

## **Knowledge at the Point of Action**

Six Ways to Make Sure Your Customers Love Your Company

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## Executive summary

Everyone knows that a great customer experience is critical for business success. When customers are treated well—and when they believe that a company’s employees are competent and genuinely concerned with their satisfaction—they will remain loyal, even as competitors vie for their business. They will also tend to make more purchases over time and generate more word-of-mouth advertising.

But what constitutes a great customer experience? What differentiates a great experience from a mediocre one? And, more importantly, what specific steps can your company take to ensure that every interaction with its customers is as good as it can possibly be?

This white paper offers six field-proven best practices for delivering a great customer experience across the customer lifecycle. Companies that implement these best practices have happier customers, build stronger brand identities, and can beat competitors who charge less or even have a slightly better product. Companies that fail to implement these practices make a lot of mistakes that turn off customers and choke off revenue.

These best practices all revolve around one central principle: knowledge at the point of action (KAPA). Every time a company interacts with a customer—whether it’s a marketing, sales, or service interaction—there is an exchange of knowledge. Knowledge may flow from the company to the customer, from the customer to the company, or both. But the quality of this knowledge exchange directly impacts the quality of the customer experience. A great customer experience therefore requires that knowledge exchanges take place in a timely way across all communication channels, and that the knowledge exchanged is consistently accurate, relevant, clear, and up-to-date.

The six best practices for KAPA are:

- Effectively and efficiently capture all required knowledge types
- Maintain accuracy, relevance and freshness of knowledge over time
- Facilitate knowledge access for customers, frontline employees and partners
- Leverage a common knowledge foundation across departments and channels
- Fully exploit self-service where practical and appropriate
- Continually measure and improve KAPA effectiveness

It’s important to note that multiple types of knowledge impact the customer experience: knowledge about customers, about products, and about the company. That’s why CRM data alone is insufficient for a great customer experience. KAPA requires a broader view of what constitutes relevant knowledge—and greater emphasis on real-time delivery of knowledge wherever and whenever it’s needed.

In today’s competitive global marketplace, a consistently excellent customer experience is distinguishing the winners from the losers. To succeed in this marketplace, your company must therefore take concrete steps to optimize this critical competitive differentiator. By clearly defining these steps, this white paper can have a significant impact on your company’s bottom-line performance and its long-term competitive position.

## **Why is a great customer experience so important?**

Everyone knows what a bad customer experience feels like. Your account representative calls you to sell you something and is surprisingly clueless about the hassle you've been having with the service department for the last three weeks. You keep getting so many irrelevant emails from a company that you eventually tell them to stop spamming you. You call customer service for clarification about something you saw on their website, and they give you contradictory information—or don't even know what you're talking about.

In fact, most of our negative experiences as customers occur when the companies we deal with can't give us the answers we want or don't seem to be aware of us as individuals.

The consequences of such experiences go well beyond wasted time and tense conversations. Research indicates that 80 percent of buyers have stopped doing business with a company because of a bad experience. 20 percent of those buyers will never do business with such a company again.

Great customer experiences, on the other hand, are of extraordinary value. Companies that keep their customers happy tend to keep their customers. They have strong brands and generate a lot of free word-of-mouth advertising. They are also better able to overcome the problems that inevitably occur when they ship faulty products or make other types of mistakes—since studies show that customers often become even more loyal to a company when it effectively “recovers” from such a mistake.

A great customer experience is even more important in today's hyper-connected world, where customers have virtually infinite choices and can therefore take their business to a competitor at the slightest provocation. Competing in this market on price alone is a direct route to ever-thinning margins. And, while a good and/or somewhat differentiated product is essential for getting into the game, you can still get leapfrogged by the competition—or lose customers by mistreating them just once.

Today's customers simply expect more than just a good product or a low price. They expect to be treated well and will settle for nothing less. So if your company provides a consistently excellent customer experience, you will win and retain the loyalty of your customers—even as your competitors attempt to lure them away.

How can your company avoid inflicting bad experiences on customers? How can you consistently provide great ones? And how can you achieve these goals within your company's existing resource constraints? The answers to these questions are critical to companies that want to succeed in a global marketplace where the competition is always just a click away.

## **Knowledge at the Point of Action (KAPA): The key to great customer experiences**

Now contrast the types of negative experiences described in the previous section with their positive counterparts:

- Your account rep calls you because he or she noticed that you apparently have a service issue that is not fully resolved yet and asks if you need help with the process. This demonstration of real concern confirms your already established perception that this rep is a true partner. So, in addition to feeling more confident that your problem will be taken care of, you take a few minutes to listen to a description of a new promotion.
- The emails you get from a company are so targeted to your specific needs that they don't even feel like mass mailings. When you click on any of the hyperlinks provided in those emails, you quickly get another message thanking you for investigating further and offering you the option of receiving a phone call from someone who can answer any addition questions you may have.
- The information provided on a company's website is so clear that you don't have to call anyone for clarification. In fact, hyperlinks are provided to other relevant information in case you want to investigate the topic even further.

These positive experiences all have one thing in common: The information everyone needed was immediately available to them where and when they needed it. As a result, you as the customer walk away from the interaction with a strong sense of the company's functional competency and its genuine concern for your interests.

KAPA is thus at the heart of every great customer experience. The person who needs the knowledge may be a customer or a frontline employee. The knowledge may be about a specific customer transaction or about a company's merchandise return policy. And the point of action may be a phone call or a visit to a website. But if KAPA happens, the experience will be a good one. If it doesn't, it won't.

It's important to distinguish KAPA from traditional CRM data. CRM data is information about customers that sales staff and back-office managers have historically used to improve revenue generation. KAPA, on the other hand, leverages a much broader range of relevant information across a much broader range of customer interactions. And its objective isn't just to improve sales effectiveness. It's to create stronger and more profitable relationships with more customers over the long term.

KAPA is thus a critical principle for business success. Companies that get KAPA right will always have more loyal customers, stronger brands and fewer fires to put out than those that don't. They won't have to rely on price or features alone to differentiate themselves from the competition. And their customers will become their most passionate salespeople.

## Six proven KAPA best practices

KAPA is not just an abstract concept. It's a practical approach to optimizing the quality of the customer experience—as well as the cost-efficiency with which that experience is delivered.

The following six best practices have been distilled from more than 1,700 companies and nearly two billion individual customer interactions across virtually every industry and geographic market. These companies have proven themselves adept at delighting and retaining their customers—and have achieved both market leadership and bottom-line success as a result.

### **Effectively and efficiently capture all required knowledge types**

You can't deliver knowledge unless you have knowledge. Thus, a primary challenge for any company seeking to deliver a great customer experience is to capture all knowledge relevant to that experience.

Some of this knowledge can be found in the typical CRM database. After all, to provide a great customer experience, you obviously have to know who they are, where they live, what they buy, etc.

But a great customer experience depends on the availability of many other kinds of information as well. Customers have lots of questions that can't be answered with a CRM database. And your employees need information that goes beyond the demographic and purchasing data that resides in such systems.

KAPA therefore requires organizations to capture all types of knowledge relevant to the customer experience, including:

- **CRM data**
- **Real-time process knowledge** such as sales cycle status, the progress of a multi-stage campaign, or the age of an open incident
- **Product and service knowledge** such as technical specifications, pricing, special promotions, appropriate use and warranties
- **Company knowledge** such as store locations, return and refund policies, news about mergers and acquisitions, customer references, and third-party partnerships
- **Competitive knowledge** about other companies' offerings and activities
- **General knowledge** about technology, regulations, or markets that customers need to make better use of a product or employees need to do their jobs more effectively
- **Analytical insight** that managers need to continuously improve the customer experience—such as performance metrics (campaign response rates, first-call resolution rates, etc.), defect/complaint trends, and survey results

One of the keys to a great customer experience is thus to capture the full spectrum of knowledge needed to deliver that experience. Without this completeness of knowledge, marketers will miss opportunities, salespeople will be less able to overcome objections,

service reps will have trouble answering customers' questions, and managers won't have the insight they need to make decisions that drive increased customer satisfaction.

### **Maintain accuracy, relevance, and freshness of knowledge over time**

Things change. So it's obviously not enough to simply capture knowledge. The knowledge provided to customers and employees must also be kept accurate, relevant and up-to-date.

There are a variety of ways to effectively manage knowledge over time. First and foremost, knowledge capture should not be based exclusively on a massive upfront "harvest". Such efforts are expensive and—even worse—out-of-date as soon as they're completed. Knowledge harvests are also typically driven exclusively by a small project team, so they often don't align well with customers' and/or employees' real needs.

That's why it's a good idea to build knowledge management directly into business processes. So, for example, if a service rep discovers that a customer's phone number has changed, he or she should be able to update that information for everyone across the company.

Certain types of knowledge can also be given a "freshness date", in much the same way as a milk carton at the supermarket. This ensures that knowledge is periodically reviewed as necessary to prevent it from becoming "stale".

In addition, visibility into the usefulness of knowledge can be gained through explicit feedback (such as surveys and numeric ratings)—as well as analytics that gauge relevance by tracking end-user behaviors. This insight can be used to further improve the relevance and clarity of available knowledge.

### **Facilitate knowledge access for customers, frontline employees and partners**

Having knowledge is not enough. To optimize the customer experience, knowledge must be readily available to everyone involved in that experience—including frontline employees, managers, business partners, and customer themselves.

Knowledge must be available quickly. If you keep customers waiting, you may miss sales opportunities or leave them disappointed with your post-sales service. If you keep employees waiting, they'll lose productivity and make mistakes. So, to be effective, KAPA has to happen fast.

In a marketing context, that may mean letting a customer know about a special promotion immediately. For a salesperson, it may mean being able to find information about a customer with the fewest number of mouse-clicks. With service, it may mean letting the customer quickly check an account balance using an automated voice system instead of sitting on hold. The key is to ensure that relevant knowledge can be delivered at the moment someone needs it.

In fact, wherever possible, knowledge should be "pushed" to the user. Competitive alerts can be automatically emailed to salespeople. Screen pops can automatically present contact center agents staff with a complete view of a caller's account data. Urgent information for customers can be placed prominently on the website.

Integration is another important factor in easing knowledge access. Users shouldn't have to look in different places to check order status, authorize returns, or find a nearby retailer. Instead, the back-end systems that contain this knowledge should all be accessible via a common interface. This improves the customer experience and saves money by making frontline staff more productive.

Customers should also be able to use whichever communication channel is most convenient for them at any given moment. So KAPA should encompass the phone, email, and the web—as well as chat, fax, and bricks-and-mortar locations, as appropriate.

### **Leverage a common knowledge foundation across departments and channels**

Too often, the information that customers can get over the phone is different from what they can find on the web. This leads to confusion. That's why it's important to leverage a common knowledge foundation across all channels and departments. Your outsourced call center should utilize the same knowledge as your West Coast sales team. And that knowledge should jibe with whatever you post on your website.

Similarly, as noted earlier, knowledge captured anywhere should be made available everywhere, as appropriate. If a call center agent finds out that a customer's name is spelled wrong, that change should be reflected in the customer record everyone uses. Otherwise, the customer will continue to receive communications with a misspelled name—and won't be happy about it.

Use of a common knowledge foundation reduces the total cost of knowledge management. It also helps ensure that all information you provide to the outside world has been approved by your company's technical, legal, and/or corporate communications teams. This is obviously important to maintain accuracy and avoid potential risk exposures.

A shared knowledge foundation improves business processes as well. For example, if your marketing department just throws leads from a campaign over the wall to sales, they can't determine how many of those leads get converted into sales—and they won't be able to compare conversion rates between campaigns. If, however, a single customer record is used across both departments, you'll gain valuable insight into how well your marketing investments are translating into revenue.

This doesn't mean that all knowledge should be forced into a single, monolithic repository. Such repositories are difficult to manage and wind up taking on a life of their own. Instead, enterprise knowledge can reside in a variety of places—as long as there is a common way of feeding that knowledge into the KAPA delivery system.

### **Fully exploit self-service where practical and appropriate**

Self-service is great for customers, because it allows them to quickly find the answers they need 24 hours a day. Self-service is great for your company, because it drives down costs. So any KAPA initiative must give particular attention to self-service channels.

Self-service also provides a powerful means of continuously building and refining your knowledge. Every time customers click on a link supplied in a marketing piece, visit your online self-service portal, or use your automated voice system, they are giving you

information about what they're interested in and how they prefer to be engaged. For example, if customers keep looking up information about how to use a particular product feature, then chances are that either the feature is poorly designed or the instructions you've provided with the product are unclear. Your product management team can then be informed about this issue and take action to correct it.

Self-service can be delivered via the web and automated voice. On the web, the key is to make it as easy as possible for customers to find the information they want with as few mouse-clicks as possible. This requires more than just posting a lot of information, putting up a bunch of static FAQs, or sticking a search engine on a site. Ultimately, customers must be provided with an intuitive, intelligent self-service interface that enables them to quickly query a complete and relevant knowledge base.

A variety of techniques can be used to optimize the efficacy of online self-service. These techniques include:

- Placing the link to the self-service system prominently on the home page
- Providing multiple search options, including natural language and category-based
- Dynamically maintaining a "Top 20" list of most commonly requested answers
- Embedding links to other documents and resources in the knowledge base
- Offering answers in multiple languages
- Using rich graphics and animation to make answers as clear as possible

Wherever possible, customers should also be given secure access to data from back-end systems so that they can check orders, track shipments, verify account balances, reset their passwords, etc.

A similar approach can be applied to voice self-service. Using numeric and/or verbal inputs, customers can quickly and easily obtain the knowledge they need. Voice self-service offers the added advantage of being able to use automatic number identification (ANI) to ascertain the customer's identity even before any prompts occur.

Again, self-service should be fully integrated with other communication channels. For example, if a customer abandons an online search and sends your contact center an email help request, that request should ideally let you know what content the customer has already looked at. This way, you don't go over information with the customer that he or she has found not to be useful—which would only aggravate them and waste your time.

### **Continually measure and improve KAPA effectiveness**

Continuous measurement is essential for continuous improvement. If you want to deliver a great customer experience, it's not enough to simply put KAPA processes in place. You also have to keep measuring performance and setting new goals.

There are many useful metrics for measuring KAPA performance. The metrics you choose will depend on your industry, go-to-market strategy, and KAPA implementation. These metrics include:

- Speed metrics such as sales staff productivity and service response times
- Success metrics such as campaign response rates and lead conversion rates
- Feedback metrics such as closed-incident surveys and self-service answer ratings
- Tuning metrics such as email “bounces” and the accuracy of sales projections

Each of these metrics can drive associated actions. For example, a report on a salesperson who consistently lags in lead conversion may reveal the need for additional training. Or a low rating for a self-service answer may mean that it needs to be worded more clearly—or that an appropriate diagram needs to be added.

Of course, companies shouldn't depend exclusively on quantified metrics to assess the quality of their customer experience. It's also important to communicate with customers on a personal basis to assess their level of satisfaction and to discover problems on an anecdotal basis. But companies that diligently track KAPA metrics and take concrete steps to improve them are consistently more effective at delivering a superior customer experience. As a result, they reap the bottom-line business benefits that come from having happier customers.

## **The KAPA payoff**

KAPA excellence obviously requires an investment of time and money. However, those investments have paid off handsomely for companies across virtually every market segment. The specific benefits associated with KAPA include:

### **Greater customer retention**

Satisfied customers are loyal customers. In increasingly competitive markets, this loyalty is essential for retaining customers and maximizing the lifetime revenue of every account.

### **Higher pricing and higher margins**

Companies that consistently deliver a great customer experience don't have to compete on price alone. In fact, customers are often willing to pay a higher price to companies that treat them better. By supporting higher prices points, KAPA helps drive healthier margins.

### **Stronger brand identity**

Whether you're selling financial services, consumer products or a university education, your brand identity is critical to your success. Organizations that drive a superior customer experience with KAPA can achieve and sustain this kind of premium branding—which in turn drives a host of its own business benefits.

### **Word-of-mouth advertising**

Positive recommendations from customers are the most effective form of advertising. By transforming your company into the kind of business that customers are happy to recommend to their friends and family, KAPA helps you more cost-effectively increase revenue and marketshare.

### **Reduced operational costs**

When you consistently give your customers the information they need—and when you consistently get the information you need from them—on the first touch, you significantly

reduce your costs. KAPA also eliminates many other costs, such as those that are incurred when campaigns are poorly targeted or when product defects go undiscovered for too long. These savings alone can more than pay for the implementation of KAPA best practices.

The bottom line is that by qualitatively and quantitatively improving the customer experience, KAPA boosts long-term revenue, prevents profit erosion, and enables you to outperform your competitors. Businesses succeed by winning and keeping one customer at a time. With KAPA, you can create the kind of great experiences that make customers fall in love with you for a lifetime—and avoid the bad experiences that cause them to leave and never return.

### **About RightNow**

RightNow (NASDAQ: RNOW) delivers the high-impact technology solutions and services organizations need to cost-efficiently deliver a consistently superior customer experience across their frontline service, sales, and marketing touch-points. More than 1,700 corporations and government agencies worldwide depend on RightNow to achieve their strategic objectives and better meet the needs of those they serve. RightNow is headquartered in Bozeman, Montana, with additional offices in North America, Europe and Asia. For more information, please visit [www.rightnow.com](http://www.rightnow.com).

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