

# Knowledge Management Will Transform CRM Customer Service

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Knowledge management impacts efficiency, customer satisfaction and revenue growth, but is not a priority for the CIO. Poor KM is a dual curse, causing poor customer satisfaction and a drag on productivity. To build a KM strategy for customer service, CIOs should focus on people and processes.

## Impacts

- Improved delivery of contextual knowledge to an employee or customer reduces a provider's time to answer by 20% to 80%, raising competency and satisfaction.
- CIOs can reduce customer support costs by 25% or more when a proper knowledge management (KM) discipline is in place.
- Customer service organizations that use KM to support marketing and sales efforts build customer satisfaction and trust, as well as create a time window to deliver a message about a new product or service.

## Recommendations

- Appoint an expert on KM, and work collaboratively on identifying weaknesses and opportunities.
- Look at the big data implications of new forms of content, such as social posts, video and machine signals.
- Elevate awareness of the success and value of KM projects and strategies to the C-suite.
- Create an inventory of processes that require better access to knowledge.
- Create a proposal on how to drive KM across the enterprise, and ask for an audience with the highest corporate stakeholder that seems sympathetic.

## Strategic Planning Assumptions

Through 2018, the lack of in-line contextual knowledge or support in mobile applications will lower customer satisfaction by 5%, undermining the enterprise's mobile strategy.

By 2018, the rapid creation and retrieval of relevant content (KM) will be a key attribute of leading enterprises.

## Analysis

Despite the dual curses of poor customer satisfaction and an enormous drag on employee productivity caused by poor access to information, KM has not shown up this decade on any CIO surveys as a priority, either as a business or a technology priority. Even as the information continues to grow at a rate of 40% to 60% each year, investment in technologies and processes to find and manage that information lags.

The interest in big data could drive CIO or business intelligence involvement, as the mix of information spans channels (such as Web, mobile, kiosks, phone) and formats (such as sensor data from people, equipment and places, video, text and voice).

To set the context for KM, it is critical to think of research such as that from Peter Senge (see [the Society for Organizational Learning \[SoL\]](#)) on what he termed "The Learning Organization." Senge looks at the systems and models that organizations put in place to create innovative ideas, to develop a shared vision and to collaborate to achieve the vision. KM is a combination of people, process and technology brought together to acquire and make available the information to all involved in the enterprise.

Gartner defines KM as:

A discipline that emphasizes an integrated approach to managing an enterprise's knowledge assets: the information available to an enterprise about its "best practices," critical business processes and operating environment.

For our research on customer service and KM, we look specifically at the best practices in delivering answers to questions from employees, customers or partners. A successful KM strategy is comprised of:

- People — People who inform our need for information can come from within an enterprise and outside the enterprise. The goal of a KM strategy is to empower as many people as possible to participate in creating and consuming relevant knowledge.
- Processes — The process part of KM involves the methods utilized to develop the knowledge, maintain it, deliver it, encourage participation and measure the efficacy of the knowledge. This can be highly complex, as there can be a few, or dozens, of KM processes.

Creating the correct organizational structures to identify the sources of data and information requires executive leadership support and vision, yet most CEOs and CIOs have little appetite to

squander their time on creating a knowledge culture. They choose, instead, to assume that KM will happen on a departmental level.

There is often a mistaken notion that KM is a technology solution. Although KM requires advanced technologies, technology and applications are simple enablers of a knowledge culture. The emphasis on people and processes to support KM will differentiate successful KM strategies from those that remain stagnant or fail.

Figure 1. Impact Appraisal for Knowledge Management

Impacts	Top Recommendations
<p>Service representatives who improve delivery of contextual knowledge to an employee or customer reduce time to answer queries by 20% to 80%.</p>	<ul style="list-style-type: none"> <li>Promote collaboration between the CIO and head of customer service to identify opportunities.</li> <li>Create an inventory of processes that require better access to knowledge.</li> </ul>
<p>CIOs can reduce customer support costs by 25% or more when a proper KM discipline is in place.</p>	<ul style="list-style-type: none"> <li>Elevate awareness of the success and value of KM projects and strategies.</li> <li>Learn how other leading organizations have brought disparate groups together to foster a KM culture.</li> </ul>
<p>CIOs with a proper KM strategy will orchestrate cross-enterprise customer initiatives, opening time for marketing and selling efforts.</p>	<ul style="list-style-type: none"> <li>Create a proposal on how to drive KM enterprisewide, and ask for an audience with the highest corporate stakeholder that seems sympathetic.</li> </ul>

Source: Gartner (March 2014)

## Impacts and Recommendations

Improved delivery of contextual knowledge to an employee or customer reduces a provider's time to answer by 20% to 80%, raising competency and satisfaction

We have observed direct proof that the use of tools such as semantic search engines tied to well-curated knowledge repositories can accelerate time to answer queries by 80%. A more common change is 20%, and both response times are dramatic.

With the accelerating growth and spread of data in the enterprise, it is taking longer for an employee, partner, customer or prospect to find the information that he or she seeks. This is

decreasing customer satisfaction by driving customers to alternative businesses and information channels for information (for example, Google or forums). This might not be a bad result, as the third-party answer costs nothing. However, when a third party knows your company better than you know it, trust is eroded and an engagement opportunity is lost. Additionally, you risk lowering customer service representative morale.

There are other compelling reasons for the enterprise to address KM. One of the most profound is the impact of fast retrieval of the right information for customer satisfaction. Gartner has seen an average 12% increase in customer satisfaction on postengagement surveys.

Anecdotal evidence gathered from more than 1,000 client calls during the past four years shows that a customer service representative spends, on average, 20% of his or her time understanding questions, searching for correct information and responding to the customer.

On the other side of the KM issue is the customer experience. While employees struggle to target answers to questions, customers face the same challenge.

Consider the strong growth in Internet applications and an explosion of mobile applications. Gartner estimates that there will be 70 billion mobile application downloads during 2014, and less than 5% of them will be supported by contextual knowledge. Through 2018, the lack of in-line contextual knowledge or support in mobile applications will lower customer satisfaction by 5%, undermining the enterprise's mobile strategy.

**Bottom Line:** Organizations are failing to internalize that potentially contextual knowledge and it is obvious to consumers to whom our knowledge base, via something like self-service, is exposed. This leads to consumer frustration and a negative customer experience.

#### *Recommendations:*

- Look for role models among the hallmark of companies with strong KM cultures and disciplines worldwide. They typically ask: "What are customers experiencing?" followed with "How can we make their experiences better?" The search for the gaps in customer experience often has a knowledge component. Companies such as Fidelity Investments, The Vanguard Group, Amazon, HP, Ford Motor Company, BMW, Globe Telecom, BT and Health New England are examples where KM is viewed as an enterprisewide strategy to better understand customers and improve the lives of employees.
- Appoint a KM expert, and work collaboratively on identifying weaknesses and opportunities. The CIO and head of customer service should make this appointment.
- Create a statement with a proposal on how to drive KM across the enterprise. The KM lead also should ask for an audience with the highest corporate stakeholder, such as the chief customer officer, that seems sympathetic.
- Measure and track changes in customer satisfaction that result from faster access to accurate information on your company's channel of choice.
- Create an inventory of processes that require better access to knowledge.

- Develop a process map that shows where lack of clear information is harming the customer experience.
- Gather and publish statistics on the time it takes for an employee or a customer/prospect to find the information that he or she needs, and how that search evolves.

## CIOs can reduce customer support costs by 25% or more when a proper KM discipline is in place

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A key reason that KM is overlooked is the prerequisite condition for success: A lack of business metrics meets a lack of hype. The CIO's priorities often are based on considerable anticipation of game-changing long-term outcomes upfront, but little hard evidence down the road. KM initiatives, when properly planned, show tremendous measurable, tactical value that more than justify the cost of the initiative.

There can be dozens of disparate systems where information is created, stored and retrieved. The proliferation of disparate applications leads to silos of corporate knowledge and a frustrating user experience. We estimate that reducing this number to only a few common systems can lower KM application maintenance costs by 15% to 40%. Lowering the cost will depend on having a backbone KM infrastructure in place that is scalable, able to be shared but compartmentalized by role/user type, and searchable globally across all device types, such as machines, mobile devices, kiosks, websites and social media.

There are myriad examples of the value of being able to quickly target the answer to a question. During 4Q13 and 1Q14, Gartner's work with its customer support operations showed strong TCO on KM projects<sup>1</sup> that included:

- 35% reduction in the time that it takes to train a new customer support representative
- 40% reduction in inbound emails due to easy access to information
- 25% head count shift away from low-value calls due to self-service knowledge search
- 40% reduction in talk time in a support center
- 8% reduction in support calls, and 18% reduction in support costs, by supporting knowledge creation in online customer communities

### *Recommendations:*

- Seek out others in the enterprise who understand the value of KM.
- Benchmark the key statistics about knowledge in each customer process, from head count, to time to answer calls, to customer satisfaction, time to respond accurately, escalations, and average handling time.
- Learn how other leading organizations have brought disparate groups together to foster a KM culture.

- Experiment with virtual assistants — for customers on mobile and Web, as well as employees — and launch pilots using video libraries as part of a KM strategy.
- Publicize metrics widely across the organization.

Customer service organizations that use KM to support marketing and sales efforts build customer satisfaction and trust, as well as create a time window to deliver a message about a new product or service

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An IT leader or business owner should take on a KM initiative because KM cuts across all parts of the enterprise, and involves people, processes and technology. Examine the dozens of projects, such as social media sites, customer support, document management, collaborative networks, digital commerce, wikis, mobile application initiatives, single-view-of-the-customer programs and customer experience projects that rely on accurate, actionable knowledge delivery.

The most serious reason that KM is ignored in the enterprise is the need for cross-organization collaboration, and collaboration with customers, partners and prospects. The chief digital officer, chief marketing officer, chief data officer and director of customer experience each work largely in silos, with initiatives that do not reach down to the level of knowledge.

The No. 1 reason that KM is out of favor as a discipline is practical: There is no career upside to tackling the issue. Consider the question, "Could you make a name for yourself by improving access to knowledge?" The likely answer is "No," as its perceived importance trails dramatically priorities such as mobile applications, cloud computing, the Internet of Things, analytics, social media and big data.

KM is difficult, has no hype factor, lacks a sense of urgency, lacks an owner, is only vaguely understood, and has poorly defined business metrics or outcomes. To succeed, the head of KM for customer service must focus on hard-hitting metrics like time saved, improvement in customer satisfaction, deflected calls and reduced training time. This answers the bottom-line question that business and IT leaders ask: "What is in it for me?"

#### *Recommendations:*

- Use KM to support marketing and sales efforts. Knowledge delivered more speedily achieves two goals: It builds customer satisfaction and trust, and creates a time window to deliver a message about a new product or service.
- Seek C-level support if you are a chief customer officer, director of customer support, or an IT leader working on KM.
- Create the list of who needs to participate in a KM strategy and the projects under them.
- Enlist the CIO's support once you've developed the list of people and processes for KM. Technology and business applications are critical.
- Create an inventory of processes if you are a customer support professional or IT leader working on behalf of customer care. Pay attention to processes that require better access to

knowledge, as well as a process map that shows which are harming the customer experience and which are driving up costs.

## Gartner Recommended Reading

*Some documents may not be available as part of your current Gartner subscription.*

"Four Ways to Rescue Search, Maybe Even Without Spending Additional Money"

"End Brain Drain With Effective Knowledge Capture and Transfer"

"Socialization of Knowledge Management Drives Greater Reuse"

### Evidence

<sup>1</sup> Our source of information is from 4Q13 and 1Q14, when Gartner worked with more than 500 customer-support operations regarding KM.

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