

KM Business Case / ROI & Alignment

Sample Excerpt



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1. KM Assessment

1.1. Overview

The KM Assessment evaluated the current knowledge handling processes and Current KM System use within Customer Services. Key findings, conclusions, and recommendations identified and documented the KM Best Practices GAP and actions to improve the effectiveness and efficiency of customer touch points and employee productivity.

1.2. Assessment Findings

The Assessment Findings is comprised of two key components: External Market and Internal Customer Services as presented below:

External – What is the current KM contact center view in the industry?

The following findings were uncovered from a market scan on the use of KM within contact centers in large multinational US-headquartered corporations.

- Fortune 100 companies are placing new attention on knowledge-centric technologies that improve the 'customer experience' in contact centers environments. They collectively believe that a high 'first call resolution' rate is a competitive advantage.
- Executives are rethinking cost reduction as a primary IT investment benefit strategy; incremental productivity gains that expand operating capacity is rapidly winning board room converts.
- Eliminating 'touch point' information gaps that result in inadequate or untimely customer responses is a high-priority process improvement for knowledge-centric organizations.
- KM solutions are growing in acceptance by best-in-class companies as a 'utility' ('must have' versus 'luxury') and a key component of an enterprise technology infrastructure.

Internal - What is the current Customer Services activities concerning KM?

The findings were uncovered from meetings and conferences calls with Customer Services and commercial business activity employees and examination of Customer Services and other related company documents.

- Current KM System lacks critical KM-centric functionality in comparison to 'Best-in-Class' KM Vendor KM Systems, including:
 - Personalized KM Portal
 - Role-based Access and Permissions
 - Integrated Authoring Tools
 - Capability for standard industry formats and graphics
 - Robust Authoring & Review and Approval Workflow
 - Advanced Search & Browse Methods and Capabilities
 - External Database Document Indexing and Searching
 - Advanced KM Metrics & Measurements and Analytics
 - Integration with Siebel CRM System
 - KM Administrator Functions Allowing Business User Support

- Current KM System is not fully utilized by Customer Services employees responding to customer's phone inquiries. It appears that senior agents (anecdotal from round table meetings) do not use current KM SYSTEM during customer sessions with 20% of all agents avoiding use of the system. Rationale for restricted and non use of current KM System include:
 - Familiarity with the subject matter
 - Lack of confidence in current KM System content from prior search experiences
 - Lack of success in locating the appropriate knowledge in current KM System
 - Excessive time added to AHT during customer interactions
- Talking Points (TP) are unduly large and present an impediment to finding appropriate knowledge in a useable format in a timely manner. Document size is currently influenced by:
 - Lengthy and time consuming document approval process lessens quantity of documents able to be successfully negotiate the approval process
 - Lack of KM Analyst resources to create additional knowledge documents and process via Document Approval Committee.
- Current KM System taxonomy and metadata scheme is not supported by formal information architecture. Consequences include:
 - Inefficient searches – multiple searches to identify content
 - Unproductive searches – no appropriate hits to meet need
 - Unusable content – lack of usable content in document
- Current KM System does not hold or manage all knowledge sources required to successfully support customer inquiry responses as this content may be stored in other data bases and systems. End results include:
 - Escalation of inquiry
 - Return phone call
 - Additional handling time – 1st and 2nd levels
- There is no global 'reach out and touch' program for quick identification and instantaneous access with internal 'subject matter experts'. (SMEs)
- There is a lack of enterprise-wide SLA metrics capable of measuring the effectiveness of information and knowledge processing. This was apparent with the unavailability of data requested to create the KM Business Case / ROI.
- There is a backlog in the knowledge document annual review process; currently the backup is about 10%. The backlog in knowledge document review is a risk as the current KM System supports wrong or outdated information that may be provided to customers.
- Customer Services is expected a 20% growth in customer interactions.

- Growth rate should trigger a headcount / overtime increase for inbound and outbound activities.

1.3. Assessment Conclusions

What can we draw from these findings?

The below conclusions were formulated based on the assessment of the external and internal findings.

- Adoption and implementation of a new KM System supports the opportunity for improving Customer Services knowledge handling, including:
 - **Acceptability** – sustain employee enthusiasm to utilize KMS throughout customer sessions with a knowledge base populated with the most topical and relevant knowledge.
 - **Fineability** – supply knowledge document templates supported by an aligned taxonomy structure and metadata scheme; provide instantaneous knowledge base access and retrieval of the most appropriate content for customer inquiries.
 - **Usability** – support correctness and clarity of knowledge documents to ensure that customers fully understand and absorb the content and context and are able to appropriately use their newly acquired knowledge.
 - **Risk** - mitigate knowledge document outdated content exposure with a more efficient annual review and knowledge documents updating processes.
 - **Analytics & Reporting:** provide the business intelligence to proactively manage the key Customer Services productivity and effectiveness measures.

1.4. Assessment Recommendations

What actions should be undertaken to support improving the Customer Services customer touch point activities?

The following recommendations were formulated based upon the key findings and conclusions outlined above:

- Approve acquisition and deployment of the recommended KMS taking into account the short-term requirements of Customer Services and the strategic longer-term requirements of the commercial business activities for self Customer Services capability and integrated multi-channel content KM approach.
- Plan for the future KMS Phases for implementation during the 2009-10 period:
 - Siebel Integration
 - Self Customer Services implemented on corporate Web Site
 - Multi-Channel implemented with Chat as first channel

2. -KM Business Case Approach

2.1. Overview

The single largest asset a Customer Services organization has is the collective competencies, skills, and experience of its valued employees. It is the need to access this tacit knowledge base that compels customers to contact the Customer Services Center. The successful response to an inquiry depends upon the efficiency by which the appropriate knowledge can be transferred to, understood, and absorbed by the customer.

Effective KM – the process of capturing, enhancing, and reusing an organization's experience and expertise – offers the way to optimize Customer Services efficiency, improve employee productivity, and maximize Customer Services excellence through effective KM transfer and absorption by the customer. Whether accessed through live assistance agents, Web / Chat access or phone-based self-Customer Services, knowledge is the fuel that drives organizational success.

2.2. Need for Cost – Benefit Validation

As awareness of the power of exploiting knowledge grows and demands on more sophisticated knowledge handling tools and processes increases, there must be a determined effort to invest in the right tools, technologies, and approaches to achieve sustainable successful KM activities. Besides, for KM to yield maximum benefit, the organization must properly fund and support the knowledge-centric initiative initially and ongoing. Market intelligence points to project underfunding stemming primarily from difficulties associated in quantifying tangible business value and impact as the leading reason for KM failure.

For many Customer Services activities, KM represents a significant opportunity to achieve cost efficiencies thereby lowering the Customer Services cost structure. Cost management is a practical goal but it is not necessarily the most important. While tangible cost savings can be realized by reducing staff, successful KM makes it possible to either increase current and future Customer Services capacity or redeploying experienced resources to value-producing activities within the support activity.

Redeployment of resources includes re-tasking existing staff and initiatives to improve customer satisfaction and loyalty. The ability to leverage KM assets offers a catalyst to refocus the organization away from lower value, repetitive tasks toward customer-focused activities that can yield increased satisfaction and revenue.

2.3. Defining KM Success

KM success must be clearly defined, articulated, and understood to assure consistent expectations of the business value and impact. KM success in best-in-class companies is expressed in terms of formal goals and objectives. Well-defined goals and objectives help set expectations regarding the potential return from the KM investment.

The Customer Services KMS Implementation Project will be guided by the goals and objectives as outlined below:

- **Efficiency:** the ability to improve processes used to diagnose and answer customer inquiries by leveraging knowledge assets.

- **Transformation:** the redeployment of resources due to efficiency gains. It represents the direct impact attributable to KM including cost-savings, improvements in customer satisfaction and increased revenue.
- **Effectiveness:** the expected impact of KM on providing timely, accurate and consistent responses to customer inquiries.

Leveraging the KMS Infrastructure across the commercial business unit in later KM Implementation Phases will also include the below goals and objectives:

- **Deflection:** also referred to as call or case avoidance is the potential impact KMS will have on delivering the same level of Customer Services with fewer employees or responding to increased demand with the same staffing levels. This is achieved by helping customers resolve their inquiries within a Web or Phone or other channel self Customer Services facility.

2.4. Defining KM Success: Customer Services

The Customer Services success factors that are included within the Business Case / ROI are presented below:

KM Measure	Objectives	Goals
Efficiency / Transformation	Improve Agent productivity in responding to customer inquiries	Reduce Average Handle Time (AHT) by 20%
	Improve Authoring productivity	Reduce authoring time by 20%
	Improve processing efficiency	Reduce KM Analyst DRC processing time by 40%
	Improve knowledge document publishing productivity	Reduce publishing time by 20%
Effectiveness	Improve access to up-to-date knowledge documents, presented in the appropriate format to assure consistent and accurate responses to customer inquiries.	Reduce escalations to Help Desk (Tier 2) by 20%
	Improve customer satisfaction and loyalty by provision of correct and consistent answers that customers are able to easily understand, absorb and act upon.	Positive impact on Customer: <ul style="list-style-type: none"> ▪ Acquisition ▪ Conversion ▪ Retention A Qualitative measure that is included as a <u>Benefit Consideration</u> .

2.5. Tangible Benefits

The tangible impact of KM improvements will be measured and presented within the below framework:

- **Lower Customer Services Costs:** lowering support cost as a result of meeting the same support demand with fewer employees.

Savings can only be realized when the cost of Customer Services is reduced. This means that the organization have improved support efficiency, which in turn means that you can do more with less. If an organization increases Customer Services efficiency, and support demand remains constant, it does not need the same employee head count to meet demand. To convert increased efficiency into savings, the organization will need to scale-back existing and future staffing levels.

- **Doing More (Capacity):** maintaining the equivalent support budget while responding to higher support demand with the same number of employees.

Increased efficiency demands that an organization will need to add fewer, if any, new workers to meet increased forecasted demand. The benefit from improved efficiency is the savings over what would by and large be spent to meet the increased demand.

- **Resource Redeployment:** offloading support demand frees up employee headcount that can be redeployed to higher-value and revenue-generating business activities.

While cost efficiencies are important, KM offers a much better strategic benefit: the potential to transform a Customer Services activity and enable it to make superior contributions to the overall business. Customer Services organizations have finite resources, and the ways in which these resources are allocated and used can impact customer service, loyalty and profit in a significant manner.

The most fundamental benefit of KM is that it leverages tacit and explicit knowledge and expertise that exists throughout the business. Continual live response to customer questions about topics that are well understood and have been handled many times over is inefficient and ties up scarce and valuable resources. This can result in the Customer Services activities incurring unnecessary costs and obtaining little or nothing from the customer touch point experiences. The more that existing knowledge can be leveraged to offload routine customer calls, the more likely that resources can be redeployed to higher-value activities resulting in revenue generation and increases in customer satisfaction and loyalty.