Nineveh

Consulting Limited

Winchester City Council

Managing Customer / Council Interaction

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Introduction

1. Nineveh Consulting (www.nineveh.co.uk) has been engaged by Winchester City Council (WCC) to assist with its Customer Relationship Management (CRM) Programme. To date, this has included:

   - Running a CRM workshop for WCC Members and senior officers in March 2003, which covered the following topics:
     - o Achieving the impossible – radically improving service whilst containing costs
     - o CRM: an introduction
     - o CRM and local government: where are local authorities on the CRM journey?
     - o Products and suppliers: what is on offer and who are the main contenders?
     - o Possible next steps for Winchester
     - o Question and Answer session

   - Analysing the WCC switchboard call logging reports. This showed that whilst the overall figures for call answering were reasonable the picture was very mixed when viewed at a department or section level.

   - Undertaking a telephone access survey. This showed that, whereas there where some pockets of poor performance, during working hours response from both advertised direct dial numbers and the switch board was good.

   - Producing a management briefing paper for CMT, which presented:

     The drivers for CRM:

     - o The progress that other Council's have made in improving front-line customer services and back-office efficiencies
     - o The Government's 2005 e-Government targets.
     - o WCC Mori survey (2000) showing that 25% of people contacting the Council are "dissatisfied" with the service they receive.
     - o Problems with handling emails coming in to the authority
     - o No corporate standards in place for responding and taking ownership of service requests.

     Implications for WCC:

     - o The workload of Personnel, ICT (including Steria) and the managers of those services to be involved in the early phases of implementation will be very significant.
     - o The project will involve a significant culture change programme; strong leadership from the Council's cabinet and management team will be essential.

     From the meeting it was decided to commission a Business Case that would make detailed proposals and present the costs, organisational implications involved and define the anticipated benefits.

2.   We began this latest phase of the work by interviewing the Council's Chief Executive, Simon Eden, and Responsible Cabinet Member, Cllr Kelsey Learny. Amongst other things it was agreed that the review should look at managing customers interactions as a whole, looking at all aspects and channels of customer access to the Council's services concentrating one. Whilst it was recognised that in the longer term things might change, the existing configuration of services across the different office sites within the City would continue for sometime. In practice this constrains the ability of the Council to provide a full service One Stop Shop at a single point and it was recognised that the face-to-face customer access strategy needs to be built around separate reception facilities at Avalon House and the Civic Offices. Whilst it was recognised that more needs to be done to improve access to services for those not living in the rural hinterlands, there was an appreciation that the creation of WCC local offices in every community was not a practical solution because of the costs involved.

3.   At the same time, WCC's Development Directorate commissioned further research directly from Marketing Sciences Ltd.

Why Change?

4.   Whilst these results of both our own telephone access trials and the Marketing Sciences study were generally reasonable, the key point from both is that the quality of service received depends on a number of discriminatory variables and also pure chance. There is no consistency. Customers in different parts of the district and with different personal profiles will have variable levels of access and experience variable levels of service.

5.   Becoming more customer focused means aiming for more consistent service processes (supported by the appropriate ICT systems) that do not necessitate the customer knowing how to speak to you or who to ask for (see diagram below). This implies being more "joined up" – at least at the first point of contact. The quality of the customer experience is also dependent upon the ability of that first point of contact to deal completely with the request.
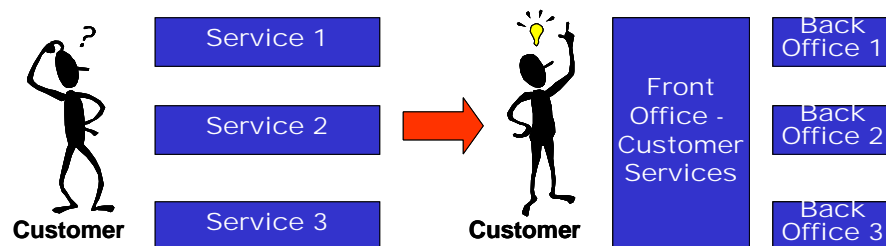
6.   The benefits from introducing CRM can be very significant, FOR THE CUSTOMER in particular as well for the WCC itself. These will be covered in more detail later in this report. However, even at a conceptual level, it is easy to see why greater efficiencies (and therefore lower costs) could result from process consistency and resolving queries at the first point of contact, e.g. impact of eliminating interruptions, getting things right first time, reduced re-work, simpler working practices.

7. However, achieving this transformation is a major change management challenge; it is something that cannot be successfully tackled by simply devolving responsibility within the organisation. Successful customer service organisations have a very strong penetration of customer service ethos and responsibilities throughout their organisations, but they also have strong corporate policy frameworks and supporting resources. Any absence in this corporate focus could be a serious constraint on further customer service development within WCC.

The Vision

8. The vision is therefore to create a front-office customer services operation that will resolve a targeted 80% (lower initially) of enquiries at the first point of contact. This means that customers will, in the great majority of cases, speak with just one person. For telephone callers, this means that there will be one number to call and that the person answering will be able to help them. It is envisaged that customers will continue to use the telephone more than any other service access channel, indeed for the foreseeable future, more than all other channels combined. For those customers who prefer personal contact, or where it is more appropriate, there will be a one-stop face-to-face operation. This means that customers will no longer have to navigate their way to the appropriate customer reception point, but will be serviced by a single front-office customer services team at each key location. Depending on priorities this front line service could extend via the use of mobile service units into the community, e.g. at MPs surgeries or in a shopping centre on a Saturday or during the evening. As people become used to the Internet, it is hoped that increasingly customers will interact with WCC electronically. Initially these requests will be processed manually by the contact centre staff, but as volumes increase ICT systems (integration between the web and back office application) will be put in place to automate requests.

9. Funding of this vision will be achieved through driving out efficiencies in both front-office and back-office activities. As many local authorities, much further down the path than Winchester, have found there are very significant benefits to be gained from undertaking business process re-engineering, moving to a front/back-office split and deploying electronic document management systems (EDMS). It is expected that further benefits will be realised through the migration of customer contact from more costly channels through to cheaper channels. Whilst customers won't be forced to use a particular channel, it is expected that increasingly more activity will take place over the phone (rather then face-to-face), an indeed in time via the Internet. It is frequently the case that people resort to face-to-face contact because it is the only way they feel something will get done; it is rarely more convenient.

Benefits

10. It is widely recognised that providing high quality services to a Council's customers/citizens/community is a critical issue and high on the government's local authority agenda. It is also strongly driven by the growth in customer expectations in general, generated within the commercial sector and now impacting local government. Whilst it may have been possible to meet those expectations in the past it is becoming increasingly difficult to do so without embracing new customer services approaches.

11. Looking at how best to manage the interaction between Customers and the Council, and recognising the need to adopt a Customer Relationship Management (CRM) approach, is likely to positively contribute to the Council's CPA rating.

12. Fit with Key Priorities (2003 – 2006):

Winchester City Council Key Priorities	Contribution
To improve the appearance, safety, and attractiveness of the public spaces in our towns and villages.	Major contribution by sustaining and improving customer satisfaction in a range of areas, including street scene, fly tipping, abandoned vehicles. It would contribute by allowing better public access to these services and help drive through improvements in the business processes to increase quality whilst reducing costs.
To promote environmentally friendly lifestyles through rubbish reduction, reuse and recycling and through the promotion of greener transport strategies.	Major contribution by sustaining and improving customer satisfaction in a range of areas, including waste collection, recycling. It would contribute by allowing better public access to these services and help drive through improvements in the business processes to increase quality whilst reducing costs.
To raise performance standards in key areas of the Council's work to meet national standards and targets where these are set.	Major contribution by reducing the load of customer contact on service professionals, allowing them more time to meet service targets. Experience from other Council's adopting this approach is that overall satisfaction ratings can be substantially improved. At Newham, 90-95% of customer requests are resolved by front-line staff (and approximately 50% of the process). Customer complaints are also much lower (less than 10 per month) and customer satisfaction is now greater than 90% (their target is 80%). These figures were audited by PricewaterhouseCoopers (PwC).
To maintain budget stability through strong performance and resource management while accommodating the requirements of new legislation and duties.	Major contribution by reducing the cost of interactions and improvements through BPR (Business Process Reengineering) improving business process efficiency.
To improve access to the Council's information and services, especially for our rural communities, taking full advantage of new technology.	Major Contribution by improving satisfaction levels for access to key services, enabling the Council to meet its targets for electronic service delivery, providing access that extends beyond Winchester City centre and extending the hours of access, where appropriate.
To enable the building of more new affordable homes across the District.	No contribution.
To promise that our housing stock will meet the Decent Homes standard within the 2010 target date.	No contribution.
To work with developers and housing associations to make available a full range of high quality homes for rental or ownership so that younger people and families can live here too.	No contribution.

Customer Service - *Major contribution*.

13. Improving the quality of customer service, from initial customer interaction right through to the actual service delivery, is a major objective of CRM. It is not simply separating some customer contact activities out to a front office operation but about supporting a customer focused culture, and the associated commitment to delivering high quality services, throughout the organisation. Indeed a critical success factor will be in ensuring that this happens – driving through these benefits.

Productivity - *Major contribution.*

14. There are several key areas in which productivity gains can be anticipated: consolidation of front office customer contact (fewer staff required to deliver the service), efficiency gains from business process re-engineering and use of EDMS and workflow tools, and productivity gains from reducing the volume of customer interactions on service professionals enabling them to spend more time on service delivery issues. However, there may be some increase in service demand as it is made easier for customers to contact the Council which could adversely impact some performance measures, even though objective measures of customer service satisfaction will rise.

Workforce motivation - *Significant contribution.*

15. There are some potential gains in workforce motivation where staff in both the front and back office find they are better able to meet customer demands and spend less time on tasks that they do not see as core to them. This would filter through in terms of reductions in staff turnover and an associated reduction in training costs. We would seek to include measures in the forthcoming staff satisfaction survey.

Risk reduction - *Significant contribution*

16. Currently it may be possible to get different answers to a customer query according to which member of staff dealt with the question, with a risk of the wrong information being provided. This risk will be reduced because the correct answers and processes will have been mapped and entered into the ICT systems used by the Customer Services Teams staff. This leads to consistent and correct answers (including to those questions with a statutory/legal aspect) and provides an audit trail.

E-government - *Major contribution.*

17. The Council is targeted with being able to deliver 100% of its services using electronic means by 2006. The further development of the Contact Centre will play a fundamental part in meeting those objectives..

18. We know from the progress of other local authorities, further down the path than WCC, that producing a detailed benefits case at this stage can be costly and full of assumptions. The two key problems are that, i) the current way of working is too complex to measure, ii) the current way of working and the proposed way of working are not comparable. There are also other areas of potential benefit that we cannot estimate. For example, from a resource perspective, it is very difficult to model the impact of eliminating

interruptions, getting things right first time, reduced re-work, simpler working practices. Similarly, from a demand perspective, the behaviour of customers will change, e.g. more callers will get through, repeat calls will reduce, face-to-face visitors may now use the telephone.

19. Kingston upon Hull provides a good example of this complexity. The month after their contact centre went live they experienced a reduction in housing benefits calls (those going to the department) from 43,587 down to 25,605. Even adjusted for calls taken by the call centre this represents a reduction of 15,000 calls. Whilst the reasons for the calls are many and varied some key themes came through, e.g. front office staff were able to answer customer enquiries (they had the information to hand), back office staff were able to get on and process claims, the backlog reduced which then led to fewer calls. Conversely, with other types of enquires, for example, abandoned cars, special collections, missed bins etc., local authorities have experienced a significant rise in calls because customers now find it easier to contact them.

20. However, as soon as staff move over to the front-office operation, there is a clear separation of duties, which makes it easier to measure staff performance; in itself another significant benefit. Staff in the front office can be measured on the basis of customer contact, e.g. number of calls. Equally, back office staff can be measured on processing performance, e.g. number of claims processed, number of outstanding claims. The way in which staff work is also well defined, because processes are documented and training has been provided.

21. Epsom and Ewell provides a good example of where this has worked well. Their contact centre, staffed by a team of ten people (soon to become 8), is now handling the work previously carried out by 25 staff. These benefits have been achieved through efficient handling of calls but also through re-engineering processes – front and back office.

22. Cardiff City Council has similarly found that as they take on the responsibilities of different services there is a 25% improvement in efficiency, i.e. for every 8 staff they had previously, only 6 staff are now required.

> **It is recommended that WCC embark of a first phase contact centre. This would both move the authority in the right direction but also in doing so provide evidence for the business case for further development. Furthermore, as the authority moves from its current position (the base-line) to the interim position further evidence would become available to the team of how front-office customer service and back-office efficiencies have been affected**.

Strategic Development Options

23. The Council has a number of strategic options; these can be summarised as falling into three categories:

Do nothing

24. With relatively high levels of customer satisfaction reported, it might be tempting to leave things as they are. However, in terms of CPA rating and the fact that customer expectations will continue to rise; standing still is not an option. Unless change is adopted now it will become increasingly difficult to maintain, let alone improve the current position and could lead to the need to adopt urgent, expensive "catch-up" measures later. Better to introduce those changes now in a pro-active, controlled way than be forced to react when significant problems arise.

In-House Customer Service Team and Contact Centre

25. Creation of a WCC Customer Services Team (CST) and setting up an associated Contact Centre (CC) is considered to be the best option. It both meets the need to provide improved customer services at an affordable cost and offers further advantages in maintaining a close link with the customer base and encouraging more wide reaching change throughout the whole organisation. Great customer service relies on both excellent front office and back office operations – keeping the two together is a significant advantage.

26. The development of an in-house CST and CC is a route that has been followed by the majority of Councils who have embraced the CRM approach and particularly within Districts. This has been proven to work well and still offers opportunities for partnership working with, say, the County Council and other local authorities – perhaps to provide out of hours cover or collaboration on remote access.

Outsourced Contract Centre

27. Recognising that they do not have the in-house skills or experience in running a Contact Centre operation some Councils have explored outsourcing the whole operation, e.g. Liverpool. Whilst this may have some advantages in moving the responsibility for the day to day operation of the Contact Centre this option does introduce a significant separation between customer contact and service delivery. This can give rise to additional management problems and also does little to drive the customer service change initiative through the whole organisation.

28. It is not considered to be the best option for WCC, where close links and understanding of the local community and geography is essential. It could also reduce the opportunity to propagate a customer centric culture throughout the organisation.

**It is recommended that Winchester City Council develops
an in-house Customer Service Team and Contact Centre.**

Recommended Next Steps

29. As mentioned, whilst many local authorities have taken a leap of faith and decided to proceeded to develop to develop an in-house Customer Service Team and Contact Centre, WCC is in the fortunate position of being able to benefit from other trail-blazing – learning around what works and what does not.

30. It is recommended that WCC proceeds to the next stage of development and initiates the process of change. Specifically, in terms of reception points, WCC standardises on two:

Avalon House

This location would become the focus for all Development Services and Land Charge enquiries, becoming in effect the "Property Related Services" reception. Immediately behind the reception would be a simple "mini-contact centre" with shared staff responsibilities, i.e. staff would be able to rotate between the contact centre and front-office reception for both reasons of service demands and job enrichment. Facilities for this proposal is more or less as planned already. No additional accommodation is needed.

Civic Offices

The proposal is for a "meet and greet" / corporate reception area with a new bank of "all service" counter points (6 to 8) and around 4 interview rooms on the ground floor. Such change would certainly involve redesigning this whole area, taking space from post room etc. Eventually Housing, Licensing, Leisure and Electoral Register receptions would then all move to ground floor. Car parks' public counters would also move here also. One immediate benefits of this would be that all the other floors would be closed to public.

31. The diagram below illustrates how Customers would interact with WCC.
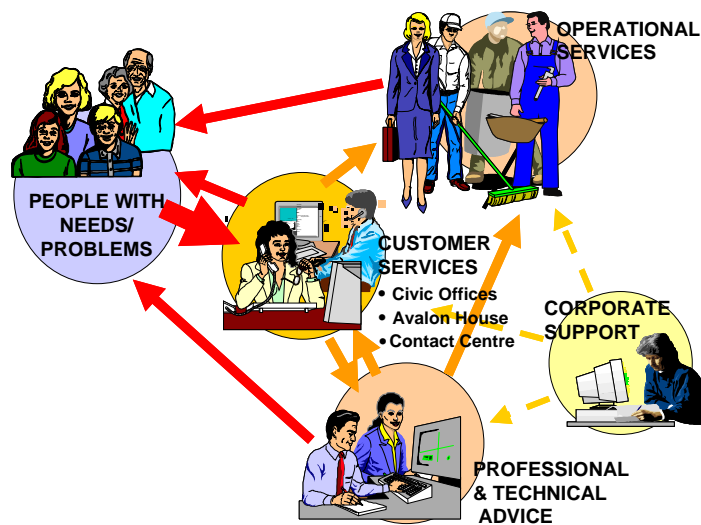
Develop a Contact Centre

32. The changes in the reception points (described above) might create space for a Contact Centre in the Civic Offices on the first floor. Alternatively the Contact Centre could be sited in another location - potentially anywhere as this function "redirects" callers by telephone transfer. However, for staffing convenience (some staff at least will alternate between telephone and counter work) the location should be with a short walk of the Civic Office reception.

33. The scope of phase one would include Housing Repairs, the main switchboard, and some new staff, who would handle initial call handling for Licensing and Environmental Health (waste and complaints).

34. The diagram (see below) illustrates that the point of hand-off (where front office staff need to involve back office staff) depends on the complexity of a department's processes. Departments where many of the processes tend to be complex, e.g. requiring specialist training or experience, will quickly become involved in customer interactions. Conversely, where front-office staff are able to handle more of a process then the point of hand-off will be later, if at all. The diagram also illustrates that the point of hand-off may vary over time, as front office staff become proficient and better able to do more of a process.For this reasons, Phase 2 would then include some easy Revenue & Benefits processes together with other Civic Office-based services (e.g. Leisure, Guildhall, Electoral Registration). Phase 3 would then include more of the Revenue & Benefits processes (greater in number and in depth handled by Contact Centre staff).
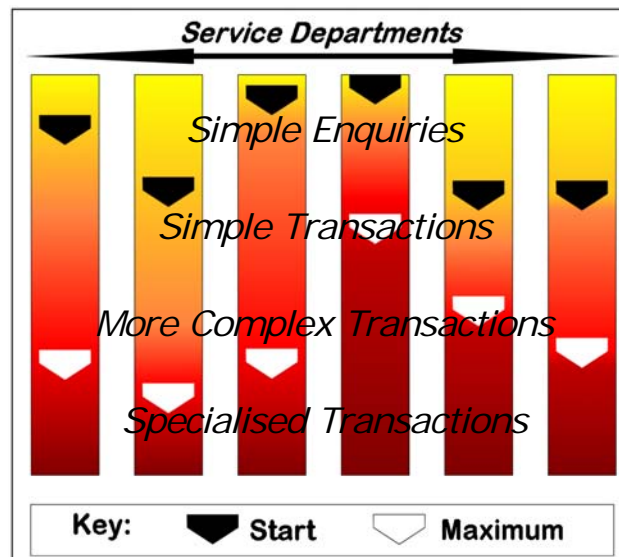
35. Customer Relationship Management software would also be introduced allowing a simple customer contact tracking service, which would link together both receptions areas and the Contact Centre. This would be used for all contacts.

Customer Services Manager

36. In addition to technological changes, there will need to be significant cultural and organisational changes. It will be important early on to create a new post of Customer services manager and for this to be graded at a Head of Service level. In addition to significant staff responsibilities involved in transferring all post room, reception and contact handling staff to Customer Services s/he will undertake to challenging roles.

37. Their first role will to assist in defining, developing and launching the first phase of the contact centre operation. Whilst other members of the project team may be concerned about the success of what is being delivered, e.g. on-time, on-budget etc, it is the Customer Services Manager who must accept the package of work (processes, technology, people, organisation) before it can go live. In many ways this role is similar to that of quality assurance (QA). If he/she is not happy and feels that the implementation will not be successful then they have the right to delay the phase until such time as the package is acceptable. The current performance of WCC cannot be allowed to deteriorate for any significant period during these developments.

38. The second role will be more of an operational one, dealing with exceptions (e.g. where enquiries have been escalated or exceeded service level agreements – SLAs). Whilst it is hoped that report generation will be automated early on, the customer services manager's role will be to look for trends and to plan accordingly. At the tactical level, this may be to bring in more staff when peaks are expected. Strategically, it will be to feed new requirements into the process (e.g. Programme Board) for consideration and inclusion in the next phase of development.

39. An outline programme timeline is shown below

Phase	2003	2004				2005				2006				2007			
	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Mobilisation	Yellow				Green			Green			Green			Green			
Phase 1		Dark Red	Dark Red	Blue	Magenta												
Phase 2				Yellow	Dark Red	Dark Red	Blue	Magenta									
Phase 3							Yellow	Dark Red	Dark Red	Blue	Magenta						
Phase 4 (tbd)										Yellow	Dark Red	Dark Red	Blue	Magenta			

Key	
Stage	**Colour**
Consultation	Green
Plan	Yellow
Build / Test	Dark Red
Implement	Blue
Benefits Realisation	Magenta