

## The Case for Knowledge Management in CRM

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Enterprises that mastered customer relationship management fundamentals are shifting attention to knowledge management and customer interactive learning, collaborative selling and problem resolution through communities.

## ANALYSIS

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Knowledge management (KM) and collaboration are critical factors in the long-term success of customer relationship management (CRM).

From a CRM perspective, many CRM processes (service, sales and marketing) clearly rely on knowledge resources:

- Knowledge about customer behavior and knowledge of customers regarding product use or service quality
- Employee knowledge, such as sales practices and client care insight
- Knowledge-based market intelligence and analytics, such as customer behavior and personal preferences
- Business partner knowledge, such as the complementary services and products of interest to customers
- Knowledge of and about business processes — how and why processes are designed and interact
- Knowledge of contracts or partner agreements
- Skills and competencies of employees
- Wants, needs and aspirations of employees

CRM effectiveness and efficiency can be increased when enterprises optimize their management of critical knowledge. Optimization entails two steps: first, the enterprise begins to view knowledge as a strategic asset; and second, the enterprise designs and implements KM processes to formally manage, access and "invest" these assets.

From a KM perspective, CRM has an inherent need for many KM processes and applications.

- CRM generates volumes of digitized information and content — KM offers an approach to intelligently manage this information glut
- CRM links the business to its customers and partners — KM is an approach to linking knowledge "seekers" with knowledge "providers"
- KM focuses on capturing what people know into explicit form, linking experts to each other, enabling collaboration, and applying organizational learning and best practices to future problems or opportunities

These processes all are heavily used in successful CRM.

Thus, KM is a broad business process that can add significant supporting processes and value to CRM. Although KM is actively implemented in many enterprises and industries, there is still some confusion about what KM is and what it can do for CRM.

### **Progress of KM in CRM and the Value Proposition**

Despite the strong link between them, sophisticated KM has been slow to develop in CRM processes. In 2003, most customer service and support (CSS) products that claim to support KM focus mostly on knowledge-base management. Knowledge bases are widely available to support

the most-common customer service or sales issues (frequently asked questions, common problems and their resolution, and many others). These knowledge bases improve internal productivity and provide good customer value in self-service environments. However, they rarely offer competitive process design or distinguished service capabilities.

In sales and marketing, there is substantially more progress toward KM. Collaborative processes for knowledge dissemination are rapidly emerging in sales support, and e-learning is becoming a requisite part of sales team support. In marketing, sophisticated business intelligence and other knowledge-intensive processes are fundamental requirements in campaign creation and support.

Over time, CRM should integrate sophisticated KM across all of the CRM domains — marketing, sales and service. These knowledge-intensive investments can return tangible and intangible business value.

### **Technology and KM**

KM is not about technology — it is accomplished through business processes, specific objectives (sales collaboration, marketing information access or product innovation) and strong human interaction. All of the business processes, sociology and objectives aside, however, KM is *critically* dependent on technology. In the absence of technology, many KM processes would exist only in narrow domains and with limited capabilities.

There are four main applications of KM, and all can be applied to one or more of CRM's core processes (sales, service and marketing).

- **Knowledge-base maintenance and access:** For many enterprises, this is the first step into KM, and focuses on the management of explicit knowledge (designing, organizing and providing access to a knowledge base). Knowledge-base applications are so widely used in CRM that many enterprises think this is the only form of KM. These are also foundational applications for support, sales and marketing.
- **Expertise management:** These applications focus on leveraging tacit knowledge. They provide the capability to find and ask an expert and in doing so, to gain more insightful and contextual knowledge than is available in a static document or data record. In CRM, this insight may prove the difference in service level between an "answer" and a well-reasoned response.
- **Collaboration:** Facilitating the creation of new knowledge often has higher business benefit than enabling better reuse or access to what is already known. Technology cannot discover new things, but it can improve the interaction of groups by enabling them to work with wider scope (for example, to include customers in the collaboration) or greater depth.
- **KM business applications:** This final class of applications directly supports certain knowledge-focused processes. Among the applications most relevant to CRM are e-learning and business intelligence.

Although most vendors of KM for CRM provide mostly knowledge-base maintenance and access, "powerhouse" vendors are aggressively setting their vision on deeper collaboration and expertise management.

### **Who Is Using KM in CRM?**

There is no shortage of success stories of enterprises using KM and CRM in innovative applications. These enterprises cross all global and industry boundaries. Several case studies are presented as part of this Spotlight.

Capital One faced a challenge in its customer call center after years of growth. Its systems, locations and support had grown by adding incremental capabilities and had reached a point of crisis. The company took a new approach to building the new technology base and the competencies to take its business and customers forward.

Openwave's challenge was a global team that valued collaboration but was without the tools to accomplish it well. Technology quickly enabled the work of a naturally collaborative team.

J.D. Edwards has built its KM capabilities over a period of approximately seven years. The approach was to build KM for internal sales support first, take the lessons learned and successes into a second stage, and extend "the knowledge garden" to its business partners and integrators. Then, as both user bases became successful, JDE focused on more-sophisticated taxonomies and strong content management.

Finally, in Latin America, Natura demonstrated how to leverage an online infrastructure to enhance sales and customer retention.

## Features

"The Challenge of KM in CRM: Best Practices Can Help" — Advises that there are two elements of complexity in knowledge management and introduces proven best practices to overcome the challenges. **By Kathy Harris**

"The Value Proposition of KM in CRM" — Provides a path for enterprises to expand their view of benefits to include tangible and intangibles, as well as the value of newly emerging IT capabilities. **By Beth Eisenfeld, Kathy Harris and Esteban Kolsky**

"Marketing Resource Management: An Obvious Need for KM" — Details how marketing departments are faced with challenges of innovation and one-to-one marketing amid reducing costs and shortening time to deliver, and how KM can help. **By Claudio Marcus**

"KM for Field Sales Is a Critical CRM Enabler" — Defines techniques for using KM to overcome the time, distance and knowledge diversity of the sales force to deliver consistent and timely products or services to the customer. **By Dale Hagemeyer**

"Get Closer to Your Customers With E-Learning" — Surveys approaches and case studies for engaging your customers and business partners with e-learning. **By James Lundy, Wendy Close and Waldir Arevalo**

"Case Study: Search Tool Improves Support Clarity, Speed" — Presents the experience of Capital One's explosive growth and how it solved issues with scalability, customer wait time and information quality. **By Whit Andrews**

"Openwave Builds Communities to Give Customers Answers" — Analyzes the practices and lessons learned from Openwave in upgrading its call center technology. **By Debra Logan, Esteban Kolsky and Kathy Harris**

"Customer-Centric KM Succeeds at J.D. Edwards" — Describes the three-pronged approach to knowledge management with a focus on customer needs and user experience. **By French Caldwell**

"Brazilian Firm Shows How KM Can Multiply CRM Results" — Highlights the positive business impact of building an online community. **By Waldir Arevalo, Esteban Kolsky and Kathy Harris**

## Recommended Reading and Related Research

"Knowledge Management Attracts Powerhouse Vendors" — Evaluates the knowledge management strategies and offerings of "powerhouse" vendors IBM/Lotus, Oracle, Siebel Systems, Microsoft, SAP and PeopleSoft. **By Debra Logan and French Caldwell**

This research is part of a set of related research pieces. See "Making Knowledge Management Part of CRM" for an overview.

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