

# Chapter 12

## An Enterprise Model for Customer–Centric Knowledge Management and Knowledge–Oriented Customer Relationship Management

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### ABSTRACT

*Knowledge management and customer relationship management are two key ingredients for value creation in the new economy. The merging of these business strategies has created two enterprise perspectives, customer-centric knowledge management (CCKM) and knowledge-oriented customer relationship management (KCRM). CCKM concerns the processes of managing customer knowledge, whereas KCRM concerns the application of knowledge to enhance CRM processes. Enterprise modeling provides a compositional framework for requirement specifications of interrelated components of an enterprise. This chapter presents an enterprise model for CCKM and KCRM that provides an integrated framework for customer knowledge and operational assets, spanning the different levels of an enterprise and across the various dimensions of the CRM ecosystem.*

### INTRODUCTION

Business firms in the new economy of the 21<sup>st</sup> century fueled by globalization and the Internet operate in a virtual environment where products and services can be created and distributed without the traditional boundaries of organizations, locations and time. In this networked economy,

where a company may not produce or distribute the products it sells, the key ingredients to success are the customer base and the know-how. Notable examples of this phenomenon include companies such as personal computer manufacturers outsourcing production to offshore or contract manufacturers, and distribution to third party logistics companies. Premium leather jack-

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ets could be designed in Italy, but manufactured in China. The network-based virtual company model, enabled by globalization and the Internet, becomes the trend in the 21<sup>st</sup> century. The model is exemplified by the Hong Kong-based Li and Fung Company which manages production and shipment of garments for fashion companies in the United States, outsourcing all of its work to a network of thousands of suppliers in thirty-seven countries over the world (Laudon and Laudon 2010). Customer relationship management (CRM) and knowledge management (KM) are critical success factors of value creation for competitive advantages in the new economy.

As CRM and KM converge in business strategies, two perspectives emerge: customer-centric knowledge management (CCKM) and knowledge-oriented customer relationship management (KCRM). CCKM concerns the processes of managing customer knowledge, whereas KCRM concerns the application of knowledge to enhance CRM processes. An enterprise model is a representation of requirement specifications of interrelated components of an enterprise. Enterprise modeling traditionally deals with the operational assets of an enterprise and is widely used in enterprise systems development and process reengineering projects. While there are apparent synergies between CCKM and enterprise modeling, where both deal with enterprise assets, there is a lack of collaboration between them due to the historic differences between the management and operation perspectives. Customer knowledge and customer relationship have become important intangible corporate assets that need to be incorporated and managed at the enterprise level. Successful implementation of CCKM and KCRM requires an enterprise integration strategy. The key objective of this chapter is to develop an enterprise model that provides an integrated framework for CCKM and KCRM at the external, conceptual and technical levels of an enterprise across the dimensions of operations, analytics, knowledge and collaboration of the CRM ecosystem.

## **Background**

Knowledge and relationship assets are key attributes that characterize the new economy that succeeds the information age (Galbreath 2002). Knowledge management (KM) emerged in the late 1990s and has evolved from the internal focus on product excellence and operational efficiency to the external focus on relationship management of customers, suppliers and alliance partners. The emergence of enterprise knowledge management (EKM) has elevated knowledge management from individual and group perspectives to the enterprise perspective, where knowledge management systems capture company-wide knowledge and make it available to all its members (O'Leary 1998). O'Leary (1998) articulated that enterprise knowledge management as "formally managing resources in order to facilitate access and reuse of knowledge", and that "the overriding purpose of enterprise KM is to make knowledge accessible and reusable to the enterprise." It described the use of a virtual knowledge warehouse linking knowledge across servers across the enterprise.

Greenberg (2004) described the evolution of the business ecosystem from product-driven, to customer-driven and to customer-centric, where the customer becomes the focus of the corporation. Customer relationship management (CRM) has been a dominate relationship management strategy in the last decade where the focuses on customer satisfaction and loyalty have helped companies increase market share and profitability. The 21<sup>st</sup> century powered by the Internet and globalization requires real-time collaborative strategies leveraging customer knowledge and intelligence to meet dynamic and complex CRM operations. Greenberg (2004) described the future of CRM as a part of convergence where "the process are integrated, the information technology architecture is uniform, and the interactions and results are real time." These arguments outline the key ingredients for a corporate strategy that focuses on customer-centricity in knowledge management

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