

Customer Services VFM review



Scope

Customer Services is part of the organisational support group of activities. It forms part of the VFM programme which meets councils obligations under S17A of the Local Government Act

Background

Customer service is the process of managing customer interactions while ensuring customer satisfaction. It usually takes the form of an in-person interaction, a phone call, an online self-service system, or in writing.

Customers are the current and future residents, ratepayers, visitors and businesses in Auckland. Each service provided by the Group has a different group of customers.

The scope of the review is wider than customer service departments, taking a value chain approach, considering key process activities involved in serving customers across multiple Group organisations, channels and touchpoints.

Key facts

\$51m cost of customer services per annum, **\$18m** Capital spend

50% of council staff in customer facing roles

45% of service online

22% trust in council

1.6m residents forecast to be **2m** in 2033

29% of residents contact council annually

20 + websites

80 locations

Value was assessed by considering these key questions

VFM demonstrated Some VFM demonstrated Low VFM demonstrated

Key question	Confidence that VFM achieved and planned	VfM review conclusions
1 What have been the customer service gains from amalgamation, and key initiatives since then?		<ul style="list-style-type: none"> Customer experience is improving All organisations have clear customer service targets, strategies and plans focused on customer outcomes
2 Trends in costs & service levels: how do they compare across the group and to benchmarks?		<ul style="list-style-type: none"> Additional investment in customer services teams has improved customer experience Cost per transaction falling as investment in digital increases
3 How is customer satisfaction trending & measured? How does it compare across the Group and to other organisations?		<ul style="list-style-type: none"> Performance is variable – waste, roads and consenting negatively impact satisfaction. Other services over 80% satisfaction All services have same targets – may need to vary depending on service type
4 What channels are used and are crossovers in customers between processes and business units managed effectively, with the customer at the centre?		<ul style="list-style-type: none"> Customers have a range of channels to use Investment in digital channels occurring to allow customer self-service

Key question	Confidence that VFM achieved and planned	VfM review conclusions
5 Are customer service channels duplicated or shared across the Group and what does that mean for cost-effectiveness?		<ul style="list-style-type: none"> Operating model focuses each organisation on their own customer needs - not the Group Duplication exists with no single front door to all Group services
6 How does the approach to customer service across the Group compare to best practice, including use of customer charters and complaint resolution processes?		<ul style="list-style-type: none"> Complaints are tracked and used to improve performance
7 How are resources allocated across the key channels, in the context of customer preferences and strategic objectives (such as digital first, customer convenience, more with less)?		<ul style="list-style-type: none"> Strong customer focus and improvement plans in place across the Group
8 What governance arrangements, planning and strategies are in place to manage customer services, including across the Group?		<ul style="list-style-type: none"> Clear alignment of customer to overall organisational objectives

Executive Summary

All organisations are actively building customer service cultures	<ul style="list-style-type: none"> All organisations are actively building customer service cultures which are clearly featured in strategies and plans
Overall customer satisfaction is good although performance is variable	<ul style="list-style-type: none"> High customer satisfaction (>80%) is being achieved in a number of areas but overall is impacted by lower performance in regulatory, roads and waste In areas of high satisfaction (E.g. public transport, the Zoo, Watercare) they perform well against other cities
Service requests which require Group interaction are not measured and may have multiple hand-offs	<ul style="list-style-type: none"> 30% of calls to contact centre need to be handed off and customer enquiry resolution times are not tracked Resolution is variable with multiple call backs and customer dissatisfaction. More focus needed on resolving at first point of contact
Cost-efficiency and effectiveness are being achieved through digitisation and re-organisation	<ul style="list-style-type: none"> Across the Group there has been a significant shift to online digital formats/channels to provide customers with the choice of self service These initiatives lower transactional costs and are measured by a set of online transactional or cost-to-serve-type targets.
Process simplification required to enable the move to digital	<ul style="list-style-type: none"> Customer services are increasingly available online. AT are introducing smart phone apps
The Group has a fragmented view of the customer	<ul style="list-style-type: none"> Customers do not distinguish between organisations and all are seen as Auckland Council - linked by the pohutukawa brand identifier Each organisation is progressing their own customer outcomes without consideration across the Group Duplicated investment in technology and whether a “single front door” might be helpful to customers
A joined up approach to the customer needs research	<ul style="list-style-type: none"> A research-based evaluation, from the customer’s perspective, would determine if they would value a “joined up” online service experience.

Recommendations

- Improve customer experience by simplifying channel interface**
 - Making it easier for customers to interact with the Group with a clear understanding of the customer journey and how crosses organisational and department boundaries
- Faster resolution of customer enquiries**
 - Building on activity underway focus on resolving enquires at the first (and only) contact with Council

Summary of potential value

Value propositions	NPV (10 years) \$m
1 simplifying channel interface	+ve not estimated
2 Faster resolution of customer enquiries	10.5
Total	10.5