

# Cross-functional interface and disruption in CRM projects: Is marketing from Venus and information systems from Mars? <sup>☆</sup>

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## Abstract

Because of the inherently cross-functional nature of customer relationship management, the use of cross-functional teams in CRM project implementations is virtually mandatory to achieve critical marketing and sales objectives. This study examines the effects of functional membership as well as team and individual performance evaluations on project members' perceptions of disruption and cooperation during CRM project implementations. The results show that IS project members are more likely to perceive internal volatility and manifest interfunctional conflict and less likely to perceive interfunctional cooperation than project members from either sales/marketing or general management. We also find that team performance evaluations are negatively associated with disruption and positively associated with cooperation, while individual evaluations are negatively associated with internal volatility.

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## 1. Introduction

Customer relationship management (CRM) is a critical research domain. CRM strategies should result in improved customer service through improved value, coordination, and selling efficiency (Landry et al., 2005). Consequently, members of an organization's sales and marketing departments are especially motivated to initiate technological solutions for CRM that ultimately involve information systems (IS) personnel. Whereas IS may support the initiative, conflict often emerges in the process of implementing the CRM system to the specifications and expectations of sales and marketing. At the root of the

oft-reported failures of CRM implementation is the lack of prior planning and the inability to effectively integrate technology with sales processes (see Dickie, 2005; Zablah et al., 2004).

Customer relationship management (CRM) is a strategic, customer-centered initiative that depends upon cross-functional team use and integration (Dyché, 2002; Kincaid, 2003). CRM initiatives focus on important goals for sales and marketing—such as loyalty programs, call center management, and sales force automation—which necessitate the involvement of not only sales and marketing, but also technology from IS and strategic planning from general management (Greenberg, 2001). Naturally, some level of conflict ensues, as work responsibilities are disrupted and individuals with divergent personal goals and backgrounds are required to work together for a successful implementation (cf., Raman et al., 2006).

This study has two objectives. First, we measure differences in perceptions between marketing/sales, information systems and management personnel regarding interfunctional cooperation as well as two important sources of CRM implementation disruption—internal volatility and manifest interfunctional conflict.

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Secondly, we focus on one specific managerial control mechanism: employee performance evaluations. We examine the extent to which team vs. individual performance evaluations (1) reduce internal volatility and manifest interfunctional conflict and (2) enhance CRM interfunctional cooperation. Fig. 1 illustrates the relationships examined.

**2. Background and hypotheses**

*2.1. CRM Disruption: internal volatility and manifest interfunctional conflict*

Internal volatility in CRM implementation manifests itself in the rate of change in organizational structure, rules, personnel, and procedures (see Maltz and Kohli, 1996) and may disrupt CRM projects as cross-functional teams implement new policies and processes. Relatedly, manifest interfunctional conflict (MIC) may emerge where “one functional group behaves in a way that frustrates another functional group” (see Maltz and Kohli, 2000).

Together, internal volatility and interfunctional conflict represent disruptive forces that can slow project implementation, but the extent to which personnel perceive these disruptions is in the eye of the beholder. That is, volatility and conflict may exist, but some personnel may perceive it as pervasive while others view the disruption as mild or less threatening.

*2.2. Relative perceptions of information systems and other functional areas*

Information systems (IS) personnel are often charged with the primary responsibility for technological improvements associated with other functional areas, such as sales, marketing,

customer service, or general management. Yet research regarding sales and marketing’s interface with other functional areas has yet to focus specifically on disruptions that occur with information systems (IS). As the IS function expands from supplying systems primarily for internal use to those that support selling and marketing, IS professionals recognize the need for the IS department to work in harmony with the diverse organizational units involved in implementation (cf., Nelson and Cooperider, 1996).

Frequently instigated by marketing, sales, and management, CRM utilizes IS applications at the customer interface where the aim is not merely to reduce costs but, instead, to show improved customer relationships (Wilson et al., 2002). Because success or failure is no longer confined to internal stakeholders and the effectiveness of IS in meeting CRM goals carries even more weight for the organization, members of IS departments are likely to feel stressed and under pressure (Tu et al., 2001).

Sales and marketing personnel, as well as general management, may be unaware of the relative stress imposed on IS by CRM implementation processes. Correspondingly, IS personnel may be less inclined or capable of managing the interpersonal conflicts and difficulties that arise in cross-functional implementation projects for three related reasons.

First, IS personnel have been forced to shift from being technique-providers to service-providers (Huang, 1998). Historically, IS personnel have been hired principally upon technical expertise and intellectual capacity to design systems, but have increasingly been called upon to engage in projects requiring interpersonal communication and negotiation skills. Evidence suggests that IS professionals are less competent in maintaining interpersonal relationships and social contacts relative to other job skills (Chen et al., 2003). As Huang (1998) finds, this role conflict results in higher burnout and stress levels among IS professionals compared to other

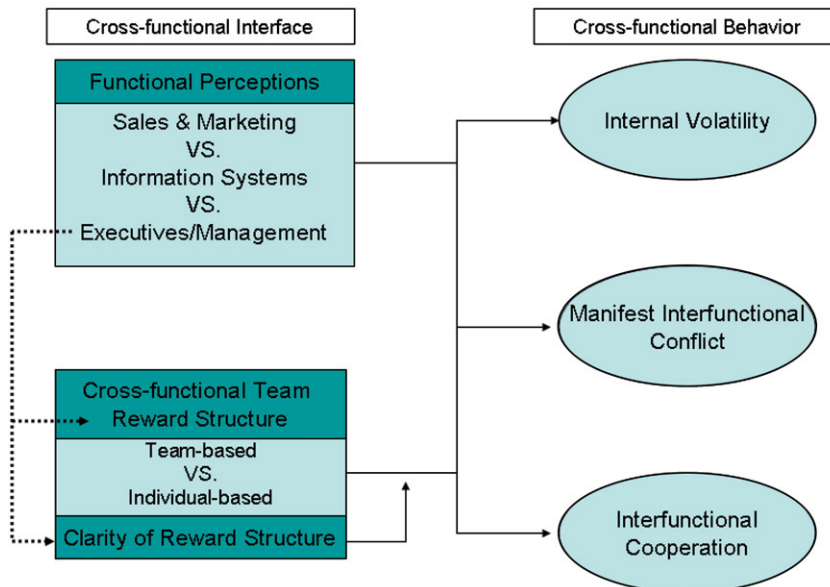


Fig. 1. CRM implementation.

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