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Environment Select Committee – Review of Customer First – 21/7/2008

At the last meeting of the Environment Select Committee on the 23rd June, the Committee received and discussed a document entitled 'Mapping Customer Service Excellence (CSE – the Government Standard) with Customer First Stage 2 (SBC Standard) and with Council wide activities'.

In several areas there were considered to be no / partial correspondence between CSE and Customer First / SBC wide activities. These included:

- 1) We have an in-depth understanding of the characteristics of our current and potential customer groups based on recent and reliable information;
- 2) We have developed '**Customer Insight**' about our customer groups to better understand their needs and preferences;
- 3) We regularly review our strategies and opportunities for consulting and engaging with customers to ensure that the methods used are effective and provide reliable and representative results;
- 4) We have made positive changes to services as a result of analysing customer experience including improved '**Customer Journeys**';
- 5) We use '**Customer Insight**' to inform policy and strategy and to prioritise service improvement activity;
- 6) We ensure that all customers and customer groups are treated fairly and this is confirmed by feedback and the measurement of customer experience;
- 7) We can demonstrate our commitment to developing and delivering customer focussed services through our recruitment, training and development policies for staff;
- 8) We value the contribution our staff make to delivering customer focussed services, and leaders, managers and staff demonstrate these behaviours;
- 9) We make information about the full range of services we provide available to our customers and potential customers, including how and when people can contact us, how are services are run and who is in charge;
- 10) We provide our customers with the information they need in ways which meet their needs and preferences, using a variety of appropriate channels;
- 11) We take reasonable steps to ensure our customers have received and understood the information we provide;
- 12) We have improved the range, content and quality of verbal, published and web based information we provide to ensure it is relevant and meets the needs of customers;
- 13) We agree with our customers at the outset what they can **expect** from the services we provide;
- 14) We can demonstrate that we deliver the service we promised to individual customers and that outcomes are positive for the majority of our customers;
- 15) We can demonstrate that we benchmark our performance against that of similar or complimentary organisations and have used that to improve our service;
- 16) We identify any dips in performance against our standards and explain these to customers, together with action we are taking to put things right and prevent from recurrence;

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- 17) We learn from any mistakes we make by identifying patterns in formal and informal complaints and comments from customers and use this information to improve services and publicise actions taken;
- 18) We identify individual customer needs at the first point of contact with us and ensure that an appropriate person who can address the reason for contact deals with the customer;
- 19) We promptly share customer information with colleagues and partners within our organisation whenever appropriate and can demonstrate how this has reduced **unnecessary contact** for customers;
- 20) Our performance in relation to timeliness and quality of service compares well with that of similar organisations.

There are a number of areas where Customer First and wider SBC practice does not match the requirements of the new CSE Standard. The following information should be used in order to understand some of the concepts introduced by CSE better and why they are considered necessary.

Customer Insight, Segmentation and Customer Journey Mapping

1.1 A focus on customer insight, journey mapping and segmentation appears to have arisen from the 'Varney Report' (*Service Transformation: A better service for citizens and businesses, a better deal for the tax-payer* by Sir David Varney, Dec. 2006).

1.2 The Cabinet Office identifies a customer-focussed organisation as having customer insight and orientation embedded throughout. In order to provide a definition, a distinction needs to be made between customer insight as a concept and as a discipline.

The concept is based on:

An understanding of a 'deep truth' about the customer based on their behaviour, experience beliefs, needs, desires and motivations. This will take on different relevance depending on the issue or task at hand and should be recognisable to the people concerned.

The discipline is based on:

"Having a deep knowledge of the customers and the market around us that helps structure thinking and sound decision making". This comes through a use of a combination of multiple pieces of data built up to form a joined-up approach through strategic analysis

Cabinet Office (2007) *The Customer Insight Forum: Summary Overview*.

1.3 Customer Insight can be drawn from a variety of sources and used for comparison in order to tell a "single, clear and compelling story". These can include frontline staff; surveys; customer journey mapping; usability testing and website analysis; ethnography; consultation; formal and informal contact with representative bodies; agents and intermediaries; written correspondence; media coverage. In terms of a single story, this

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appears to refer to how this information is used to design services, how they may be accessed by people and what information may be required and how people's satisfaction and experiences can be determined in a consistent way.

1.4 Part of achieving effective customer insight overlaps with another topic, **segmentation**.

This involves an organisation visualising their customers identifying groups of customers with common needs. It is about understanding and adopting a consistent approach throughout all services to the many different 'publics' accessing services. Services may therefore be designed consistently, based on an understanding of local populations and neighbourhood contexts. Segmentation is defined as:

"subdividing a target audience into homogenous and reachable groups based on shared needs and characteristics such as who they are (socio-demographic characteristics); what they do (their behaviour); how they think and what they feel (their attitudes and needs)"

From Cabinet Office (2006) *Customer Insight in Public Services: a Primer*.

1.5 The Local Government Association encourages the use of customer insight and segmentation and their strategic integration across local government, developing the 'Customer Insight Tool' for this purpose. This can also be used in the new context of partnership working under the Comprehensive Area Assessment in that a consistent approach can be adopted to customer insight by a variety of stakeholders and appropriate methods of information gathering and sharing can be adopted.

1.6 The final concept linking in with customer insight and segmentation is termed 'customer journey mapping'. This is defined as "the process of tracking and describing all the experiences that customers have as they encounter a service or set of services, taking into account not only what happens to them, but also their responses to their experiences". Journey Mapping "may help bring customers' stories to life" challenging preconceptions and helping to change perceptions and leading to culture change within organisations (Customer Insight Forum / Cabinet Office (2007) *Customer Journey Mapping: an Introduction*).

1.7 The 2007 Comprehensive Spending Review introduced a cross-government Service Transformation Agreement between departments, agencies and local government concerning the need to evidence how they are improving customers' experiences of services. Customer Journey Mapping is identified as a way for organisations to develop the 'deep understanding' and insight previously discussed of customers' needs, behaviours and motivations.

1.8 Journey mapping approaches include: Customer Experience Mapping, based on a qualitative approach generating emotional insights about a customer, in order to tell his or her story with passion and narrative; Process Mapping, which maps the steps in a process and identifies where action may need to be taken to ensure the experience is easy, pleasant and efficient; Measuring the Experience, enabling determination of how well an experience is delivered, allowing organisations to quantify the effect of any changes.

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Servqual – Understanding Customer Expectations

From: Donnelly, M.; Wisniewski, M.; Dalrymple, J.F.; Curry, A.C. (1995) *Measuring Service Quality in local government: the Servqual approach* in **International Journal of Public Sector Management** (Vol. 8, No. 7, pp. 15-20).

Wisniewski, M. (2001) *Using Servqual to assess Customer Satisfaction with Public Sector Services* in **Managing Service Quality** (Vol. 11, No. 6, pp. 380-388).

1.9 The obvious approach to monitoring, assessing and evaluating levels of customer service is to ask customers, however it is recognised that this can be “fraught with difficulties”, as it tends to primarily reveal customer perceptions, what customers think of the quality of service delivered and not give the opportunity for customer expectations to be articulated.

1.10 The Servqual model instead identifies five specific criteria by which customers evaluate service quality:

- 1) Tangibles: appearance of physical features, equipment, personnel, and communications materials;
- 2) Reliability: the ability to perform the promised service dependably and accurately;
- 3) Responsiveness: the willingness to help customers and provide prompt service;
- 4) Assurance: the competence of the system and its credibility;
- 5) Empathy: the approachability, ease of access and effort taken to understand customers' needs.

1.11 The Servqual model asks similar questions on expectations and perceptions of services and assesses them using a seven-point Likert scale – e.g. an excellent service will provide the service they promised; XXX department provides the service they promised. The model therefore allows both for customer expectations and perceptions based on experience to be assessed, and subsequent analysis of the gap between expectations and experience to be undertaken, and the extent of any gaps (based on service quality and expectations; services' understanding of customers' expectations and actual expectations; the design of services and customers' expectations; the delivery of services and that which is specified; and the communication of what will be delivered and actual delivery). Customers are also able to allocate 'weights' to the different areas of service quality, reflecting customers' perceptions of areas importance.

1.12 Servqual therefore allows for services to determine if and where expectations are being met or indeed where they are being exceeded, and service quality can be defined as the difference between expectations and perceived service. For example, if expectations are greater than performance, then perceived quality is less than satisfactory and customer dissatisfaction occurs.

1.13 Alternatively, traditional customer satisfaction surveys may reveal apparently high satisfaction scores but the importance of the service area in question may be so great that expectations are higher than the satisfaction scores. Local authorities may therefore

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still be failing to meet customer expectations and failing to realise this. Servqual allows for local authorities to prioritise performance improvements and determine where services may be 'over-supplied'

- 1.14 Servqual enables local authorities to determine where resources should be focussed based on customer expectations and experience and their views on the relative importance of different services or aspects of services. It is considered to provide a more effective tool for local authorities in managing customer expectations and resources.