

**CUSTOMER RELATIONSHIP MANAGEMENT (CRM): A
CRITICAL ANALYSIS OF HOW CRM CAN BE SUCCESSFULLY
IMPLEMENTED BY NMB BANK LIMITED**

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ABBREVIATIONS AND GLOSSARY OF WORDS USED

NMB	-	NMB Bank Limited
CRM	-	Customer Relationship Management
CEO	-	Chief Executive Officer
Treasury	-	the department that handles the cash position of the bank and the price of money.
Corporate Banking	-	the department that handles the large borrowings by customers.
Retail	-	The department that is responsible for the branch network and service provision through such network.
Barclays	-	Barclays Bank of Zimbabwe Limited
Standard	-	Standard Chartered Bank of Zimbabwe Limited
Zimbank	-	Zimbabwe Banking Corporation Limited
MBCA	-	Merchant Bank of Central Africa Limited
FMB	-	First Merchant Bank of Zimbabwe Limited
Stanbic	-	Stanbic Bank of Zimbabwe Limited
Trust	-	Trust Bank of Zimbabwe Limited
FBC	-	First Bank of Zimbabwe Limited
Century	-	Century Bank of Zimbabwe Limited
Genesis	-	Genesis Bank of Zimbabwe Limited
RBZ	-	Reserve Bank of Zimbabwe
Nedcor	-	Nedcor Bank Limited

- BAs - Bankers' Acceptances – negotiable instruments, which are, discounted when companies borrow from banks or when they invest with banks.
- ATM - Automated teller machine – machine used by banks to dispense cash to account holders.
- Offshore Finance - Financing of business using foreign currency, which is usually repaid from the company's export receipts.

EXECUTIVE SUMMARY

This is a study on NMB and seeks to establish what the bank could do, through the implementation of CRM, to attract new customers and retain existing ones in the face of intensifying competition. The number of banks in Zimbabwe has increased tremendously over the last five years from less than seven to over fifteen. Ironically, this has taken place against a background of an ailing economy, which is shrinking and a reducing number of viable companies that can be targeted for banking business.

A review of the history of banking in Zimbabwe was undertaken to show how NMB decided on CRM as a means of making a difference with customers and thus have a competitive edge over its rivals. In particular, the attitude of banks to customers and customer expectations was looked at together with the changes that have taken place over the years.

Literature on CRM was reviewed and more attention was paid to the main causes of failures in the implementation of CRM and how this could be avoided in the case of NMB. Lessons were drawn from what other banks like Nedcor and Standard Corporate and Merchant Bank (both of South Africa) have done to ensure a good measure of success in the implementation of CRM. Research was done to establish what it is that attracts customers to NMB, what NMB does better than its competitors and areas that NMB needs to improve on. Questionnaires (Appendices I and II) were used in this regard and samples of customers from the three main sections of the bank (Treasury, Corporate

Banking and Retail) were taken. The questionnaires had two sections, one with a select number of responses to choose from and the other open to unrestricted responses by the customers. The responses were analysed and presented in tabular form. Interviews were carried out on certain customers to get clarification on some responses to the questionnaires and to get firsthand feedback from different customers on their relationship with the bank.

The major study findings were that customers greatly appreciate the personal attention that they are getting from NMB, which gave it an edge over its competitors. Customers value the fact that they can speak confidently to their bank knowing that their allocated Account Relationship Manager fully understands their business and that they have specific person/s to contact in the case of need. Regular visits and contact by NMB personnel was also cited as a strength. In one case, a customer related during an interview that no one from the previous bank had visited him in two years despite the fact that his office was less than one hundred meters from that bank!

The study recommends a phased implementation of CRM with technology used as a tool and not as a champion of CRM. The emphasis is to be placed on the customer, the bank staff, the operational processes and maintaining the bank's strategy in focus. Unless **all** in the bank (from messenger to the CEO) share the same view of the customer's importance, CRM will be destined to fail due to inconsistencies within the system. On the other hand, unless the bank has a motivated, well informed and customer focused work force, then it is in vain that it is pursuing CRM. Operational processes too, must be

refined with the primary objective of benefiting the customer and not merely for the convenience of the bank. The bank's strategy must keep customer interests at the fore since customers are the cause of the bank's existence.

THE BUSINESS REPORT

Introduction

Economic Background

The economy of Zimbabwe is best described as one that is suffering from a cancerous affliction that, if not cured soon enough, could be fatal. Tracing the history of the economy from the early 1980's reveals that the demise of the economy has largely been due to wrong economic policies being adopted by the authorities. The authorities' economic policy to resolve the crisis appears to consist of an unrealistic exchange rate, interest rates hugely below the rate of inflation and unchecked government spending and money supply growth. The most recent example of the government's novel approach to economic policy is proposals to restrict the parallel market for foreign exchange while loosening monetary policy (The Economist September 2002). The consideration of these proposals resulted in decisions by the government to enforce new regulations in December 2002, which saw the abolishment of foreign exchange bureaus, the centralization of all foreign currency transactions in the Reserve Bank (RBZ) and cutting in lending rates for exporters (from 15% to 5%) and manufacturers (from 30% to 15%).

The various sectors of the economy have had to bear the brunt of the consequences of many economic decisions made by the authorities and banks have not been spared from this.

In the last few years the Zimbabwean economy has been characterized by the following negative factors: -

- prevalence of crippling shortages of basic foods, raw materials, foreign currency and fuel;
- collapsing companies failing to cope with steep increases in costs;
- unstable social environment caused by worsening poverty levels (due to increased unemployment);
- rise in costs of production closely linked to the galloping inflation;
- negative international public image which has seen withdrawal of support from donors and financial institutions (internationally);
- smart sanctions, which have created an “isolation” of the country.

Against this background, all sectors of industry (including the banking industry) have to be innovative in finding ways to remain in business and position themselves such that when improvement comes, they will be poised for growth.

The Zimbabwean Banking Sector:

The Zimbabwean banking sector has, during the last ten years, experienced significant changes, which were mainly as a result of the increase in the number of local players.

Traditionally, banks in Zimbabwe were known to embrace the selling concept in business as opposed to the marketing concept.

The selling concept holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organisation's products. The organization must, therefore, undertake an aggressive selling and promotion effort. The concept emphasizes selling what the organization produces rather than what the customer is looking for (P Kotler p. 18). The few banks that existed from the 1980s going back, (Barclays, Standard, Zimbank, MBCA, FMB and Stanbic), rarely had need to visit customers and establish their needs and expected customers to come to them and avail of what was on offer. Banks were generally perceived as arrogant and uncompromising especially when companies were seeking to borrow some money for working capital purposes. The impression given was that banks were doing the borrowers a favour by lending money to them rather vice versa.

The marketing concept on the other hand holds that the key to achieving its organizational goals consists of the company being more effective than competitors in creating, delivering and communicating customer value to its chosen target markets. (P Kotler p. 19). The new banks that have come onto the market (NMB, Trust, FBC, Century, Genesis) have made a refreshing difference for the consumers of financial services because they introduced a new variety of products (e.g. commercial paper and foreign BAs) and the concepts of customer entertainment and Account Relationship Managers. This has helped local individuals and companies to wield more power to

decide which bank to use and this has in turn forced banks to refine the quality of their service in the face of growing competition.

It is against this background that NMB identified its target market and recorded success by adopting a “customer driven strategy” (R Lynch p. 200). A customer driven strategy has three main characteristics:

- understanding the customer;
- responsiveness by the organization to customer needs; and
- provision of real value for money by the organization.

Zimbabwe banks have had to experience a complete change in their approach to business from one of laxity and simply ticking along to one of aggression, innovation and excellence. In fact, failure to heed standard banking practices of risk assessment and debt recovery led to the collapse of one merchant bank which was owned by an emergent black businessman. This incident in turn led to more stringent controls being imposed on banks by the RBZ (the Central Bank), in an effort to curb any further such cases in future. Regular routine checks by the RBZ on banks are now an accepted feature in the local market.

The Nature and Research Problem of the Dissertation

This study evaluates what NMB's customers enjoy in their dealings with the bank; how they rate the bank's performance in relation to its competitors and areas of service that NMB should give immediate attention to, with a view to improving them. The study also looks at how NMB can successfully implement the CRM concept and maintain an edge over its competitors.

The Aims and Objectives

The aim of this research is to identify areas of weakness within NMB, which can easily lead to loss of business to the competitors.

The objective of this research is to recommend the most practical way for NMB to implement the CRM concept successfully. Recommendations will also be made on how best to address the weaknesses that are identified through this research.

Analysis and Evaluation of Data

The research data was gathered through questionnaires addressed to NMB customers in their individual capacities as well as representing companies.

Follow up interviews were arranged and conducted with a few of the customers who had completed and returned the questionnaires. The purpose of the interviews was to clarify any comments that were made on the questionnaires as well as to seek any additional comments that were either omitted on the questionnaires or that came as an after thought.

One hundred questionnaires (seventy addressed to companies and thirty addressed to individuals) were distributed and eighty-one were returned.

The results of the questionnaires were analysed and presented in tabular form in the order that they appear on the questionnaires. The results of the follow up interviews were presented in tabular and explanatory format for ease of reference.

Findings and Recommendations

Under this section, findings from the questionnaires were stated taking into account the research aim, objectives and literature review. The findings were distinguished between those from individuals and companies. The findings were broadly divided into four main areas: product related, service related, weaknesses noted and the customers' attraction to NMB.

Product Related Findings

Individuals were generally happy with the current product range but indicated that an addition thereto (such as telephone banking) would be an added advantage to NMB and would add to their convenience. A suggestion was made by a medical doctor for NMB to consider coming up with some innovative “profession-specific” product to meet the needs of the doctors who are always pressed for time and hardly have enough time to handle their financial matters. A significant number of calls were made for NMB to urgently improve the quality of its internet product for individuals as it is considered ‘half-baked’.

Companies on the other hand called for the introduction of an internet/electronic banking solution for their convenience. Currently, there is no internet/electronic banking solution for companies and so, for example, any statements of the companies’ accounts have to be obtained from the bank – such an inconvenience in the face of a crippling fuel shortage in the country.

Service Related Findings

Individuals were pleased with the high quality of service as demonstrated by prompt attention to their queries, reasonable bank charges and less time spent in queues in the banking halls. A number of the individuals urged the bank to keep an eye on its number

of customers as this could, in the long run, impact negatively on the quality of service, as the numbers grow.

Companies on the other hand were pleased with the quality of service although there was a general feeling that “the hand was slackening”. A few of the customers attributed this to the growing number of customers, especially in Bulawayo where the bank experienced a four-fold growth during the last eighteen months. Companies also felt that the time taken to bank large cash deposits was on the increase (which is a cost) and it could reach uneconomic levels if it continues unchecked.

Weaknesses Noted

Individuals pointed out that the distribution of ATMs is rather narrow and would be more helpful if it was improved to include strategic sites like the Airports in Harare, Bulawayo and Victoria Falls. While individuals appreciated that their queries were generally promptly attended to, they felt that there was no consistency because some of the queries were taking too long to be resolved by the bank.

Companies noted that the bank’s limited branch network restricts the amount of business the companies could channel through NMB. In towns where the bank is not represented, the companies’ banking business has to be handled by the bank’s competitors.

Customers' Attraction to NMB

Individuals were attracted mainly by the promise for permanent personalized service, which made them “feel important” to the bank. One individual expressed that the service he was receiving from NMB was like a “breath of fresh air”. Pleasant banking halls and professionalism of NMB staff were also cited as attractions for individuals to NMB.

A large number of companies advised that they greatly appreciated the arrangement of an Account Relationship Manager as this gave them the opportunity to have a specific contact person who would fully understand their business operations and be in a position to offer the needed financial guidance and assistance. One Finance Director stated that his company was no longer “a statistic” in the books of a bank ever since they moved their business to NMB. The regular purposeful visits by the respective NMB Managers were also cited as an attraction for companies. Good reports received from satisfied customers (companies) played an important role in attracting some companies to the bank.

The Role of Technology

Individuals expressed that presently, NMB is using technology effectively for their convenience and that the only area that requires attention has to do with the efficiency of the internet banking product. This was said to be a useful product but was marred by the increase in its downtime, which should be improved significantly.

Companies stressed the need for NMB to introduce internet/electronic banking for their convenience. It was also mentioned that this product should however, be used as a tool to improve service delivery and not as a means to replace the human interface with the bank.

CHAPTER 1

1. BACKGROUND AND PROBLEM STATEMENT

1.1 BACKGROUND

NMB Bank Limited (formerly National Merchant Bank of Zimbabwe Limited) is one of the most progressive banks in Zimbabwe. The bank was formed in 1992 by a group of young professional Zimbabweans who had returned from overseas where they had held senior posts in financial institutions like the World Bank and the International Finance Corporation (IFC). NMB and its group companies experienced continued growth, which created the opportunity for a public flotation on the Zimbabwe and London stock exchanges simultaneously. The offer was nearly five (5) times oversubscribed in Zimbabwe and was twice (2) oversubscribed in London. This development (successful listing) gave the bank the flexibility to now embark on larger lending transactions and to diversify its portfolio.

As a mark of its continued success, the bank won the following awards:

- Euromoney - “ Best Bank In Zimbabwe” award in 1998 and 1999;
- Best Bank in Zimbabwe 2001 – Financial Times (UK);
- Second Best Company in Zimbabwe – Fingaz Top Ten Companies Survey 2001.

- Best Bank in Zimbabwe 2002 – Banker Magazine (UK)

It is no wonder that NMB has chosen as its cherished motto - “**In Pursuit of Excellence**”.

1.2 FINANCIAL PERFORMANCE

To a large extent, the bank’s success has been based on its outstanding financial performance. A brief review of its historical results for the past four years, as shown below, confirms this: -

Z\$(000’s)

	30.06.02	31.12.01	31.12.00	31.12.99	31.12.98
	(6 months)	(12 months)	(12 months)	(12 months)	(12 months)
Net Interest Income	2,225,494	2,194,736	530,170	464,763	137,448
Net Operating Income	3,880,697	4,094,009	1,328,583	772,564	329,883
Profit before taxation	2,980,679	2,953,708	919,793	490,524	159,007
Profit after taxation	1,596,947	1,899,817	630,114	410,585	133,069

The results for the first six months ended 30 June 2002 suggest that, all things being equal, the successful trend will continue for the full twelve months of 2002.

1.3 BUSINESS DEVELOPMENT AND STRATEGY

In December 1999, NMB acquired a commercial banking license and the commercial bank opened its doors to the public in July 2000. Following the successful launch of the commercial Bank, NMB made a decision to restrict its marketing efforts to the top end of the market such that it is known as a corporate bank and not a mass market bank. NMB therefore caters for medium to large-scale corporates and their executives only, a feature that has made it an exclusive bank.

The challenge that the bank is facing is that of attracting new customers and retaining existing ones because of the need to open up new branches in other smaller cities, in line with the commercial bank status. The bank is expected to grow against a background of increasing competition where commercial and merchant banks have increased from 7 to upward of 15 since 1993. Previously, as a merchant bank, the two offices NMB had in the two main cities of Harare and Bulawayo were sufficient to meet the needs of its customers.

With the assistance of an external consultant, the senior management held a seminar during the last quarter of 2001 from which the following points were acknowledged as crucial for the continued success of the bank:

- Customer focus –establishing the customers’ current and future needs and finding ways to meet them;
- Up to date technology to back up the service delivery system;
- Human resources – well-qualified and motivated staff hired using the best methods and trained to uphold a uniform organisational culture; and
- On going training of employees to ensure the highest level of performance and use of the latest techniques and methods of handling business problems.

During the mentioned management meeting, the writer was tasked to look into the matter of customer focus by the entire bank and seek ways to increase market share.

This research study will therefore address the first point, which is aimed at establishing what NMB’s target market customers expect from it in respect of service delivery, financial advice and any other related services that will contribute towards a mutually beneficial relationship. Equally important is what NMB will have to do to meet these expectations and remain the preferred bank in a shrinking economy, which ironically has an increasing number of banks. The target population for this study is the bank’s customers in the two main cities where the bank is currently represented namely –Harare and Bulawayo. As the bank is seriously considering establishing its branches in other smaller cities, the results from this study will form a basis for marketing customers for such future expansion moves. A structured questionnaire was used to obtain data from the customers and this was coded and analysed. On the

basis of the results, recommendations were made for a possible course of action to be taken by NMB to meet the identified expectations and demands.

1.4 PROBLEM STATEMENT

In order to justify the mooted expansion concomitant with the commercial bank status, NMB has to increase its customer base but at the same time ensure that it does not lose its identity as a corporate bank and remain one of the preferred banks in Zimbabwe. The economic hardships being experienced in Zimbabwe compound the problem, as some of the companies will continue to be victims of the prevailing circumstances and fall by the way side thus reducing the pool from which to select target customers. The increase in the number of financial institutions (at least three more will be added to the number between December 2002 and January 2003) has intensified the competition such that one of the important questions is –“what will NMB do differently from other banks to please customers?”

1.5 RESEARCH OBJECTIVES

The dissertation intends to answer the following questions:

- What has been the main attraction for customers to NMB?
- What do customers expect from NMB in respect of service delivery?

- What areas are lacking or in need of urgent attention to keep NMB competitive?

1.6 STUDY HYPOTHESIS

The study hypothesis is that the CRM concept is a successful way of remaining ahead of competitors, provided that it is implemented in a phased manner and its four main pillars are in place (strategy, processes, people and technology).

1.7 DATA ANALYSIS

The data collected was analysed using Microsoft Excel and tables.

1.8 BUDGET

The researcher is an employee of NMB and the research project was carried out as part of his normal duties since he was assigned this task at the mentioned management meeting during the last quarter of 2001.

No significant costs were incurred apart from the use of the organisation's resources such as the computer and paper. As part of his duties entail traveling between the two main cities (Harare and Bulawayo), he carried out follow up interviews in Bulawayo during one of his business visits.

Customers were asked to return their responses to the questionnaire by handing in the self-addressed envelopes provided, to the nearest NMB branch.

1.9 FOCUS OF THE STUDY

It must be acknowledged at the outset that CRM is a very broad subject that covers four main areas: strategy, processes, people and technology (S. Burns – IIR South Africa BV).

This study did not go into the details of each of the above pillars of CRM such as how to formulate a successful strategy for an organization; what is involved in process re-engineering and its pitfalls; how to implement effective recruitment policies and the best way to select the desired technology for a given business operation.

This study focused on what NMB's customers expect from the bank, what areas are lacking and any suggestions that the customers had which were aimed at improving service delivery by the bank.

Based on the responses from the customers, recommendations were then made as to the areas needing attention for continued success. The recommendations touched on each of the four pillars such that close attention will have to be paid to address the

issues raised for example, in order to improve the level of efficiency and have a consistently high level of service delivery, there is need to develop an Induction training course that is customer focused and compulsory for all new recruits drawn from other banks. A unique NMB culture of customer care should be “homegrown” and contagious.

CHAPTER 2

2. LITERATURE REVIEW

This Chapter reviews the relevant literature on the CRM concept – what it is; what it is dependent upon, why many organizations have failed in their attempts to implement it; what other organizations have done to succeed and lessons that can be drawn from the reviewed examples.

2.1 CRM: DEFINITIONS

CRM has a number of varying definitions, but for the purpose of this study, we will consider the following selected ones:-

2.1.1 CRM is part of a never-ending journey of understanding and meeting customers' current and future expectations (Mike Tucker Crawford – THG).

2.1.2 CRM is a business strategy to select and manage the most valuable customer relationships. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales and service processes. CRM applications can enable effective customer relationship

management, provided that an enterprise has the right leadership, strategy and culture. (CRM Guru.com.).

- 2.1.3 CRM is a business strategy whose outcomes optimize profitability, revenue and customer satisfaction (the why) by organizing around customer segments, fostering customer-satisfying behavior and implementing customer centric processes (the how). (Gartner 2001:3).

2.2 CRM: ATTRIBUTES

From the above definitions of CRM, the following concepts are apparent.

- 2.2.1 CRM is a business strategy.
- 2.2.2 CRM is about the customer.
- 2.2.3 CRM is about managing relationships.
- 2.2.4 CRM involves technology but as a means to a desired end - customer satisfaction.
- 2.2.5 CRM solutions require the following to be effective:
- leadership
 - strategy
 - culture and
 - vision and value proposition
- 2.2.6 CRM is not an event – it is a process, a never-ending journey to a far off

destination where one simply does not arrive. This is mainly because customer needs are dynamic – they keep changing and so the challenge is to keep pace with such changes and retain the customers.

2.3 THE FOUR (4) PILLARS OF CRM:

The four pillars of CRM are: business strategy, processes, people and technology. (IIR South Africa BV, August 2002 presentations).

2.3.1 Business Strategy

A business strategy was defined by Eisenhardt and Dull (January 2001) as: “A few straight forward, hard-and-fast rules that define direction without confining it”.

The aim or purpose of strategy is, according to John R Boyd, “to improve our ability to shape and adapt to unfolding circumstances, so that we (as individuals or as groups or as a culture or as a nation, state) can survive on our own terms”. This is in line with the definition of CRM, which states that the needs of our customers change from time to time and so as an organization, there is a dire need for knowing exactly what to do in the face of changing circumstances.

According to Michael E. Porter, Harvard Business School, “the most successful companies do not think about strategy as incremental or impossible. They have a clear sense of what they are trying to do and how to do it”.

In the context of CRM, the business strategy involves identifying which customers an organization wishes to deal with and which ones to avoid. It is necessary to distinguish between profitable and non-profitable relationships in order to manage resources and effort allocation. (Harvard Business Review, February 2002 p. 103).

2.3.2 **Processes:**

Paying close attention to an organisation’s operational processes helps to improve operational effectiveness, which in turn eliminates waste, defects and delays. Review of an organization’s processes is a continuous exercise because the business environment is dynamic and customer needs, served by these processes, are also dynamic.

In a competitive environment, operational excellence will be the only differentiator, given that things like technology set-ups can be matched in no time (A. Khosana, IDBI Bank). As one software vendor put it,

“customers do not care about banks, they just want their problems solved efficiently”.

2.3.3 **People**

People are enablers for CRM success. For any organization to successfully launch CRM, all of its people, from the CEO to the messenger should buy into the concept. All projects, including CRM, involve change. Humans, by nature are opposed to change and unless motivated to embrace the change, they will either learn slowly or forget quickly! (B. Burns).

One of the complications of CRM is that it involves people relationship between an organization and its customers (G. Halse, Apply IT).

Meaningful, effective change will occur mainly in the minds, attitudes and behaviors of an organization’s employees. It is therefore important to first understand and then demonstrate what is in it for each of them as individuals. Regular communication in both directions is known to help greatly in achieving this change in mindset.

2.3.4 **Technology**

CRM technology includes any applications that place the focus on the customer and enables one to interact with the customer information.

These include less obvious applications such as e-mail, document management, analytical and reporting tools, workflow tools and internet portals.

Technology is simply an enabling tool focused on the objective of providing better customer service and developing better relationships. For example, technology can help to:

- process transactions faster;
- provide better information to the front line;
- manage logistics and the supply chain more efficiently;
- track customer service satisfaction levels; and
- track customer-defection and retention levels.

2.4 **THE BENEFITS OF CRM**

CRM can, if implemented successfully, benefit an organization, its employees and its customers.

2.4.1 CRM benefits to an organization:

An organization can benefit from successful CRM implementation through increased customer loyalty. It is more expensive for any organization to acquire new customers than it is to retain existing ones. Since successful CRM implementation results in improved effectiveness of customer communication, an organization then benefits from new product/service opportunities that are created in the process. In short, an organization's profitability is greatly improved. CRM also helps an organization to identify profitable customers over time.

2.4.2 CRM benefits to employees:

Employees can benefit by gaining job satisfaction as customers express their appreciation for fine service. In addition, employees are helped to develop/refine the human factor in dealing with customers. Employees feel personally appreciated to the extent that they are motivated to excel in their line of duty.

The more profitable the organization, the higher the pecuniary benefits to its employees.

2.4.3 CRM benefits to customers

Where CRM has been implemented successfully, customers feel important and valuable to an organization. Customers also feel that they are getting good value out of the business relationship, which then becomes symbiotic.

The fact customers are “listened to” gives them the peace of mind to concentrate on their core businesses and become more productive.

2.5 WHY CRM ADOPTIONS FAIL

According to Gartner Group, 55% of all CRM projects do not produce results.

Darrell K Rigby et al, who spent ten years studying the reasons for such failures, distilled their findings to four main reasons (Harvard Business Review, February 2002):

2.5.1 Implementing CRM before creating a customer strategy

Effective customer relationship is based on good old-fashioned segmentation analysis. Every customer has different needs and wants as well as different current and future value to an organization. Accordingly,

an organization's customer base should be divided into groups; ranging from the most profitable, with whom an organization wishes to broaden and deepen relationships, to the least lucrative, whom the organization may wish not to serve at all.

Appropriate decisions regarding allocation of resources are made on the basis of the customer segmentation in order to keep an organization profitable.

2.5.2 Rolling out CRM before changing the organization to match

Some of the most successful companies have worked for years at changing their structures and systems before embarking on CRM initiatives.

Having a strategy is important but it is not enough. A CRM rollout will succeed only after the organization and its processes – job description, performance measures, compensation systems training programs etc have been structured in order to better meet customers' needs.

2.5.3 Assuming that more CRM technology is better

Merely relying on a technological solution or assuming that a high-tech solution is better than a low-tech one is a costly pitfall. Some companies such as Grand Expeditions, a Florida based company that manages eight

tour operators, started its CRM project by identifying the low-tech activities that were already working well and could be replicated across the company. This worked successfully for the company. It must be acknowledged however that some customer strategies may call for high-tech approaches but the point is that this should not be generalized.

2.5.4 Stalking, not wooing customers

It should never be assumed that simply because an organization wishes to forge relationships with certain target customers, the target customers would like the relationships developed. Trying to build relationships with disinterested customers annoys them and turns them into vociferous critics.

The fact that managers can contact customers does not mean that they should; it depends on the customer strategy and not the CRM program.

2.5.5 Other reasons for CRM failures

In their book – straight talk series (book 2) Deloitte Consulting state “false promises” as one of the reasons for failure in CRM projects.

Organizations promise outcomes that they fail to deliver for one reason or

another and this annoys customers who respond by moving to their competitors.

As aptly expressed by Norman Vincent Peale “Promises are like crying babies in a theatre; they should be carried out at once”.

Organizations should therefore closely examine whether or not they measure fully to the four pillars of CRM (strategy, processes, people and technology) before they rollout their CRM, otherwise they are destined to fail.

Simon Kriss in his article “How to avoid failure in a CRM implementation (www.ccworldnet.com) stated “trying to do everything at once” as one other reason for failed CRM implementations. He proposed phased implementations as a definite solution to this problem.

Simon Kriss also stated that in some cases, Executives did not understand the subject of CRM as they had not diligently studied the subject before embarking on the projects.

Deloitte Consulting also recommended that the “CRM elephant” should be eaten by breaking it up into little bite-sized pieces, which are chewed thoroughly (for about 100 days), swallowed and the process is repeated.

2.6 EXAMPLES OF FAILED CRM PROJECTS

2.6.1 Australian Banks

In Australia, a study was undertaken by Barry Urganhart (www.ccworldnet.com) to establish why the banks there have been adversely affected by client indifference to their products which are technologically advanced. His study established that clients feel annoyed because of the following:

2.6.1.1 Customers feel that they are force-fed and made to undertake e-banking when in fact they still prefer “personalized banking in local branch bank buildings”. A little humanity, personalization and a local presence do complement the capacity and processes of low cost technology. After all, costs are not everything to everyone.

2.6.1.2 Customers are attracted by the outcomes, the advantages, benefits and convenience and not the bells and whistles of high technology.

2.6.1.3 Customers feel that they are being coerced into unwanted and

perceived unwanted actions and purchases. They also feel that they are not sufficiently involved, informed and asked about what exactly it is that they most want and will benefit from.

2.6.1.4 During the five years of his study, the writer found no evidence that consumers were demanding more technology and new innovations. The customers simply wanted advantages and benefits.

2.6.2 **Monster.com**, a Massachusetts – based job-listings company rolled out a customer relationship management program in 1998, confident that it had a new profitable strategy on its hands. The CRM software solution was aimed at helping its sales representatives to have instant access to data for prospective customers. As it turned out, the new system proved to be frighteningly slow, so much so that sales people in the field found themselves unable to download customer information from the company's databases onto their laptops.

Eventually, Monster.com was forced to rebuild the entire system, losing millions of dollars in the process, together with the goodwill of both its customers and employees.

The main reasons for failure in this case were:

2.6.2.1 There was no sufficient groundwork done to select the most appropriate software for the company's target market.

2.6.2.2 The company assumed that more technology was the solution to their customer related problems.

2.6.2.3 The company promised better service which it failed to deliver as the delivery was never tested before then.

2.6.2.4 The company did not take time to establish exactly what it was that its customers expected and the most effective way of meeting the expectations.

2.7 EXAMPLES OF SUCCESSFUL CRM PROJECTS

2.7.1 Discovery Holdings – RSA

Institute for International Research organized a “Making CRM Work Symposium” in Johannesburg, South Africa, in August 2002 and the writer attended the symposium.

Discovery Holdings – RSA was one of the companies that were given as success stories in the implementation of CRM. The following were given as the reasons for their success:

- the company dutifully applied change management such that all of its employees from top to bottom, fully bought into the concept.
- the company introduced incentives to reward excellent performance and regularly subjected its employees to training in Customer Care.
- the company carefully listened to its customer requests and used these as a tool for improving its processes.
- the company appointed a specific CRM Champion to follow through on the program and ensure that deadlines were met.
- the company then used modern technology to meet its goals.

The following were cited as benefits of CRM to date:

- customer service rating improved by 33% for the most recent period which was measured through surveys.

- The company's employees have expressed that they have got back their job satisfaction and feel valued by both the organization and its customers.

2.7.2 Nedcor Bank Limited (Nedcor)

A representative from Nedcor also made a presentation at the above symposium. The following were given as the reasons for the success of their CRM implementation:

- the bank's customers were carefully segmented at the outset and a business decision was made as to which segment to concentrate on (strategy).
- the bank then worked at inculcating a culture within its employees, that is centered around the client.
- the bank proceeded to examine and improve its channel delivery model (process) in line with what its customers were calling for.
- the bank also ensured that the customers could clearly see the value to them as derived from the relationship with the bank. For instance, the

bank's efficiency through its call centers served its customers on precious time.

- The bank acquired technology that helped it to have easy access to information about its customers and so act promptly when required to do so.

2.7.3 Standard Corporate and Merchant Bank (SCMB)

A representative from SCMB gave the following as the basis of success in their CRM implementation.

- CRM was adopted as a business strategy and was driven from the top management with the full support of all employees.
- A "customer-focus" culture was nurtured within the organization;
- Internal processes were refined before they embarked on marketing drive. Their motto was "if you cannot get things right internally, you will not get things right externally".
- They carry out regular interviews and surveys to establish what it is their customers want.

- They regularly review their customers' profitability and pay more attention to the desired relationships (segmentation).

- Employees are recognized for outstanding customer care experiences thus keeping them motivated.

- The organization has a specific CRM Champion who leads in the program implementations.

CHAPTER 3

3. RESEARCH METHODOLOGY

3.1 INTRODUCTION

In this Chapter, the writer informs the reader of the research design and explains its nature, whether it is exploratory, descriptive or causal, and why a particular one was chosen for this case study (P. Ghauri et al p. 26).

3.2 RESEARCH DESIGN

There are three main classes of research design, which are: -

<u>Research Design</u>	<u>Problem Structure</u>
- Exploratory	Unstructured
- Descriptive	Structured
- Causal	Structured

In the case of an exploratory research design, the problem to be solved is not clear whereas, with descriptive and casual research designs, the problems are

very clear. The exploratory research is therefore undertaken to expand understanding of the research dilemma, identify alternative way to address a problem, gather information to refine the research questions and identify sources for actual research questions and sample frames (Donald R. Casper and Pamela S. Schindler p. 762). The difference between descriptive and causal research designs is that, the casual research has the added problems of “cause-and-effect” i.e. to tell whether and to what extent cause(s) result(s) in effect(s) (P. Ghauri et al p. 27).

For the purpose of this study, the research design adopted was exploratory because it entails “looking for ways others have addressed and/or solved problems similar to the management dilemma or management question and gathers background information on the topic to refine the research questions” (Donald – R Casper and Pamela S Schindler p. 762).

The main sources of data for this study were primary and secondary sources.

3.2.1 Primary Sources of Data

Primary sources of data are original works of research or raw data without interpretation or pronouncements that represent an official opinion or position. These include memos, letters, court decisions, complete interviews or speeches. They are considered the most

authoritative of all sources (Donald R. Casper and Pamela S. Schindler p. 769).

In this study, primary data was generated through the use of structured and open-ended questionnaires, which were supported by follow-up interviews.

3.2.2 Secondary Sources of data

Secondary sources of data are interpretations of primary data generally without new research (Donald R. Casper and Pamela S. Schindler p. 772).

The research carried out on the failures of CRM worldwide as well as on banks in Australia provided a basis for this study to propose the best possible way of implementing CRM at NMB.

3.3 RESEARCH INSTRUMENTS

For, the purpose of this study, the writer used the following three instruments to collect data for analysis.

- Questionnaires

- Direct interviews
- Secondary information from websites, publications and company journals.

3.3.1 Questionnaires

The questionnaires served as the primary source of data for this study.

The questionnaires covered the four main areas critical to NMB's success:

- Quality of service
- NMB's rating against its competitors
- Weaknesses noted or areas requiring immediate attention, and
- Customers' main attraction to NMB.

Questionnaires were chosen because they enabled the respondents to act without fear (the covering letter delivered together with the questionnaires gave an assurance for confidentiality). A sample of the letter is attached as Appendix III. The main weakness of questionnaires (which was acknowledged by the writer) was that where respondents felt that questions were ambiguous, they had no one to refer to at the time of completing the forms.

3.3.2 Direct Interviews

Direct interviews were conducted with a selected number of the respondents for the purpose of clarifying certain responses as well as drawing out new/additional comments.

The strengths of direct interviews were that the writer could explain any grey areas so as to retain the interest of the interviewees. The writer was also able to discern any dissatisfaction (from facial expressions and comments) during the discussions and asked probing questions to clarify the matters under discussion.

The major weakness of direct interviews was that one could not rule out the possibility of “saving face” by the interviewees who gave favorable answers when they felt otherwise.

3.3.3 Secondary Information (Other sources)

Information obtained from the websites, journals and other publications was used to a large extent in the literature review section to build a case. Reference to the work of other researchers was used to

emphasise the validity of certain conclusions regarding customer relationship management.

This type of information was easier to collect, as it was readily available.

3.4 SAMPLING

Sampling can be defined as the process of selecting some elements from a population to represent the population as a whole (Donald R. Casper and Pamela S. Schindler p. 772).

In this study it was necessary to select a number of existing customers of NMB in the two main cities - Harare and Bulawayo, establish (through questionnaires and follow-up interviews) what services they expect from NMB, what areas NMB needs to improve and what initially attracted them to NMB.

It was deemed prudent to take a sample rather than the entire customer base of NMB for this study for the following reasons:

- **Lower cost** – it would have been more expensive to deliver, travel and interview the entire customer base than it was with the sample of 100 customers.

- **Greater accuracy of results** – research findings support the argument put forward by Deming, to the effect that sampling possesses the possibility of better results than can be achieved through complete coverage (Deming, W. Edwards).

- **Greater speed of data collection** – it proved much quicker to collect data for analysis than it would have if all customers of NMB were to be included in this study.

The probability sampling method was used for selecting the customers to whom the questionnaires were addressed. The respondents were selected at random using the simple random selection method, which is a controlled procedure that assures that each population element is given a known nonzero chance of selection (D. R. Casper and P. S. Schindler p. 166).

To be representative of the different sectors of the economy (e.g. farming, mining, distribution, manufacturing etc) and location, sub-groups relating to location and sector were developed. A number of representatives from each sector (for companies) and location (for both individuals and companies) were

then chosen randomly as stated above. The population of the study was made up of 3,200 customers split as follows: -

	HARARE	BULAWAYO
Personal	1,500	280
Companies	930	490
TOTAL	2,430	770

Given that NMB is a corporate bank whose revenue is mainly derived from companies and not individuals, more emphasis was deliberately placed on establishing more of what the companies expected than the individuals. Accordingly a sample of 100 customers was chosen for this study, 70 of which were companies and 30 were individuals. Of the 70 companies chosen, 50 were from Harare, 20 from Bulawayo and individuals were 20 from Harare and 10 from Bulawayo.

3.5 LIMITATIONS OF METHODOLOGY

The research methodology that was chosen was deemed to be appropriate for this study as it was calculated to examine the research problem.

The sample size used for this study was influenced to a large extent, by the fuel shortage problem currently being experienced in Zimbabwe and the poor

postal service. It was going to be more time consuming and costly to follow up all questionnaires if the sample was larger. On the other hand, a larger sample would have provided more responses from customers on the basis of which conclusions could be reached as applying to the entire population. However, due to the reasonably small range of products available in Zimbabwe, it was felt that the responses, which largely centered on the bank's quality of service in delivering those products, could reasonably apply to the entire population.

3.6 DATA COLLECTION

Data was collected through the use of two questionnaire formats: one addressed to individuals (Appendix I) and the other addressed to companies (Appendix II).

CHAPTER 4

4. RESULTS

4.1 INTRODUCTION

The two types of questionnaires were delivered to the selected customers through NMB branches in Harare and Bulawayo. Follow-ups were made to ensure completion and return of the forms in reasonably good time.

Where comments from customers were not clear or needed expansion, interviews were arranged with the customers.

The findings were analysed in the following order:

- responses to structured questions,
- responses to open-ended questions,
- responses obtained from interviews.

4.2 QUESTIONNAIRE STATISTICS

	Forms Sent	Forms Received	Percentage
Individuals	30	22	73%
Companies	70	59	84%
TOTALS	100	81	81%

In each category of questionnaire forms sent to customers, over 70% of the forms were returned for analysis thus providing a strong basis for applying the results to the entire population.

4.3 RESPONSES ANALYSIS – STRUCTURED QUESTIONS

4.3.1 Responses from Individuals

QUESTION NUMBER	EXCELLENT (1)	GOOD (2)	AVERAGE (3)	POOR (4)	UNACCEPTABLE (5)	TOTAL
1	13	9	-	-	-	22
	59%	41%	-	-	-	100%
2	7	13	2	-	-	22
	32%	59%	9%	-	-	100%
3	8	10	3	1	-	22
	36%	45%	14%	5%	-	100%
4	8	11	3	-	-	22
	36%	50%	14%	-	-	100%
5	9	9	4	-	-	22
	41%	41%	18%	-	-	100%
6	5	11	5	1	-	22
	23%	50%	23%	4%	-	100%
7	13	8	1	-	-	22
	59%	36%	5%	-	-	100%
8	12	9	1	-	-	22
	55%	41%	4%	-	-	100%

4.3.1.1 Question 1: How do you rate the bank's quality of service in comparison to other banks?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	13	9	-	-	-	22
Percentage of Total	59%	41%	-	-	-	100%

The majority of the respondents (59%) rated NMB's quality of service as excellent while 41% rated it as good. Interestingly, none of the respondents rated it any lower suggesting that individuals are generally happy with the quality of service provided by NMB.

4.3.1.2 Question 2: How do you rate the bank's speed of delivery of service?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	7	13	2	-	-	22
Percentage of Total	32%	59%	9%	-	-	100%

The majority of the respondents (59%) felt that the speed of delivery of service was good, indicating that there is need to examine this area so that it moves higher (excellent) rather than slide lower (poor). This likely has to do with the times it takes the bank to produce cheque books or process applications for credit facilities for individuals.

4.3.1.3 Question 3: In your opinion what is the bank's flexibility in dealing with your requests?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	8	10	3	1	-	22
Percentage of Total	36%	45%	14%	5%	-	100%

Only 19% of the respondents felt that the bank's flexibility in dealing with their requests was between average and poor.

81% of the respondents felt that the bank's flexibility in dealing their requests was between excellent and good.

Overall, the customers were happy with the bank's rating this aspect, although there is room for improvement.

4.3.1.4 Question 4: How do you rate the bank's product range in comparison to other banks?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	8	11	3	-	-	22
Percentage of Total	36%	50%	14%	-	-	100%

86% of the respondents advised that the bank's product range was excellent/good, while 14% felt that it was average. The writer captured the responses of some of the customers who

rated it as average during follow-up interviews as well as from answers to open-ended questions discussed below.

4.3.1.5 Question 5: When it comes to processing your transactions, how efficiently is the bank doing it?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	9	9	4	-	-	22
Percentage of Total	41%	41%	18%	-	-	100%

The majority of the respondents (82%) rated the bank's efficiency in processing their transactions as excellent/good, while 18% rate it as average. With a little more improvement, this aspect can easily be rated much higher by the customers.

4.3.1.6 Question 6: How competitive is the bank in the pricing of its various products?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	5	11	5	1	-	22
Percentage of Total	23%	50%	23%	4%	-	100%

The issue of pricing of products appears to be in need of urgent review because nearly 30% of the respondents rated the bank's

competitiveness in this regard as average/poor. Only 23% of the respondents rated this aspect as excellent.

4.3.1.7 Question 7: How do you rate the product knowledge, professionalism and helpfulness of the bank’s staff?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	13	8	1	-	-	22
Percentage of Total	59%	36%	5%	-	-	100%

This was a very highly rated area of the bank as 95% of the respondents rated it as excellent/good. In fact, only 5% of the respondents rated this aspect as average.

This is a strength that NMB needs to jealously guard and nurture.

4.3.1.8 Question 8: In comparison to other Banks, how do you rate the use of technologically linked delivery channels?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	12	9	1	-	-	22
Percentage of Total	55%	41%	4%	-	-	100%

This was the best-rated area under study with 96% rating it as excellent/good. Only 4% rated it as average.

4.3.2 Responses From Companies

QUESTION NUMBER	EXCELLENT (1)	GOOD (2)	AVERAGE (3)	POOR (4)	UNACCEPTABLE (5)	TOTAL
1	22	24	5	7	1	59
	37%	41%	8%	12%	2%	100%
2	10	29	9	10	1	59
	17%	49%	15%	17%	2%	100%
3	10	29	10	7	3	59
	17%	49%	17%	12%	5%	100%
4	6	36	13	4	-	59
	10%	61%	22%	7%	-	100%
5	9	32	13	4	1	59
	15%	54%	22%	7%	2%	100%
6	5	21	26	7	-	59
	8%	36%	44%	12%	-	100%
7	18	25	8	4	4	59
	30%	42%	14%	7%	7%	100%
8	8	30	15	5	1	59
	14%	51%	25%	8%	2%	100%

4.3.2.1 Question 1: How do you rate the bank's quality of service in comparison to other bank's?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	22	24	5	7	1	59
Percentage of Total	37%	41%	8%	12%	2%	100%

14% of the respondents rated this aspect poor/unacceptable, indicating that there could be incidences that have led to customer dissatisfaction and these need to be resolved to improve the rating by customers. While 76% rated this area as excellent/good, 8% rated it as average, suggesting that they have not been impressed.

4.3.2.2 Question 2: How do you rate the bank's speed of delivery of service?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	10	29	9	10	1	59
Percentage of Total	17%	49%	15%	17%	2%	100%

66% of the respondents rated the bank's speed of delivery of service as excellent/good while 19% rated it as poor/unacceptable. The remaining 15% of the respondents

rated it as average. The statistics suggest that the bank's speed of delivery of service needs to be improved as it is adversely affecting its quality of service.

4.3.2.3 Question 3: In your opinion, what is the bank's flexibility in dealing with your requests?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	10	29	10	7	3	59
Percentage of Total	17%	49%	17%	12%	5%	100%

While 66% of the respondents rated this aspect as excellent/good, 17% of the respondents rated it as poor/unacceptable. These results suggest that there is a need to look into the bank's understanding of its customers in order to fully accommodate them, within reason, and avoid making wrong decisions.

4.3.2.4 Question 4: How do you rate the bank's product range in comparison to other banks?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	6	36	13	4	-	59
Percentage of Total	10%	61%	22%	7%	-	100%

Although 7% of the respondents rated the bank’s product range in comparison with other banks as poor, 71% of the respondents rated it as excellent/good. When the number of respondents who rated this area as poor is added to those who rate it as average, then the rating becomes 29%, a level that warrants attention to this area.

4.3.2.5 Question 5: When it comes to processing your transactions, how efficiently is the bank doing it?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	9	32	13	4	1	59
Percentage of Total	15%	54%	22%	7%	2%	100%

The majority of the respondents (69%) rated the efficiency of the bank in processing transactions as excellent/good while 9% of the respondents’ rate it as poor/unacceptable. The fact that 22% of the respondents rated this area as average is cause for concern as it is a significant number in the final analysis.

There is a possibility that if their concerns are not addressed soon, their rating of the bank in this particular area could be lowered to “poor or unacceptable” categories.

4.3.2.6 Question 6: In comparison to other banks, how competitive is the bank in the pricing of its various products?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	5	21	26	7	-	59
Percentage of Total	8%	36%	44%	12%	-	100%

The bank's rating in respect of competitiveness in the pricing of its products is lowly rated as 44% of the respondents rated it as excellent/good. On the other hand 56% of the respondents rate the bank's competitiveness in this area of pricing of its products as average/poor.

This is an important area in a very competitive environment and the bank should pay due attention with a view to improving its pricing model.

4.3.2.7 Question 7: how do you rate the product knowledge, professionalism and helpfulness of the bank's staff?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	18	25	8	4	4	59
Percentage of Total	30%	42%	14%	7%	7%	100%

The rating for the product knowledge professionalism and helpfulness of the banks staff was generally high (72% for excellent/good rating) but concern was raised by the respondents who rated it as unacceptable/poor (14%). This could be related to a number of experiences that the respondents had at various branches of the bank.

4.3.2.8 Question 8: In comparison to other banks, how do you rate the bank’s use of technologically linked delivery channels?

	Excellent	Good	Average	Poor	Unacceptable	Total
No. of Respondents	8	30	15	5	1	59
Percentage of Total	14%	51%	25%	8%	2%	100%

The high number of respondents who rated this aspect as average (25%) suggests that should NMB not improves on the current situation; the rating could be lowered to poor/unacceptable categories.

4.4 RESPONSES TO OPEN ENDED QUESTIONS

4.4.1 Responses from Individuals

NATURE OF QUESTION	COMMENTS/ISSUES RAISED
Product related	<ul style="list-style-type: none">√ To improve pricing of products.√ Generally happy with product range.√ Request for telephone banking noted.√ Need to improve quality of Internet product noted. (access to statements/print).
Service related	<ul style="list-style-type: none">√ Prompt attention to queries.√ Less time spent in queues.√ “Do not have too many customers” – urging.
Weaknesses noted	<ul style="list-style-type: none">√ Some errors take too long to correct.√ Few ATM outlets.
Attraction to NMB	<ul style="list-style-type: none">√ Personalized service (which makes customers feel important) supported by regular visits from contact person/s. (“A breath of fresh air”).√ Pleasant banking halls and professionalism of staff.

Generally, individual customers are happy with NMB but would like to see improvement in:

- the quality of the internet product,
- the number of ATM outlets,
- speed of problem solving.

Personalised service and strong brand of the bank have been main attraction to the bank.

4.4.2 Responses from Companies

NATURE OF QUESTION	COMMENTS/ISSUES RAISED
Product related	<ul style="list-style-type: none"> √ Bank urged to introduce internet/electronic-banking solution for companies. √ Offshore finance facilities required. √ International Visa Cards for company directors required. √ Request for stock broking services in Bulawayo.
Service related	<ul style="list-style-type: none"> √ Telegraphic transfers are not timeously received by the beneficiaries. √ Good understanding of customer's businesses much appreciated. √ Friendly, efficient service and telephone requests are attended to timeously.
Weaknesses noted	<ul style="list-style-type: none"> √ Limited branch network reduces the volume of business a company can channel through the bank. √ Poor pricing model which makes products more expensive than competitors. √ Slow response to applications for finance, which are submitted through the branches. √ Delay in confirmation of foreign payments. √ Less contact from Account Managers due to growth of Bank.

	√ Delay in delivery of monthly statements.
Attraction to NMB	√ Personalised service given by enthusiastic staff who are genuinely interested in the customers. √ No queues.

While, overall companies are still happy with the quality of service offered by NMB, their main concerns were:

- Lack of an internet/electronic banking solution for companies;
- Limited branch network limits the volume of business they can channel through NMB.
- Slackening attention to detail, which the customers attributed to rapid bank growth over the years. There is need for the bank to monitor its growth rate and balance with the quality of service.

4.5 RESPONSES FROM INTERVIEWS

4.5.1 Individuals

A number of individuals interviewed mentioned the following points:

- Credit Cards – they felt that there is lack of coordination within the bank as they were unable to access certain credit card facilities despite qualifying to operate current accounts with the bank;
- Overall, they expressed happiness with the quality of service that NMB is providing, although they mentioned that occasionally, some queries take too long to be resolved.
- They however cautioned the bank against growing too big but urged it to maintain “exclusivity”.

4.5.2 Companies

The following major issues were noted from the follow-up interviews with selected companies:

- Queue management for companies with large cash deposits needs improvement;
- A system to monitor consistent swift response to customer queries is required, especially when such queries are submitted in writing.

- The overall rating by customers was that NMB is still in the top range of efficient financial institutions but has a serious challenge to remain there.

4.6 SUMMARY OF FINDINGS

Both individual and company customers are generally pleased with NMB's services but pointed out areas that need immediate attention to ensure continued success.

CHAPTER 5

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

In this chapter, the writer draws conclusions from the findings outlined in Chapter 4 as well as from literature review findings. The conclusions were drawn after taking into account the research proposal and objectives of the study.

5.2 RESEARCH PROPOSAL

The research proposal was to establish areas of weakness within NMB (as seen from the customer's point of view).

The objective was to recommend ways to overcome the identified weaknesses so as to successfully implement CRM within NMB.

The conclusions and recommendations were made under three main headings – customer expectations; customer attraction to NMB and areas needing immediate attention.

5.3 PRIMARY RESEARCH CONCLUSIONS

5.3.1 CUSTOMER EXPECTATIONS

5.3.1.1 Individuals

Individuals expect a continuation of the personalized service, which has an element of “exclusivity”. They understand the bank’s strategy, which is to cater for large corporates and their top executives. The moment they detect signs of a shift from the strategy, which results in a dilution of the implied status, they will go elsewhere where this is still available.

It is recommended that NMB quickly carries out a fresh review of its segmentation criteria for individual customers to ensure that it captures only top executives.

5.3.1.2 Companies

Companies too, expect to be given personalized attention where the bank’s Account Relationship Managers fully understand their businesses and suggest ways to finance the business most

profitably. This level of attention is only possible where customer numbers are kept under control.

NMB is strongly recommended to segment its current customers and establish which relationships are most profitable and concentrate on retaining these. This will help the bank to re-focus on which customers to target for new business. The growth of the bank should be closely monitored to maintain the quality based on profitability and size.

5.3.2 CUSTOMER ATTRACTION TO NMB

5.3.2.1 Individuals

Individuals are attracted to NMB by the promise for personalized service, the pleasant banking halls (image) and professionalism of the staff.

It is recommended that NMB maintain the “personalized service” through a methodical approach which entails the following:-

- Account Relationship officers should be allocated relationships to monitor based on their own abilities, experience and the customer's requirements.

- The profitability of the relationships should determine the seniority of the officer to handle it.

- Personal accounts should mostly come from existing corporate customers to align with the banks strategy and consolidate the business relationships. It is easier to retain a corporate customer if its top executives are happy with their personal accounts managed by the bank.

5.3.2.2 Companies

Companies too, cited personalized service as their main attraction, together with short queues, which save time for their staff who handle banking transactions.

It is recommended that NMB should review regularly (say, every six months), the number of relationships per Manager to ensure that the quality of attention paid to each customer is not compromised. A maximum of 20 customers for medium size

companies and 15 for large companies per Manager is recommended.

This is based on the writer's experience and the current market trend in Zimbabwe.

5.3.3 AREAS NEEDING IMMEDIATE ATTENTION

5.3.3.1 Individuals

The current internet product for individuals is experiencing problems. ATM sites are few and far apart thus causing an inconvenience to the customers. Pricing of various products was identified as uncompetitive.

It is recommended that NMB immediately attends to the following:

- Seek ways to improve the existing internet product or weigh the cost of replacing it altogether with a more efficient product that has been tested and tried elsewhere;

- Increase the number of ATMS in a phased manner but in line with customer expectations. Possible sites were provided by customers during the interviews carried out under this study.
- Carry out regular product price reviews to ensure that the bank's pricing is not out of line with market trends.

5.3.3.2 Companies

There is no internet/electronic banking solution for companies and this is a major weakness cited. Offshore finance facilities and VISA cards for company directors were products called for by the companies. Poor pricing of products and administrative problems (transfer of funds and bank statements) were other areas requiring urgent attention.

It is recommended that NMB does the following:

- Immediately set up a committee to look into the matter of an internet/electronic banking solution with a view of implementing it by 30 June 2003 due to the urgency.

- Open discussions with International banks to put in place offshore lines of credit to enable exporting customers to access this product. This product is being used by competitors to lure NMB customers away.

- Consider introducing VISA cards for company directors, specifically where such companies are exporters. This is in line with current Exchange Control regulations which restrict uncontrolled outflow of foreign currency. This would be a competitive product given the Zimbabwean economic situation where company executives need to travel outside the country to promote exports on a more regular basis.

- Immediately set up a committee to closely examine all of the bank's processes with a view to refining them and eliminate the growing problem of operational hitches. This should be done on a phased basis where the process of one department at a time is analyzed each month. Implementation should then follow and monitoring for compliance can be achieved through the internal audit department.

- Immediately review the pricing model with a view to bringing it in line with the market range. This will yield better results as volumes are bound to increase.

CHAPTER 6

6. LINKING FINDINGS WITH THEORY

6.1 INTRODUCTION

This chapter draws from the literature review to show how the recommendations made tie up with what is hoped to be achieved by NMB in its CRM implementation.

6.2 THE FOUR PILLARS OF CRM

The four pillars of CRM were identified as: strategy, people, processes and technology. These will be assessed below and linked to NMB's situation as identified through this study.

6.2.1 Strategy

According to David R. Rigby et al (Harvard Business Review, February 2002), most CRM implementations fail because companies try to go ahead before creating a customer strategy. This is achieved through a segmentation analysis to identify the desired (profitable) relationships on which to concentrate.

NMB has created a customer strategy – its target market is well known. There is however, a need to regularly review the customers so as to ensure continued profitability of relationships to hand. In this regard a 6-monthly review strategy is recommended for NMB.

6.2.2 People

People are enablers of CRM and so unless all of an organisation's people are customer-focused, the organization will unlikely succeed in implementing CRM (IIR South Africa BV).

NMB has embraced the CRM concept and most importantly, from the top management. The challenge is to ensure that all employees down to the messenger appreciate the importance of the customer. This will be achieved through regular training in Customer Care courses to be arranged through the Training Department. Staff members will be motivated through awards for outstanding customer care experiences to be presented on a monthly basis.

The above developments are recommendations by the writer which have been accepted by NMB and will be effective from 1 March 2003.

6.2.3 Processes

One of the causes for failures in CRM implementations, according to David K. Rigby et al, is that companies do not change their organization's processes first. It is critical to attend to processes first because it holds the key to efficient delivery of service.

NMB has processes, which are failing from time to time as shown by the weaknesses (operational) cited by both individuals and companies. It is imperative NMB refines all of its processes to ensure an efficient delivery of service for example, the delay in delivery of month-end statements is a major weakness, from the customers' point of view because it delays them in finalizing their financial accounts. There is no prudence in growing the customer base when this area has not been attended to.

6.2.4 Technology

Technology is necessary for the convenience of both individuals and companies. It can however be a pitfall if an organization thinks that more technology rather than personal attention is what its customers want (www.ccworldnet.com).

Technology should be used a tool for CRM and not as a driver of CRM (www.ccworldnet.com).

NMB has realized the need for providing customers with an efficient service using technology. The problem has been the slow implementation of such technology as well as the quality of such technology.

What is now necessary is for NMB to urgently acquire an internet/electronic banking solution that will cater for both individuals and companies, thus reducing costs. Due to the urgency of this call, the solution should be implemented by 30 June 2003 at the latest, otherwise the bank will lose some of its valued customers.

6.3 CONCLUSION

NMB can successfully implement CRM provided that the four pillars of CRM: strategy, people, processes and technology receive attention as outlined below:

NMB – RECOMMENDED CRM IMPLEMENTATION

ACTIVITY	FINISHED BY (DATE)	REMARKS
Strategy (customer segmentation).	30 June 2003	√ Use the current customer information to select desired customers. √ Categorise the desired customers into groups based on level of profitability. √ Assign relationship officers based on seniority, experience, abilities and qualifications.

People	31 August 2003	<ul style="list-style-type: none"> √ Formulate induction course programme for all <u>new</u> recruits to focus on Customer Care. √ Formulate Customer Care course for <u>all</u> existing staff members to be attended based on seniority. √ Prepare a schedule to ensure that all employees attend a refresher course at least once every six months. √ Organise and agree on the monetary value to be attached to awards (monthly basis) for employees excelling in Customer Care. Ensure publicity of such awards through internal publications e.g. Quarterly Bulletins.
Processes	30 September 2003	<ul style="list-style-type: none"> √ Obtain procedures manuals from all departments. √ Subject all procedures (processes) to analysis by qualified personnel. √ Refine as necessary and

		<p>implement changes.</p> <p>√ Obtain feedback from customers and adjust processes as necessary e.g. telegraphic transfers system, which needs to be improved as it is inconveniencing beneficiaries at the moment.</p>
Technology	30 June 2003	<p>√ Tabulate all customer requirements (both individuals and companies).</p> <p>√ Add to the above list future requirements (estimated).</p> <p>√ Invite tenders from a number of vendors and select top three for close evaluation including site visits to verify authenticity of products.</p> <p>√ Implement and provide adequate training and back up for the selected solution.</p>

The writer has been appointed as the CRM Champion to follow through and ensure that the dealines set above are realistic and achievable. Results in each of the areas set above will be reviewed every six months.

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QUESTIONNAIRE FOR INDIVIDUALS

NAME:

SECTION A:

Please tick the box that accurately describes your response:

Where:

1	=	Excellent
2	=	Good
3	=	Average
4	=	Poor
5	=	Unacceptable

1. How do you rate the bank's quality of service in comparison to other banks?

1	2	3	4	5

2. How do you rate the bank's speed of delivery of service?

1	2	3	4	5

3. In your opinion, what is the bank's flexibility in dealing with your requests?

1	2	3	4	5

4. How do you rate the bank's product range in comparison to other banks?

1	2	3	4	5

5. When it comes to processing your transactions, how efficiently is the bank doing it?

1	2	3	4	5

6. How competitive is the bank in the pricing of its various products?

1	2	3	4	5

7. How do you rate the product knowledge, professionalism and helpfulness of the bank's staff?

1	2	3	4	5

8. In comparison to other banks, how do you rate the bank's use of technologically linked delivery channels?

1	2	3	4	5

SECTION B:

Answer the following questions briefly:

1. What product/s do you think the bank should add to its current range?

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2. On what products (if any) should the bank improve its competitiveness in terms of pricing?

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3. What attracted you to NMB?

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4. How is NMB different when compared to your previous bank?

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Date:

QUESTIONNAIRE FOR COMPANIES

NAME:

SECTION A:

Please tick the box that accurately describes your response:

- Where:**
- 1 = Excellent**
 - 2 = Good**
 - 3 = Average**
 - 4 = Poor**
 - 5 = Unacceptable**

9. How do you rate the bank's quality of service in comparison to other banks?

1	2	3	4	5

10. How do you rate the bank's speed of delivery of service?

1	2	3	4	5

11. In your opinion, what is the bank's flexibility in dealing with your requests?

1	2	3	4	5

12. How do you rate the bank's product range in comparison to other banks?

1	2	3	4	5

13. When it comes to processing your transactions, how efficiently is the bank doing it?

1	2	3	4	5

14. In comparison to other banks, how competitive is the bank in the pricing of its various products?

1	2	3	4	5

15. How do you rate the product knowledge, professionalism and helpfulness of the bank's staff?

1	2	3	4	5

16. In comparison to other banks, how do you rate the bank's use of technologically linked delivery channels?

1	2	3	4	5

SECTION B:

Answer the following questions briefly:

5. What products do you think the bank should add to its current range?

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6. On which products (if any) should the bank improve its competitiveness in terms of pricing?

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7. What attracted your company to NMB?

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8. How is NMB different when compared to your company's previous bank?

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9. What areas of NMB's service need to be improved?

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.....
.....

Date:.....

Our Ref. LNB/msg/11/02

Date

Address
Address
Address
address
Adress

Dear Sir/Madam

RE: CUSTOMER SERVICE - QUESTIONNAIRE

I am conducting a survey to establish what customers expect from NMB Bank Limited (NMB), the strengths of NMB from the customers' point of view and what areas need urgent attention for NMB to remain a competitive bank in Zimbabwe.

Your name has been selected as part of a relatively small sample of NMB customers, so your reply is vital to the accuracy of the study findings. All individual responses will remain completely confidential, with answers combined and presented in statistical form only.

I would be grateful if you could take a few minutes of your time to complete the attached questionnaire and submit it to the nearest branch of NMB in the self-addressed envelope provided. Kindly submit the completed form by no later than 15 December 2002.

The results of this survey will be used as follows:

To improve customer service by NMB in those areas highlighted by the different responses;

To introduce new services/products in the near future in addition to those currently provided by NMB in response to the findings;

To provide a basis for future research studies in customer service, and

For my University of Natal – Masters of Business Administration Degree Dissertation.

I look forward to your early response.

Regards.

Yours faithfully

**For and on behalf of
NMB Bank Limited**

Livison N. Buzuzi
**General Manager
CORPORATE BANKING**

Encls.