Back office customer service operations at utilities rarely get the same attention and focus as inbound contact centers, despite the fact that tremendous opportunities to optimize the back office exist. By proactively addressing six key operational capabilities in the back office using automation, BPM, best practice implementation and KPI alignment, utilities can not only drive significant cost out of their operations, but they can also greatly improve the end customer experience.

Vertex Professional Services experts were called in to assist with a very challenging operations situation at a leading utility. The business had demanded a drastic increase in service level commitments (e.g. customer correspondence service level changed from 75% in 5 days to 90% in 24 hrs and 99.5% in 48 hrs) across the board for all back office work, with strict monetary penalties associated with failure. Customer service leadership knew that the profitability of the entire contract depended on delivery against the new service levels, but they considered it a huge challenge to successfully deliver against the dramatic increase in service level commitments without a significant increase in cost. Once Vertex completed an evaluation of the back office operations, it was discovered that there were tremendous opportunities for cost savings and customer experience improvements, and that a huge amount of money was left on the table by running the operations in the current state. Vertex was able to work with the Customer Service Operations team to greatly improve the agility, accuracy and productivity of the entire operation and successfully deliver on the challenge (avoided $4.8 MM in penalties) not only without any increase in cost, but with significant operational cost savings.
The surprising fact is that it is not uncommon to find such inefficiencies and corresponding savings opportunities in the back office at most utilities. And this applies across the board to electric, gas and water utilities. To get an idea of how primitive the back office is at many places, imagine running a contact center where the following is true:

• There is no measurement/visibility into how long it takes to handle a customer request
• CSRs can pick and choose which calls they would like to answer
• No ACD or IVR exists, instead calls are manually assigned to CSRs by an operator
• Performance management is not regularly done to improve efficiencies
• Volumes and trending information is not available, and no formal planning/forecasting happens
• There is no knowledge management to assist CSRs in delivering consistent information to the customers - CSRs have their own personal cache of information that they use to respond to customer queries, and content is not centralized
• KPIs such as cost per call, AHT, occupancy or end-to-end Turnaround Time are not measured/tracked

While it may be hard to find such an inefficiently run contact center where most of the above is true, you would not need to look beyond the Customer Service Operations to see such problems – simply look at the back office at most utilities. As Vertex Professional Services experts have implemented best practices across internal and external customer service operations, they have come across some typical shortcomings within the back office:

• Lack of reporting and visibility
• Manual allocation of work
• Lack of automation
• Lack of accountability
• Costly/time consuming implementations
• Unclear path to new channels
• Poor quality of responses
• No single view of contacts

The apathy towards the back office seems greatly misplaced given the importance placed on the back office by Customer Care evangelists, the impact it has on the customer experience, and the magnitude of cost savings associated with driving efficiencies. Consider the following reasons to improve the back office.

### Why is Back Office Optimization Important?

1. **Significant Opportunity**: Because back office processes tend to be very staff-intensive and often involve manual, multi-stage processes, they represent prime targets for automation and optimization, which can create efficiencies without sacrificing effectiveness.

2. **Major Impact on Bottom Line**: Back office operations such as exception handling, multi-channel correspondence, dispatch, work orders, etc. collectively represent a large population of resources (i.e. costs) that should be managed proactively to deliver services profitably.

3. **Impact on Front Office Contact Volume**: Research indicates that issues with back office processes (e.g. billing) drive a significant amount of contact volume (in some situations > 30%) to the front office, thus increasing the cost to serve if left unmanaged.

4. **Customer Satisfaction**: Back office processes are a significant source of customer dissatisfaction, and their impact on the end user experience is often overlooked.

5. **Customer Loyalty**: A positive customer experience delivered by the back office can have a lasting impact on customer loyalty.

6. **Service Differentiation**: Electronic work queues and skills based workflow routing can ensure resources are working on tasks matching their skills, and the right level of service is delivered to the tasks that most need it.

### What Customer Care Managers are asking

Given the factors described above, customer care managers are paying greater attention to their back office. With Vertex managed Customer Service Operations as well as with other external clients, leadership teams are asking us some key questions regarding their back office operations:

• What are the customer experience liabilities with my back office operation?
Holistic approach to optimizing the utility back office

• How can we avoid backlogs in the back office and consistently meet our service level commitments without relying on overtime costs?
• How do we eliminate redundant and inefficient back office processes?
• Can I see a single scorecard that allows me to compare my entire agent staff?
• How can we most effectively hold our back office staff accountable for their performance?
• What can we do to break down silos and increase universal skilling of our back office agents?

Solution - Holistic Approach to Optimizing the Back Office

Based on our experience, the solution lies in taking a holistic approach to improving the back office operations. Using technology to improve back office efficiencies is key, however simply ramming in a tool is not enough; the surrounding operational management practices must be gutted and re-built. Operational constraints that drive back office silos must be removed so that the back office can be managed as efficiently as the front office. And this should be done by leveraging the experience from optimizing the front office, since the front office has already been through this optimization journey in most contact centers - many of the same optimization principles can be utilized albeit execution and tools and techniques will be different.

Back Office Capability Focus Areas

1. Strategic Alignment: Back office operations practice alignment with overall contact center.
2. Electronic Work Queue: Multichannel automation to increase efficiency of work intake, routing and outbound
3. Workforce Optimization: measurement of work volume throughput and established capability for scheduling and forecasting
4. Knowledge Management: Procedures to continuously cross train and frequently practice new information learnt during training in order to decrease reliance on few skilled individuals
5. Agent Performance Management: Well defined agent scorecards and regular process to monitor and coach performance
6. Quality and Consistency: Use of shared content repositories, routing and audit capabilities to manage and maintain quality and consistency

In order to optimize the back office, Vertex believes that the following six operational areas must be tweaked to drive tangible improvements. Where the capabilities do not exist, they must be established so that the operations can deliver the desired customer experience as well as the desired levels of productivity. Each capability plays an important role in ensuring that cost is minimized and the customer experience is preserved.

The six back office operational capabilities described above must be addressed through automation, business process management, KPI alignment and best practice implementation. This is where Vertex Professional Services resources can bring a wealth of experience and expertise to play, as is evidenced by the case study example in Figure 2. While automation is necessary to eliminate inefficient manual intensive steps in the process, BPM is crucial to weed out the inefficiencies within business processes. KPI alignment is required at all levels of the organization so that CSRs and coaches are focusing on the right set of behaviors and metrics that align with organizational goals. Supplementing all of these tools are the tried and tested best practices that Vertex has utilized successfully within internal as well as external operations.

1. Strategic Alignment

Strategic Alignment is required in the back office as there is often a lack of alignment across the organization on contact center strategy and key areas of focus (e.g. performance/service level). Back office rarely receives the same level of attention as the front office, and this leads to targets and KPIs not being aligned, lack of real time visibility and limited intelligence on work status and agent productivity in the back office. Once proper reporting is available, operations staff can take appropriate actions to drive improvements. For example, reporting can be built to show dashboard alerts in situations where resources are unavailable to complete outstanding work within service level. Additional
Holistic approach to optimizing the utility back office

2. Electronic Work Queues

Electronic work queues alleviate challenges with work distribution, reducing manual effort and removing skill silos. For one client, Vertex undertook a back office optimization effort to bring the majority of back office work such as customer correspondence, billing exceptions, work orders, collections, and other back office work into a single automated solution with electronic work queues. Previously, work was distributed across a number of systems (or via manual folders) and limited productivity insight was available to performance manage the CSRs with their back office work. Because there was no measurement of productivity in the back office, CSRs (interaction blended across front and back office) would sometimes return manual folders at the end of their shift with no work done on back office even on days when call volume was low. Clearly their occupancy was not being maximized. An electronic work queue solution was put in place to automatically categorize and assign backoffice tasks to CSRs with appropriate skill sets. 330 categories of work were channeled through the back office system, and CSR work profiles were created to identify top performers. Reporting can be designed to provide insight into real-time service level performance. Inbound work receipt and completion of each task can be time stamped to enable service-level reporting and productivity measurement. Strategic alignment thus ensures that reporting, tools and capabilities are aligned to deliver against the business priorities. At one utility, a strategic alignment review revealed that coaches were only focused on performance managing front office work, because the back office represented a significant portion of the cost to serve.
which categories of work they are skilled in. A key component of
the electronic work queue solution, resource manager software
was programmed to automatically assign tasks to CSRs based
on service level urgency and skills. The electronic work queue
solution offers the opportunity to design workflow based on
business rules. This capability offers tremendous opportunity
for automation and routing of work based on predefined outcomes.
The solution relies on defined business rules and a statistical
learning algorithm to improve automated categorization of email
inbound correspondence. Over time, Vertex found that accuracy of
automated categorization improved greatly due to the statistical
learning feature, and the majority of categorization for textual
correspondence was performed automatically, greatly reducing
manual triage effort. The system also served as an accurate
repository of CSR skill sets.

3. Back Office Workforce Optimization

Workforce optimization is often not as mature in the back office
as it is with the front office (typically because of functional silos
and lack of data) but it is equally important and can be achieved
through improved visibility into work volumes by intervals and
improved forecasting by utilizing actual throughput for various
work types. Once desired data such as category volumes and
actual AHT for back office tasks is made available, they can replace
the unreliable time and motion studies and budgetary estimates
used by the planning and forecasting teams. During optimizations,
we have often found that actual AHT for back office tasks varies
greatly from budgetary estimates – in some cases by more than
100%. Such variations can have tremendous influence on resource
scheduling and backlogs, making it challenging to deliver against
service levels and negatively impacting the customer experience.
By channeling a majority of back office work through a single
system, the workforce team can quickly realize hidden volumes of
work being performed by the back office staff that is usually never
considered during planning and forecasting. One client discovered
a significant volume of work performed by the back office that was
never used in planning and forecasting, and they quickly realized
the gap in back office performance. Such unrecognized work
can now be measured, and more importantly, considered in the
resource planning/forecasting analysis or be eliminated completely
if determined to be truly unnecessary.

4. Knowledge Management

Knowledge Management for the back office can be improved
through better cross training, creation of shared content
repositories and opening of knowledge silos by sharing work
across more resources. Back office optimization usually reveals
key knowledge management gaps for categories of work where
there are few skilled resources. We often find at least 20% of back
office work where there are very few resources with the right skills,
where vacations or sick days can very easily cause misses in service
level delivery. If task allocation is automated, processes can be put
in place so that as soon as CSRs receive training on any topic, their
skills are immediately updated in the system after completion of
training. Consequently, CSRs immediately start using the recently
acquired skills, ensuring they do not forget what they have
learned. Without automated task allocation, CSRs do not utilize
skills learned in training due to challenges with task distribution,
and eventually forget the skills they have acquired. Vertex often
observed with many back office operations that there is no
accurate database of CSR skills, only the CSRs know for sure what
skills they possess. By implementing an electronic work queue
system, it becomes a real time record of CSR skills.

The digitization and electronic distribution of work also improves
flexibility with task allocation and knowledge management, since
remote or home based agents can receive all types of work. In
essence it assists in removing barriers that forced back office silos,
and in many ways improves business continuity for the operations.
Backlogs can effectively be eliminated as the operations are always
working on current tasks, and any delays due to dependencies on
external functions are highlighted, allowing the utility to focus
on improving performance of external functions such as field
operations units. This results in a positive impact on the customer
experience while cutting operational costs simultaneously.

5. Agent Performance Management &
Productivity Improvements

Agent Performance Management in the back office can be
improved by establishing uniform scorecards across all functions
and providing an integrated view of CSR performance across
transactions, recurring tasks and activities. For interaction blended
environments, combined scorecards can be utilized to provide CSR
productivity across front office and back office work, task handle
times and work volumes, while allowing occupancy to be calculated
across all work. Detailed agent productivity reports will highlight
to the team coaches which CSRs require coaching. We have often
found that when a proactive performance management approach
is adopted with some deliberate change management, the
results are astonishing. Time spent between tasks is completely
eliminated if an automated task allocation system is utilized, as
systems can offer a new piece of work immediately after the
previous task is completed. With such an improvement, CSRs realize
their productivity is being monitored in the back office, and the
‘big brother is watching’ awareness itself pushes them to be more
productive. In order to drive the cultural change, agent scorecards
must be made available on a daily basis to agents so that they can
view their occupancy and productivity across both back office work
and front office call handling. Such scorecards should highlight
variances in AHTs and document an accurate measure of work
performed on the previous day, so that agents can take corrective
actions if required.
6. Quality and Consistency

Quality and consistency improvements are critical to drive down the cost of poor quality. It requires the same level of focus across all channels of communication and all types of back office work. Individual caches of content must be centralized, providing uniformity to all correspondence. Quality on back office correspondence can be improved via automated spelling and profanity checks, and where required certain categories of work (e.g. response to complaints) or the responses from certain at risk CSRs must be automatically channeled through QA before being sent to the customer. All correspondence must be linked by using customer and case management, which allows CSRs to be more knowledgeable about the customer, enabling them to provide a better customer experience. A key benefit of using a system to assign and track work completion is the ability to control access based on security profiles, audit for compliance and document retention/archiving. This greatly simplifies any historical quality checking and audit efforts.

AHT savings can be realized on back office correspondence if CSRs can pick suggested content based on work category from a pre-built content repository, thereby reducing handle time and increasing consistency of written correspondence. If dynamic data forms are available based on category of work, agents can view and enter data appropriate to the work category, and workflow automation can be built in where required to reduce manual steps and increase process reliability.

Back Office Optimization & Workflow Automation Case Study

**Summary**

For a large regulated utility in Canada, Vertex optimized back office operations and implemented an electronic work queue and workflow automation capability

**Client Overview and Challenge**

- Vertex provides contact center outsourced services – front office customer care, collections, outage management and back office functions using ~220 FTEs (~80 for back office)
- Client demanded a significant increase in service levels (e.g. customer correspondence service level changed from 75% in 5 days to 90% in 24 hrs. and 99.5% in 48 hrs.)
- A solution was sought to blend front office - back office operations
- Quality/consistency of correspondence needed to be improved
- Continuously driving down cost of operations was a contractual obligation, hence operations management required timely and insightful reporting to allow proactive service level management and drive productivity improvements.

**Solution Overview**

- Implementation of a customized multi-channel ACD and workflow solution
- A Day-In-Life-Of (DILO) report shows a single scorecard with combined, blended occupancy
- Coaching and operations management practices have been enhanced to deliver improvements
- Vertex Professional Services led project management, 3rd party management, business process reengineering, and change management

**Key Outcomes**

- Enabled operations to meet multiple back office and front office service levels and deliver a superior customer experience
- Reduced management oversight in task assignment and reporting
- Productivity improvements (savings in back office AHT) and efficiencies from automated task categorization and assignment as well as workflow automation
- Improved quality consistency and knowledge management through use of a dynamic content management system
- Occupancy improvements driven by cultural change (proactive performance management) and effective workforce optimization (actual, real time metrics)

**Delivered increased SL and avoided penalties ($4.8MM)**

**10% FTE savings within 6 months of implementation**

**69% automated categorization of emails with 91% accuracy**

*Figure 2: Back Office Optimization Case Study*
## Capability Overview

In addition to exemplifying the opportunities that exist in optimizing the back office operations, the case study described in Figure 2 also illustrates the comprehensive approach and change management expertise brought by Vertex resources in driving operational improvements within the Customer Service Operations. Vertex can help deliver the technology, people and operational changes required to significantly improve back office customer experience and center-wide productivity.

A typical back office optimization project will have the following service objectives:

- Assess back office operations to identify opportunities for productivity and customer experience improvements (automation, business process optimization, KPIs etc.).
- Feasibility analysis, business case and roadmap for system deployments (if applicable) or other optimization initiatives that utilize BPM or best practice implementation.
- Phased implementation of initiatives to address optimization opportunities.
- Regular monitoring of implemented initiatives and fine tuning to ensure benefits delivery.

To summarize, Vertex experience suggests that tremendous untapped opportunity lies within the utility back office to drive measurable impact on the bottom line and improve the customer experience. As Customer Care leadership across utilities are starting to become aware of the magnitude of potential savings, they are embarking on some localized change initiatives. They must realize that a successful transformation must rely on a holistic approach that addresses the six operational capabilities described in this white paper using a combination of automation, BPM, KPI alignment and best practice implementation. Vertex can assist with discovery, prioritization, planning and execution of such transformation efforts.

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### Solution Approach, Benefits and Examples

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<thead>
<tr>
<th>Objective and Timeline</th>
<th>Key Outcomes</th>
<th>Benefits</th>
</tr>
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<tbody>
<tr>
<td>Practice Review &amp; Recommendations</td>
<td>Maturity of back office capabilities, recommendations and high level business case</td>
<td>- Maturity across six capability levers&lt;br&gt;- Customer experience liabilities&lt;br&gt;- Documented recommendations &amp; high level business case</td>
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<tr>
<td>Mobilization/ Feasibility</td>
<td>Roadmap, detailed business case, tool selection and project mobilization</td>
<td>- Roadmap of initiatives&lt;br&gt;- Go/No Go Resourcing&lt;br&gt;- Technology selection (if applicable)</td>
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<tr>
<td>Implement/Transform &amp; Monitor/Fine Tune</td>
<td>Enhance current capabilities or build and deploy a new solution</td>
<td>- Implementation of approved initiatives&lt;br&gt;- Automation, Process transformation, Operational and technical change management</td>
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Note: The individual phases may need to be adapted to help clients with specific challenges based on the current state of their backoffice operations and technology.
About the Author

Chirag Shah is a Senior Consulting Manager with Vertex Professional Services. He brings deep insight in areas of customer experience management, operations improvement and business/technology strategy alignment, and has over 15 years of hands on experience using technology to drive business process improvements and tangible change in operational performance. Chirag has worked across a range of industries including Utilities, P&C Insurance, Healthcare, and Hi Tech to achieve and sustain productivity and quality improvements in customer service environments through efficient use of technology. Chirag has a Masters in Computer Engineering and an MBA in Marketing from the Kellogg School of Management.