Business Value of Contact Center Knowledge Management: A Strategic Perspective

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As the US economy slows down, business leaders pause to evaluate their organic growth strategies. Most of them involve maximizing the value from existing customers. Your customers are more likely to buy more from you than your prospects. In response, contact center and customer service leaders are looking for ways to improve customer loyalty - as measured by repeat business - through differentiated customer service and service-led sales.

The strategy is sound but difficult to execute. Given the training cost, attrition rates, product sophistication/proliferation, and compliance requirements, no sustainable solution can be based on simply hiring smarter agents. There just aren't enough of them. And they are too expensive.

One novel approach that works well is Knowledge Management (KM). Unfortunately, KM has had a mixed record in enterprises that believed it would solve ill-defined (hence intractable) business process challenges. The fact is that KM is a powerful tool when applied expertly to well-defined business processes that are somewhat repetitive and practiced by employees amenable to behavioral adjustment. Contact center and customer service business processes exhibit these attributes.

Here are four strategic benefits of deploying KM in contact centers and customer service organizations:

1. **Build customer loyalty**
   KM sharply reduces the need for escalation within and beyond a contact center. A large software company saw its technical support escalations (level 1 to level 2) drop by 13% after it implemented KM. Beyond the obvious cost efficiency of reduced escalation, there is a bigger strategic impact on customer satisfaction, too. Not surprisingly, the same company saw an 8% increase in the "agent informed" score in customer surveys. As consumers we remember positive service experiences (rare as they are) and reward the providers with repeat business. Think Amazon.com.

2. **Improve business model flexibility**
   KM allows the company to capture the knowledge essential for best practice-based operation. It enables employees and customers to access the knowledge easily - right knowledge at the right time for the right user. A leading European wireless provider implemented KM with the express purpose of reducing the cost of customer care. Having implemented KM, the provider was able to offer its customer care business to open bid, driving down the cost of its service operation by 20%. By eliminating the switching cost of domain knowledge, thanks to the KM platform that captured the process know-how effectively, the client wrung out much more cost while retaining flexibility.

3. **Gain authentic customer insight**
   Customer feedback is notoriously difficult to gather and authenticate. Focus groups tend to suffer from the "Hawthorne effect," and market research can be dangerously tilted by its very design. The one place where customers really say what they think is when they ask you for help. Unfortunately, most customer feedback is captured in contact centers as "resolution codes." It is hard to derive trends from them when the default resolution code is "selected" disproportionately because of convenience than correctness. KM-powered contact centers enable businesses to accurately capture the rich customer-agent dialogue. This dialogue is effectively mined for churn traps and up-sell windows!

4. **Capture and leverage intellectual property**
   Without KM, most companies suffer from the "Yoda" effect. Given any situation, there is always some "Yoda" in the
company who can best address it. Unfortunately, the "Yoda" is not as easy to spot as in "Star Wars." A well-defined and effective process to suggest, review, and capture knowledge is an invaluable strategic benefit of a KM system. This closed-loop process fuels continuous organizational learning that is hard to replicate for competitors.

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