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Corporate Plan Output: Customer Services Operations	

The purpose of this report is to update Councillors on the progress in establishing a customer centre and to seek approval for expenditure for the next stage of the process from the fund which has been set aside for restructuring initiatives.

BACKGROUND

While we pride ourselves in being a customer focused organisation, the reality is that we often fall well short of what our customers would expect and deserve. While Councillors will be able to come up with examples of excellent customer service where we have delighted the customer, you will also be able to come up with a number of examples where customers were poorly served, sometimes moved around the organisation, and not able to obtain the information or service that they required.

In our most recent annual residents survey, we included questions relating to satisfaction with the telephone service from the organisation. A large majority of our customers express that they are either satisfied or very satisfied with service. However the following results show that there are opportunities for further improvement:

- 13% of respondents were not satisfied with the politeness of the staff
- 18% were not satisfied with the waiting time to have calls answered
- 22% were not satisfied with the helpfulness of staff
- 24% were not satisfied with the overall service
- 27% were not satisfied with the quickness of reaching the right person

Just over two years ago we did some research with regard to customer satisfaction when we were beginning work on a Customer Service Strategy, and first thinking about the development of a Call Centre. In that survey we found that there were some things that our customers felt we did well. These included the helpfulness of our staff, the friendliness of our staff, providing accurate information and advice, and explaining what customers have to do. However, there were areas where our customers felt we scored more poorly. These included the speed of our response, the accountability of staff, providing different options, seeing things from the customer's point of view, and providing informational reasons about decisions or rules.

WHAT WE HAVE DONE SO FAR

About two years ago we established a Customer Service Project in order to achieve a significant improvement in our Customer Service. As part of that work, we identified the potential of developing a Call Centre or Customer Centre, as one of the means of improving at least our telephone service.

As initial steps however we identified two projects which would lead to significant improvement irrespective of whether we had a Customer Centre. Both proposals were put to the Council in a report in February 1997, and

The first was the purchase and development of a Customer Interaction System. This is a computer system which enables us to record requests for action or service, or complaints, to track the resolution of those matters to ensure they are resolved, and to measure our success. As an example, a request lodged at a Service Centre concerning a barking dog can be recorded, referred to the Animal Control Section for resolution, escalated to the Team Leader if it is not resolved within say 24 hours, with a record of actually how long it took, with the ability to inform the person taking the enquiry that it had been resolved, and the ability to advise the customer of the resolution of the matter. The Customer Interaction System will mean that we do not lose complaints or requests, and ensure that they are actioned. In time, people will be able to lodge such requests or complaints from their home PC through Internet access into the Customer Interaction System.

We now have a preferred supplier for a Customer Interaction System (CIS) called Onyx. We have carried out a pilot within the City Streets Units to ensure that the package works, and will be negotiating a contract before rolling this product out across the organisation.

A second action has been to develop what we have called a Knowledge Base. This is a set of information provided on an Intranet (which is an internal version of the Internet), where we record information, often in the form of Frequently Asked Questions (and answers to those) so that our staff, where ever they are located, can provide answers to customers for most of the straightforward enquiries that we get. We are in the process of building up these Frequently Asked Questions, and making them available across the organisation. Most of these will also be available on the Internet as well.

SUBURBAN SERVICE DELIVERY

Through a review over the last 18 months, there are significant moves being developed for the expansion of the suburban service delivery structure of this organisation. Over a period of time, we will be developing 14 community libraries so that they also provide most of the functions of our current service centres. Over time, our 6 existing service centres will be co-located and integrated with 6 of those libraries. They are already located next door to each other at Papanui, they have an integrated library service centre at Shirley and plans are under way for developing Fendalton. The CIS and Knowledge Base Intranet will both be important tools in enabling the expanded network of community libraries to provide information and action to customer requests.

CONCEPT OF A CUSTOMER CENTRE

Many organisations have developed what have become known as Call Centres as a means of centralising and improving customer service. Empowered and supported customer service agents are charged with the responsibility of answering and satisfying the requests and needs of individual customers. In a Call Centre, a customer service agent takes responsibility for the call that is lodged to ensure that it is answered. It moves well away from what can sometimes be a culture in organisations where a telephone operator passes a call on to an extension where it could be answered, often to have that customer passed to numerous people around the organisation without necessarily having the matter resolved. The Call Centre responsibility is to answer the question, or if it does need to be handed on to someone else, it is done in a managed way to ensure that the new person takes ownership of that call.

As a Council we are a very diverse organisation. Setting up a Call Centre, or as we want to call it a Customer Centre, is not as simple as some more straightforward organisations. If we just threw together say 40 customer services agents in a customer centre, armed with our Intranet and CIS, they would struggle to deal with more than just the straightforward enquiries. There would need to be a significant number of hand-ons to units for more complicated questions and a development of important relationships with units to ensure that the customer centre was kept up to date.

Therefore we propose to establish a Customer Centre in a more progressive way. Within the Customer Centre we propose to establish cells of particular expertise, so that a group of people develop both the information and knowledge, and a relationship, with the unit or units for which they are providing information and services. If those customer service agents are kept up to date, and maintain a relationship with the unit(s), then they will be trusted to further develop and evolve in providing services to customers.

When we move to a Customer Centre, it is also important and appropriate to seriously look at the processes that exist to deliver services. At the moment customer service is spread across a large number of people, and often involves only a portion of the time of a large number of people. If you want to extract all those individual portions of time and collect it together in a Customer Centre, you need to redesign the whole process, and not just the customer service part at the front. Therefore, we will be undertaking significant business process redesign as we develop each cell of the Customer Centre.

This process redesign will have a number of advantages. Not only will it enable the Service Centre to be established, provide us with better and more efficient ways of providing services, but it will result in savings within the organisation which initially can be used to fund the Customer Centre and which can result in freeing up of resources for cost reductions or changed services.

LEISURE PARKS PROJECT

Following on from a review of the Community, Leisure and associated services within the organisation we have decided to establish a single Customer Centre for the Parks and Leisure Units. This will become the first cell of the new Customer Centre. We have employed a business process

redesign firm called LSI (Logistic Systems) and they are working through with the Parks and Leisure Units to study, review and redesign a significant number of processes and services. This is very much a learning experience, as we learn both about the use of process redesign skills, and about how we would set up a Customer Centre. It is planned that we will open the Customer Centre in March next year, located on the ground floor.

GROUND FLOOR CIVIC OFFICES

As part of the development of a Customer Centre, we propose to improve our walk-in service at the Civic Offices. At the moment, people need to go to various locations around the building. What we propose is to establish, in conjunction with the telephone centre, a walk-in customer centre on the ground floor of the Civic Offices. At that location we propose that a significant number of enquiries from people who come into this building will be able to be dealt with. It is unlikely that all customers will be dealt with at that Customer Centre, as some of the more complicated and technical matters will need to see experts on other floors of the building. However, the more we can satisfy our walk-in customers on the ground floor, the better it will be. A separate report on a redesign of the ground floor foyer is proposed and to be submitted to this committee in February.

FUNDING

The development of the CIS, Knowledge Base, and first cell of the Customer Centre are being developed within funding already approved or within existing budgets. However, the longer term development of the Customer Centre will involve some reasonable costs. The costs associated with the day to day running of the Customer Centre will be transferred from budgets that exist around the organisation now, as we transfer staff positions from existing teams to the Customer Centre. There will, however, be significant setup costs to establish the Customer Centre, over a period of time, and these are currently estimated at \$1.7 million. A schedule of these costs is below. Of that \$1.7 million, \$300,000 is already budgeted for the telephone upgrade in the MIS budget.

CUSTOMER CENTRE SET-UP BUDGET

Particulars

PCs/printers- leasing costs \$41,000

Software

Booking system 60,000

Staffing

Selection and Training 220,000

Project partners 90,000

Transition staffing 60,000

External advice

Business process redesign 250,000

System Integration PABX/CIS/FAMIS 250,000

Call Centre set up 50,000

Furniture and fittings 200,000

Telephone systems 334,000

Office alterations 200,000

TOTAL \$1,755,800

We are confident that with the redesigning of our processes, over a period of time we will be able to develop savings which will pay for those up front costs. Our expectation is that those savings will be generated over a 2-3 year period. We will establish an auditable process so that the savings can be identified.

The Customer Centre will provide the same or better service for the organisation for (over a period of time) a lesser cost. If we propose to extend that service, either through hours of operation, or level of service then the expectation needs to be that this will require funding.

The Chairman comments:

For the past two years the Council has been making progress towards establishing a Customer Call Centre. Funds were allocated in the 1996/97 Annual Plan for the necessary computer software and hardware, and provision was made in the 1998/99 Annual Plan for a restructuring fund created as a result of the Council's decision to sell and lease back its computers. Approval is now sought to utilise \$1.5m from this fund. This sum will be recovered over two to three years from the efficiencies inherent in the new system.

The purpose of the Customer Call Centre is to give a better service to ratepayers and residents by:

- (i) Providing an answer to most enquiries from the person who first answers the telephone.
- (ii) Providing an electronic recording and tracking system to ensure that complaints are recorded, followed up, dealt with and reported on.
- (iii) Ensuring that, where enquiries cannot be answered at the first point of contact, enquiries are referred directly to a relevant officer.
- (iv) Minimising the number of staff who deal with each enquiry and thereby saving time for the enquirer and for staff.
- (v) Enhancing the front-desk service at the Civic Offices to enable most customers visiting the building to receive service on the ground floor.

The establishment of a Customer Centre is in line with international best practice as discussed at conferences of the Bertelsmann Foundation. Customer centres in Brisbane, Auckland, North Shore and Dunedin have been studied to assist us to adopt the advantages and avoid the disadvantages of existing centres.

- Recommendation:**
- 1. That work on the customer centre proceed as outlined above and that the source of funding (up to \$1.5 million) be from the restructuring fund.
 - 2. That staff report, at least quarterly, to the Strategy and Resources Committee to enable the Committee to monitor the project process, development, savings and other outcomes.