Customer Relations Management:

Part A: Introduction for Urban Water and Sewerage Authorities in Developing Countries

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Part A

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Glossary

ADB	Asian Development Bank
ASCI	Administrative Staff College of India
ASKE	Attitudes, Skills, Knowledge, Experience
BOOT	Build-Own-Operate-Transfer
BWSSA	Bangalore Water Supply and Sewerage Board (India)
CBO	Community Based Organization
CCS	Customer Care Section
CRM	Customer Relations Management
CSC	Customer Service Committees
DETR	Department of the Environment, transport and the Regions (UK)
EU	European Union
GW	Groundwater
HMWSSB	Hyderabad Metropolitan Water Supply and Sewerage Board (India)
HRD	Human Resource Development
ID	Institutional Development
KUWS&DB	Karnataka Urban Water Supply and Drainage Board (India)
MCC	Metro Customer Care (Hyderabad, India)
MCC	Mysore City Corporation (India)
MD	Managing Director
MDSUPHO	Management Development for Senior Urban Public Health Officials
MLD	Million Litres per Day
MORE	Metro Organizational Re-engineering Endeavour (Hyderabad, India)
NGO	Non-Governmental Organization
NWSC	National Water and Sewerage Corporation
Ofwat	Office of Water Services (UK)
O&M	Operation and Maintenance
ONCC	Ofwat National Consumer Council (UK)
PEST	Political Economic Social Technological
PSP	Private Sector Participation
SEREP	Service and Revenue Enhancement Programme
SMART	Specific, Measurable, Achievable, Relevant and Timely

SWOT   Strengths, Weaknesses, Opportunities, Threats

TQM   Total Quality Management

UEB   Ugandan Electricity Board

UFW   Unaccounted For Water

UWSA   Urban Water and Sewerage Authority

WATSAN   Water and Sanitation

WEDC   Water, Environment and Development Centre

WTP   Willingness To Pay

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1. Introduction

Water and sewerage utilities in many African and South Asian cities are currently undergoing significant reform based on the principles of cost recovery, commercialisation and demand. These utilities are mandated to provide sustainable services to all consumers residing in the city, including the poor. Each must adopt effective management and business strategies to meet the challenge.

Successful international companies, including those in the water sector, have found that a key to success is having a clear customer focus underpinned by an ongoing commitment to raise standards and provide quality services. These companies recognise that sustainable competitive advantage can be achieved through customer-focused decision making and carefully designed and implemented customer relations management programmes. This publication looks at these approaches and provides an introduction for urban water and sewerage authorities in developing countries.

Box 1.   Customer relations management – a necessity not a choice

The average business loses 10-15% of its customers through bad service each year; businesses do not hear from 96% of their dissatisfied customers; for every complaint received another 26 have problems and 6 have serious problems.

Customers with bad experiences are twice as likely to tell others about it as those with a positive story to recount.

Source: Technical Assistance and Research Programmes
The White House Office of Consumer Affairs, Reported in Sunday
Times 15 May 1994

1.1 About this publication

The publication is in two distinct parts.

Part A *'Customer relations management – An introduction for urban water and sewerage authorities'* presents the concept and discusses its relevance to water utilities in Africa and South Asia. Part A also contains two case studies. The first from Africa describes the experience of The National Water and Sewerage Corporation (NWSC) Kampala, Uganda while the second from India examines that of Mysore City Corporation.

Part B *'Customer relations management – DRAFT customer service guidelines – urban water and sewerage authorities, Tanzania'* applies the ideas to the needs of urban water and sewerage authorities in Tanzania. Part B is a working document, *not* a final product and is wholly developed and written by senior managers from urban water and sewerage authorities in Tanzania. The authors drafted the guidelines as part of a British Council, Tanzania supported short training programme held in Mwanza, Tanzania in February 2000. The participatory training programme, facilitated by Sue Coates and Kevin Sansom, WEDC focused on customer services and demand responsive approaches for the urban water and sanitation sector. The workshop participant's enthusiasm to engage in a process to improve customer services for urban residents in Tanzania provided the impetus to develop Part A of this work.

The Urban Water & Sewerage Authorities (UWSA), Tanzania, with the Ministry of Water, Government of Tanzania now have the task of refining the draft guidelines. Once this work is complete the material can be used directly by their colleagues to improve customer services and customer relations management.

Together Part A and B provide information and examples of how customer relations management principles can be developed *and* applied to urban water and sanitation utilities and similar institutions responsible for water supply services in developing countries.

1.2 Developing and applying the concept

Urban water and sanitation utilities in developing countries operate in a dynamic environment. In Africa and South Asia exciting initiatives are starting to take place, ideas are being tried and adapted. Some are included here, many are not. The authors are interested to hear about the experiences and lessons of water and sanitation sector organizations that are applying customer relations management ideas and approaches.

Contact Sue Coates s.coates@lboro.ac.uk or Kevin Sansom k.r.sansom@lboro.ac.uk

2. Developing customer relations management for urban water and sewerage authorities

2.1 Customer orientation and current water and sanitation sector principles

The customer orientation philosophy can be traced in the management and marketing literature as far back as the 1950s. Peter Drucker, one of the concept's earliest proponents stated: 'There is only one valid definition of a business purpose: *to create a customer*. ...It is the customer who determines what a business is. …What the customer thinks he [or she] is buying, what he [or she] considers 'value' is decisive-….' (Drucker, 1955, p.29-30)

Customer orientation is not solely the domain of the customer service cell or the customer relations manager, it is about how the whole organization perceives its reason for being – and that is *to serve its customers*. It is therefore something about organizational culture and how on a day to day basis all departments, operations, systems and procedures are geared around the fundamental principle of *think customer first*.

Organizational culture "…that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business"

Source: Narver and Slater 1994, p.21.

Over recent years the emphasis in the water and sanitation sector, particularly in the rural context has been placed on issues of demand responsiveness and the participation of the community and household in the design, payment and management of water supply and sanitation services. Cited in government policies and donor implementation strategies these principles have led to the adoption of 'bottom-up' and 'demand driven' approaches, while 'top down' and 'supply driven' systems of operation are no longer supported. These new concepts are about putting the water consumer, *the customer*, first. Just as rural water and sanitation projects are designed with the role and needs of the community at the forefront, so too do customer orientated organisations place the customer at the top. (Figure 1).

Figure 1.   The two types of organization

Senior
management

e.g. managing director

Middle management

e.g. finance manager, water
engineer

Front-line staff

e.g. meter readers, O&M teams

Customers

**Management
orientated
organization**

Customers

Front-line staff with higher status who
understand the organization's core values,
the need for a customer focus and who are
empowered to satisfy customer's needs

Middle management who
direct the resources needed
and help remove obstacles

Senior management

who provide the
resources
and
develop
the core
values

**Customer
orientated
organization**

*Source: adapted from Doyle, P. (1994) p.48 cited in Wilson & Gilligan (1997) Strategic
Marketing Management (2nd Edition), Butterworth Heinemann*

However, for those working in the urban water and sanitation sector in developing countries the notion of 'customer' is only beginning to be recognized as important. The concept of the 'customer' has generally been perceived to be the interest and priority of the private sector, linked to profit motive. Customer orientation has attracted only the marginal interest of public sector management beyond the use of particular techniques, for example linked to marketing (Caruana, 1997). Yet increasingly this narrow view is being challenged, as the benefits of 'thinking customer first' are being realized across service and product sectors alike. Empirical research carried out in service management has shown that customer orientation leads to customer satisfaction, which in turn leads to higher profitability (Jaworski and Kohli, 1993; Ruekert, 1992; Slater and Narver, 1994; Slater and Narver, 1995).

Focusing on customer first is of particular relevance to the water and sanitation sector in developing countries because household consumers, particularly in urban centres, obtain water from numerous providers and sources. There is competition to provide and supply water, and at one level clean utility water 'competes' with water obtained from untreated sources. Across any one city private vendors, individual household on-selling, family and institutional boreholes, hand dug wells, streams, rainwater and springs *support* the market for water- *the demand*. These 'alternative supplies', that often supplement, replace or substitute direct utility provided water are accessed through informal human and physical networks. Although often unregulated, unreliable and costly people use them regularly either through necessity or choice. At some level all these sources of water supply attract reasonably 'loyal' customers and represent degrees of competition to utilities that are required to operate in the same market.

So it is a fact that competition exists in the domestic water market and that city dwellers do not automatically look to the utility to provide services (see Table 1). If utilities are to capture neglected or new markets then the principle of 'think customer first' should be a key component of effective business strategy. Competition in service provision can lead to reduced costs and improved services, but as yet water utilities are yet to find their competitive edge. Utilities do have a social responsibility to provide clean water at a fair price. Capturing new markets, for example consumers living in slums, informal settlements or illegal areas, may help to address this.

However, before a utility can focus its efforts on such market opportunities it has to institutionalize 'think customer first'. Customer care and concern for 'customer first' is a corporate responsibility and this has significant implications for water and sanitation utility, board and authority management.

Table 1. Utility under performance

Service level – selected African cities	Kampala, (Uganda)	Dar Es Salaam (Tanzania)	Conakry (Guinea)	Nouakchott (Mauritania)	Continuo (Benin)	Ouagadougou (Burkina Faso)	Bamako (Mali)
Source of water for household use (% of households)							
In-home connection	36	31	29	19	27	23	17
Standpipe water fetched by household	5	0	3	30	0	49	19
Independent providers/ traditional sources	59	69	68	51	73	28	64

Source: adapted from Kayaga, S., 2001

2.2 Institutionalizing customer orientated principles – the role of senior management

Developing a comprehensive customer relations management (CRM) programme is one way of institutionalizing the principle of 'think customer first'. Successful CRM programmes are based on innovation and creativity and are facilitated or led by senior management. The initiating and motivating role of senior managers, and importantly of managing directors, should not be under estimated. CRM will only be considered a critical success factor in a utility's long-term survival if senior managers demonstrate involvement in terms of time, effort, commitment, persistence and visibility (Cook, 1994). This means demonstrating commitment through *concrete actions*.

Senior management should also undertake the role of service-oriented leader, to inspire colleagues to successfully implement the CRM programme. A service oriented philosophy will not take root unless CRM is seen to be valued by the leaders of the utility. Managers must set the right example in all aspects of CRM (Tack, 1992). The role of senior management should be one of 'service oriented leader', facilitator or coach rather than someone who 'polices' customer oriented systems and procedures.

Box 2.   Characteristics of service-oriented leaders

CHARACTERISTICS OF SERVICE-ORIENTED LEADERS

- They are good listeners

- They encourage teamwork and good communication

- They meaningfully delegate responsibility and authority

- They require and recognize excellence

- They encourage active participation and problem solving

- They request and welcome feedback

- They constantly seek out ideas and improvements

- They engender trust

- They are open and honest in all their relationships

Source: adapted from Cook (1994, p.50)

In practice senior managers can undertake a number of action oriented activities to demonstrate his/her commitment to institutionalizing CRM. For example, (Cook, 1994)

- Spearheading CRM campaigns by regularly attending launch events, training sessions and reviews, and getting involved in and encouraging company wide debate about CRM issues.

- Demonstrating visible commitment through regular direct contact with a cross section of customers.

- Pro-active monitoring of customer satisfaction

- Taking a personal interest in customer complaints and the subsequent recovey efforts.

- By experiencing the treatment received by customers, in order to appreciate the problems the customers face in the service delivery process.

- Setting an example, perhaps by communicating and acting upon personal standards and codes of behaviour.

- Providing regular feedback to the staff about the progress of the CRM programme.

- By encouraging and accepting feedback from customers, suppliers, and staff about the progress of CRM programme.

Most importantly senior water utility managers must understand why customer orientation is a key component of effective business strategy.

2.3 A key component of effective business strategy

There are a number of proven reasons why a utility should consider customer relations management as a key component of its effective business strategy. These can be summarised as follows (Cook, 1994):

- To differentiate itself from alternative water supply and sanitation service providers in the service area

- To increase customer satisfaction

- To improve its profitability, so that it can carry out expansion of service coverage

- To improve its corporate image in the eyes of the customers

- To minimize customers' sensitivity to prices of water and sanitation services.

- To achieve a maximum number of customers who will sell the organization through positive word-of-mouth

- To develop internal customer/supplier relations

- To enhance its reputation as a good employer

- To ensure products and services are delivered 'right first time'

- To improve staff morale

- To increase productivity

- To reduce costs

- To encourage employee participation

- To bring about continuous improvements to the operation of the company.

Above all, satisfied customers become increasingly loyal to the utility. Such customer loyalty can create a 'ripple effect' in the utility's revenue collection. Figure 2 illustrates the power of existing satisfied customers upon increased revenue.

Existing customer satisfaction and loyalty is exhibited in the following ways:

- Willingness-to-pay for services, leading to increased revenues for the utility.

- Increased business dealings with the utility, for example, a new sewerage connection in addition to that for household water supply. This willingness to be open to making new purchases provides a marketing opportunity.

- Word of mouth recommendations attract potential new customers, therefore increasing revenue.

Senior managers who understand the concepts and are able to articulate why a company wide customer focus makes good business sense, can motivate others to buy in to the process of designing and implementing effective CRM programmes.

Figure 2.   Benefits of existing loyal customers

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┌──────────────────────────────┐                    ┌──────────────────────┐
│ Existing Satisfied Customers  │ ─────────────────> │ Attract More         │
└──────────────────────────────┘                    │ Customers, Through   │
      │           │                                  │ Word of Mouth        │
      v           v                                  └──────────────────────┘
 ┌─────────┐  ┌──────────┐                                      │
 │ Better  │  │ More     │                                      │
 │ WTP     │  │ Business │              ┌──────────────┐        v
 └─────────┘  └──────────┘              │ Increased    │  ┌──────────────────┐
      │           │        ──────────>  │ Business,    │  │ New Customers    │
      │           │                     │ Higher       │<─│ Satisfied        │
      └───────────┴──────────────────>  │ Revenue      │  └──────────────────┘
                                        └──────────────┘           │
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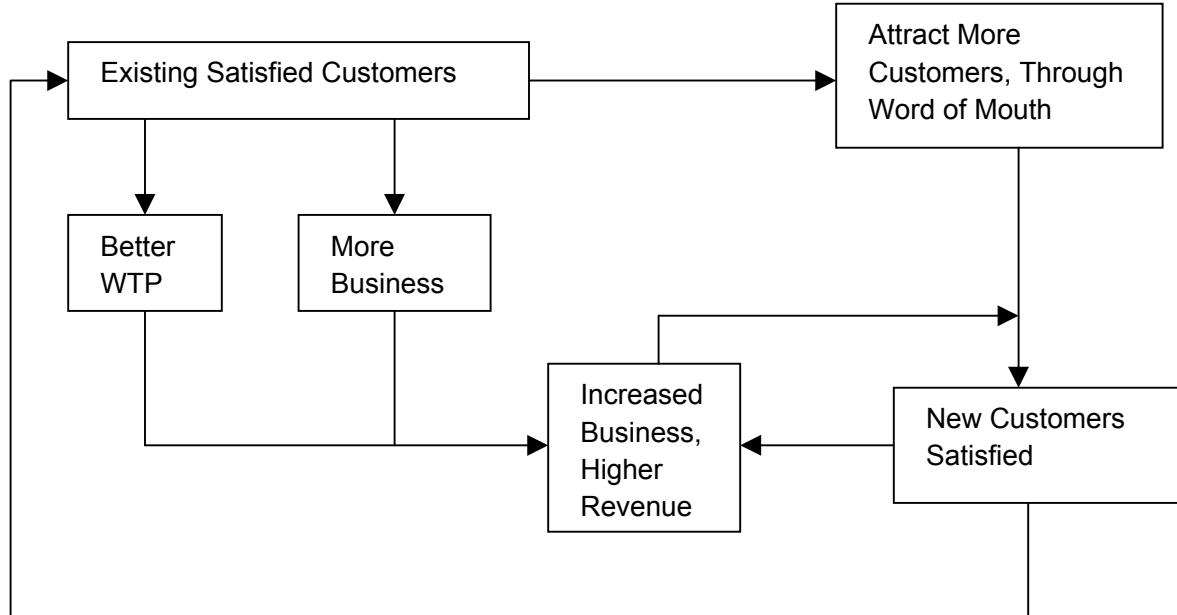
2.4 Understanding the basic concepts

Customer orientation and CRM are based on a number of basic yet important concepts – knowing who the customer is, knowing how consumers behave and knowing how to enter and maintain a beneficial relationship with them. Addressing these issues leads to an understanding of what customers prefer and are willing and able to pay for.

While understanding the needs of the 'external customer' is paramount it is also worth considering how *internal customers* relate to each other. 'Internal customer' is used to describe the beneficial relationship between one employee or department and another. It looks at how different departments are interdependent and how without one the other cannot function effectively or efficiently.

2.4.1 Identifying the customer

The urban water and sanitation sector has traditionally managed water as a social good and a free commodity. Water consumers have been perceived as 'beneficiaries' or 'users' rather than customers of a service. In addition, water departments and utilities have tended to work towards meeting government set coverage targets and this has over-shadowed any attempts to promote the delivery of services to consumers. However water institutions now also have responsibility for cost recovery through commercialization and, just as the strategies for sustainability have changed, so too must the business approaches that support them. In the urban water and sanitation sector this means quite simply that business cannot remain 'as usual'. Water consumers are customers in receipt of an economic as well as a social good and therefore thinking customer first is critical.

Thinking customer first should not only be limited to those who pay water bills on time. It also means paying attention to defaulting customers, lost customers, recent customers and

potential customers. Customers, like communities, are not a homogenous group. The customer who pays the bill may not be the customer who uses the water or makes decisions about switching between sources and providers. Women for example make more decisions regarding the use of water at a household level than men do. In thinking customer first, utilities should be able to answer the following questions,

- Who suggests the need to pay for and/or improve water supply?

- Whose comments effect the decision to improve/pay for water supply services?

- Who ultimately makes all or part of the 'willingness to pay' decision?

- Who makes the actual payment for water supply services?

- Who is the main user of water and related services?

2.4.2 Consumer behaviour

a) A mix of cultural, social, personal and psychological factors influence consumer behaviour (Wilson and Gilligan 1997, p.159). Understanding how water consumers make decisions about which water supply or source to use, when and at what price, is complicated and to some extent very difficult to predict. However such understanding is a basic pre-requisite of providing sustainable and cost-effective water supply services. For the purposes of developing CRM programmes it is important to understand the basic stages that consumers go through in order to reach a decision about which water supply, source or service to use when. In simple terms this can be summarized as follows:

b) Basic decision making stages

recognition of the problem	*For example*: periodic lack of adequate water
the search for the solution and information	*For example*: asking neighbours where they obtain a reliable source and how much it costs
evaluation of the alternatives	*For example:* use of one or two alternatives over a short period of time, e.g. rainwater catchment and purchasing from a vendor reaching decisions related to household income and outgoing expenditure, the cost of time and overall convenience
the decision to go for one/two preferred options	*For example:* delivery to the door offered by the vendor. High price outweighed by reliability and convenience
the consumers' ongoing behaviour	*For example:* Stays with the vendor but supplements with rainwater catchment during the rainy season

2.4.3 The Customer Value Chain

The concept of customer orientation is about more than understanding that the 'customer is king' and should therefore be treated as the fountain of knowledge (Sage R., 2000). It is about developing a customer-utility relationship that will stand the test of time. Enduring profitable relationships with current and potential customers is fundamentally based on knowledge. An important CRM approach is the *'Customer Value Chain'*, which is to *know, target, sell and service*.

Figure 3.   Customer Value Chain
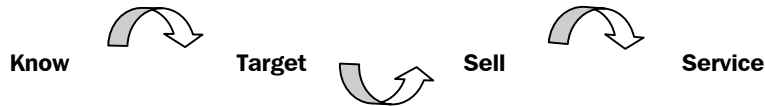
In the context of the water sector, this entails the following:

Know and understand the different customer and potential customer groups, including their behaviours, attitudes, practices, perceptions and preferences, including water use and buying habits. This is complicated by the fact that water and sanitation is perceived as a 'social good' as well as an 'economic good'.

Target specific customer groups (for example, segmenting domestic customers by housing type and density), with appropriate service options, (such as house connections, yard taps and water kiosks, with or without storage tanks), at appropriate price levels. Payment options (by post, at a bank, or at a local office) and management options (private sector or community group management) should also be targeted.

Sell service options using suitable promotion techniques. This will often require careful planning and implementation particularly when dealing with groups who use alternative water supplies, or if they have unauthorized pipe connections and do not currently pay.

Services provided to a high quality standard, delivered through a balance of people, process and technology by knowledgeable staff.   This demands a commitment to continual operational and managerial improvement, particularly in relation to internal communication and collaboration (for example between customer relations, billing, operation and maintenance and finance).

Box 3.   Using CRM activities to improve service levels for the urban poor

Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB), India has no separate policy or preference for providing services to the poor. However, the Board has initiated a number of CRM related measures to improve service levels:

- Inbuilt subsidized water tariff

- Concessions in connection charges to induce individual connections (Rs 900 for water connection)

- Slum residents were given an option of paying the connection charges by instalment

- Consumer awareness programmes through media

- Conversion of public standposts into group connections (five households)

- Centralized counters are set-up for application and sanction

Single window cell at Hyderabad Metro Board

- Centralized counter for application and sanction

- Sanction within 15 working days

- If sanction is not accorded within 15 working days Board will pay Rs.20/-

- If still not sanctioned – special audience with MD

Source: adapted from Administrative Staff College of India (ASCI) (2000) Institutional Arrangements and Capacity for Providing Services to the Poor in Hyderabad.

2.4.4 The internal customer and interdepartmental collaboration

The internal marketing concept holds that the employees are the first market of the organization. The main objective of the internal marketing function is to ensure motivated and customer conscious staff at each level (Ewing & Caruana, 1999). In internal marketing, staff are viewed as internal customers and jobs as internal products. Similarly, Kotler (1994) defined internal marketing as the task of successfully hiring, training, and motivating staff in order for them to serve external customers well. The quality of customer care delivered to external customers is often determined by the quality of service that internal customers, i.e. employees, provide each other.

Box 4.   Internal Customers

'If the company doesn't care about me, why should I care about the customer?'

 - Employee

If the quality of internal customer service is poor, the collaboration between various departments will be low. Research carried out in services management (Jaworski and Kohli,

1993; Slater and Narver, 1994; Slater and Narver, 1995) found that increased collaboration between various departments increased the level of customer service offered by an organisation.

In a water utility, there is need for the following departments to collaborate closely, in order for the staff at the primary customer interface to provide quality customer services:

- Customer relations and complaints

- Billing, collection and connection fees

- Meter reading

- Financial management

- Operation, and maintenance

- Major repairs

- New water and sewerage connections

- Illegal connections

- Water conservation, etc.

Achieving improvements in the management of the above utility functions, and the subsequent services provided to the customer, involves more than one department or section in a utility. Traditionally incremental improvements and cross-departmental collaboration is determined through referral to senior management. However this results in top heavy management. Those at the top invest more time on operational issues and less on strategic management. Increasingly in modern utilities, there is a greater emphasis on delegating more responsibilities and authority to lower levels and encouraging inter-departmental collaboration as part of a Total Quality Management (TQM) approach. Flatter styles of communication are preferred so that decisions can be made closer to the issue. Prevailing 'vertical hold' practices concerned with 'keeping the boss happy' are replaced by an emphasis on 'horizontal hold' that maximises co-operation between different sections in an organization. This involves asking two questions of employees from other departments:

a) What can I do for you to improve customer services?

b) What can you do for me to improve customer services?

Joint planning and implementation of viable solutions to these questions can then take place. This 'internal customer' approach requires more flexibility, good staff communication skills and effective planning; but it has demonstrated significant cost effective service improvements. Internal customers are therefore as valuable as external customers.

The concept of internal customer service is built on the following premises; that;

1. Employee participation – employee involvement in management decisions is critical to corporate success.

2. Developing an understanding among staff of the internal customer philosophy and promoting awareness and understanding is vital.

3. Employee care in terms of good pay, staff welfare, equal opportunities, career development and promotion, employee assistance programmes is important.

4. Good working environments in terms of office space and accommodation, provision of necessary tools and equipment, toilet facilities; uniforms, safety hardware and good restaurant facilities are required.

5. Suggestion schemes and mechanisms for employee participation should be provided

6. Recognition and reward systems should be prioritised

7. Teamwork should be encouraged

8. Investment in HRD and mentoring schemes is crucial

Box 5.   Communication with the Internal Customers

Communication with the internal customers seeks to reinforce the importance of customer relations management. Some of the issues covered under an organization's communication plan are as follows (Cook, 1994):

- Creating awareness of, and conviction towards, the CRM programmme. This requires a change of attitude on the part of employees. To encourage awareness and comprehension of the CRM programme, there must be discussion and debate amongst staff. Senior managers should explain the service philosophy in person through presentations and participatory sessions and encourage two-way discussions. Presentation tools such as videos may be used.

- Team briefings and meetings in which exchange of views is encouraged form an important part of effective communication.

- Brochures or booklets outlining the objectives of the CRM programme. A logo or slogan may be developed for the CRM programme. These can be printed on letter heads, diaries, calendars or message pads; or screen-printed on pens, mugs, t-shirts, etc.

- Training material that is consistent with CRM programme objectives.

- Planners contained in year diaries, with useful facts and figures as well as other vital information on customer service philosophy.

- Use of noticeboards and posters act as reminders to the CRM programme.

- Internal organizational newsletters, where competitions and suggestion schemes are published.

In all these communication methods, senior management should encourage feedback from staff.

Box 6. Mission Statement for Chennai Metropolitan Water Supply and Sewerage Board

Corporate mission statement

Our mission is to make a positive contribution to improve the Chennai City environment and to enhance the health and quality of life for the citizens in Chennai City by providing them an adequate supply of safe, good quality water at a reasonable price and by providing customer service in a prompt and courteous manner.

Source: htpp://www.tn.gov.in/citizen/metro-water.htm

2.5 Putting CRM foundations in place

2.5.1 Agreeing corporate mission and vision statements

An early action is to establish a customer-focused philosophy, which can be expressed in terms of the corporate mission, i.e. a statement of purpose or task of the organisation; and a vision, which is a statement of where the business is going, its value and beliefs. Box 7 shows an example of a customer orientated mission statement.

Box 7. Mission statement and philosophies of Durban Metropolitan water services

Mission statement

To provide a constant supply of water, and services related to provision of that water, to the satisfaction of consumers in the Durban Metropolitan Area.

Philosophies

- Good governance and honest administration is the foundation of Metro Water

- Customer care is the cornerstone of our organisation

- We provide a service that is central to every household and therefore go to great lengths to solve problems speedily and effectively

- Our staff members are central to our organisation and it is our responsibility to train, motivate and challenge them, so that each realises their full potential

- We promote innovation by continually questioning what we do with a view to improving our service

Source: http://www.durban.gov.za/water/index.htm

Mission statements can also communicate management philiosphy and vision. Box 6 shows the mission statement for Durban Metro Water Department.

While mission and vision statements are formulated by the senior management team it is important to encourage input from other major stakeholders such as colleagues, customers, employees, and shareholders. Management can involve employees in the process of agreeing corporate statements though a number of ways including (Cook, 1994);

- Communicating the mission and vision to all employees, via discussions and explanation

- Asking the employees to make contributions during the process of formulation

- Establishing an employees' representative body drawn from across the utility, to develop mission and vision statements with senior management

- Developing departmental missions and visions that build into the corporate mission and vision

- Inviting each member of staff to share his/her views during the formulation of mission and vision with senior management

- Reviewing the current mission and vision with employees

- Reinforcing the mission and vision via printed statements, posters, leaflets, booklets etc.

Mission and vision statements should be reviewed periodically to ensure that they are compatible with the organization's internal and external environment. In order to review the strategic objectives effectively, management should commission an internal/external environmental analysis, to be done either by an internal organizational expert, or external consultants.

2.5.2 Managing change and setting CRM programme objectives

As stated earlier customer orientation is principally concerned with organizational culture. Before a CRM programme can be successfully implemented, the perceptions and beliefs about the value and priority placed upon the customer by all utility employees must be understood and where necessary challenged. An important early priority is to initiate mechanisms to embed CRM as 'the way we do business around here'.

An organization's culture is comprised of a set of unwritten rules, stories, myths and beliefs. In order to achieve a customer focus, many prevailing water utility beliefs, which are often based on a product/production orientation have to be challenged and changed. This requires the pro-active management of change, including the need for all employees to understand and commit to a customer focused service philosophy. Basically customer care should be built into all the tasks and actions undertaken in the water utility on a day to day basis. This can only be achieved through on-going awareness raising and the use of pro-customer business strategies.

Box 8.   Change management and customer orientated programmes in the National Water and Sewerage Corporation (NWSC), Uganda.

The National Water & Sewerage Corporation (NWSC), Uganda has instituted various internal change management programmes since 1999. The major objectives of these initiatives is to enhance service delivery in such a way that customers will be satisfied with the quality of services and therefore have a higher level of willingness-to-pay for the services provided.

In February 1999, NWSC instituted a programme code-named the "100-Days Programme". This programme was closely followed by a one-year programme that sought to consolidate the achievements of the "100-Days Programme", code-named "The Service and Revenue Enhancement Programme", SEREP in short.

These programmes were carried out under normal budgetary provisions. However using the tool of performance management, change was spearheaded by three-tier staff committees in the areas of water production and sewerage services, water distribution services, revenue generation, customer care and cost reduction measures. Final evaluation of the programmes showed a substantial improvement in the general performance of NWSC.

Source: NWSC (Uganda) (2000), Evaluation of SEREP.

After analysing the existing situation in the organization, senior management should set CRM objectives centred on the need for change, which will bring about improvement of customer care on a continuous basis. The objectives should be SMART: specific, measurable, achievable, realistic and timely. Having SMART targets will enable management and importantly employees to measure progress. It is advisable to map out short-, medium- and long-term objectives, which can be reviewed periodically.

Box 9.   CRM long term objectives for Chennai Metro Water (India)

CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD, INDIA

In its endeavours to achieve the objectives indicated in the Mission Statement, Metro-water will be guided by the following, being customer driven:

- Feedback from customers

- Delivering excellence in products and services

- Doing business with ethics and integrity

- Continuous endeavour to improve quality of service

Source: htpp://www.tn.gov.in/citizen/metro-water.htm

2.6 CRM issues and strategies

Having formulated missions, visions and objectives that are customer oriented, the next step is to formulate a strategy for establishing and developing a CRM programme. The overall CRM strategy will encompass all areas of the organization's activities which impact on the customer. The areas of concern can be divided into two categories:

- **Key external issues:** customer relations, supplier relations, corporate image, location and accessibility of services, timeliness, customer involvement and support

- **Key internal issues:** human resource management, management information systems, other operational systems and procedures, teamwork, communication, organizational structure, and group interactions.

The following sub-sections briefly discuss a few of the key issues necessary for the establishment of the CRM programme.

Structure of the Organization

The structure of an organization defines how employees see their responsibilities, and how things get done through formal channels (Clutterbuck & Kernaghan, 1991). There is need to create a customer-oriented organizational structure. Bureaucratic organizations have been found to be inflexible, costly and a barrier between an organization and its customers (Cook, 1994). With a given level of delegation, responsiveness and flexibility, organizations are becoming increasingly flatter, leaner and tighter.

Creating a customer-focused structure involves *rebuilding* the organisation from the primary customer interface – *the point of direct or face to face contact*, upwards. This is sometimes called business re-engineering, a radical, 'no half measures' strategy that is favoured by some utility managers and boards.

Box 10. Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB)

MORE (Metro Organizational Re-engineering Endeavour) is the acronym developed by Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB) to represent a series of management initiatives designed to increase efficiency and improve customer satisfaction.

The MORE logo will be used to identify the various activities to be implemented under the MORE initiative and will encourage a sense of commitment and fulfilment amongst those involved in the MORE initiative.

Source: Hyderabad Metropolitan Water Supply and Sewerage Board (HMWSSB) (1998)

Re-orientating human resource and management functions

There is need to re-design job descriptions that will ensure customer satisfaction at the primary customer interface. All pro-customer job descriptions require the following components (Clutterbuck & Kernaghan, 1991):

- The role of the staff, spelling out the broad outcomes they must achieve.

- The responsibilities, spelling out the specific duties the staff have towards customers, other staff, the organization and themelves.

- The interfaces, i.e. other staff who must be consulted, or who will provide support.

Rather than being seen as irrelevant pieces of paper, job descriptions can be used as a tool for motivating staff. Sensitization programmes, based on sound job descriptions, can help to make sure that the staff at the primary customer interface – *the frontline staff,* and those above them, including the managing director, are able to adequately answer the following questions (Clutterbuck & Kernaghan, 1991):

- What I am here to do?

- Who I am doing it for?

- Whose help do I need?

- Who needs my help?

The premise is that if frontline staff can answer the questions above, then all staff above them will also be able to do so. Basing all job functions, roles and responsibilities on the organization's ability to satisfy the needs and requirements of the frontline staff so they can do their job effectively, will enhance customer satisfaction. Each layer of management in the organization therefore has three key roles (Clutterbuck & Kernaghan, 1991):

- To support staff at the primary customer interface to deliver customer oriented services.

- To control processes so that errors are visible and immediately corrected and prevented in future.

- To "oil the wheels" of all customer-critical interfaces of the staff's area of responsibility

The key responsibilities for each layer of management are:

- To gather and disseminate information on customer needs and behaviour.

- To plan new initiatives

- To motivate staff at lower levels to become customer focused.

Box 11. Human Resource Development (HRD) in CRM

Positive customer relations do not occur naturally. Utility staff will require training in the attitudes and skills required to become a customer focused organization

Possible CRM training topics include:

- CRM principle and benefits

- Who are your customers?

- How to retain customers

- Setting and maintaining standards of service

- Motivating staff to care for customers

- Measuring customer satisfaction

- Dealing with customers face to face

- Planning CRM strategies

- Implementing customer relations programmes

- The importance of teamwork and the internal customer

- Stakeholder collaboration and partnerships

- Market segmentation and customer profiling

- Handling complaints

- Technology and service level options

- Participatory techniques and communication

- Promotion and marketing

- Using computers in CRM

- Using the media effectively

Recruitment of human resources

Where utilities are able to employ new staff an opportunity exists to ensure that the recruitment procedure reflects the customer-focused philosophy of the organization. In revising recruitment practices the following questions are useful,

- How many and what types of people are required?

- Has consideration been given to individual differences in people's skills and personality and are these characteristics matched to the requirement of specific roles and responsibilities? (Lewis & Entwitsle, 1990)

- Is recruitment necessary or is the development of internal staff and/or transfer preferable? And why?

- Is the existing utility staff profile representative of the community that the utility is serving? For example local language skills, women.

- What support will be provided to transferred, or newly recruited, staff? For example development and training opportunities.

- Will new or transferred staff want to stay and how will the utility know if he/she is thinking customer first?

- What attitudes, skills, knowledge and experience (ASKE) are essential to perform the job and which are desirable and/or can be learned?

Recognizing and Rewarding Good Service

A signifcant plus for CRM approaches can be the positive impact felt by employees. This should be capitalized upon. CRM provides opportunities to praise, develop and reward employees. Approaches including 'performance management[1]', 'commitment systems[2]' and 'Quality programmes[3]' can all contribute to the recognition of good service. In customer-first organizations reward takes the form of tangible benefits, including recognition, for example to project teams and individuals. Reward systems are *no longer* based on sales and profit goals, but on demonstrated levels of customer satisfaction and loyalty based on customer feedback.

Systems

A water utility must put in place systems that adequately support customer orientation. Often, systems in water utilities have been designed to support internal requirements. The fact is that these systems often work in *direct opposition* to customer oriented objectives. Systems also need to be flexible and able to adapt to the emerging or changing needs of customers. Systems should never be 'set in stone' - sometimes cases occur when customer service delivery may necessitate that standard procedures are put to one side (Clutterbuck & Kernaghan, 1991). As with job functions, good systems are born out of the needs of those staff who work directly with customers.

Improved Technology

Just as investment in people and processes is important, so too is investment in improved technology. Information technology and management information systems can greatly benefit the process of customer relations management. Key operational areas for improved technology include billing, customer complaints, metering and procurement.

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[1] Performance management is based on pay incentives linked excellence and the achievement of quality based objectives.

[2] Commitment systems place an emphasis on training, team working and career progression. Quality is raised by developing a two-way commitment to job flexibility, including working hours and job security.

[3] Quality programmes, for example 'Total Quality Management' are designed to ensure that all employees across the organization think customer first. Emphasis is placed on inter-departmental collaboration, team work and solution finding.

Box 12. Investing in improved technology

- NWSC, Uganda have introduced the 'Custima' system, a powerful computerized programme that streamlines customer billing.

- Bangalore Water Supply and Sewerage Board (BWSSB), India, promotes its activities on the web (www.virtualbangalore.com).

- HMWSSB invest in modern technology to improve the speed of response to customer complaints in the Metro Customer Care (MCC) Centre.

- RAND Water, South Africa, is preparing for involvement in management contracts with local authorities by adopting a more customer orientated approach. Investment in state of the art technology will link phones, voice mail, e-mail, faxes and the internet together, to provide residents with a single point of contact into the organization.

Operating procedures

Effective CRM is partly dependent on efficient, timely responses and so operating procedures should be kept short and simple, and focused on the priorities. Staff across the organization should be involved in drawing up and monitoring procedures, as well as explaining them to new colleagues. Internal procedures should be written in plain and positive language and consideration must be given to how new procedural information is disseminated throughout the organization.

Customers also need to know about new procedures, for example simplified billing and payment options and connection applications. Careful consideration must be given to how these new procedures are communicated to the customer. For example Durban Metro Water Department in South Africa uses the internet to explain new procedures related to water tariffs. This information is also used on leaflets and posters.

Table 2. Water tariffs – Durban Metro

Type of water supply	Ground tank. Low pressure		Roof tank. Semi-pressure system		Domestic. Full pressure		Industrial, commercial, and other users	
Monthly Consumption								
(prices exc. VAT)	**old**	**new**	**old**	**new**	**old**	**new**	**old**	**new**
0kl to 6kl	8, 16	nil	1, 17	nil	1, 17	nil	2, 13	2, 53
From 6kl to 30kl	-	-	1, 53	1, 76	2, 13	2, 53	2, 13	2, 53
More than 30kl	-	-	3, 19	5, 06	3, 19	5, 06	2, 13	2, 53
Fixed charge	nil	nil	nil	nil	10, 20	18, 00	10, 20 – 1020, 00	18, 00 – 1800, 00
							Varies according to size	

Source: www.durban.gov.za/water/tariffs/index.htm (23/05/01)

Box 13. Benefits of Simplifying Procedures

CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

INTRODUCTION OF SIMPLIFIED PROCEDURE FOR OBTAINING WATER AND SEWER HOUSE SERVICE CONNECTIONS

Through the introduction of a free, simple two page water and sewer connection application form the customer can calculate the charges to be paid (similar to a basic Income Tax return). The complicated procedures were simplified considerably. Although this exercise resulted in a direct loss of Rs. 6 lakhs ($13,000), it was decided that the benefits outweighed the losses. Since introducing the procedure there has been greater transparency in operations.

Source: Chennai Metropolitan Water Supply & Sewerage Board Annual Report, 1997-98

2.7 Getting to Know and Understand Your Customers AND Potential Customers

If utility staff have good knowledge of the different customer groups, they are much more likely to do their work in a manner that increases customer satisfaction. But there is a tendency for staff to assume that they already know what the customer wants. However, experience in the business sector shows that good quality information is required if real improvements are to be made. Such quality information can only be gained by well planned interactions with current and potential customers. (see Part B for examples)

Figure 4 shows a sequence of activities followed in the design of information gathering task.

Figure 4.   Sequence of Activities in Information-gathering Task

Agree on objectives, timescale and budget

Decide what, where and when to measure

Decide sample size and research methodology

Conduct research

Analyze and interpret results

Disseminate results and develop plan of action for CRM
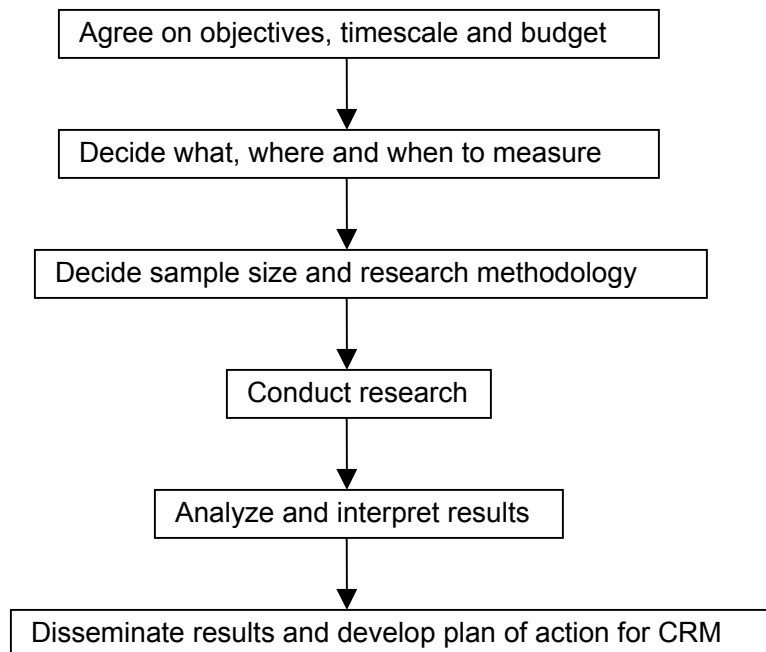
Source: Cook (1994)

Selecting techniques for different types of customers

Useful techniques for gathering information include:

- Questionnaire surveys (completed by respondents or an enumerator)
- Interviews
- Focus group discussions and community based meetings

The technique that is selected for obtaining good information will depend on the type of data required and the characteristics of the particular customers. For example, for larger commercial customers interviews may be required, while for people in informal settlements who may have literacy problems, focus group discussions are an effective technique. Where

good reliable information is required from the different domestic customer groups, a carefully designed questionnaire survey is appropriate.

It is equally important to think about *who* is collecting the information and interacting with customers. Software issues, for example, consumer surveys, are increasingly contracted out. This is often because while utilities may see a need to address 'soft' issues, they rarely believe they have the adequate skills or appropriate human resources. While NGOs and CBOs are well placed to undertake these roles, the information reaches the engineer and the utility second or third hand, usually via a report. The information rarely impacts upon internal efforts to improve customer service or engineering project design. Questions also remain unanswered from the consumer's perspective, as sociologists are not experts in technical issues related to service options. This is why the utility engineers should actively participate in the consultation process and take ownership of the findings (Coates, Sansom and Kayaga 2001).

2.7.1 Questionnaire surveys

Carefully designed questionnaire surveys can provide reliable data to inform decisions on future investment plans and improvements in the way staff undertake their work, in order to increase customer satisfaction. A typical questionnaire development process is outlined in Figure 5.

Figure 5.   Relating Questions to the Research Purpose

Source: adapted from Malhotra and Birks, 1999.
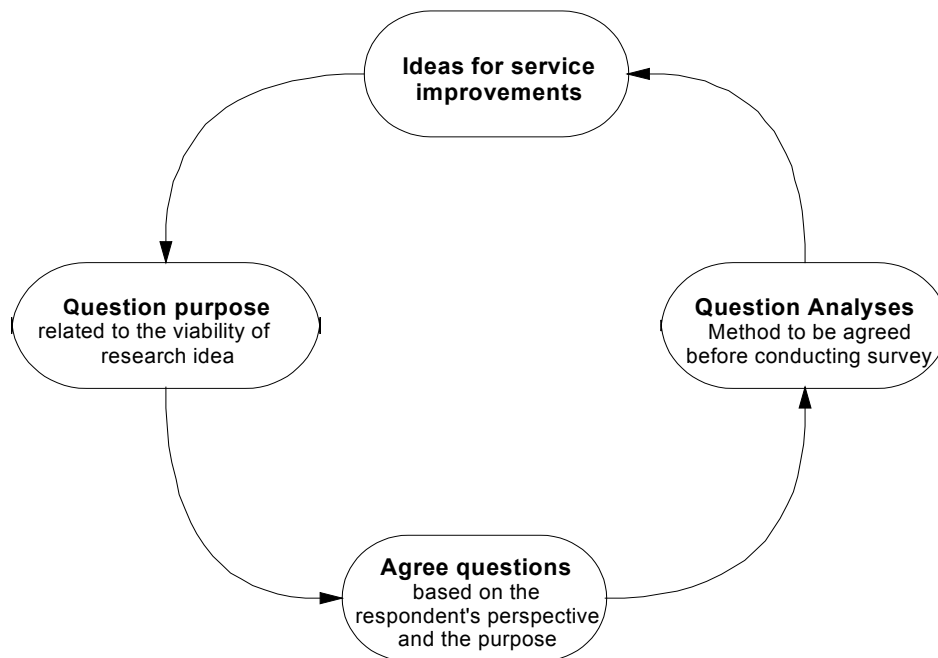
Note that the analysis of the completed questionnaires should feed back to inform the viability of ideas for service improvements. Asking the right question is key. So when drafting the form, two issues should be explored:

Is the question necessary? A question should not be included if it is merely interesting, it should relate to the purpose of the research. While it is necessary to keep the length of questionnaires to a minimum, some questions may need to be included to establish rapport and neutrality, particularly when dealing with sensitive subjects.

Are several questions needed instead of one? Once we have ascertained that a question is necessary, we must make sure that it is sufficient to obtain the desired information. Sometimes several questions are necessary for an unambiguous manner, (Malhotra and Birks, 1999).

The customer survey format also needs to be easy to read and understand by utility workers, enumerators and other interested parties. For easy analysis, open-ended questions should be minimized and where possible tick boxes for multiple answers should be included. When producing summaries of the analysis, a spreadsheet computer programme can be used to produce summary tables, graphs and bar charts etc. to communicate the key findings of the survey.

Typical aspects to be researched for the water sector

To understand the state of the water supply market in a comprehensive manner, particularly if a utility is to maximisze the number of satisfied customers and work towards financial sustainability, the following aspects can be investigated using customer survey questionnaires:

a) **The experiences and perceptions of existing and potential customers** with regard to:

- the water supply services provided by the utility in terms of key service characteristics such as: frequency, reliability, timing, duration, quantity, quality, pressure, collection time, or other characteristics that are valued by customers

- the utility's water charges, and billing arrangements

- the utility's customer services in general, in terms of dealing with requests and responding to complaints

- the comparative advantages and disadvantages of water services provided by competitors, such as water vendors and private water tankers

- the coping strategies used by people in the city in dealing with poor water services, for example: use of storage and selecting different water sources at different times of the year

- opportunities for supply improvements or utility cost reductions, such as new supply options with storage incorporated and tertiary supply systems being managed by community groups.

b) **Information on the socio-economic situation of respondents** for aspects such as housing and income, so that a detailed picture can be developed about the various customer groups in the city, as well as their 'ability to pay' .

c) **Customer preferences and willingness to pay (WTP) for selected service options** that are appropriate for each market segment or customer group. A contingent valuation bidding game can be used in order to provide reasonably reliable information about people's WTP. Such a technique is often recommended because if people are merely asked which option they prefer, they will invariably ask for the better, more expensive, option. Alternatively, respondent's preferences can be determined by asking them to rank service options, after relevant information (including estimated costs), are presented to them. Focus group discussion is a technique that can be used for such a ranking exercise.

2.7.2 Roles, responsibilities and relationships between utilities and customers

Many customers may not be fully aware of what the utility is expected to do or is able to do, indeed there may be an element of mistrust between customers and utility staff. Customers may also not be aware of what is expected of them, for example in the case of arranging for new pipe connections or payment of bills. These issues can be addressed through specifically targeted publicity campaigns, but there are a number of other extremely effective tools and methods for clarifying roles, responsibilities and entitlements. These include Customer Charters, Codes of Practice, Service Agreements and Customer Consultative Committees.

Customer Consultative Committees

Increasingly customer consultative or customer service committees are perceived as a key aspect of CRM. Serving a number of purposes the committee members can be drawn from different customer groups and locations, so that all customers, irrespective of their social status, gender and education, have a voice within the utility.

Box 14. Customer Service Committees (CSCs) in England and Wales

In England and Wales water customer's interests are represented at national level by the Ofwat[4] National Customer Council (ONCC), and at regional level by the ten Ofwat Customer Service Committees (CSCs)

Customer Service Committees work to:

- identify and keep under review matters affecting the interests of customers and ensure that the companies are aware of, and responsive to, concerns about their services;

- ensure that companies have an adequate complaints procedure and achieve a speedy and appropriate resolution of individual customer complaints where the company has not adequately dealt with the problem;

- publicize the existence, functions and work of Ofwat, the CSCs and ONCC in protecting the interests of customers.

Customer Service Committees deal with a range of issues including:

- investigating and resolving customer complaints against the water companies;

- examining the quality of complaint handling by the companies themselves;

- discussing companies' charging policies and tariff structures;

- responding to consultation documents on policy issues from Ofwat and Government;

- examining company Codes of Practice for customers;

- keeping under review the standards of service delivered by the companies;

- monitoring the way that the companies deal with unpaid water bills, the installation of meters and applications for special tariffs available to certain vulnerable customers;

- encouraging the efficient use of water by both companies and customers;

- commenting from a customer perspective on financial issues such as capital investment, profits and dividends and on companies' plans for mutualization and other forms of restructuring.

Source: www.ofwat.gov.uk/oncc_csc/watchdog.html (26/06/01)

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[4] Ofwat (the Office of Water Services) is the economic regulator of the water industry in England and Wales. It is responsible for making sure that the water and sewerage companies in England and Wales provide good quality, efficient service at a fair price.

Customer Charters

Customer charters are gaining the interest and approval of many governments and utilities. Customer charters explain in simple language what the customer should expect from the utility and what the utility expects in return. Charters vary in their content depending on the policies of individual utilities and the working environments in which they operate. Typical aspects to be covered by a Customer Charter include:

- The objectives of the water authority

- The service levels that are assured/promised by the water authority

- A description of procedures for matters such as new connections, payment of bills, provision of meters and complaints

- The customer's obligations

- Details of compensation entitlements[5] for the affected customers, where the authority does not meet its obligations for certain aspects, including the associated procedures.

By clearly describing the roles, obligations and entitlements of utility and customers in such a document and publicizing it widely, it offers a number of potential benefits:

- there is a reduced risk of misunderstandings and dissatisfaction arising

- the utility obligations can act as targets and motivating factors for their staff

- the relationship with the customer can become more of a 'beneficial exchange relationship' where mutual respect can develop.

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[5] Note that a utility needs to be reasonably confident of meeting its' obligations if it is to offer compensation entitlements. For example Severn Trent Water in the UK offers small compensation sums for aspects such as failure to keep appointments or failure to respond to complaints within a given time frame.

Box 15. Example: Anglian Water Customer Charter

Anglian Water has its own Domestic Customer Charter which sets out what customers can expect from us - and what we will do if we fail to meet any of these standards.

Some of the highlights: If we need to interrupt your water supply for planned work, we will tell you when your supply will be restored If we fail to restore the supply by the time we state, you can claim £20

If you write or 'phone us for an appointment, we will offer you morning or afternoon with a specific time if at all possible. If we have to change this, we will give you 24 hours notice where possible. If we fail, we will give you £20.

If you write to us with a query about your bill, we will reply within 10 working days. If we fail, we will credit £20 to your account.

We will respond to reports of sewage flooding within four hours of being notified If we fail, you can claim £20.

To obtain a full copy of the Domestic Customer Charter, please call our local rate number 08457 145 145.

Source: www.anglianwater.co.uk/customer/charter.asp (26/06/01)

Box 16. Example: Thames Water – You and your water

Our guarantees to you

- Keeping appointments
- Account queries
- Responding to complaints
- Interruptions to supply
- Flooding from sewers
- Low pressure

We are committed to providing a high quality service to all our customers. This commitment is represented by our Customer Guarantee Scheme. The scheme has been enhanced, and our improved guarantees are set out in this section. You can have a free copy of the scheme and other Codes of Practice by calling our Customer Centre on 0845 920 0800.

Source: www.thames-water.com/main/home/our_guarantees.htm (26/06/01)

Codes of Practice

A utility can also publish a 'code of practice' that clearly explains the obligations of the organization, how it conducts its business and the improvements it intends to make.

Box 17. Example : Severn Trent Water – Code of Practice

Our guarantees to you

We work hard to give you the best possible services. If we don't meet the standards we promise, we'll back up our guarantees with automatic payments.

Our commitment to your water services

In the period 2000 – 2005, we are committed to:

- Keeping our prices as low as possible

- Delivering service and environmental improvement through £2 000 million investment programme

- Protecting our water sources

- Maintaining the high levels of customer service that we have achieved to date

- Introducing further efficiencies into our operations, without compromising our high standards

- Exploring ways in which we can make our charges more flexible for our customers

Our Top Six Service Improvements

- **Water Resources:**

We will add to our water resources to ensure dependable supplies and introduce innovative water conservation measures.

- **Improve Water Quality**

We will undertake work at treatment plants and other sites to ensure our drinking water standards remain among the highest in the world.

- **Water Mains**

We will refurbish 1 900k of water mains by 2003

- **Water Meter Options**

We will install meters free of charge to those customers wishing to pay for their water services on the basis of actual consumption.

- **Sewage Treatment and Sludge Removal**

We will ensure that all EU and UK effluent discharge standards are met. We will also recycle and dispose of all sludge in accordance with safe practice and anticipated DETR regulations.

- **Sewerage System**

We will make improvements to the sewerage system to remove the risk of flooding for over 1 500 properties

Source: www.stwater.co.uk/APPS/STW0650.nsf/web/AboutSTW (26/06/01)

Service Agreements

Where a utility wishes to have written contractual obligations to detail a particular service such as the installation, maintenance, care and reading of water meters; this may be described in a service agreement. This would be issued to the customer when the facility is installed or the particular service is carried out. It then becomes a valuable reference document that can form the basis of future communication. It is also a valuable tool to demonstrate breach of agreement – from the utility *and the customer* perspective.

2.8 Communication Strategies

Communication plays a pivotal role in developing and sustaining CRM. In order to engender a customer service philosophy, a water utility needs to develop a communications strategy that integrates a service orientation message into all organisational activities. The utility needs to communicate consistently with internal customers, external customers and other stakeholders.

2.8.1 Communication with external customers

Face-to-face meetings with customers

Unsatisfactory treatment from customer service staff is very common. However if customer service staff are developed and adopt basic guiding communication principles the customer-utility relationship will benefit tremendously.

Box 18: Tips for face to face communications with customers

- Adopt a helpful attitude towards the customer

- Listen to the customer and respond positively

- Get all the relevant facts and establish the urgency of the problem

- Put yourself in the customer's position

- Where possible deal with the query/problem yourself or minimise referral to others

- Involve the customer in the solution

- Ensure the customer understands what action will be taken

- Maintain contact until the customer is satisfied

Source: adapted from G. Garden Video Arts, 1999

Telephone enquiries

Increasingly the telephone offers an efficient means of communication both for the customer and the utility. UK utilities typically deal with 80+% of customer complaints and queries over the telephone. Telephone systems can cause problems. A customer needs to feel confident that their problem will be dealt with, and that if they should phone again with the same problem the utility has a record of the previous call. This means establishing logical and error proof systems with good monitoring, and spot check quality control procedures.

Computers are a valuable tool. Well designed, accurate and maintained customer databases and computer billing programmes make dealing with customer problems much easier. Good

collaboration between departments in a utility (eg. between Billing, Meter Reading and Customer Services) also enables a speedy resolution of customer queries.

Designing publicity material

There are a number of reasons why utilities use publicity material, for example,

- To publicize existing or new services being offered by the utility (eg. house meters, or new payment options)

- To encourage customers to change their behaviour such as improving water conservation

- To demonstrate the utility's efforts to resolve problems and provide better services

- To improve the corporate image and customer perceptions of the utility

- To notify people of emergency works, disruption to services, etc.

These objectives can be accomplished through a variety of types of publicity material and documents including:

- Leaflets sent through the post or available at various offices

- Posters located at key visible locations

- Logos on correspondence, around buildings and on company vehicles

- Annual reports and corporate plans.

A suggested process for the development of publicity material is given below (Figure 6.). Note the emphasis on planning the material, based on organizational objectives and the perceptions of target audiences, then developing the materials, testing, adapting, implementing, monitoring and feeding back in to future planning, as part of the learning process.

Figure 6.   Process for Developing and adapting Publicity Material

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                    ┌─────────────────────┐
                    │   ORGANIZATIONAL    │
                    │     OBJECTIVES      │
                    │                     │
                    │  What aspects are to│
                    │   be communicated   │
                    └──────────┬──────────┘
                               │
                               ▼
┌──────────────────┐  ┌─────────────────┐  ┌─────────────────┐
│    RESEARCH      │  │      PLAN       │  │     DEVELOP     │
│                  │  │                 │  │                 │
│Audience          │─▶│ Message design &│─▶│   MATERIALS     │
│perceptions,      │  │  communication  │  │                 │
│communication     │  │    channel      │  │                 │
│channels etc.     │  └────────▲────────┘  └─────────────────┘
└──────────────────┘           │                    │
                               │                    ▼
                    ┌──────────┴──────┐  ┌─────────────────┐
                    │   MONITOR,      │  │  PRETEST AND    │
                    │                 │  │                 │
                    │  EVALUATE AND   │  │    ADJUST       │
                    │                 │  │                 │
                    │     ADJUST      │  │                 │
                    └────────▲────────┘  └─────────────────┘
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                                └──────────────────┘
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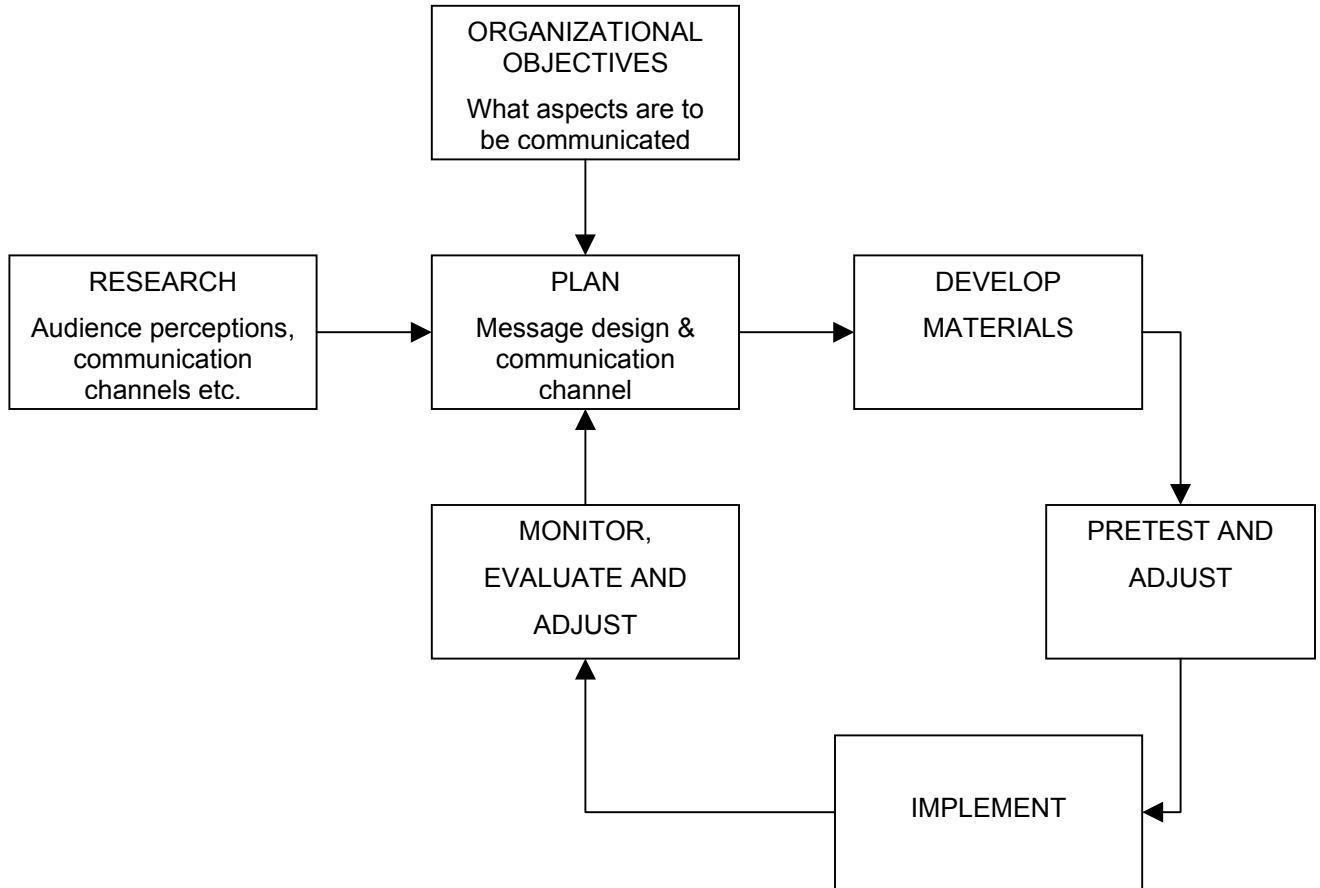
Managing public relations and the use of other media

Other forms of media that can enable speedy and widespread communication with customers are:

1. television,

2. radio,

3. newspapers

4. loud speaker campaigns.

However, the first three types of these media can also be used to give adverse publicity. It is for this reason that utilities will often have member(s) of staff who are responsible for public relations. This is to ensure that the utility's case or perspective is clearly and fairly put forward and discrepancies are minimised.

Television advertising time tends to be expensive, but other types of media can be considered for publicity. Loudspeaker campaigns can be effective for notifying aspects such as service disruptions, particularly where other forms of media are not widely used. Alternatively, leaflets can be distributed to those properties effected.

Examples of communication strategies can be found in Part B

2.8.2 References

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3. Case Studies, Africa and India

3.1 Introduction

The following case studies focus on two urban water and sewerage authorities, one in Uganda and the other in India. While the case studies look at improving customer services the scenarios are very different. In Uganda the National Water and Sewerage Corporation (NWSC) provides an example of a large institution with national responsibilities, while in India the experiences of a city corporation are examined.

In the case of Uganda involvement in customer service improvement was borne of necessity and opportunity. Against a background of significant commercial losses considered in part the result of poor management, a corporate planning exercise highlighted unsatisfactory customer relations as a major reason for the 'poor corporate image' that prevailed. An opportunity to begin to address these issues came with the appointment of a new managing director who initiated institutional analysis and spearheaded a series of change management programmes.

The Mysore case study is based on the outputs of a participatory institutional analysis of Mysore City Corporation's (MCC) water and sanitation services, conducted in August 2000 by senior Indian engineers, managers and academics. The group, representing different utilities and Engineering Colleges in India was studying institutional development issues with a focus on commercialization, cost recovery and demand. The group worked with staff from Mysore City Corporation before presenting its recommendations for improvements across the water and sanitation functions. Here the focus is on the need to initiate CRM in light of the institutional analysis.

The views represented in the case studies are not necessarily those of either organization.

3.2 Improvement of Customer Relations Management: The Case of NWSC, Kampala – Uganda by Sam Kayaga, NWSC – Uganda

3.2.1 Background Information

The National Water and Sewerage Corporation (NWSC) is a semi-autonomous government organisation that was formed by presidential decree in 1972 and was subsequently strengthened by Statute No. 8, The NWSC Statute, 1995. NWSC is charged with the responsibility of providing water and sewerage services to the main urban centres of Uganda, on a financially sustainable basis. NWSC began with three primary towns, but has over the years expanded its services to incorporate a total of twelve major urban centres of the country, with an estimated population of 2,035,000 people. Kampala, with an estimated current population of 1,170,000 people is the largest urban area served by NWSC. The geographical growth provided opportunities and challenges for NWSC: principally, it provided an opportunity for corporate growth. However, NWSC did not build organisational capacity at the same pace. As a result, NWSC has been operating with high levels of unaccounted-for-water (UFW), to the tune of 60% as of 1997 (NWSC 1996/97 Annual Report).

Unaccounted-for-water is composed of physical and commercial losses. While the physical losses are mainly due to technical inefficiencies and/or inadequate finances to replace aged water pipes, commercial losses are mainly caused by managerial ineptitude. In a paper presented to a workshop on Public-Private Partnership for African water utilities, it was reported that as of 1997, commercial losses accounted for 28% of water delivered by NWSC to the reticulation network. The breakdown of commercial losses was as follows (Onek, 1997):

- Losses due to low meter coverage

- Collusion between interface staff and customers

- Meter readers' inefficiency in providing accurate readings

- Weakness in detecting faulty meters in time

- Reversal of meters by dubious customers

- Inaccurate bills

- Illegal connections and/or reconnections

- Incomplete database

- No billing or late billing

Similarly, NWSC experienced a build-up of arrears to the tune of US $ 24 million, as of 1997, which was attributed to the following factors (Onek, 1997):

- Delays or complete non-payment by Government Departments

- Collusion between interface staff and customers for the benefit of the concerned individuals

- Non-delivery of water bills

- Late delivery of bills, resulting into accumulation of arrears

- Low Affordability-To-Pay among low-income customers for accumulated bills

- Low Willingness-To-Pay among some customers, due to poor customer relations on part of some of the employees

- Inaccuracies in the bills, prompting the customers not to pay, even for genuine water consumed.

The situation continued to deteriorate despite a number of institutional strengthening measures carried out in the mid-1990s, such as management development, restructuring and corporate planning programmes (Okaranon, 2001). During a corporate planning workshop in 1997, the participants identified poor customer relations, and hence poor corporate image, as one of the major causes of corporate performance. Boxes 18 and 19 show examples of how NWSC was depicted in the public press in the mid-1990s.

Box 18. Editorial of Uganda's leading newspaper highlighting NWSC's poor customer relations

PUBLIC DESERVES BETTER

Public corporations irk communities they serve when they fail their responsibility either by neglect or omission and do not monitor their service. A water shortage that hit Kampala and its suburbs over the Easter weekend due to the rehabilitation on the mains pipes, continued in some places this week because National Water and Sewerage Corporation was not aware the taps were dry. It is disturbing to note that the water board failed to detect in time that some areas had not been reconnected. This has caused a lot of inconveniences to the public, which has neither legal and administrative recourse.

An institution such as the water board is expected to meet the demand of the public with the least inconvenience. Structures should be put in place to cushion the paying public in the event of a breakdown in service. The water board, which is state funded, should have emergency mobile tanks to supply water hit by shortage.

A city without water could spell health hazards which could stretch the health sector. This potential hazard exists with the fact that one of the areas which did not have water due to lack of knowledge of water board is Mulago Hospital.

NWSC has simply said it's a "technical problem". Sadly this seems to be the excuse given in Uganda. Vital public utilities in Uganda are under the charge of monolithic institutions which have failed to create structures to monitor and check on the efficiency of their services. Because of the monopoly, it seems the water board is not motivated to closely supervise the water flow within the city.

Similar complaints of negligence have been levelled against the Uganda Electricity Board (UEB). In the event of a power blackout, certain areas of the city remain in the dark for long and it takes the consumer to confront the UEB authorities to rectify the fault.

In a remarkably changing Uganda, such occurrences are an unwelcome setback especially to a growing industrial base, and are a drain on public confidence. Public utilities are maintained on public funds; the public who are the tax payers deserve better services as a benefit of their contribution to the economy.

THE NEW VISION, SATURDAY 29 APRIL 1995.

Source: Kayaga (1997).

Box 19. An article in Uganda's most circulated newspaper, The New Vision, illustrating NWSC's poor corporate image

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NW&SC MEN BEAT JOURNALIST

The National Water and Sewerage Corporation (NWSC) workers yesterday beat up and subjected to mob justice a free-lance reporter with *The New Vision*. It was around 11 a.m. when Mugerwa Cranimer was trying to take photographs of workers opening up a sewage pipe that was blocked last Saturday. Mugerwa was saved by the defence secretary RCI Buganda Road who took him to the RC office to open up a case.

The assault group was led by one Ziwa who claimed to be their ring leader. He commanded the group that poured a full bucket of sewage on the journalist while others shouted. He reported the incident at the Kampala Central Police Station and a case of assault was preferred against the workers under reference number SD/35/01/09/93. Police have issued criminal summons to the workers. The reporter was beaten and all his documents confiscated. His camera was also damaged as they tried to expose the film inside it. They also tried to bundle the pressman into their blue Bedford lorry.

When the defence secretary asked them why they had assaulted the man, the workers said: "How can one just take photographs of sewerage workers to be seen by our wives in papers?

THE NEW VISION, 2 SEPTEMBER 1993.

Source: Kayaga (1997).

3.2.2 Change Management Programmes

Towards the end of 1998, there was change in the top leadership of NWSC. The Board of Directors was changed, which in turn appointed a new Managing Director. The new management carried out a situational analysis, which identified the following critical problems (Okaranon, 2001):

- High unaccounted for water in the range of 60%.

- Low collection efficiency of about 70%.

- Out of 12 service areas, only three towns were able to break even commercially. The rest of the service areas were being cross-subsidized.

- High accounts receivable equivalent to 14 months' billing.

- Poor customer relations resulting into a low willingness-to-pay for services.

The above problems have resulted in persistent low service coverage. For example, in the city of Kampala, the service coverage is about 40% of the target population (Collignon & Vezinba, 2000). In reaction to the existing situation, the new management adopted a strategy of internal reforms. Since early 1999 there has been a series of short-term performance

enhancement programmes with various code names, e.g. 100-Days Programme, and Service and Revenue Enhancement Programmes (SEREP 1 and SEREP 2). The primary objectives of these programmes were to (Okaranon, 2000):

- Improve capacity utilization and ensure acceptable water quality and sewerage effluent.

- Reduce unaccounted-for-water and increase service coverage.

- Improve revenue collection.

- Reduce operational costs.

- Increase customer relations management.

This case study describes the actions taken by management and staff of NWSC since early 1999 to improve customer relations management in Kampala City.

3.2.3 Problem Identification

A task force on customer care was formed under the change management initiative. Using externally sourced moderators, a seminar for staff involved in customer services was organized to brainstorm the causes of poor customer relations in NWSC. Six different discussion groups advanced the following reasons, clustered as shown:

Frontline staff

- Insufficient knowledge of systems and procedures of NWSC

- Lack of specific job descriptions

- Lack of training in customer relations

- Poor motivation

- Inadequate facilitation

- Lack of empowerment

- Lack of job security

Other internal customers

- Lack of co-operation or team spirit among various staff

- Poor communication among various staff

- Favouritism on the part of some superiors

- Engagement of junior staff on non-official tasks

- Collision of some staff with dubious customers

- Misguiding of customers for personal gains

Management

- Poor information systems

- Poor official policies and procedures

- Harassment of staff by security firms

- Poor records

- Bureaucratic systems and procedures

- Poor inter-departmental co-ordination

- Delays in handling customer queries by other departments

- Lack of recognition by management of the importance of customer relations

3.2.4 Formation of Customer Care Section

A customer care section (CCS) was formed in early 1999 in Kampala, and was charged with the following primary objectives:

- To act as a nucleus section in enhancing recognition of the fact that 'customer is king' and is the reason NWSC exists.

- To recognize the importance of handling customers with utmost care.

- To ensure customer complaints are solved in the shortest possible time, in any case not later than a week from the time of filing a report.

- To ensure that customers are sensitized about NWSC procedures, policies, tariffs, and the like, in order to minimize complaints.

- To ensure, through field investigations, that customer information is reconciled with the database so that correct bills are sent to customers, and that customers are billed for what they use.

- To investigate and get to know all the water consumers, and their categories, so as to reduce the unaccounted-for-water, and hence maximize revenue collection.

- To minimize the number of suppressed accounts.

- To ensure accurate billing in order to minimize on customer complaints.

The organizational structure for the new Customer Care Section is shown in Figure 7. The shaded boxes show other heads of section in the Directorate of Commercial Services.

Figure 7.   Organizational Structure for the New Customer Care Section

```
                        ┌────────────────────┐
                        │ Commercial Director │
                        └────────────────────┘
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| Revenue Manager ic Zones | Financial Manager | Customer Accounts Manager (1) | IT/ Billing Manager | Personnel/ Admin Manager |

```
              ┌──────────────────────────────────┐
              │ Deputy Customer Accounts Manager (1) │
              └──────────────────────────────────┘
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| Customer Care Officers in charge of:

• New Connections (2Nos)

• General complaints (2Nos) | Customer Care Officers in charge of:

• Data logging & routing (1No)

• Response tallying & evaluation of actions taken (1 No) | Customer Care Officers in charge of:

• Investigations & reconnections (2 Nos) |

3.2.5 Complaint Management

Monitoring of complaints and compliments is the traditional means of gauging customers' reaction. Research has shown that organizations that canvass and consider customers' opinions improve their performance (Cook, 1994). However, if customers have to give genuine opinions on a continuous basis, NWSC should be seen to be acting on their complaints in an efficient and effective manner. In order to manage customer complaints effectively and encourage customers to give their opinions freely, the customer care section identified the collaborating departments/sections involved in the process. A document was drawn, detailing duties, inputs, and/or outputs for each of the collaborating department/sections. The identified partner departments/sections involved in management of customer complaints are as follows:

• Customer Care Unit

• Zonal operational offices

• Operation and Maintenance Section

• Geographical Information Systems Section

- Meter repair

- New Connections

- Block mapping/ surveying

- Billing

- Meter reading

- Document filing

- Audit

For the customer care section staff, draft general guidelines were drawn, highlighting steps to be taken on various types of complaints. The following common complaints were identified:

- A customer receives no bills

- Bills are raised, but there is no water at the premises

- A customer's bill is based on a wrong tariff level

- A wrong bill has been delivered to a customer

- A customer's premises is fitted with a meter, but the customer receives bills based on flat rates

- A customer's premises is not fitted with a meter, but the customer receives bills based on metered rates

- A customer believes the bills are inaccurate

- A customer's payment was posted on a wrong account

- How to agree on arrears payment by instalments

- A customer reports a meter believed to be faulty

- A customer whose meter serial number does not tally with existing records

- A customer whose new connection has been delayed

- A customer whose premises have been disconnected in error

- A customer who is experiencing delays in reconnection of his/her premises

- A customer requesting voluntary disconnection

- A customer requesting a change in account particulars

- A customer requesting separation of accounts

- A customer complaining about lack of water at his/her premises, low pressure, and/or reporting leaks/bursts

- Complaints concerned with the tariff structure and water statute

- Complaints concerned with policy issues

- Complaints concerned with double billings and/or duplicate accounts

- Complaints concerned with billings for common and sub-accounts

- A customer whose meter has been stolen
- Complaints/reports concerned with illegal connections, reconnections, stolen meters, meter tempering, bounced cheques etc.

- A customer who does not have a reference number
- Complaints on abnormally high bills

- A customer whose reference number and/or account number do not tally with existing records

Additionally, the following measures were taken to strengthen customer relations management:

c) A number of customer care training seminars and workshops, facilitated by external consultants, have since been held. The draft customer care guidelines were exhaustively discussed during workshops and seminars, and the views of the staff incorporated into revised guidelines.

d) Fliers were made by NWSC headquarters providing information on:

- Processes undertaken and costs involved in purification and distribution of water services and why it is necessary to pay for water services

- Highlights of the water tariff

- Different ways of paying water bills

- Methods of saving water and therefore minimising water bills

- The utility's responsibilities

- The customers responsibilities

- Customer services telephone help lines

- The ABC of getting connected to NWSC services

e) The Customer Accounts Section is charged with the task of ensuring that customers who raise queries receive written responses within two weeks from the date of receipt of the queries. Templates for the most common queries are readily available on computer.

f) An officer in Customer Care Section is entrusted with making follow-ups with other sections/departments, and evaluating action taken on customers' queries.

Another innovation was the introduction of the 'Custima' billing system. This is a ready made powerful computerised billing system that is used in a few of large towns and cities in East Africa. It has a number of key features including the ability to update the customer payment record at the payment counter, through a networked computer. This enables the payment clerk to confirm the latest position on the customer's accounts with the customer in person. Thereby reducing the number of complaints. The programme also simply produces good management information such as lists of bad debtors.

As a result of these measures, the number of complaints received is on the downward trend. More vivid is the fact that the number of pending complaints is also on the downward trend. Figure 8 shows a graphical representation of the trend.

Figure 8.   Trend of complaints received and pending complaints in NWSC Kampala Area for the period Jan 2000 to October 2000.
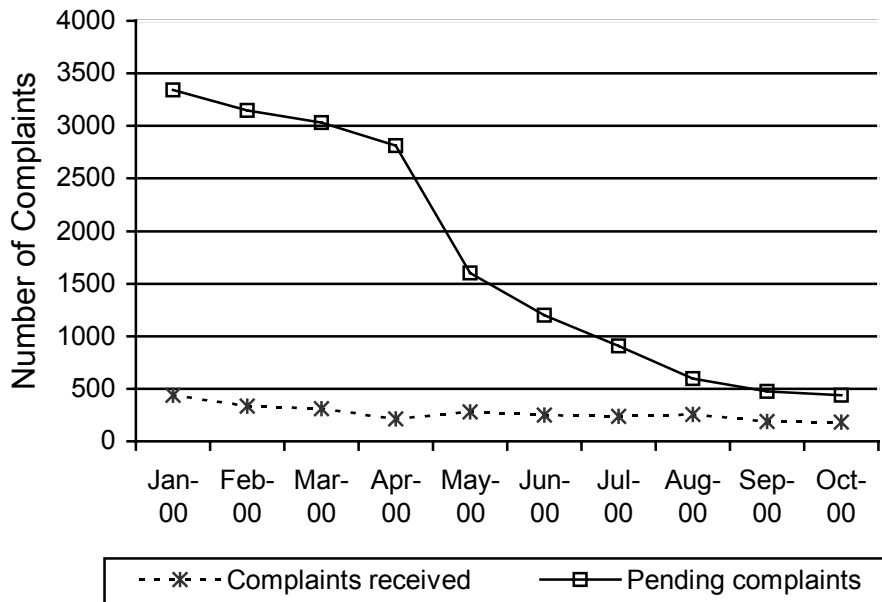
The reasons advanced by the customer care section for the improvement in customer complaint management are shown below:

- Co-ordinated efforts in solving customer complaints by customer care section, zonal operational offices, audit departments technical department, block-mapping section, leading to faster response.

- Frequent reconciliation of customers' complaints with what exists in NWSC information systems.

- More input by customer care staff, including working longer hours.

- Faster decision-making on customers' queries by the responsible staff.

- Proactive working methods of cross-checking the bills and taking corrective action before they are sent out to customers.

3.2.6 Customer Satisfaction Surveys

Reduction in pending problems is not necessarily an indicator of customer satisfaction. Utility service providers need to understand that some dissatisfied customers may not give a chance to the utility to remedy the problems, either because they feel the utility is not willing to solve the problem, or because they are generally reluctant to complain (Blodgett,

Wakefield & Barnes, 1995). One of the most effective methods of checking whether the new complaint management system has had an impact on customer satisfaction is through customer satisfaction surveys. Customer satisfaction cross-sectional surveys were carried out in November 1999 and in January 2001. A random sample of registered customers was selected using a computer statistical package. Figure 6 shows a comparative descriptive analysis of results for the two longitudinal surveys, and it shows the percentage of the sample of customers who said that the given attributes of services are either good or very good. Figure 9 shows that NWSC Kampala Area substantially improved the bills management efficiency in the one-year interval. However, the facilities for parking have not improved at the same rate.

Figure 9. A comparative analysis of the mean scores of NWSC customer perceptions showing customers who scored service attributes above average in November 1999 and January 2001.

% OF RESPONSES WITH POSITIVE ANSWERS

☐ Nov 1999 Survey   ☐ Jan 2001 Survey
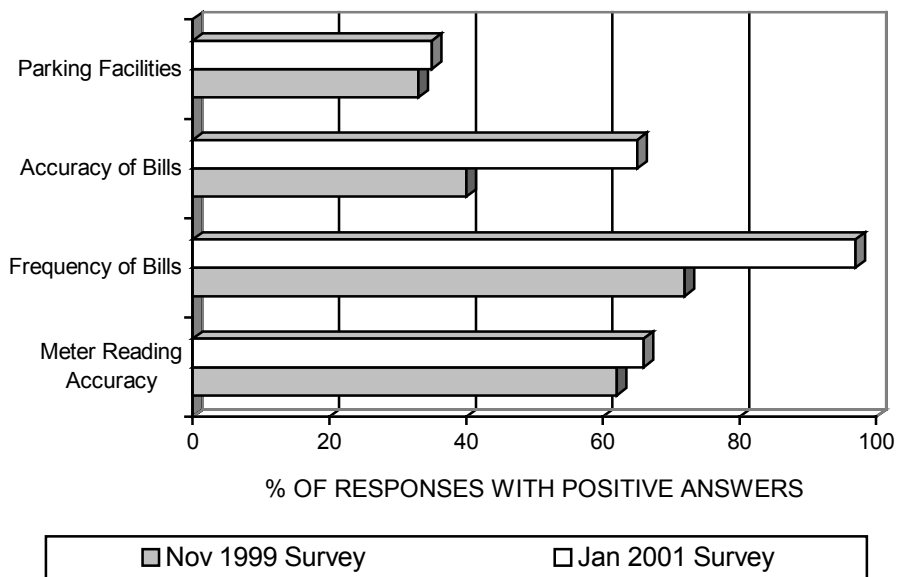
In the January 2001 survey, customers were asked several questions concerning their perceptions of effectiveness of the change management programmes instituted in the previous two years. Figure 10 shows the proportion of sampled customers who felt that change management efforts improved organizational behaviour of staff towards customer focus in the shown service attributes. The graph in Figure 10 shows that most customers felt that change management programmes led to an improvement of NWSC staff orientation towards providing customer care to the consumers.

Figure 10. NWSC Customer perceptions on the effectiveness of the utility's change management programmes on staff service orientation.

% OF RESPONSES WITH POSITIVE ANSWERS
January 2001 Survey
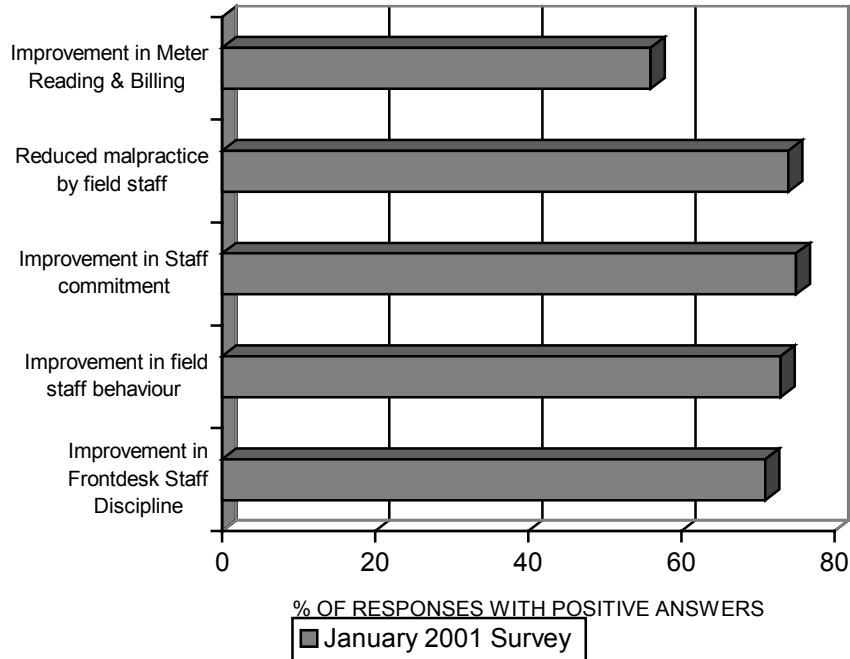
3.2.7 Challenges

According to the Customer Accounts Manager, the following issues are a challenge to better customer relations:

- Difficulty in decision-making on adjustment of customer bills, due to lack of concrete evidence to base on. This is partly due to poor records management on the part of NWSC.

- Policy issues that are unpopular with the customers, e.g. inheritance of bills.

- Poor maintenance of meters, resulting into frequent failures. Billings based on estimated consumption, especially when the meters are faulty. Estimated bills are usually a source of disagreement with customers.

- Delays in carrying out meter exchanges due to a shortage of meters in the utility.

- Delays in solving technical problems by the counterpart sections.

- Fraudulent tendencies by some customers, sometimes in collusion with some staff e.g. tampering with meters, carrying out illegal meter exchanges, making meter by-passes, illegal connections and reconnections.

- Lack of clear guidance on how to handle some complicated complaints.

- Ignorance on the part of some customers about their responsibility.

- Lack of empowerment for staff to handle complaints and shorten the complaint solving process.

- Inadequate training of customer care staff

- Inadequate motivation of customer care staff.

3.2.8 Conclusion

Through a change management programme that is just over two years old, NWSC formed a customer care section in Kampala, which has improved the customer relations management in the service area. The number of complaints being registered has reduced. Furthermore, the pending complaints are on a drastic declining trend. There are however a number of challenges that need to be addressed in order to improve customer relations management further. One of the main challenges is for NWSC to develop customer orientation as a business philosophy, which will lead to all departments espousing customer focus in all activities carried out. This requires a change in organizational culture, whose results cannot be achieved overnight. The new management at NWSC has the will and capacity to achieve this enormous task, as portrayed by the interim results of the change management programmes.

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3.3 Mysore City Customer Services for Water and Sanitation: A Case Study by Kevin Sansom and Sue Coates

3.3.1 Introduction

This case study is based on the outputs of a participatory institutional analysis of Mysore City Corporation's (MCC) water and sanitation services, conducted in August 2000. This study was undertaken by a group of senior Indian engineers and managers who were participants on the second phase of the MDSUPHO (Management Development for Senior Urban Public Health Officials) programme run by WEDC and the Administrative Staff College of India (ASCI).

The institutional analysis and development plans presented by the five groups of participants, have been found to have influenced the MCC's thinking. For example, the city-corporation has substantially increased its water tariff from the very low level of Rs.1.25 per kilolitre, following the presentations.

This case study focuses on the customer services provided by the MCC, but in the context of the overall development of water and sanitation services. Unless all the customer groups are satisfied with and are promptly paying for improving services at suitable tariff levels, the MCC will not be able to generate sufficient funds for service expansion to meet the growing city population.

3.3.2 Background

Mysore is a pleasant city in Southern India that is historically prominent and is a popular destination for tourists. The estimated population of 900,000 benefits from the nearby reliable water source – the Cauvery River. The present water supply to the city ranges from 105 to 147 MLD.

Mysore City Corporation (MCC) has been responsible for water and sanitation services only since 1997. Prior to that time Karnataka Urban Water Supply and Drainage Board (KUWS&DB) dealt with all water services. KUWS&DB still retain responsibilities for designing and executing new capital works and then hands over the assets to MCC. The City Corporation currently has limited managerial capacity to make service improvements in the urban water sector.

The average per capita supply is 105 lpcd for developed areas and about 50 lpcd for the slum areas. Water supply to the slums and the low-income group areas is mainly through stand posts, tankers and small bore wells (hand pumps). There is a sewage treatment plant of capacity of only 4 MLD. Most of the untreated sewage goes to the natural valleys. Some part is however used for irrigation. There are 93,580 regular water connections, 4750 public stand posts and approximately 20,000 illegal connections. The projected population figures are presented below. The expected growth in population is more likely to follow the exponential growth curve.
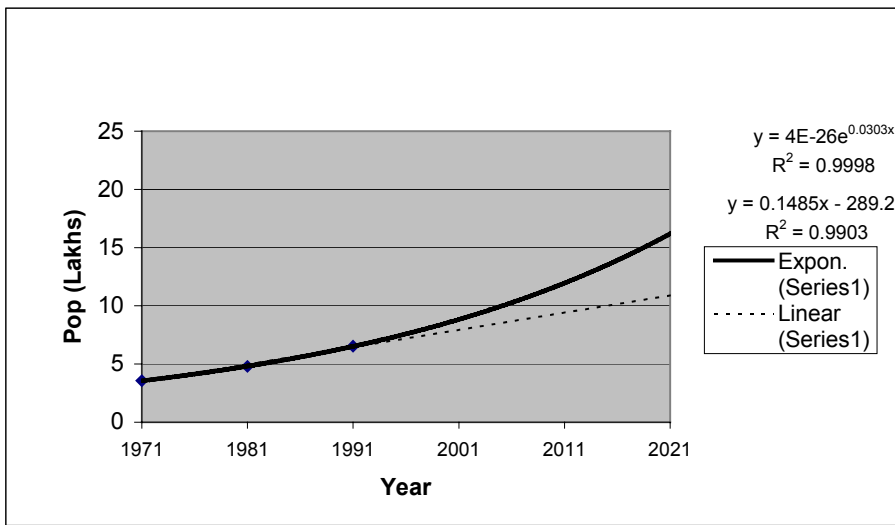
The chart shows Population Growth with y-axis "Pop (Lakhs)" from 0 to 25 and x-axis "Year" from 1971 to 2021. Trendline equations shown:

$$y = 4E\text{-}26e^{0.0303x}$$
$$R^2 = 0.9998$$
$$y = 0.1485x - 289.22$$
$$R^2 = 0.9903$$

Legend: Expon. (Series1), Linear (Series1)

Figure 11. Population Growth – Mysore City

To meet the increasing demands of both the present and future population (1.2 million by 2011), work is in progress for augmentation of water supply by 50 MLD, including an expanded water distribution network. This is being done with loan assistance from Asian Development Bank (ADB). New sewage treatment facilities totalling 157 MLD capacity are also under construction. The estimated cost of the new water supply project is Rs 3147 Lakhs ($7.0 million) and that of the sewerage project is Rs 4500 Lakhs ($10.0 million).

3.3.3 Existing Customer Service Arrangements

There are 14 'service stations' or offices within depots, around the city, where customers can pay their bills and register complaints. However, there is no system of giving feedback to people who make complaints. The most commonly reported complaints received concern the quality of water and leaks. There is no central customer service unit at the head office, although one person deals with complaints at that office.

The billing collection efficiency is 70% (see Appendix 1), while the days receivable ratio, or average time to pay a bill is 738 days (including bad debts) and 226 days (excluding bad debts), both of which are very high and have significant consequences for MCC's cash flow. The 1% interest charge per month for late payment does not seem to encourage prompt payment.

The MCC has not carried out any consumer surveys in Mysore to find out the preferences and concerns of their customers. A local regional engineering college conducted a survey of water and sanitation customers in 2000. A summary of some of their results is contained in this case study.

3.3.4 Performance against other key indicators

A summary of MCC water sector performance against key indicators and financial details are given in Appendix 1. The consequence of some of the significant results in that table are briefly discussed as follows:

Tariffs & Revenue Collection

The operational ratio (operating costs/operating revenues) of 1.49 indicates that the MCC is not even meeting O&M costs from its water revenues – this would require a ratio of 1.0. Ideally it should be around 0.6. So the Corporation is not generating sufficient water revenues to fund O&M and the new capital schemes. Large cross subsidies are therefore required unless there is a dramatic improvement. The visiting group of senior Indian water

sector managers calculated that the tariffs need to be increased substantially to a range of Rs.3.5 to Rs.24 per kilo-litre compared to the August 2000 levels of Rs1.25 to Rs.7.00. It is encouraging to note that the MCC began the process of increasing tariffs later in 2000. The question of charging a specific sewerage tariff will need to be addressed, as the loan payments on the big new ADB scheme commence.

Staffing

The percentage of the budget spent on staffing is low at only 20%, compared to the usual 30 –35% in India. The number of employees devoted to water and sanitation related activities is only 6 per 1000 connections, which is again very low for India. An analysis of the organizational structure also confirms that there is a lack of senior engineers, managers and customer service staff for a water and sanitation provider of MCC's size. This suggests that there is an opportunity to strengthen management in key operational areas.

Unaccounted for water

There are an estimated 20,000 unauthorized or illegal connections where people are not paying for their water in Mysore. This is a substantial loss of income. A sensible strategy needs to be developed to encourage those people to regularize their connections and pay for their water supply. There is also a reasonably high level of physical water losses of 27% through leaks. This figure could be found to be even higher once the MCC install bulk flow meters in the pipe distribution network and repair the house water meters that are not working.

Inequitable water distribution

The number of hours of supply of water per day varies from 0.5 to 24 hours a day. This is borne out by the consumer survey results in the next section, which shows 54% of people in the high income group have continuous supply, while no people in the low income group have that standard of service. Indeed 50 water tankers are sent out to poorly served areas each day; this is despite there being a nearby plentiful water source - the Cauvery River. The new ADB funded project should address some of these problems.

An effective customer relations management strategy can contribute towards addressing some of the issues described above, particularly with the opportunities created by the new water and sewerage project and provided new management/customer services posts are created together with an appropriate Human Resource Development (HRD) programme.

3.3.5 Summary of customer survey results

Table 3. Mysore consumer survey results by family income: Service levels

	Low income group (Less than Rs.50,000 per annum)	Middle income group (Between Rs.50,000 & Rs100,000 per annum)	High income group (More than Rs.100,000 per annum)
1. Source of water:			
• Piped water	26% (mainly standposts)	61%	69%
• Borewell/handpump	52%	16%	10%
• Piped water/borewell	22%	23%	21%
2. Mode of supply:			
• Continuous supply	0%	26%	54%
• Intermittent supply	100%	74%	46%
3. Quantity of water			
• Sufficient	36%	75%	85%
• Insufficient	64%	25%	15%
4. Quality of water			
• Satisfied	43%	67%	63%
• Not satisfied	57%	29%	29%
• Good	0%	3%	8%
5. Level of water service by MCC in general :			
• Satisfied	14%	81%	75%
• Not satisfied	84%	16%	23%
• Good	2%	3%	2%
6. Level of sanitation service by MCC in general:			
• Satisfied	34%	70%	42%
• Not satisfied	63%	27%	56%
• Good	3%	3%	2%

Source: adapted from Lokesh and Surendra, (2000)

3.3.6 Consumer perceptions

A total of 356 consumers from the three different income groups were surveyed using questionnaires, as part of an evaluation of the water and sanitation services provided by MCC (Lokesh and Surendra, 2000). A selection of the consumer perceptions on service levels is presented in table 4.

The most obvious conclusion from these results is that the low-income group experience substantially worse service levels than the middle and high-income groups. Its levels of dissatisfaction are consequently low (ranging from 63% to 84% for key indicators). There is also considerable scope for improvement in the satisfaction levels for the middle and high-income groups, for example, their levels of dissatisfaction ranges from 16% to 56% for a number of parameters.

Table 4. Mysore consumer survey results by family income: Finance & customer service issues

	Low income group (Less than Rs.50,000 per annum)	Middle income group (Between Rs.50,000 & Rs100,000 per annum)	High income group (More than Rs.100,000 per annum)
g) Redress of problems by MCC			
• Within a week	17%	46%	36%
• Within 15 days	51%	21%	31%
• Within a month	32%	33%	33%
2. Willingness to pay higher tariff for improved services:			
• Yes	75%	70%	95%
• No	25%	30%	5%
3. Preference for place of bill payment:			
• MCC office	93%	35%	79%
• Bank	7%	65%	21%

Source: adapted from Lokesh and Surendra, (2000)

Selected results related to customer service and finance issues are presented in table 5. The low-income group experiences considerably lower levels of service in terms of redress of complaints, although there is considerable room for improvement for all groups.   It is

encouraging to note that a high percentage of all groups are prepared to pay more for better services.

3.3.7 SWOT Analysis of MCC Water Sector

Further information on the strengths, weaknesses, opportunities and threats (SWOT) associated with water and sanitation in Mysore was collected through meetings with the MCC personnel and accessing the available reports. The summary of SWOT analysis of the MCC is presented below:

Box 20. Summary of SWOT analysis of the MCC

STRENGTH	WEAKNESSES
Dependable water source available nearby.	Inadequacy of technically qualified staff.
Raw water quality is good.	High number of illegal connections (approximately 25,000)
Over 95% connections are metered.	Physical UFW is high (more than 27%)
Mysore being the important city (having rich heritage), receives significant attention from Govt and Financial institutions (e.g., ADB).	A large number of technical staff are from other departments, resulting in no long-term capacity building.
Labour is on contract. Thereby, resulting in low overheads and less chances of labour related problems.	In-equitable distribution of water in various areas
There is willingness to pay more among the consumers (all categories) for improved services.	No scheme for human resource development.
New ADB financed water and sanitation project underway	Frequent transfers of technical staff out of MCC.
	WATSAN sector is not self-reliant.
	Sanitary services not charged separately
	Inadequate customer services
OPPORTUNITIES	THREATS
Enhance revenue base by regularizing the illegal connections.	Policy of frequent transfer of technical personnel and ban on recruitment of regular technical staff.
Enhance revenue base by charging sanitation services.	
To generate awareness through already working NGOs	Lack of autonomy of MCC water supply department
ADB Project is in implementation, therefore, infrastructure and services can be improved. This will extend an opportunity for revising tariff.	Land acquisition problems
	Inadequate Wastewater treatment may result in contamination of GW resources.
Limited political will for revision of tariff	
BOOT for solid waste management by PSP, this may result in creating favourable atmosphere for PSP in WATSAN sector.	

3.3.8 Developing a Customer Relations Management (CRM) strategy

The development of an appropriate CRM strategy needs to be complimentary and consistent with the broader institutional development (ID) proposals for an organization such as MCC. Table 5 highlights typical CRM interventions that would support a selection of ID objectives.

Table 5. CRM initiatives to support ID objectives

Selected ID Objectives	Typical CRM initiatives
Raise water tariffs from current low rates to self-sustaining levels	h) Undertake consumer surveys to understand experiences, perceptions and preferences for service levels, payment options and willingness to pay for improvements. Act upon the findings of the surveys. i) Publicise widely how the MCC is improving services and why it needs to raise tariffs through leaflets, the media, ward meetings and the 'customer charter'. j) Hold consultation meetings with selected representatives of communities to agree a phased programme for tariff increases. k) Respond more quickly to consumer complaints and reduce the number of service disruptions while introducing a customer query feedback system. Make sure all staff are aware of the importance of good customer relations and train them in good communication skills.
Reduce the current high levels for the average time to pay water bills	l) Same as a) and d) m) Make it easier for both the high and low income customer groups to pay bills by offering more payment options and assisting with debt repayment schemes. n) Introduce more incentives for early payment and more penalties for persistent non-payment
Install and maintain new water meters	o) Publicize the need for water conservation and the reasons for keeping them working. p) When meters are faulty charge an equivalent flat rate. Charge full meter repair costs when vandalism occurs.
Improve services to low income and informal communities	q) Through consumer surveys and carefully facilitated focus group discussions, find which service, management and payment options are most suitable for these communities. Act on the findings and involve all stakeholders in monitoring. r) Strengthen existing partnerships with local NGOs and interested agencies, including those involved with

Selected ID Objectives	Typical CRM initiatives
	community-based enterprise and micro finance. s) Develop responsive, effective and regular two-way communication between low-income communities and MCC. t) Same as d).
Reduce the high number of illegal non-paying water connections	u) Undertake a full survey of all domestic and commercial pipe connections to improve the customer database and locate illegal/non-paying connections. v) Introduce a strategy for regularising illegal connections, this may include a limited amnesty period that is widely publicised, followed by strict enforcement of penalties for the remaining non-paying water connections.

3.3.9 Concluding Comments

To undertake the suggested CRM initiatives in table 3 will require the recruitment and retention of more managerial, customer service and O&M staff to achieve the objectives. It is likely that a Customer Services Unit at the head office with an able manager will need to be established, with good communication with other departments. New customer service, billing and O&M systems will also be required to ensure effective handling of information.

Improved customer relations management can make a large contribution to service improvements, but it needs to be part of an overall institutional development programme that addresses aspects such as: organizational structure, financial and management autonomy, management development and HRD systems, and financial resources.

Mysore City Corporation has good opportunities for improving their water and sanitation services. There are a number of reasons why, including; a reliable and nearby water source, the ADB supported project and the local potential for economic growth. It is hoped that together with other key stakeholders such as the state government, MCC will be able to fulfil their potential.

3.3.10 References

MDSUPHO course participants, *Group Institutional Development proposals for MCC water & sanitation sector,* WEDC/IHE management development programme, Mysore, August 2000.

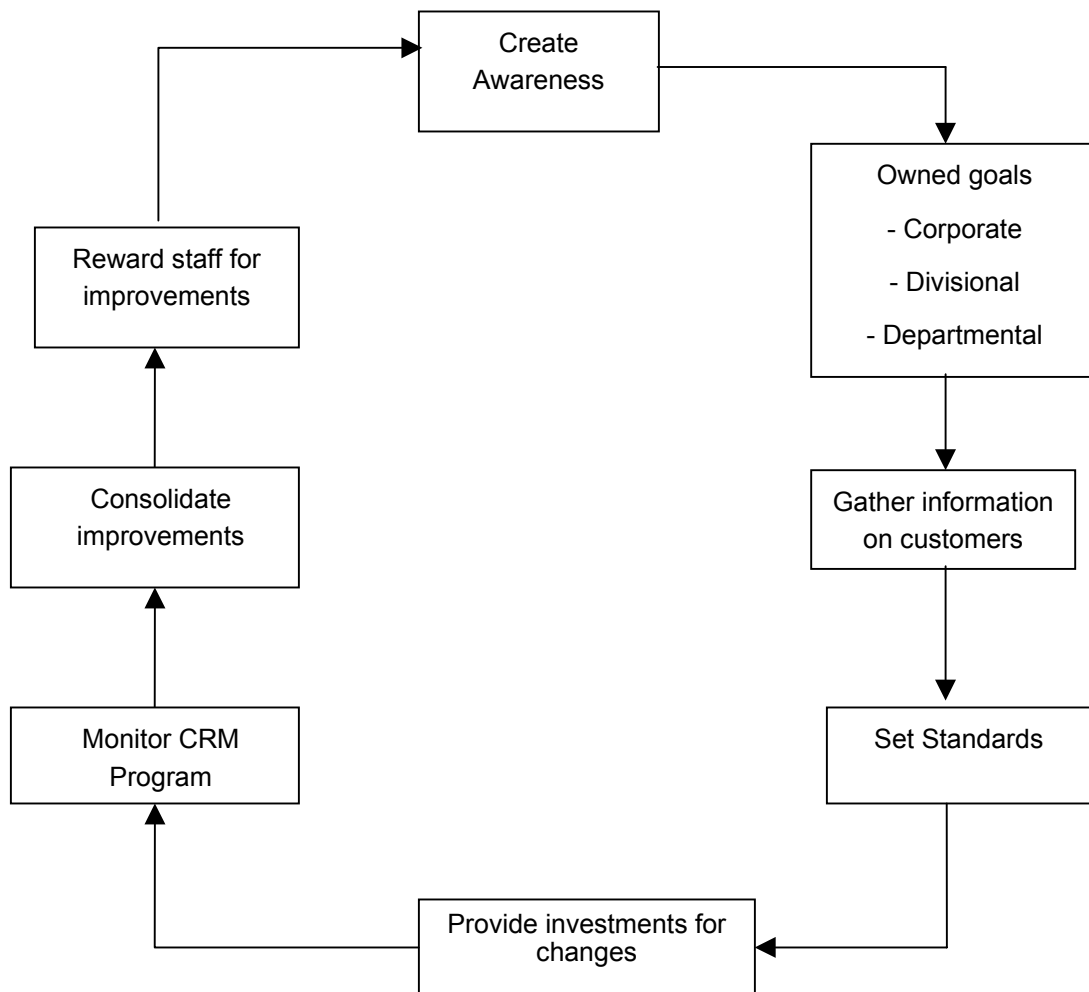MYSORE CITY CORPORATION (2000) *Technical and Organisational briefing material,* Mysore, India.

LOKESH, K.S. AND SURENDRA (2000) *Evaluation of Water Supply & Sanitation Sector Management for Mysore City,* MSc dissertation at Sri Jayachamarajendra College of Engineering, Mysore, India.

4. Looking forward

4.1 Sustaining a CRM Programme

Adopting CRM practices and approaches is only part of the process. Sustaining them over the years is an equal challenge. Building on early success and motivation will assist this process, as will documenting the lessons. CRM is a cyclical process. The figure below illustrates how the work of sustaining CRM initiatives is continuous.

Figure 12. A Customer Relations Improvement Cycle

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                            ┌──────────────┐
          ┌────────────────→│   Create     │──────────┐
          │                 │  Awareness   │          │
          │                 └──────────────┘          ▼
                                            ┌──────────────────┐
   ┌──────────────┐                         │   Owned goals    │
   │ Reward staff │                         │   - Corporate    │
   │ for          │                         │   - Divisional   │
   │ improvements │                         │   - Departmental │
   └──────────────┘                         └──────────────────┘
          ▲                                          │
          │                                          ▼
   ┌──────────────┐                         ┌──────────────────┐
   │ Consolidate  │                         │ Gather information│
   │ improvements │                         │ on customers     │
   └──────────────┘                         └──────────────────┘
          ▲                                          │
          │                                          ▼
   ┌──────────────┐                         ┌──────────────────┐
   │ Monitor CRM  │                         │  Set Standards   │
   │ Program      │                         │                  │
   └──────────────┘                         └──────────────────┘
          ▲                                          │
          │         ┌─────────────────────┐          ▼
          └─────────│ Provide investments │◄─────────┘
                    │ for changes         │
                    └─────────────────────┘
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Source: Adopted from Clutterbuck & Kernaghan (1991)

4.2 Looking forward

CRM makes a positive difference. Customer satisfaction can be increased and utility staff motivation enhanced. However CRM requires leadership, commitment and process management. CRM does not come naturally, it is deliberately made to happen. It is clear that utilities can approach CRM via many different routes. Some prefer to radically overhaul the

organization and totally re-engineer the way business is done. Others have adopted an incremental approach seeing small but significant improvements in specific aspects of utility business, for example billing and complaint response time. It is also evident that CRM is dependent on the creativity, commitment and innovation of employees across the organization. A metre reader has a role to play just as the managing director does.

CRM is about organizational culture and it is about change in traditional work cultures and operational practices. CRM is also proving to be a valuable vehicle in which to address the many barriers that exist in traditionally highly bureaucratic institutions. Team-work and inter-departmental collaboration and the notion of the internal customer are becoming more common in utilities in Africa and South Asia and this brings the suggestion of flatter, more democratic decision making. It is hoped that more managing directors and the regulators and governments that support them will take the example of others and move forward in terms of improved customer focus and improved equitable water supply and sanitation services.

4.3 References

CLUTTERBUCK, D. AND KERNAGHAN, S. (1991) *Making Customers Count.* London: Mercury Books.

Appendix 1.
Performance Indicators: Watsan Sector of Mysore
(Parts 1 and 2)

Table 6. Performance Indicators: Watsan Sector of Mysore (Part 1)

	Indicator	Mysore	Remarks
Water Production	Quantity of water produced per day	147 MLD Capacity 105 MLD Actual	
O&M costs	% energy cost / operating cost	70%	
	% staff cost /operating cost	20%	*Staffing costs are low (usually 30-35%)*
	Other miscellaneous cost/ operating cost	10%	
Water Delivery	Percentage of population served	Approximately 80%	
	Average no. of persons/connection	12	93,000 connections (78,000 domestic)
	Average no. of persons/standpost in slums	44 + 50 tanker trips per day	4750 stand posts but not all working
	No. of hours of supply	Average 4-5 hours	*Range 0.5-24 hour*s Highly in-equitable distribution
	% of metered connections	95%	50-70% working
	No. of illegal/ Non-paying connections	20,000	*Need to regularize as soon as possible*
Water consumption	Per capita consumption of water (lpcd) - Slum - Non – slum areas	Estimates: 50 lpcd 100 lpcd	

	Indicator	Mysore	Remarks
Sanitation	% of population covered (sewerage)	80% of core area 60% average	
Productivity	Employees/1000 connections	6	*Low and an inadequate number of senior staff*
	w) Average time to repair leaks	2 days for major leaks	
	Average time to address complaints	No information	*No feedback system*

Table 7. Performance Indicators: Watsan Sector of Mysore (Part 2)

	Indicator	Mysore	Remarks
Effect	Extent of water related diseases	Data not available	Last reported 1996 epidemic Data needs to be collected from health officer.
	Consumer surveys	Done by Academic institute 1998-99	See summary in main text
Alternative water sources	Water source/options: - Non-slum areas	Private borewells house hold connections, public stand posts	
	x) - Slum areas	Borewells (hand pumps) , public stand posts, tankers	
	Vendor charges	Rs 1 per litre	
Finance	Average domestic tariff for water	Rs 1.25 – 6.25 per KL	*Very low tariff*
	Average non-domestic tariff for water	Rs 3.30 – 7.30 per KL	
	Average industrial/ commercial tariff for water	Rs 8.60 per KL	

	Indicator	Mysore	Remarks
	Payment options offered	Cash, cheque and DD at 24 payment centres.	
Financial ratios		y)	
Profitability	Operating ratio (operating costs/revenues)	1.49	*A high ratio, it means insufficient water revenues even to meet O&M costs. Ideally ratio should be 0.6*
Financial efficiency	Days receivable ratio (Average time to pay water bills)	738 days	*Average bill repayment time is over 2 years*
	Bill collection efficiency	70%	