INTRODUCTION

Contemporary organizations are experiencing significant changes caused by dynamic growth in the marketplace that cannot be met by traditional competitive strategies. Price or products have traditionally been a base of competition for businesses, but today’s bases of competition have shifted towards speed, quality, flexibility, and customer intimacy. Many organizations are realizing that a competitive position cannot be taken for granted as local and global market conditions change constantly.

Today’s business competition is witnessing a shift from internal and supply-push strategies (product-based) to demand-pull externally focused strategies (customer-based), from traditional development of tangible and imitable products to the generation of difficult-to-imitate knowledge-based customization of products and services that fit customers’ needs and preferences.

Increasingly, knowledge is becoming a primary engine of growth in today’s globalized and dynamic business world and is making nations more competitive as they shift from information-based to knowledge-based economies. In business contexts, knowing customers better is expected to help companies gain a sustainable competitive advantage (SCA) over others.

CUSTOMER CENTRICITY AS A STRATEGIC IMPERATIVE

As today’s business organizations exist and operate in challenging environments that are rife with turbulence and uncertainty and increased demands from customers for better quality, faster deliveries, and lower costs, it is becoming imperative for them to adapt to changing environments by developing long-term scenario plans and innovations that enable them to strategically position themselves in the marketplace. The nature of competition nowadays has remarkably changed from what it has been before and production efficiency and the quality of products will not be the differentiator. Therefore, organizations must turn to the only remaining source of differentiation: innovation in the design, manufacturing, and marketing of products or services that customers will value.

Although some business organizations are still competing based on traditional factors such as product, price, physical location, and physical distribution channel, it is foreseeable that, in the future, the vast majority of business organizations would find it inevitable to shift towards customers as a crucial factor behind the achievement of SCA. Therefore, competitive strategies must be able to meet external dynamic market requirements, and at the same time, need to continue to leverage distinctive core competencies (DCCs), i.e. knowledge, that make firms able to create difficult-to-imitate value chain activities for customers.
The dramatic shifts in the knowledge economy and global competition makes the most valuable resource that creates sustainable competitive advantage for a business organization is what it knows not what it owns. Drucker (1993) pointed out that the most valuable assets of the 21st century enterprise are its knowledge and knowledge workers. Tangible assets of a firm include financial assets as well as physical assets such as technology, machines, equipments, buildings, and facilities; whereas intangible resources include knowledge about customers or suppliers, knowledge and experience in handling process technologies, skills and expertise in research and development, and financial know-how in acquiring and raising capital.

The premise of customer centric competitive strategies is that successful businesses are those that have shifted from product-centric to customer-centric vision. For this purpose, a set of activities are needed in order to create or leverage the firm’s DCCs in order and, ultimately, attain a SCA. The ability to plan for selection and establishment of a successful knowledge-based customer-centric strategic model, i.e. the customer-centric knowledge management (CCKM) is a process driven by creative thinking and results in innovative actions (Al-Shammari, 2009).

THE PROPOSED CUSTOMER-CENTRIC KNOWLEDGE MANAGEMENT MODEL

The SCA that a firm achieves usually comes from what it knows, how quickly it acquires new knowledge, how efficiently it uses what it knows, and how quickly it applies new knowledge (Davenport and Prusak, 2000). Therefore, effective development, maintenance, and expansion of customer knowledge and relationships are becoming a strategic imperative for customer-centricity in virtually every industry (Park and Kim, 2003).

As companies grow and interact with more and more customers through increasingly diverse media and channels, having a systematic approach to manage CK becomes critical. CCKM is needed not to capture simple transactional information, i.e. by CRM systems, but to extend the formation of strategic partnerships and to develop new products. CCKM refers to the methodologies and systems employed in the acquisition and distribution of valuable customer derived information and knowledge concerning the provisioning of customer services or products throughout an enterprise. CCKM is described as the creation of new knowledge gained by companies and their customers sharing platforms and processes (Paquette, 2005).

However, the challenge in CCKM is to recognize the fact that CCKM is a business strategy that will not be achieved only by putting in place a technological solution. As it is very risky for a firm to plunge into a new CCKM system without careful business strategizing, business should be conceived as the driver for adoption of CCKM, whereas ICT would be its enabler.

ROOTS OF THE CCKM MODEL

A review of the literature clearly shows that there is a lack of a clear and simple conceptual model for understanding CCKM. This creates a wide variety of possibilities for understanding and implementing CCKM as a concept or an approach. Through literature review and establishing new perspectives, the components of knowledge management (KM) and customer relationship management (CRM), business process reengineering (BPR), and information and communication technologies (ICT) are amalgamated
into a CCKM model. CCKM is conceived as a holistic business model that results from the integration of several interrelated concepts, techniques, and methodologies rooted in people, process, and technology, and is aimed at creating profitable and loyal customers.

The following contributions have participated directly or indirectly, and at various levels, to the development of the CCKM model:

- The Socio-technical Systems Model (Emery, 1959) which views an organization as a system of coordinated human and technical components (tasks, activities, and tools) that interact with each other as well as with its external environment.

- The Environmental and Organizational Impacts of IS Model (Scott-Morton and Allen, 1994; Turban et al., 2002) whose framework is based on five organizational pillars, viz. strategy, people, process, technology, and structure, and their surrounding external environment conditions.

- The Work System Framework (Alter; 2002, 2006), the elements of which are based on business results for customers, products and services, business processes, people, information, technology, context, and infrastructure.

- The Process-oriented KM Strategies (Davenport et al., 1996; Maier and Remus, 2003) which intend to bridge the gap between human- and technology-driven KM approaches by emphasizing process-oriented knowledge content.

- Corporate Knowledge Resources Model (Edvisson and Malone, 1997) which includes human (people), structural (process and technology), and customer relationship (data) knowledge.

- The ‘IDIC’ CRM Implementation and Management Framework (Peppers and Rogers; 2004; Peppers et al., 1999) is based on identifying customers, differentiating them, interacting with them, and customizing offerings. The framework is supported with process, organization, technology, and culture.

- BPR Implementation Methodology (Hammer, 1990; Hammer and Champy, 2003; and Turban et al., 1999): in which key activities of reinventing are organized into three phases referred to as the 3 R’s, which include redesign, retool, and re-orchestrate.

- Customer Acquisition and Management Model (Formant, 2000), which creates a customer-oriented enterprise, by suggesting three stages of customer acquisition and management: identification of broad customer segments, clarification of customer needs and behaviors, and achieving intimacy with customers.

- A revised DIKAR Model (Murray, 2000) - the original DIKAR model prevents a technology-push KM strategy, by starting at the results end, identifying the business results and locating KM within a demand side, not supply side, knowledge context. The model is used in a customer context and starts with data then proceeds through information, knowledge, action, and ends with results.

- CRM Implementation Model (Chen and Popovich, 2003) looks at CRM as an integrative approach that combines people, process, and technology, and seeks to manage relationships by focusing on customer retention and relationship development.

- A Strategic Framework for CRM (Knox et al., 2003) includes five major processes: strategy development process, value creation process, channel and media integration process, information management process, and performance assessment process.

- The CRM Value Chain Model (Buttle, 2004) identifies five primary stages: customer portfolio analysis, customer intimacy, network development, value proposition development, and manage the customer lifecycle.
Building Blocks of the CCKM Model

The CCKM value chain primary activities include capturing data from customers, creating profiles of customers, composing knowledge about customers, maximizing value for customers, measuring return on relationships with customers, and mastering the learning throughout CCKM change, whereas the CCKM value chain support activities include reorganizing people, reconfiguring processes, and retooling ICT.

The CCKM model is divided in 4 parts as follows (Figure 1):

• Part One - Strategizing: This is the first stage in the CCKM process. It deals with diagnosing drivers for CCKM in the external as well as internal environment and planning of a strategic change. This part consists of two chapters (2 Ss):
  ◦ Setting a CCKM Strategy
  ◦ Spotting Environmental Drivers

• Part Two - Reinventing: This phase addresses the enabling role of reinvention of organizational infrastructure in successful implementation of CCKM. Flexibility, responsiveness, and dynamism in major organizational pillars of people, processes, structure, and technology are needed in order to be able to meet discontinuous environmental changes. This level deals with reinvention of the major organizational pillars: people, processes, and technology. The three organizational pillars represent the CCKM value chain enabling activities that transcend CCKM primary activities to reflect the fact that they enable these activities, and they continue to cut across these activities in Parts (III) and (IV).
  The three CCKM enabling tools are as follow (3 Rs):
    ◦ Reorganizing People: refers to the who element of CCKM and represents a change in the human resources and organizational structure.
    ◦ Retooling ICT Systems: refers to the what element of CCKM and represents changes in the ICT infrastructure.
    ◦ Redesigning Processes: refers to the how element of CCKM and represents changes in business processes as well as CCKM value-chain activities.

• Part Three - Capitalizing: This part is concerned with the analysis and blueprinting of CCKM value chain. CCKM value chain focuses six activities (3 Cs and 3 Ms) This level includes the following value chain activities (3 Cs):
  ◦ Capturing Data from Customers: represents the customer interaction component of CCKM.
  ◦ Compiling Profiles of Customers
  ◦ Creating Knowledge about Customers

• Part Four - Mastering: This part represents end results of the implementation of CCKM. The aim is to create a customer-centric business strategy that seeks to create value for a particular customer or a particular segment of customers, with the aim of achieving a return on this value provided, i.e. winning, keeping, and expanding relationship with profitable customers. The arrowhead at the end of the CCKM value chain represents the profit margin. This level includes the following value chain activities (3 Ms):
  ◦ Maximizing Value for Customers
  ◦ Measuring Return on Relationships with Customers
  ◦ Managing Learning throughout CCKM Change
TARGET AUDIENCE

This book will be useful for professionals, researchers, academics, and corporate executives concerned with the management of customer knowledge.

ORGANIZATION OF THE BOOK

This book is divided into three sections related to theoretical and empirical considerations of CCKM. The following paragraphs describe the importance of each section.

Section 1 addresses empirical perspectives of CCKM. Ciara Heavin and Frederic Adam use a qualitative analysis approach in five Irish software SMEs to identify how these organizations leverage their customers as external knowledge resources and the KAs, with particular emphasis on knowledge acquisition, in which customers play a part. Carolina López-Nicolás and Francisco-José Molina-Castillo examine the impact of embedding CKM applications that customers may access within a company’s
website on increasing consumers’ risk perceptions about that website, and in turn, a backward step in customer’s purchase intentions through that site. Jennifer Adelstein discusses how trust relationships are instrumental in sharing knowledge, an important element of successful CCKM and showed that management is more concerned with developing structured trust systems to facilitate command and control and is less concerned with individuals working towards developing trustworthy relationships with others for their own benefit and ultimately for the success of their organization. António Carrizo Moreira and Ricardo Augusto Zimmermann address the issue of collaboration in knowledge management having the value creation for Portuguese public institution and presented a case study involving the Simplex Program, and its implementation in the municipal councils of Porto and Águeda and the Inter-municipal Community of Vale do Minho. Abu Baker Ramadan Mohamed Hussain explores the implementation of CCKM institutions in order to improve the effectiveness of Zakat institutions to attain the community objectives. The value added of CCKM for Zakat institutions stems from its role in alleviating poverty and in reducing the number of poor people. The starting-up components of implementing CCKM in Zakat institutions are knowing the poor and needy, organizational learning, poverty intelligence, and institutionalization process.

Section 2 looks into CCKM practices in emerging economies. Laura Zapata Cantú and José Luis Pineda study the relevance of customers as a source of knowledge in IT firms in Mexico and showed that knowledge is generated mainly by employee self-learning, meetings, and customers as an external source. These activities are strongly supported by the employees’ opportunity to learn and by organizational culture. Kamla Ali Al-Busaidi discusses effective tools for customer knowledge management that add value to organizations. Specifically, the chapter examines the most effective IT tools and non-IT tools (organizational mechanisms) that support the acquisition, storage, transfer and application of customer knowledge. Petra Marešová, Vladimír Bureš, Richard Brunet-Thornton, and Tereza Otčenášková analyze existing knowledge management benefits and monitoring methods, and also explore a modified cost-benefit analysis method focused on knowledge management projects. It centres the customer and the general market environment as knowledge sources used to evaluate the appropriateness of a knowledge management project. Suhaila Al Hashemi and Zahra Haji study the link between customer satisfaction, emotional intelligence, and knowledge management within the context of Bahrain. Their research found a relationship between emotional intelligence, knowledge management, and customer satisfaction. National and corporate culture influenced such relationship. The findings of this research therefore add a new dimension (namely, national and corporate culture in the Gulf Region) to the concepts of emotional intelligence, knowledge management, and customer satisfaction. Yusof Ismai and Suhaimi Mhd Sarif’s study was carried out to ascertain whether the national ICT initiative on facilitating knowledge transfer among ICT firms by providing dedicated technology parks throughout Malaysia was client centric. It examines the issue from a micro level perspective of stickiness of knowledge transfer, which includes transfer mechanisms, types of transfer, knowledge barriers, and transfer contexts. The results confirm the presence of stickiness in terms of mechanisms specified in the literature. Rawdha Khamis Al Mehairbi and Yoosuf Cader examine the customer service practices in an emerging market, the United Arab Emirates (UAE). Findings indicate unsatisfactory customer service provided in the following areas: overall service, customer service management processes, resolution of customer complaints in a timely manner, follow-up on complaints, customer resolution process within the company, and customers discouraged from lodging complaints. Knowledge Management Systems (KMS) and Customer Relationship Management (CRM) systems as key components in managing customer service and value creation were not being used as effective tools that are necessary to provide customer service.
Section 3 discusses theoretical considerations of CCKM. Joseph O. Chan 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. Anthony Liew seeks to extend and integrate the three major business concepts: customer relationship management, performance management, and knowledge management through balanced scorecard. Neda Sakhaee, Hamidreza Shahbaznezhad, and Mehdi Shami Zanjani aim to propose a comprehensive taxonomic model that acts as a reference in the area of customer knowledge management in e-commerce or non e-commerce applications. The proposed model is based on blended methodology and contains a vast look at the three different dimensions of customer knowledge through additional details as well as introducing the comprehensive set of “technological” and “non-technological” mechanisms in accordance with each identified types of customer knowledge. Samiha Mjahed and Abdelfattah Triki intend to give an overview of knowledge management and to explore its extension to the marketing discipline. The aim is to set the stage for the conceptualization of knowledge-based complaint management rather than to provide a thorough and exhaustive literature review of the knowledge management theory per se. Neeta Baporikar discusses the strategic imperatives for developing customer centric approach and how the advancements in society and technology leading to convergence of information, communication, and technology coupled with acceleration in globalization, competitive environments, and changing customer’s preferences have created new challenges as well as opportunities for leveraging knowledge about customers.

CONCLUSION

The world’s economy is shifting from a traditional one towards a knowledge-based economy. A traditional economy is known for resource scarcity, tangibility, limitability, an increasing marginal cost, and decreasing marginal utility. In contrast, a knowledge-based economy enjoys resource abundance, intangibility, inimitability, and diminishing marginal cost. Increasing marginal knowledge, unlike other resources, does not diminish with continuous usage. Rather, it grows once split, shared, or used.

The ability of organizations to compete successfully in dynamic business environments and to maximize profitability is becoming highly related to organizational ability to leverage DCCs that cannot be easily emulated by others, e.g. the ability to continue to use customer knowledge to maximize the experience of customers through new or revised products or services. Current competitive challenges induced by turbulent and complex business environments have forced companies to identify and create knowledge-based distinctive core competencies to secure a long-term competitive advantage, i.e. enduring relationship with customers to maximize profitability.

CCKM has been introduced as a holistic business change model that is designed to leverage the firm’s DCCs in order to deliver highest value for both customers and companies. Unlike traditional stimulus-response relationships (i.e., product, price, place, and physical distribution), CCKM considers network relationships with customers and suppliers. Devising a strategy that is built upon enduring and profitable relationships with customers requires the creation of knowledge about customers and making intelligent decisions on the creation of value-adding products or services to those same customers.
Adoption of CCKM strategic change demands changes in processes, as well as the social, structural, and technical elements of an organization. In their effort to add value for customers, organizations may face several issues such as dealing with CCKM as a business program, not just an ICT project, aligning CCKM with major organizational components (people, structure, process, and technology), and emphasizing intellectual (staff) capital as much as relationship (customers) capital of organizations.

Minwir Al-Shammari
University of Bahrain, Bahrain

REFERENCES


