

## CRM (CUSTOMER RELATIONSHIP MANAGEMENT) IN SMEs IN WOOD INDUSTRY

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### Abstract:

A scientific research was carried out using a 20 question form, addressed to the 30 managers from forestry and wood industry SMEs in Brasov. The form was filled out by 22 of them. We wanted to determine the awareness degree in regard to CRM (Customer Relationship Management). To analyse the data the SPSS software and Microsoft Office Excel were used. The research reached the conclusion that the majority of the managers of wood industry SMEs in Brasov are not ready and are not willing to invest in a CRM solution in the near future.

**Key words:** CRM; vision; mission; information system; customer experience.

### INTRODUCTION

In today's dynamic economy companies need enabling technologies and tools in order to maximize the degree of satisfaction of their customers. CRM (Customer Relationship Management) represents a technology that can be implemented rapidly with relatively limited costs.

From the numerous definitions of CRM we selected two that we considered the most representatives for the objectives of this paper.

Investopedia defines CRM as follows: "Customer relationship management (CRM) refers to the principles, practices and guidelines that an organization follows when interacting with its customers. From the organization's point of view, this entire relationship encompasses direct interactions with customers, such as sales and service-related processes, and forecasting and analysis of customer trends and behaviors. Ultimately, CRM serves to enhance the customer's overall experience." ([www.investopedia.com/terms/c/customer\\_relation\\_management.asp](http://www.investopedia.com/terms/c/customer_relation_management.asp)).

Gartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner defines CRM as a "business strategy with outcomes that optimize profitability, revenue and customer satisfaction, organized around customer segments, fostering customer-satisfying behaviors and implementing customer-centric processes."

Also, Gartner created a CRM framework, or map, called "The Eight Building Blocks of CRM" (Fig. 1) based on an analysis of several hundred organizations that had successful CRM initiatives in 2002. The eight building blocks represent the main categories of topics for which Gartner clients have an interest in. The most successful organizations had a clear view of what they were doing in each of the eight areas, whereas the less successful had only a partial overview.



**Fig. 1.**  
**The Eight Building Blocks of CRM.**  
Source: Gartner (August 2016)

SAP considers that there are five main strategies that companies can employ to survive and thrive during uncertain economic conditions:

1. Focus on existing customers
2. Maximize revenue opportunities
3. Do more with less
4. Reduce operational costs
5. Optimize existing IT assets

### OBJECTIVE

The main objective of the paper was to determine the awareness degree regarding CRM in wood industry SMEs in Brasov. The sample was formed of 30 companies and we obtained complete responses from 22 of the managers.

The general hypothesis from which we started was that the majority of the managers of the wood industry SMEs in Brasov are not currently using a CRM solution in their companies and are not willing to invest in such a solution in the near future.

### MATERIAL, METHOD, EQUIPMENT

The activity fields of the 22 companies are forestry and other related activities, forestry felling activities and wood industry manufacturing industry. The denomination that we will use in this paper will be "wood industry SMEs", because only 5 companies out of 22 are active in the forestry field. 17 have an average number of employees between 10 – 49, 4 between 50 – 249 and 1 over 250 employees. 5 out of the 22 companies have been on the market for 5 – 10 years, 10 for 10 – 15 years and 7 for over 15 years. The representativeness of the sample is correct.

### RESULTS AND DISCUSSION

The research was based on a number of 15 hypotheses.

*Hypothesis no. 1: Usually wood industry SMEs do not have a Vision Statement.*

Only 8 (36.4%) of the 22 managers that have answered to the question declared that their company has a Vision Statement. Hypothesis no. 1 was confirmed.

*Hypothesis no.2: Usually wood industry SMEs do not have a Mission Statement.*

This hypothesis was also confirmed, because the most common response was „No” – 12 out of 22 managers (54.5%).

*Hypothesis no. 3: Managers of the wood industry SMEs are knowing the following notions: CRM (Customer Relationship Management), ICT (Information and Communication Technology), ERP (Enterprise Resources Planning), MRP (Material Requirements Planning), DSS (Decision Support System), ISS (Intelligent Support System), SCM (Supply Chain Management), SOA (Service Oriented Architecture).*

As you can see in the table below, the most known notion was ICT (100% of responses were "well known"), followed by MRP (36.4% "known" and 63.6% "well known"), CRM (40.9% "known" and 59.1% "well known"), SCM (59.1% "known" and 40.9% "well known") and ERP (63.6% "known" and 36.4% "well known"). The notions of DSS and ISS were only somewhat known and medium known. So Hypothesis no. 3 was confirmed for 5 out of 7 notions.

Table 1

**How well do you know the following terms?**

Q3 known item					
	Barely known	Somewhat known	Medium known	Known	Well known
Q3_known_item_CRM				40.9	59.1
Q3_known_item_ICT					100.0
Q3_Known_item_ERP				63.6	36.4
Q3_known_item_MRP				36.4	63.6
Q3_known_item_DSS		22.7	40.9	36.4	
Q3_known_item_ISS		45.5	31.8	22.7	
Q3_known_item_SCM				59.1	40.9

*Hypothesis no. 4: wood industry SMEs are not usually using information solutions in their activity.*

The most common answer to the question: "Does your company use any of the above mentioned information solutions?" was "No" (17 out of 22, meaning 77.3% of the total). Hypothesis no. 4 was confirmed.

*Hypothesis no. 5: Managers of the wood industry SMEs had several sources of information about CRM (Customer Relationship Management).*

The sources of information about CRM were, in order of the frequency: a training session (8 responses), a workshop/conference (6 responses), the Internet (3 responses), a professional association (2 responses), and media and other sources (1 response each). We mention that we didn't obtain any response for the variant "personal research/interest" and "from other managers" and we have 1 response "I can't remember". Hypothesis no. 5 was confirmed.

Table 2

**How did you find out about CRM?**

\$Q5 Frequencies		Responses	
		N	Percent
source_CRM <sup>a</sup>	Q5_source_CRM_media	1	4.50%
	Q5_source_CRM_workshop	6	27.30%
	Q5_source_CRM_training	8	36.40%
	Q5_source_CRM_association	2	9.10%
	Q5_source_CRM_net	3	13.60%
	Q5_source_CRM_others	1	4.50%
	Q5_source_CRM_not_remember	1	4.50%
Total		22	100.00%

*Hypothesis no. 6: Wood industry SMEs do not usually use a CRM solution.*

At the question: "Has your company ever used a CRM (Customer Relationship Management) solution/system?" the dominant answer (18 out of 22) was "No". Hypothesis no. 6 was confirmed.

*Hypothesis no. 7: There are several reasons for the wood industry SMEs for not using a CRM solution.*

The main reasons for not using a CRM solution are, in order: lack of funds (12.7% of responses), it is not easily accessible (11.1%), lack of specialists (9.5%) and it consumes too much time (9.5%), lack of information (7.9%), uncertainty of positive results (7.9%) and no specialty technical support (7.9%), not relevant to our current activity (7.1%), inefficient communication (6.3%) and no concrete results / concrete application (6.3%).

They were also mentioned as reasons: the poor quality of the CRM solution (4.8%), the fact that the manager never thought about it until now (2.4%), it is not necessary (2.4%) and other reasons (1.6%). Hypothesis no. 7 was confirmed – there were 14 different reasons mentioned by the managers for not using a CRM solution in their company.

Table 3

**What do you think are the reasons for not using a CRM solution in your company?**

\$Q7 Frequencies		Responses		Percent of Cases
		N	Percent	
Not_using_CRM <sup>a</sup>	Q7_no_CRM_lack_of_funds	16	12.70%	100.00%
	Q7_no_CRM_lack_specialists	12	9.50%	75.00%
	Q7_no_CRM_lack_info	10	7.90%	62.50%
	Q7_no_CRM_ineff_comm	8	6.30%	50.00%
	Q7_no_CRM_no_positive_results	10	7.90%	62.50%
	Q7_no_CRM_not_accessible	14	11.10%	87.50%
	Q7_no_CRM_not_relevant	9	7.10%	56.30%
	Q7_no_CRM_no_concrete_results	8	6.30%	50.00%
	Q7_no_CRM_too_much_time	12	9.50%	75.00%
	Q7_no_CRM_no_tech_support	10	7.90%	62.50%
	Q7_no_CRM_poor_quality	6	4.80%	37.50%
	Q7_no_CRM_not_thought	3	2.40%	18.80%
	Q7_no_CRM_not_necessary	3	2.40%	18.80%
	Q7_no_CRM_others	2	1.60%	12.50%
Q7_no_CRM_no_response	3	2.40%	18.80%	
Total		126	100.00%	787.50%

*Hypothesis no. 8: The chances that a wood industry SME will use in the near future a CRM solution are very small.*

At the question "What are the chances that your company will use a CRM solution in the near future?", more than half of the managers (11) from the total of 18 that declared that their company never used a CRM

responded “very small chance”, 5 of them responded “small chance” and 2 “even chance”. So, this hypothesis was confirmed.

Table 4

**What are the chances that your company will use a CRM solution in the near future?**

Q8_CRM_future		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very small chance	11	50	61.1	61.1
	small chance	5	22.7	27.8	88.9
	even chance	2	9.1	11.1	100
	Total	18	81.8	100	
Missing	System	4	18.2		
Total		22	100		

*Hypothesis no. 9: The managers of the wood industry SMEs want to improve the current information system in their companies.*

18 managers out of 22 responded that they would like to change/improve the current information system in their company. Hypothesis no. 9 was confirmed.

*Hypothesis no. 10: wood industry SMEs rarely improve their IS (hardware and software).*

54.5% of the managers responded that their companies rarely improve their Information System and 27.3% once a year.

Table 5

**How often does your company improve its IS (hardware and software)?**

Q10_IS_improve		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	rarely	12	54.5	54.5	54.5
	once a year	6	27.3	27.3	81.8
	once every 6 months	2	9.1	9.1	90.9
	once a month	1	4.5	4.5	95.5
	more often	1	4.5	4.5	100
	Total	22	100	100	

Also, as a control question directly related to the last question analyzed we asked the managers about the total amount allocated for the information system (% of total revenue). As you can see in the table below 6 of them responded that they do not allocate any money for the information system and 8 of them responded that they allocate between 0 – 2%. So, Hypothesis no. 10 was confirmed.

Table 6

**Total amount allocated for the information system (% of total revenue) was:**

Q20_IS		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not allocated	6	27.3	27.3	27.3
	0 - 2%	8	36.4	36.4	63.6
	3 - 5%	3	13.6	13.6	77.3
	over 5%	5	22.7	22.7	100
	Total	22	100	100	

*Hypothesis no. 11: The managers of the wood industry SMEs are not willing to invest much in a CRM solution.*

At the question “How much funds would you spend on a CRM solution?” 8 managers (36.4%) responded that they are not willing to invest in a CRM solution and 12 of them (54.5%) mentioned that they would invest under 1% of the Total Revenue of their company. Only 2 (9.1%) responded that they would

invest between 1% - 5% of the Total Revenue. We mention that no manager responded that he would invest over 5% of the Total Revenue. Hypothesis no. 11 was confirmed.

Table 7

**How much funds would you spend on a CRM solution?**

Q11_funds_CRM		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under 1% of your Total Revenue	12	54.5	54.5	54.5
	1% - 5% of your Total Revenue	2	9.1	9.1	63.6
	we are not willing to invest in a CRM	8	36.4	36.4	100
	Total	22	100	100	

The control question here was about the amount of the total revenue during the last year (2015).

Table 8

**Total revenue 2015**

Q19_total_revenue		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	under 300000 euro	5	22.7	22.7	22.7
	300001 - 600000 euro	8	36.4	36.4	59.1
	600001 - 1000000 euro	4	18.2	18.2	77.3
	over 1000000 euro	5	22.7	22.7	100
	Total	22	100	100	

*Hypothesis no. 12: A CRM solution for a wood industry SME should be focused mainly on customer experience.*

The managers would prefer that a CRM solution to be focused on, in order of the frequency of responses: Customer Experience (18.9%) and also Technology (18.9%), Processes (15.1%), Information and Insight (13.2%), Strategy (11.3%), Vision (9.4%), Organizational Collaboration (7.5%) and Metrics (5.7%). Hypothesis no. 12 was confirmed.

Table 9

**If you would ever consider using a CRM solution, what would you like it to be focused on?**

\$Q12 Frequencies		Responses		Percent of Cases
		N	Percent	
Focus_CRM <sup>a</sup>	Q12_CRM_focus_vision	5	9.40%	50.00%
	Q12_CRM_focus_strategy	6	11.30%	60.00%
	Q12_CRM_focus_customer_xp	10	18.90%	100.00%
	Q12_CRM_focus_org_coll	4	7.50%	40.00%
	Q12_CRM_focus_processes	8	15.10%	80.00%
	Q12_CRM_focus_info	7	13.20%	70.00%
	Q12_CRM_focus_technology	10	18.90%	100.00%
	Q12_CRM_focus_metrics	3	5.70%	30.00%
Total		53	100.00%	530.00%

*Hypothesis no. 13: A CRM solution for a wood industry SME should be easy to use.*

14 out of 22 managers considered that a CRM solution should be easy and very easy to use. So, the hypothesis was confirmed.

Table 10

**How easy to use do you think the CRM solution should be?**

Q13_CRM_easy		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very hard to use / only for the IT specialists	3	13.6	13.6	13.6
	hard to use / only for the marketing specialists	3	13.6	13.6	27.3
	neither - nor / neutral	2	9.1	9.1	36.4
	easy to use	10	45.5	45.5	81.8
	very easy to use	4	18.2	18.2	100
Total		22	100	100	

*Hypothesis no. 14: In general, wood industry SMEs are not ready to try to implement a CRM solution.*

The majority of the managers (16 out of 22) considered that in the near future there are small and very small chances to use a CRM solution. 8 of them considered that their company is not ready to implement such a solution and also 4 of them considered that this is not even necessary. Hypothesis no. 14 was confirmed.

Table 11

**Do you consider that your company is ready to try to implement a CRM solution?**

Q13_CRM_implement		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NO	8	36.4	36.4	36.4
	YES	6	27.3	27.3	63.6
	not necessary	4	18.2	18.2	81.8
	I don't know / no response	4	18.2	18.2	100
	Total	22	100	100	

*Hypothesis no. 15: The wood industry SMEs are not up to date with the latest information technology releases.*

16 out of 22 managers considered that their company is not even up to date with the latest IT releases. That is another reason why they could not and will not implement a CRM solution. Also this hypothesis was confirmed.

The control question here was: "Is your company constantly in touch with software suppliers for updates?" 14 out of 22 managers admitted that their companies are not even in a permanent contact with the software suppliers.

**CONCLUSIONS**

All the 15 hypothesis that this research was based on were confirmed as follows:

- Less than 40% of the 22 companies have a vision statement;
- Less than 55% of the 22 companies have a mission statement;
- Managers of the wood industry SMEs are knowing the main IT notions: CRM, ICT, ERP, MRP, DSS, ISS, SCM, SOA;
- More than 75% of the companies are not using any of the above mentioned IT solutions;
- Managers had 6 different sources of information about CRM;
- More than 80% of the companies never used a CRM solution;
- 15 different reasons were mentioned for not using a CRM solution;
- The chances that a company will use in the near future a CRM solution are very small;
- Even if these companies improve rarely their Information System, more than 80% of the managers mentioned that they would want to improve this system;
- The managers are not willing to invest much in a CRM solution – more than 30% would not invest at all;
- The ones that would invest in a CRM solution will prefer as focus customer experience and technology;
- The CRM solution should be easy to use for every employee;

- More than 50% of the managers recognized that their employees are not ready for the implementation of a CRM solution because their companies are not up to date with the latest information technology releases and they are not constantly in touch with software suppliers for updates.

A CRM solution is not easy to implement because it requires board-level vision of the managers and appropriate leadership. Also this process involves potentially difficult changes to processes, enterprise culture and the organization as a whole. The employees are of course the key factor and their training and willingness to be part of this implementation are very important.

According to Techopedia „the most critical purpose of CRM is to manage each instance of the company’s customer interaction. CRM manages, stores and disseminates customer information with many built-in tools that can be applied to raw data pertaining to a customer or any given category of customer. For example, data may be analyzed to segregate customers according to demographic, occupation and age etc.”

That is one of the reasons why we consider that a CRM solution will be very useful for the wood industry SMEs.

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