

SPU Research, Customer 2020, SWOC

Presentation to Customer Review Panel

June 5, 2013



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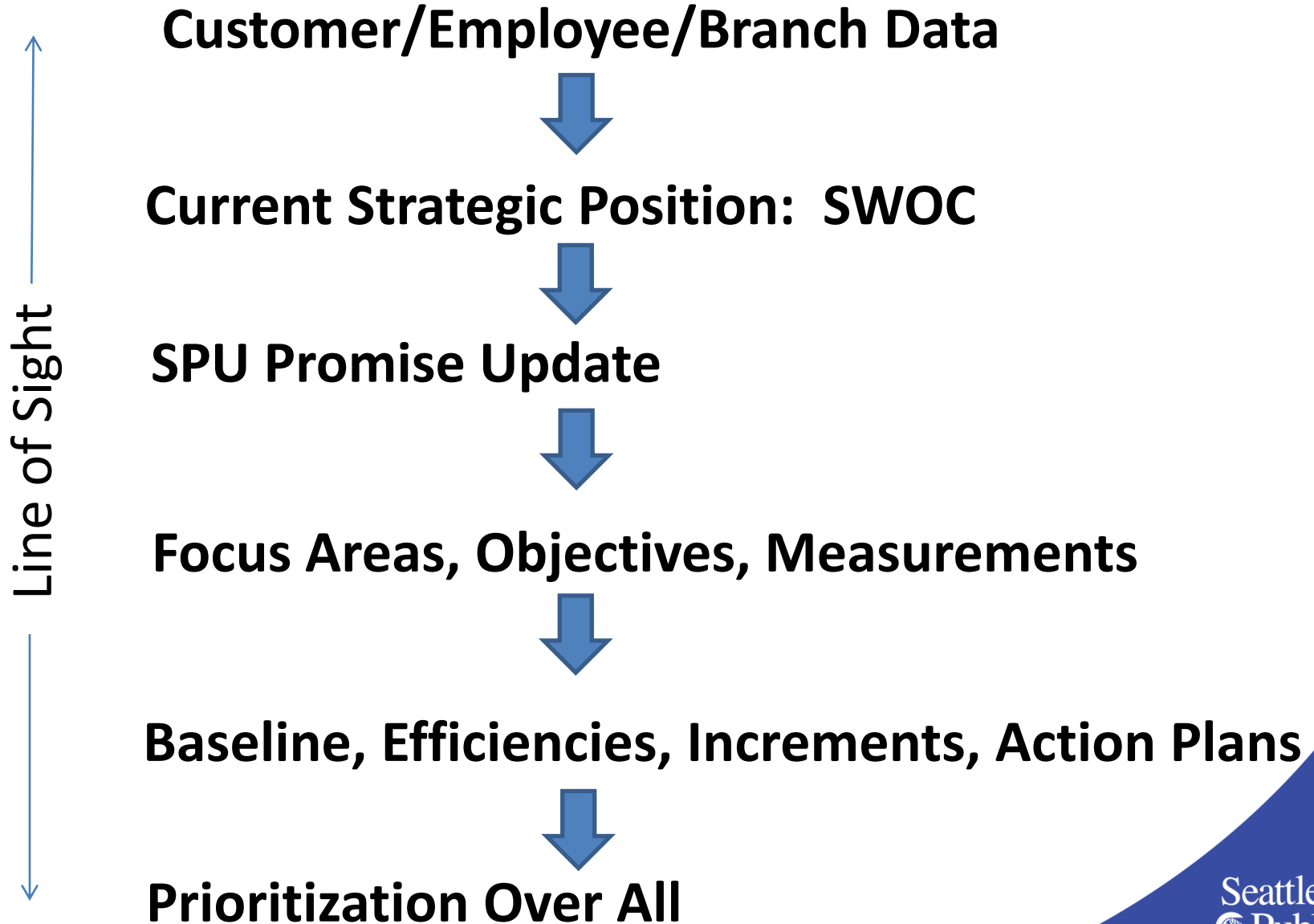
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SPU Data-Based Discovery

Our process is based on the following data:

- Customer research 2008-2012
- Employee research 2013
- Branch and business unit planning 2012-2013
- E-team interviews

SPU Strategic Business Plan Process



Customer Research

- We conducted 10 focus groups in October and November of 2012 that included residential English and Spanish-speaking customers, key business, small-medium business, and HUB and Resource Venture business customers.
- Eighty-one residential customers and 33 business customers participated in the focus groups. Of the 81 residential customers, 22 customers participated in Spanish-speaking focus groups.
- We also conducted focus groups with similar customer segments in 2008.

Customer Groups

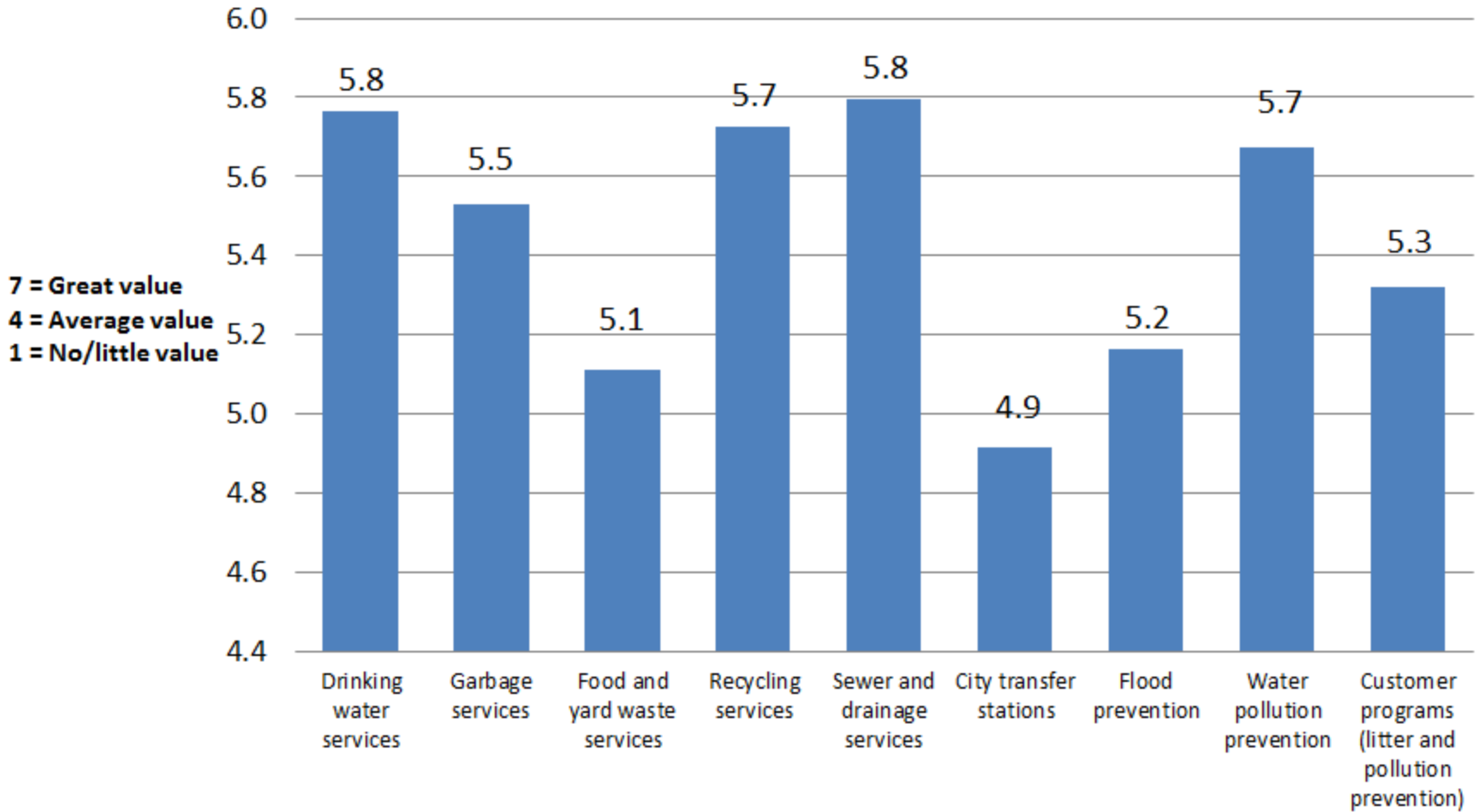
There are several customer groupings that will help SPU better serve its publics:

- *“Value-for-money” customers:* They value the services you offer but would like to understand in much greater detail about how you are acting as stewards for their money. They are more sensitive to rate hikes as well as more interested in seeing comparatives and quality measures.
- *Large and small business customers:* They generally don’t feel like they have a strong partnership with SPU. They are concerned about fees, lack of personal relationships and the slow pace of service.
- *ESL customers:* These customers believe there is a communications barrier with SPU that stops them from getting their needs met. Furthermore, they believe their Utility should take proactive steps to translate materials or bills.
- *Lower income customers/neighborhoods:* These groups believe they get slower service than “richer” areas of the City and that their needs are not always addressed quickly or followed up.

What Customers Value

- Participants live in Seattle because they feel that quality of life is important—they like how green the city is, the recreational opportunities and the diversity they encounter here.
- All residential and business groups placed a high value on SPU services with the recognition that most SPU services were essential to their quality of life. Participants shared these beliefs and values regardless of neighborhood, language or business type.

What Customers Value: Scale of 1 to 7

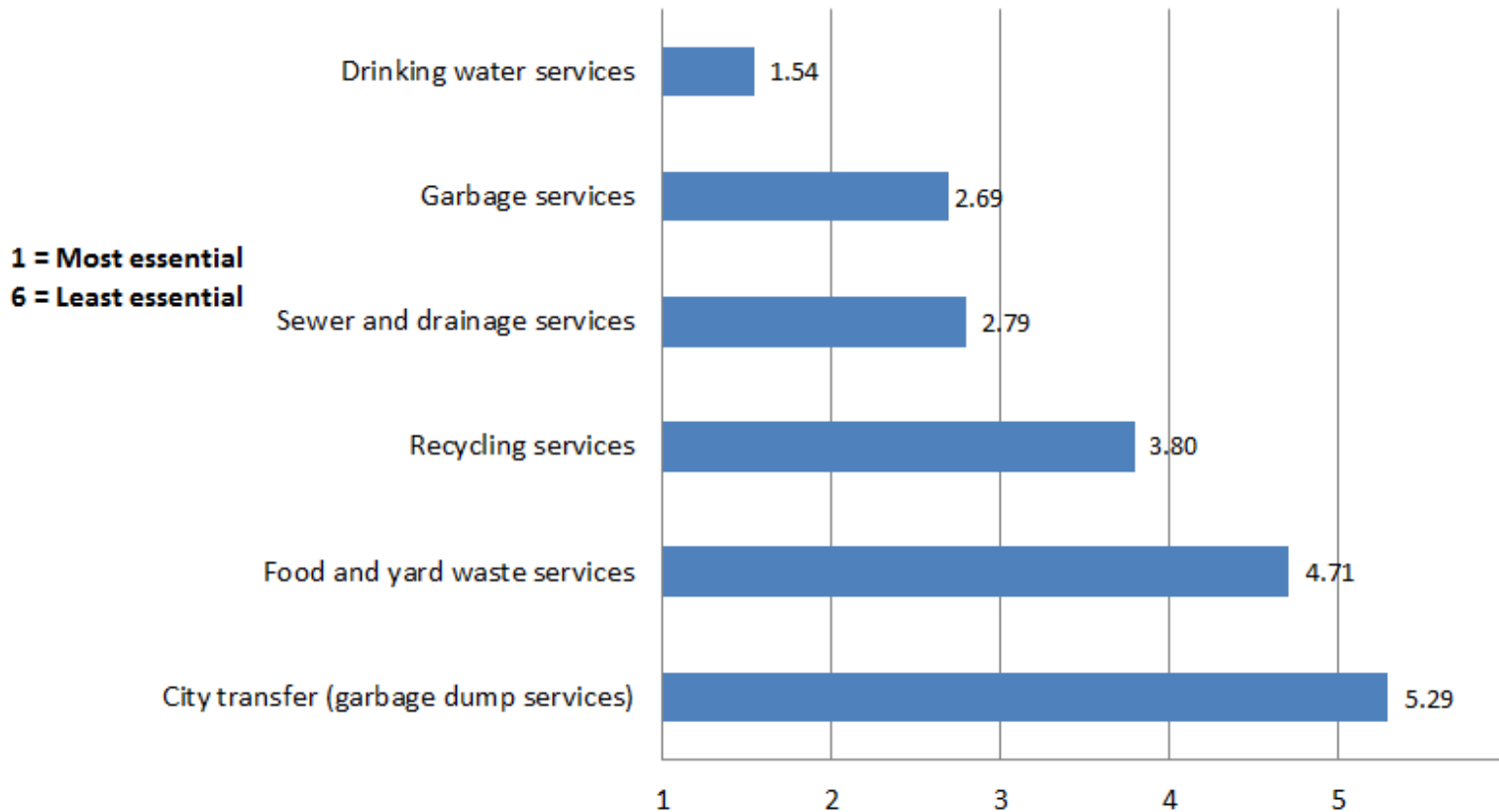


Value, Willingness to Pay

- Participants had a difficult time ranking services because they said they were all interrelated and all were important.
- Spanish speaking groups ranked water higher than other participants at a perfect “1.0”. They placed significantly less importance in sewer and drainage services, and recycling.
- For businesses, the highest ranked were drinking water, drainage/sewer and garbage.

Value, Willingness to Pay:

Average responses to ranking SPU services



Value, Willingness to Pay

- Georgetown/Rainier Valley/Madison Valley/ Columbia City and the commercial HUB groups perceived less value for the money spent for all services.
- Spanish speaking participants rated the importance of transfer stations and flood prevention significantly higher than other residents.
- Businesses placed less value on water pollution prevention, garbage, and food and yard waste than residential participants. Some participants indicated they think Seattle has very pricey utilities, but they also believe that much of that is due to federal regulations, terrain, and age of system.

Customer Communications & Transparency

Most customers want a two-step approach to communication:

- They want to use the website for general information needs and then call a customer service representative when they needed more information or to resolve a problem.
- Many residential and business participants desired more transparency concerning how decisions and investments are made and how money is spent.

Customer Education

There were a number of ways participants felt education could be improved while acknowledging that SPU does a good job of getting information to them:

- A majority of people read the “At Your Service” insert that comes with their bill. Many would prefer receiving a regular email or text (business customers) from the City with information that they need to know to get information that is more current.
- Generally, customers have a good understanding of where garbage and recycling goes, but a better understanding or reminders of certain products, i.e. light bulbs, batteries and lids, would be helpful.
- They would also like a better understanding of what programs are federally mandated and what SPU is doing to cut costs.

Customer Service

Many participants expressed dissatisfaction with customer service. They are looking for:

- More explicit website instructions so they call the right person for the information they need
- Formalizing more one-on-one relationships for businesses and developing knowledge transfer protocols when SPU representatives need to change
- Hiring more interpreters inside SPU who are knowledgeable about SPU procedures
- ESL customers want better customer service transactions to get their problems solved.

Business Customers

- Businesses want more predictability for costs: if they need to add in remediation equipment, or new meters, they need to be able to budget for it a year in advance. They want more information in advance about service disruptions and flushing pipes.
- Emails and text messages are preferred ways to get information. Businesses wanted to have a list of the people they could know by name to solve very specific problems such as water leaks. They also feel that SPU is short staffed so that everything takes longer than it should—such as still being billed for a meter that has been offline for six months.
- Larger businesses are particularly worried about all the SPU staff retirements they foresee in the next few years and the institutional knowledge that will disappear.
- Smaller businesses think that customer service is lacking: people don't resolve issues and act as if they don't care.

Spanish Speaking/ESL Customers

- Participants wanted to see billing averaged throughout the year. It appeared that the majority of participants receive a bi-monthly bill and would prefer to receive their bill monthly instead. They would love to see more clarity on bills, and have more awareness of how to control costs or receive financial incentives.
- They also would like to see more staff equipped to handle customers from diverse backgrounds and languages. Their experience is that if you speak English as your second language, SPU doesn't want to or cannot always help you or give you the information you need. Many said that you can get a response on the phone but you have to wait on hold for a long time.
- Participants were also interested in SPU holding periodic community meetings that would include education about utilities and services and to get questions and concerns answered.

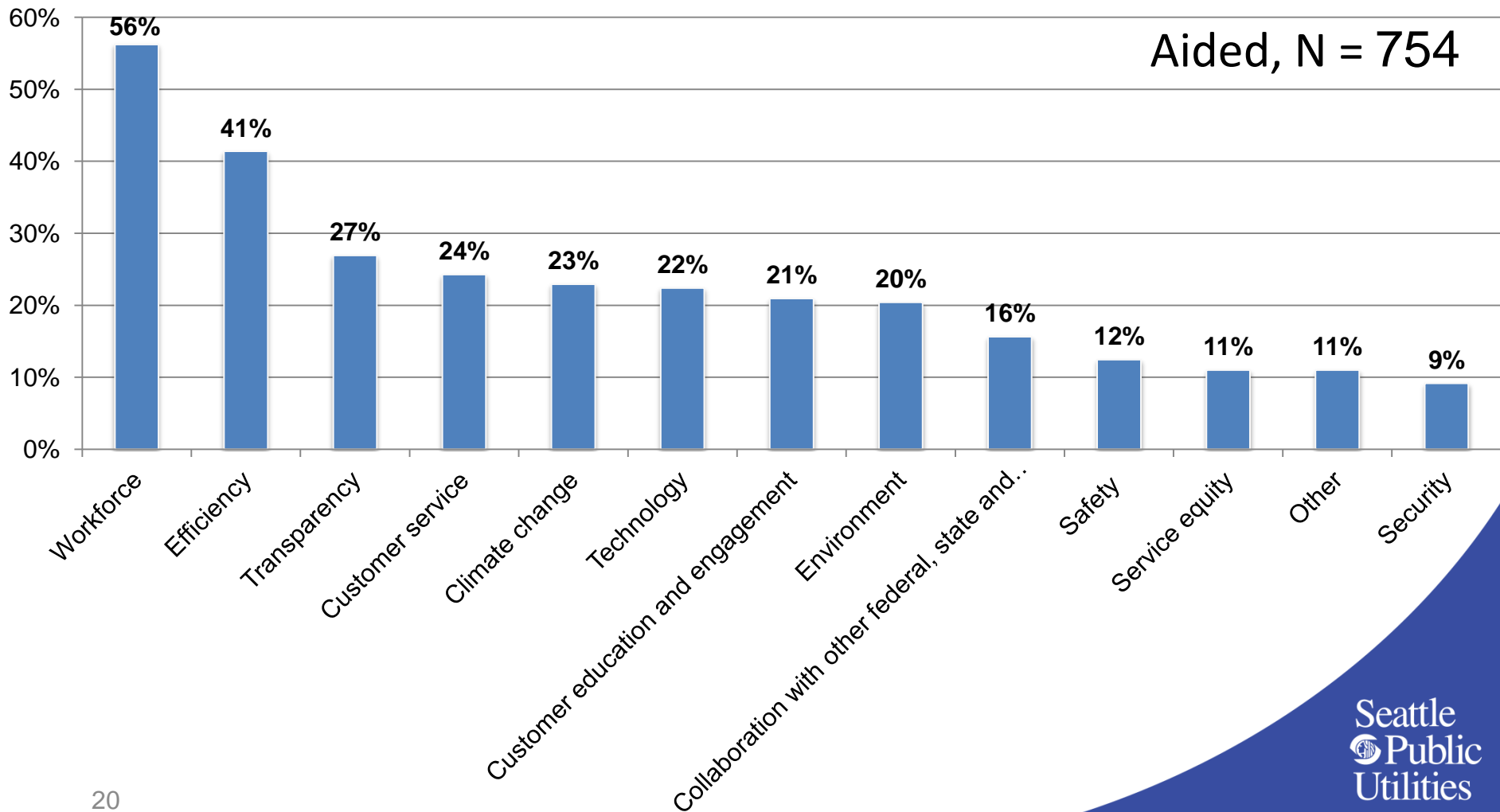
SPU Employee Research

April 2013

SPU Staff Survey

- Survey conducted online via SurveyMonkey; hard copies provided to field staff
- Director's message, fliers, emails, web articles and digital signage used to promote participation
- 53% employee participation
- Questions included:
 - What are the important focus areas for SPU?
 - How does SPU make Seattle a great place to live?
 - What advice would you give SPU leadership?

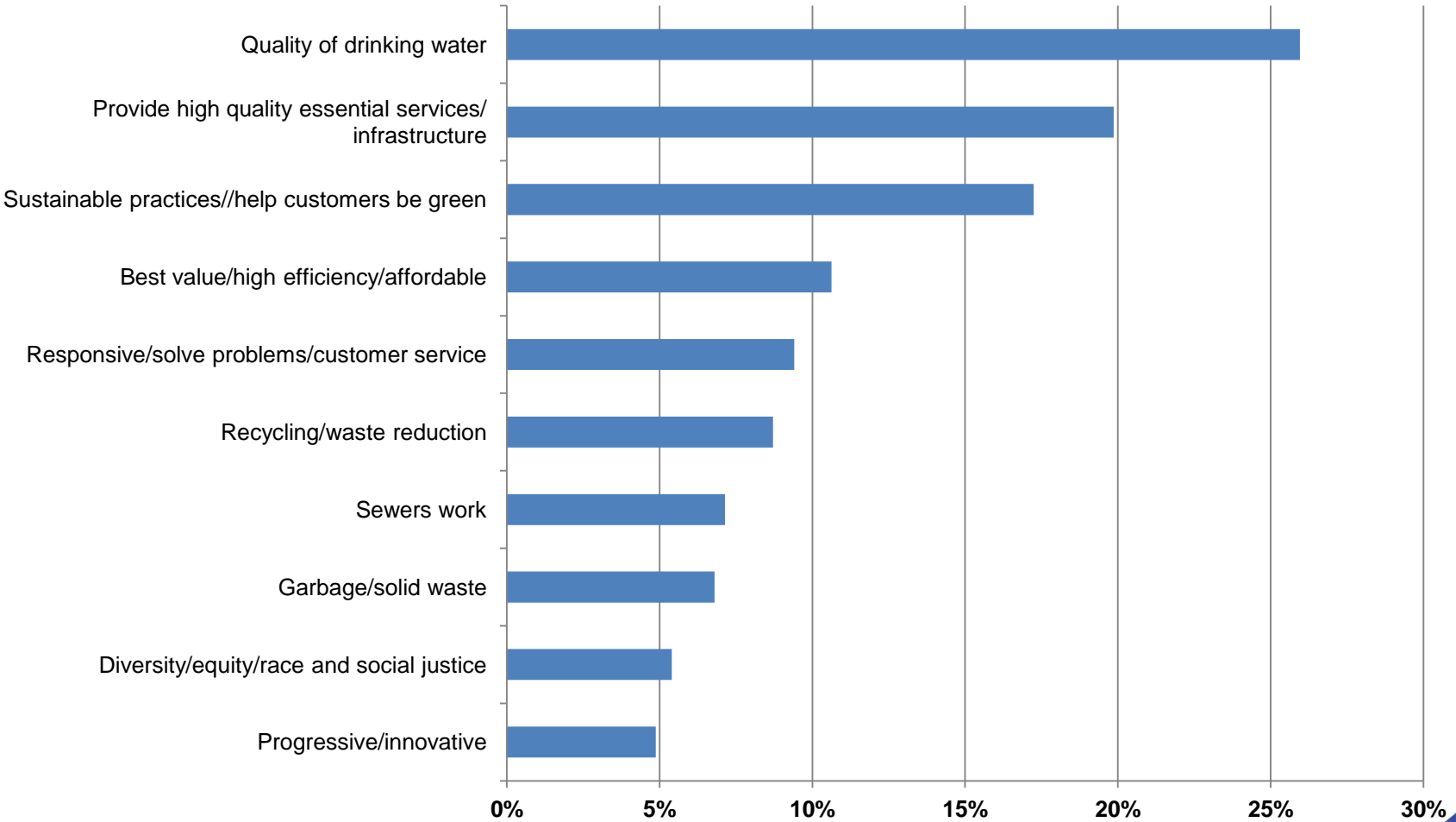
Top Three Most Important Focus Areas



Key Takeaways

- Almost 100 percent alignment with E-team on strategic focus areas.
- Employees group around two camps: those that want the utility to focus on providing basic services more efficiently, and those that want to expand services toward more environmental programs and customer education.
- Employees desire more focus on the workforce: managing the coming retirements, moving out poor performers, and providing more training and career paths

How does SPU make Seattle a great place to live?

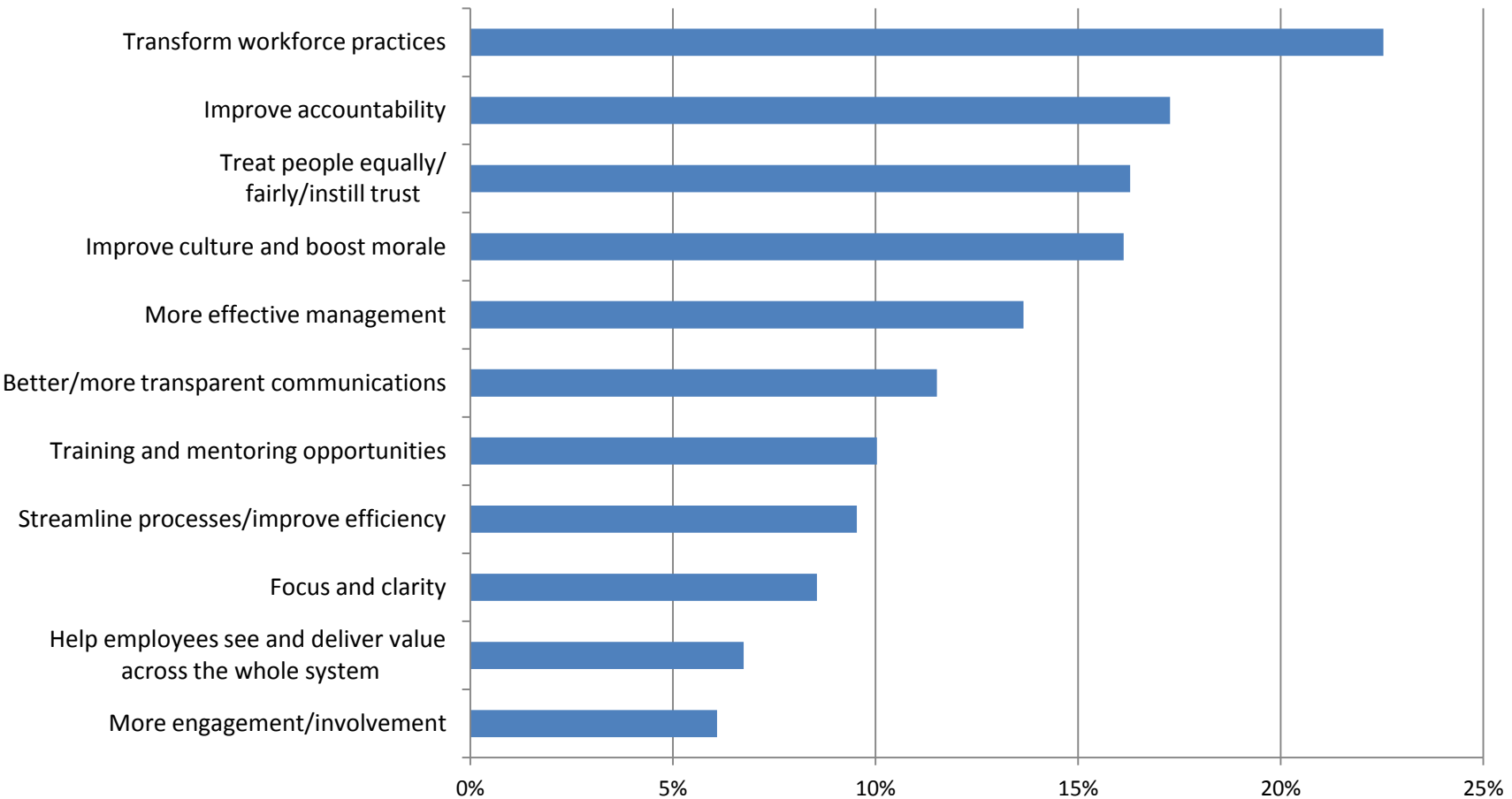


Unaided, N = 574

Key Takeaways

- Employees are clear that what SPU does is important to businesses and residents...but they don't always map that back to improving Seattle's quality of life.
- Enormous pride in and knowledge of water quality leadership and environmental stewardship.
- Many see their role as helping deliver more efficient services.

What Advice for Leadership?



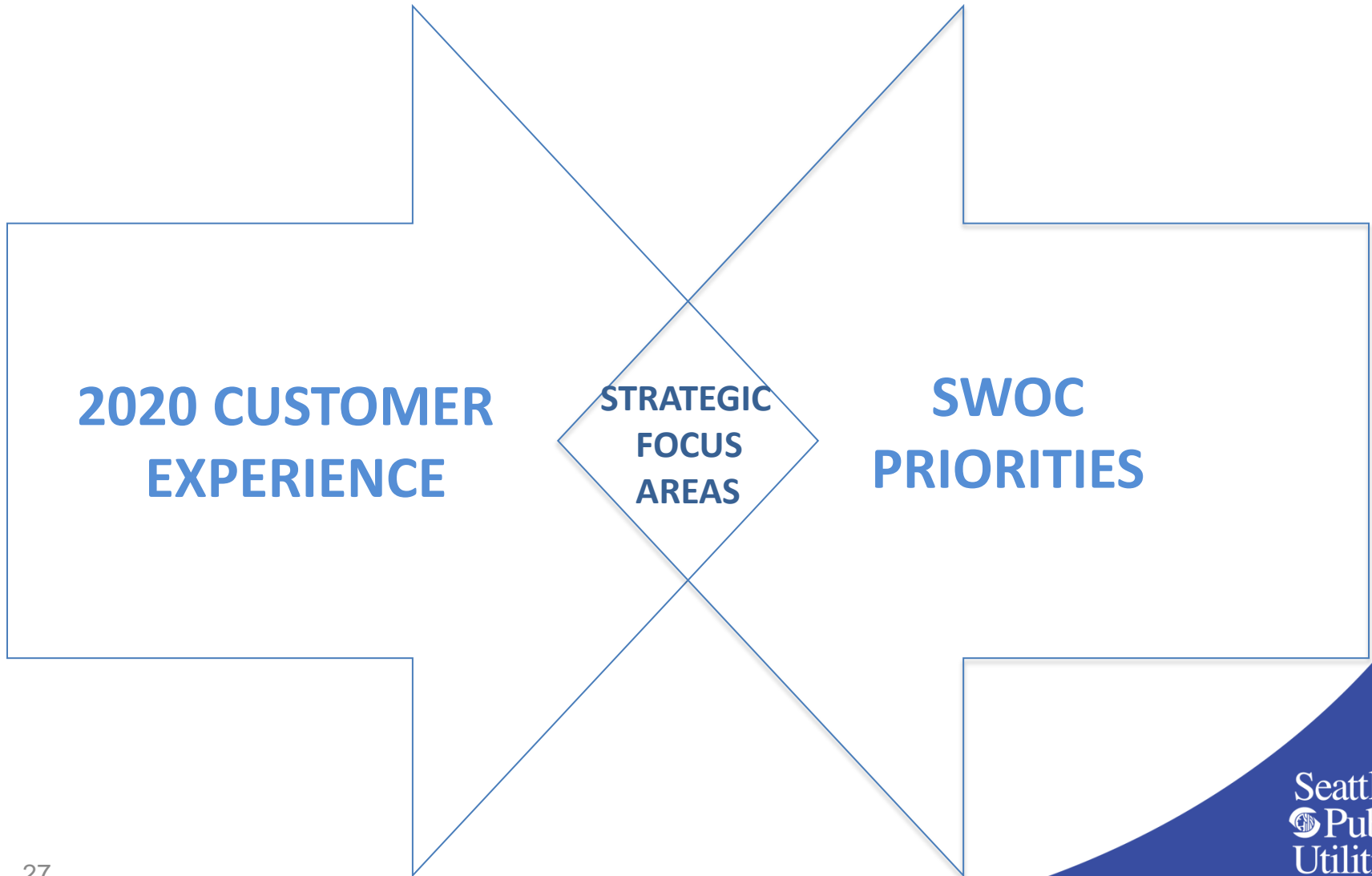
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Advice to Leadership: Quotes

- “We fail to deal with problems because our culture is one of avoidance.”
- “I think succession planning is very important. Many of our most talented workers will be retiring.”
- “If employees are held accountable for performance, it helps create a culture of employees that take pride in their work.”
- “Allow staff more responsibility and opportunity for meaningful work that serves the common goals of the utility.”

Customer 2020/SWOC Priorities

Customer 2020 and SWOC



Customer Personas and 2020 Needs

Seeing the world from our customer's point-of-view is very important to meeting their needs through this strategic plan. We've identified customer six segments that help us better understand customer needs and we've built descriptions (called personas) around each segment.

Each E-team member adopted a different personas and spoke for that person when thinking about SPU's strategic position, the optimal customer experience in 2020, and strategies for getting there.

Homeowners: Value for Money: 2020



Gabriel:
37, father of two,
lives in Ballard

“I’ve heard Seattle’s recycling and composting services are among the best in the nation. I view all of their services as essential and I think they do a pretty good job—especially with drinking water and environmental stewardship. This quality of life is the main reason I choose to live in Seattle.”

2020 Goal:

- “I want to be more informed, pleased by the bill price and responsiveness.”

2020 Experience:

- Have my rate increases not exceed inflation
- Show me how to save money and make it easy to view and pay my bill in an e-format
- Have maximum accessibility to smart phone services and alerts
- SPU not inundating me but keeping me informed.

Large Businesses: 2020



David: 44, CFO,
Healthcare
provider

“We are hard-pressed to keep up with customer growth in Seattle. I need a utility that I can rely on as a trusted partner.”

2020 Goal:

- I want my SPU transactions to all be at one building with as few people as possible.”

2020 Experience:

- Rate predictability; show me how to save money can make it easy for me to pay my bill
- Don’t flood me out (i.e., keep the roads passable so that customers can get to my business)
- I want to really understand what I am getting for my money.

Small Businesses: 2020



Valerie: 50,
apartment
building owner in
Fremont

“I’ve learned a lot over the past 5 years of owning my own building. It’s not easy, and it takes more of my time than I originally thought it would. I need to make sure my tenants are happy, because I can’t afford turnover. Part of doing this is making sure their water and garbage service meets their needs.”

2020 Goal:

- “I want them to be more of a partner and for my SPU transactions to be quick and efficient.”

2020 Experience:

- Show me how to save money on my bill
- I want rate predictability and to make it easy for me to pay my bill
- Efficient, effective, timely solutions to my issues
- Prior notice around disruptions
- Make regulations less onerous.

Developers: 2020



Stephen: 52,
Development,
Magnolia

- *“I’m not that concerned with politics or policy, I just need to be able to get the information I’m looking for so I can ensure we’re doing what we need to and not facing any setbacks. I want to know that permitting and inspections are as streamlined and predictable as possible without any surprises.”*

2020 Goal:

- “I want predictable rates and responsive staff that makes it easy to develop”

2020 Experience:

- Simple one-stop-shop
- Predictable, understandable and consistent requirements
- Doesn’t cost more to develop here vs. elsewhere
- A face to work with
- Cost and rate certainty.

ESL Customers: 2020



Javier

29, father of three,
lives in Mt. Baker

“I can read English but I don’t speak it so well. When I get my bills in the mail, I know how much I owe, but I don’t know why and I don’t know why it costs what it does. When I call customer service I feel that once they hear my accent they become less helpful or ignore me.”

2020 Goal:

- “When I call with a problem, I want to be treated like a 1st class citizen.”

2020 Experience:

- Understand SPU is here to help and provide service and resolve problems (where I come from the gov’t is not your friend)
- Do business on my smart phone; have apps
- If I call, you need to have people who speak my language
- Recycle more easily (more electronic products in my life— what do I do with those?)
- Make essential services more affordable so I get what I need.

Multi-Family/Low Income Renters: 2020



Anne: 32 year old,
single mother of
one child,
Georgetown

“It’s been difficult finding a house for my daughter and me that is close to my work. I need a neighborhood that is pretty safe, not expensive, and not too far away from my job or my daughter’s school. We’ve had a lot of flooding in our neighborhood and I’m afraid we’ll be next. When we do have a problem, I’m never sure who to call and I really can’t afford the time it takes either.”

2020 Goal:

- “I need transparency around costs/services even though I don’t pay these directly.”

2020 Experience:

- I need to figure out how to reduce my bills based on usage
- I want more recycle options—I recycle at work but not at home and get the run around from my building manager about making this happen
- I also need to know what services or products you can provide to help me be more efficient or to make my rates more affordable.

SPU Strategic Position

- *Strengths, Weaknesses, Opportunities and Challenges* are a tool for understanding SPU's current *strategic position*.
- The strategic position gives everyone the same 360° view of the Utility so the E-team can conduct strategy discussions from the same context.

SWOC Definitions

- Strengths are everything your company does well.
- Weaknesses are everything you don't do well that holds you back.
- Opportunities and challenges are often external but can also be related to customers, assets and processes. Opportunities are emerging scenarios that can make SPU more successful at delivering its promise.
- Challenges impede your ability to conduct your baseline business or achieve your promise.

Employee Survey SWOC Recs

Mostly Opportunities; a Few Weaknesses

- Saying “no” to shiny things
- Be more efficient
- Eliminate focus on value-less process
- Focus on improving staff culture and morale
- Keep rates down, improve bang for your buck
- Do better planning at all levels
- Do essential services well
- Focus on the environment and triple bottom line
- Create better storm water and drainage solutions
- Integrate projects with other governmental agencies
- Deal with aging workforce
- Create a culture of accountability
- Link communications to customer quality of life
- Repair and stabilize water distribution system
- Develop behavior change programs for customers
- Value great employees
- Determine where SPU stands on water conservation
- Create a coherent climate change plan
- Pay attention to service equity

**Qs: What key actions will SPU need to take to meet the needs of our customers, community and the environment by 2020?
What are our biggest opportunities over the next six years?**

Draft Top Priority SWOC: Strengths

Customer:

- Customer trust and pride in SPU's water quality and SPU/customer environmental efforts
- Customer perception that SPU services linked to quality of life
- Generally high customer satisfaction with SPU services

Workforce:

- Employee loyalty to SPU, and pride in SPU services
- Passionate and professional people
- Analytical and strategic thinking abilities of employees

Operations:

- Sound infrastructure: few service outages; redundant water supply sources
- High level of fiscal strength
- Commitment to asset management principles

Environment:

- Commitment to environmental compliance & stewardship
- Good relationships with our regulators
- Conservation and recycling programs that lead the nation

Draft Top Priority SWOC: Weaknesses

Customer:

- Negative perceptions of rate levels and rate increases
- Equity issues with service delivery – perceived value for money spent depends upon neighborhood in which customer lives or works
- Inefficient customer-facing processes

Workforce:

- Workforce challenges: lack of clear expectations, accountability, and empowerment
- Inadequate succession planning
- Inadequate soft and other skills and training

Operations:

- Inefficient and excessive processes
- Lack of effective prioritization of work

Environment:

- Lack of clear direction for environment/public health programs not required by regulators

Draft Top Priority SWOC: Opportunities

Customer:

- Proactively identifying and solving the major problem areas for customers
- Expanding communication options: web services, email, texts, ESL services
- Increasing rate/service predictability and transparency

Operations:

- Discovering and implementing efficiency opportunities
- Improving collaboration and integration with other departments and agencies
- Ensuring sound financial practices

Workforce:

- Developing a culture that forges teamwork and collaboration
- Improving systems and processes to attract, develop, and retain capable and motivated people
- Improving workplace safety

Environment:

- Improving response to evolving external circumstances (i.e., climate)
- Maintaining strong relationships with regulators

Draft Top Priority SWOC: Challenges

Customer:

- General invisibility of our work
- High percentage of fixed costs coupled with decreasing customer demand, leading to increasing rates

Workforce:

- Cultural norm of avoiding difficult issues
- Working with unions to expand workforce flexibility
- Aging workforce, leading to increased on-the-job injuries and knowledge drain (with retirements)

Operations:

- Insufficient drainage infrastructure in pockets of the City
- Limited influence/control on major cost centers (wastewater treatment; charges from other City departments)
- Other agency projects affecting SPU infrastructure in rights-of-way
- Underperforming infrastructure

Environment:

- Keeping up with evolving regulatory mandates
- Integrating climate change science into future actions