

Board Paper

2 October 2014

Paper Title	Customer Care Strategy
Paper Reference:	NRW B B 68.14
Paper Prepared By:	Trefor Owen & Richard Siddons

Purpose of Paper:	Decision
Recommendations:	<p>The Board is invited to:</p> <p>Discuss and agree its ambition and commitment for Customer Care taking account of the evidence and advice in paragraphs 18-24, risks and opportunities in paragraphs 41-42 and financial and resources implications in paragraphs 43-45.</p> <p>Mandate the Executive to adopt either a business as usual option or a strategic programme option based on accreditation.</p> <p>Confirm that the Transition Advisory Group will oversee and support the selected customer care programme on behalf of the Board, as part of NRW's overall organisational development.</p>
Decision Required	To endorse the recommendations.

<p>Impact: To note – all headings might not be applicable to the topic</p>	<p>Impact on the Environment: Directly neutral, but indirectly positive in longer term in response to improved decision making.</p> <p>Impact on the Economy and Enterprise : Immediate and very positive in response to better understanding and acting on customer needs, expectations and greater opportunities.</p> <p>Impact on Community: Immediate and very positive in response to better understanding and acting on customer needs, expectations</p>
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	<p>and greater opportunities.</p> <p>Impact on Knowledge: Increased and positive in longer term in response to more systematic capture and utilisation of customer data and feedback.</p>
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Issue

1. The purpose of this paper is to explain the benefits and value of customer care, explain the current position in Natural Resources Wales, emphasise the importance of setting a clear ambition for the organisation, outline strategic options, and recommend a way forward.

Background

2. The Board has challenged the Executive Team to develop an organisation with customer care at the heart of what it does. This goes beyond customer service. What does this mean?

3. It may be helpful to start with some simple definitions:

A **customer** is somebody who receives customer service from a service deliverer¹.

Customer service is the sum total of what an organisation does to meet customer expectations and produce customer satisfaction¹. (Or how well did we serve you?)

Customer care is meeting the expectations of the customers and giving them more than what they expected². (Or are you better off?)

4. Definitions for customer and customer service are widely and consistently reported in published sources. This is not the case with customer care. The term is often loosely used to describe customer service, and is not well or commonly understood.

What are the benefits of good customer care?

5. Achieving the highest standards in customer management is a priority issue in public sector organisations as customers expect commercial style 24/7 service as the norm.

¹ Institute of Customer Service

² Urban Dictionary

There is also a shift in the significant brand reputational impacts as a result of growing levels of direct customer influence via highly visible channels which means that views and feedback can be shared world-wide in minutes. Many organisations are moving towards a fundamental shift from viewing customer service as a largely transaction-based activity; to a strategic customer care driver that helps generate mutually beneficial value.

6. Calculating Return on Investment (ROI) in customer care is complex compared with other organisational activities. The various drivers of customer care can be combined to deliver financial returns and intangible benefits such as loyalty, delight, trust, customer commitment, reputation management, brand building, etc. Better financial returns include increased income, reduced costs and avoiding reworking or remediation by getting things right first time.
7. Success in providing excellent customer care includes efficient quality processes, capability in providing excellent customer experience, staff training and development, reputation management, the effective use of knowledge and, above all, customer service and care that is often highly personalised and customised.
8. Many studies show that the effective customer care lies at the heart of successful organisations with authentic and credible brands. The relationships organisations forge with customers drive customer care success and ROI. The typical supporting activities are shown in Table 1.

TABLE 1: Activities that lead to ROI

Understanding the profile of main customer groups and their characteristics including any protected characteristics.
Gaining understanding of customer needs
Gathering and acting on customer feedback
Leadership, policy and building a culture which is inclusive, fair and respectful.
Training and development of staff in soft skills
Information and access
Developing processes from a customer point of view
Selecting the right staff, with an ambition that our staff should be reflective of the communities we serve.
Being responsive in terms of quality
Empowering Staff
Being responsive in terms of speed

9. Gaining understanding of the customer needs is consistently one of the highest ranked activity in studies because it provides the foundation for developing and improving services. This involves identifying and engaging directly with customers, and asking what they need or want before agreeing what the organisation will deliver.
10. Customer care also has internal culture building benefits as well as external benefits. This means embedding a customer care ethos amongst all staff, who should see their colleagues as important customers as well as external customers. A culture where everyone is treated with dignity and respect, where the talents and skills of different groups are valued, and where productivity and customer service improves because the workforce is happier, more motivated and more aware of the benefits that inclusion can bring.
11. Having the right staff with an 'inborn' attitude to customer care and creating the right experience, and the freedom and capability to make customer-based decisions are seen as increasingly important contributors to increasing ROI from customer care. These are staff who understand how that experience relates ultimately to an organisation's reputation and brand.

Where are we now? - Current position in Natural Resources Wales

12. At this time, Natural Resources Wales is a maturing public body that is rapidly establishing itself as a stand-alone organisation. Much of its current effort and focus is directed at transition, managing change and business delivery activities. The organisation has also started to develop its culture and brand in line with the ambition and priorities included in its Corporate Plan 2014-17 and Business Plan 2014-15.
13. In its first year, Natural Resources Wales developed internal policies and procedures such as Access to Information, Welsh Language Scheme, Customer Complaints and Customer Care and Service Standards. The organisation has also adopted a customer centric co-production approach to developing new ways of working in some subject areas such as the provision of development and planning advice and hydropower regulation.
14. A new Customer Care team has been successfully established to respond to and manage mail, email and telephone enquiries. The team has started to use a Customer Relationship Management (CRM) system to provide invaluable data and information that contribute to an insight programme. This is used to inform many aspects of the organisation and its services whilst tracking performance and enabling continuous improvement. This flexible and powerful system has potential to be developed further in line with the organisation's ambition for customer care.

15. Initial evidence indicates that Natural Resources Wales has developed a good and improving reputation for overall customer service. The organisation also records some elements of customer service and customer care as part of the corporate dashboard. However, this is not a complete picture and more evidence is required to understand the impact of customer service and customer care performance.
16. These positive examples have largely been driven by transition and governance requirements rather than a strategic customer care driver supported by targeted and appropriate investment in each of the activities in Table 1. Natural Resources Wales invests significant resources in each of the eight activities, but it is unclear whether these investments contribute to achieving ROI from effective customer care.
17. Although important foundations have been laid, which now need to be consolidated, there are significant gaps to be filled, inconsistencies to be resolved and further work required against the activities in Table 1 to ensure Natural Resources Wales adopts a strategic and coherent approach to customer care. Until this is done, Natural Resources Wales is unlikely to realise a high ROI, including intangible benefits such as a common culture and high brand value.

Where do we want to be? - Ambition and commitment

18. If Natural Resources Wales wishes to achieve excellence in customer care, it needs to set an ambitious and well understood goal that drives all business activities. If this is not done, then Natural Resources Wales will not progress beyond achieving good customer service in some parts, falling short of overall excellence in customer care.
19. Few organisations have a track record in excellent customer care, especially in the public sector. Much of the best experience is found in the private sector. The Walt Disney Company and Dyson are widely regarded as world leaders in customer care. What puts them ahead of others?
20. Disney's Mission since the 1950's is 'To Make People Happy'. This is a simple and memorable ambition. All Disney's customer care standards start with 'I' to emphasise the need for personal ownership and commitment. The standards are a mix of standard behaviours such as making eye contact and smiling; and a very high degree of empowerment. This approach puts Disney ahead of many other organisations.
21. Dyson's Customer Care Centre is open 7 days a week for 10-12 hours each day. Callers are put through to a Dyson expert who have machines to hand and often take the machine apart whilst they talk to owners. If a machine cannot be fixed, a Dyson

engineer will visit the owner at home or place of work within 72 hours. 96% of machines are fixed first time compared with an industry average of 78%

22. To go beyond good customer service, Natural Resources Wales must really understand what customers actually want or need (and don't need). As a public body, with a wide range of statutory functions and a diverse customer base, Natural Resources Wales must recognise that some of its customers have no choice in terms of taking their business elsewhere. Natural Resources Wales will not always be able to give customers what they want, but this should still be done in ways that understand the impact on customers, including being clear and timely.
23. However, the customer insight must also be supported by the full commitment of the Board and the Executive Team and leadership, professionalism and staff attitude to develop a customer care culture within the organisation. This requires significant and ongoing commitment to running awareness sessions for all new staff, regular and bespoke staff training, staff recognition and celebration for milestone achievement and most important of all - empowerment to make improvements and innovate.
24. All these activities require further development, a structured approach and co-ordination, so that Natural Resources Wales is able to identify key gaps and make the optimal use of limited resources in targeting investments that will deliver the best ROI for customer care.

How do we get there? - Next steps

25. The following options represent milestones on a roadmap with a possible range from where we are today to Natural Resources Wales becoming a world leading organisation. The options should be carefully considered after settling on a clear and unambiguous ambition or destination for the organisation.

Options

(1a). Business as usual – and reactive changes

26. This option is effectively described in paragraphs 11-15, resulting in pockets of improved or good practice in customer service, often in response to performance failures. It is unlikely to achieve a high ROI from customer care.

(1b). Business as usual – proactive changes with increased investment in targeted activities in Table 1

27. High risk that investments will be poorly targeted, resulting in variable outcomes. Improvements in customer service likely to be marginally better than in Option 1a. This option will not achieve a high ROI from customer care, because of multiple dependencies and synergies between the activities listed in Table1.

(2). Strategic Customer Care Programme based on accreditation

28. Accreditation schemes provide a strategic framework to set standards, guide internal processes, and operate as a driver for continuous improvement; as a skills development tool and an independent validation of achievement. This makes benchmarking possible.
29. Several customer care accreditation schemes operate in the UK. There are two main broadly similar schemes used by public, private and third sectors.

(2a). Customer Service Excellence ® standard

30. The Customer Service Excellence ® standard (CSE), (previously the "Charter Mark") is an accreditation for public organisations, intended to indicate an independent validation of achievement. Where Charter Mark was designed for public sector organisations only, CSE has no such restrictions on eligibility. Organisations in the UK that want to achieve Customer Service Excellence through formal assessment, whether they are in the public, private or voluntary sectors, are able to do so. Certified bodies include, Natural England, DVLA and the Snowdonia National Park Authority.
31. The CSE is made up of five criteria with 57 elements in total. Pre-assessment will review evidence, identify any gaps and give feedback against the five criteria. Assessment is carried out via a desktop review by an authorised assessor followed by an on-site visit lasting one, two or three days (sometimes more) depending on the size of the organisation being assessed. As well as viewing physical documentation, and carrying out observations, the assessor speaks to customers, staff and partners to review the company's attitudes and working practices along with details of their customer focussed initiatives and performance
32. This is a very comprehensive scheme that sets standards and assesses all aspects of customer service and care. It is an assessment of the organisation. Support for organisations applying for CSE is usually provided by the certification bodies. Typical costs for assessment are around £3k per annum. This does not include support and training. Costs.

(2b). Institute of Customer Service – ServiceMark

33. Membership provides a tailored package of support and opportunities. There is an account manager, learning and development opportunities for staff, and access to research.
34. Self-assessment is used to identify areas of improvement in an organisation's customer service, and to formulate action plans to achieve these improvements. This is followed by a customer survey that is benchmarked against ServCheck benchmarks. A benchmark score of 65+ is required to be achieve ServiceMark. An independent assessor will carry out one or more site visits to ascertain whether an organisation is meeting the ServCheck and UK Customer Satisfaction Index (UKCSI) benchmarks and implementing the action plans to improve customer service and care. The assessor will then decide whether to award the ServiceMark based on the evidence he or she has gathered. It will be authorised for a period of three years, during which the organisation will run the surveys again half way through. At the end of the three years an organisation can revalidate using the same process. Certified bodies include: Ordnance Survey; Waitrose and O2 (UK) Limited.
35. Corporate membership of the Institute of Customer Service costs £25k for five years. This covers the cost of training up to 15 staff as coaches (to train the trainers), and the services of a quality assessor to support and monitor progress. The ServiceMark accreditation costs approximately £1.5k per year. Total costs are around £6.5k per year.
36. With both CSE and ServiceMark, it is not compulsory to accredit the whole organisation. This allows for a phased approach and accredit parts of Natural Resources Wales that are ready, and use them as leaders/catalysts. This approach is often adopted by immature or less confident organisations. However, an incremental approach is unlikely to result in a rapid step change in performance and culture, resulting in reduced overall ROI.
37. Participation in an accreditation scheme is more likely to yield a higher ROI from customer care than Options 1a and 1b. However, the level of return depends on the organisation's ambition. It is relatively easy for public bodies to achieve and retain CSE or ServiceMark certification. However, this alone does not mean that an organisation will achieve high ROI from customer care. The only way to be sure is to benchmark against the best performing organisations.

(3). Developing the Natural Resources Wales business model for the longer term.

38. Natural Resources Wales has established a mixed delivery model based on local (place based), national and corporate services. This was put in place with limited engagement with customers and a strong focus to establish the organisation and transition from legacy body services. Once this work is completed in early 2015, Natural Resources Wales will increasingly focus attention on business transformation. This provides an opportunity to re-design and develop an organisation with customer care excellence at the heart of what it does. A well-managed accreditation scheme is likely to be required to support this ambition and realise the highest possible ROI from customer care. It is likely that early adoption of Option 2a or 2b will provide strong business improvement evidence to inform further consideration of Option 3 in 2015-16.

Governance

39. Success in the form of high brand value and ROI from customer care are only possible if everyone in the organisation owns behave in line with the agreed corporate ambition. This includes the full commitment of the board and the Executive Team. Excellence in customer care cannot be limited to labeled 'customer facing' teams or departments such as the Customer Care Centre. It must apply across the entire organisation and at all levels.
40. Effective leadership is needed to drive the agreed ambition forwards, prioritise investments and co-ordinate key activities. This work must be led by a Director supported by a Leadership Team member with significant focus on customer care, and a cross-directorate programme board. This work could be closely linked with the board's Transition Advisory Group's oversight of the OD Plan. The Chair has asked the Group's chair, Sir Paul Williams, to be the board champion for customer care.

Risks & Opportunities

41. If poor execution of the chosen option or strategy occurs, Natural Resources Wales will suffer lack of trust within and around the organisation, resulting in reputational damage. Poor execution involves failure to develop the right culture, over-selling ambition to staff and customers, loss of passion (especially by leaders), under-resourcing, failure to operationalise, poor change management, unstructured relationships with customers, unstructured training and over dependence on technology. This risk is mitigated by adopting a programme approach based on best practice.

42. Although adopting a programme approach is a long term commitment to enable customer care to become a cornerstone of the organisation's culture, some quick and early wins are important to engage the board, Executive Team and staff. These could include setting up customer care improvement teams to 'deep-dive' into specific activities such as enquiry handling, development and planning advice, permitting & licensing, trading, complaints analysis and action planning, developing and testing key performance indicators and targets.

Financial Implications

Resources

43. Option 1a and 1b represent the lowest cost options, but also deliver low ROI from customer care. Option 2 will deliver more ROI, but involves additional resources to cover additional inputs for leadership, customer survey/evaluation and accreditation. Option 3 will deliver most ROI (costs similar to Option 2), but will require new ways of working and structural changes.
44. No two organisations are the same and no two assessments are the same - so, the costs involved vary. The exact cost depends very much on the individual circumstances of each organisation. However, although typical costs for achieving accreditation are modest, these are dwarfed by customer survey costs of around £50k per year. These costs in turn further dwarfed by the organisation's wider investment in gaining customer insight, developing the organisation's culture, information and access, procedures and processes, delivery and timeliness and quality of service and care.
45. Adopting a customer care approach is vision critical to become a world leading organisation. It will take time and must be properly resourced. A programme will be required to drive change processes. This must drive corporate and business planning, and include performance management key performance indicators and targets. Stretching targets, that are benchmarked, and a business improvement programme will enable Natural Resources Wales to reduce wasteful activity and costs and increase overall ROI from customer care.

Communications

46. An effective customer care ethos is as critical to successful reputation management and brand building as strategic communications and marketing. Without it Natural Resources Wales is at the risk of 'Hollow Brand' building. Arguably, in the absence of

competition, it becomes more important for public sector organisations such as Natural Resources Wales to ensure it is authentic and delivers an experience that reflects and enhances its reputation and brand.

47. A programme approach will require a Communications Plan, targeted at internal and external audiences. This must be aligned with Natural Resources Wales's Communications Strategy and Organisation Development Plan.

Equality impact assessment (EqIA)

48. When the preferred option or strategy has been chosen and before an action plan is developed, a full impact assessment will be undertaken and we will pay due regard to the possible impacts upon the people of Wales. Any impacts could be either negative or positive but it is important that we understand how the implementation of a new customer care approach may impact because it is at this stage where we can look for opportunities to promote equality as well as identify possible negative or adverse impacts that can be, where possible, removed or mitigated.
49. We need to wait until the preferred option or strategy has been chosen because until then we won't know what our future actions will be and how they could impact upon or improve our services for the protected characteristics. It is important to remember an Equality Impact Assessment is only a tool but is also a way of showing that due regard has been paid to the general duties of the Equality Act 2010.