

## The Barometer of the Services Value Proposition

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*“There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.”*

Sam Walton

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In government, the citizen is the customer. Unlike most commercial companies, government is effectively a monopoly. “Customer retention” is not really a relevant concept, given that citizens must go to the government for most of the services required. Clearly, that does not mean government can deliver services however it cares to.

The rewards of a good customer service experience are straightforward: a satisfied citizen is more likely to support policies and programs. There are related benefits:

- An agency focused on customer satisfaction can increase efficient transaction volumes and lower costs.
- A satisfied customer is a sign of effective services.
- A satisfied customer can help confirm value propositions and reward politicians by word-of-mouth referrals.
- Customers are an obvious source of insight to generate feedback on service standards.

For every unhappy citizen you hear from, there are countless more that are silent. Negative word of mouth can damage years of good political reputation. The risks of poor customer service can be insidious because they are less visible. Poor customer service can be indicative of poor morale, which can damage productivity and effectiveness. Ultimately, unhappy customers can impact the credibility of the agency and put program funding at risk.

Customer Service is both an advocate for citizens within the government agency and an advocate for the agency with citizens. It generates unique insight into the customer experience, providing an outside view on the value proposition and the service experience.

Forward-thinking organizations have been able to use new technologies to streamline citizen access and service response times. Customer relationship management (CRM) systems were developed to exclusively focus on the interactions an organization has with its customers and constituency. However, historically, many government agencies pay little more than lip service to managing and improving customer relationships. Citizens have been tolerant out of necessity since, despite experiencing poor service, there are few or no alternatives. As customer access technology improves, Customer Service will assume a more important role in improving response times and satisfying citizens' needs.

Many agencies still view Customer Service as a necessary expense, as opposed to a critical barometer of sustainable value creation. Three significant barriers must be overcome to change this view.

**Barrier 1: *Insufficient visibility into the risks to customer loyalty uncovered by Customer Service***

Customer service can be thankless and hectic. Picture a room full of customer service representatives juggling calls from frustrated citizens. In a volume-driven environment, it is difficult to determine the context and pattern of the calls received. Some agencies have made major investments in CRM solutions, specifically in call center software.

While these technologies make call centers more efficient, they generate vast amounts of transaction detail that obscure meaningful patterns and root causes. Finding patterns in problems such as service delays, information requests, complaints and claims can lead to proactive solutions. Categorizing the types of complaints by type and seriousness of error, response time and resolution time can reduce service costs and identify the causes of dissatisfaction. Informed government organizations can address problems at the source and understand the pattern and context of the calls they receive.

Even when you can't eliminate the root cause, better categorization of issues can speed up the time to resolve problems. Timely responsiveness can salvage many frustrated customer relationships. As one executive of a major airline said: "Customers don't expect you to be perfect. They do expect you to fix things when they go wrong." In government agencies, this requires that problems and their causes be grouped and studied so that effective action can be taken.

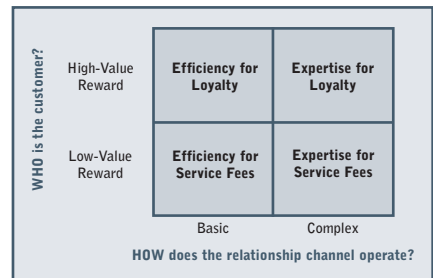
**Barrier 2: *Poor awareness of the benefits of a good customer experience, especially when grouped by who and how***

While it’s not difficult to calculate how much you can save by reducing customer service, it’s much harder to predict the cost of lower service levels. In particular, you need to understand how customer service levels affect your key and most important or vulnerable constituencies. If you don’t, you may understate—or overstate—the risk. Overstating the risk leads to an inefficient allocation of resources, which reinforces the view that Customer Service is an expense. Understating the risk can be even worse, leading to the loss of your most valuable relationships—the ones your program was developed to help—and the impact of negative word of mouth on your agency or the government generally.

Good customer service departments take into account the absolute and relative needs of customer segments and prioritize efforts for specific services. The key is to segment Customer Service risk issues that matter most to your mission and regulatory requirements.

Once government understands which risk issues are most important, they must gain insight into how the relationship works. In complex interactions, the relationship depends on expertise. This is a clear market differentiator. If the interaction is more basic, for example, event reporting services, then the day-to-day efficiency of the relationship becomes more important for both parties.

Segmenting customer relationship channel interactions helps to clearly define the relative value of great service. When you include the relative threat of the risk issue, you have a useful framework to maximize the rewards of service for you and the citizen. Whatever metrics you choose, you must align them with what the customer perceives as important. *Does the citizen value convenience? Is personalized service more important than automation? What are acceptable response times? Are you reaching all of the constituencies that your program is funded to help?* Understanding the relative importance of such criteria will make customer service monitoring more relevant to service standards improvements.



### Barrier 3: *The absence of a customer advocate and direct accountability*

Ideally, your entire organization has common customer service performance goals. You should back up this alignment with accountability, especially when the different drivers of those goals span different functions. Without accountability, you have a barrier to achieving better customer service.

Overcoming this barrier requires clear, credible and aligned customer service metrics—and the political will and organizational culture to rely on them for tough decisions. *Do you incur higher costs in the short term to secure long-term citizen loyalty?* Only government organizations that understand the risks and rewards of customer service can make informed decisions on such questions.

Customer Service has a key role in generating and sharing this information. Beyond being the handling agent, it can become an effective citizen advocate to other departments and an expert on customer performance metrics and their drivers. It has to understand the problems and the operational solutions. Most important, Customer Service staff must effectively communicate these metrics to the rest of the organization so that other departments can resolve the root causes of customer experience issues.

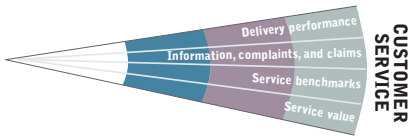
This works both ways. Not only must Customer Service bring in other functions to resolve problems, it should offer useful information in return. For example, trends in the type of complaints or problems can suggest process improvements and operational efficiencies in the back office. Forewarning the distribution network about service issues will allow them to craft an approach, message and appropriate assistance. Cooperation like this demonstrates the responsiveness of the organization and can salvage troubled relationships.

## Excellence in Customer Experience

The four decision areas described below equip Customer Service with the critical risk and reward information they need to be more effective customer advocates, bringing excellence to the customer experience.

Decision areas in Customer Service:

- **Delivery performance** → What is driving delivery performance?
- **Information, complaints and claims** → What is driving responsiveness?
- **Service benchmarks** → What is driving service levels?
- **Service value** → What is driving the service cost and benefit?



The sequence of these decision areas provides a logical flow of analysis and action, starting with understanding the primary drivers of citizen risk. First and foremost, is customer service performance acceptable and competitive? Customers do not easily forget failures in this area; such mistakes, therefore, carry significant risk. Citizens are not expecting complications or excuses for poor service delivery, for example, a lost application or account transaction errors. Beyond the fundamental service responses with the customer, there are many additional issues that citizens expect to have resolved quickly. These include simple requests for information, complaints and major claims on errors.

The next two decision areas shift the focus to the benefits of focusing on key relationships. You start by benchmarking your organization against internal and external standards. *What criteria are you measured against, and how good are your performance comparisons?* The last decision area brings everything together into a relative cost/benefit analysis of each major customer segment relationship. *Are you reaping the rewards of Customer Service, what are they, and how much has it cost?*

**Delivery Performance**

One of the biggest obligations for government is to deliver services on a timely basis. “Timely” is a relative benchmark linked to local or regional standards, changing customer expectations as well as citizens’ alternatives. In an environment where convenience dominates behavior, the quest to be timely is a never-ending challenge. This is why it is vital to identify *what*, *where* and *why* internal processes are failing or underperforming in their timeliness. Reducing time-related bottlenecks is critical. Monitoring performance also provides services’ channels with information to pre-empt potential issues before interacting with citizens.

Unfulfilled expectations regarding service delivery can also be important for reconciliation purposes when checking on citizens’ transaction status. This decision area can also uncover root causes of back-office problems and systems-related issues. Tracking timeliness by service type, system application access and customer segment will highlight potential deficiencies in key hand-off steps within the internal process. With better information, you can categorize different levels of timeliness and compare them to different customer delivery performance thresholds for a more detailed view of risk and recommended action.

GOALS	METRICS	DIMENSIONS	
Average Response Time (#)	New Account Set-Up (#)	Government Services	Service Delivery Problems
Average Fulfillment Time (#)	Account Changes (#)	Service Type	Problem Severity
Response on Target (%)	System Problems (#)	Service	Delivery Problem
Fulfillment on Target (%)	Average Time to Service Response	Citizen Customers	System Downtime
System Downtime (%)	System Downtime Events (#)	Segment Category	Downtime Time of Day
	System Downtime (#)	Customer Name	Services Channel Partners
		Transaction Accounts	Services Channel Type
		Transaction Type	Services Partner
		Customer	Reporting Periods
		System Transaction Account	Year
		Service Delivery Methods	Quarter
		Delivery Type	Month
		Delivery Method	Day
		Systems	
		Application	
		System	

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Customer Service	Executives	*		
	Managers	*		
	Analysts	*		
	Professionals	*		
IT/Systems	Executives			*
	Analysts		*	
	Managers	*		
Operations/Production	Executives			*
	Managers	*		
	Analysts		*	
	Professionals	*		
Services	Executives			*
	Managers		*	
	Analysts		*	
	Professionals		*	
Program Management	Executives			*
	Analysts		*	

### Information, Complaints and Claims

Every complaint is a proactive statement that you are not meeting your constituents’ expectations. It is an opportunity to listen to your citizens, whether it’s a simple request for information, a complaint about performance or even a financial claim on a service error. Experience shows that each call can be the tip of an iceberg—the one frustrated person who calls may represent many more who don’t bother. By tracking and categorizing these calls, you can gauge the severity of various operational risks and prevent them in the future.

There are three dimensions to monitoring the citizen’s voice: frequency, coverage across service areas and type of issue. Simply counting complaints will not adequately reflect the nature or risk of a problem. For example, you may receive many complaints about paperwork and problem resolution, but if there are persistent issues related to entitlement qualifications or program compliance, there may be some structural issues related to the program that need to be reviewed. Poor service can exacerbate the real issues that may be plaguing the program.

GOALS	METRICS	DIMENSIONS	
Query - Avg. Investigation Time	Query Amount (\$/#)	Queries	Services Channel Partners
Open Inquiries (\$/#)	Fines (#)	Query Type	Services Channel Type
Resolved Inquiries (\$/#)	Errors (#)	Query Identification ID	Services Partner
	Error Rate Index	Query Status	Services Organizations
	Investigations (#)	Query Status	Services Region
	Investigations - Closed	Query Aging	Services Territory
	Investigations - Open	Query Aging	Organization Code
	Complaint Count (#)	Government Service Segment	
		Market Service Segment	
		Billing Customer	
		Segment Category	
		Customer Name	

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Customer Service	Executives	*		
	Managers	*		
	Analysts	*		
	Professionals	*		
Finance	Executives	*		
	Managers	*		
	Analysts	*		
	Professionals	*		
Audit	Executives			*
	Managers	*		
	Professionals	*		
Risk Management	Executives			*
	Managers		*	
	Analysts		*	
	Professionals		*	
Operations/Production	Executives			*
	Managers		*	
	Analysts		*	
	Professionals		*	
Services	Executives			*
	Managers		*	
	Analysts		*	
	Professionals		*	
Legal	Executives			*
	Professionals		*	
Program Management	Executives			*
	Analysts		*	

### Service Benchmarks

Service benchmarks help evaluate how your service quality stacks up against internal and external standards. They not only measure response times, but also service expectation gaps affecting customer satisfaction. Understanding the link between service benchmarks and performance is a key goal. For example, we may find that excessive policy changes are impacting citizens’ behavior and willingness to comply. An overly complex and burdensome process for policy applications may discourage the use of new services. A simplification and re-engineering of the internal review processes may end up having the double benefit of market share gains and cost savings.

Internal metrics may include number of applications, wait time, process time, successful/rejected applications, number of service calls, types of customer interactions and customer correspondence. External performance metrics may include problem resolution times, customer satisfaction surveys, response time and claims. Using standard industry criteria allows managers to compare external information from third-party assessments with internally driven customer surveys. Gaps in external information can uncover risks not picked up by internal monitoring. Such information can also identify the need for better external communications.

Combined with skilled analysis, service benchmarks can be used to adjust the product and customer proposition. You can summarize customer benchmarks by region, office and customer segment and thereby offer a high-level overview or drill down into Customer Service performance issues.

GOALS	METRICS	DIMENSIONS
Average Service Time (#)	Service Calls	Government Area Segments
Service Quality Standard (%)	Service Reconciliation - Average Time	Government Segment
Customer Satisfaction Score	Reporting Information Accuracy (%)	Programs
Service Support Score	Reporting Information Timeliness (%)	Program Type
	Rework (%)	Program Line
	Outstanding Service Issues (#)	Citizen Customers
	Lost Customer Count (#)	Citizen Type
	Wait Time (#)	Customer Name
		Workflow Support Areas
		Service Support Activity
		Service Benchmarking Issues
		Service Category
		Service Issue
		Services Channel Partners
		Services Channel Type
		Services Partner

FUNCTION	DECISION ROLES	PRIMARY WORK	CONTRIBUTORY	STATUS
Customer Service	Executives	*		
	Managers	*		
	Analysts	*		
	Professionals	*		
Services	Executives		*	*
	Analysts		*	
Procurement	Executives		*	*
	Analysts		*	
Program Management	Executives		*	*
	Analysts		*	
Operations/Production	Executives		*	*
	Analysts		*	
IT/Systems	Executives		*	*
	Analysts		*	
Finance	Executives			*



### Service Value

This decision area combines costs and benefits to evaluate the value of the service. This does not necessarily mean a “financial” value, but could reflect the social outcomes referred to continuously throughout this book. For example, an employment office that focuses on retraining may consider the service value to be the number of people who have been trained and placed in new positions after six months. It segments citizens by who they are and performance by how the agency provides the service.

Quantifying customer service risk issues and the efforts required to resolve them provide the cost overview. Some issues can be financially quantified, such as the number of calls received, cost per call and dollar value of errors processed. Others, such as poor response times or complaints, can be categorized through a service level index.

When determining cost, it is also important to understand how the relationship operates. *Does the citizen communicate with you through efficient electronic means and direct access to internal support systems, or use less efficient means such as phone or fax?* Customer conversations that can be captured as data (i.e., electronically) tend to indicate more efficient relationships and readily enable quantification for performance comparisons. You can define subcategories of complexity based on customer and transaction knowledge: for instance, by tagging relationships based on how many separate steps and hand-offs are required to complete the transaction.

At the same time, you need to categorize the benefits, for example, using a lifetime services count metric or strategic value index based on expected revenue.

When Customer Service can analyze value and cost, it can avoid trading one for the other by setting more accurate priorities for use of resources. Poor service performance in simple channels implies that Customer Service should invest more in process automation and improved efficiency. Performance issues in complex channels point to increasing investment in skills, expertise and decision-making support when analysis shows that the investment is worth it.

GOALS	METRICS	DIMENSIONS	
Service Cost (%)	Service Support Score	Citizen Customers	Government Market Segment
Service Effectiveness Index	Service Efficiency Standard (%)	Industry Group	Market Segment
	Service Charge (\$)	Industry Category	Micro-Segment
	Outstanding Service Issues (#)	Customer Name	Program
	Customers (#)	Customer Locations	Program Type
	Lost Customer Count (#)	Region	Program Line
	Complaint Count (#)	State/Province	Services Channel Partners
	Claims (\$)	County	Services Channel Type
		Postal Code/Zip Code	Services Partner
		Reporting Period	Services Organization
		Year	Services Region
		Quarter	Services Territory
		Month	Org. Code

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	Managers		*	
	Analysts		*	
	Professionals		*	
Services	Executives			*
	Managers		*	
	Analysts		*	
	Professionals		*	
Operations/Production	Executives			*
	Analysts		*	
Program Management	Executives			*
	Analysts		*	
IT/Systems	Executives			*
	Analysts		*	
Legal	Executives			*

