

# MFB report

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## TOPICS

Understanding Your Customers Better: Sales Success through Customer Insight

Fighting the Information Glut: The Actionable Nature of Knowledge Management

Transparency and Cooperation: Translating Knowledge into Business Terms

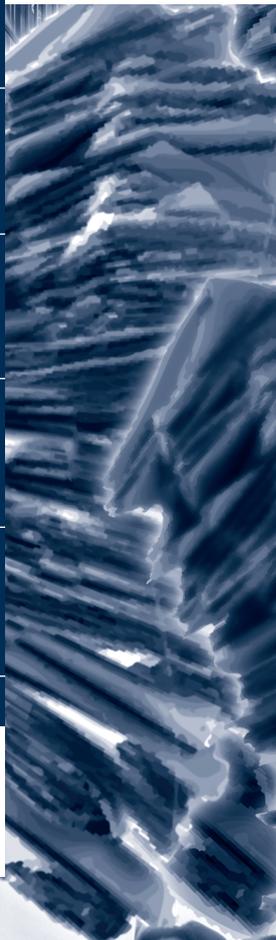
Knowledge is Power: The Human Factor in a Knowledge Based Company Culture

Leadership and Transparency: The Responsibilities of the Management

MFB Case Study

## MFB

Manage Future Business



### Topic:

## ***Managing the Lifeblood of your Company: Business Success through Professional Knowledge Management***

Falling margins and parity in product features make it hard to create distinctiveness in price or performance. Therefore, it's no wonder so many companies are focusing on real customer needs and customer experience as places to stand out.

The path to becoming a customer-centric organization requires significantly deeper customer insight. Customer information, the foundation of customer relationship management (CRM), must be treated as a corporate asset that allows organizations to compete in a complex and rapidly evolving world. Managing this knowledge effectively is of prime importance for any business. A powerful and efficient knowledge management system (KM) helps companies to develop and deliver greater value, a more complete experience, and deeper emotional engagement. Your business will benefit from improved customer retention and increased sales as satisfied customers tend to buy more often and a wider range.

### **Understanding your Customers Better: Sales Success through Customer Insight**

To deliver superior value, businesses must understand what their customers expect, for exceeding those expectations is the basis of enduring customer loyalty. Successful companies make a long-term commitment to understand their customers' expectations and how they change, motivate employees to view customer satisfaction as a primary objective, and stay in touch with customers after the sale. Quality must be defined by the customer. Achieving high quality requires continuously monitoring what customers need.

An intelligent KM system helps companies not only to tap and analyze their internal knowledge but also to gain access to the knowledge of their customers. It allows building the critical capabilities and making the strategic and operational decisions a company needs in order to succeed - on the core processes and activities that enable it to compete.





Monika Frick-Becker

*Welcome and Guten Tag,*

Most executives agree: Knowledge is becoming the lifeblood of all companies. Yet, thinking that knowledge management is crucial and knowing what to do about it are very different.

The key to the success of your business is held by your customers. Only by understanding them better will you be able to unlock your business's future potential. Therefore, knowledge management is an increasingly essential component of innovation and value creation. But it takes a specific company culture and optimized organizational conditions to help KM take root and flourish. The smarter a company becomes in its KM function the more effective it becomes in how it operates, consequently leading to maximum growth achievements.

Yours

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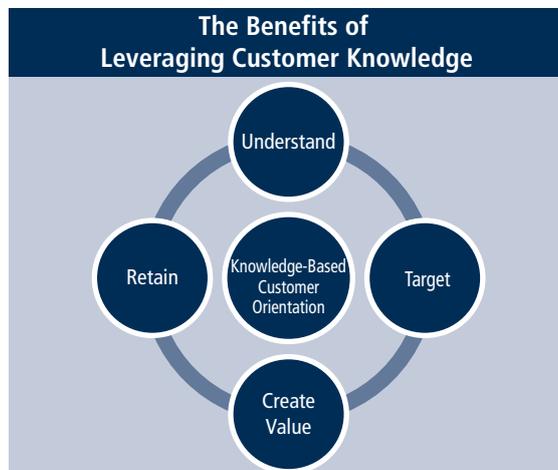
### Fighting the Information Glut: The Actionable Nature of Knowledge Management

The heart of a market orientation is its customer focus. To create superior value for buyers continuously requires that a seller understands a buyer's entire value chain, not only as it is today but also as it evolves over time. Buyer value can be created at any point in the chain by making the buyer either more effective in its markets or more efficient in its operations. Therefore, a market-driven business develops a comprehensive understanding of its customers' business and how customers perceive value.

Employees need access to the right knowledge; those facts, questions, answers, descriptions and other knowledge nuggets that will enable them to perform each key aspect of their jobs most effectively. It is this actionable nature of knowledge management that makes it so important.

### Transparency and Cooperation: Translating Knowledge into Business Terms

It is hard work to finally understand the idea of consumer centricity and how to get close to the customer. Managers and employees of market-oriented businesses spend considerable time with their customers. They call on their customers or bring them into their own facilities in a constant search for new ways to satisfy their needs. One of the keys to getting closer to customers and attaining superior customer loyalty is through emotion. Creating emotional and reliable bonds with customers is the best way to gain better customer insights. This is a long-term process and it demands motivating employees to view customer satisfaction as a primary objective.



In reality, far too many companies lack any systematic approach to tapping and analyzing customer knowledge. Sales managers can run a plethora of reports on customers by product, turnover and margin and a myriad of other segmentation data. Companies have rushed to deploy systems for distributing information and documents of all kinds to their sales people. However, the content within this CRM software is often lacking any real information or value.

In addition, intelligence and knowledge on customers can be gathered from external sources, from partners, suppliers or competitors. The recruiting of experts can help to compare internal knowledge with external sources and results of benchmarking and pin-point the problem areas for improvement.

Those working today in nearly all functions within business organizations suffer from severe information overload. Sales people are perhaps the most overloaded of all. What is missing is a scheme for consistently and comprehensively labeling, analyzing, and structuring all the types of knowledge needed for sales. The result is a scarcity of knowledge in an abundance of information.

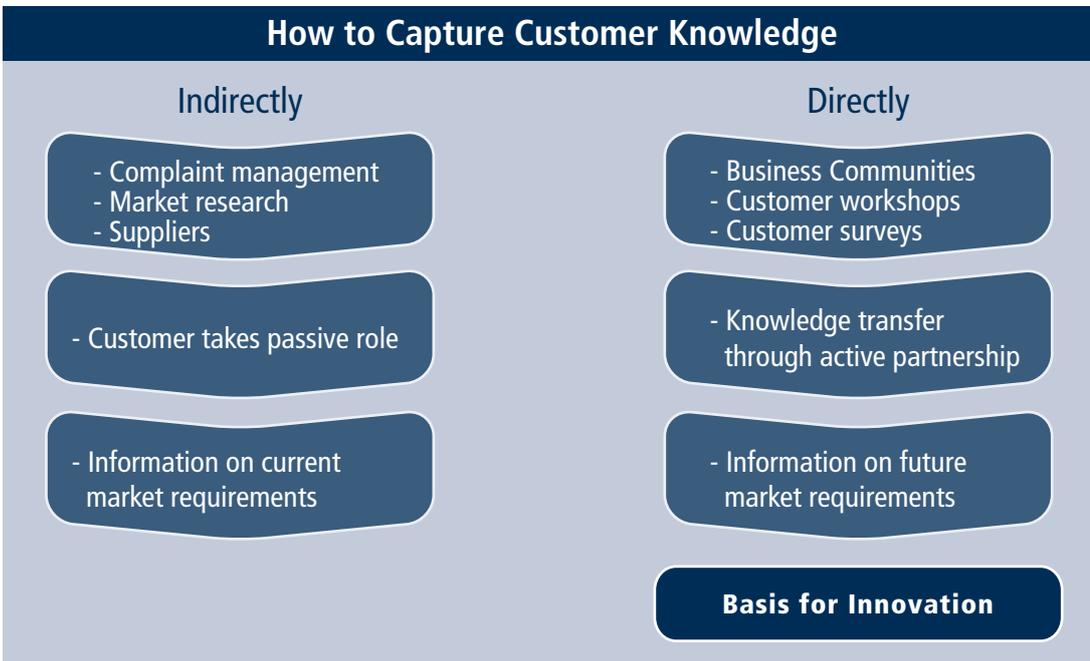
The challenge is to make vast amounts of dynamic information both useful and accessible to sales people for use in performing specific tasks on the job. This can take the form of various learning tools and programs as well as reference resources, both hard copy and online. To realize a return on their corporate knowledge assets, executives need to provide for processes and systems that will optimize the capture and use of knowledge. Because the management of knowledge demands cross-functional processes for collaboration and communication, companies need employees with both analytical skills and emotional talent. Independent knowledge experts can support this process with their professional expertise.

**Knowledge is Power: The Human Factor in a Knowledge Based Company Culture**

The introduction of powerful and consistent knowledge architecture often collides with the selfish interests of employees. For the sales force, knowledge is their most powerful asset, a sharp weapon used to fight in-house and outside competition. There is a high degree of risk associated with operating a company whose knowledge of customers and suppliers is retained only in the heads of individuals. Collaboration and knowledge sharing between representatives need to be supported in order to mitigate issues and shortfalls of information that may arise when members of the sales force leave the territory to pursue other avenues and opportunities.

**Leadership and Transparency: The Responsibilities of the Management**

A business is market-oriented when its culture is systematically and entirely committed to the continuous creation of superior customer value. Specifically, this entails collecting and coordinating information on customers, competitors, and other significant market influences. Customer Relationship Management (CRM) combines business processes, people, and technology to achieve this single goal: getting and keeping satisfied customers. It's an overall strategy that enables collaborative customer knowledge, to the benefit of both you and your customers. To be successful a CRM system must be based on interaction, communication, creativity and transparency.



Companies need to actively focus on engaging employees at every level across the organization in their customer orientation efforts. To succeed in the implementation of a knowledge-based, transparent organization, professional experts can help your management to brake down individual and organizational barriers and diffuse negative comments among employees.

The main purpose of knowledge management is to provide your employees with information and expertise on how to identify and cultivate opportunities for specific products. Salespeople are given the tools and knowledge on how to use them in order to enhance their communication with customers. The introduction of an intelligent knowledge resource directory and a clear definition of expectations lead to the establishment of a transparent standard of performance across all hierarchies. A system that achieves these points leads to the establishment of customer orientation as a core competence of your business.

It is the responsibility of the senior management to embark on the process of developing a systematic and transparent knowledge architecture. Executives have to fully support the new rules and standards and clearly define goals that can be objectively measured and tracked against current progress. Employees must have the motivation to participate, access to adequate training when necessary, and get some form of reward for their commitment.

Effective knowledge management requires a combination of many organizational elements -technology, human resource practices, organizational structure and culture- in order to ensure that the right knowledge is brought to bear at the right time. The implementation of an efficient knowledge management system must not come with lofty investments. It can be incorporated into existing platforms (e.g. strategic planning, sales planning) and standardized CRM software tools. More important than the power of the software is the commitment to writing new rules and building a culture that supports your KM initiative.

## MFB Case Study

### From a 'Technology-Push' Orientation to a Customer-Focused Company: A Mid-Size Manufacturer Successfully Implements a Knowledge Management Initiative

The customer is a leading mid-size manufacturing industry company, structured into several business divisions with production facilities and operations spread throughout Europe. Despite its strengths in innovation, the manufacturer was hit hard by the recession. Dynamic industry pressures were eroding its strong position with customers.

The company felt the urgent need to get closer to its customers and to understand and serve their needs better. Services and strong capabilities in knowledge management were therefore seen as crucial.

#### Technological Leader without Customer Competence

MFB Resultants was commissioned to examine the situation and to pin-point problem areas for improvement. It was the goal to position the client as leading innovator and best solution provider within the industry.

By conducting surveys across the different business divisions, intensive customer interviews and a thorough analysis of competitors' strategies, the MFB experts were able to identify four important problem areas in the customer interaction processes for improvement:

1. There was a complete lack of gathering of intelligence and knowledge on customers and competitors. Even when information was gathered, analyzing the information and sharing it between business functions were the greater problems.
2. The mid-size manufacturer was very good at technological innovation (product and process innovations), but fairly poor introducing innovations at the customer end.
3. The company suffered from a technology orientation or 'product-push' mindset. This product-push culture was restricting customer interactions, and customers' perceptions of services.
4. The management felt the company had fairly good relationships with its customers and provided good services. However, surveys conducted by MFB Resultants revealed that customers did not share this view. In particular, many key accounts were switching to products and services of competitors.

#### Literature

An organization can become ahead of the game by focusing at its strategy on predicting customer needs rather than following them. **Henrik Anderson and Thomas Ritter** develop a concept that provides great insights into the drivers behind true customer loyalty. **Inside the Customer Universe: How to Build Unique Customer Insight for Profitable Growth and Market Leadership.** Wiley & Sons, 2008.

### Close to Customers: Developing a Knowledge Culture as New Core Competence

The MFB experts initiated a project team representing all business functions and all major European company locations. The team asked for a profound change of the company's business culture to adopt more customer-orientated strategies and services. Top management involvement was guaranteed by having the group leader report directly to the managing director.

#### Imperatives for a Successful KM Initiative

1. Knowledge-based company culture
2. Technical and organizational infrastructure
3. Top management involvement
4. Translation into business terms
5. Clarity and transparency in goals and language
6. Incentives and effective employee motivation

The client successfully implemented a systematic information and knowledge-sharing culture across all countries, divisions and hierarchies. To support mechanisms ensuring more effective cross-functional approaches MFB Resultants developed workshops and trainings that could be disseminated throughout the organization. Sales teams were staffed with a blend of data-savvy statisticians and business-savvy consultants.

#### Sales Success through Knowledge Management

By leveraging customer knowledge across the company, employees developed a caring relationship with their clients. Through the change process, the client was able to improve efficiency and effectiveness of value-adding business processes. Capturing an increasing amount of significant customer data allowed for better strategic planning and successful innovation management. A customized knowledge resource directory offers employees help and tools to process collected data on customers and make it available throughout the organization. The manufacturer shifted from a 'technology-push' orientation to a customer-focused company. The management views the new core competence as an important factor in achieving quality customer service and standing out from the competition.

#### IMPRESSUM

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