

External relocation services yield measurable benefits

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A fundamental component of the utility company business model-large customer phone call volume-creates opportunities to improve customer satisfaction levels while introducing new revenue streams. With call centers in place as the primary entry point for establishing gas and electricity service, each utility company generates, depending on its market size, hundreds of thousands, if not millions, of phone calls each year. How best to tap that sales channel, however, is not always obvious.

High call volume is not unlike an ore deposit of precious minerals. It has great potential to yield tremendous value-in customer satisfaction and loyalty or auxiliary income-but only after the raw material is sorted and properly handled. Just as poorly cut stones may become devalued diamonds, mishandled customers may become more of a liability than a benefit.

As emerging technologies begin to alter the way consumers approach some traditional services, many utility companies are discovering that relocation services offer a logical means of leveraging customer interactions. In searching for ways to enhance its relationship with customers, Duke Power discovered that as much as 80 percent of consumers who changed addresses, contacted their utility company first in establishing or reestablishing services for their home.

Yet, establishing gas and electricity connections are but two of many services consumers seek out for homes. Typically, each additional service a consumer seeks out-phone, cable, Internet service provider, newspaper and lawn maintenance-represents an additional phone call for consumers. That time spent away from other more desirable tasks is almost universally regarded as a hassle.

Duke Power concluded that insofar as it could help the consumer reduce the aggregate time spent establishing or reestablishing services, it could earn increased customer satisfaction and loyalty. Moreover, the opportunity consumers are given to subscribe to a list of home services is viewed by third-party providers as a commodity worth a price.

The case for external call center operation

Southern Company too concluded that the millions of calls logged per year by its subsidiaries, including Georgia Power and Alabama Power, represented a great unrealized sales channel.

Georgia Power believed that consumer relocation services offered a natural step for enhancing already established customer interactions. The power company narrowed its options to three: do nothing, develop and implement its own mover connections product, or outsource operation of the services to a third party. The first option was quickly ruled out.

GP estimated that in order to implement the program internally they would need to hire an estimated 50 additional call center representatives and acquire more office space to house them. The new service would also require development of costly new software.

Added to the investment capital was an investment of time. GP estimated that getting its call center ready to implement the new connection services program could take up to two years. Establishing relationships with third-party service providers could take even longer.

Then there was the exit strategy to consider. While GP was confident that relocation services were worth adding on a trial basis, it found the costs of internal implementation prohibitive. If the program failed to realize a minimum level of success and GP could not justify its continuance after getting the program up and running, the company could find itself in the uncomfortable position of having to substantially reduce staffing and liquidate unneeded office space. Recapturing the up-front cost of developing its own software would be unlikely. Based on these factors, what on the surface appeared to be an excellent opportunity to expand in-house operations turned out upon close inspection to be less attractive financially than outsourcing the service package.

Conducting their due diligence on the implementation of relocation services pointed both Duke Power and GP down the same path: rather than take on the risk of in-house relocation services, each company opted instead to form an allegiance with an external provider that already had in place key partnerships, highly trained call center representatives and battle-tested software.

Factors in choosing a relocation service provider

Utility companies are, for obvious reasons, reluctant to hand over customers to a third party—especially under a scenario in which those customers may think the call center representative on the line with them works for their power company. If a caller has a bad experience with the third party to which the utility handed him off, anger and dissatisfaction is likely to be directed back at the power company. The threat of alienating customers must be regarded as a significant risk. Not only are customers a source of revenue, but they also may represent a regulatory hurdle if their dissatisfaction reaches high levels. As a government regulated industry, power delivery has added incentive to focus on customer satisfaction.

Duke Power established two goals in deciding to offer a relocation package to its customers: to enhance customer loyalty and to leverage an existing asset for monetary gain. While increased revenue was an important goal, Duke was adamant financial considerations would be secondary to its fundamental goal of providing its customers the best possible service.

In the end, Duke Power elected to entrust its precious customer base to the company that most closely shared Duke's own philosophy regarding customer care. That company was Allconnect, a Georgia-based company founded in 1998.

A few years after entering into its relationship with Allconnect, Duke Power concluded in hindsight the decision was measurably beneficial. Outbound surveys revealed an

increase in customer loyalty and satisfaction, and revenues generated from the relocation project continue to remain positive.

Georgia Power found similarly positive results. Customer satisfaction, measured on an ongoing basis, reveals customer satisfaction levels among those who use the Allconnect service are arguably higher than those of the average GP customer. The positive feelings reflect back on GP.

Furthermore, under Allconnect's highly efficient and tested call-transfer process, GP managed to reduce the length of the average call to its own call center by several seconds. Those seconds multiplied by hundreds of thousands of calls each year yield measurable savings in call center payroll and phone bills.

In summary, the chain of decision making regarding the addition of relocation services involves consideration of several key questions:

- * Is the utility company adequately tapping existing sales channels available through the high call volume of its call center?
- * Can existing customer interaction be leveraged to improve customer satisfaction and loyalty?
- * What percentage of customers who experience a change of address begin establishment of home services with the power company?
- * What level increase in call center staffing would be required to implement connection services internally, and would additional office space be required?
- * In what time frame could software realistically be implemented to handle added service, and at what cost?
- * How quickly could relationships be established with third-party service providers?
- * Would the exit strategy allow a speedy out should the program prove to be unprofitable or unviable? And would the company be saddled with unusable assets in the event the program is terminated?
- * Does the external provider share corporate culture and philosophy regarding customer relations and customer satisfaction goals?
- * Does the external provider have the capacity and expertise to offer service on par with or better than the utility's own call center?

There will always be an element of risk in implementing a major expansion of services. But failing to leverage potential assets while operating in a competitive industry carries risks of inaction as well. Answering the above questions using careful research and cost-benefit analysis will make the decision of how to move forward with relocation services clearer.

Mark Miller is Chairman and CEO of Allconnect, an Atlanta, Georgia-based company founded in 1998 to help people who have moved establish new services for their homes in a single phone call and at no cost to the consumer.