1 The Theoretical Framework of CRM

1.1 Environment and Technical Core

CRM projects are more and more destined to address two opposing concepts: efficiency and effectiveness. On the one hand a company needs to be effective on the market in order to manage relationships with customers, maintain its market share and improve its market penetration; on the other hand the company needs to be efficient. This means that IT departments need to conduct careful evaluations of IT investments and projects, as it is very difficult to understand whether initiatives have a return on investments or at least a direct and clear payback.

‘Efficiency’ and ‘effectiveness’ are undoubtedly misused, or at best overused, words. As a matter of fact, the creation of an organizational structure able to ensure both efficiency and effectiveness at the same time is the ultimate dream of everyone involved in company organization. Nevertheless, according to leading scholars, the roads that lead to efficiency can be, and in some cases even must be, different from those that lead to effectiveness. In other words, in short, efficiency requires a stable set-up, lots of routine, and a massive quantity of ex ante rules; on the other hand, to achieve effectiveness it is necessary to enhance personal initiative, motivation, ability to make decisions in ambivalent situations, and so on. This is why one of the basic problems in major companies is how to combine both roads successfully and make them coexist while refraining from low-quality compromises. Possible solutions come from Thompson (1967) and Lawrence and Lorsch (1967). The latter authors offer their own interpretation of the “segmented” organization, which is based on the well-known differentiation/integration logic: on the differentiation side, the point of having organizational units also specializing according to different efficiency/effectiveness targets emerges clearly, as shown in Fig. 1.1.

Equally well known, though less highly valued, are Thompson’s technical core and boundary-spanning components. The first one is the company’s “engine room”, i.e., the area where product/service production takes place. Such an area needs to be protected and preserved from external influences, because it produces efficiency and therefore needs stability (Maggi, 1989; Decastri, 1984; Thompson, 1967).

Stability makes it possible to define and to operate on an organizational subsystem, which is mechanical in its nature (Burns and Stalker, 1961).

Boundary-spanning components, on the other hand, have a side-target: they are the technical core’s protection system and their task is to attenuate or even to eliminate
environment and market instability without giving up flexibility. They “translate” market expectations and transmit them to the “engine room.” The company envisaged by Thompson has the configuration shown in Fig. 1.2.

In this second case, integration is no longer horizontal, but vertical. The issue is not how to coordinate different functions, but how to transmit the so-called customer’s voice into the engine room, that is to say into the heart of the organizational system. It is a rather complex activity, which has always been one of organization’s weakest points: we need only think about all the effort invested in sales and production programming tools, which have always yielded poor results.