6.1 Managerial Implications of the Study
CHAPTER 6: MANAGERIAL IMPLICATIONS OF THE STUDY

Chapter Overview

This chapter discusses in detail the managerial implications of the study.

6.1 Managerial Implications of the Study

Implementing a fully functional CRM capability will allow public sector insurance firms to build customer-oriented relationships that ensure customers receive consistent and appropriately personalized services, efficiently and effectively (Singh & Anuroop, 2000). On the basis of the findings of the present study, it can be safely said that progress toward this vision has been mixed to date. Findings also throw light on the extent to which public sector lags behind the private sector in developing intelligent customer interactions driven by customer intentions. No doubt some of these public sector insurance companies have progressed to deliver multi channel interaction. But there are many who have implemented little or no service automation.

Insurance firms can point to specific reasons for their continuing struggle to match customers' growing expectations. Overall, we see the major challenge being the failure to put the basic building blocks of CRM solidly in place when implementing customer service delivery initiatives (Porter & Mitchael, 2001). In this context, the study offers an insight into “state of play” compared to “ideal” practices and the current practices in vogue vis-à-vis each of the CRM constructs in the public and private sector insurance organizations. Another aspect that needs to be brought to the notice of the stakeholders is that public sector and private sector can mutually benefit from each other's successes and mistakes.

Based on the findings, key managerial implications of this study are listed below:

- Firstly, this study can be of immense importance to practitioners in insurance sector as it presents refined scales for measuring various CRM constructs of interest for public and private sector companies. This can be of immense help
to both the sectors in developing successful strategies for implementing CRM programmes.

➢ The study clearly demonstrates that the CRM value proposition for both the sectors are similar. This envisages the possibility of interchangeability and successful dovetailing of CRM methods and practices from both the sectors.

➢ The study confirms that significant differences exist in terms of CRM goals between the sectors. This can provide necessary insight to CRM consultants, as they can better understand the objectives of CRM implementation initiatives.

➢ The present study demarcates clear division of customer base for both the sectors. This can help to CRM experts as it emphasizes the need to better understand the target audience and thus remove any ambiguity.

➢ The study envisages customer satisfaction measures for both the sectors with respect to CRM implementation initiatives. These can be relied upon by practitioners to streamline their business strategy in general and customer related strategies in particular.

➢ Importance of CRM technology and implementation considerations discussed in the study can provide much needed inputs to CRM technology experts so that they can focus on areas of concern. This can result in huge cost savings in CRM implementation.

➢ The findings of this study confirm the fact that there was an improvement in performance in various functional areas after adoption of CRM initiatives by both the sectors. This brings into focus the need for public and private sector insurance companies to put in place systems that take into account a long-term view of CRM spending.

➢ The customer communication considerations for CRM implementation for both the sectors can be of great value to CRM technology experts. They can evaluate technology considerations while developing insurance sector specific CRM technology solutions.

➢ For practitioners, process level research on CRM constructs could provide useful guidelines in developing and managing successful CRM
implementation initiatives tailored for public and private insurance companies.

➢ In the context of public and private sector insurance companies, the present study delineates the key concepts that constitute an integrated approach to CRM that can enable companies to create an informed, integrated view of their customers and use this information to design and coordinate the delivery of services across multiple channels. CRM can thus be described as providing public sector with a set of tools and techniques that enable intelligent interactions. CRM therefore must utilize information generated from all touchpoints to develop insights about the needs and preferences of customers; then use these insights to configure services that reflect the needs and preferences of clearly identifiable groups of customers; and subsequently design an integrated suite of channels that provides easy access and effective processes for interaction—to deliver services to the right customers in the most efficient way (Wilson & Jantrania, 2006).

➢ There is an urgent need for the public sector to change many of its attitudes and behaviors – even its culture. Leadership is key in this, as it demands capable leaders to tackle the more complex organizational issues of CRM, rather than using technology to drive change (because it won’t by itself) Jackson (2003). Secondly, they need to be realistic about where companies are starting from, and where they can afford to go with CRM implementation programmes. All public sector insurance firms are constrained from providing the services they would like to provide, and customers want them to provide. Realism about the actual and desired state is vital in developing the route map, and in setting realistic success criteria for the project (Handy, 2004). Finally, both the sectors have to develop a set of external and internal measures against which progress can be monitored. In fact one of the major reasons for CRM project failures in the private sector has been the lack of focus at what was to be achieved from CRM, at a macro programme level, and at a more micro functional or activity level (Sims & David, 2004).

➢ Given both the power of CRM implementation targets and their evasiveness in the public sector, a check on the why, what and how of targets is one of the five critical first steps on the road to performance improvement. Public
sector CRM programmes are likely to fail if a heavy-handed and top down approach to target setting is imposed (Crook et al., 2003). The study proposes that the key to improving accessibility is not simply replacing traditional channels. Rather, based on a clear understanding of individual customer preferences, the key is serving customers effectively across a range of channels that includes the telephone, e-mail, fax, web, mail and face-to-face interaction.

- It is interesting to note that in the present study, senior public sector executives included among their critical challenges the difficulty they experienced in formulating a compelling business case to invest in CRM and the need to create the appetite for change necessary to drive the corresponding change in culture and processes that would lead to a customer-centric organization. Technology push rarely works in CRM. Given the experience of the private sector, public sector organizations need to examine carefully how they can manage the various technology differences as compared to private sector. The study brings forth various technology driven factors on which the public and private sector companies need to concentrate.

- Managers of both the sectors, therefore, can effectively boost their performance vis-à-vis trust and customer satisfaction through proper implementation of CRM. In fact, it is clear from the study that when parameters like trust and customer satisfaction improve, there is positive impact on performance. This corroborates findings of previous researchers (Keavenchy & Susan, 2000) who noted that both public and private sector insurance companies need to ensure that through CRM, customer relationships should be effectively managed and nurtured as important assets in an effort to improve customer retention and thus profitability.

- Insurance companies face a daunting challenge in maintaining and increasing their competitive edge (Vaidyanathan, 2006). But the study findings that emerge from the comparison of public and private sector CRM initiatives emphasize the fact that by focusing on three key imperatives—gaining a unified enterprise view of customers, retaining customers with superior service and controlling costs while expanding—insurance companies can
turn challenges into strategic competitive advantage and enhance their long-term viability and profitability. Given the experience of the private sector, public sector organizations need to carefully examine how they can manage the wider CRM initiative implementation related issues.

- The public sector has many “stranded assets” (e.g. information, systems and processes for ensuring customers stay in contact) and creative alignments with the private sector or with other public sector organizations might help to exploit them more effectively and to the customer’s benefit (Hewson, 2003). Thus, public sector insurance organizations would do well if they consider the many different ways through private sector companies have made progress with CRM and how some private sector practices might be adapted to enable existing public sector CRM assets, especially “stranded assets”, to be used more effectively. They should also not be averse to collaborating with the private sector.

- An effective public service performance measurement framework should be founded on measures of what matters to customers and how customers judge performance (Wynaendts & Alexander, 2007). Perhaps, taking a cue, more and more, public sector firms are actively seeking to promote citizen-centric as well as more-effective relationships with business. Increasingly, they are focusing on the quality of service delivery more than on cost reduction through the use of such lower-cost channels as call centers and the internet (their earlier emphasis).

- Many public sector insurance companies are today paying greater importance to improved customer service because customers are now accustomed to much higher standards of service from the private sector and are increasingly intolerant of poor service from public sector firms (Krishnamurthy, 2006). This is particularly true in the areas of ease of access, more consistent information and convenience, less complex and confusing procedures. As a result, public sector performance targets are being shaped to provide additional pressure to improve service delivery. As the public pays more attention to the efficiency and effectiveness of public sector insurance firms, more efforts have to be made to make sure that it will lead to an improved service experience.
CRM is an approach that allows public sector insurance firms to dramatically improve their relationships with their customers through reorganizing service delivery capabilities around customer intentions (Sawyer & Jeffery, 2005; Woodside & Lisa, 2006; Sims & David, 2006). There is no denying the fact that public sector organizations are increasingly looking towards the CRM initiatives of private sector companies to achieve their goals.

Thus, the findings of the present study validate the long-held belief that CRM is a critical success factor for improved business performance in the insurance sector. Insurance firms wishing to improve their relationships with customers need to constantly monitor their behavior and internal processes that form the bases for their CRM initiatives. For the results of an exercise to be meaningful, some benchmarks or norms should be used as a basis for comparison. Gruen (2005) too posited that one of the reasons for CRM project failures in the private sector is the lack of focus at what was to be achieved from CRM. The study also identifies indirect drivers of CRM in the public and private sector companies. This is of critical importance to insurance firms where for change is high. The study also brings to light the fact that public sector lags behind the private sector in the implementation of CRM initiatives.