

Advancing customer levels of service

Background

With customer expectations of public sector services changing, water utilities are feeling more pressure to meet those expectations with the realities of rising costs, aging infrastructure, and changing climate. The City of Calgary determined that having a customer-focused utility should be a critical component of meeting those expectations by finding the right balance between assets, financials, operations, and customer expectations as part of effective utility management.

Although the city provided customer satisfaction surveys and engagement activities in the past, these strategies did not effectively assess customer priorities, expectations and values. The city believed that the traditional method — creating corporate expectations for services from the lens of their expertise, and subsequently engaging with customers based on that — was hindering its ability to truly see the services from a customer perspective to ensure ongoing value for money and build trust in the utility.

To prioritize the customer as an integral part of the utility's DNA and a core driver of activities, decisions and business planning, the city committed to developing an approach that would improve customer maturity and embed the customer perspective in a more meaningful way. The city embarked

Key insights

- Today's customers want to know more about their water. This includes a greater understanding of water rates, stormwater management, water quality, flooding and other issues.
- Integrating customers' voice into areas such as performance measures, service expectations and service delivery can help identify how utility services either meet, exceed or fall below expectations.
- Understanding a customer's perception of service and their expectations will improve the ability to provide meaningful levels of service that resonate for the customer.
- Using the customer lens to develop service levels helps balance assets, financials, operations and customer expectations.
- Integrating the needs and expectations of the customer into the business culture is a critical action that can yield considerable co-benefits, including developing trust in the utility, underscoring value for money, and building a greater understanding of customer perception of services.





on an approach to identify gaps in asset and customer service delivery and identify opportunities and strategies to optimize investments using a 'customer first' lens. It believed that integrating the customer voice into areas such as performance measures, service expectations, and service delivery helps clarify how utility services either meet, exceed or fall below expectations.

Challenges

For the City of Calgary, there were two key drivers that set it on a journey of becoming a more customer-focused utility.

1. A service review supported by Scottish Water Consultants highlighted that the city took great pride in its water infrastructure assets, but needed to shift its focus to whom these assets are provided and managed for: its customers.
2. Public trust in institutions has been declining and customer expectations are increasing, including wanting a greater understanding of water rates and what they pay for.

The city was also on a journey of developing levels of service that connected to customer values, but it was challenged with understanding customers' perception of service and what service expectations they had. This impacted

its ability to provide meaningful levels of service that resonated on a customer level.

Strategy

The city committed to advancing customer maturity by the next cycle (2023 - 2026). This included having validated, refreshed and informed customer levels of service. The belief was that integrating the needs and expectations of the customer into the business culture would be a critical action to help:

1. Develop trust in the utility.
2. Underscore value for money.
3. Identify how people are perceiving services.
4. Highlight opportunities to work more efficiently and effectively.
5. Emphasize the importance of addressing pre-existing assumptions in service delivery.

To accomplish this, the city undertook a three-step approach using a lens of 'value-for-money.' In other words, how could each service level be broken down to identify how performance in this area could impact the customer's cost-benefit perception?

Step 1: Clarify customer values

The first step involved addressing pre-existing assumptions concerning customer

expectations and how these either aligned or were at odds with organizational values. This understanding was developed through customer research and testing that aimed to:

1. Develop a deeper understanding of customers' values.
2. Identify measures that reflect customer priorities.
3. Highlight where there were gaps and opportunities to improve.

Step 2: Integrate customer lens into work plans

The next step was to create a scope of work that aimed to bring in the customer lens. This was achieved through conversation and collaboration with the project team and the formation of a strategy group and steering committee to help launch a levels of service program.

Step 3: Research customer expectations

The third and final step involved conducting exploratory research to gather insights to better understand customer expectations of the utility. The research focused on extracting key insights from customers through focus groups, surveys, call centre data, attribute development, customer expectation statements and scenario development. The latter could help highlight customer tolerance and pinpoint areas in service in which the utility may be over or

underdelivering. The goal of this final step was to establish where corporate and customer values, priorities and shared tolerances for performance converged and where gaps existed. With this information, the city could then take steps to close gaps so that value and trust in the utility were not eroded.

Several strategies can be adopted to include the customer voice in performance metrics. At the city, empathy exercises, service reviews, experience statements and journey mapping were adopted to create meaningful "I" statements. For example, in the past, an organizational performance measure might have indicated "reliable service delivery." However, to gain a greater understanding of what this means to the customer, identifying the expectation that is tied to this performance measure through the customer's voice can help create greater clarity. In the customer's eyes, reliable service delivery could mean "water is always there when I turn on the tap."

Impact

The creation of customer experience statements and performance measures in plain language has created greater clarity between the customer and all levels of the utility. This has enabled the city to set, measure, manage, track and subsequently articulate levels of service in ways that resonate with its customers.



One of the key outcomes of better understanding customers is that the utility can better use existing data to measure performance and identify gaps. This has ultimately led to better data collection and more informed decision-making. It also led to:

- Identifying whether an expectation will be measured.
- How it can be measured.
- If the measurement makes sense to the utility and the customer.
- What the customer tolerance is concerning this expectation.
- What alternate ways this expectation can be managed.

This helps prioritize investments and ensure that money is being spent in the right places for the right purposes.

The continuous improvement approach adopted by the city has given it the freedom to try different strategies to determine which are successful. One of the city's key takeaways has been to move away from the desire to collect customer insights through capturing numbers or results, but instead to contextualize what they have learned within the overarching program goals to effectively identify next steps.

Lessons learned

To ensure the entire organization was on the

same page, a critical component of this program was the ongoing organizational sharing of information learned along the way. In the early phases, the key focus remained on general, overarching customer experiences. The city was interested in understanding the general residential customer sentiment. Future phases of this project will focus on more specific needs of different customer groups.

A key lesson emerging from this exercise was the importance of avoiding bias. The City of Calgary ensured existing business practices and vocabulary did not influence the wording or framing of research questions. This is because the framing of questions can greatly impact how customers respond and will ultimately influence the quality of feedback received. Translating corporate jargon into vocabulary that resonates with customers will yield more meaningful insights and research.

Another important factor is strong support from senior leadership. Given that this exercise is one of changing the culture within the utility, success relies on its investment in the work, including articulating the value of the work and creating space for staff to engage with it.

Overall, having a deep understanding of customers' priorities and expectations is crucial to enabling the business to effectively plan, manage and deliver services in a way that meets customers' expectations, delivers value for money and builds trust in the utility.

