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## **IMPLICATIONS FOR EXECUTIVES: Knowledge as a Competitive Driver**

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Knowledge guides humans in their use of information so that they can make judgments, decisions and do their best work. Some companies learned the value of knowledge the hard way when they lost it through unprepared and unfortunate downsizing and retirement. Other organizations have managed their knowledge in a mature proactive and organized manner and have become more innovative and adaptable. They are able to connect high numbers of knowledgeable employees and keep them focused on enterprise objectives by having them willingly share and enrich their expertise with one another.

Leading companies strike a balance between knowledge stored and embedded in technologies and processes, and knowledge demonstrated by enhanced staff capabilities and access to one another. These organizations know where their knowledge is and how they can quickly retrieve when required. In this light, they consider technology as an enabler to assist humans in delivering optimum business performance.

For many businesses knowledge is their product. For others, it distinguishes their products through the addition of value-added services. As business cycles shrink and customer relationships change more rapidly, only well-informed employees, flexible processes, and maneuverable technologies can support the swift transition necessary to continuously adapt, survive and thrive in a very competitive business environment.

Knowledge management holds the potential to enable such an adaptable environment to provide business performance optimization. Getting there, however, can be time-consuming and risky due to a lack of awareness or resistance by those affected by the corporate culture change, a soft business case and the difficulty of quantifying and measuring success in traditional business terms.

Market intelligence reveals knowledge-enabled customer focused companies enjoy market preeminence over their less customer-focused competitors. For example:

- They typically grow twice as fast
- They usually experience a 6% annual market share growth versus a 1% share loss – *they take customers away from their competition*
- They can expect a 10% premium for their products/services and still attract significant customers away from their competitors
- They ordinarily realize a 12% versus 1% average return on sales.

These statistics clearly show that the provision of premium customer attention increases shareholder value and creates a competitive advantage that supports overall corporate strategy. If we think about the benefit of creating a relationship with a customer in social terms, people like

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to do business with people they like and trust. Not only will a healthy affinity attract increased customer wallet share, but also satisfied customers will be inclined to inform others about their positive treatment and will attract referral business. Conversely, customers will also tell others about displeasing experiences they have had and this may have a negative impact on the company's market image and financial profile.

This new customer archetype delivers, to the customer, a sense of uniqueness, created by creative business connection rules that identify and execute on that pretence and a distinct model of total customer influence. The result of this approach is a relationship that secures the customer's long-term patronage and loyalty.

The evolution from a transaction or product orientation to one of total customer interaction should be viewed within the following context.

- The key purpose is the customer relationship and how to enrich it on an continuing basis
- The most successful customer relationships are assembled on recognizing and acting on the customer's unique personality and buyer values
- Measure the total customer value generated from the new focus and the financial impact on the organization.

Building customer relationships is a much different activity from merely servicing customers. The total customer relationship is simply the means, according to this view; optimizing customer value is the end, achievable by leveraging the total customer relationship.

Customers expect their product/service providers to recall them from previous interchanges. Therefore, a provider must coordinate and manage customer interactions in a consistent, seamless manner across all contacts, activities, and communication channels. Most leading providers are working to improve the customer interaction experience by leveraging new enabling technologies that use knowledge to achieve more personal and targeted customer sessions.

Without a doubt, customers are interested in two aspects of any interaction. The first is that the company "get it right", whether "it" is a service, product or a combination. The second is that the company responds to the customer's needs in a sensible time frame, where, "sensible" is contingent on the customer's expectations. This can be said differently: companies need to be effective and efficient in order to retain customer loyalty. This in turn requires a vast amount of customer, product and service information to be managed effectively and presented to the appropriate service employee at the right time.

For example, in a call center, the objective is never to have to say "I'll get back to you with that information". The required information should be available, in a real time basis, to the agent so that the customer problem is resolved on the first call.

In the current business environment many companies are meeting customer demands with the crafting of a knowledge management strategy. These strategies are facilitating the seamless integration of traditional and web-enabled channels and customer touch points. The successful deployment of a comprehensive knowledge-centric infrastructure should enhance an organization's ability to significantly reduce costs, increase customer loyalty and improve the overall corporate financial health.