PSM

Performance Sales and Marketing

Advisor

Thought Paper on Customer Relationship Transformation

June 2017

Utilities' Customer Relationship Transformation from "Needs-Based" to "Trusted Advisor"

Electricity and natural gas are an essential part of life just like fuel for your car. We all need it and there is continuous debate on whether energy should be regulated or deregulated and which is overall better for the customer.

In this article, I'm not going to debate which is better, reg vs de-reg. What I'm going to focus on is how utilities in regulated markets can provide new value to their customers regardless of how the politics play out around regulation.

Let's first take a look at the current average relationship that a utility has with a customer. In majority of the regulated markets in the US, the utility has some energy savings programs that their residents can partake such as discounts for installing a smart thermostat or a solar power offering or discounts on energy efficient appliances, especially HVAC equipment.

This is all good; however, when you take a layer deeper, there is not much there as a whole home management solution provider.

Think of it this way, the utility provides "fuel" for my home just like a gas station does for my car; however, when I have a mechanical problem with my car, I don't go to the gas station for assistance. However, the difference here is that the utility has the capacity and full potential of helping a homeowner with issues.

So this brings me to the first step in the transformation…the BIG PICTURE. The movement around IoT and Connected Home is bringing our homes to life. Its as if our home is a living and breathing entity with all of these different "vital organs" that provide comfort with ease, but also very important data points on the health of the home.

The picture? The home communicates with the utility and the utility provides customers with a centralized view of what's working, what's not, and taking it even a step further, scheduling a maintenance/repair service call on the behalf of the customer.

Utilities, especially in regulated markets, have all of the input points that will allow for this, specifically since they own the meter data (energy usage). Data science can help formulate patterns and create detection on any usage spikes or taking it a step further, adjusting usage based on weather patterns or upcoming severe heat, cold, or storms.

Now, onto the transformation….

Firstly, what I mentioned above around Connected Home is one area, there are different areas that need to be addressed as well such as low income residents. Does prepaid energy make sense for them, especially since they are more than likely a customer for many prepaid services (check cashing, mobile phones, debit cards, etc…)?

I should also mention that the lens that I'm looking through is from the customer. Utilities should be very customer centric. From a customer's perspective, it may not seem that way, especially if they live in a regulated market and they don't have a choice.

The main area to dig into is the current product and service offering. Is your utility offering the customer anything more than energy? Are you offering me anything that makes me not only trust you, but makes me want to come to you for just about anything regarding my home?

Energy while we all need it, it is a commodity and for Retail Energy Providers in deregulated markets, it is a race to zero with pricing always being driven down (even if the consumers feel that they are paying a lot). So having other products and services outside of energy is not only great for the customer, its vital to the utility's financial growth and stability.

The next step is enabling (training, role level autonomy, and all that other good stuff) your customer care organization to become consultative vs transactional. So let's take my prepaid energy example a little deeper.

A customer experiences a late fees frequently and has had several disconnects. Each time they call in, they are looking for some sort of relief. Typically, the customer will get a bill credit or an extension for paying their bill, but that is not a complete resolution to the underlying issue.

Let's break it down…

1. There are additional fees applied (late fee, disconnection fee, reconnection fee) that make the bill that much more
2. This customer is more than likely living pay check to pay check and every month is making a decision on which bill to pay vs which one to be late
3. Due to the amount of care and support the utility has to take for this customer, the utility is spending a great deal of resources for this customer

So, a traditional monthly bill does not really work for this customer. Now imagine if this customer received a proactive call from the utility to discuss a different option for them based on their historical payment history.

You are now coming across as an advisor working with the customer to understand their situation and identifying a new product for them that fits their budgetary needs.

Wait, how is prepaid energy and IoT related in this context?

The relationship is Data, Data, Data…

1. Data is used to analyze and build a customer profile
2. Data is used to understand what's going on in the home
3. Data = New Products = New Customer Experience
    a. IoT/Connected Home transforms the utility into a proactive source that ensures the home is at optimal health
    b. Prepaid energy (and really any new product offering) transforms the customer care group into an Advisory Group

Please note that data that is not used for action is just that, data and it doesn't add any value.

Bringing It All Together…

1. Take a look at your current product and service offering and identify how to build on that foundation
2. Shift from the ground up the mindset of transactional into consultative, i.e. Customer Care reps should actively listen to the customer and provide a best-fit solution to their issue
3. Data, data, data – create as many data input points so that you can create profiles and analyze
4. Action – build a strategic roadmap and take your initial step in becoming a trusted advisor!

Trust is the foundation of a long lasting, meaningful relationship with your customers.

About the author: Philip J Saweris, Founder & Managing Partner | PSM Advisor

Philip founded PSM Advisor with the vision to create a new management consulting model that operates lean and takes a swat team approach by leveraging a network of specialized firms and consultants.

Philip has 20 years of experience delivering mission critical projects in various industries such as Retail Energy, Oil & Gas, Financial Services, Telecommunications, Environmental Services, Home Services and Retail Loyalty.

Contact Info:

philip.saweris@psmadvisor.com |281.785.7438 | www.psmadvisor.com