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Customer Service White Paper

“Improving customer service in the public sector”

CUSTOMER SERVICE WHITE PAPER

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SUMMARY

In the context of economic pressures and rising demand, many organisations in the public sector face painful choices about how to maintain a high quality of service, as well as plan for the future.

As a publicly-owned body, YPO puts customer service at the centre of its operations. One of only a handful of public bodies to be a member of the Institute for Customer Service (ICS), we are constantly benchmarking our activities against some of the leading organisations for customer service in the UK. Whether public or private, the concept of the customer is fundamentally the same, and so it's our view that customer service should always remain top of the agenda.

We recognise that for a long time, the public sector has faced a perception of a poor standard of service and with decreasing budgets and increasing workloads, our concern is that for many, providing a high standard of customer service will become an even greater challenge.

As a result, YPO has undertaken a piece of bespoke research among 500 public sector workers and 2,000 UK consumers to explore the realities of customer service in the public sector. Our intention is to offer insights from the research findings and this white paper makes recommendations for the future of customer service in the sector.

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1. INTRODUCTION

Customers are at the heart of every organisation and they expect a high standard of service to be delivered. Whether public or private, the concept of the customer is fundamentally the same, and so customer service should always be a priority.

Whether in our personal or professional lives, great customer service is something that everyone has come to expect. But for a long time, the public sector has had a difficult time of it as customers perceive a poor standard of service.

With decreasing budgets and increasing workloads, will providing a high standard of customer service really be a top priority for those delivering our local services?

According to the Institute of Customer Service's latest UK Customer Satisfaction Index (May 2016), customers are more satisfied with both local and national public services now than they were a year ago. However, as both sectors still fall towards the bottom of the index, there is still room for improvement.

The Institute of Customer Service offers the following description of an organisation which delivers customer service excellence:

“The organisation is honest, gives good value for money, has a high reputation, meets deadlines, has quality products and services, has easy to understand processes, responds to criticism, encourages complaints and handles them well, and demonstrates that it is passionate about customers. At all levels people are respected, well trained, friendly, contactable, flexible, knowledgeable, honest, trusted, stable, involved and consistent. The perceived culture is one of professionalism, efficiency, teamwork, caring, respect, seriousness, but with a touch of fun and character.”

This YPO White Paper investigates what customer service looks like in the public sector, including what good customer service feels like for those who deliver and receive services, what the challenges are and whether expectations around the customer experience have adapted (especially in a post-recession, Brexit Britain.)

It offers insights on the reality of customer and business experience. The areas of focus include what constitutes good customer service, and perceptions of public versus private sector customer service.

The White Paper will suggest recommendations and introduce discussion topics for the sector to improve customer service.

2. RESEARCH FINDINGS

- **Outline of key topics**

- **Customer service expectations**

- As public organisations look to address the challenge of rising customer expectations whilst under extreme financial pressure, YPO's research reveals clear themes among public sector workers and consumers when asked about their experience of customer service.

- 80% of public sector workers say they have seen a rise in customer expectations about the level of customer service in the last 10 years.

- In contrast, almost half of consumers, say their customer service expectations remain broadly the same (46%). Only 18% say they have increased 'significantly'.

- Over half of public sectors workers (55%) felt their organisation delivered on its promises to customers 'to some extent'. 39% said their organisation 'definitely' delivered on its promises.

- Positively, the majority of service users and customers (78%) were content that public sector organisations delivered on their promises. Just one in five (21%) held the opposite view saying that public sector organisations did not deliver on their promises.

- **The rise of social media**

- The fast-shifting social landscape is challenging for organisations as they seek to meet customers' growing demands for quick answers. Leveraging the social shaming power of Twitter and Facebook is increasing and where before social media complaints or queries may have been dispatched on a one-off basis, expectations of heavier volumes are leading organisations to formalise their approach.

- The majority (83%) of public sector workers surveyed said the rise of social media has made public sector organisations take customer service more seriously. 87% said this is a 'good thing'.

- **Public vs Private – who wins when it comes to customer service?**

- When asked who is better at customer service – public sector or private sector organisations – consumers said they 'didn't know' (44%) or 'neither' (42%) suggesting they perceived no significant difference in the customer service levels between the types of organisations.

- Whatever the nature of the service, from bins emptied, children being educated, and health services being well-staffed, organisations must meet consumer expectations that these services will be delivered, and delivered well.

- **Budget is the biggest challenge**

Half of those working in the public sector say that budgetary constraints and reduced staff numbers are the biggest challenges to delivering good customer service now (49%) and in the future (39%). Budget constraints were also cited as being a barrier to innovation.

Looking ahead, the public sector reform agenda presents a challenge to delivering good customer service, and workers also cited global trends such as rising customer expectations and changing demographics as challenges.

- **Importance of effective listening**

Well over half of public sector organisations (57.2%) believe that customers should have the opportunity to provide feedback on every possible channel, allowing them to follow up on complaints and requests. This is seen as important to align service delivery with customer needs.

Encouragingly, the YPO research revealed that continuous feedback to improve customer relationships via communication channels was recognised as being central to effective listening (42%). Industry research shows that while many organisations monitor feedback, they are essentially engaging in surveillance rather than embarking on a genuine two-way dialogue to improve customer service.

One in three (34.3%) public sector respondents said their customers should be able to share great experiences through social media.

Interestingly, almost one in three customers (30%) said they would post an online review for good customer service, including 23% who would use social media to express their satisfaction. Despite the increased pressure to engage via social media, only 18% would choose to leave a review online for bad customer service, preferring to write a letter (35%), with 19% looking to social media to express their dissatisfaction. In addition, 19% would do nothing after receiving bad customer service from a public sector organisation, while 26% receiving good customer service would also do nothing.

Social media clearly offers an opportunity for public sector organisations to receive feedback on every aspect of their service delivery including customer service.

3. YPO RECOMMENDATIONS, INSIGHTS AND DISCUSSION TOPICS

Reflecting on the research findings, a number of topics emerge which are useful to discuss in the context of improving customer service within a public organisation.

- **Moving services online**

This topic had a mixed response from public sector workers and consumers and therefore presents an interesting debate. Should more services be moved online and what are the customer service challenges this presents?

A quarter of public sector workers saw moving services online as a way to improve customer service significantly (24%). Nearly half said it would improve customer service marginally (45%).

Customers were less enthusiastic. Just 17% said it would improve customer service significantly, 38% said it would improve customer service marginally, and nearly half (44%) believed there would be no improvement in customer service as a result of moving services online.

As public sector organisations face the challenge of decreasing funding coupled with increasing demand, they are looking to find new ways of working to deliver services more effectively and efficiently, enabling staff to work in new ways which increase productivity and keep costs down. For example, councils have been quick to recognise the opportunities offered by technology and digital tools including online.

Strong leadership will be required to tackle the barriers and drive progress, while improved procurement processes that are more fit for the rapidly changing world of technology need to be considered.

More effective collaboration across the public and private sector and with suppliers will create a more productive environment in which to innovate and will enable public sector organisations to continue to set the pace of improvement.

- **Improving competencies**

The word 'competence' features heavily in the response from both public sector workers and customers when questioned about what good customer service looks like. Also 'being knowledgeable' is a key factor for both public sector workers to feel equipped to deliver good customer service, and for consumers reflecting on what makes for good customer service.

What does good customer service look like? In order of importance, these top 5 factors were 'very important' to the survey respondents.

Consumers

1. Value for Money
2. Competence / Knowledgeable
3. Helpfulness
4. Choice
5. Effective Complaint handling

Public Sector Workers

1. Helpfulness / Competence
2. Knowledgeable
3. Engagement/ Responsiveness
4. Value for Money
5. Effective complaint handling

Although there are clearly similarities in what good customer service looks like for both consumers and public sector workers, it's striking that the responses - in terms of priorities - from both groups are not aligned. Consumers prioritise value for money ahead of competence and knowledge, with public sector workers citing helpfulness and competence as the most important factors for good customer service, placing value for money much lower down the list.

When something goes wrong consumers said that what's most important to them in terms of good customer service is a quick reaction (17%).

As a member of the Institute of Customer Service (ICS), YPO has implemented an organisational-wide training course to equip employees with enhanced customer service skills. Staff are also invited to propose a service improvement opportunity – empowering people to make changes, however small or large, to improve processes and ultimately increase customer satisfaction.

Training and upskilling staff is vital to improving the organisations' competencies. This in turn impacts on customer service.

- **Encouraging innovation**

The research looked to explore whether those working in the public sector felt they were as innovative as the private sector. 72% didn't know. 14% said no, 13% said yes.

Delving deeper into the reasons for this response:

Such a large percentage of people (72%) not able to compare innovation across public and private sectors suggests an opportunity for increasing collaboration to share experiences and key learnings. Increasing collaboration would undoubtedly aid learning and lead to improvements.

Of those that do not think the public sector innovates as much as the private sector, budget restrictions are cited as a barrier to innovation, together with bureaucracy and red tape.

For those who do think the public sector innovates as much as the private sector, this innovation takes the form of listening to customers to meet their needs, training, a focus on quality, and striving for improvement.

It's clear that customers are demanding more from customer service. Meeting their expectations requires an organisation wide understanding and commitment to developing an effective customer service strategy. Many organisations share a new customer service vision, one that fundamentally redefines service as both a key tool to grow the value of the customer base and an important strategic differentiator in saturated markets.

YPO encourages organisations to develop a culture of continuous improvement and innovation for the benefit of customers. Employee suggestion schemes have helped many organisations implement change which has improved service delivery for customers, but even those organisations that have the answers today cannot assume they know what their customers will want tomorrow. Customer's' expectations have become demands and successful organisations will already be anticipating customers' demands tomorrow to stay ahead.

Innovation must be at the heart of any customer service strategy.

- **Listening**

Industry research to explore how organisations 'listen' has revealed that while many believe they are listening to customers, what they are actually doing is employing surveillance techniques to monitor feedback, complaints and interactions.

While social media monitoring and analysis is clearly helping organisations gain intelligence and insights to promote services and messages, the challenge now is to find innovative ways to move beyond surveillance and implement two-way communication and engagement and employ techniques to interpret and understand what is being said.

Only 'listening' rather than entering into a two way dialogue can be dangerous. It creates the potential to misinterpret information. Two way dialogue and engagement will deliver a more detailed level of feedback.

Implementing effective listening is key to good customer service in that it supports continuous improvement in the organisation. Done well will enhance customer satisfaction.

- **Implement improvements in measuring good customer service**

While the most common way to measure customer service within public sector organisations is by measuring performance against established goals, targets and objectives (44.6%) a worrying one in seven (14.1%) workers admitted that their organisation did not currently measure customer service. This is therefore an area for improvement.

Almost a third of public sector respondents (31.3%) mentioned measuring satisfaction and the drivers of satisfaction when measuring customer service.

Approximately one in five (21.9%) reference the customer journey as a benchmark.

Common goals for service standards are also critical to ensuring internal colleagues in public sector organisations are bought into the customer service plan.

Creating a culture of continuous improvement is central to improved customer service.

4. CONCLUSION

As public organisations face a tough and complex set of pressures: cuts in funding, rising demand for services, economic growth challenges, and a fast changing digital landscape, they continue to address the challenge of rising customer service expectations whilst under extreme financial pressure.

This White Paper reveals key themes for public organisations facing difficult choices when planning to meet customer expectations today and in the future.

YPO suggests that striving for improved customer service should be at the heart of every public sector organisation and that providing a high standard of customer service needs to remain a top priority for those delivering our local services.

This can be achieved in a number of ways. Through investment in training to improve competencies and support a culture of continuous improvement; by embracing innovative ways of working, whether through the use of new digital and on-line technologies or finding new ways to listen and engage with customers; and by developing a process for measuring good customer service and levels of satisfaction against which to benchmark success.

Despite the difficult economic backdrop, which presents an ongoing challenge, public sector organisations remain confident that they are delivering on their promises to meet rising customer service expectations. Decreasing budgets and increasing workloads mean strategies to maintain high standards of customer service need to be a top priority for the public sector.

If you would like to discuss the topics raised in this White Paper, please contact hello@ypo.co.uk

ENDS

Appendix 1 – Relevant Publications

Local Government Association: Transforming local public services using technology and digital tools and approaches <http://www.local.gov.uk/documents/10180/11553/Transforming+public+services+using+technology+and+digital+approaches>

Macnamara, J. 2015, 'Creating an "architecture of listening" in organisations: The basis of engagement trust, healthy democracy, social equity, and business sustainability. Sydney', NSW: The University of Technology Sydney.
<https://gcs.civilservice.gov.uk/wp-content/uploads/2016/04/Organizational-Listening-Research-Report-16-1.pdf>

The 10 strategy tenets for developing a customer-driven workforce
<http://www.mycustomer.com/service/contact-centres/the-10-strategy-tenets-for-developing-a-customer-driven-workforce>.

ABOUT YPO

YPO supplies products and services to a wide range of customers including schools, local authorities, emergency services, the wider public sector and other businesses such as nurseries and care.

We're 100% publicly owned by 13 local authorities, which means the profits we make are returned to our public sectors customers, delivering even better value for money.

Our range includes over 30,000 products and 100 frameworks from everything from pens and paper, computers, furniture to energy, food and insurance.



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