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## **IMPLICATIONS FOR EXECUTIVES: *Knowledge Supported Customer Interaction Management***

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Today's marketplace is changing faster than ever – driven by a new breed of shrewd and discerning shopper. Increased and unorthodox competition, globalization, deregulation, mergers, and acquisitions, combined with the explosive growth of the Internet, have created an era in which the customer has unprecedented access to information and competing choices in just a mouse click.

As a result, old product-focused business models are proving difficult to administer under the weight of trendy and diverse customer buyer values and servicing demands. Nowhere are the effects of customer behavior more observable than in the Internet, where opportunities for customer gain and loss occur at warp speed.

As customers become more sophisticated, time-pressured and demanding, savvy executives are realizing that price is no longer the prime purchasing decision factor. In this highly competitive climate traditional barriers to switching are vanishing as customers have increasing expectations in terms of responsiveness and accessibility. The escalating empowerment of customers is a great opportunity for businesses, but also a challenge.

To take advantage of the potential benefits of these dynamic new business environment organizations must extend their traditional business infrastructure, including the customer relationship process to embrace the Internet and the online interactions that will ultimately drive customer transactions. Many companies are starting to align their physical structures with web-supported customer interaction services in an integrated panorama. With topical, timely, and instantaneous accessible customer information, companies can create the most suitable offer; provide the appropriate treatment and/or the perfect service for their precious high-value customers.

Companies, at this time, will also need to leverage, employ, and achieve a complete vista of all their customer interaction channels to compete and increase their competitive position in the global and opportunistic marketplace.

Customer interactions based upon the total customer relationship are replacing the traditional reactive, transactional customer service experience with one that attempts to anticipate customer needs, operates proactively and, thereby, creates a long-term covenant with the customer.

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

- Typically grow twice as fast
- Usually experience a positive 6% annual growth rate
- Can expect a 10% premium for their products/services and still attract customers away from their competitors
- Ordinarily realize a 12% versus 1% average return on sales.

The statistics clearly indicate that the provision of exceptional customer attention increases shareholder value and creates a business climate that supports market success. If we think about the benefit of creating a relationship with a customer in social terms, people like to do business with people they like and trust. Not only will persuasive affinity attract an increased customer wallet share, but also satisfied customers will be inclined to inform others about their positive treatment and will attract referral business to the company. 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 archetype delivers, to the customer, a sense of uniqueness, built with amendable business connection policies 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 focus should be viewed within the following context.

- The goal is to enrich and sustain the total customer relationship
- Successful customer relationships are grounded in understanding and supporting each customer's unique characteristics, buyer values and service-level needs
- The total customer value should be measured and employee contributions recognized and rewarded.

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

Customers expect their merchants to recall them from previous interchanges. Therefore, a company must coordinate and manage all customer interactions in a consistent and seamless manner across all contacts, activities, and communication channels. Most Fortune 100 companies are working to improve their customer interaction experience by leveraging state-of-the-art technologies that use knowledge to achieve expanded 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 companies reply to the customer's needs in a sensible time frame, where, "sensible" is dependent 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 tremendous amount of 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 to the agent so that the agent is able to resolve the customer problem on the first call.

Think about how your company measures up. What is your customer interaction strategy? Do you enjoy total alignment among your business, customer interaction and knowledge management strategies? Do you have a clear understanding of your customer buyer values? Is romancing the customer a critical corporate success factor? Is your customer treated consistently in all product and service transactions? Are customer-facing employees provided with online access to all resolution type information? Are you able to measure customer satisfaction?

If you can not adequately respond to the above you may need to study the state of your customer-facing activities and identify the mission-critical information that supports their application, as shown below:

- **Customer-facing Interaction Point Analysis** - Confirm customer interaction points and types: sales cycle calls, customer invoicing, service, support, advertising and associate costs and revenue with each. This analysis will identify customer-facing interactions that help, by leading to additional sales, upgrades and those that damage, for example, product returns, complaints, and write-offs.
- **Customer Information Point Analysis** - Identify mission-critical information in support of all customer interaction points and types. This includes all structured and unstructured information/documents in both explicit and tacit form.

These analyses summarize the strengths, weaknesses, opportunities, and threats of the customer interaction activities and prescribe consensus-building actions and next steps for a structured improvement program. The output encompasses a customer interaction strategy and a business and technical blueprint of key process and information flows.

## Conclusion

A global technology provider recently announced a rededication of its commitment to customers, as their key corporate asset, in its annual report. The reworded “customer first” mission statement included the following declaration – *We will proactively manage customer associations, anticipate customer needs, and integrate all customer interaction channels in a seamless and competent manner.* This company is not exceptional, in the current environment, and as a rule, reflects the aspiration of smart executives to grow and sustain loyal customer relationships through the consistent and habitual application of effective processes enabled by exceptional people, knowledge and enabling technology.

Thus, a company should be able to strengthen their ability to materially improve customer loyalty, competitiveness and ultimately revenue with a dedicated total customer interaction program.

[Knowledge is not power - the ability to use knowledge is power.](#)