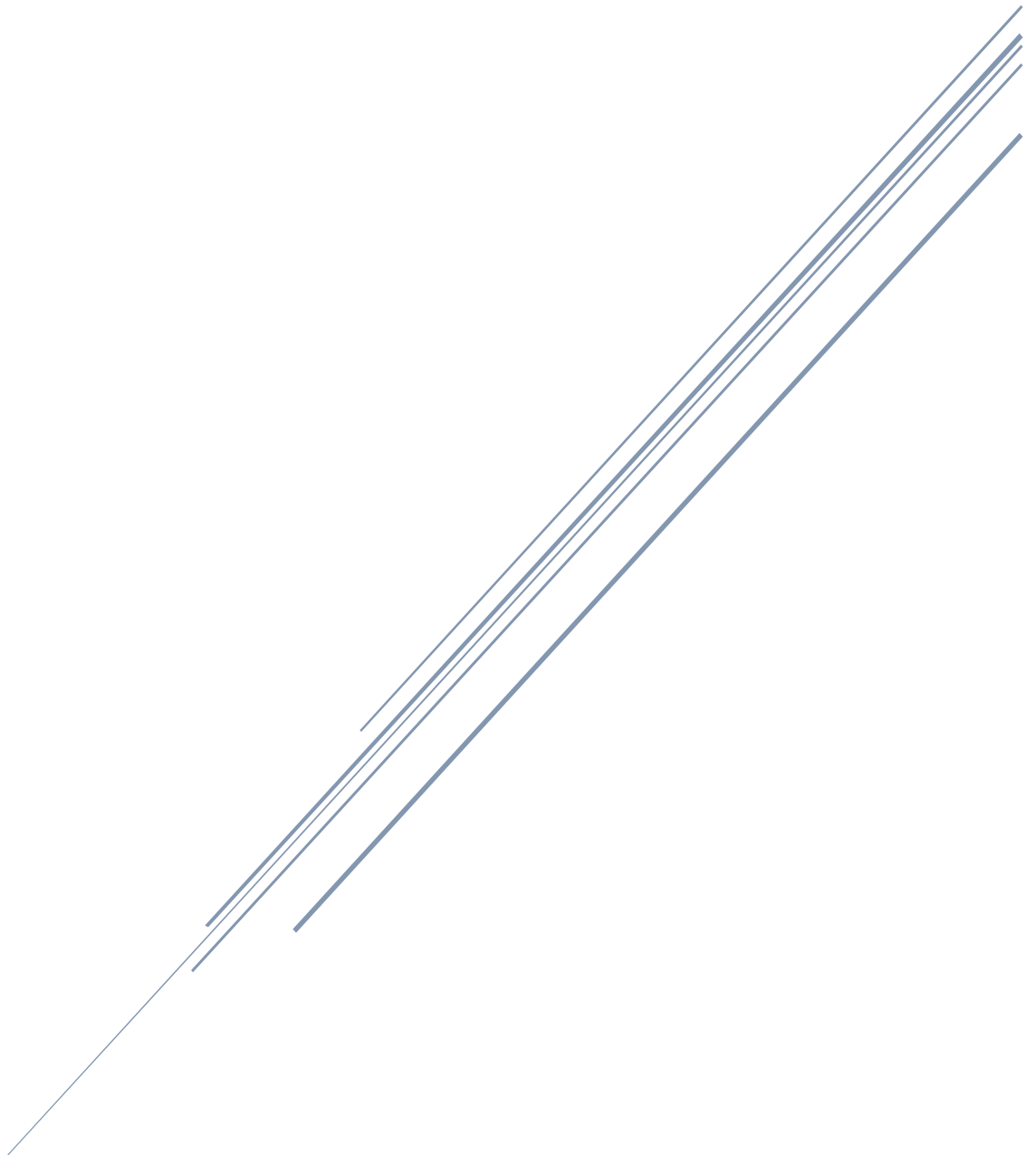


# CASE STUDY BRIEF

GasEI briefing document prepared by Business Analyst



# GasEI Case Study – Business Analysis for Digital Module

## 1. Introduction

1.1 GasEI (pronounced Gazelle) Service Centre is the service centre for a large energy company which supplies gas to over 500,000 customers and electricity to over 200,000 customers. The company recently launched a very successful TV campaign attracting customers to switch from their existing electricity provider to GasEI. The Service Centre is finding it difficult to cope with the increased demands for service arising from the success of this campaign. Senior management are concerned that a poor customer service experience could result in adverse publicity and/or customers switching to other suppliers at the end of their contract (given the customer willingness to shop around and switch suppliers). With this in mind, there is an urgent need for the Service Centre to **divert resources from non-productive costly activities such as bill enquiries, bill payments and refunds to productive revenue generating activities principally sales and arrears reduction and provision of improved service particularly to Corporate Sector clients**. This is the main objective in engaging the Business Analyst who is required to recommend practical solutions which support company strategy and provide the best return on investment. This briefing document provides the Business Analyst with key information to allow a critical evaluation of the relevant issues and to inform recommended solutions.

## 2. Company Strategy

2.1 GasEI is a well-established brand and has built up an excellent reputation in the provision of Gas Services and sees their wide customer database as presenting a great opportunity to cross sell energy related services. Strong financial performance over recent years means that GasEI has the funds to expand both its infrastructure and services. It operates in the growing sector of oil and gas and is investing in the building of an ultra-modern power plant which will add significantly to existing capacity. GasEI sees the limitation to the Irish market as being a constraint in expansion and presenting a risk. As a result the company has recently moved into the Ulster market providing energy services to both personal and corporate clients. GasEI management see big opportunities in this market. In overall terms GasEI aims to become the No1 provider of energy services in Ireland within the next 2 years and in the top 3 of providers in Ulster within the next 5 years.

2.2 However Environmental laws and regulations are placing increasing levels of compliance on the business. Competition is intensifying and is driving down margins. Other providers of Gas are entering the market and electricity providers trying to win back market share particularly in the highly profitable corporate sector. The price of energy is fluctuating particularly for oil. The 'green agenda' is demanding cleaner sources of energy which are becoming more freely available. Many of GasEI's competitors are exploiting digital in response to a more tech-savvy customer base. This is an area where GasEI has fallen behind.

## 3. Shared Values

3.1 The management and staff in the Service Centre believe in delivering a high quality personal service. The Service Centre deals with all customer enquiries. The centre is viewed as a "one stop shop" for dealing with customer enquiries. This feature of the service is viewed as a key strength by staff many of whom have developed strong working relationships with their loyal customer base. In order to deliver the service staff must have a wide level of knowledge and experience of products and services including bill enquiries, bill payments, connections/disconnections, sales, arrears follow up.

3.2 Those interviewed view the Corporate Sector as the most valuable customer segment as these clients purchase energy in bulk and this is the most profitable market segment. However competition amongst providers is intense in this particular segment and GasEI have been losing some key accounts over the past 3 months. The Leinster Team Leader confirmed that 6 key accounts have been lost within the past 3 months. Key factor here has been poor customer service with the key account company feeling 'neglected'.

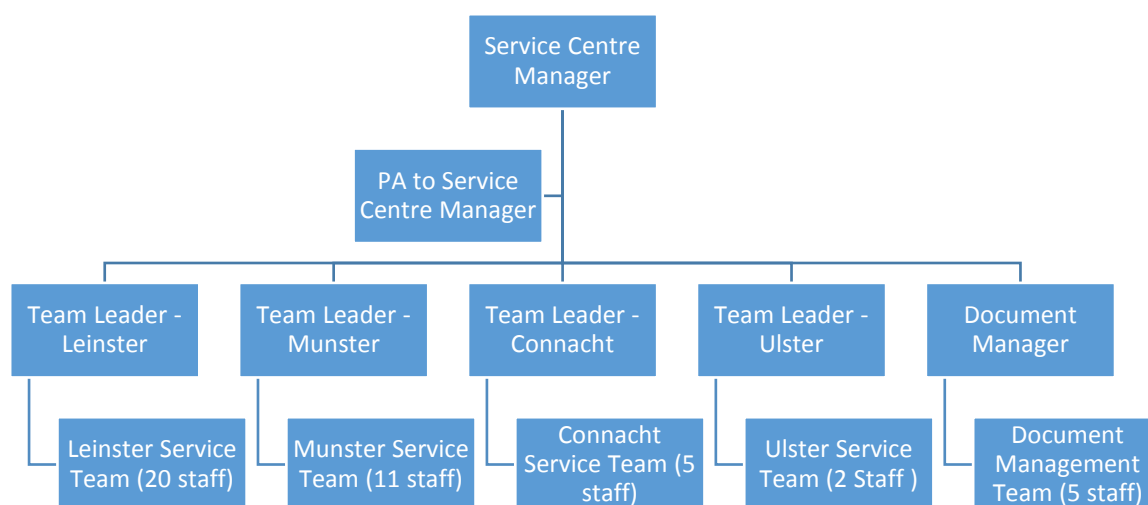
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## 4. Style

4.1 The daily routine seems to be one of ‘crisis management’ with teams struggling to cope with the volumes of calls particularly during peak periods. This has been the situation for months. In this environment planning becomes quite difficult and Team Leaders expect staff to ‘do what it takes’ to get the job done. Team Leaders value flexibility in the staff above all else. However they recognise that ‘crisis management’ is not a sustainable approach in creating a good working environment. Evidence is building that the ‘wheels are coming off’ with staff departures and absenteeism on the increase added to underperformance in sales and arrears collection and loss of some key corporate accounts.

## 5. Structure

5.1 The centre is structured on a geographical basis. The business rationale for the current structure is historic as originally the servicing of customers was done via a branch network. Some years ago the company decided to centralise account servicing into a single service centre. One of the big concerns about centralisation was that customers would not receive the same level of service from a service centre located in Dublin compared to the local branch. In order to “appease” the local branches it was agreed that customers would be dealt with by regional teams. The current Interactive Voice Response (IVR) telephone system ensures that callers are directed to the relevant regional teams. However since the centralisation took place the local branch network has been closed down and therefore the driving force behind the original organisational structure no longer exists.



5.2 The Service Centre is organised into 5 teams:

- Leinster Service Team
- Munster Service Team
- Connacht Service Team
- Ulster Service Team
- Document Management Team

There is 50 staff working in the Service Centre as follows:

- 1 Service Centre Manager

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- 1 PA to Service Centre Manager
- 5 Team Leaders
- 43 Service Operatives

5.3. Objectives are set annually for each staff member and progress reviewed half yearly and annually as part of a well-established performance appraisal system. However the completion of the performance appraisals by team leaders can be 'patchy' with appraisals being rushed or at worst not being done at all due to workload pressures. This is a cause of frustration for staff with morale being negatively affected.

5.5 The company have an excellent internal website which updates staff on company news and developments and includes a jobs board. There is also an in-company magazine which issues bi-monthly. Board briefing issue to managers through a formal feedback system but communication to lower levels of staff is poor. Team leaders are required to have a weekly team meeting but this can often be postponed or cut short due to pressure of work. Even when they do take place actions arising are not formally captured and tracked. This leads some staff to 'simply give up' as they cannot see their concerns or suggestions being addressed by management.

### 6. Systems

6.1 Over the past 12 months "a single customer view" has been provided by the IT department for both Gas and Electricity data. This means that consolidated Gas and Electricity account information can be viewed at a customer level. This was a massive project and distracted Customer Service management and key staff away from routine work in the service centre. The staff involved in the project received substantial bonuses which created huge resentment on the part of other staff in the centre that "covered" for those on the project.

6.2 There is an IT budget available for the coming year. Management are anxious to use the budget to enable an efficient and effective use of staff resources in the Service Centre. However management are undecided as to how best to achieve this and this is a primary reason for engaging the services of the Business Analyst. Management are awaiting recommendations before making decisions on IT expenditure.

6.3 GasEI have an established web presence with a dedicated Web site for product and service information. The company is keen to continue to invest in the web as there is clear evidence of growing usage of web/digital applications by the business and consumer communities. The expansion of these will attract a higher traffic levels which in turn provide advertising opportunities yielding a better return on investment compared to traditional advertising media. Customers can submit their Meter Readings and there is an established customer registration, user authorisation and account management features established. There are various bill payment options available to customers. These are:

- Customer pays by Direct Debit (DD)
- Customer pays in An Post (Post Office & mybills.ie)
- Customer pays in Bank (Branch & Online Banking)
- Customer pays by phone using credit card

Small discounts are offered to clients who pay by Direct Debit. Despite the other payments methods available there is a "hard-core" of customers who continue to contact the service centre and insist on making bill payments over the phone or by posting in cheques. These calls are particularly time consuming. The handling of cheques has created control issues. In the past 6 months there have been 4 daily batches of cheques lost in handover of cheques from Document Management Team to the Service Teams. Audit investigations were necessary and an extensive customer communication exercise initiated.

6.4. In terms of billing information, GasEI use the traditional method of posting out bills which is a high cost activity for the company. The centre receives over 28,000 bill queries per month which absorbs substantial

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resources in the regional teams. Most of the queries received are very quite basic in nature and the Team Leader South has suggested that a Frequently Asked Questions (FAQ) section on the Web site and/or improved information on the bills might eliminate a high proportion of these calls. Main purpose of calls is around explaining billing information and how to pay.

6.5 The Team Leaders accept that processes operated by the centre are generally inefficient and are in need of review and simplification. The Refunds Process was given as a prime example. This involves crediting back over charging to the customer account. The process involves a number of steps which takes an average of 20 minutes and involves getting approval from authorised officials in Finance (located elsewhere in the building) which can be difficult.

6.6 The Team Leaders have also found that there is significant variability between the processes used in their teams so while they provide the same services they do not deliver these in the same way. The Regional Structure has been a contributing factor here. The Team Leaders would welcome a standardisation of processes to establish best practice and facilitate 'sharing' of resources between teams particularly during peak periods.

### **7. Staff**

7.1 The Team Leaders responsible the Regional Teams are all at the same salary grade with identical job descriptions. The size of the teams varies widely between Team Leaders and this is a source of tension between the individuals involved as there is no acknowledgement of this in remuneration. In addition there is rigid demarcation between teams meaning that on certain days a team might be overloaded resulting in overtime particularly in the Munster Team while other teams have excess capacity. There is no capacity planning information provided to the Team Leaders therefore it is difficult to anticipate peaks and troughs in activity levels.

7.2 The Team Leader Document Management indicated that the team is made up of long serving and highly paid staff that had been effectively "moved sideways" from other parts of operations. The main purpose of the Document Management Department is to scan agreements with Corporate Clients into the Client Information System. Pricing varies between corporate and therefore it is essential that staff have the most up to date information to hand when dealing with corporate clients. The department are also responsible for the storage and security around original agreements.

7.3 Elsewhere in the organisation, document management has been outsourced recently but initial experience has been poor. In addition scanning is not part of the SLA although this service is available from the outsource provider. Given the critical importance of corporate documentation, the Service Centre Manager has been decided to retain this service on an "in house" although no cost benefit has been completed.

### **8. Skills**

8.1 Each of the regional teams deal with the full range of customer queries which requires them to be multi-skilled in the full range of tasks and have a wide level of product/service information. Some staff members enjoy the level of variability in the work while some others complained of a lack of specialism with many finding it hard to master such a wide range of activities.

8.2 The TV advertising campaign has created huge awareness amongst consumers. Sales calls are handled by the Service Centre with sales training being provided as part of induction. However it is generally acknowledged that the sales process is weak. Targets are applied on a regional basis and follow up of

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performance is part of the weekly team meeting at which all operational issues are discussed. Conversion of sales opportunities presented by customers calling the Service Centre is considered poor in comparison to results achieved by door sales agents and the dedicated sales call centre which was put in place for a finite period to coincide with the advertising campaign (this was an outsource provider). Management suspect that the distribution of sales activity and achievement of targets varies widely between individuals in the Service Centre but there is no sales performance data available to management via standard reporting to validate this view one way or the other.

8.3 There has been a worrying increase in the level of arrears on electricity customers who have switched to GasEI. At the early stages there was no checking of bill payment history but this problem has now been rectified. However a historical arrears issue remains. The amount of arrears is estimated at 35ml and this has remained stubbornly high. Increasing level of unemployment in the economy has also added to arrears not just in Electricity but also in Gas. It is the responsibility of the Service Centre to deal with arrears but due to the lack of specialist debt management skills and the negative nature of this work staff tend to “leave such calls until later in the day or put off until the next day”. There is an absence of aged arrears analysis and collection performance data which is also seen as significant contributing factors.

### **9. Activity Data to support analysis**

9.1 The Business Analyst has conducted an Activity Sampling Exercise and has prepared a Distribution of Time for the regional teams (42 staff members) which is provided separately. This shows the current distribution of time by activity. Please note that the activities of the Document Management Team (6 staff members), the Service Centre Manager and his Personal Assistant are not included in the distribution. The data includes a detailed description of the various activities performed by the service centre along with allowances made in estimating task times and the assumptions underpinning the analysis.

9.2 The Business Analyst also completed a secondary level analysis of sales conversion and arrears collection performance to validate the views expressed by those interviewed. The data is included in the Business Case Data spreadsheet. The spreadsheet includes information on payroll costs, aged arrears analysis, system development costs (IVR system) and a breakdown of Bill Queries.