

At Your Service

By John Goodman and Kathleen Kerr

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In the utilities sector, extraordinary customer service can be the bedrock of regulatory regulations success, reduced costs, increased margins, and organizational health. To achieve such aspirational levels of performance, utilities must discard six prevailing customer service myths. New Jersey Natural Gas (NJNG) offers other utilities a blueprint for radically transforming a service culture and reaping the benefits of a better customer experience.

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To provide the best customer care, utilities must discard six common assumptions.

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For utilities, a great customer service program can serve as the bedrock of regulatory relations success and deliver reduced costs, increased margins on supplemental services and happier employees.

How can utilities achieve these positive results? By discarding six common assumptions. New Jersey Natural Gas (NJNG) provides a great example of a utility that has discarded these assumptions and become a leader in its peer group (as determined by independent third parties) in customer satisfaction while also enhancing employee satisfaction and cost effectiveness.

In this article, we'll examine the six myths, learn strategies to reduce costs while enhancing both customer and employee satisfaction, and then illustrate how NJNG has applied these strategies.



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Six Common Customer Service Myths

MYTH 1 Frontline employees cause most customer dissatisfaction. The best way to improve service is to intensely monitor and coach frontline employees to follow instructions and to display a better attitude.

Fact: A majority of customer dissatisfaction is caused by factors other than employee attitude and mistakes. In most cases, employees are telling customers exactly what the utility has told them to say; however, that message is not making customers happy. The dissatisfaction is not the employee's fault—it is management's fault. Other factors such as broken processes, incorrect information and response rules that defy logic also prevent employees from providing effective service.

Lesson: Measure dissatisfaction by "reason for call." Identify where problems are built into processes and service responses, and examine policies and processes that employees cannot defend.

MYTH 2 Answering the phone fast is the key to customer satisfaction. Hold time and phone trees make people mad.

Fact: It is more important what happens *after* you answer the phone than how fast you answer (within reason). TARP, a customer service experience agency, has conducted research that shows that, in most environments, customers may be kept on hold for up to 60 seconds if, when the phone is answered, the customer's issue is completely handled.

Lesson: Aim to have calls answered in less than a minute and devote the resources saved to ensuring calls are handled effectively to completion, with clear, believable answers. Print the phone tree menu wherever you print the phone number.

MYTH 3 It costs more to provide great service than to give just good service.

Fact: TARP generally finds that the bottom-line payoff of enhanced service is 10 to 20 times the investment required—that is, great service actually costs less than good service.

Think about the last time you stayed home for the cable guy. You most likely called the day before to confirm, again first thing in the morning and again at 11 a.m. if he had not yet arrived. For field visits, NJNG proactively contacts customers to confirm the appointment and prevents three inbound calls.

Less-than-perfect service and unmet expectations also cost more in rework and extra work, and in lost discretionary sales, and customers who experience a problem are more likely to be sensitive to price. Improved service means preventing problems from taking place, eliminating onerous policies, trusting the customer, and ensuring that the sales team sets proper expectations and products meet those expectations.

Lesson: Conservatively quantify the cost of specific types of customer problems in terms of extra costs, lost revenue, increased sensitivity to price, regulatory complaints and negative word of mouth. You will see that in almost all cases the cost of solving problems is much greater than the cost of preventing them.

MYTH 4 Everyone with a problem complains and wants to talk to a person. Web and automated service are less satisfactory.

Fact: Fewer than half of utility customers complain about even serious problems, and in many cases, the number is below 10 percent. Studies have shown that when customers do wish to complain or make a simple transaction, they prefer Web and automated telephone service if they offer efficient, intuitive solutions.

Lesson: Aggressively solicit complaints—you can solve only those problems you know about. Also, provide all communication channels to customers and encourage customer service reps to take the time to introduce customers to self-service systems. At Hewlett-Packard, every two minutes invested in educating customers on self-service has resulted in 10 minutes in reduced subsequent calls.

MYTH 5 Our company's annual survey provides the "Voice of the Customer" (VOC) and adequately describes the "Customer Experience."

Fact: Survey data are seriously lagging indicators. Many other data sources provide more timely and actionable information on the customer experience, including contacts, operation data and employee input. Any one data source has blind spots and biases, so a good VOC combines multiple sources.

Lesson: Create a unified VOC that includes operational data on exceptions, employee input on the company policies they can't defend and processes causing systematic failures, and customer complaint and survey data that identify specific points of pain rather than inactionable broad dimensions of service.

MYTH 6 Employees should always try to exceed customer expectations.

Fact: Many heroic efforts to delight customers are expensive but create little increase in loyalty ratings while inexpensive customer "connections" create 25 percent lifts. Educating customers on how to avoid problems creates some of the greatest lifts in loyalty.

Lesson: Identify and encourage employees to deliver "cheap delights" that require limited employee effort, boost emotional connection and prevent future calls.



The Role of Psychic Pizza

The biggest cause of customer dissatisfaction is unpleasant surprises. When customers have unpleasant surprises, they create extra calls and costs as well as serious wear and tear on employees who take the brunt of their anger. Therefore, if you can prevent the unpleasant surprise, you reduce dissatisfaction, extra calls and employee frustration—a true win-win-win.

One strategy can achieve all three wins—a strategy TARP calls “psychic pizza.” Psychic pizza occurs when the delivery person rings your doorbell and says, “Here is the pizza you *were about to order!*” In a utility setting, you can deliver psychic pizza—that is, anticipate and mitigate problems—in two ways.

The first approach is proactive education. Warn customers about possible unpleasant surprises and how to avoid them. Whenever explaining a form or process, be sure to mention the one or two most common customer-caused errors and how to avoid them. Mention the potential problems even if they are outlined in the directions accompanying the form—remember how often you skip reading directions yourself. While the marketing group may worry that warning of possible problems is negative, it shows concern for the customer and actually causes delight and an emotional connection because the reaction is, “Gee, you cared enough to take the time to educate me.” Plus, it lowers the number of customers who run into problems.

The second approach is to identify operational problems like delays, process exceptions and account glitches (includ-

ing bounced checks) that will cause customers stress—and to either act proactively to fix the problem or notify customers by email or text before they encounter it. Likewise, you should anticipate and answer questions before the customer asks. Create a mechanism to flag potential surprises (like a change in rates or delay in arrival of the outage repair crew or service technician) and develop a process to *proactively* notify customers.

How NJNG Delivers Great Customer Care

NJNG created a cross-functional Customer Satisfaction Team to take the utility’s customer experience to the next level. The utility attacked the myths by using data produced by a unified VOC process facilitated by the manager – customer satisfaction, and as a result, NJNG now leads its peer group in customer satisfaction.

The team took four steps:

1 Identified process causes of dissatisfaction in the field service system rather than blaming front-line employees. The team discovered that four-hour appointment windows created significant customer dissatisfaction. Working with frontline operations staff, the team developed an approach for offering and executing two-hour service windows. One district experimented with two-hour windows, resulting in fewer Can’t Get Ins (CGIs) and missed appointments and higher employee and customer satisfaction. The program has been implemented company-wide. The analysis process also identified that technicians and construction staff were often not equipped to explain policies. They are now provided with talking points on current issues. Additionally, field employees set expectations with customers upon arrival and ensure the customer has no unanswered questions at the close of the visit.

2 Proactively communicated to the customer to reduce calls and enhance connection. NJNG notifies the customer by phone the day before a field visit. The message informs the customer that the technician will call with an estimated time of arrival and call again if delayed. Preliminary data suggests that customer calls are down significantly because customers don’t have to call to confirm the appointment.

3 Provided call center frontline staff with more talk time, access to information and clear explanations rather than focusing on speed of answer and call handle time. NJNG has focused more on first call resolution and staffing utilization and less on

average handle time and average speed of answer. The utility uses a virtual queue with automatic call back, and 50 percent of the customers choose a call back when given the option. More importantly, using the VOC from the employees, the team identified those issues where better information was needed by the phone staff. NJNG has improved communications with dispatch, service and sales.

Further, the focus in the call center, especially during months with high heating bills, is “take the time to take care of the customer,” ensuring that issues are fully handled on the first call. While average handle time increased 7 percent since 2008, first call resolution remains steady at 94 percent based on customer surveys, and satisfaction is the highest among NJNG’s peer group.

4 Created a unified Voice of the Customer and used VOC to drive Customer Satisfaction Team examination of overall end-to-end customer experience. The team aggressively expanded the sources of data used, including:


- Encouraged field staff to report verbal complaints and provide input into the VOC process,
- Enhanced logging of contacts in the call center to provide more detail on causality,
- Conducted employee focus groups with groups of frontline employees, and
- Incorporated operational exception data (such as

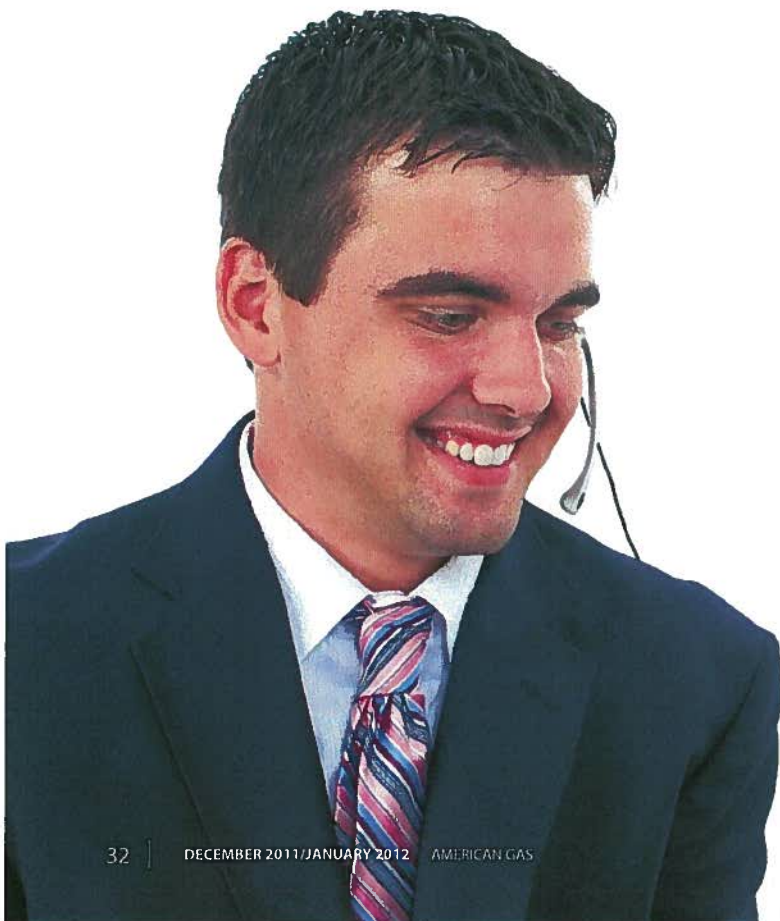
missed appointments and CGIs) into the ongoing VOC monthly report. Operations data is often viewed as more credible than customer complaint data, and when the two intersect, a powerful case can be made.

Based on this integrated VOC picture, NJNG created a team focused on enhancing the format of the bill and ensuring that customer service representatives take the time to explain bills. Further, for the majority of calls, the call center has been providing informational tips on reducing energy usage. This practice has created a significant rise in customer ratings in two key dimensions of service: the effectiveness of suggestions for reducing bills and ability of the utility to help customers lower monthly bills.

Recommended Actions

Once utilities have accepted that frontline employees are not the main cause of customer dissatisfaction, they are then in a position to attack the rest of the myths. The following are suggested actions:

- Develop an integrated Voice of the Customer process that identifies problems caused by incorrectly set expectations, customer errors and broken processes in addition to employee behavior.
- Ask employees what three policies they are told to tell customers that they can’t defend. Then either provide them with believable explanations and rationales or change company practice. Giving employees the right tools enhances their confidence in responding to customers, making them more willing to acknowledge and address issues rather than ignore them. Finally, provide them with the time to educate customers.
- After you have given your staff the above response rules, train them to aggressively solicit complaints. Remember that *most customers will not complain a second time when the first complaint wasn’t handled well*. A powerful message is, “We can solve only those problems we know about; tell us if you are unhappy.”
- Aggressively gather email and communication channel preferences and use them to deliver psychic pizza and reduce unnecessary calls.
- Stop focusing on average speed of answer if it is under a minute and instead devote those resources to enhanced education, empathy and connection with the customer. Show your regulator survey data that proves customer satisfaction improves with clearer explanations. 





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