

# Improving efficiency in customer service without reducing customer satisfaction

Utilities' customer service operations are facing a new round of challenges driven by higher energy prices. Customer inquiries and call volumes are up, as some customers struggle to pay outstanding balances and others complain about high bills. Collections-related activities also have risen, from negotiating payment arrangements to collecting money or terminating service.

At the same time, many management teams also face pressure to reduce customer service budgets for next year or at least hold increases to levels below inflation and wage gains. How can managers address the dual challenges of higher work volumes and downward cost pressure?

**Our experience indicates that even top-performing utility customer service organizations have room to remove 10% to 20% of costs without adversely affecting customer satisfaction. The key is to identify and take out unnecessary work.**

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## ■ Case in point: Billing- and tampering-related field meter investigations

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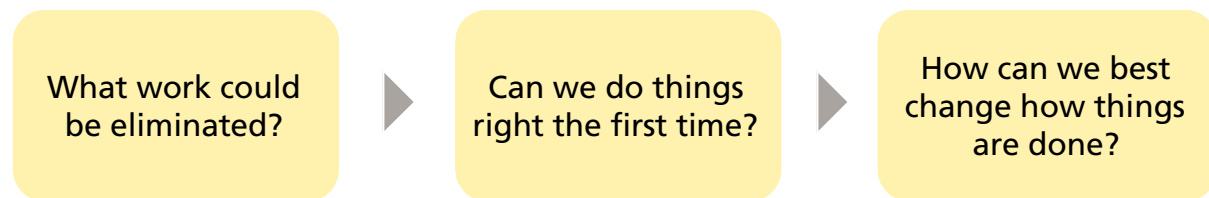
At some utilities where we have worked, processes encouraged many field meter inspections in response to billing exceptions or evidence of tampering. At more than \$25 each, these visits are costly. Smarter use of available information allowed customer service to greatly reduce field visits.

For example, after an initial tampering discovery, a series of premise inspections were automatically scheduled to ensure that no additional tampering occurred. These follow-up visits occurred without obtaining a current meter read. Using automated meter reading (AMR), a utility was able to identify meters that had no additional tampering and has eliminated a substantial volume of field visits.

## Uncovering unnecessary work

Customer service managers and staff typically focus on the day-to-day work of completing transactions and performing processes faster, rather than examining the need for the work itself. Few people tend to view the work they perform to be unnecessary.

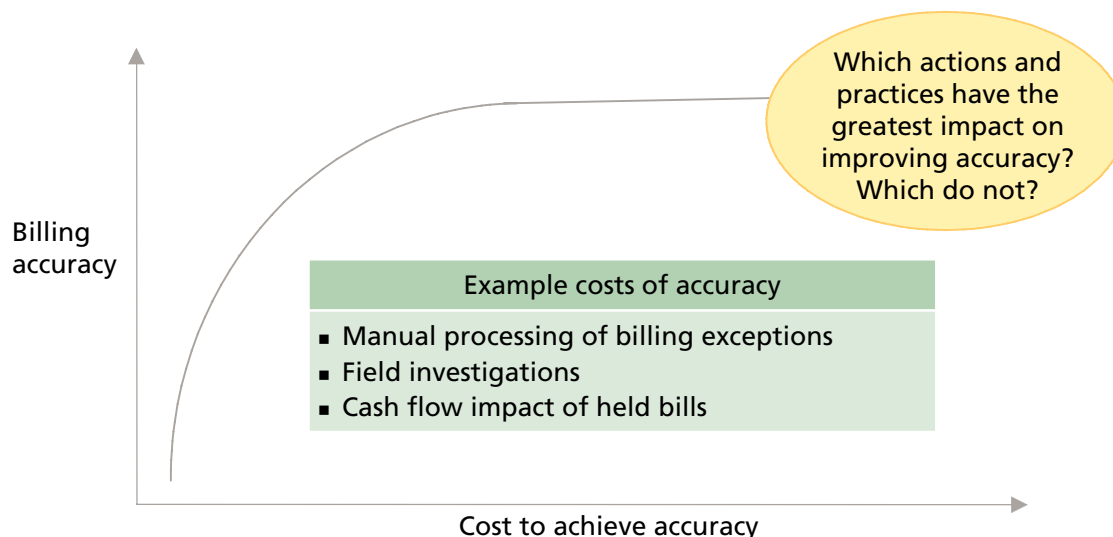
To uncover unnecessary work, managers must ask several penetrating questions:



The answers are built on a series of more detailed questions:

- Are our specifications or standards too stringent or too loose?
- Is there work that we perform (e.g., paperwork, field visits) that yields no follow-up actions (e.g., bill as-is, meter does not require change-out)? How can we identify such work in advance?
- Do we push work to the cheapest channel, from in-person, to phone, to online?
- Have we changed our processes to use and leverage the data from AMR, computer systems, and other sources? Have we tried to identify patterns to avoid costly work?

### ■ Case in point: Billing exceptions

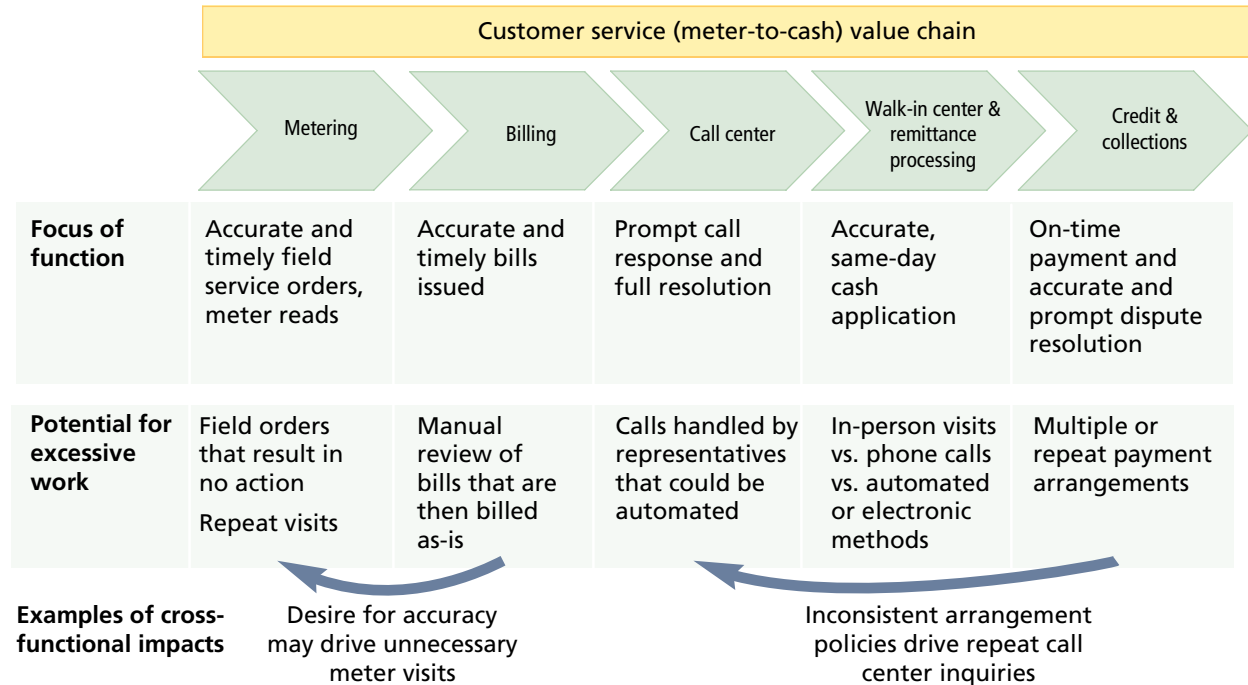


Utilities focus on sending out accurate bills, yet they often do not evaluate the impact that current actions and practices have on accuracy.

In several recent engagements, our clients' billing systems generated many billing exceptions each day that were manually examined by a team of billing clerks. Over 60% of the exceptions reviewed were approved to be sent out with no changes. This provided an opportunity to evaluate the criteria used by the billing clerks in their review process, automate these decision rules within the billing system, and eliminate substantial work volumes.

## Taking a holistic look across customer service

Within the customer service value chain, excessive, untimely, or inaccurate work in one area often drives unnecessary work in others. By examining the customer service functions as a whole, you can uncover many opportunities to eliminate work.



### ■ Case in point: Let's make a deal

A common problem driving additional collections workloads is inconsistency in establishing payment arrangements and extensions for customers. Customers learn to shop around and call in several times, month after month, until they find the representative who gives them the best payment terms, adding considerable work to call centers and putting pressure on response times. Worse, many companies experience high default rates on these payment arrangements, as customers realize they can often get another arrangement the following month.

By establishing and enforcing consistent guidelines for payment arrangements, providing automated tools to aid customer service reps, and more fully using interactive voice response (IVR) and Internet capabilities, companies can significantly reduce collections-related workloads as well as improve collections performance.

## Contact centers: Reducing calls handled by a rep

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Call centers are often the largest expense in the customer service organization and the locus of unnecessary work. Today, customers are more willing than ever to try self-service if companies provide convenient, simple ways for them to do so.

Top-performing utilities take advantage of this fact. They create processes to track call volumes by type, determine root causes, and reduce calls by modifying practices or enhancing the self-service options.

### Call volume reduction strategy

Current call volumes	Root causes	Strategy for eliminating	Targets	Impact
<ul style="list-style-type: none"><li>What calls are driving the highest volumes?<ul style="list-style-type: none"><li>Collections/arrangements</li><li>Electronic payments</li><li>Bill inquiries</li></ul></li></ul>	<ul style="list-style-type: none"><li>Why are calls reaching reps?<ul style="list-style-type: none"><li>IVR structure</li><li>Self-serve options</li><li>Other departments' problems</li></ul></li></ul>	<ul style="list-style-type: none"><li>How can the calls be eliminated or handled with automation?<ul style="list-style-type: none"><li>IVR improvements</li><li>Policy, practice changes</li></ul></li></ul>	<ul style="list-style-type: none"><li>New call volume targets, time frames<ul style="list-style-type: none"><li>Responsible manager</li></ul></li></ul>	<ul style="list-style-type: none"><li>Expected impact on costs, staffing requirements, customer service</li></ul>

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### ■ Case in point: Surprise call types

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Oliver Wyman's analysis for our clients often reveal that many high-volume call types handled by customer service reps (e.g., accepting electronic payments) are also fully functional within their IVR and Internet site.

Further investigation of the root causes helps highlight potential improvements areas:

- Compared to other utilities, some menu options for frequent calls may be buried in the IVR and hard to find.
- Customers may have difficulty in using the payment feature in the IVR. Focus groups revealed that more than half of customers calling reps had tried and failed to make a payment through the IVR.

With the root causes understood, our clients have been able to implement changes to policies, practices, and IVR/web site designs and reduce the percentage of calls that are handled by reps.

### Questions for managers

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- Can we identify activities that drive significant volumes of work that are out of proportion with the value produced?
- Which work has impact on our performance and the customer experience? Which work does not?
- Which review activities lead to no changes or follow-ups? What changes may not significantly impact customer satisfaction?
- Can we influence changes in customer behavior to eliminate a significant amount of work? What would that cost?

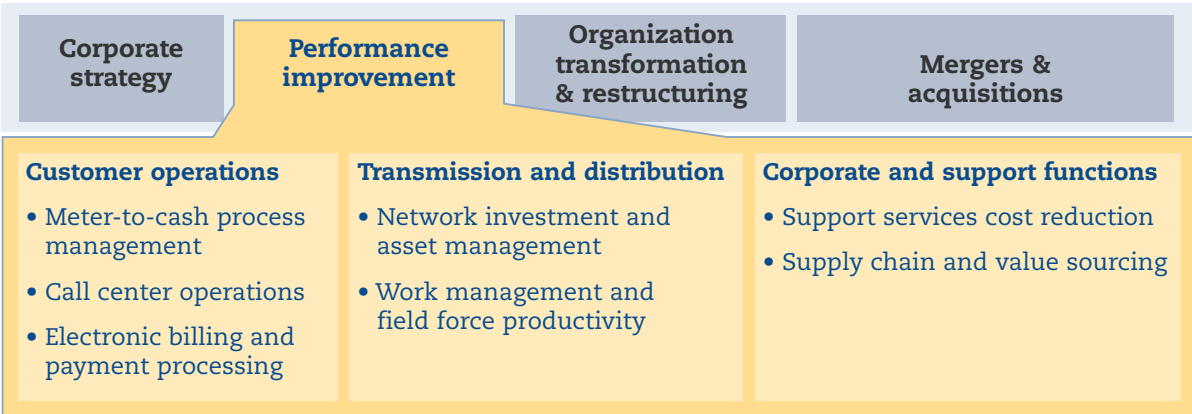
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