

MAKING AND KEEPING CUSTOMER PROMISES:

SYDNEY WATER'S APPROACH TO PUTTING CUSTOMERS AT THE HEART OF EVERYTHING WE DO

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ABSTRACT

Sydney Water has embarked on an ambitious transformation program to become a customer centric service organisation. At the heart of this transformation is a new operating model and organisation structure designed to ensure organisational focus and capability to deliver exceptional customer outcomes now and in the future. As a part of this operating model, Sydney Water is building new and strengthening its existing customer centric capabilities and establishing a new team to provide direction and drive improvements in customer experience across the entire organisation. This paper explores how these capabilities are being built and deployed across Sydney Water and how they are translating into improved customer experiences.

INTRODUCTION

Sydney Water launched its Corporate Strategy in late 2014 with the vision to be “the Lifestream of Sydney for generations to come” and the mission to be “world class, delivering essential water that our customers love in our great city”. Underpinning the vision and mission are strategic objectives of putting customers at the heart of the business, being a world class performer, and having a high performing culture that ensures by 2020 that:

- ▶ customers are proud of their Sydney Water
- ▶ the voice of the customer drives our business
- ▶ customers receive information on their terms
- ▶ we work with customers to resolve their concerns in a way that's easy for them, no matter who they contact
- ▶ product and service solutions have the “watermark” of our customers
- ▶ quality and cost of our products and services achieve the “sweet spot” of customer value

- ▶ we are clear in delivering our role in supporting the water needs of a growing, changing and liveable city.

At its core, our Corporate Strategy is about transforming Sydney Water from an asset and compliance driven utility into a customer-centric service based organisation. This transformation will be enabled by a new customer-centric operating model, which focuses on building and strengthening business capabilities so that we can deliver exceptional outcomes for our customers now and in the future. The new operating model describes the 11 platforms and 79 capabilities required by Sydney Water to achieve its corporate vision and mission by 2020 (see figure 1). To support the realisation of the new operating model, Sydney Water has re-structured the organisation so that each Group is now positioned to direct, enable or deliver great customer outcomes and service. See figure 2. A key part of this restructure was the establishment of the Customer, Strategy and Regulation Group which has the purpose to set Sydney Water's direction and partner with the business to enable the implementation of the strategy.



Customer Engagement

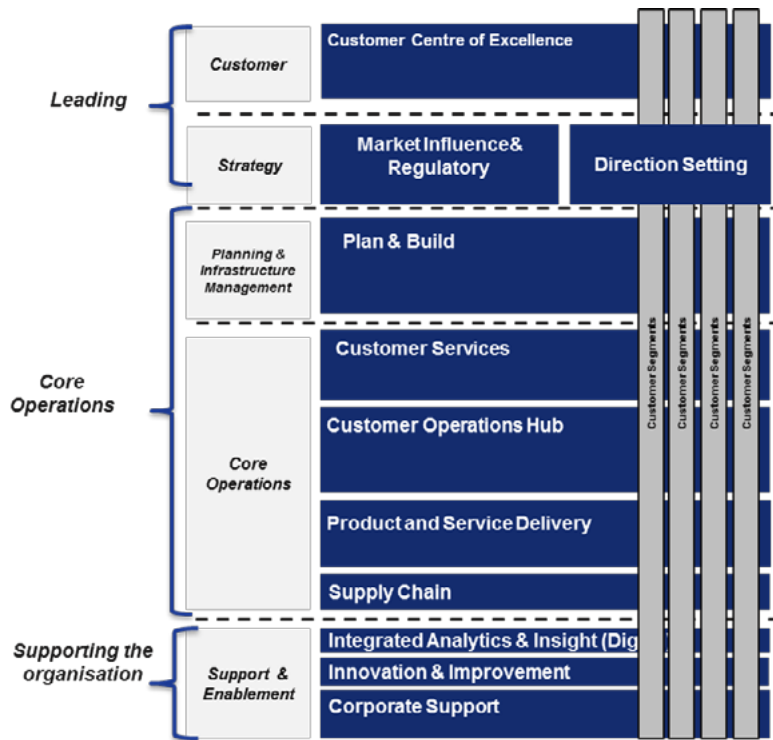


Figure 1. Sydney Water's new operating model

Regulation Group in 2016. The team was formed with the clear purpose of:

- ▶ setting the organisation's customer experience vision and strategy
- ▶ owning the end to end customer experience
- ▶ ensuring the voice of the customer is used to transform our business processes
- ▶ directing and overseeing all customer experience initiatives across the organisation
- ▶ tracking and working with the business to improve customer experience.

Supporting the team's purpose is a program of work to accelerate the development of the following five customer centric business capabilities. These are:

- ▶ Customer Intelligence
- ▶ Customer Direction Setting
- ▶ Customer Experience Design
- ▶ Customer Experience Measurement
- ▶ Business Collaboration

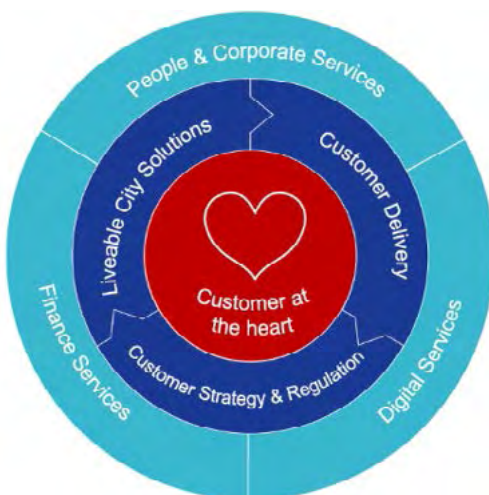


Figure 2. Sydney Water Group structure

ESTABLISHING THE CUSTOMER DIRECTION AND EXPERIENCE (CDE) TEAM

The Customer Direction and Experience Team was established as a part of the Customer, Strategy and

Figure 3 conceptually describes the relationship between the CDE team's 'business-as-usual' activities and the Program of work to uplift Sydney Water's customer centric capabilities.

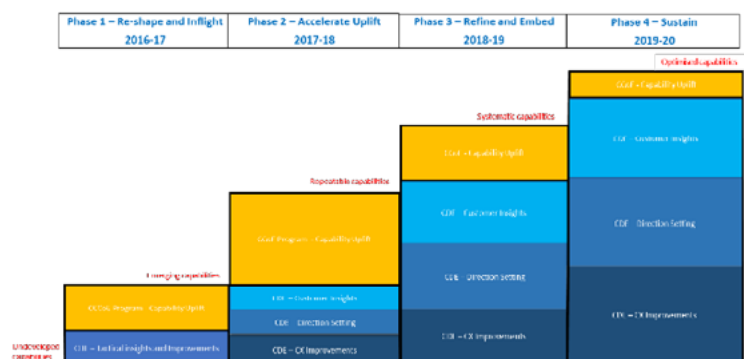


Figure 3. Conceptual diagram of capability uplift and execution (i.e. BAU activities) over 4 years

CDE PRIORITIES (SIMULATION AND/ OR EXPERIMENT)

The CDE Team's priorities for 2016 and 2017 are:

1. Developing and implementing a **Customer Experience (CX) Strategy and Roadmap** to provide clear direction to the organisation about what it means for Sydney Water to be customer centric and how we will achieve it.
2. Introducing **human-centred design thinking** to transform the way we understand our customers, and then design and implement initiatives to improve customer experience
3. Developing a **Customer Experience Measurement Framework** that combines real time 'voice of the customer' feedback with quantitative data and longer term customer sentiment to drive real improvements in the experiences our customers want to have with us, improve our Corporate reputation and reduce our cost to serve by reducing over servicing and/ or improving channel effectiveness.
4. Establishing an effective way to educate and **Collaborate with our Customers** to inform our 2020 and beyond pricing submissions.

DISCUSSION AND RESULTS ANALYSIS

Customer Experience (CX) Strategy and Roadmap

To develop the CX Strategy and Roadmap, Sydney Water joined forces with the Customer Experience Company to ensure the voice of our customers was the driving force in the Strategy's development.

The purpose of the CX Strategy and Roadmap is to enable Sydney Water to create consistently great experiences for our customers that are matched to their needs, wants and values. To do this, the CX Strategy and Roadmap provides Sydney Water with clarity on what being customer centric means for our organisation through the eyes of our customers, and describes the things we need to do to meet our customer's expectations (i.e. what we need to do, and how we will do it, to transform Sydney Water into a customer centric service organisation).

CUSTOMER PROMISES

The foundation for the CX Strategy and Roadmap are

our 'customer promises'. These promises are based on customer insight and describe what our customers need, want and value from Sydney Water. Importantly, these promises are to every person and every business who comes into contact with our products and services (i.e. our customers). See figure 4 for our customer promise model.

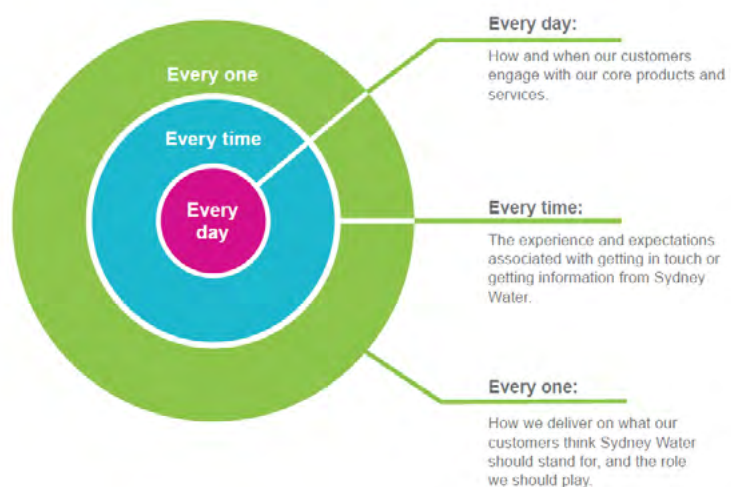


Figure 4. Sydney Water's customer promise model

The customer promises align to customer value across three distinct themes:

- **'Every day'** that customers interact with Sydney Water products and services
- **'Every time'** that customers interact with Sydney Water
- **'Everyone'** in the community who benefits from Sydney Water being involved in long-term city planning and maintaining a future focus.

CUSTOMER SEGMENTATION

Previously we had an 'inside-out' approach and grouped customers by the impact they had on our assets and finances.

Given the diversity of our customers (e.g. their backgrounds, needs, complexities, aspirations and values), it was important for us to better understand them by using an 'outside-in' approach. We used the Role, Persona and Archetypes concepts to segment our customers into meaningful groups to articulate the attitudes, behaviours, needs and values of all the diverse people and businesses we serve.

Customer Engagement

Our new 'outside-in' approach means:

- ▶ We know what different groups of customers need, want and value from Sydney Water
- ▶ We can distinguish between intentional (based on attitudes and beliefs) and situational (based on specific situation) customer behaviours and can tailor interactions and channels appropriately
- ▶ We are able to identify forgotten and hidden customer groups to improve the service we provide them.

At the highest level, we have three customer bases

- ▶ Citizens – anyone that uses Sydney Water products and services
- ▶ Businesses – any business that uses Sydney Water products and services
- ▶ Value makers – the people who use and communicate our products and services to create valuable things for their customers and communities

Citizen Base

The citizen base segmentation was based on the different roles people hold when interacting with us. These roles are described as use, pay and manage (see figures 5, 6 and 7)

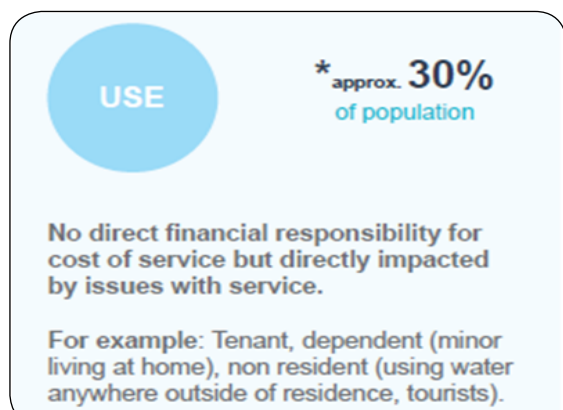


Figure 5. Use citizen segment

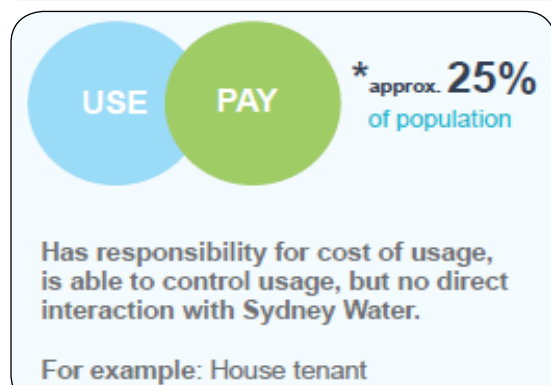


Figure 6. Use/ Pay citizen segment

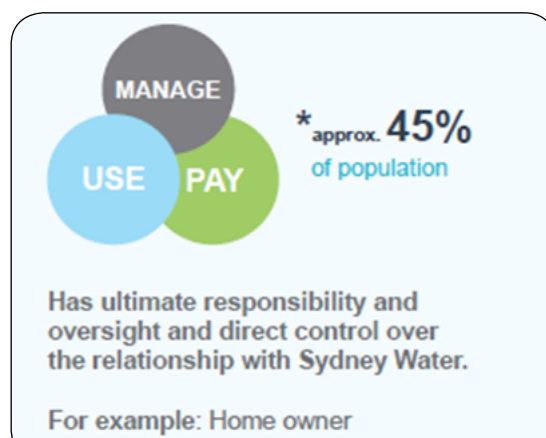


Figure 7. Use/ Pay/ Manage citizen segment

A set of four personas were also developed to understand customers' values, behaviours and attitudes. This allows us to tailor interactions, communications and channels appropriately. See Figure 8 for an example of one of the personas.



Figure 8. Example of citizen persona

Business Base

Our business segmentation moved from a classification based on their impact on our assets and the amount of water used ('inside-out') to the needs business customers identified in relation to our products and services ('outside-in'). This allows us to better understand and therefore consider what they value when we design products and services and interact with them.

Customer Engagement

The needs of business customers were grouped into four categories:

Community responsibility – business uses Sydney Water products and/or services for people in the community

Operational need – business uses Sydney Water products and/or services to deliver their core function or it is a significant portion of their budget

Environmental responsibility – managing water use and waste produced is part of the business responsibility

Health and Safety – Sydney Water products or services are needed to ensure health and safety to people/animals.

For business, specific archetypes are a stronger predictor of behaviour than the individual's personal characteristics. For this reason, we used role based archetypes over personas. See figures 9,10 and 11 for our business archetypes.



Financial manager

- Responsible for finances and paying water bills
- Strives for water use and cost optimisation.

Figure 9. Financial Manager business archetype



Environmental/compliance manager

- Responsible for taking the environment into consideration in business processes
- Responsible for trade waste agreement
- For large businesses, the majority of interactions with Sydney Water are done through this role.

Figure 10. Environmental/Compliance Manager business archetype



Operations manager

- Responsible for overseeing processes and making sure everything is running as it is supposed to
- Price conscious
- In the event of a problem or interruption, would be the first to act and contact Sydney Water.

Figure 11. Operations Manager business archetype

CX ROADMAP

The CX Strategy roadmap supports the implementation of the CX Strategy and is a 4-year plan to ensure that we can fulfil our promises to our customers in a sustained and efficient way. It includes five streams of work:

- ▶ Transform the business - embedding 'voice of the customer' into our business, improving customer journeys and involving customers in planning and investment decisions.
- ▶ Live customer at the heart - contextualising the strategy and customer promises for all staff and contractors, and developing customer-centric people capabilities.
- ▶ Know our customers – improving customer data and optimising our channels.
- ▶ Enable the frontline – to remove policy and process roadblocks, to proactively notify customers and to prioritise jobs based on customer impact.
- ▶ Promote our services – aligning brand and community involvement and education to our customer promises and optimising our social media presence.

Our Roadmap ensures a holistic approach to our customer centric transformation by ensuring the five key building blocks (strategy and leadership, customer understanding, human centred design, people and culture, and customer feedback and measurement) are all addressed in a systematic and coordinated way. (Adapted from: Forrester "six disciplines of customer experience")

1. Manning, H. and Bodine, K. 'Outside-In. The Power of Putting Customers at the Centre of Your Business.' Forrester Research Inc., New York. 2012 pp 62-66

Human-Centred Design Thinking

At the heart of the Customer Direction and Experience team is a commitment to doing things differently and leading the adoption of new and innovative approaches across the organisation. A key innovation is applying “human-centred design thinking” to design improvements to our customers’ experience. This approach involves co-creation and collaboration with customers and users throughout the design process.

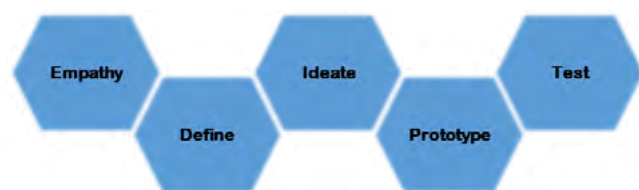


Figure 13. General elements of a human-centred design approach

Empathy: understand customers’ journeys when they interact with us to better appreciate their needs, their pain-points and their current experiences

Define: synthesise findings from customer research to define the problem and identify opportunities

Ideate, prototype and test: an iterative process of developing solutions by setting hypotheses, developing prototypes and testing them with customers and users.

Human-centred design thinking was adopted successfully to design services for better developer and customer onboarding experiences and to underpin the establishment of CX Lab – Sydney Water’s customer experience innovation platform.

DEVELOPER EXPERIENCE

As a first step to adopting human-centred design thinking, Sydney Water developed an end-to-end customer journey map, solely derived from listening to the voice of our customers. This work provided new insight into our customers’ pain points and unmet needs, and a powerful vehicle for communicating customer-centricity across the organisation.

The journey map highlighted six key touch points with customers. One of these was our interactions with developers, a known and persistent customer pain point. A subsequent deep-dive into this touch point provided specific, actionable insight to transform this experience for our customers. A cross-business team was formed to rapidly design a solution that was desirable to customers,

feasible to implement and viable for the business. In an eight-week design phase the team developed prototypes for a new service and technology solution that was validated with customers. See figure 14 for an example of a solution concepts developed during this phase.

The new developer experience is currently being implemented and will be available to our customers in early 2017. Based on customer feedback during the validation stage, it is expected to result in a significant improvement in customer satisfaction (CSAT >8). This is due to a better understanding and responsiveness to critical customer needs and a step-change improvement in the overall customer journey, including a 77% reduction in total effort time for customers and an 88% decrease in the number of hand-offs during the process (53 to 8). This also translates into significant business efficiencies. Staff benefit from a new organisation design that brings together formerly disparate and segregated roles, and for the first time empowers them to fully meet customer needs.

CUSTOMER ONBOARDING EXPERIENCE

A similar human-centred design approach was adopted to better understand the customer experience during the “engage” journey phase, which led to the development of a customer onboarding solution to address pain points and build positive relationships with customers when they move house. See figure 15 for an excerpt from the current-state “engage” customer journey map.

The existing automated process for updating change of ownership details worked very well for Sydney Water.



Figure 14. Example of solution concepts for the ideal developer customer journey

Customer Engagement

However, the experience for many customers was confusing and frustrating and in some cases their first contact with Sydney Water would be an overdue bill or disconnection notice.

There are approximately 150,000 property ownership changes each year in Sydney Water's area of operations. Of these, an estimated 3,000 per month result in the issue of a bill to the incorrect owner. This drives avoidable contacts and customer dissatisfaction (NPS -18).

The Customer Onboarding service involves working with conveyancers to improve the timely capture of ownership changes so that Sydney Water can proactively communicate with new owners, stop issuing incorrect bills and reduce avoidable contacts. During the design phase of the project, customers who experienced a prototype of the new service gave us an NPS of +41. The service will be implemented in July 2017.

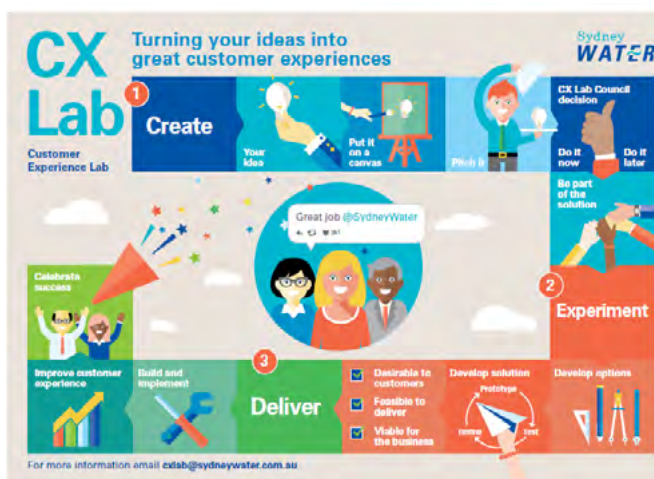


Figure 16. infographic describing CX Lab



Figure 15. Figure 15: excerpt from the current-state “engage” customer journey map - describing the journey through customer verbatim feedback

CX LAB

The newly established CX Lab is Sydney Water's innovation platform for turning great ideas into positive customer outcomes quickly and cost effectively. It enables any staff member to connect with and contribute directly to the 'keeping' of our customer promises by proposing and progressing their ideas for improving customer experience. It also centralises governance of all customer experience initiatives, reducing duplication and optimising effort. Human-centred design thinking is actively promoted and adopted as the preferred methodology for delivering CX Lab projects. At the heart of this approach is early and frequent customer input and feedback, enabling less desirable ideas to "fail fast" and ensuring that final solutions reflect only the functionality that is most valuable and useable for customers.

Customer Experience Measurement Framework

Driving improvements in CX in the water industry is complex. It must use a combination of immediate and longer term customer feedback and sentiment with quantitative data in a way that drives real improvements in customer experience.

Our approach to developing this framework is through a genuine commitment to learning and experimentation. It involves:

- ▶ trialling post contact survey technology and responses to understand 'how' and 'when' NPS can be used to drive improvements in CX at Sydney Water.
- ▶ reviewing existing and potential 'voice of the customer' and quantitative data sources
- ▶ understanding our key customer journeys and our customer moments-of-truth along these journeys
- ▶ experimenting to find the 'right' mix of qualitative and quantitative data sources to drive improvements in CX where it matters for our customers
- ▶ describing our ideal 'Voice of Customer' technology platform

At the time of writing this paper, this work was in the development phase. Outcomes and lessons learnt will be discussed during the presentation.

Collaborate with our Customers

Sydney Water has traditionally made decisions on behalf of over 4.8 million customers with our economic regulator, IPART, setting customer expectations and standards. Our commitment to put customers at the heart of our business, means that we can no longer make these decisions without seeking direct input and collaborating with our customers. As such, we are designing a customer engagement methodology that will allow us to have continuous two-way conversations with our

customers to gain customer insights that will inform our future pricing and operating licence submissions.

The desired outcome is to take an iterative approach to customer engagement as outlined in Figure 17. This approach begins by seeking to understand customers' values and their preferences through broad, high-level engagement. From here we will target our engagement to assess customers' priorities. Once priorities are established, Sydney Water will develop, test and refine options to address these and seek to understand customer value and willingness to pay. Customers will then be engaged to consider, review and endorse these options.

Having an iterative approach to engagement allows:

- ▶ Sydney Water to make better informed decisions
- ▶ customers to be educated on, and build awareness about, the decisions that impact them
- ▶ Sydney Water to understand customer's values and priorities and develop proposals to suit these needs
- ▶ conversations at the right level at the right time
- ▶ time for our customers to consider proposals
- ▶ genuine and meaningful engagement.

Iterative approaches to customer engagement have been successfully utilised by water businesses throughout the United Kingdom including Anglian Water, South West Water, Thames Water and Southern Water.

At the time of writing this paper, this work was in the development phase. More detail on the methodology will be discussed during the presentation.

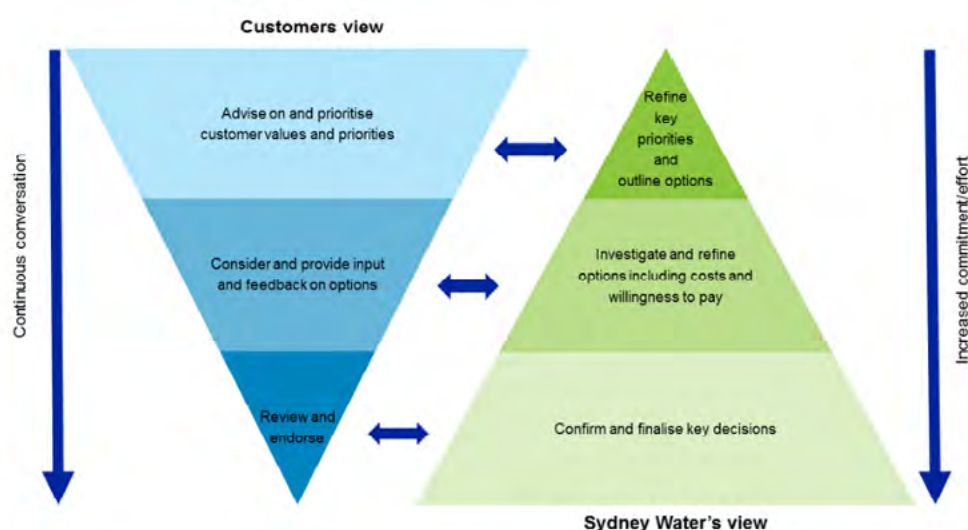


Figure 17. Sydney Water's approach to customer engagement

CONCLUSION AND NEXT STEPS

Sydney Water's new operating model and resulting organisation structure has laid the foundation for our customer centric transformation. This combined with our genuine commitment to taking an 'outside-in' approach to understanding how our customers experience our products and services and what they need, want and value, has enabled us to be able to articulate what having customers at the heart of our business actually means, set a clear path towards achieving customer centricity by 2020 and take the first steps to demonstrating to our customers that we are listening and responding.

Our next steps are to continue to implement the CX Strategy and Roadmap, whilst keeping a commitment to experiment, learn and adapt based on the insights we gain from our customers as we continue along our journey towards customer centricity.

ACKNOWLEDGMENT

The following companies have assisted Sydney Water to define its operating model, better understand our customer journeys and in the development of our CX Strategy and Roadmap respectively.

- ▶ Accenture
- ▶ Proto Partners Pty Ltd
- ▶ The Customer Experience Company

THE AUTHORS



Rose-Marie Siros

Rose-Marie has over 15 years experience in customer and community engagement, marketing strategy development and implementation, customer experience and change management. With a degree

in Business and a Lean Six Sigma Green Belt, Rose-Marie pulls together and balances business drivers, customer, financial and community considerations to achieve innovative solutions. Rose-Marie developed and

pioneered the inclusion of tangible customer measures for capital prioritisation at Sydney Water. She also led the development of Sydney Water's first CX Strategy, led the trial of a CX measurement framework (NPS) and led the high level and detailed CX design for Sydney Water's newly established Customer Operations Hub.



Sally Armstrong

Sally is a creative and outcome focussed leader with more than 15 years' experience in designing and delivering programs that improve outcomes for customers and communities. She loves harnessing the

collective power of people to re-imagine what's possible and deliver solutions that are designed from a human perspective. Sally currently lead's the Customer Direction and Experience Team at Sydney Water. This team's role is to reimagine and transform the way Sydney Water thinks about and interacts with our customers.



Josh Isben

Josh is the Customer Experience Solutions Manager at Sydney Water. He is part of Sydney Water's Customer Direction & Experience team who are responsible for leading Sydney Water's transformation

from an asset-focussed to customer-centric organisation. Josh leads a small team of human-centred design practitioners who work with the business to design and implement better services for Sydney Water's customers. He recently led the implementation of Sydney Water's customer experience innovation lab. Josh has qualifications in finance and held roles in risk management and human resources before joining the customer revolution!

REFERENCES

Manning, H. and Bodine, K. 'Outside-In. The Power of Putting Customers at the Centre of Your Business.' Forrester Research Inc., New York. 2012.

