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Dear Jon

### **Response to Consultation on WaterworCX, C-MeX & D-MeX**

Many thanks indeed for the opportunity to provide our thoughts on the two new customer experience measures referenced in the recently published PR19 consultation paper.

For ease, I have referenced our comments against the corresponding reference in your document/s.

Kier Utilities is one of the leading contracting partners in the UK water sector – current clients include: Anglian Water, Bristol Water, South West Water, Bournemouth Water, Affinity Water, United Utilities, Severn Trent Water, DCWW Welsh Water, Thames Water and also Scottish Water and other Gas and Power Utility clients.

The nature of our work means that our operational staff are in the “front line” and, in many cases, have far more customer interaction than the Water Companies’ own employees. This is a responsibility we take extremely seriously and have developed a mature and continuously improving customer service offering to meet the expectations of both our Clients and their customers.

As such, we hope you will find our perspective on customer service in the water industry interesting.

Our feedback is as follows:

#### **4.5.1**

Both the ICS Service Mark and BSI Kite Mark are referenced in terms of few water companies have achieved either of these standards.

Our observation is around the reasons for this. How many have tried? Is this 'failure to achieve' or a reluctance / lack of belief that the significant investment in time and cost required will provide actual returns against the current SIM measure?

We suspect that it is the latter and therefore welcome the opportunities for greater financial reward based on customer service performance.

Additionally, we fully support and recognise the need to match changing customer behaviours and technologies with refreshed mechanisms for measuring the industry's ability to 'keep pace' with other sectors.

#### **4.5.2**

It is excellent that D-MEX is being introduced to recognise developers as an important customer group. The Water UK Levels of Service measurement is a useful benchmark of performance, but in our view, does not gauge developer's satisfaction with the water company's service provision.

#### **4.5.3**

With regard to the Customer Service Survey, we have some concerns that an online survey may not be representative of all customer demographic groups.

We are also very supportive of including a survey of 'the silent majority' and the added benefit of combining both surveys to increase the survey size to 400 in total per company.

However, our experience is that sample sizes for 'field based' activities are far too small to provide any real insight to enable business improvement, and this won't change.

As contractors we have struggled to get the data that is important to us to improve the field aspects of the end to end journey. This is largely down to the numbers / volumes of surveys in the current SIM methodology and replica surveys.

In considering the 3 proposed options we offer the following feedback:

#### Option 1:

Whilst the concept of annual incentives is largely a good idea, this will need careful consideration by both water companies and contractors signing up to customer service related KPI's. All parties will need to ensure that innovation and investment in customer service is not stifled, as currently these can be linked to longer term outcome based rewards.

We are pleased that 'at least' 4 communication channels, with at least 2 online, have been stipulated.

However, there is some concern that this may not go far enough. A water company could choose to select Phone, Letter, Email and Web form as their recognised channels. In this cynical example, channel choice and service to customers would not be moved forward from where we are today. That said, we do recognise the obvious links to 'Exceptional' status if these channels are significantly exceeded, and would hope that this would provide enough incentive to exceed the bare minimum requirements.

Our main concern here is around how each water company would be compared in the measure, given the proposed flexibility around channels.

The above example (Phone, Letter, Email and Web) would simply not be comparable with an organisation that has opted for Facebook and Twitter as a channel. Volumes / traffic and indeed types of contact could / would differ wildly.

For the reasons stated above, Ofwat may wish to consider being more prescriptive about the channels offered by water companies under the proposed new measures.

Whilst the promotion of Apps is to be encouraged, we warn of apps that promise much but are just a different view of a web page. We would offer caution about these being sold as innovation, yet offering no new functionality or ease of contact.

To reiterate a point made earlier, we fully support higher reward incentives of up to 12% of residential retail values.

In terms of reward incentives, an observation of SIM has been that all water companies have the same ambition – to be ‘upper quartile’ in the SIM league table. From a contractor’s point of view, this is unhelpful. We work across the industry and are asked to ‘sign up to upper quartile’ pain / gain mechanisms on almost all contracts. This is mathematically impossible for us to achieve! A mechanism that incentivises specific target performance rather than an upper grouping would mitigate this issue for us.

#### Option 2:

Option 2 discusses the inclusion of a complaints measure and references companies avoiding pro-active contact with customers.

It is worth noting from a contractor’s perspective; this is not the case when dealing with operational issues. We have invested heavily in changing processes, skillsets and culture to ensure that we do communicate pro-actively. Arguably, it was the requirement of avoiding unwanted contacts that allowed the business case to support this investment.

Whilst complaints and complaint management are important to customers when things go wrong, from an operational perspective, the volume of complaints right across the industry have decreased dramatically over the last two AMPs.

For this reason we suggest that measuring unwanted contacts alongside the customer satisfaction surveys may prove to be a more insightful measure for option 2.

#### Option 3:

Having considered all aspects relating to option 3 carefully, we advise against the inclusion of a Net Promoter Score at this point in time. Our experience tells us that measuring experience will be a far more reliable and valuable measure than a score against an NPS question.

Arguably, the question “How likely are you to recommend your water company?” may not feel relevant for a customer base whom cannot choose (today at least) where they buy their water.

Research exists to suggest that NPS is a failing measure now, and that measuring the quality of the experience is far more beneficial.

NPS may be a more relevant measure for D-MeX, as discussed below.

#### **4.5.4 – Develop Services D-MeX**

Again, we are fully supportive of the introduction of a Developer Services customer satisfaction measure. Presumably this will build on the Water UK Developer Services Levels of Service. Whilst the Water UK levels provide a useful benchmark of performance, they do not provide any insight into the satisfaction levels of the services provided by the water companies to developers.

As stated above, NPS could be more relevant within the D-MeX Measure. Developers work across many different water companies regionally and nationally and this could provide a useful insight for developers.

It could also be useful to try to benchmark developer satisfaction against the growing number of 'self-lay' organisations.

#### **4.5.5 – Retailers**

Whilst we clearly understand that retailers are not intended to be covered by this consultation, we also recognise that there is a potential gap in the measurement of non-domestic business customer satisfaction. Much of the service that those business customers pay for is the provision of water and sewerage services. These remain the responsibility of the wholesale businesses and their supply chain, like Kier.

We would be keen for any retail customer satisfaction survey to include these operational / wholesale service elements.

I hope that you have found our feedback to be informative and thought provoking. Noting that task and finish groups for C-MeX and D-MeX are still to be established, as a leading contractor in the industry we would welcome the opportunity to contribute.

If I can be of any further assistance, please do not hesitate to contact me by telephone on 07740 394105 or via my email address [benjamin.bax@kier.co.uk](mailto:benjamin.bax@kier.co.uk) .

Yours sincerely,



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