

IMPROVING THE DEVELOPER EXPERIENCE WITH WATER UTILITIES

CREATING TAILORED OFFERINGS FOR DEVELOPERS

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ABSTRACT

This paper provides an overview of how Sydney Water utilised a range of customer insights to improve its relationship with property developers. It also highlights the value of taking an 'outside in' view of the organisation as an effective tool for truly understanding how customers rate your effectiveness as a customer centric organisation.

The collation of these insights is an excellent mechanism for providing the basis of a case for change within an established business with established internal processes.

Keywords: Developer, Customer Experience, Journey Mapping

INTRODUCTION

Sydney Water is Australia's largest water and wastewater service provider, with over 4.9 million customers. Its area of operations encompasses 25 local government areas and needs to ensure that it provides a level of service to a multitude of customer segments, including connected customers and those who wish to connect to its services.

One of these key customer segments are customers who are creating residential and non-residential parcels of land that require water servicing. This customer segment is key to the future operations of a water utility as it is the conduit to growth of its customer base. New South Wales Government projections show that over 36,000 dwellings are to be constructed within Sydney Water's area of operations each year for the next 5 years, with only a marginal tapering off for the 5 years after that. Water utilities must provide services to developments while ensuring that the new development will not impact on the amenity of existing service users. Generally, this servicing

is usually achieved through a combination of works that are constructed by the utility (trunk mains, lead-ins and facilities) and works constructed by the developer and handed over to the utility to operate (reticulation).

Due to the complex nature of this interaction, developers often rely on a series of intermediaries to undertake water servicing of properties. These intermediaries perform a number of functions, including:

- ▶ Servicing Plans
- ▶ Design works
- ▶ Liaison with water utilities for approvals
- ▶ Environmental assessments
- ▶ Construction works
- ▶ Quality assurance

Most larger water utilities have fulfilled their original remit of providing water, and particularly wastewater services to their existing customer base. This means that their main role as a utility network and treatment operator limits the need for a large civil construction force. As such, the relationship between water utility, developer and intermediary becomes even more complex as the intermediaries have a dual role; a business relationship with the developer to efficiently design and construct water related assets; and an interpretive role based on understanding water utility requirements and providing fit-for-purpose assets that a water utility will operate.

Customer Experience

If this relationship is not well managed it results in a poor experience for both the developer and the intermediaries. This has become particularly apparent as the scale and types of development has changed in the urban environment. Most water utilities' development assessment processes are based on greenfield servicing, where residential lots are released in precincts where water services aren't currently in place. Today, over 55% of development proposals received by Sydney Water are for infill development. This ranges from the two lot subdivision as property owners realise the value of their large suburban lot, through to industrial rejuvenation as the demand for inner city residential living increases.

Customer feedback demonstrated that developers did not believe that the experience they encountered when having an infill development's water servicing assessed was satisfactory. It was typified by poor communication, multiple contacts, no access to decision-makers and unclear accountabilities for decisions. This feedback was not in step with one of Sydney Water's three strategic pillars of having Customer at the Heart of what we do.

With this context, the infill developers experience became the first customer experience 'deep dive' undertaken by Sydney Water.

CURRENT STATE

When Sydney Water created its developer servicing processes, it was primarily designed around ensuring that statutory requirements were met. This translates into a number of functional interactions that are based on a linear approach to assessing developments. When Sydney Water looked at best practice across the sector, it was difficult to determine as most utilities have a similar functional view of the developer interaction and similar requirements. Thus, interactions have typically been codified into regulatory components of a utility's enabling legislation or by-laws. It generally has three components:

- 1.** A requirement for the utility to provide timely advice to a proponent on the works required for a development to be serviced. In Sydney Water's case, this is called a 'Notice of Requirements' issued under Section 73 of its Act. Once these requirements are met, a developer is issued with a certificate that is one of a number of prerequisites of an Occupation Certificate being issued by the local Council. Sydney Water issues around 2,500 of these certificates annually
- 2.** A requirement for a developer to ensure that works on a property will not impact on pipes or services owned by a water utility. A developer may have to ameliorate the development's impact on water utility infrastructure by encasement of pipes, relocation of proposed buildings, or in some cases, rerouting of pipework at the developers expense. Sydney Water receives around 40,000 of these applications annually.
- 3.** A request to physically interconnect property pipework with water utility services. While this is quite straightforward for stand-alone residential properties, connection requirements for non-residential and medium and high density residential dwellings is more complex as it includes provisioning for larger water volumes, fire services, and site specific water and wastewater quality requirements. Sydney Water receives around 4,000 of these more complex requests a year. Typically, these requests are managed by functional experts within various departmental units.



As the underlying business processes were designed around greenfield servicing, the traditional linear approach of assessing these three components was acceptable, primarily because of the time lag between providing reticulation and when buildings would be constructed. However, with infill development the timeline becomes compressed. Utility assets already service the property so the main consideration is whether they require any amplification. In most cases, the additional services required are minimal and can be provided when a building is to be constructed. Likewise, the asset protection requirements due to the building location can also be managed at the time when interconnection approval occurs. Regardless of the more integrated nature of these types of developments, the developer and their intermediaries were still required to follow the linear process. This led to confusion on a number of fronts:

- ▶ Uncertainty with approval paths
- ▶ Multiple functional contacts
- ▶ Duplication of assessments

This was apparent at two levels; the developer and their intermediaries felt frustrated and unvalued; likewise Sydney Water staff assessing the applications could see that the underlying business processes were not providing customer value. It was obvious that this customer segment was not at the heart of our operation and our strategic aspiration of being a customer centric organisation was not going to be met.

THE CUSTOMER EXPERIENCE

The infill developers experience became an early project for our Customer Experience team. The investigation work was divided into a number of components:

- 1. Understand what the customers want.** Customers generally perceive their experience at three levels; meet my needs, make it easy and make my life better. The developer's experience with a water utility is very much focussed on how the utility can best meet their immediate needs, and do so as easily as possible. Sydney Water in conjunction with Proto Partners developed a core themes model to summarise the concerns customers express when interacting with us.

This model is an effective tool for developing the tone of survey and research questions that would be used to interview developers around their concerns with the current way of operating. In the case of developers, the insights gained from interviews with developers and intermediaries centred on meeting needs and being easy to deal with.

- 2. Customer Discovery.** This component involved a series of workshops and interviews with developers, intermediaries and staff managing the developer process. This research phase had a primary focus on uncovering pain points through one-on-one interviews and, where possible, group workshops. It also uncovered areas of congruence from staff and developers, indicating that staff and customer satisfaction levels were similar when a poor experience is the outcome of established business processes. This component of the project also produced customer stories. The interview environment is crucial as it allows the customer to feel comfortable sharing stories that highlight the painpoints in the current process. This is an important component as it provides a great opportunity to translate anecdotes into factual accounts of customer interaction.

- 3. The Journey Map.** In this component, a number of developers were requested to assist the project team by explaining, step by step, the interaction they have with Sydney Water, touchpoint by touchpoint.

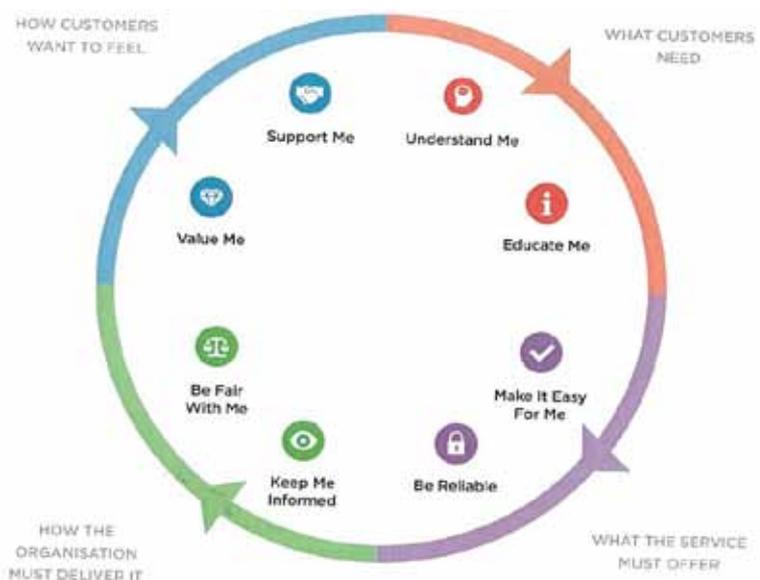


Figure 1. Customer Themes Wheel

Customer Experience

This component is the most painstaking part of the project, but the most essential as it is the only way that you can begin to understand not only how the developer interacts, but how they actually perceive the level of service.

It is important to acknowledge that this component is probably the most challenging piece for a water utility. Traditionally, an improvement initiative is prefaced by exercises such as mapping existing business processes and using this to identify areas for improvement. While this type of analysis is valuable for process improvement, it does not take into account what a customer experiences. A journey map is an opportunity to take an 'outside in' view of the business and focus on customer fulfilment rather than business process efficiency.

RESULTS ANALYSIS

The three phases of customer insight were validated with previous customer research and input from a management reference team. The objective of the analysis was to challenge what Sydney Water would have to do to create a memorable customer experience for the infill developer. The outcomes were grouped based on what would be required to give the organisation an uplift in capability that would give a great result, but would be achievable within a two year period. They were also linked to the customer themes to ensure that customer centricity remained the primary purpose.

The key finding was that developers wanted to be able to deal directly with Sydney Water. While they understood that intermediaries played an important part in various phases of a development, they felt that Sydney Water had pushed too much interaction on to the intermediaries, whereas many issues could have been resolved much earlier if the developer could have met with the utility. The overwhelming feedback from the research phase and customer interviews was that the developers felt that, due to the way interaction is currently managed, Sydney Water did not want a relationship with them. This is reinforced through the following business interactions:

- ▶ Sydney Water currently has an accredited agency arrangement for accepting servicing applications from developers. This means that a developer is forced into using an agent for any interaction with the utility.
- ▶ The agency has access to an online channel for servicing applications. This channel is only available to agents once they are accredited by Sydney Water.
- ▶ The agent, by virtue of the channel, becomes the only contact Sydney Water has with the development. This leaves the developer in the situation where they have to rely on relayed advice from the agent as the only way of interacting with the utility.
- ▶ The developer is solely reliant on the agency relationship as their mechanism for gauging the efficiency and decision-making ability of Sydney Water.



That agency model has been in place for nearly twenty years, and was created in an era when greenfield development was the predominant development occurring in Sydney. Over time, Sydney Water has divested more business transactions to agents as a mechanism for creating business process efficiency. The evidence from the customer insight is that this has created a perverse outcome for developers as they see that there is value in having a direct relationship.

Ironically, the insight showed that developers trust Sydney Water. Their main issue was that there were too many barriers for direct contact.

As a result of this insight, Sydney Water is currently redefining its relationship with infill developers. The analysis of the developer's journey and their painpoints highlighted that the following change components are required:

A Direct Relationship with Developers: changing the mindset of the organisation so that developers are treated as business partners who create new customers for Sydney Water.

The Customer Value Proposition: provide a fully integrated end to end service that incorporates servicing requirements, asset protection requirements and connection approval in one application. This will also include the option of Sydney Water providing design and construction services to the development.

A New Channel: create a new online system where developers can interact without the need for engaging an agent.

The developer interaction is a highly regulated component of a water utility operation, with a strong focus on ensuring that a development does not impact on the existing amenity of the community. In order to change the underlying culture of the organisation around this component, the business processes, staff competencies and technology must become customer centric.

While these components do not seem extraordinary, they have profound impacts on how the utility sees itself in the community. The traditional water utility model has its basis on providing clean drinking water and effective wastewater services. This mantra can lead to treating customer service as a second order issue compared to public health obligations. However, the community perceive water quality and wastewater servicing as a 'given', utilities are another part of the services sector. This means that their perception of a water utility is strongly influenced by the customer experience.

CONCLUSION

The water utility of today is another part of the services sector. The era of being the monolithic, rules-driven water provider has gone. This means that customers will judge the performance of the water utility on their customer experience as much as they will on the quality of the water they drink.

It is essential that utilities operating in today's market have robust mechanisms in place to gather customer insight and truly hear the voice of the customer. However, this insight is of no value unless there is a desire to use it to change how they operate.

Therefore, a customer experience program that will change the way the business operates requires an overt corporate commitment to the customer. This means that customer centricity must be a pillar of corporate strategy before any real change will occur. However, having a customer centricity statement in a corporate strategy will not of itself change an organisation. The strategy must be accompanied by a strategy implementation framework that translates into changes in how the business operates.

To improve the developer experience, the corporate strategic intent was able to be realised by having a strong insight framework based on customer themes and journey mapping expertise. This allowed the voice of the customer to be analysed and translated into tangible outcomes and a commitment to a new, customer centric way of operating.

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THE AUTHOR



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Andrew has worked in the water industry for over 35 years, primarily in front-line customer servicing areas servicing developers and the non-residential sector. He has been responsible for introducing major customer experience improvement programs in Sydney Water such as Key Account Management, Developer Case Management and Sydney Water's new infill development product Developer Direct. Andrew's professional qualifications include a Diploma in Water Operations, Masters Degrees in Management, Environmental Management and Business Administration. At the time of writing he was Head of Developer and Business Customer Services at Sydney Water.