CRM in Russia and U.S. -- Case Study from American Financial Service Industry

Dr. Tom Griffin
Nova Southeastern University
E-mail: tegriffi@comcast.net

Tamilla Curtis
Nova Southeastern University
E-mail: curtist@erau.edu

Donald Barrere
Nova Southeastern University
E-mail: barrere@nova.edu

Abstract

This paper discusses Customer Relationship Management in two sharply contrasting business cultures: the United States and Russia. Included in the present work is a case study of a midsized American financial services firm that illustrates a common path to the decision to have a CRM system: the planning, selection, and the implementation of the CRM program, including a discussion of the likelihood of success. The clients in this case are Financial Advisors, who in turn sell the investment products to the end user individual investors.

CRM in Russia is yet in its infancy as the economy emerges from 200 years as a pure commodity economy with little customer service much less customer relationship management as part of management philosophy. The study concludes with implications and suggested research.

Keywords: Customer relationship management, culture, case study, finance.

INTRODUCTION

While Relationship Marketing in America dates to 1983 (Berry), Customer Relationship Management as a business strategy in a customer-centric rather than a product-centric environment dates to the 90s, with a joint project between IBM and Siebel. Customer Relationship Management programs are the necessary by-product of Customer Relation Management as a business plan. Many organizations, with sales divisions that rely on repeat business and with an eye on revenue growth and increasing returns to shareholders, are undergoing a revolutionary metamorphosis from product-centric to customer-centric sales focus. In the financial services industry, the process has accelerated over the past decade since the "tech bubble" debacle of 1999-2000, due in part to high levels of litigation and arbitration cases during which all-financial service firms have suffered. The market prevails again and in part out of fear of losses from litigation, firms are developing strategies to include more documented information of relationships between sales personnel and clients. An effective CRM system is a way of ensuring documentation and retention of client-salesperson interaction information. Two predominant goals of a CRM system in financial services are customer retention and increased wallet share. Other metrics for success of a CRM system exist such as account profitability although few systems appear to have survived long enough for refinement to that level of study. Clearly if customer retention is low, the time required to develop the relationship for increased wallet share is absent, and it should follow that low retention rates would be related to lower wallet shares.

WESTERN LITERATURE REVIEW

Customer Relationship Management has been widely studied for the past decade with much of the work relating to financial services being done in Europe, Canada, and Australia.

With a failure rate of 70% (Nelson, 2002; Neilson, 2002) or higher, considering the sizeable investment of financial and human resources committed by companies especially in the Americas, Europe and Australia over the past 10 years, the subject of CRM development and implementation warrants continuing investigation. IBM coined the acronym CRM in the mid 90s while developing jointly with Siebel a web-hosted system marketed today as *Siebel CRM on Demand*. Customer Relationship Management programs were hailed as the savior of the 21st- century sales force in the rapidly changing landscape of the financial services industry. Corner and Rogers (2003), focused on the implementation of CRM evaluated the implementation process and observed 12 characteristics of the environment conducive to a successful CRM implementation. These included employee buy-in and executive sponsorship, upper management buy-in, long customer retention, employees seeing value in the new or proposed system, low turnover, accurate customer data, organization actively looking for benefits of new system, and a system that may have some flaws but users are willing to work them out. There appears to be much support for the proposition that the strength of a good Customer Relationship Management program lies with the user's willingness to try.

Heinrich (2005) examined the role of CRM in the development of the relationship

between the customer and the company in the context of goal implementation. He addressed the process goals of CRM involved in the development of the relationship including building trust, the transaction, and the conversion to a social relationship. He found little relationship between the collection of data and the success of the salesperson and identified 10 relationship motive categories of customers including: gratitude oriented, prestige oriented, collective oriented, experience oriented, and security oriented. CRM, in his view, is a tool not as an end but the means to the end.

Kim and Pan (2006) used a process model of information systems implementation and found failure rates as high as 65% for new systems. Their focus was on implementation and its failure. They interviewed bank personnel in the study and found higher satisfaction ratings from customers following CRM implementation. However, in this case, upper management had lost interest and upon follow-up these researchers found that they program had floundered. They developed a 17-point process model, which included management support, user participation, resource investment, project team skills, change management, and the CRM process.

Xu and Walton (2005) study of gaining customer knowledge focused on implementation and strategic application. They viewed the purpose of CRM as a system for retaining current customers rather than acquiring new ones. They examined several systems and found that the most effective form is the collaborative system which integrates data from other systems throughout the enterprise; only 40% of the systems evaluated offered analytical functions; for example PeopleSoft and MySAP. They concluded that the driving force presently is operational not collaborative. They concluded that CRM is not a marketing strategy and that the process is more important than the technology.

Bygstadt (2003) in his case study of a not for profit knowledge based organization in Norway, concluded that the success of a well designed CRM platform ultimately depends upon the users. Being a sociologist Bygstadt focused on the behavioral aspects of implementation. He cited a failure rate of 70%, and defined the discrepancy between intent and outcome as "technological drift." This was a three-year study that ended in implementation failure, which was blamed on faulty data.

CRM DEVELOPMENT IN RUSSIA

According to Gartner Inc., the provider of research and analysis on the global information technology industry, the estimated size of the CRM software market in Europe, the Middle East, and Africa was approximately $2.3 billion in total software revenue in 2006. The forecast indicated that the market will have an annual growth rate of 11.3%, which will result in revenue of approximately $3.9 billion by 2011. Companies based all over the world are developing their own approaches to the CRM business strategy in order to increase their efficiency and effectiveness in operations. With the wide spread of CRM, problems and issues examined in this study are apparently not unique to the U. S.

Since 1991, the business climate in Russia has changed dramatically. The economic restructuring reform promoted economic growth in Russia by making a transition from the central government control to a market-based economy with the large opportunities to foreign capital and investment. The economic reform resulted in

the massive transfer of government ownership to the private sector. A large number of foreign investment companies started joint ventures with Russian local companies. Many firms in Russia were forced to create new methods of doing business tailored to new economic conditions (Hisrich, 1996).

CRM is a relatively new concept in Russia, which started to gain recognition in the early 2000's. The Finance and telecommunication industries are the largest sectors employing CRM solutions. Wagner (2005) indicated, "Contemporary Russian marketing practices cover only a narrow spectrum of the diversity of marketing practices observed in other nations, and overall intensity of marketing activities is low in comparison with international benchmarks" (p.199). The introduction of CRM practices into the Russian market falls far behind the western European market. According to the FB Consultant LLC, the international technology consulting services firm based in the U.S., the Russian CRM market comprises less than 1% of the worldwide CRM market. According to the Gartner Dataquest report, cited by the Russian CRM Association, the Russian CRM market accounted in 2001 for $5 million, in 2002 for $11 million, in 2003 for $35 million, and in 2004 for estimated $50 million.

To address the need of the accelerating Russian CRM market, the Russian CRM Association was founded in July 2004. Its main goal is to develop CRM in Russia by providing CRM forums, conferences, and discussions; to assist organizations with training and workshop seminars; to distribute publications in order to increase awareness about CRM business practices; and to conduct research. Since 2004, CRM forums and conferences including foreign companies were organized in Russia with the overall purpose to build the CRM awareness and to share the best technologies and practices. The first CRM congress was held in Moscow in December 2004, where the best Russian CRM projects were presented, and new CRM systems and approaches were discussed. More than 350 top managers from Russian and international companies participated in the congress. Industries included financial services, pharmaceutical, marketing, telecommunication, and others. In 2005, Microsoft Co. together with DataArt, a provider of high-end software outsourcing services with the headquarters in New York, conducted a CRM systems seminar in St. Petersburg's R&D center to address the development of new CRM solutions. The upcoming Interop Moscow 2008 Exhibition, supported by the American Chamber of Commerce in Russia, will provide opportunities for international companies to examine the Russian market and to display the latest technologies available in the CRM area. According to specialists, Russia represents a large investment opportunity for foreign CRM technological and consulting companies (Morphy, 2008).

Although academic research from Russia is scant on CRM development in that country, available empirical examples exist including Svyazinvest, the largest Russian telecommunication provider, and MegaFon-Moscow, the new wireless telecommunication company.

Svyazinvest is the telecommunication investment joint stock company, which was formed by consolidating shares owned by the federal government in regional telecom operators during the process of telecom sector privatization, it is among the largest telecom holding companies in the world. Svyazinvest network covers nearly all of Russia, and its capacity makes up over 90% of the total available capacity in the country (Svyazinvest website). Svyazinvest incorporates seven large mega-regional

telecom operators, and the national domestic long-distance and international operators. The holding company's subsidiaries operate public telephone networks with capacity over 30 million telephone lines. In 2005, Svyazinvest together with IBM and Amdocs, the provider of billing and CRM products and services for integrated customer management, begun the CRM billing modernization project. This project is designed to replace more than 180 Svyazinvest's billing systems across seven regions with Amdocs products including the implementation of new voice and data services to its subscribers. The CRM project was planned to conduct in several phases. The "Billing Transformation Program" phase is already completed. Other phases, including the introduction of the single billing system at the group of Svyazinvest companies, are scheduled to be fully completed by mid-2008. The new CRM strategies and technologies will provide Svyazinvest with the ability to connect different operators who located in different geographic regions under the one umbrella. This will give a company's employees the ability to get a single comprehensive view of a consumer. Overall, the implementation of new technologies is expected to provide the company with the competitive advantage by developing the efficient and effective network infrastructure in order to provide a high-quality telecommunication service to its subscribers (Loncto & Stewart, 2005).

MegaFon-Moscow is a division of the MegaFon Group telecommunication company, and one of the first all-Russian mobile operators in the Global System for Mobile communications (GSM), a cellular network in Russia. The company was founded in May 2002 because of the renaming and reorganization of several telecommunication companies. MegaFon-Moscow is one of the three telecom providers responsible for the wireless network coverage of the Moscow region. The cell phone market has experienced tremendous growth in recent years in Russia. Currently MegaFon-Moscow customer base has more than 3 million subscribers. In March 2005, the company management took a decision to implement the Amdocs CRM solutions. The new Amdocs automation resulted in many advantages such as time saving for consumers calling to the call center, the increase of the number of customer's calls taking, and the better call routing structure. New CRM technologies allowed to link MegaFon-Moscow's call centers with its stores, and to provide a better access to customer's information. Amdocs CRM consolidated MegaFon-Moscow data into a single unified platform, which is fully integrated with existing billing systems. Customer service employees received a fast access to current customer's data. The new implemented system gave employees the ability to respond quickly to customer's requests, and therefore, to provide a high level of customer service (Beasty, 2006).

CRM is a business strategy that helps companies to realign their resources in order to increase operational activity, and to place the consumer at the center of the business. A CRM strategy is aimed at the delivering a superior customer experience in order to create stronger customer relationships, which will lead to consumer loyalty. However, despite the large number of success stories, many American companies faced a number of problems with the implementation of CRM strategies and solutions. The main question is if these problems are universal, and if Russian companies will experience additional issues with CRM strategies and implementations.

The problems and issues with CRM strategies and its implementation in the Russian market have been identified as following (Ramaseshan, Bejou, Jain, Mason & Pancras, 2006; Shumanov & Ewing, 2007; Wagner & Zubey, 2007):

1. Strategy. The major reason for CRM failure, which was identified by 64% of corporations according to the Cutter Consortium survey, was that companies lacked a strategy on how to use data they collected. Once management decides to implement CRM, executives should identify what exactly they want to achieve. "Define your processes, figure out what your requirements are, decide who will execute it. Then you can go through the costs of each model that actually meets your requirements and make a decision" (Overby, 2006).

2. Management. A common misconception across the U.S. companies is that once the CRM system is in place, customer management problems will disappear. New technologies are only a tool to assist management in the decision making process in order to advance companies strategies and to get a competitive advantage. CRM systems cannot replace the management's involvement in the process of building customer relationships.

3. Cost. While large companies could implement the leading American CRM systems, the smaller Russian firms must rely on local talent to develop customized business CRM solutions. While this may be less costly, the leading American technological companies have much more experience and are in the second or the third generations of their CRM systems Russian companies must decide which option will suit their needs.

4. Training. CRM systems help companies to increase their efficiently and effectives. New technologies should assist employees and not make the business more complicated. Sufficient training of managers and staff that will be using CRM systems is required for the successful implementation.

5. The Backup Plan. Russian companies implementing CRM solutions will not have any backup system in place like western companies. Many western companies already have earlier copies of CRM solutions in place to run as a backup during an update and an implementation of a new system. Russian companies need to establish a backup plan if problems with the CRM implementation arise.

6. Security. Russian companies need to decide who will be in control of customer's data and information, especially if it is sensitive. This will depend upon what technology will be implemented: CRM systems developed internally, CRM modules or part of modules provided by foreign software companies, or outsourcing CRM to the third party.

7. Business Culture. In addition to the common CRM issues experienced by American companies, culture of business practices in Russia should be taken into account. The Russian CRM Association President, Mr. Dombrovskiy commented on strategies of one of the foreign companies in Russia:

> "They have perfect software, all the instructions for the staff are translated irreproachably, and everything is adjusted for cross-sales. But … the bank's operators' persistent calling customers' mobile phones (by the way, in Russia all the incoming calls are chargeable for a subscriber) and incorrect sales by superfluously motivated agents have already resulted in numerous complaints to the consumers' unions and, by all accounts, some suits are being prepared."

Wagner (2005) stated "The Russian markets offer plenty of opportunities, but the questions remains as to which practices are successful and which are not" (p.207). According to the western forecasts, the future of the development CRM systems in

Russia looks promising. More American software companies including Microsoft and IBM look at Russia as their potential client not only for providing the CRM solutions but other technologies as well. In a new economy, Russian firms understand a need to restructure their organizations and implement the latest technological advances including CRM in order gain competitive advantage.

THE AMERICAN CASE STUDY

This study examines the CRM system in place in a small American asset management group, which includes a mutual fund company and an asset management company, as well in the parent company, a mid-sized financial services firm. The asset management group has as two of its primary businesses a mutual fund company with $10 billion in assets and a separate but closely affiliated asset management company with $15 billion in assets in separately managed accounts. These enterprises share a client database as well as the CRM systems. At the time of the study, an inexpensive, off-the-shelf CRM program with limited capabilities was in place, and only the operational functionality was used in the sales department of both the mutual fund company and the asset management company. It was being used primarily to store names, telephone numbers, and notes of salespeople. A second more sophisticated program was being utilized by the IT department and one support personnel user in the sales department to update daily sales data, and update the database daily as new clients were added, as well in the shipping department for delivery of sales material. A third program was in place in IT and the sales area at all the internal and external salespersons' workstations or laptops, and was used as a sales tracking and update tool, but with different functionalities. This program had been developed internally to provide current sales data to the sales force, who had read-only access to the data. The Client Service Call Center had yet another made-in-house program, which was not tied to any of the other systems. The program was used to track client incoming call activity and follow-up calls only.

During the early 90s the asset management group of companies was using an off-the-shelf basic application that had primarily operational functionality which also was in use across the parent firm While it had been adequate for the asset management companies and the parent firm when sales volume and the number of clients were small, the firm was growing and management felt that especially the mutual fund company needed a CRM application specific to the mutual fund industry and called in vendors to compare their wares. Budgetary constraints prohibited the outright purchase of a fully integrated system. While large firms have the resources required to write their own firm-specific programs, or buy systems, smaller firms are sometimes forced to use low cost off the shelf products or modifications of products developed for other firms by outside consultants, or build a system in-house. After months of comparing programs that could be adapted to the unique needs of a mutual fund company, one was selected that had already been developed for a larger firm and was successfully in use, and the licenses were purchased. The data were transferred in from the legacy system, which continued to be used by the asset management group. There was minimal training of sales personnel in the new system, and as employees left and new ones replaced them, that minimal training deteriorated to an associate spending a few minutes demonstrating

the system to the new employee, and he or she was left to figure it out.

This application served the firm but there were some unique sales analytic needs that were not being met. The IT department developed a program that was used to generate sales reports unique to the needs of the firm that could be accessed by salespeople and management for current sales data.

The cost of the new system was substantially greater than the cost of the legacy system and remained controversial; always with its few advocates and always with its many detractors. The subject resurfaced at every cost-cutting meeting and every board meeting. Eventually the cost-cutting detractors won out and late in 2006 the data that had been transferred in to the new system from the low-cost legacy system (still in use by the asset management company) was transferred back to the legacy system. In the process of the transfer, tens of thousands of client files with 10 years of contact notes and client profile data were transferred over with the notes and data in each file in no particular order. The chronology of the development of the customer relationship was lost, causing users to have to scroll through years of notes to locate recent entries and replace them near the top of the file in order to render them useable. User efficiencies in a less than optimal system declined further. All files were not equally affected; nor were all users affected equally. The files most affected were those of long-time clients who had done business with the firm over 10 or more years; as a result, had lengthy files that were made cumbersome and difficult to navigate with the data transfer. Among the users, only those doing heavy sales volume and those attempting to glean useable data out of the scrambled files and limited sales data were affected most.

The differences in the two systems were significant both in functionalities and in cost. The low cost legacy system is a product of early CRM efforts with limited functionalities - primarily operational. It was not designed for analytics or collaboration with other systems. It does have the capability to interface with Microsoft Outlook for e-mail, but that function is not utilized. Instead, users toggle back and forth to Outlook for e-mails and cut-and-paste Outlook notes into the legacy system. While the system was designed for sales, it was not designed specifically for the mutual fund industry or the asset management side of the industry, and lacks the analytic functionality of the more costly system as well as the collaborative functionality to interface with other systems within the parent firm. This limited functionality results in members of the IT department spending an inordinate amount of time manually jumping between applications and creating new reports to import and export between applications that cannot be integrated, or e-mail to users throughout the firm, including sales personnel, who now have a fourth source of vital information which could be part of an integrated system. Other users such as internal sales personnel spend a large portion of the working day toggling between two different CRM programs (legacy and the knock-off of the upgrade system that had been discarded) as well as Microsoft Outlook in performance of their duties, and the other necessary sales data analysis reports generated by the IT department. While the legacy system has Microsoft Outlook imbedded within it as the default e-mail server, that function is not used and salespeople are required to daily or weekly cut-and-paste notes from Microsoft Outlook into the legacy system as part of the reporting process.

The responsibilities of internal salespeople include identification of new and key clients emerging as significant revenue producers and constant refocus of attention on

the 20% of the (80-20 Pareto principle) clients who are generating 80% of the sales Outside salespeople were not trained in the use of the legacy system and used it as little as possible or not at all. Since the legacy CRM system does not offer analytic or collaborative functionalities, users must either develop their own methods of identifying active clients or not identify them until later in the value life cycle of the client. Many simply elect to ignore this critical element of the sales process due to its potential complexity and the cumbersome data manipulation requirements. At the time of this writing, the asset management company had engaged an in-house special projects manager to study the CRM system and programs to determine the causes for low client retention rates.

It appeared that the mutual fund company and the asset management companies were microcosms of the greater parent firm; that it had been dealing with the same issues on a larger scale for 15 years. A CRM department had been established 3 years earlier, and a task force assigned to deal with the complex issues of the identification and implementation of the appropriate CRM system and the appropriate CRM software. In the case of the parent company, a major motivating factor had been the litigation of the past few years experienced by all financial services firms with clients exposed to the tech bubble crash of 2000. As most customer disputes are settled by binding arbitration proceedings rather than court proceedings, financial service firms increasingly find in court and in arbitration that the advantage frequently goes to the party best able to provide documentation of the relationship and of the conversations and events leading up to and surrounding a particular investment. Proper implementation and use of the appropriate CRM system increases the likelihood of the existence of such records. A well known American CRM consultant had been hired to examine the problem resulting in the firm committing finally to a fully integrated system for use throughout the firm – an end to end solution for a complex problem. The initial licenses had been purchased and the commitment made. At the time of this writing, the firm had distributed several thousand copies of the software into the field to Financial Advisors for application in their practices. While this appears to be a major step in the right direction, the firm still faces the challenges and pitfalls of the Implementation phase that cause 70% of CRM systems to fail even with the correct choice of system and software. There appeared to be buy-in on the part of upper management of the firm; lack of which typically represents a major cause of failure of CRM systems. The intent of buy-in on the part of the Financial Advisors remains to be measured. Training is online and always available to those in the field and on-the-ground training for the users in the home office where practical.

The parent firm of the asset management company and the mutual fund company appears to be addressing at least these three leading causes of CRM Implementation failure. The true success or failure of the program remains to be seen. Skeptics exist in the firm who have seen previous CRM program efforts advance to this level only to fail. A few months following distribution and training, the CRM taskforce will revisit the users to measure the extent of use, satisfaction, and perceived benefits, and well as quantitative measures of business increases attributable to the CRM system.

DISCUSSION

The American case study had the benefit of insight into three companies in the process of data gathering for one. All three share the same goals for their CRM systems: (1) Identification of key clients (2) Greater retention of key clients and (3) Increased wallet share of key clients.

The CRM system is not to be confused with the specific CRM program. The program is the technological tool vital to the success of the CRM system, while the system is the greater business model, which includes the CRM program.

The mutual fund company has no organized CRM system in place to gather client data on an ongoing basis. While it still has one CRM program with the full analytic functionalities, they are not being utilized by salespeople. That program is limited to one licensed application in the IT department, one licensed application at the sales support person's station, and one copy at the shipping department. Consequently the scant client data that is being collected must be input into the legacy system and is not being stored in a systematic way that it could be recalled and analyzed. The most common method of key client identification is after the fact sales volume. That is to say, that very little is done to attempt to identify potential clients from the sizeable database at the disposal of each salesperson.

There are variables beyond the control of the sales force that impact client retention. These would include manager performance issues, normal market fluctuations, and market cycles that could cause customers to move to another firm or manager. Allocation issues exist beyond the control of the sales force. A Financial Advisor may have a limit on the amount of his clients' assets he is willing to invest with any single fund family regardless of performance. When he reaches that limit, he moves to another fund in another fund family with similar performance characteristics. There also is a movement afoot within the industry toward the use of wrap accounts and fee based advisory business. Both of these business models imply less direct influence by the Financial Advisor on the client specific investment vehicles. Appropriately, Financial Advisors are spending more time in developing the proper risk profile for clients before investing the customer's assets. A result of this movement toward model portfolios based on client risk profiles and investment objectives is less involvement by both the Financial Advisor and the end user customer in the selection of specific mutual funds.

The legacy system currently in place for everyday use by inside and outside salespeople in this firm presently serves as little more than an electronic telephone directory with notes in the margins.

While the legacy system serves the mutual fund company well in its capacity as an electronic phone directory at a low cost per user, as such it is an unnecessary expense whose functionalities could be duplicated at no charge with extended use of Microsoft Outlook.

The recommendations of this researcher to the mutual fund company would be:
(1) Determine if it has the need for a CRM system
(2) If so, develop a CRM system for the collection and analysis of customer data
(3) Train the sales personnel to use it
(4) Measure the results on a regular basis.

The second company within the asset management group in the case study - the asset

management company - has identical needs to the mutual fund company. However, the sales personnel view themselves as an elite group of salespeople selling to an elite group of Financial Advisors serving an elite group of client. The product is the SMA, or Separately Managed Account. The SMA is similar to a mutual fund, run in many cases by the same managers but not subject to the same regulations as mutual funds. A qualified investor can invest in an SMA rather than a mutual fund, for the potential cost savings, the exclusivity, and the option of maintaining more control over his assets.

The sales process is different. The SMA sales group brings clients (sometimes along with their clients) in to the home office to meet with the money managers and be entertained. Once money is brought in house, a little gift is mailed to the client, and the junior member of the internal sales team makes a follow up thank you call to the Financial Advisor.

When a new client firm (such as a major wire house or bank) is brought under contract to include the SMA's in their product line, all attention of the elite sales team is turned to focus on this new group of Financial Advisors as potential new clients, and the process is repeated.

That sums up the CRM system of the asset management of the asset management company. The CRM program used is the same as that of the mutual fund company including the shared database of clients. The legacy CRM program is utilized in the same fashion as in the mutual fund company – as an electronic phone directory with a place for notes (which can be cut and pasted into the legacy system in a manner, which is useless for future data mining activity).

The asset management company is suffering from poor client retention rates and as previously mentioned has engaged an in-house special project manager to research the CRM system to help identify the causes of the problem.

This author recommends the following to the asset management company:
(1) Determine if it has the need for a CRM system
(2) If so, develop a CRM system for the collection and analysis of customer data
(3) Train the sales personnel to use it
(4) Measure the results on a regular basis

The third company observed in the study, the parent financial services company is different in that it has the infrastructure, the resources, and the personnel in place to implement effectively a CRM system if it chooses to attend to the details that are the downfall of most.

The parent company as of this writing was entering the implementation phase of a new CRM endeavor and the licensed copies of the CRM program were in the hands of the users.

This writer would recommend the following to the parent firm CRM project manager:
(1) Go into the field for training of the Financial Advisors in the new system rather than rely solely on training. Follow up with phone calls. Establish a help line.
(2) Initially, monitor results quarterly. User buy-in is essential for the success of the program
(3) Measure results and show users the benefits to them in increased efficiency, quality of wallet share, and revenues.

Summary
        The companies in this case study are not unique in the financial services industry. Rather they represent typical Customer Relationship Management examples. There is currently sufficient empirical research to design and implement a successful CRM system, avoiding the pitfalls.

CONCLUSION

        The most frequent causes of the high failure rate of CRM implementations in America can be isolated and effectively managed. Early recognition, planning, and control of these aforementioned causes of failure should increase the probability of success of the CRM system. In Russia, where CRM systems are in their infancy, it remains to be seen if there are sufficient cross-cultural similarities in the challenges in the implementation phase to accelerate the success of Customer Relationship Management in Eastern Europe by learning through the mistakes of their Western counterparts. This is an area in need of further research.

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