phase, organisations often change their strategies in order to survive in

---

[16] www.crmguru.com
[17] www.crmguru.com

the long run. Therefore, both in planning a project and evaluating its outcomes, it might be necessary to identify the open-endedness of it, and the degree to which the final outcome will require a continuous improvement approach or a continuing change approach (Burnes, 2000).

6.2 Reflections from Volvo Car Corporation and Schenker

6.2.1 Contrast Case 1: *Volvo Car Corporation (VCC)*

During the beginning of the change process, the CRM project group at Volvo Cars saw that it was important to explain the benefits to the users and to show them the overall picture. Therefore, the guidelines provided by Volvo Cars are important as they give the full picture and highlight issues that the market could do to improve. Another important factor was that the market was supported all the time, for example, through the general process, IT support, directives, and applications. When the implementation of the Customer Database (CDB) started, no customer database was in use. Hence, the market informed Volvo Cars that they had a need for it. It is seen at Volvo Cars that building a database based on requirements and involving the people were the key reasons for actually having the people use the system and therefore only few problems were hindering this change process.

However, there were more efforts given to the project in the beginning of the change process, so when the markets started working with the system that was seen as enough. The project group did not realise that after one to two years, there could be new processes at the market. Therefore, they were caught looking at a great customer database, which was used mainly for customer complaints, and they were satisfied with that. The system was maintained but it was not further developed or upgraded to an improved efficiency level, so the markets stopped using it. It is admitted at Volvo Cars that it was a mistake that used resources and planning. So Volvo Cars is now prepared to focus on how to move ahead and take the next step together with the markets. The system has evolved during 2004 and it will be utilised even more in the following years because Volvo Cars took a strategic decision that they are going to use this database as the main source of data for all applications.

6.2.2 Contrast Case 2: *Schenker*

At Schenker, the change process was rather large in scale so a lot of time was given for this process, especially as it was also seen that it is time consuming to place the focus on people's behaviour. They saw that it would take longer for some employees to adapt to the new situations than others. Hence, Schenker gave the responsibility to the managers to teach each salesman according to his/her needs. The headquarters managed to make people ready for the change with the help of workshops as well as symbolic activities like hiring new personnel.

When the new organisation was formed, there was a kick off, and new and positive energy was created. Being salesmen at Schenker, one of the responsibilities they have is to work the Schenker way. This new way of working was supported by tools, such as training and development. It is not a problem today, because the salesmen think the CRM system is a very good tool for them and that the system is helpful. Today, the project team's main role is to maintain the system. Every month, Schenker evaluates the quality of the performance of the salesmen, and every month they wonder if they have the right people. However, Schenker is currently also implementing the system in other divisions. The CRM system has only been implemented in Sweden, because the rest of Schenker works with another supplier. They believe that sometime in the future, they will have the same supplier throughout the other regions and will be able to connect all the databases.

6.3 Analysis of Volvo Truck Corporation: Why was VTC not able to overcome difficulties, as opposed to VCC and Schenker?

Driving and hampering forces

When trying to understand the reason why Volvo Trucks was not able to overcome the difficulties when implementing CIB, we have looked at the change process as a whole, with the help of Lewin's change model (1951).

According to Lewin (1951), change consists of moving back and forth between the drivers and the barriers. In the previous chapters, we have recognised and

analysed some of the hindering forces that Volvo Trucks was facing, as well as the differences and similarities of the forces with the case companies. In addition, we have also identified some of the ways these barriers were overcome by the case companies. This is linked to the state of equilibrium theory that Lewin has recognized in organisations. According to Jenkins (1949), the driving forces tend to initiate a change. These drivers are important in order to push the change into the next state of equilibrium. From the interviews, we have identified certain sets of drivers, which were used by the project group to push the system to the dealers during CIB. It is seen that the main driver was the "promise" that the system would be integrated. Another driver appears to be that CIB was part of a bigger package and therefore the dealers would be required to use the system at the end. However, it is hard to see clearly the overall drivers, as the project was technical by nature. As the system was not fully stabilised, and it could not always fulfil the promises given to the users, it appears that it became difficult to strengthen the driving forces, which was seen as one of the three ways to change the "force-field", as elaborated by Jenkins (1949).

Concerning the hampering forces, many barriers were identified, during the interviews conducted at Volvo Trucks. The main hampering forces appear to be, as summarised from the previous chapters, that the role of IT had an overpowering status during CIB and that softer change requirements were often forgotten. This may have resulted in a lack of definition of the objectives and benefits for using the system, which may have confused the project group on where to focus. Another hindering force could be that it seems that the project group was not giving the legitimacy to the change agents, so there was perhaps no real space for them to act upon, as analysed earlier in the previous chapter. Also technical instability may be seen as a hampering force. According to Jenkins (1949), a second way to change the forces is to reduce or remove them. In other words, in order to facilitate the change process, the hampering forces could be reduced. However, it seems that during CIB, the main hampering force the project group was trying to reduce was the technical instability they were facing. During the whole life of CIB, it seems that the IT side had kept its status, and it is only now that the new project group with the new CRM project (CMP) has started to reduce the attention towards the technological aspect in

order to have a better balance with the softer side. Naturally, this is due to the belief that the system is becoming better and more stable now.

Based on the earlier analysis, it seems as Volvo Cars and Schenker did more to reduce the hampering forces, than Volvo Trucks during CIB. This could be seen as a result of the focus on the people and finding the sufficient balance between the soft and hard approaches, whereas Volvo Trucks concentrated more on the technical side of the project. Furthermore, according to Jenkins (1949), by reducing the hampering forces, the driving forces can also be increased. This would be the third way to change the forces, and according to Jenkins (1949), the most efficient way to make change take place. Especially, in the case of Schenker, it appears that the company identified the hampering forces and concentrated on reducing them. That is, Schenker tried to make the people, who are involved, understand the reasons why the changes were needed and what was the benefit for them. This could be interpreted as that, perhaps, the hampering forces may have become the drivers when the user started to believe that the new way of working was inevitable. Therefore, it seemed to us that Schenker used Jenkins' (1949) third way of changing forces, which is a difference with Volvo Trucks during the CIB project.

Different phase position in change process

According to Lewin (1958), change process consists of three phases: *unfreezing*, *moving* and *refreezing*. He continues that in order to stabilise the change, companies may have to go through all of these three stages. When reflecting the model to reality, that is the case of CIB, it seems that it never really went through the first phase of Lewin's model. By this, we mean that the users may not have been prepared for the change to occur. Instead, according to some of our interviewees, the system was pushed out to them by the CIAs. As sometimes the CIAs were seen as rather confused with their mission and perhaps lacked the resources, they may have felt pressured as the dealers "*had to have*" the system. However, it is questionable if all the dealers felt the pressure, because as analysed under cognitive dissonance in Chapter 4, some of the dealers have likely experienced low cognitive dissonance, and perhaps those whose behaviour may need to be changed should experience a higher dissonance. This is consistent with Balogun and Hailey (1999) and Burnes

(2000), who stated that in the *unfreezing* stage, one of the change managers' aims is to create pressure in order to make people understand that the change is needed. Other aims for change managers, according to Balogun and Hailey (1999), are to create willingness to change and to help people let go of the past. Lewin (1951) further stresses this, as he recognises that in order to adapt to a new behaviour, the old one has to be discarded. During CIB, it appears that the individuals who experienced high cognitive dissonance often avoided the need for change, which can be related to the lack of support from Volvo Trucks, as discussed in Chapter 4.

According to Balogun and Hailey (1999), the use of rational arguments will not be necessarily enough to convince individuals to understand the need for change. They stress the importance of letting people know what the benefit is for them. To further deliberate, it seemed to us that during CIB, it was said that it became hard to "sell" the benefits to the dealers, as the system could not be delivered without pitfalls. As mentioned earlier, the main driving force for using the system was the new ordering system rolling out, as without it, the dealers could not place their orders with which CIB was linked. However, it can be questionable whether this was a real benefit for the dealers in a way that they understood why they would need to use CIB.

On the other hand, if comparing the three cases, it seems that Schenker went the furthest with their CRM system implementation project, as their project is now completed. When looking at Volvo Cars, it seems that they are now in the *sustaining* phase, since they recently realised that there had been a lack of sustaining the new equilibrium, as presented by Lewin (1959). It seems that one of the main reasons why these two companies went further into the change process model, by Lewin (1951), than Volvo Trucks was that both Volvo Cars and Schenker assigned higher efforts to involving the users than Volvo Trucks. Burnes (2000) argues that, in the *unfreezing* stage, it is important to involve the user by, for example, giving feedback, informing and understanding their fears. As analysed in Chapter 4, it is important to especially involve the individuals with high cognitive dissonance in a system implementation. Relating to the CIB project at Volvo Trucks, the individuals were briefly involved in the initial part of the project that was based on a survey some of them completed. However, during the change process, the involvement may have been missing.

In terms of Volvo Cars, according to our interviewee, the main reason why the change process, through the *unfreezing* and *moving* phases, was quite unproblematic is because the involvement of the market was present even before the project started. Therefore, it seems that the need for the new CRM system (CDB) came from the market. Volvo Cars also involved the managers from the market companies so that they had committed people driving the system further.

Schenker devoted time and effort to the *unfreezing* phase, by for example, using workshops and visits to all the local branches by the Managing Director. Although Schenker put the pressure on the employees in the *unfreezing* phase, it seems that this pressure never ended. Today, they still reconsider the process and the people they have, by continuously evaluating performances and capabilities. This could be seen as a difference of approach with Volvo Trucks during a change process. Even though it seems that CIB never fully reached the *sustaining* phase, it appears that when Volvo Trucks starts a project, like CIB, it sometimes does not always follow-up and fully support it after the *moving* phase, as was mentioned by an interviewee: *"maybe we leave [the scene] too soon"*. Furthermore, in the *sustaining* phase, Burnes (2000) highlights the necessity of the open-endedness of change and the continuous improvement approach. This was also seen as important at Schenker, as it seems that they have also given continuous support and enabled the system to be further developed. On the other hand, although it appears that Schenker tries to sustain the change by continuously evaluating performance and capabilities, it is questionable whether, for example, the evaluation of the performance quality could actually be seen as a tool for them to control the salesmen.

The dilemma of balancing the hard and soft approaches during CIB appears to have influenced the way the tools were used. According to the theoretical framework, it is important to have the tools to support the different phases. For instance, according to Burnes (2000), it is important to communicate the benefits in the *unfreezing* stage, whereas in the *moving* stage, Balogun and Hailey (1999) state that training and communication should be targeted to the new work procedures and reward system to encourage changes in behaviour. Furthermore, desired behaviours could be reinforced in the *sustaining* phase by rewarding the new behaviour of the users. Initially, during CIB, both

communication and training were mainly about the system and not about the reason why the system was needed or the benefits for using it. Additionally, it seems that the CIAs did not receive consistent training, including change management. Finally, there was no measurement for the soft outcomes, such as measuring the improvement in customer relations.

As mentioned above, the lack of involvement may have been hindering the *unfreezing* phase and it seems that there may be various reasons for this. As recognised in the analysis of Chapter 3, the many technical problems that CIB faced could partly explain the deficiency in concentration on the people during the *unfreezing* phase. Volvo Cars and Schenker did not face these problems to such an extent. Instead, they concentrated mainly on facilitating the change process that the people need to go through during this phase.

The aforementioned analysis may have described some of the causes of why the hampering forces during the *unfreezing* stage through CIB were not overcome. Balogun and Hailey (1999) see this phase as critical, as they have experienced that many change processes were staggering because some of the users were not able to progress to a new level of equilibrium. This could apply to CIB, which as we have earlier analysed, seem to not have fully reached the second stage. We believe that this can explain the reason why Volvo Trucks was not able to overcome the difficulties during CIB, whereas Volvo Cars and Schenker did that with their respective CRM system.

Chapter 7 – Conclusion: The findings to help Volvo Trucks

In this part of the thesis, we aim to answer the fifth research question, which helps us to conclude the thesis by describing how the findings presented in earlier chapters could help Volvo Trucks obtain better results when implementing the Customer Management Project (CMP).

Before starting to answer our last research question, it is perhaps a good time to reflect back on our initial argument, which states that CRM system implementation often fails, although there is an ever-growing interest on the captivating promises of CRM. It is therefore good to keep in mind that CRM systems can be seen as rather challenging to implement in comparison to some other IT systems, such as ordering or quotation systems. Often these other IT systems are more vital to business processes than a CRM system, and their benefits can be seen in the short-term. However, it may often be hard to see the benefits of a CRM system, especially in the short-term, as they may appear in a more intangible form, such as improved customer relations. Therefore, the CRM systems impact to the users' everyday work can be hard to grasp. In addition, the dealers will still sell their trucks even without a CRM system, as it is a tool to improve customer relations. Another characteristic that makes CRM system implementation tricky is that in reality one person at a company does not own customers; instead, everyone is responsible for customer relations. However, some salesmen may have diverging views on this issue, and therefore it may be hard for them to share the information on their customers with whom they have had relationship for years.

We therefore think that it is not very surprising that a CRM system project, such as CIB, often faces setbacks. Consequently, it could now be a good time to start summarising the problem areas faced in the past, which could help us illustrate how the findings from the previous chapters can help VTC obtain better results in the future.

Customer Information Base (CIB) project – Fragile from the beginning?

As stated by many interviewees, if they had to undertake the CIB project again, they would do many things differently. However, some believe that the organisation itself was not ready for this type of customer relationship project. For instance, as it appears that the retail focus was missing, it might have reflected a lack of interest towards the end customer. Throughout the thesis, we have tried to point out our impression that the CIB project was rather fragile from the beginning: the business process seemed to be undefined; the focus on the people was not fully present; behavioural change, as part of the CIB implementation, was not completely understood by the project team; the CRM system itself appeared to be unstable; and the support from the top management was rather low. Due to the fact that the technological problems were strongly present, it is quite understandable that the focus of the project group may have been more concentrated on the IT aspect. In addition, the CIB steering committee was rather IT focused and perhaps lacked some understanding of the softer aspect on the change process. Although we understand these underlying reasons behind the IT focus, it is still essential to remember that this overwhelming IT focus could have resulted in the lack of support towards the people in a change process, and hence, impacted the success of the CRM system project.

The IT focus could be seen as being replicated in the use of the tools; the communication, training as well as measurements were mainly focused on the hard aspects of the system and the ways to use it, which may have not facilitated the users' understanding of the benefits of using CIB. Hence, this may have resulted in some of the users avoiding CIB, consequently resulting in the lack of usage of the system. This leads us to presume that the users were not prepared and were not supported for the change and therefore many of them were not able to pass the *unfreezing* phase of the change process.

Customer Management Project (CMP) - Chance to succeed?

Nevertheless, it appears to us that Volvo Trucks is willing to learn from their past experiences and the new project group seems to be confident concerning the CMP project. According to an interviewee, in comparison to the previous

system, "*there is a much better chance of success than there has ever been. And if we don't do it now, I don't think we ever will. This is the last chance.*"

Even though it seems that the retail focus is not yet welded into VTC's everyday work, CMP can be seen as a step to really get it there. For instance, when there is the same information throughout the company, it may be easier to share customer information among the different departments and the different dealers. Even so, it appears that the organisation is becoming more retail focused, which can be seen partly as a result of the Block Exemption Regulations, presented in Chapter Two, and consequently, the acquisition of some dealers. Hence, it seems that VTC's strategy became more directed towards retail, and thus, this strategy may increase the importance of the CRM system. This retail focus could result as a driving force for the implementation of CMP. Furthermore, it seems that there is a change of focus in the new CRM system implementation project, from being IT led during CIB, without much of business process, towards softer approaches to change. It seems that Volvo Trucks has a clearer vision now of where it needs to go and what it needs to do in order to move into the next phase and deliver the system, with both a business process and a supporting system. To summarize, it seems that the main learning points in comparison to past experiences with CIB are that: CMP is more business oriented; a clear definition of the business process relating to the system is seen as important; there is more focus on the people; the behavioural change aspect of the dealers is taken into consideration; and the new project is attracting more attention and support from the top management level. The communication part of the project is expected to be passed on to DFP. This goes hand in hand with the increased management commitment, since the top management is part of the DFP steering group, and therefore CMP is on their agenda.

With the indications given above, it seems that today CMP has all the chances to succeed. The project group seem to have the "right" keys to succeed, but they may have to be careful by choosing the most appropriate change approach to the implementation of the system. Following Burn's (2000) typology presented in the beginning of the thesis, the Planned Change approach with the emphasis on individual/group level and the focus on attitudes/behaviour could fit a context in a change situation involving a CRM system implementation,

such as CMP. We can identify three main reasons for this. Firstly, CRM system implementation can often be seen as an incremental change where the focus is on quality (performance) improvement through enhancing the overall customer experience. Secondly, in order to succeed with the implementation, a behavioural change is often needed from the employees. Thirdly, the change focus during system implementation is often on an individual/group level as the implementation is targeted towards certain departments or user groups. Therefore, the Planned Change approach to change could be applied for this kind of change context. However, this also depends on the company's unique context and the circumstances the company is facing.

This leads us to the context specific approach to change management that we based our theoretical framework on, in the beginning of the thesis. This unique nature of each case company may impact the choice of the approach for change. For instance, Volvo Trucks and Schenker can be defined as Business-to-Business (B2B) companies, since their customers are mainly other organisations, whereas Volvo Cars is defined as a Business to Consumer (B2C) company, since its customers are the end consumer. Although Volvo Trucks and Schenker are of the same nature, that is, they are both B2B companies, it does not necessarily mean that the same approach would lead to a successful implementation. Our findings can illustrate the context specific nature of change management, as it seems that the three companies were using different approaches. We interpret that Volvo Trucks and Schenker both used the Planned Change approach during their CRM projects as the idea of the new CRM system implementation originated from the management and experts, whereas at Volvo Cars, it seems that the Emergent Change approach was used. That is, the initiative was influenced, and further developed, by the users from their markets. This choice of change approach, for example at Volvo Cars, seems to be quite rational, considering the nature of Volvo Cars, as a B2C company with a large customer base, where the local sales companies are rather independent. However, this dilemma of choosing the appropriate change approach is something that the project group for CMP needs to consider, with a reflection from the organisational context.

This discussion about appropriate change approaches can be taken into a broader perspective on the CRM system, where we can ask whether it is

realistic to have one centrally managed and fully integrated CRM system implemented globally. It seems that Volvo Trucks has a large amount of information already, as mentioned by an interviewee, "*it is everywhere, [and] it is coming out from our ears*". Hence, it may be seen as a rather difficult route to integrate all the information into one centrally managed system. According to Galbraith (1973), organisations have two different strategies to deal with complexity. The first consists of decreasing the complexity that the manager has to deal with, by decentralising units and enabling local solutions. The second option is to increase the capacity to deal with complexity, through large and more complex information technology, such as central integrated systems. The latter option has been the most used strategy for the past ten years, as mentioned by Targama (2004) in our literature meeting, where the company seeks to increase control through complicated IT systems. However, it seems as the danger could be that these large systems disregard small mistakes and become difficult to learn, so that the user may lose interest in handling these systems.

Reflecting these two strategies to the case companies, it seems like Volvo Trucks versus Volvo Cars and Schenker had a different viewpoint on how to deal with complexity. Volvo Trucks aims at having a central tool and integrating CMP to other dealer systems, such as the New Sales Tool, whereas Schenker and especially Volvo Cars gave more power to the local units. We see that Volvo Cars is an example of a strategy, where complexity is decreased as the CRM system is rather localised. Even though VCC is now trying to gain better control by making the system more central, a certain amount of local flexibility is still expected to be kept. Also, at Schenker, the new CRM system is at the moment only implemented in Sweden, and therefore, is not used worldwide as would be the case with Volvo Trucks' CRM system. This makes us wonder whether Volvo Trucks may perhaps be too ambitious with their idea of integrating all the systems together when thinking of its size and complex structure. However, this may be something the CMP steering group is in a better position to decide upon, as they are more aware of the specific context behind the CRM system.

Key issues in change process during CRM system implementation

When attempting to summarize the study findings that could help VTC obtain better results of implementing CMP, the following key issues depicted in Figure 12 below can be pointed out. However, once again the value of these issues is to be judged by the members of the project group, based on the organisational context and the chosen change approach.
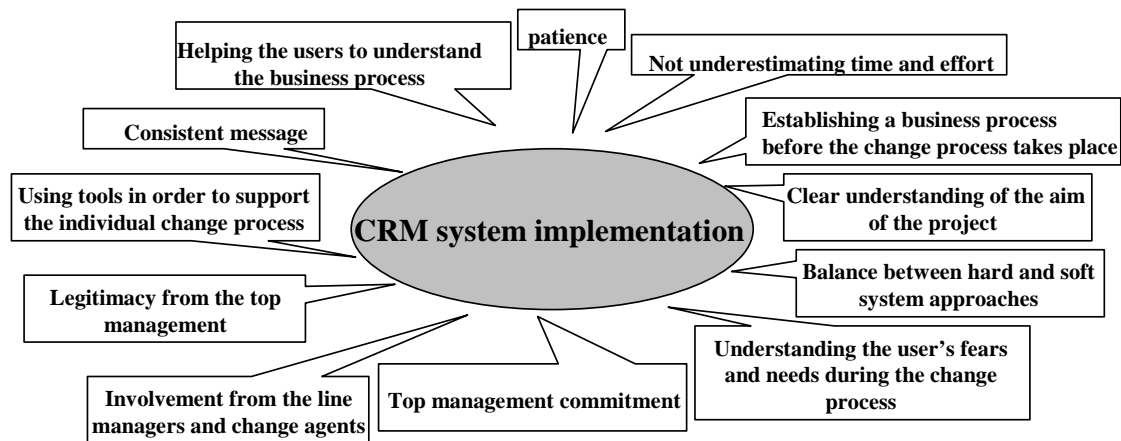

Figure 12: Key issues in change process during CRM system implementation. (Source: author's own creation, 2004)

As a change is never easy, particularly when behavioural change is needed, patience can be seen as an asset that can help drive the three stages of change process. Therefore, time and effort may not be underestimated in order to implement changes in an organisation. From our findings, we also identified the importance of establishing the business process, before developing the CRM system. According to an interviewee, "*we need to say this is our strategy, this is why we are doing it and this is what we are going to do...*" Moreover, the project group should be able to understand what the aim of the system is. However, even though this business focus is important, without a stable technical system supporting the business process, it would be hard to implement the system successfully. Therefore, we believe it is a key issue to have a balance between the hard and soft approaches.

To continue, one problem area recognised by some of the interviewees is that there are often so many projects being undertaken at Volvo Trucks that the

company tends to introduce too many projects at once to the dealers. Hence, the choice needs to be taken on deciding which ones are strategically important projects and then focus on those. Consequently, in order for CMP to succeed, it might need this legitimacy from the top management. Also the commitment from the top management, as well as from other people responsible for the project, such as change agents, has to be strong enough to face some turbulence from time to time. Furthermore the competence of the change agents could be developed in order for them to fulfil their roles. Because of the importance of the CIAs, one of CMP project group's tasks might be to go through the role of the CIAs and ensure that they have the right status, also that the right people are carrying out this role. However, this seems not enough, as they may also need to gain legitimacy both from the units as well as from the top management. Hence, it is also important to have a dedicated committee that has steering from the top. Perhaps, higher level of management involvement and support may also have prevented ownership changes during the CIB project. In Chapter 4, we suggested that, the project owners might have tried to reduce the possible cognitive dissonance by avoiding the ownership, thus giving it to another person. In order to avoid this situation, top management's support to the project owners might often be necessary in order to facilitate any change needed, also from the project owners, in order for them to lower the level of dissonance.

The roles of the line managers should not be underestimated either. Based on our study findings, it is preferable to involve the managers early and have the pressure from them in the organisation. This is important during the CMP project as well, especially in order to secure the local ownership after the completion of the implementation project. The role of the users may also not be underestimated, as it is the people who make concepts, such as CRM, a success. Hence, their fear and needs ought to be understood. Tools such as training, communication, measurements and rewards could be used in order to motivate and support the people in a change process. One of the main ideas of the messages targeted to the users appears to be to help users to see the benefits, for instance, with the means of hands on training. It is often important to also show the users that CMP involves less administration, and to explain the business process, in order for the users to understand the overall picture and their role in it. Otherwise, it may take more time to implement the system due to the resistance from the dealers. Also, success stories could be a good way to

make people understand the benefits of using such a system. It is often important that the message targeted to the users is consistent with the symbolic actions.

As the CMP project group is in its early stages, we want to point out that although the concentration with this study has been mainly on the change process of a CRM implementation project, according to Burns (2000), there are two other important processes before the change process occurs: choice and trajectory processes. During these processes, the visions and plans are formulated, during which the "roadmap to reach the destination" is formulated, hence becoming a vital pre-phases for a successful change process. Moreover, for a change manager, it is good to keep in mind that change is more than a development of a rational plan; people do not always act accordingly during the change process. Failure to appreciate this can lead to severe damage in the CRM project.

Another important point is to remember that both Volvo Cars as well as Schenker have been involved with CRM system projects longer than Volvo Trucks and might therefore be more experienced within this field. It seemed that they often experienced a sort of "trial and error" approach, which has evolved over the years. However, the key issue is that it seems that both companies have understood the importance of learning from their experiences as well as past mistakes. This kind of "double loop learning" is something that VTC may also reach for when implementing CMP.

Managerial implications and suggestions for further research

This paper has proposed how different approaches of managing a change process may affect companies when implementing a CRM system by providing a brief description of some of the driving and hindering factors influencing the process. To summarize, a change process is an important part of a CRM system implementation project as during the process the actual implementation of the system occurs in practise. However, it is a complex process that may take much time and effort in the organisation in order to be successfully completed. As stated earlier, we do not believe in one best approach of managing change process, since the context is unique for each organisation. Yet our findings

show that a balance between the soft and hard approaches of managing change is important. It often seems that the hard approach has an overpowering status in CRM system projects, such as CIB. Conversely, it seems that a lack of recognising the role of the soft approach may lead to a fatal flaw. Perhaps a softer approach could have been more applicable because, if the process aspect is omitted, the implementation is looked at in a rather rational way where reactions can be calculated at an early stage of the project. As the interpersonal relationships are involved in the soft approach, this could have helped VTC to acquire a better overall view. It appears that a CRM system alone cannot do much to make a CRM concept function. Hence, technology may be seen as something initiating and facilitating the change, instead of seeing it as a main objective for change. Both contrast case companies seemed to place more importance on the soft approach to change, for instance, towards the system users, than the main case company, during its CIB project. Thus it seems that the focus on people in a change situation may affect the outcome of CRM system implementation project. However, the technological functionality also needs to be given attention as it also plays an important role.

We acknowledge that the research mainly concentrates on the main case company, Volvo Trucks. Hence the findings may not be directly applicable to other companies. However, we believe that the results may still be of use also for other companies who are starting to implement a CRM system. Yet in order to benefit from the study results, other companies may evaluate the value of the findings, just like Volvo Trucks, by adapting them to their own organisational context. In addition, as the aim of the research was mainly to understand the change process during a CRM implementation project on an individual/group level, for future research, it might be of particular interest to look at the impact from an organizational level. This is in order to understand how the change in organisational culture, structures and processes can affect the outcome of a CRM system implementation. Furthermore, for companies to effectively practice CRM and to be capable of identifying the core causes of failed CRM system initiatives, further research could concentrate on what is entailed in order to succeed with CRM system projects. This could be analysed by comparing differences and similarities between different organisational contexts, for instance, Business-to-Business companies in relation to Business to Consumer companies.

References

Books and Journals

Argyris, C. and Schön, D.A. (1978). Organizational learning: a theory of action perspective. Addison-Wesley, Reading, Mass, USA.

Argyris, C. (1996). Unrecognised defences of scholars: impact on theory and research. Organization Science, Vol. 7, pp. 79-87.

Balogun, J. and Hailey, V. H. (1999). Exploring Strategic Change. Prentice Hall Europe, Hertfordshire, UK.

Burnes, B. (2000). Managing Change: A Strategic Approach to Organisational Dynamics. 3rd edition. Pearson Education Limited, UK.

Burnes, B., and James, H. (1995). Culture, cognitive dissonance and the management of change. International Journal of Operations and Production management, Vol. 15, Issue 8, pp. 14-33.

Carlisle, H. M. (1973). Situational management: a contingency approach to leadership. AMACOM, New York, USA.

Diedrich, A. (2004). Engineering knowledge: How engineers and managers practise knowledge management. BAS Publishing, Göteborg, Sweden.

Earl, M. J. (1992). Putting IT in its place: a polemic for the nineties. Journal of Information Technology, Vol. 7, Issue 2, pp. 100-108.

Festinger, L. (1957). A theory of cognitive dissonance. 1st edition. Stanford University Press, Stanford, USA.

Festinger, L. (1962). A theory of cognitive dissonance. 2nd edition. Stanford University Press, Stanford, USA.

Galbraith, J. (1973). Designing Complex Organizations. Addison-Wesley, Reading, MA, USA.

Garvin, D. (1993). Building a learning organization. Harvard Business Review, Vol. 71, Issue 4, pp. 78-91.

Holme, I. and Solvang, B. (1991). Forskningsmetodik – Om kvalitativa och kvantitative metoder. Studentlitteratur, Lund, Sweden.

Jenkins, D. H. (1949). Social engineering in educational change: an outline of method. In: Bennis, W. G., Benne, K. D. and Chin, R. (ed). The planning of change: readings in the applied behavioural sciences. Holt, Rinehart and Winston, USA, 1961.

Kale, S. H. (2004). Are your CRM undertakings lost in a sea of failed or uncompleted projects? CRM failure and the seven deadly sins. Marketing Management, Vol. 13, Issue 5, pp. 42-47.

Kirk, D. (1995). Hard and soft systems: a common paradigm for operations management? International Journal of Contemporary Hospitality Management, Vol. 7, Issue 5, pp. 13-16.

Kotorov, R. (2003). Customer relationship management: strategic lessons and future directions. Business Process Management Journal, Vol. 9, Issue 5, pp. 566-571.

Lind, P. (2003). Management of change: a guideline to analysing change projects. Linköping University, Linköping, Sweden.

Löwstedt, J. (1989). Föreställningar, ny teknik och förändring. The organiserings processer ur ett kognitivt aktörsperspektiv. Bokförlaget Doxa Ab, Lund, Sweden.

Macmillan, H. and Tampoe, M. (2000). Strategic management: process, content and implementation. Oxford University Press, Oxford, UK.

Obermeyer, N. and Pinto, J. (1994). Managing Geographic Information Systems. The Guilford Press, London, UK.

Philips, Å. and Stjernberg, T. (1993). Organizational innovations in a long-term perspective: legitimacy and souls-of-fire as critical factors of change and viability. Human Relations, Vol. 46, Issue 10, pp. 1193-1210.

Picarille, L. (2004). Vertical focus: how auto dealers drive relationships. CRM Magazine, Vol. 8, Issue 1, pp.16-18.

Raps, A. (2004). Tap into the power off our key factors to deliver success: implementing strategy. Strategic Finance, Vol. 85, Issue 12, pp. 49-54.

Rigby, D. K., Reichheld, F. F. and Schefter, P. (2002). Avoid the four perils of CRM. Harvard Business Review, Vol. 80, Issue 2, pp. 101-111.

Shani, A. B. and Stjernberg, T. (1995). The integration of change in organizations: alternative learning and transformation mechanisms. Research in Organizational Change and Development, Vol. 8, pp. 77-121.

Stjernberg, T. (2003). Organisationsideal – livskraft och spridning. Ett 20-årigt perspektiv. Gummessons Tryckeri AB, Falköping, Sweden.

Swift, S. R. (2001). Accelerating Customer Relationships: Using CRM and Relationship Technologies. Upper Saddle River, New Jersey, USA.

Ward, J. and Elvin, R. (1999). A new framework for managing IT-enabled business change. Information Systems Journal, Vol. 9, pp. 197-221.

Yin, R. (1994). Case study research: design and methods. 2nd edition. Sage Publications, Thousand Oaks, California, USA.

Internet sources

http://www.volvo.com/trucks/global/en-gb, November 12, 2004

http://www.volvocars.com, November 12, 2004

http://www.schenker.com/index_en/index.html, November 12, 2004

http://europa.eu.int/comm/competition/antitrust/legislation/entente3_en.html, November 17, 2004

Stewart, N., 2004, in his article: *The Need for Change Management on CRM/Customer Engagement Journeys.*
http://crmguru.custhelp.com, September 22, 2004

http://crm-advisor.com/doc/06539, September 22, 2004

Interviews

P., Volvo Truck Corporation, September 22, 2004

A., Volvo Truck Corporation, September 28, 2004 and November 8, 2004 – Two interviews: one in person and one phone interview.

K, Volvo Truck Corporation, October 1, 2004

O., Volvo Truck Corporation, October 1, 2004

I., Volvo Truck Corporation, October 29, 2004

I, Volvo IT, October 29, 2004

M, Volvo Truck Corporation, October 20, 2004

T., Volvo Truck Corporation, November 03, 2004

P., Volvo Truck Corporation, November 10, 2004 – Phone interview

M., Volvo Car Corporation, November 11, 2004

P, Schenker, November 12, 2004

T, Schenker, November 12, 2004

Literature Discussions

Diedrich, Andreas, Researcher, Handelshögskolan vid Göteborg universitet, September 23, 2004

Norbäck, Lars-Erik, Professor, Handelshögskolan vid Göteborg universitet, September 21, 2004

Stjernberg, Torbjörn, Professor, Handelshögskolan vid Göteborg universitet, September 21, 2004 and November 11, 2004

Targama, Alex, Docent, Handelshögskolan vid Göteborg universitet, September 20, 2004 and November 8, 2004

Appendices

Appendix One – Methodology

In this section, we aim to describe our research process for the writing of this thesis. We define the method of our study in terms of research design, research approach and data collection. The selected methodology described below is based on the research problem and stated research questions, from the introduction.

Research design

According to Yin (1994), the research design is the logical sequence connecting the empirical findings to the research questions and to the conclusions. The researcher arrives at these conclusions by analysing the data collected and the theoretical framework presented. (Yin, 1994)

Forming the research design was a rather iterative process, as it has evolved along with the increased knowledge gained during the theoretical as well as empirical research. The general research objective and research questions have been formed during informative meetings with our contact at Volvo Trucks, where some areas of interest were highlighted. In order to gain a better understanding on the subject area, four discussions with academics at Handelshögskolan were conducted (Andreas Diedrich, Alex Targama, Lars-Erik Norbäck, and Torbjörn Stjernberg). Therefore, this research has a highly pragmatic character that was complemented with an academic view. In addition, we met on a regular basis with our supervisor, Björn Alarik, at Handelshögskolan (Gothenburg University) in order to exchange information and receive continuous feedback on our research.

Research approach and data collection

According to Holme and Solvang (1991), qualitative and quantitative are the two general approaches of a research. For this thesis, we based our research

mainly on a qualitative approach, as we wanted to gain a deeper understanding of the problem area studied than a quantitative approach would have allowed us to do.

Overall, during a period of seven weeks, 11 interviews were conducted involving 12 people. One person was interviewed twice, and although the interviews were mainly conducted in person, two interviews were carried out on the telephone. According to Yin (1994), interviews can be open-ended, focused or structured. In this study, focused interviews were conducted as a certain set of questions was followed. However, these questions were rather open-ended. The framework for the interviews was not the same for all the interviewees, but was dependent on their area of expertise as well as on the areas that we needed more information on. This procedure was to gain as deep an understanding of the problem areas as possible. Throughout the thesis, we do not reveal the name of the interviewees, as we see their responses as anonymous contributions. This issue of anonymity was decided in cooperation with Volvo Trucks. Also, we are aware that the information we present in this thesis is based on the information given by these interviewees. Therefore, some interviewees may have withheld information deemed to be confidential, which may not give us the full picture of the CRM project undertaken.

As Figure 13 illustrates, the research was divided into six different phases or milestones (M). These milestones were a continuous process all through the research and the report writing.

M 1:

For the first milestone, we interviewed five key individuals involved with the current CRM system implementation project, Customer Management Project (CMP). The first level of interviews was conducted in order for us to reach an understanding about what is happening / has happened at Volvo Trucks and to connect that understanding to the theoretical views. Some of the interviewees were from an operational level, while others were from a strategic level. Throughout this phase, we also met with our contact at Volvo Trucks who gave us continuous feedback on our progress.

The decision on whom to contact was taken together, with our contact at Volvo Trucks. Originally, we were interested in conducting interviews at VTC on a dealer level, but it soon became clear that it was not possible within the given timeframe. Therefore, our concentration was turned to management/superior level.

M 2:

During this phase, the basic theories were explored, partly based on the critical areas identified in "Interview 1", as well as from reading materials, such as books, articles, Internet sources and Gartner research materials. These theories were continuously revised throughout the writing process.

M 3:

During the third milestone, "Interview 2" took place. These interviews were mainly with individuals involved with the previous CRM system implementation project, the Customer Information Base (CIB), as well as with the current one (CMP). The second level of interviews were more detailed in character in order for us to have a deep insight into the problems and reach an understanding of causes-and-effects during the CRM system projects. In this milestone, we interviewed a total of five individuals. Two of them work closely with the dealers, two of them work at the headquarters and one has been involved with the IT aspect of the project from the beginning. One of the people interviewed in M3 was also interviewed in M1.

M 4:

During M4, two interviews were conducted outside Volvo Trucks: one at Volvo Car Corporation (VCC) and one at Schenker (the latter consisted of two interviewees). This was done in order to compare the findings from these two companies to the ones obtained from VTC. Therefore, with these interviews, we aimed to identify critical factors from their experiences in implementing their CRM system.

The choice of these companies was suggested by our contact at Volvo Trucks, and was based on Volvo's rather long experience on CRM, as well as its earlier success in CRM system implementation. Following his advice, the companies were contacted with the help of our tutor's contacts.

M 5:

During this phase, the actual report writing started and the pieces of information, including the information gathered and the analyses made during the research process, were put into place as well as ideas about the conclusion.

M 6:

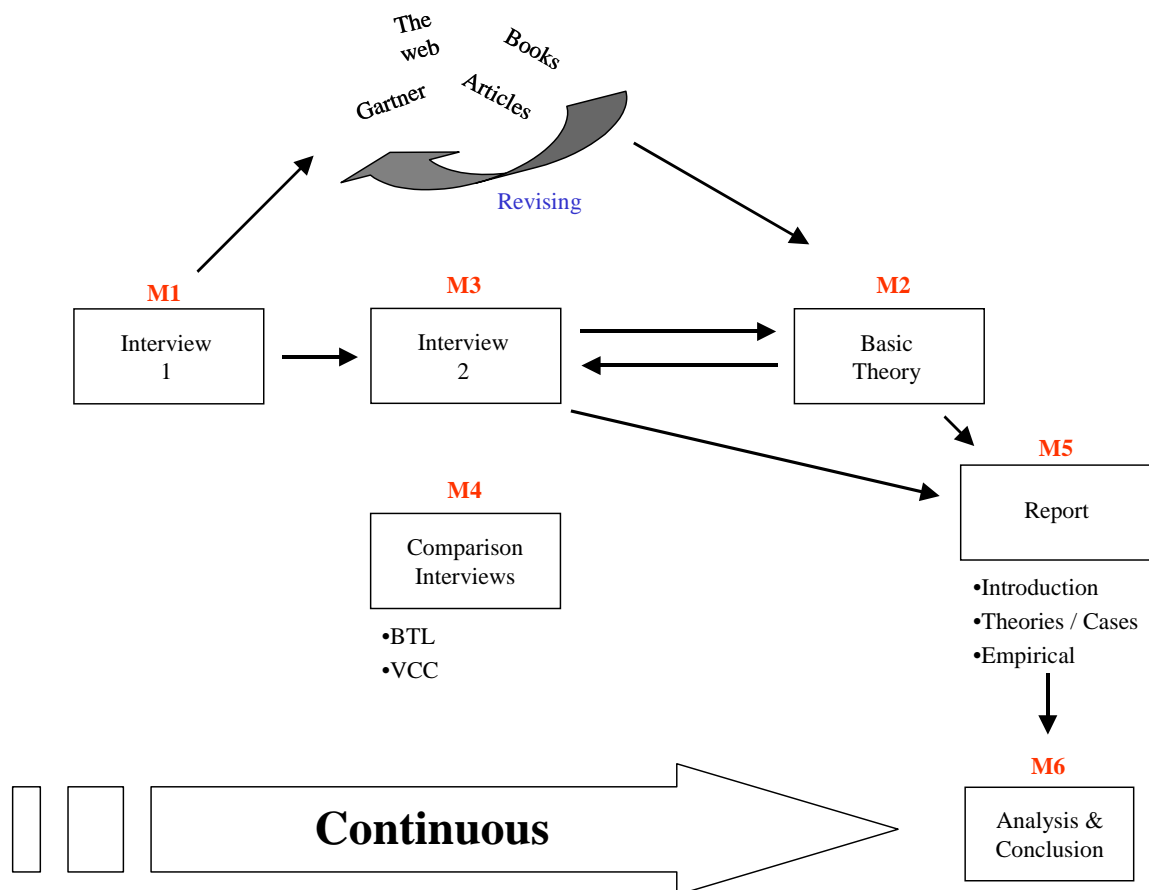For the final milestone, the final conclusions were made and the findings presented.

Figure 13: Research design (source: authors' own construction, 2004)

The close co-operation with Volvo Trucks had an impact on the way the research was designed as well as how the empirical research was conducted. An assignment specification was written together with the contact person from Volvo Trucks that included the following issues: project background, description of the project, business value, project objectives, prerequisites for the entire project, general project plans as well as risk assessment. In addition, the purpose and detailed research questions were formulated in order to reflect VTC's needs as well as the academic requirements. Regular weekly meetings were held with our contact at Volvo Trucks, where the progress was discussed and the future objectives were decided upon.

Appendix Two – Contrast Case One: Volvo Car Corporation

Volvo Car Corporation (VCC) is one of the major car manufacturers, based in Gothenburg, Sweden [18] . It introduced its first Customer Relationship Management (CRM) system, a Customer Database (CDB), in the mid 1990s. That was the first major project at Volvo Cars. It was a rather IT driven project, but it was based on the business need. Therefore, it can be said that in the change process the focus has always been on the users, which are the market companies of Volvo Cars. Volvo Cars believes that the system should be able support the processes that are used by the sales companies at the markets. The customer database implementation started out well and the markets began using the system soon after. Today, there are 15 markets using it throughout the world and it is mainly used in customer complaint handling.

In 1998/1999, the people working at Volvo Cars' sales companies at the markets realised that they needed a new tool to manage their prospects. VCC created a 5-year plan for this project, with the completion predicted for 2007. At that point, Volvo Cars could not support the markets centrally with a fast and rapid development of a central version, so Volvo Cars' sales companies localised their own part of their customer database and developed local versions. As a result, the system is complex today. Recently, VCC decided to move back towards a central database in order to become more structured. This move was also done because every market is now paying for a central database as well as for a local database, which is increasing costs. Volvo Cars is therefore trying to gain some synergies, in financial terms, as well as trying to keep the information central. VCC will face, during the next two to three years, a very technical clean up for the database, which is expected to standardise the fields in the database so that the markets can have the same type of information for same type of system requirements. However, the purpose is not to standardise everything, so that some parts will be possible to localise; there is a central database for all the customer information but, for example, financial contracts would be kept on a regional level so that the connection with the financial contract and customer is not seen centrally.

---

[18] For more information, please refer to http://www.volvocars.com/

The change process during the CDB implementation was seen as a success, because in the end it was implemented and used by the markets. During the first phase of the change process, Volvo Cars saw that it was important to explain the benefits to the users and to show them the overall picture. Therefore, the guidelines provided by VCC are important as they give the overall picture and highlight the changes that the market could do to improve. Another important factor is that the markets should be supported all the time, for instance, through the general process, IT support, directives and applications.

Volvo Cars did not develop a CRM system on its own. Its markets actually had a need for the new system as a starting point. When the implementation of CDB started, no customer database was in use. Building a customer database resulted in the fact that the system was fully used at VCC in the end, and there were not too many problems hindering the change process. The need came from the field so the system was not created centrally.

However, there were more efforts given to the project in the beginning of the change process, so when the markets started working with the system that was seen as enough support from Volvo Cars. People at VCC did not realise that after one to two years there could be new processes at the market. Therefore, they had a great customer database, which was only used for customer complaints, and they were satisfied with that. The system was maintained but it was not further developed or upgraded fast enough, so some of the markets stopped using it. That was a mistake that took resources and planning. VCC is now focused on how to move ahead and take the next step together with the markets.

So the CDB project is still alive. It has evolved during 2004 and it will be utilised even more next year, because Volvo Cars took a strategic decision where it is expecting to use this database as the main source of data to all applications. Therefore, the project group will now take the next steps that are needed to support the market with a database. Previously, CRM was identified as a customer database, which was not responsive to the requirements of all the markets. Hence, it was realised at Volvo Cars that they needed to reorganise the

project group. Now, they have a new CRM manager and new staff, as well as a new strategy.

Today, the CRM team consists of three people on the business side and two people working more or less full time providing IT support with the CRM system projects. There are also people in local markets involved and working full-time for CRM. The new CRM strategy, since 2003, is to look at the consumer life cycle as a big flow, not only at parts of it. This was done in order to bridge isolated silos within Volvo Cars, as well as to involve the markets and to ensure that VCC supports the markets. VCC's customers, from a central perspective, are the sales companies at the market who communicate with the dealers. Today, dealers do not have access to VCC's customer database. In order to obtain the information from the dealer about the customers, Volvo Cars has many applications connected to the system. However, the plan is to also have the dealers use the central database, although they will have an application in between called "Lead management". Concerning this new project, VCC has a pilot market in Germany.

The hardest part for VCC has always been to convince the markets that it will support them with the new CRM application all the way through. As the markets' objective is to sell more cars and VCC's central objective is to support all the regional markets, the viewpoints from the individuals from these regional markets do not always match. However, a solution that will work for other markets, and that can sell cars at the end, is the optimal solution that Volvo Cars wants to reach, even though, the new system is accepted because of the need for it. However, others do not want to accept the solution as they have something locally, *"that is much better",* or that they want to have more features in it before using it. VCC does not want to force the markets from a business perspective to use a system, so if the solution is not accepted, according to our interviewees, VCC would say: *"ok, that is your budget, your cost. We will not support you with that work if you do not follow the company policy".*

When looking at the tools that VCC uses during the change process, when a CRM system is implemented, the following seven categories could be identified.

Steering group

Early on, Volvo Cars had involvement from others in the CRM system implementation. The involvement came from the middle management level, when approaching the users in the market. This sometimes caused some credibility problems. Now, VCC has gained attention from the level above. For instance, the steering group consists of, for example, the Vice President of Global Marketing, a manager from one major department within VCC, responsible for the sales project, a manager from the CRM department, people from IT, people from Volvo Cars' sales companies and local IT from the market. Applications and recommendations come from the people working with CRM issues, but the management in the steering group has to agree and sign off.

CRM team/Change agents

During the past six to seven years, there have been two to three people working for the CRM project centrally. But now, moving to one central database again, it seems that the change agents will be those working at sales company. They will also be the ones responsible for communicating with the dealers with regard to CRM, as VCC does not have any direct connection with the dealers. A small CRM team needs to involve enthusiastic project managers who will run the projects. There is much dialog and communication required which cannot be done part time.

Piloting

Volvo Cars' sales companies in Germany were chosen for the pilot, as they do not currently have a solution for Volvo Cars' headquarters needs. VCC's sales companies in Germany are using VCC's central database already so they have a lot of central information to build on for the next application. During the piloting, the whole sales process was looked at so that the focus on piloting was to re-define the process and what was needed to support this process in order to benefit the local markets. On the other hand, technical requirements were also examined.

Communication

The meetings with the regional representatives of the markets take place every six months. This has been a good way for the markets to communicate their needs and requirements for the future to VCC. Now the needs for next year (2005 planning) have been discussed in order to ensure that they will have an application in two years. In order to have an early involvement of the users, to the change planning, VCC has developed a change request process where changes can be suggested. However, if one market needs a specific solution and no one else requires it, it will be put on the low priority list. Four conferences are held with the market where the proposed changes are discussed and prioritised. Based on the findings from the conferences, an implementation plan is created.

Training

VCC gives considerable support to the sales companies. They train the sales companies, which will then take that training material and rework with the dealers. During the CDB implementation, VCC had external consultants involved so that their training was included. Someone from VCC and the consultants would also go out to the markets for training. In addition, the regions contact central VCC when they need new training. However, training is rather focused on the system because the database was very application focused. On the other hand, when a data capture tool was introduced this year (2004) to the markets, process training was undertaken, where Volvo Cars tried to explain how the flow of the data works and what this application can do within the overall process, as well as what kind of responsibilities they have in the process versus what others have in their process. Our interviewee said that she is responsible for the overall process, so her recommendation is how they (the sales people) could work, but whether that fits with their local work is for them to decide.

Measurements

VCC does not actually measure the success of the CRM system projects, but they are expected to use such measurements. What they would like to measure with the new "lead management" project is how many prospect per sales leads they will have in the system, once it has been used, in order to measure the real benefits.

Bonus system

Volvo Cars can never be sure that the dealer enters the right data. Therefore, this control has to be managed by the local sales company that has contracts with the dealers so that they will use a bonus system: "*if you do this you will get a bonus. If you are not doing that...*" VCC's sales companies in Spain are using some kind of bonus system, which is quite successful now. It is a bonus system to have the dealers interacting with each other. It is not a standardised, but a regional solution. However, VCC is trying to centralise its bonus system, as most markets are not consistent with Ford.

The CDB project is still alive and will continue because of the following success factors mentioned during our interview at VCC, summarised below:

Support given to the CRM department

During the CRM system implementation, the CRM project group received support from VCC's management as well as from Volvo IT, who has been supportive, and has also maintained the application. The Purchasing Department has also supported the agreements and set-ups in place.

Participative management style

It seems that the system is not going to be forced upon the markets. It appears to us that VCC uses a participative management style that would concentrate more on the user than on the system itself, so that the user could use it in the right way and see its benefits.

Support to the market

VCC would like to show that they are supporting the markets and the process as a whole, instead of looking at it as forcing the use of the application onto VCC's sales companies.

CRM is seen as a process

The CRM department is only a part of a large process, responsible up until sales, during the consumer lifecycle. The people at VCC have become more process oriented than before.

Participation/involvement of the markets

The markets that do not participate are often using the system in a wrong way, and hence, cause more problems because they do not understand how to use it. The interviewee believes that if the markets do not participate in the development/training, they are going to cause more problems and therefore they should be involved.

Two-way communication

VCC has a dialog about its activities with the markets. When it comes to a new CRM system project, there are ongoing meetings with the regions and other interested stakeholders, such as steering groups and working groups.

High level of management commitment

The vice president of Global Marketing is now in the steering group, as well as the top management from the local market. Also the role of the project manager is important as s/he takes responsibility for maintaining the dialog between VCC and the local markets.

Combining strategic and operational views of CRM application developed at VCC

VCC does not want to invest money on a system that is not going to be used, so they need to involve the local top management in change management as well.

Project based on business requirements

It is important not to have an IT driven project. Instead, it has to be a business requirement that should come from the markets, as they are the ones dealing with the system on a daily basis. The development should be based on a need and, even though in late 1990s it was an IT driven project, it was based on the business need.

Informing about the new developments

In VCC's intranet system, all markets have access to the system and all the projects are placed there with detailed information about them and their proceedings.

Appendix Three – Contrast Case Two: Schenker

Schenker is one of the major international providers of logistics services. The company's sales representatives provide solutions tailor-made to a large portfolio of customers across the world.[19]

Schenker began to work with a customer program in 1994, with a typical stand-alone installation. Then Schenker did not have a CRM strategy and they were very careful to talk about CRM within the organisation. Until today, the CRM system is still called a system solution. But in 1994, the system required the sales force to register the information about their activities and customer information. This system was initially targeted to the sales people, and later would target customer services. Initially, there was no integration with other systems.

An analysis of the company situation was carried out, which showed that there was a need for change. This analysis was communicated to the management first. Maybe due to the analysis, the executive management began to have a strong sales focus and they became committed to the CRM system, as they wanted to measure and see whether the salesmen were delivering what they should.

Up to 1999, the sales people were free to do what they wanted to do, as long as they generated their business. But in 1999, a new large project emerged when Schenker realised the sales costs were too high. This new project affected the sales process, the organisation, the profile of the sales force, the IT support and the sales measurements. Thus, a small project group started to define the business process, through a workshop, ensuring that the salesmen would commit to using the system. Once the business process was defined, they could start making decisions about the system, instead of doing it the other way around, as they had done previously.

Initially, Schenker had a lack of focus. However, through the system implementation, the focus was more on the system, campaigns and the

---

[19] For more information, refer to www.schenker.com

information around the customer. Schenker wanted to have all the data in the system, with the company as the owner of the information, as opposed to the salesmen.

As mentioned earlier, Schenker had undergone a major reorganisation change. It mainly involved reducing the workforce, as they believed there were too many salesmen. In addition, Schenker wanted to have a workforce, which complied with their new way of working. The company believes that it is crucial, in sales, that you have the right people. In four years, they have found new jobs for half of their sales force. The organisation had newly recruited all the line managers and rehired the personnel, before they started to work with the implementation of the system. When the new organisation was formed, there was a "kick off" and there was a new and positive energy.

However, the project group believes that to implement CRM, an organisation does not necessarily need to be reorganised the way they have done. But they believe that reorganisation is sometimes needed if the employees do not comply with the wanted changes. This is not a problem any longer, because the salesmen see the benefits of the tool.

Today, the CRM system has only been implemented in Sweden, because the rest of Schenker works with another IT supplier. They believe that sometime in the future they will have the same supplier throughout the other regions and will be able to connect all the databases.

Today, the project team's main role is to maintain the CRM system, although Schenker is concurrently implementing the system in other divisions of the company. According to Schenker, it takes one year to handle the project: to create the system, implement the database and provide education. Then it takes another year to make the system work properly. This project could have taken longer to implement if Schenker had not attempted to introduce such a system in 1994. So it is important to have the process in place, before starting to implement CRM.

The current system has not undergone dramatic changes since 1999. The system today is relatively the same as it was then. Today, Schenker believes

that their CRM function is working well, at least as a sales force administration system and as a tool to store and exchange information about the client.

The project group transformed the sales process from an ad-hoc process to a very defined structured process group of activities. According to our interviewee, "*It is not rocket science. If you go to a company, which sells cars, or bananas, or whatever, you will find these steps, more or less.*"

The way it works at Schenker is that the back office is responsible for making the offers and the sales people are responsible for understanding the customers and their needs. The back office then generates the offer and works with the internal system. Therefore the document that the salesmen use is very defined, as everything should be well structured, so that the back office can make a proper offer.

The project group has been very strict with the thought of linking other systems to the CRM system, as it is complex enough. Schenker has many systems outside this CRM system. They believe that one can integrate as much as one likes, but if it is too much, it becomes a very shaky road; the complexity can become too high to succeed. If it is a small company selling a pen, then it is easy to link all the systems existing there: "*Do you want a blue or black pen?*" However, in the case of Schenker, the product range is far broader.

When looking at the tools that Schenker used during the change process, when a CRM system is implemented, the following categories were identified.

Workshop / Steering group

During the planning of the project, the project team was making business trips for almost a year. The project group met with sales and back office employees in Sweden, and explained how the system would affect them, the benefits they would obtain and the problem areas expected. This was important because when trying to introduce a new way of working, people have a tendency to resist.

It appears to us that Schenker did not have pilots prior to implementing the system. Instead, they used workshops. The goal of the workshops was to implement the process and have the acceptance from the whole organisation. The workshop consisted of a project set up with the sales directors and other sub-projects.

The sub-projects consisted of the sales process (handling what was run through), measurements and follow-ups, personnel (to handle dissatisfied employees, because at the same time Schenker had reduced its sales force), education (or change management), CRM and communication. The steering committee consisted of the individuals responsible for these sub-projects.
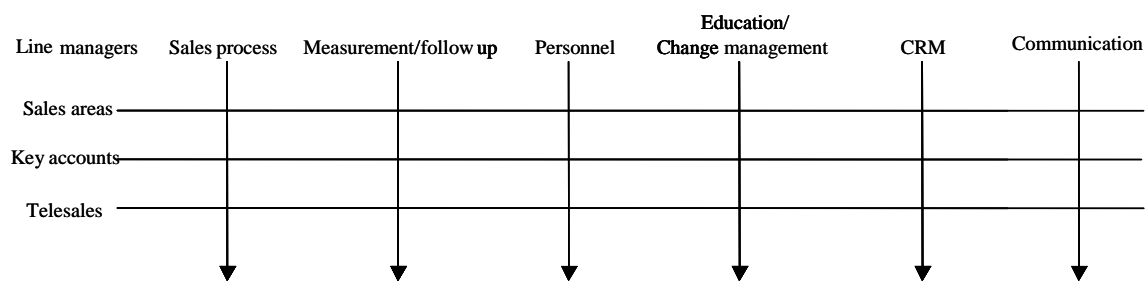

Figure 14: Workshop matrix at Schenker (source: Schenker, 2004)

At first, the headquarters were responsible for the sub-projects and the line managers were responsible for the operational side. These line managers were the managers for the sales areas, the key accounts managers, and telesales managers. In the beginning, the headquarters did all the development work responsible for the implementation, but during the workshops the responsibilities were switched within the project groups. For instance, the person responsible for sales process would switch with one of the line managers, such as someone in sales areas.

The entire project lasted for one and a half years. The individuals involved with the workshop worked for six months after that and then they did the switching of roles. According to our interviewees, this workshop turned out well. The representation of salesmen's managers was also later well viewed by the salesmen. It was easier to implement the system that way, instead of having a

group from the headquarters telling them what to do. According to the interviewees, these types of workshops do not have to be done often.

When the switch happened, the sub-project groups gave the material to the line managers, who in turn had meetings with their own personnel. During that time, there was a big concern from the headquarters on whether the project would go ahead. The people from the headquarters were working four months with that kind of uncertainty. Also, during that time, Schenker had recruited new managers and the salesmen had to reapply for the new roles. Some 200 employees had to reapply for 160 positions. Another concern for the project group was the lack of employees responsible for each customer, due to the reorganisation that was taking place, but Schenker saw that it was at that time more important to have good salesmen. Throughout the process, Schenker did not lose any customers.

Change agents

It appears that the middle management is the change agent. The project group also believes that the manager responsible for the performance of his/her group has interest in this issue. It is easier if the middle management can connect change management questions with the people who are later going to follow up. According to one of our interviewees, *"If you have people from Accenture, it is not going to have the same impact as if you have your boss there."*

Initially, when developing and implementing the CRM system, there were four people working full time on the sales process and CRM. Today, there is one person, who is responsible for the maintenance and support. Throughout, the project group was goal oriented and very cohesive as a team. The same people who made the analysis in the past were the people who had been working with the project group all these years.

Communication

In 1999, when Schenker implemented the system, the focus was placed on the process and not on the system. Schenker had defined the process, which is more or less the same as the one they have today. In the past, the process was

explained with a process modelling, which was not a good method in the organisation, as the salesmen did not understand what the project group was about. The modelling was later changed to an easier layout, so now the users can click on, for instance, "prospect handling", then a box pops up explaining who the person responsible is and what they are supposed to do (written guidelines) and what information and activities should be done within the CRM system at that location. These instructions are available on the intranet, so a new employee can just read these instructions and know what s/he is supposed to do or put into the CRM system.

Also, corporate communication was responsible for other internal and external communications. The corporate communication individuals were not involved with the project but they sat in the steering committee. These people had to know what was happening all the time, in case there was a question coming in to them. They were responsible for the communication, while the project group gave them what to communicate. The communication was done through regular mails, intranet, customer paper, and all the other means they have available.

The communication was made on a frequent basis. However, it was not carried out from the very beginning as the project was classified for one and a half years. During the analysis, prior to 1999, everything was very secretive. That is also why it was a small group working on the project. When the information was given to the line managers, they then communicated it across the organisation. The information started to leak out, so it had to come out in the open.

Different messages were communicated. In the beginning it was focused on giving information. In the middle it was focused on maintaining communication and lowering the anxiety created by the changes. Later, when the launch took place by rehiring everyone, the focus was on information again, such as on how to use the system.

Training

The first part of the CRM implementation phase at Schenker involved training on the strategies: to understand the overall company strategies and the sales

strategies. When this training was completed, one day training on change management started. Then there was training for managers only, which for some lasted twelve days. Next, there was the sales process implementation via workshops, followed by the CRM sales process. At Schenker, when one is educated on CRM, the sales process is used, in order to understand where you are in the system at that exact moment, and what needs to be done at that point when working with the system. This training was for the entire organisation, that is, all the 160 employees.

Today, the sales' managers are coaching their salesmen. For instance, these managers are not necessarily the best salesmen they have, but they are good managers. The customer does not always like that arrangement, as some customers like management involvement. But Schenker has found that this is a good way to handle the coaching. According to them, good management and good coaching is crucial.

After the implementation, the education was on a higher level, so that the line organisation could do more complex analysis to support the sales people better. Most education is hands on, following the whole process and doing a case at the same time, to understand what is supposed to be done and where in the system.

After all this training, there is a follow up to see what happened after these training sessions. A group of 20 is gathered and given tasks to solve. This process is to see if the users of the system had implemented their strategies, to ensure that it worked within the new sales process and to see they understood the CRM process.

Measurements

It is difficult for the project group to know when they have achieved what they were aiming for, that is, "*to say that at this day it was up and running*". According to one of our interviewee, they did not have a measurement, which would show that "*90% of the activities should be like that…*"

Before 1999, Schenker could not measure, for instance, the number of business done each week, or the number of offers obtained each month. However, this situation is now different. Today, a budget is set for the salesmen on, for instance, the number of visits, quotations, gross profit, and revenue. And this year, the measurement also uses customer satisfaction. So, on the CRM process, the salesmen can see on a daily basis whether they are on budget.

When the system was implemented, there had to be a measurement somewhere. According to the interviewees, visits may not be very important today, but it may create customer satisfaction. If you do not make visits, you do not have customers. Satisfying customers, on the other hand, does not mean that you are doing 40 visits a week. However, some traditional measures may not be used in a couple of years, as they will not become the most important ones, due to continuous change in focus.

Reward system

There was a reward system between 2000 and 2003, but not in 2004. The reason for this change is because Schenker is currently in the middle of two systems. Now, Schenker is discussing implementing a more gross profit oriented system than before, and thus it is not ready yet. The reason for this different direction is that the salesmen would like to have a bigger part of the total salary as a reward. It is a longer process to implement this reward system, as there are other parties involved, such as the union. The way this new reward system is expected to work is that if the salesman exceeds, for instance, his/her sales, then Schenker and the salesman share the profit.

According to Schenker, there are basic conditions one should consider when starting a CRM implementation system. From the interview undertaken at Schenker, we identified some success factors, which are summarised below.

Clear definition and understanding of the business process

One of the basic conditions is that the whole organisation has to understand the business process. Schenker's business process was not defined the first time, in 1994, and people would put inadequate information in the system. The system

used now is very open. They do not have fields that need to be entered, which will not prevent the user from proceeding in the system. Therefore, the important part is to have a process, because when that is defined, one knows exactly what s/he has to do. The users understand why they have a process and they are committed to the system.

Management participation

Managers' roles are often underestimated. Managers have a key role in numerous issues, and definitely with change management. They are supposed to handle people who dislike the changes, who do not feel well, who under perform. Managers should have these skills, which is not often the case. Schenker solved this problem by recruiting new managers. Schenker had a profile of who should be a manager. These managers later formed the strategic sales steering group, so they looked for them in that formation. They looked for an executive group that was dynamic and they also looked for generalists and specialists.

It takes longer for some employees to adapt to the new situations than others. Hence, Schenker gave the responsibility to the managers to teach each salesman according to his/her needs. From the headquarters, Schenker believes they only have an overview as they cannot look at 160 people and see what they need, which is the role of the line managers.

CRM is seen as a process.

According to the interviewees, if the project group should name one success factor, it is the focus on the process and the implementation of it.

Participation/involvement of the markets

Those using the process, such as the sales people and back office, were involved in the process planning. However, it is also important to have high-level management to say what they would like to obtain from the system, for instance, defining issues such as what they want to measure and what they want

to access in the system. This was done quite early in the process in designing that into the system.

Relationship between headquarters and salesmen

There is a strong bond and relationship between the headquarters and the salesmen, since the workshop (see Figure 14), when responsibilities were switched within the project group.

High level management commitment/ Support given to the CRM project group

The CRM project group had very good support from the Managing Director. He had a very important role, which was to carry out the information to the middle management. He was the key figure to deliver that information. He travelled to the branches across Sweden and met with each local manager responsible for the different regions within the country.

Project based on business requirements

The project group believes that the technical process is behind the business process. The technical system must support the business process, because the business process is changing rapidly all the time. It could be four to five times a year. So Schenker needs an IT system that can change to support the business, or otherwise they have no use for it.

Initially, there was no focus on the business process at all. However, now the focus exists, so much so that Schenker is organised that way. For instance, one of our interviewees is responsible for CRM and also for the sales process, so that she can change the process to how it should work in sales.

Informing about the new developments

The project is not active anymore, so the present phase is the support stage, or the continuous improvement. During this stage, the project group talks to the system users everyday, as well as to their management. They always try to see

what the requirements of the salesmen and of the headquarters are. In addition, the education is continuous.

In brief, Schenker's learning points are: 1) Do not develop IT if you do not know what you are going to have it for. You have to structure the activities/process. If you do not know what is to be done, then do not think about how. 2) Do not underestimate the time and effort to implement changes in an organisation. According to our interviewee, "If I use a green pen for 20 years, it is going to take at least three months before I start to accept using the black one". 3) Do not underestimate the line managers' roles. Involve them early and have the pressure from them in the organisation, and keep that pressure throughout. Every month, Schenker evaluates the quality of the performance of the salesmen, every month they wonder if they have the right people.