

The role of knowledge management in eBusiness and customer relationship management

DIVISION A

OVERVIEW: CHAPTERS 1 & 2

In Chapter 1 a short introduction is given to the proposed study, including the background against which the study is being executed.

In Chapter 2 the problem statement of the study is detailed. It includes the objectives of the study as well as the methods, approach and techniques utilised. Also included is the proposed hypothesis, together with the fields of study and expected results.

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1. INTRODUCTION

eBusiness is the buzzword of the new millennium. It is seen as an event of the same magnitude as the development of the printing press and the advent of the Industrial Revolution, with an impact on the economy, social structures and culture of society today. The traditional bases of economic power, e.g. land, capital and labour, are no longer the critical success factors for business. Most organisations today are focused on the value of knowledge and information as base of power and competitive advantage.

eBusiness has positioned itself to lead the world into a new era where business fundamentals change and new rules govern market activity, presenting virtually unlimited opportunities. The changes in the constantly evolving marketplace have been sparked by an explosion in the availability and accessibility of knowledge, the development in technology, a more globalised view of business, deregulation and customers that are more knowledgeable about their needs as well as the products and services that can satisfy those needs. The Internet and other technological developments have increased the capacity of organisations to do business and share information at a higher speed than ever before. This channel has the power to connect people and organisations all over the world, thus making global relationship building with partners, suppliers and customers possible. It also distinctly changes the way these relationships are initiated, strengthened and maintained.

Organisations that have made the shift from traditional business rules to the rules of the new economy will succeed and prosper in this new wave of opportunity. It will, however, require that organisations adapt their business models and business strategies. It is clear that eBusiness represents a radically new model of doing business. This model is fundamentally changing industries, requiring unparalleled change from marketplace leaders and their competitors. The rapid growth of industry related electronic marketplaces are compelling organisations to review their business strategies to address the new rules of competition.

The drivers of competitive advantage in the new economy have changed significantly and predicting their competitive position in the marketplace has become a challenge for many organisations. In the eBusiness environment there are many new opportunities, but also many new risks that must be considered and addressed in organisations' business strategies. Two of the most crucial opportunities and risks in the new economy are the leveraging of knowledge as corporate asset, as well as building and maintaining strong customer relationships, which will both be discussed in-depth in this study.

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2. PROBLEM STATEMENT

2.1. Problem statement

This study aims to define the role of knowledge management in eBusiness and customer relationship management. To date this role has not been formally defined. It is critical for organisations to understand the role of knowledge management in eBusiness and customer relationship management to enable them to manage and leverage knowledge as a corporate asset that supports the organisation's business strategy and operating model, and therefore the execution of the strategic intent of the business.

The researcher is of the opinion that the knowledge management has a role to play in eBusiness and customer relationship management because:

- Knowledge management is a prerequisite for eBusiness and its increasing client centric focus. To operate in an eBusiness environment, an organisation has to have a good command of knowledge on its markets, customers, products and services, methods and processes, competitors, employee skills and its regulatory environment. This is due to the fact that organisations can, with the advent of eBusiness, do business electronically, seamlessly across the globe, via the Internet and via intranets, which has caused an explosion of the richness and reach of information and knowledge. Knowledge management systems are now essential to ensure that value is extracted from knowledge internal and external to the organisation.
- eBusiness also broadens an organisation's customer base due to the possibility of operating globally through electronic means. Customer relationship management in the global and digital economy has therefore forced organisations to rethink the ways in which they build relationships with a broadened customer base. The researcher is of the opinion that customer relationships cannot take place without knowledge management. To enable organisations to become more efficient and effective in delivering products and / or services to customers, thus creating customer delight, knowledge on customers will have to be managed to ensure that the services organisations provide are those that will address customer needs. Knowledge management is therefore an integral part of customer relationship management.

2.2. Objectives

The first objective of the study is to define the role of knowledge management in eBusiness and customer relationship management in the new economy. The first step to enable this objective would include looking at a variety of issues:

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- The three concepts need to be clearly defined to determine their conceptual boundaries. This would include an investigation of the goals or aims of each of the three concepts.
- The nature or characteristics of these concepts also need to be discussed to create a high level understanding of the nature and implications of probable relationships.
- There are numerous similarities between the drivers of the three concepts, but also some unique drivers to each. Studying the drivers of these concepts would provide an overview of the commonality and differences between the concepts with reference to the reasons for their existence.
- A discussion around the critical success factors of each of the three concepts will provide a better understanding of the nature of the concepts and will provide more insight into their relationship.
- The value proposition, i.e. the value that each concept adds to a business, will provide an understanding of the nature of the concepts and their interrelationship.

The second step, subsequent to the investigation of all of the issues as mentioned above, is to define the nature of the role that knowledge management plays in eBusiness and customer relationship management, as well as the value that knowledge management can add to eBusiness and customer relationship management.

The second objective of the study is to test the validity of this role and value proposition of knowledge management in eBusiness and customer relationship management, as defined by the researcher, in the South African context through the administering of questionnaires to large South African corporates where knowledge management has been implemented.

2.3. Methods, approach and techniques

The study will mainly be qualitative in nature based on research from books, articles and Internet based resources. Research will have a management consulting focus, with main resources originating from top management consultancies, including Accenture (formerly Andersen Consulting), PricewaterhouseCoopers, Deloitte & Touche, Ernst & Young, KPMG, McKinsey, Bain & Company, AT Kearney, and Booz, Allen & Hamilton. The research will, however, not exclude important perspectives outside of the management consulting realm.

As stated above, the study will also test the validity of the defined role and value proposition of knowledge management in eBusiness and customer relationship management through the administering of questionnaires to large South African corporates where knowledge management has been implemented. Results will test the hypothesis per individual organisation.

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Each of the chapters has been compiled in a specific order and according to the following analysis:

- Analysis regarding factors affecting knowledge management.
- Analysis regarding factors affecting eBusiness.
- Analysis regarding factors customer relationship management.
- Analysis of the role of knowledge management in eBusiness based on the interpretation of the above.
- Analysis of the role of knowledge management in customer relationship management based on the interpretation of the above.

2.4. Hypothesis

Knowledge management plays an integral part in the design, implementation and management of eBusiness and customer relationship management in organisations.

2.5. Fields of study

Main subject fields include knowledge management, eBusiness and customer relationship management. Fields of study that are relevant include, but are not limited to, information science, economics, general management, intellectual property law, and marketing.

2.6. Expected results

The researcher is of the opinion that the research will identify knowledge management as having a significant impact in the design, implementation and management of a business environment where eBusiness and customer relationship management plays a critical role.

Expected results include:

- eBusiness drives faster reaction times - it creates a greater demand to consolidate knowledge faster, which makes knowledge management imperative.
- eBusiness success demands increased customer intimacy over new channels. Knowledge is required to build customer intimacy. However, sharing knowledge on customers is currently poorly developed in most organisations.
- eBusiness expands the competitive arena. Increased competition requires greater inventiveness and improved competitive intelligence, which can be provided by knowledge management.
- Customer data resulting from eBusiness distribution will be much richer than was traditionally available to business, because more context of the transactions can be captured.

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- Knowledge management seeks to leverage this richer knowledge, e.g. by achieving an intelligent supply chain.
- Explicit knowledge is exposed in the eBusiness environment and the demand for it is well understood. Demand will increase for more of the enterprise's tacit knowledge to be distributed to a wider audience external to the organisation through one central interface. This has wide-ranging implications, from security to assessing and providing context for knowledge-based interactions.
- Knowledge management and collaboration allows organisations to quickly communicate precise, reliable knowledge across all internal and external processes and all stakeholders.
- Knowledge management allows the building of trust and collaboration among diverse business partners.
- Knowledge management provides all stakeholders with access to the right knowledge at the right time.
- Knowledge management enables the creation, sharing, harvesting and leveraging of knowledge, whether in tacit or explicit format, through provision of access to knowledge through a single point of access, using search and retrieval capability, categorised content, knowledge on expert skills to enable one-to-one contact and the creation of knowledge sharing and collaboration environments e.g. communities of interest, communities of practice, project teams, through which knowledge can be shared by an organisation, its business partners and customers.
- Knowledge management can put knowledge into context, i.e. personalise knowledge, thus minimising knowledge overload.
- Knowledge management provides the ability to internalise external knowledge.