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Customer care turnaround saves Baltimore Gas & Electric \$1 million annually

In 1999, Baltimore Gas & Electric's customer care center was in a slump. Performance and scheduling problems were crippling productivity, technology was past its prime, and pressing issues were not being addressed. Like many utilities, BGE was trying to operate a 21st Century facility with 20th Century methods and tools.

Improved personnel management, effective and relevant performance measures and a major leap in technology turned the situation around. BGE's two call centers are now operating efficiently and productively with far less personnel. The number of customer service reps (CSRs) has been reduced from 209 to 135. Total staff is down to 155. In addition, CSRs have increased their in-service phone time from the low 70th percentiles in 2000 to between 98% and 99% today.

The reorganization effort is saving the utility an estimated \$1 million annually. Customers are reaping the benefits of the care center's transformation, as well. In 2002 J.D. Power & Associates ranked the utility No. 1 in the nation in its customer satisfaction survey of mid-sized business customers. This type of recognition is the result of a lot of hard work behind the scenes, say BGE representatives.

Start with scheduling

In 1999, BGE veteran Betty Ferguson came on board as director of BGE's customer care center. Ferguson began the formidable task of reorganizing customer care. In January 2000, she was promoted to manager of the department and hired another BGE veteran, Tom Pellegrini, to become the call center's director. Pellegrini was familiar with customer care, having worked in that area in previous years.

Once settled in as director, he wasted no time in continuing to identify and tackle the pressing issues. "From a human aspect and from a workforce aspect we had some significant problems with performance. I didn't feel we were getting the right type of productivity from the representatives," he says. "Secondly, there were scheduling issues, whereby the schedule did not match the traffic. We would have too many people early in the day, not enough at night. Our overtime was too high because the scheduling was out of balance."

To obtain the needed balance of CSRs necessary to handle the average 10,000 incoming calls each day, Pellegrini formed a team of customer care center employees and a supervisor to create a traffic analysis. They measured phone traffic by the half hour, calculated how many CSRs were needed to handle the calls, and then redesigned the work schedule.

Executive Summary

Utility: Baltimore Gas & Electric (BGE) serves more than one million business and residential electric customers and more than 600,000 gas customers in a 2,300-square-mile area encompassing Baltimore and all or part of 10 central Maryland counties. On May 3, 1999, Constellation Energy Group began operations as the holding company for BGE and its affiliates. On July 1, 2000, the company changed from a vertically integrated utility to an energy delivery company.

Constellation Energy Group's power plants, which generate more than 6,200 MW, have been transferred from BGE to two competitive affiliates of the holding company.

Topic: Through tough, goal-oriented management, individualized performance measures and a major leap in technology, BGE turned its unproductive customer care center into a success story. The three-year reorganization effort resulted in about \$1 million in annual savings and national recognition. BGE's two call centers are now operating efficiently and productively with far less personnel. CSRs have increased their in-service phone time from the low 70th percentiles in 2000 to between 98% and 99% today.

This task uncovered another problem.

"The study found that we had a large population of part-time workers that were being misused. They were in the wrong slots. We were definitely not staffed properly in the late evenings, from 4 p.m. to 8 p.m., a time when thunderstorms are likely to hit. We wound up paying a significant amount of overtime every night. So we created shifts from 12 p.m. to 8 p.m."

The lesson from scheduling that applies to all aspects of customer care was that "you have to change with the times. You have to constantly monitor your traffic because over the years [customers] change. Their needs change, and technology changes."

Rewarding individual performance

It was obvious to Ferguson and Pellegrini that the performance measurement system that was in place in the year 2000 was simply outdated and ineffective. The call center required new performance metrics as well as a new incentive program, all based on individual rather than group performance. Group goals, Pellegrini states, reward the underachievers.

"We had an incentive program, but the goals were wrong. So we changed the goals to match the individual performances of the reps," Pellegrini explains. The new system is based on meeting and exceeding the average agent performance. This means that CSRs are required to handle each call within 5% of the average handling time per hour. Any performance below the average handle time is deemed unacceptable, and the CSR is given one-on-one training to help improve his or her call processing time. Previously, this type of performance was not measured.

A major flaw in managing the center was the frequent absence of supervisors to directly oversee CSRs. Supervisors had not been involved in line work, but in many cases were functioning interdepartmentally while work leaders assumed a supervisory role.

In addition, Pellegrini structured the supervisor/CSR relationship by requiring supervisors to complete a rated service observation of every CSR once a month — a task they conducted in the past but without the benefits of a screen capture. "Now we can actually see if the CSR issued the right orders, which is a great benefit," Pellegrini says.

With the sudden prominence of call monitoring, a new system specially designed for the job was required. The call center purchased Atlanta-based Witness Systems' eQuality software, a proven product that offered the features BGE was looking for. Supervisors can sign into the phone system and monitor as well as record calls.

"It screen-captures and records the call. It enables the supervisor to retrieve 10 calls on a particular representative and listen to them later, grade them, and have the rep come in for consultation, at which time the calls can be played back. This product gave us a huge advantage in our quality efforts," Pellegrini says. "With this system you can certainly make sure everybody is doing the job and meeting expectations."

With a steady stream of new technology coming in to replace outdated equipment, process change was inevitable, and training was required of everyone in the call center.

"We created teams to create a new process. We had many meetings to decide what we wanted to focus on. We created a report to be written up. We wanted the monitoring to be constructive and not a punitive measure."

Achieving across-the-board consistency was part of the process change.

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Your link to the energy library

Changes to both sides: the human and the high-tech

Baltimore Gas & Electric has undergone a three-year effort to improve operations in its customer contact center. One side of the equation involves human resources and personnel, where the following changes were made:

- Based on a traffic analysis, schedules were changed, greatly reducing overtime.
- Performance goals were changed to reward individual rather than group behavior.
- Low-performing CSRs are given additional training.
- Supervisors became more involved in line work and monitoring for quality.
- Teams created new, more efficient and consistent processes.
- An employee handbook clarifies rules and procedures so issues don't have to be micromanaged.

The contact center also installed a plethora of new technologies, including:

- Witness System's eQuality software helps supervisors monitor calls and includes screen capture.
- MITEM Corp.'s desktop application called Customer Service Framework streamlines agent workflow. MitemView is the integration platform. BGE developed the desktop application inhouse and has licensed it to MITEM. The application works to access customer information by providing real-time integration between the mainframe CIS and the agents' desktops.
- BillMatrix of Dallas created an 800-number and an IVR application and now handles BGE's customer payments and collection calls.
- Past-due calls are now routed to an IVR to handle.
- Twenty First Century Communications of Columbus, Ohio, now handles call overflow.
- Virtual Hold Technology of Akron, Ohio, provided queue management technology that allows customers to opt for a call-back rather than holding.
- BGE is looking into voice-recognition software.

Pellegrini found that the previous method of grading had been too high. He formed a team to explore an equitable and appropriate consensus on how to monitor the calls consistently. The team took part in "calibration sessions" in which team members listened to playbacks of customer calls and agreed on a grading system. They then developed a report for supervisors to use during monitoring duties.

Employees can earn up to 10% of their salaries in bonus money that is based on performance initiatives. Since the new measurements and incentives were introduced, the in-service phone time has jumped from about 70% to near 99%.

"When the performance levels go up significantly you don't need as many people," Pellegrini says.

Employee handbook eliminates the need for micromanagement

Consistency with the overall company mission and call center goals was a parallel goal that needed to be addressed. The answer was an employee handbook which clarifies rules and procedures for everyone in the call center on issues such as schedule changes, vacation requests and proper telephone sign-in and sign-out procedures.

"We would lose a lot of manpower because too many people were off duty and things weren't managed right. They were using a broken flex-time system and people weren't coming in on their required schedules, for example. We had to put in effective management and leadership to enforce [the new rules], so we created an employee handbook just for the call center." The call center's

Name: Bill Evans
Address: 6542 Green Dolphin St
Bill Account: 969686-4327 Bill Group: 16
Home: 555-623-8988 Business: 555-623-7979 Ext:

Billing - General

Current Bill
Balance Due: \$229.76
Total Billed Charges: \$229.76 02/19/03
Prior Bill:
Last Payment Received: \$207.18 01/17/03

Balance Details

Date	02/19/03	01/21/03	12/18/02	THIRD(+)
TOD	229.76			
	229.76	0.00	0.00	0.00

Prior:

Collection Information
Turn Off Notice Amount:
Notice Expiration Date:
Field Call Date:

Customer Contact Information

Issued	Description	Issuer	Assigned To	Assigned Dt	Closed	More
05/02/03 11:10	GARD ISSUED	ZELLEF				New
01/07/03 11:07	POLE HIT	ZELLEF				Edit
05/02/03 11:07	ETT ISSUED	ZELLEF				

Meter Reading Information Next Meter Reading: 01/23/03

Gas Meters: 0 Tariff: Last Meter Reading Date: Not Available

Date	Primaries	Reading Source	Reading Status	Class of Bill	Index	Units	Therms	Days
[Empty Table]								

Electric Meters: 2 Tariff: 45 Last Meter Reading Date: 01/24/03 TOD G 91999303 - 0

Date	Dn Peak Index	Dn Peak Units	Int Peak Index	Int Peak Units	Off Peak Index	Off Peak Units	Primaries
01/24/03	57915	863	32032	478	38704	2176	
12/24/02	57052	780	31554	380	36528	1998	
11/22/02	56272	544	31174	209	34530	1353	
10/22/02	55728	247	30965	100	33177	704	

Annual Usage

	BGE	Delivery Service	Commodity
Gas			0.00
Electric	1,851.20	950.74	900.46
Total	1,851.20	950.74	
Average Monthly Cost	154.00	79.00	

Notations

Date	Notation	Remark	Issuer	More
10/17/02	OTHER	GUI ISSUED WAS TEST BILLS RQSTD NT	FRANCZKC	New
07/26/98	FORMER NAM	JAN KELSO	RMS EQUIP	Zoom

Host 1: Ready... 8/14/2003 12:39 PM

A screenshot of the new call center application a BGE CSR sees when talking with a retail energy customer. This GUI is a composite application allowing the rep to have all the information required to service a customer in a single-view screen. Source: MITEM Corp.

internal rules are included in the handbook, and each year it is redistributed.

The department required micromanagement when Pellegrini first arrived, he says, but because the handbook is thorough and impartial, it now serves as a management tool in most situations that arise.

"If somebody breaks the rules, we just go right to the handbook and say, 'Here's what it says; you violated the rule,' and we can take action on any problems." With clear rules in place, "everything runs more smoothly."

The department's problems had been deeply ingrained over the years and Pellegrini had to make tough decisions that went beyond defining processes and procedures. The center was weighed down by too many employees. Some were long-term employees who were not as productive as the new rules required. As the reorganization effort marched on, a few employees with health issues chose early retirement, and others who left were not replaced. The company downsized through attrition, "and we were very selective in how we hired new people. The new people would come in, meet the performance standards and drive the numbers up."

In 2000, customer care had 209 call-taking positions. "We now have 135 and we have better service in every category," Pellegrini relates. "We're meet-

ing all our goals, and we weren't meeting any goals when I got here. I attribute it to better management of the personnel, effective performance measures and significant technology."

BGE licensed inhouse-developed system to MITEM

Technology upgrades started in 1999 and continue. Because of the efficiencies gained in restructuring customer care, the department pays its own way in obtaining new technology.

The most visible of the new systems and tools is an application designed with MITEM Corp. of Menlo Park, Calif.

MITEM's desktop application for utilities, called Customer Service Framework (CSF), is a guidance system that was designed to streamline agent workflow, reduce operational costs and improve customer service. In March 2003, MITEM rolled out its CSF product to utilities nationwide. The solution consists of two elements — MITEM's integration platform, MitemView, and a desktop application based on BGE's inhouse-developed solution. MITEM purchased exclusive rights to the application and will provide turnkey implementations of the product to utilities with mainframe-based customer information systems.

This middleware product is one of many developed at BGE to upgrade and transform its own call center. The utility spent three years creating the graphical agent desktop to replace the previous complicated system.

"The guidance system was built inhouse along with MITEM," Pellegrini explains. "We went from 80 or 100 screens down to about six or eight. It's like a Windows-based application with drop-down boxes" to access customer information. The system provides real-time integration and added functionality between the mainframe CIS and the agent desktop.

According to MITEM, "this new call center operating environment has streamlined the agent workflow by combining discrete functions into automated processes that provide a single customer view and integrate with legacy databases, image and telephony services for one-click access."

In with the new

Not many of BGE's pre-2000 processes have been left untouched. Customer payments were outsourced to BillMatrix of Dallas to further reduce incoming call center traffic and downsize the staff by 10 to 15 employees. The logic was that collection calls — many of which were redundant — could be processed outside the call center. Prior to BillMatrix, "we would have to manually take the information, type it and put it through a system that went to a vendor. Instead, we got a vendor to create an 800-number with an [inhouse-developed] IVR application that the customers could punch in themselves, and it took out the middleman, which was the call center," notes Pellegrini.

Additional customer calls related to past-due bills were routed to the IVR, which also took traffic away from CSRs and contributed to the overall reduction of staff. "When customers get turn-off notices, they call one more time before the turn-off date. They can now enter our IVR application, punch in their account number, and it will give them a one-week extension."

Originally, BGE had 53 reps dedicated to collections. Now, it only has 19 due to Bill Matrix and the automated extension, Pellegrini adds.

Another outsource partner, Twenty First Century Communications of Columbus, Ohio, handles call overflow. This service permits the call center to handle peak calling periods seamlessly, without the need for rescheduling or overtime.

FYI

Mitem Corp. purchased exclusive rights to BGE's inhouse-developed CSR desktop application.

FYI

Through its product, Virtual Hold estimates BGE will see ongoing annual returns of 6%, achieved primarily through reduced toll fees, improved efficiencies and reduced abandon rates.

In March 2003, BGE added still another customer care tool, this one from Virtual Hold Technology of Akron, Ohio. This vendor provides queue management technology that reduces the number of calls on hold.

"If a customer calls in and there's a long wait, we offer to call them back and we hold their place in line," Pellegrini explains. A recording informs the customer of the length of the waiting period and suggests that the customer enter his phone number if he would like a return call within the next few minutes. Through its product, Virtual Hold estimates BGE will see ongoing annual returns of 6%, achieved primarily through reduced toll fees, improved efficiencies and reduced abandon rates.

These are only a sample of the technologies that support the BGE customer care center as it changes with the times.

Pellegrini is constantly searching for another tool, method or program to keep the performance up, the costs down and the customers happy. Next in line is voice recognition software. "It's costly, but voice recognition gives the customers a much smoother way to deal with the IVR," says Pellegrini.

Pellegrini acknowledges Ferguson's role in developing a new philosophy for the customer care organization's systems, processes and personnel management.

"Betty has been a very strong advocate for the call center. The changes we've made have increased customer service and satisfaction while reducing expenses. These changes would not have been possible without Betty's support and belief in our processes." 