EQC – Customer Interaction Review

November 2014
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1. Executive Summary

Scope and Approach
LSI has undertaken a comprehensive review of the customer interaction model at EQC in order to understand the key issues and gaps. Analysis of the current state model combined with feedback on the desired future state has provided a foundation for recommendations of targeted improvements that can be implemented in the near term to transition EQC to a more effective customer focused model. An important exclusion from scope was “reviewing the underlying BAU claims management process” (e.g. the assessment and settlement activities) with the focus solely on the customer enquiries, requests and complaints. It was also agreed to exclude any detailed review of EQR (a Fletcher Construction business unit which works on behalf of EQC to project manage the repair of earthquake damaged homes referred to the Canterbury Home Repair Programme) processes.

A combination of fieldwork, analysis and research over a two month period provided background, context and data for analysis and development of a new conceptual customer interaction model including specific recommendations for change. Detailed background work included interviews, research of existing relevant material, a business priorities survey, stakeholder meetings and staff focus groups.

The analysis of a large range of quantitative data provided an in-depth understanding of the key drivers of customer interaction and corresponding gaps and issues with the current operating model. The outcome from this work highlighted that the current focus on process and volume requires a fresh approach with the key challenge being how to effectively respond to customer needs in a continually changing environment.

Key Findings
A significant number of key gaps and issues were identified within the current state customer interaction model. When categorised, these issues were highest in the People & Structure and Process & Workflow with other significant volumes related to Governance & Compliance and Management Systems.

From the current state analysis key areas of improvement were identified and a conceptual future framework comprising eight key components was developed to address the issues and gaps. Beyond the conceptual model design and recommendations the report includes information on a potential phased approach to introducing improvement components and a high level roadmap to practical implementation.

Key observations that underpinned the development of the future state model for customer interaction are:

- The current customer interaction model is not broken – it needs some alterations to improve effectiveness and efficiency.
- There is no requirement for a complete restructure of all customer interaction components as a result.
- There is a requirement for major realignment of focus within the existing customer interaction model.
Key Recommendations

The key recommendations relate to the development and implementation of a realigned operating model with specific customer centric components and employee positions that focus the entire organisation around the customer. This future model design will enable all EQC functions to effectively and efficiently prioritise and assign resources, expertise and services based upon customer needs. The eight basic building blocks are:

- Customer Solutions Focused End to End Management
- Customer Centric Risk Assessment,
- Tighter Integration through the Entire Customer Interaction Process
- Enhanced Governance and Compliance Framework
- Listening to the Voice of the Customer

For EQC achieving customer centricity is less about implementing a major transition project and more about gaining traction through incremental change over the coming weeks and months. The journey towards a more customer focused organisational model and culture is a strategic necessity which now requires appropriate resourcing and momentum.
2. Introduction and Approach

The purpose of this engagement was the review and development of EQC customer interactions – both experience and processes. The outcome required is delivery of an improved and sustainable operating model for managing all aspects of customer interaction.

A combination of fieldwork, analysis and research over a two month period provided background, context and data for analysis and development of a new conceptual customer interaction model including specific recommendations for change. Detailed background work included interviews, research of existing relevant material, a business priorities survey, stakeholder meetings and staff focus groups.

The analysis of a large range of quantitative data provided an in-depth understanding of the key drivers of customer interaction and corresponding gaps and issues with the current operating model. The outcome from this work highlighted that the current focus on process and volume requires a fresh approach with the key challenge being how to effectively respond to customer needs in a continually changing environment.

Review Activities Included:
- Investigative work was undertaken at EQC locations in Christchurch, Wellington and Hamilton.
  - Seventy interviews, of EQC resources
  - Meetings with stakeholders and community groups (EQR, RAS (Residential Advisory Service), CAG (Community Advisory Group), Office of the Ombudsman),
  - Focus groups across functions
  - Customer meeting to gain insights into a complex and problematic claim.
  - Survey of functional groups to understand business priorities
- Research focused on analysis of the current state customer interactions model to determine the optimal practices for managing customer interactions.

The Parameters for the intended outcomes were:
- The solution needs to be robust to ensure scalability for future events and ensure practical resolutions can be attained as quickly as possible.
- The transition is a key platform to substantially develop process, systems and culture from a customer centric perspective.
- The existing model will require a series of phased changes over time to successfully transition to the desired future state.

Recommendations for change will require action over various timeframes with the concepts proposed focusing on "quick wins" and medium term solutions.
3. Analysis

3.1 Summary of Previous Research Findings

EQC has been subject to a number of internal and external reviews, reports and surveys. Ongoing concerns and issues related to customer interaction have been identified from a number of sources including the Human Rights Commission, OAG (Office of the Auditor-General) Controller & Auditor and the Ombudsman.

Relevant findings from the range of documents provided have been considered within the framework of this review.

   - Lack of access to information and delays in decision-making by territorial authorities.
   - The dual model causes unnecessary delay.
   - Volumes of OIA requests placed a further strain on processing.
   - Further delays have been caused by disagreements, differing expectations and/or miscommunication between insurers and EQC and homeowners.

   - Inconsistency in information and processes and long periods without specific information from EQC, leading to a lack of certainty.
   - Improve communication with individual homeowners giving as much certainty as possible as early as possible.
   - EQC has not adequately kept homeowners informed.
   - The management of complaints needs better integration between EQC and EQR.
   - EQC has previously acknowledged publicly that it has provided conflicting and inadequate information to claimants.
   - Inconsistent claims processes between repair hubs.
   - EQC systems and capacity have not been capable of supporting interaction and information sharing or coping with the volumes of OIA requests.
   - EQC is not fulfilling its statutory requirements for timely responses to OIA requests.
   - There has been inconsistency in the information provided to claimant about the scope of works and variations to scope of works.

3. **Chief Ombudsman and the Privacy Commissioner: Information Fault lines – Accessing EQC Information in Canterbury (November 2013)**
   - Danger of ‘home repair’ and ‘access to information’ as competing priorities. OIA request processes are over complicated and risk adverse.
   - More information on the website and call centre staff to provide adequate answers to more questions and faster delivery.
   - Streamlining the processing of requests for claim files. Improving the quality of information (training, guidance material).
   - Automatic provision of property reports to customers. Provide the information at the same time as giving notice of the decision.
• Delays due to manually checking of information. Costing information should only be withheld until negotiations with EQR are completed.
• Processing a claim file is an 11 step process.
• The Data Breach shutdown on 22 March 2013 had a negative productivity impact.
• The Customer Channels Team is enormously important in the dissemination of information to claimants.
• Definition: Staff need to accurately identify what is being sought and determine whether information can be provided without specialist staff.
• Customer Service Staff require good communication skills, good access and interpretation of information, good understanding of OIA and Privacy Act, sufficient authority to release information.
• EQC should provide more training. Increase Customer Channels Team authority. Employ systems such as case management that provide continuity.
• Opportunities to streamline processes. Fast track small requests by creating separate queues. Lack of effective upfront communication. Vulnerable claimant should have effective personalised guidance, timing, and grounds for refusal.
• Risk management measures need to be targeted and proportionate.

LSI has also reviewed subsequent progress responses from EQC which document the specific improvements made in the period from 1st January 2014 to 11th July 2014. This includes the progress to eliminate the overdue OIA requests identified during 2013 (completed by April 2014).
3.2 Interview Findings

Internal interviews were undertaken to support the identification of issues across the key management elements. This high level consolidated view shows the results of 71 interviews with employees and stakeholders across three sites that identified 401 issues. Issues have been grouped into five business drivers with the graph indicating the two highest areas of concern within the customer interaction framework are **People & Structure (36%)** and **Process & Workflow (28%)** with two other areas of significant concern (Management Systems (19%), Governance & Compliance (14%).

Technology did not feature highly within these interviews. From a review of the detailed interview notes, it is clear that most respondents identified issues where it impacted them (e.g. in process), whilst they may not be aware of the causal factors such as poor information management which are related to the technology used.

Further analysis is provided in the following pages.
Where were Customer Interaction issues raised?

As part of this analysis, we reviewed the location of the interviewee to understand whether only certain functions of location perceived there were issues with current customer interaction as well as the intensity of issues experienced.

Ratio of issues per individual interviewed.

Wellington - 6.0 per person (174 Issues Raised)
Christchurch - 6.3 per person (151 Issues Raised)
Hamilton - 2.8 per person (28 Issues Raised)
ELT - 6.4 per person (51 Issues Raised)

The ratio of issues raised measured against the number of staff interviewed was consistent across both Christchurch and Wellington but different for Hamilton where there were significantly fewer issues identified (2.8 per person). This result was not unexpected given Hamilton has a split focus between the Canterbury earthquake claims and claims from the rest of NZ. The non Canterbury claims are managed using a case management approach.

This analysis shows that all stakeholders are in agreement that there are significant issues related to customer interactions. There was also correlation between the ELT and the rest of the organisation as they are cognisant of the issues at hand.
Breakdown of Issues by Interview Grouping

There was also a consistent trend in the proportion of issues raised within the four main interview groups across the five core business drivers. The highest ranking categories were ‘People & Structure’ and ‘Process & Workflow’. The results indicate a strong uniformity of opinion across locations and teams with regard to the key issues impacting customer interaction.
Key Issues by Business Driver

From a review of the issues raised and the commentary provided by interviewees we can define the key issues by each business driver.

A) People and Structure

For People and Structure in relation to customer interactions, considerable emphasis was placed on the lack of a unified organisation, where functions did not support each other and were focused on only their own activities. This has severe implications on the customer whose claim has been handled by a number of these functions but their enquiry now goes unanswered; incompletely answered or may be caught between functions for a significant period due to functions not working together.

The 5 key issues / gaps for this business driver are:

- Develop **one unified organisation** without silos with a common culture.
- Refreshed approach to customers with improved **external communication**.
- There is a lack of **accountability and role responsibility**.
- A greater emphasis on **training and skills** development.
- **Internal communication** at organisation and stakeholder level needs to improve.
- The **organisational structure** is sub optimal and requires change.
B) Process and Workflow

From our experience, the single most significant factor which impacts customer satisfaction is timeliness of response to enquiries, issues and complaints. Currently EQC has little workflow management of these responses unless there is a statutory requirement. Within a function, timeframes may be measured (e.g. contact centre) but this is impacted by any information requirement from another function which is not measured on timeframes. Again the customer is impacted. In a predominantly transactional management process such as EQC utilises for claim management, greater emphasis has to be placed upon time management given the greater propensity for interactions to "bounce" within the organisation with numerous functions and without single accountability. This also requires greater workflow management across the 'end to end' process to ensure visibility of the areas of backlog (discussed in Management Systems) and coordination of activities to ensure customer needs are satisfied. This is not currently occurring (related to key issues within the People and Structure business driver above - the lack of a unified organisation).

Key Issues / Gaps for this business driver are:

- Work **processes** and workflows are not optimised for customer interaction.
- There is a lack of **coordination and alignment** of procedures.
- **Information management** is inefficient and ineffective.
C) Governance and Compliance

The crucial issue within the Governance and Compliance of customer interactions is the lack of consistency of the standard operating procedures (SOPs) and service level agreements (SLAs) related to these interactions. No formal SOPs exist of how to manage a customer interaction within EQC and between two functions, except where groups have developed their own. Informal networks have been created within EQC to fill the void left by the absence of SOPs and the SLAs to support them. Because of this service levels are variable and depend upon individuals within roles.

Key Issues and gaps for this business driver are:

- There are shortfalls with elements of governance and compliance including - **Policies, SOPs and SLAs**.
- **Decision making** is underdeveloped and several levels.
- **Risk appetite** is not properly defined. The business is too risk adverse with information sharing.
- A greater culture of **trust** based on good governance needs to be cultivated.
D) Management Systems

Management Systems for customer interactions reflect the processes by which our business processes are managed. They include measurement of KPIs, transparency of activity (to help define bottlenecks) and conformity to agreed practice (compliance). As discussed in Process and Workflow, time management is the most significant issue in management systems. The second largest issue is the visibility and ownership of customer interactions as they flow through the organisation. Without ownership an issue may never be resolved (as confirmed in our customer interview) and will cause this issue to escalate to a complaint by the customer.

Key Issues and gaps for this business driver

- **Time management** and tracking and monitoring of time critical functions are substandard.
- There is poor **visibility** through the levels of the organisation and lack of **ownership** of workflows.
- The **Business structure** is not effective in the current state and there is a lack of **consistency** of operation across the business functions.
3.3 Business Priorities Survey

As part of our review, LSI undertook a snapshot survey to understand the priorities of a team manager currently and what they believe the priorities will be going forward. This was measured against a number of standard elements LSI have derived from our experience with other organisations. This was to assist in defining the recent culture within the organisation and how it may impact upon customer interactions.

Business Priorities Radar – Current State

What the radar shows us:

- The perceived highest ranking current priority focuses on productivity and complaints resolution which is consistent with information gathered from interviews and research. Historically EQC has had a focus on completing claims as soon as possible without understanding the implications of this on customer interactions and this has been reinforced by external pressure to settle claims quicker.
- The existing operating model has evolved with this strong emphasis on process and volume based objectives and therefore customer interactions have become secondary (or in this case, the third priority) and have not met the expectations of our customers (whose expectations may be set by other organisations where the customer experience are central to all of their processes).
• Interestingly, one of the lowest priorities was internal communication with other functions, an issue identified in previous pages. The lowest priority was technology enhancement - a known issue at EQC and outside of the review scope.

Business Priorities Radar – Future State

What the Radars show us:

• In comparison the future priority radar shows a stronger trend towards improved emphasis on **client experience** with reduced focus on productivity (or more specifically – processing) and complaints resolution.

This survey indicates that at management and team leader level there is a perception that a fundamental shift is required towards a greater focus on client experience.
3.4 Interactions Summary

As part of our analysis we identified the key areas whereby customer interactions are managed.

This table provides a high level summary of major flows per month (> 50 interactions per month) of customer related external and internal interactions. Key points of the analysis are:

1. This overview displays the current situation of multiple entry points for customer interaction.
2. Currently there is a lack of information captured on customer interaction activities across EQC. Therefore this summary is developed from the information available.
3. A lack of standardisation of data capture for visibility of issues impedes EQC and its ability to be agile and correct identified issues as they occur. Coupled with the lack of information captured across EQC, this ensures rapid issue identification and rectification is difficult.

<table>
<thead>
<tr>
<th>Function</th>
<th>External</th>
<th>Internal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact Centre</td>
<td>27,265 Interactions</td>
<td>Customer Channels Support – 1,800 Interactions</td>
</tr>
<tr>
<td></td>
<td>Major contributors are:</td>
<td>Major contributors are:</td>
</tr>
<tr>
<td></td>
<td>31% General Update, 9% Settlement,</td>
<td>18% Case Management, 17% General Update,</td>
</tr>
<tr>
<td></td>
<td>8% Request for documents, 5% Response</td>
<td>15% Settlement</td>
</tr>
<tr>
<td></td>
<td>to communications</td>
<td>9% Request for documents, 5% Post Settlement</td>
</tr>
<tr>
<td>Customer Channels Support</td>
<td>1,800 Interactions</td>
<td>Complaints/OIA/Mediation – 765 Interactions</td>
</tr>
<tr>
<td></td>
<td>Major contributors are:</td>
<td>60% Claims Process, 18% Length of time,</td>
</tr>
<tr>
<td></td>
<td>18% Case Management, 17% General Update,</td>
<td>16% Settlement Quantum</td>
</tr>
<tr>
<td></td>
<td>15% Settlement</td>
<td></td>
</tr>
<tr>
<td>CHRP Support</td>
<td>– 460 Interactions</td>
<td>Community Contact – 292 Interactions</td>
</tr>
<tr>
<td>Community Contact</td>
<td>292 Interactions</td>
<td></td>
</tr>
<tr>
<td>Land Challenges</td>
<td>136 Interactions</td>
<td></td>
</tr>
<tr>
<td>EQR</td>
<td>9000 Interactions , 115 Complaints</td>
<td>HUB – 413 Interactions</td>
</tr>
<tr>
<td>Customer Channels Support</td>
<td>650 Interactions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19% Forward onto other dept., 11% Request</td>
<td></td>
</tr>
<tr>
<td></td>
<td>for documents, 10% CHRP, 10% Other</td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>200 Interactions</td>
<td></td>
</tr>
<tr>
<td>Community Contact</td>
<td>50 Interactions</td>
<td></td>
</tr>
<tr>
<td>Ministerial</td>
<td>50 Interactions</td>
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</tr>
</tbody>
</table>
3.5 Key Drivers: Enquiries, Complaints, OIA requests

The following summary of data analysis provides insights into Enquiries, OIA requests and Complaints (Refer Appendix 1 for further analysis):

- Call volumes by enquiry type for the top four customer category groupings from 1st January to 8th August 2014:
  - Canterbury Home Repair Programme (CHRP) 22% (e.g. CHRP Completed & Not started)
  - Cash settlement 18% (e.g. Under 15K paid, Opt-in)
  - Non Canterbury 16% (e.g. Cook Strait, Eketahuna)
  - Land 9% (e.g. Flat not settled, Port Hills)

- Over 30% of these inbound calls were categorised as general updates and a further analysis of secondary classifications within these general updates reveals a similar ranking across the top customer categories - (CHRP 17.2%, Cash Settlement 12.7%, Non Canterbury 10.7%, Land 8.9%, 11% blank).

- Complaints and OIA requests account for approximately 2% and 1% respectively, of enquiries into the contact centre.

- Analysis of 19,933 complaints by property address from Jan 2011 to Sept 2014 indicates approximately 1 in 9 complaints is referred to OIA and 1 in 120 is referred for mediation. Also, based on property address approximately 49% of complaints have more than 1 repeat and 25% have 3 or more repeats.

- 56% of enquiries into customer channels (3mths June to Aug 2014) that were not resolved in the first call related to CHRP & Cash Settlement. This indicates that the highest volumes of enquiry types are also a high proportion of the enquiries whereby we cannot provide an answer at first interaction.

- Complaints from Feb 2014 to July 2014 averaged 96 per week with a peak of 189 in the first week of June. The busiest complaint codes were:
  - DWLG2 – Disagree with Assessment 798
  - DWLG5 – EQR – Quality of repairs 334
  - DWLG4 – Claim Information Requested 194
  - DWLG2 – Disagree with Assessment – Amount 136
  - DWLG5 – EQR – Timeframe for repairs 103

- The majority of complaints received are via direct email from customers into the Customer Channels Resolution Team (CCRT).

- Analysis of the latest 3 months of data shows 326 open complaints greater than 21 days.

- The majority of OIA requests come via the call centre with a lesser amount via the information/claims inbox and small number through other sources. 82% have a ‘create to close’ time within 20 working days.
Key Drivers of Enquiries

Coded Customer Group inbound calls made up 84,601 or 42% of the total. Other enquiry sources include emails, website contact and physical mail. Within the inbound call segment the three biggest inbound call contributors by customer group were CHRP (22%), Cash Settlement (18%) and Non-Canterbury (16%). This is understandable, as the interactions will follow where the majority of the claims activity is currently occurring. This shows that ongoing data capture provides a good indicator of where the most impact can be provided for customer interactions.
Key Drivers of Enquiries (continued)

Potential Customer Interaction issues – First Contact Analysis

The graph below shows a consolidated view of queries not resolved in the first call with 56% relating to CHRP and Cash Settlement. This mirrors the previous analysis and provides a focus for future attention. Land is also significant given that this still has a considerable amount of activity to complete.
Key Drivers of Complaints

Further analysis was undertaken to identify the key drivers of complaints.

The highest volumes of complaints were due to issues with the claim process which is detailed below.

From further analysis of the complaints data, the key drivers for complaints were identified. These were:

- “Disagree with assessment amount and accepted damage”
- “Quality of repairs”
- “Poor communication – basis of settlement”
- “Timeframe for repairs”

Currently there is no formal process for utilising this information to improve processes. (Improvement activities may be occurring across EQC independently of this information)
Fig 3: DWLGS Complaint by Reason

- DWLGS-EDR - Timeframe: 1
- DWLGS-Asbestos: 20
- DWLGS-Claim Declined As: 20
- DWLGS-ESQ Personnel: 16
- DWLGS-EDR - Conduct: 4
- DWLGS-EDR - Quality Of: 158
- DWLGS-EDR - Timeline For: 62
- DWLGS-Post: 87
Frequency of Complaints Lodged

This analysis suggests a high volume of multiple complaints by customers from our experience in comparison with other organisations. This could be due to a number of reasons:

1. Complaints remain unresolved and therefore the customer lodges a repeat complaint.
2. Certain customers (or customer groups) are more likely to complain.
3. The claim is complex and therefore there is more opportunity for error.

For these issues, a change in the way EQC manage complaints would be required. Where a complaint is not seen as resolved, EQC needs to ensure that the issue has been taken as far as possible (in the eyes of the customer) before escalation or closure.

Where customer groups are more likely to complain, their customer attributes are important to determine and manage more effectively through a comprehensive approach such as case management to ensure resolution. There will always be customers that are not satisfied - the objective is to minimise this group as effectively as possible.

For complex claims where multiple errors are made, case management would be standard practice for resolution activities.

**Fig 1:** Illustrates the large number of repeat or multiple complaints with analysis by property address showing a **49% incidence** of more than one complaint per property.
Key Drivers: OIA requests

Analysis of 12 months of OIA request data to 8th August 2014 indicates:

The majority of OIA requests are captured via the call centre with a lesser amount via the information/claims inbox and small numbers through other sources. **Fig1:** 82% have a ‘create to close’ time within 20 working days.

Analysis of a separate 3 month sample of OIA requests from May 2014 shows the key reason an extension has been requested is because EQC has been unable to retrieve EQR or other information within 20 working days. A key aspect of this was identified during the interviews whereby a lack of SOPs and SLAs for dealing with the customer interactions ensures that timeliness is impacted. Where the functional groups are prioritised on processing claims (productivity), the customer interactions have to wait (Fig 2: OIA requests over 20 working days).

Several case studies of the timelines of specific OIA requests have been included in the Appendices with the results reinforcing the key issues raised by staff in interviews, specifically a lack of timely communication and collaboration between functions and stakeholders (EQR). As mentioned previously, the backlog of OIA requests from 2013 has now been eliminated and EQC is meeting legislative timeframes in the majority of cases.
3.6 External Feedback

As part of the review, LSI interviewed an EQC customer as well as met with external community groups. The customer identified was provided as a worst case scenario for customer interaction issues across multiple properties. Whilst the customer did mention some positive outcomes during the process (e.g. EQR repair, Opt Out support) the overall experience was significantly impacted by the interactions with various parts of the EQC organisation. Not all issues detailed here are solely to do with their interactions but do provide context as to why they have been frustrated with EQC over the past 3.5 years.

The issues were:

1. Late decision of being overcap after 2.5 years of discussion & issues.
2. Lack of case management (were not aware of case management available).
3. Lack of ability to understand claim status or progress.
4. Written communication was not timely, confusing and not empathetic (on one of the properties they received two letters – one saying they were overcap, the other saying undercap!).
5. Lack of response from both 0800 Damage and Complaints.
6. Quality of information provided by 0800 Damage was not consistent.
7. Resources – lack of assessment resources to physically view the property (ended up the original scope was used to define whether they were undercap / overcap).
8. Land Payments: Money went into bank account but no detail of how that was arrived at or communication that it was coming.
9. Lack of Trust: Because of multiple issues, they now check every correspondence received and compare to their documents.
10. Multi-Unit Buildings (MUB): EQC has vulnerable escalations but this has not occurred where the aged is in a MUB (i.e. their 100 year old father is still in a non-repaired house).
11. Inconsistent level of service: Some individuals within EQC really helped – others did not – no cohesion in responses.

These issues were related to four properties however this was not identified by EQC and managed as a whole. Because of this, each issue, request or complaint was dealt with separately and, without time frames for resolution, gave the impression that their issues were not being reviewed or were not important. Hence the customer determined that only complaints and OIA requests had statutory timeframes and therefore ensured all their interactions utilised the complaints and OIA requests processes to ensure action. This would be one reason for the increased volumes in the areas. Finally a letter to the CE increased focus and awareness of their issues.

Also as part of the review, LSI met with various community groups and external stakeholders to discuss the initial findings of this review and the conceptual changes to be undertaken. At these meetings, there was robust discussion with all parties and further critique of specific issues that their groups had identified but general agreement to the outcomes of the review at the conceptual model level.

The key conclusion from these discussions was the requirement to act quickly and implement change as rapidly as possible. This is the intention of the scope of this review, which was to identify opportunities for change in the next 3-6 months.
3.7 Analysis Summary - Key Gaps and Issues

From the interviews, discussions, research and analysis, a number of key gaps and issues were identified across the business drivers. These have been prioritised as key gaps and, as part of our review, socialised with a number of internal focus groups and external stakeholders.

Based on interviews, research and analysis of information the key gaps and issues identified were:

<table>
<thead>
<tr>
<th>People &amp; Structure</th>
<th>Key Gaps &amp; Issues</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Develop <strong>one unified organisation</strong> without silos with a common culture.</td>
<td>• Improved collaboration with more integration between teams.</td>
</tr>
<tr>
<td></td>
<td>Refreshed approach to customers with improved <strong>external communication</strong>.</td>
<td>• More comprehensive explanations. The tone and language used, particularly in written communications needs to be more carefully considered.</td>
</tr>
<tr>
<td></td>
<td>Enhanced <strong>accountability and role responsibility</strong>.</td>
<td>• Greater staff empowerment to make decisions (particularly frontline teams). There needs to be clearer lines of ownership and more definition of roles and monitoring of accountability.</td>
</tr>
<tr>
<td></td>
<td>A greater emphasis on <strong>training and skills</strong> development.</td>
<td>• More training is required to improve understanding of roles. Teams need appropriate skills to facilitate problem solving.</td>
</tr>
<tr>
<td>Process &amp; Workflow</td>
<td>Work <strong>processes</strong> and workflows are not optimised for customer interaction.</td>
<td>• Too much focus on closing rather than fully resolving complaints with too many complaints are repeating.</td>
</tr>
<tr>
<td></td>
<td>Improved <strong>coordination and alignment</strong> of procedures.</td>
<td>• There is some duplication of activities across teams and there are opportunities to refine enquiry channel/funnel management.</td>
</tr>
<tr>
<td>Governance &amp; Compliance</td>
<td>Elements of governance and compliance require work including - <strong>Policies, SOPs and SLAs</strong>.</td>
<td>• The framework can be tightened to improve oversight and management. Some areas have been slow to complete and implement SOPs.</td>
</tr>
<tr>
<td></td>
<td><strong>Decision making</strong> should be encouraged at more layers of the business.</td>
<td>• Greater sharing of information and empowering staff.</td>
</tr>
<tr>
<td>Management Systems</td>
<td><strong>Timeliness</strong> and tracking and monitoring of time critical functions.</td>
<td>• Opportunities exist to improve turnaround times and meeting time targets.</td>
</tr>
<tr>
<td></td>
<td><strong>Visibility</strong> across the organisation and more defined <strong>ownership</strong> of workflows.</td>
<td>• Visibility and end-to-end ownership can be improved. Team knowledge of the bigger picture across all facets of the organisation.</td>
</tr>
</tbody>
</table>
4. Potential Future State for Customer Interaction Model

4.1 Becoming more customer focused

A key challenge for EQC is how to transition from an existing process focused operational model to a model that delivers a satisfactory customer service. From our experience the following have been identified as three primary steps required along a journey to better practice customer centricity:

1. Focus on customer-centric operating models.
2. Enhanced segmentation and data analytics to improve measuring, tracking and monitoring.
3. Using information to more effectively engage with customers.

From the scope of this initiative, we have focused on the first aspect - Customer centric operating models. The distinctions of these models are discussed below:

**Customer-centric operating model**

The operating model needs to be built on deeper understanding of customers and what they value. This requires:

- Business processes that recognise customer segment needs.
- Positive and seamless customer interaction at every contact point in the customer life cycle.
- Maintaining an active dialogue with customers and rapid action on feedback.
- Nurturing a culture that places the customer at the centre of the decision making process.
4.2 Clarity of Customer Centricity

The core value propositions can be aligned to operational requirements to provide clarity of customer centricity as follows:

Opportunities for EQC to drive a customer centric approach

- Teams will have customer experience representatives (CER) whose focus will be the direct requests/enquiries of customers.
- Triage/Risk assessments will be driven by customer need and used to inform decisions.
- SLAs will be implemented that match expectations according to customer enquiry type. Once defined, expectation can be set from first contact.
- Expert resources need to be assigned to customer experience rather than across multiple activities. Resources allocated to customers must have the appropriate skill sets and manage customer expectations.
- Consistent points of contact which are managed across the organisation and timeframes which are realistic.
- Resources located close to areas of high enquiry and will interact on an ongoing basis.
- Shut down repeat complaints cycles by implementing full tracking and monitoring of all enquiry types. Providing timely, precise and comprehensive information - targeting resolution rather than closure.

Customer

1. We will structure our organisation around the customer
2. Our processes will focus on customer impact NOT our internal activities
3. Our management system will meet customer expectations
4. Our people will be knowledgeable and empathetic to issues
5. We will be clear in our communication
4.3 Relevant Better Practice - Key Features

Outlined below is our recommendation of relevant better practice features that have been identified from the work conducted. These key components relate directly to the gaps and issues defined during the analysis phase and provide the building blocks for the proposed future state model:

<table>
<thead>
<tr>
<th>Features for better practice</th>
<th>Relevant Gaps and Issues</th>
<th>Outcomes</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. End to End Workflow Management, solutions focused – Track / monitor ongoing customer interaction</strong></td>
<td>Coordination and alignment, Visibility, Ownership</td>
<td>• <strong>Workflow management</strong> to minimise hand offs, delays and repetition. • <strong>Skill training</strong> on communication and information management for first contact decision making.</td>
<td>• Enhance customer communication. • Reduced complaints • Customer feels that they have been treated with empathy. • <strong>Visibility and ownership</strong></td>
</tr>
<tr>
<td><strong>2. Customer centric risk assessment and triage of complaints early in customer interaction</strong></td>
<td>External communication Internal communications, Coordination and alignment Risk appetite, Consistency</td>
<td>• Defined <strong>risk appetite</strong>. Early identification, risk classification and prioritisation. • Internal assessment of the customer needs, rapid definition and early warning system</td>
<td>• Rapid response to customer reducing elapsed timeframe. • High risk customers managed with highest level of risk mitigation services</td>
</tr>
<tr>
<td><strong>3. Tighter integration through the entire customer interaction process – Complaints/OIA and service requests</strong></td>
<td>One unified organisation, External communication, Accountability and role responsibility, Coordination and alignment, Information management, Decision making, Visibility, Ownership</td>
<td>• Balanced approach between delivery and quality of each interaction. • Shared planning and actions with initial customer interactions. • Develop internal trust and greater coordination and alignment.</td>
<td>• Customer perceives understanding and empathy from first contact • Rapid progress to case management.</td>
</tr>
<tr>
<td>Features for better practice</td>
<td>Relevant Gaps and Issues</td>
<td>Outcomes</td>
<td>Impact</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 4. Enhanced Governance & Compliance framework                                                   | Accountability and role responsibility, Policies, SOPs and SLAs, Decision making, Visibility, Ownership, Consistency | • SLAs across the organisation and comprehensive policies, procedures and guidelines for customer interaction.  
• Articulation of stakeholder philosophy and risk appetite relating to customer interaction. | • Customer perceives an efficient and effective processes and workflow.  
• Staff have confidence in a robust management platform.  
• Helps to create common culture with sense of one unified organisation. |
| 5. Listening to the voice of the customer – enhancing the customer experience.                  | External communications, Internal communications, Coordination and alignment, Information management, Decision making, Trust, Visibility, Consistency | • Use of customer values to define level of questions and information required.                  | • Simplified workflows and processes for all categories of enquiries.  
• Interaction confined to required level of discussion – reduced perception of time wasting.  
• Increased perception of personalise handling and choice. |
• Scarce resource available to meet agreed timeframe to resolution | • Aligning the best skills to the customer.  
• Better information provided within timeframes.  
• Planned timeframe available to customer. |
| 7. Allocation of complaints based on customer needs and risk                                     | Internal communication, Process, Coordination and Alignment, Risk appetite, Time management, Visibility, Consistency | • Rapid matching to appropriate resources based on customer need and risks.  
• Case management of similar issue groups. | • Customers are rapidly passed to the best internal resource.  
• Enhanced speed of processing and time to resolution. |
| 8. Customer Care – Developing a culture of customer support                                     | Internal communication, Process, Coordination and Alignment, Time management, Visibility, Ownership, Consistency | • Customer experience representatives available for customer interaction requests in all teams/functions across the organisation. | • Customers perceive they are highly valued.  
• Better management of interface between customers and the organisation. |
4.4 Interview Findings- Future State

These better practices also align within the discussions with staff related to change required for better customer interactions in the future. During interviews, EQC staff were asked to identify areas of customer interaction that required improvement. Some of the key comments from the interviews are listed below. An analysis of these answers into the five major business drivers resulted in a similar pattern of the weighting of issues compared to the current state analysis.

![Future State - Comments](image-url)

- Management Systems: 12
- Technology: 10
- Process & Work Flow: 33
- Governance & Compliance: 13
- People & Structure: 45
4.5 Conceptual Operating Model – Future state customer interaction

This diagram shows an overlays of the better practice features into a high level concept operating model incorporating existing functions and processes.

Enquiry Received
• Initial information requirements
• Pre allocation customer centric risk management & classification

Standardised Allocation by customer risks / needs

1. End to End Workflow Management, solutions focused – Track / monitor ongoing customer interaction
2. Customer centric risk assessment and triage of complaints early in customer interaction
3. Tighter integration through the entire customer interaction process – Complaints/OIA and service requests
4. Enhanced Governance & Compliance framework

Workflow Management / SLA Management

1. Customer Interaction
2. Standard
3. Complex

Customer Support
CHRP Support
EQR
Complaints/OIA

Claims Lodgement
Claims Assessment
Claims Management
Expert Resources

5. Listening to the voice of the customer – enhancing the customer experience and embedding continuous improvement
6. Expert availability – Managing resource availability to customer requirements
7. Allocation of complaints based on customer needs and risk
8. Customer Care – Developing a culture of customer support

The overall resolution for EQC is the development of this model, in its entirety, with all elements being implemented across the organisation. This however is constrained by the short timeframe remaining for the Canterbury events and prioritisation on what may provide the optimal solutions quickly.
5. How Does the New Model Work?

When defining the new ways of working, we have utilised the same business drivers as the analysis to determine the key aspects of change. These are documented in the following pages:

5.1 Customer interaction Principles

Based on the issues experienced and components of better practice identified the following set of principles (based on the British Standards Institution (Quality Management - Customer Satisfaction BSI ISO 10002 - 2004)) provide a robust principles framework for handling enquiries, complaints and OIA requests.

1. **Clear and complete information** about a consumer’s entitlement to service, as well as clear information about complaint and OIA request processes.
2. **All customers including people in vulnerable situations have easy and full accessibility** to enquiry, requests and complaint handling systems free of charge.
3. **Consumer support and empowerment**: the ability to call on third party assistance to help when making an enquiry, request or complaint.
4. **Fairness**: processes and decisions need to be fair and based on public available rules and criteria.
5. **Effectiveness and performance**: dealing with enquiries, requests and complaints in a timely fashion, ensuring continuous improvements in service delivery, performance monitoring and auditing.
6. **Resolution and redress**: the ability to resolve problems, a range of remedies, including financial compensation and the ability to tackle systemic issues.
7. **Independence**: independent of those complained against.
8. **Accountability**: publicly available information on how the service works and how it is governed.
9. **Resources**: adequate resources and flexibility to deal with present and future demands.
10. **Consumer involvement**: complaint handling systems need to be informed by consumers’ views and experiences.
11. **Policy imperative** dictating the precise form and scope of the role of mediation in raising complaint handling standards.

These principles provide basis from which to define the future culture of customer service and also to determine the key aspects of process enhancement.
5.2 Key Elements - Process and Workflow

Key transitional requirements to develop an improved interaction model:
EQC have already recognised the need for ensuring a focus on customers and their needs.
This was documented in the Customer Value Proposition (CVP) document initially created by EQC in 2011.

The key drivers identified are:

From previous reviews customers ranked two CVP elements as highly important. These were to: **Inform the customer** and **Deliver on commitment**.

With these in mind, a number of opportunities exist to redesign / develop processes to drive a more customer focused approach across EQC and deliver on the CVP. From the conceptual elements discussed earlier, the key changes would be:

- Standardised allocation (triage) of interactions based upon customer needs and risk.
- Processes to manage the workflow of interactions within EQC and their resolution to the customer.
- Allocations of complaints based on customer needs and risk.
- Standardised allocation interactions based on customer needs and risk.

The key aspects of the process changes required are:

- **Customer centric service**
- **One touch call resolution**
- **Setting the customers’ expectations**
- **Quick escalation to case managed (where appropriate)**
- **Clear concise decision making**

To enable these aspects, the development of set business rules and discrete processes is required to ensure customer interactions are either managed at initial contact or can be distributed to the correct function for resolution.
In the table below we have provided a draft triage whereby each interaction would be categorised into one of three channels and accountability for the interaction is identified. The key aspect of this triage is to transition the interaction to the correct function as soon as possible unless it can be answered directly at the initial contact point.

<table>
<thead>
<tr>
<th>Category</th>
<th>Distribution</th>
<th>Action</th>
<th>Response to customer</th>
<th>Customer Experience Representatives (CER)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Triage / Risk Assessment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Instant</strong></td>
<td>Within skill set</td>
<td>1. Resolved at first point of contact</td>
<td>Initial handler</td>
<td>Support if required and interaction with other CERs</td>
</tr>
<tr>
<td><strong>Standard</strong></td>
<td>Outside skill set</td>
<td>2. Resolve by specialist</td>
<td>Specialist</td>
<td>Support and interaction with other CERs</td>
</tr>
<tr>
<td><strong>Complex</strong> (Currently High, Complex and OIA requests)</td>
<td>Outside skill set</td>
<td>3. Resolve by Case Management</td>
<td>Case Manager (coordinator)</td>
<td>Interaction with other CERs / Workflow</td>
</tr>
</tbody>
</table>

Also key to this initiative, are the business rules utilised for triaging interventions. Whilst a level of triage is undertaken currently, predominantly around vulnerability, we believe this should be extended to incorporate additional aspects such as multiple property review and multiple issues. Where a customer has multiple properties, there is a higher requirement for these to be managed by case management to ensure the consistency of information provided to the customer. Similarly where a customer has multiple issues, these need to be managed through a holistic view of the claim to ensure the context of the claim(s) is understood (this is standard practice within other insurance organisations).

When a customer interaction occurs such as an enquiry call, the EQC resource will determine whether the enquiry is within their skill set and can be resolved or requires specialist knowledge and will be transferred to a specialist, or is a complex enquiry and therefore requires case management. This also determines who will resolve and reply to the customer.
Simple Illustration of the triage activities required for customer interactions

This triage of customer interactions will increase accountability of roles and, coupled with greater ability to make decisions, can improve the timeliness of responses to customers.

To enable the ability to make decisions, EQC should review the impact on the delegations of authority across customer interaction roles.

This high level process ensures there is:

- Focus on customer need.
- Channelled customer management.
- Active CER monitoring in all applicable teams, active daily and weekly coaching, active CER ‘line of sight’ of aged customer interactions.
- Targets set relative to ACIs (Appropriate Customer Interaction).
- The Instant category is focused on cases that can be ‘same day resolved’ at first contact.
Workflow Processes

Linked to the triage and channelling of interactions above, there also is the need for workflow processes to ensure we have visibility of the flow of these interactions to functions and the management of process bottlenecks or backlogs (ensuring timelines). These are simple processes to:

- Track interactions transferred within EQC.
- Provide reporting on timelines, volume and compliance to senior management.
- Provide a context and link to continuous improvement activities.

These are currently not undertaken.

Allocation of complaints based on customer needs and risk

Specifically in the complaints area there is a requirement to focus resources accordingly to the various issue types. The allocation of complaints to resources who already have technical knowledge of the issues in the part of the process will facilitate the time resolution of these complaints and will also create a link between complaints and the functional area where the same resources are familiar with each other most work methods.

Also as the claim process evolves and the peak volumes of claims transition through the end to end process, resources can be managed more effectively to meet timeframes on specific complaint types on an ongoing basis.
5.3 Key Elements - Management Systems / Governance and Compliance

1. Standard Operating Procedures (Medium Term).

There are perceived gaps in the procedures framework which have a negative flow on effect for maintaining a tight and proactive customer interaction model. Complete and accurate documentation will help remove ambiguity, and solidify the decision making and ownership at a functional level. Building a robust compliance framework is important in capturing institutional knowledge and as a springboard for scalability. With the standard operating procedures, enhanced delegations of authority may be required to provide flexibility to decision making and ensure timeliness of response. This would be managed within standard governance requirements and risk management practices.

2. Implementing Internal Service Level Agreements (Short Term).

There are a limited number of internal Service level agreements (SLAs) between teams and most of these are undocumented informal arrangements. There is no holistic structured framework of formal binding agreements across the organisation. The purpose of internal SLAs is to enable a function to monitor and control the performance of the service received from an internal provider against mutually agreed standards. It also positions accountability within the EQC organisation.

3. Key performance indicators (KPIs) associated with service level agreements (Short Term).

KPIs are closely associated with service level agreements. A KPI is a metric that tracks critical performance variables over time. To develop a stronger customer focused operating model, the aim is to track the performance of the service providers of customer interactions and compliance with the associated internal SLAs. Examples of the metrics to be calculated are response time, resolution time, completeness and accuracy of information and so on.

4. Resource Management (Short Term).

Prioritising scarce expert resources to effectively cover the most vulnerable and at risk customers. The efficient allocation of expert resources links back to the concepts associated with customer focused risk assessment and triage. An example aimed at alleviating a known EQC bottleneck is the allocation of engineering resources in a manner that creates the least disruption to the timeliness of the customers experience.
5.4 Key Elements - People and Structure

The business driver, People and Structure provided the most issues from the internal interviews undertaken; however culture is understandably the most difficult attribute to change, especially in a short timeframe as is the scope of this review.

Going forward, the correct customer interaction processes and management systems will create accountabilities within roles and is the most effective way forward within the timeframe outlined. However within this, there are certain concepts we believe are necessary for the change to be embedded.

The key changes are:

- Provision of opportunity and the necessary authority for frontline functions to resolve issues first.
- The provision of Customer Experience Representatives (CER) embedded across key interaction groups who are customer service oriented and have single accountability for customer interactions.
- Provision of specific workflow and reporting roles to manage customer interaction processes across EQC.
- Integration of interaction processes (where available) to reduce hand-offs and duplication of activities and possible structure change to reflect the integration intention.
- Transition of customer interaction processes early for EQR to ensure these processes are not impeded by the organisational change.
- Co-location across EQC/EQR in transition and cross-location of Wellington and Christchurch (where possible).
- Individual development related to customer interaction experience (customer centricity). This would initially be focused on CERs within functions.

External Communication

Identified as a key issue from internal interviews and the customer interview, EQC should review the format, content and tone of the written correspondence to customers. Ensuring accurate and consistent information will inform the customer and, balanced with the right tone, will only enhance EQCs reputation. Linked with face to face meetings (where appropriate) will engage the customer and create relationships which may support the resolution effort.
Proposed Redesign – Customer Interaction Model

In order to reduce the handoffs of customer interactions, specifically around complaints, we believe there is benefit in managing these within one function but with areas of specialisation according to complaint type and complexity. Currently these activities are managed across two key areas of customer interaction. To reduce handoffs and manage overall performance effectively, this could become one functional unit with specialisation of activity related to the complexity of the customer interaction.

A redesigned Customer Interaction model offers a number of benefits which help to close gaps and achieve better practice. This diagram below shows the key benefits and the points in the customer interaction operation structure that these would apply:

Benefits of a redesigned customer interaction model

1. **Integrated service** support for customer interaction.
2. **Greater numbers of resolved issues.**
3. **Shorter timeframes** to resolution by *removing silos*.
4. **Define disputes** (mediation, litigation) to ensure these are recognised as a specialist category.
5. **More case management** for complex level complaints and disputes.
6. **Cross training and up skilling** of staff across a wider range of issues.
7. **Better use of specialist resources.**
8. **Customer interaction representatives (CER)** embedded across teams and geographical locations to improve *coordination* and reduce tyranny of distance.
9. **Greater flexibility to enable scalability**, both up and down.
Proposed Redesign – EQR Customer Interaction activities

During the review we discovered other transition projects which will have impacts on the customer interaction model. Of particular note is the EQR transition scheduled for completion in Q2 2015.

The transition project in place recognises the importance placed upon the ongoing customer interactions which are currently handled within EQR. These issues are predominantly related to four key areas:

- Construction: quality of repair, coverage etc.
- Construction staff: complaints around the staff and how they present themselves.
- Warranty claim: work not completed or scoped / quality etc.
- Out of warranty claims: as above but identified late.

With the intended transition to EQC, this review recognised the transition of customer interaction should occur as early as possible to ensure a seamless charge from the customer point of view. This may be on a different timeframe to the legal transition of activity and the expected deliverables timeframe (currently the concept is that a customer would only transition once final documentation of the reinstatement has been prepared and delivered). The natural transition would be on practical completion (C1) for ownership of customer interactions.

The conceptual model below provides a possible transition point for customer interaction immediately.
5.5 Design Summary - Key Changes

From the concepts discussed in this section, there are a number of changes across the business drivers. We have summarised these in the table below.

<table>
<thead>
<tr>
<th>People &amp; Structure</th>
<th>Key Gaps &amp; Issues</th>
<th>Recommended Changes</th>
</tr>
</thead>
</table>
|                    | Develop **one unified organisation** without silos with a common culture. | • Provision of specific workflow and reporting roles to manage customer interaction processes across EQC.  
• Integration of interaction processes (where available) to reduce hand-offs and duplication of activities and possible structure change to reflect the integration intention.  
• Transition of customer interaction processes early for EQR to ensure these processes are not impeded by the organisational change.  
• Co-location across EQC/EQR in transition and cross-location of Wellington and Christchurch (where possible).  
• Integration of customer support functions across customer channels and complaints. |
|                    | Refreshed approach to customers with improved **external communication**. | • Further detailed review of external communications in key customer support areas for content and tone utilised. |
|                    | Enhanced **accountability and role responsibility**. | • The provision of Customer Experience Representatives (CER) embedded across key interaction groups who are customer service oriented and have single accountability for customer interactions. |
|                    | A greater emphasis on **training and skills** development. | • Provision of opportunity and the necessary authority for frontline functions to resolve issues first.  
• Individual development related to customer interaction experience (customer centricity). This would initially be focused on CERs within functions. |
| Process & Workflow | Work **processes** and workflows are not optimised for customer interaction. | • Standardised allocation (triage) of interactions based upon customer needs and risk.  
• Development of customer interaction workflow processes.  
• Provision of specific workflow and reporting roles to manage customer interaction processes across EQC.  
• Allocation of complaints based on customer needs and risk.  
• Integration of interaction processes (where available) to reduce hand-offs and duplication of activities and possible structure change to reflect the integration intention.  
• Transition of customer interaction processes early for EQR to ensure these processes are not impeded by the organisational change. |
|                    | Improved **coordination and alignment** of procedures. | • Standardised allocation (triage) of interactions based upon customer needs and risk.  
• Integration of customer support functions across customer channels and complaints. |
### Governance & Compliance

Elements of governance and compliance require work including - **Policies, SOPs and SLAs.**

- Standard operating procedures for customer interactions.
- Implementing internal service level agreements.

**Decision making** should be encouraged at more layers of the business.

- Efficient allocation of expert resources.
- Provision of opportunity and the necessary authority for frontline functions to resolve issues first.
- The provision of Customer Experience Representatives (CER) embedded across key interaction groups who are customer service oriented and have single accountability for customer interactions.

**Timeliness** and tracking and monitoring of time critical functions.

- Key performance indicators (KPIs) associated with service level agreements.

**Visibility** across the organisation and more defined **ownership** of workflows.

- Implementing internal service level agreements.
- Development of customer interaction workflow processes.

### Management Systems

- Timeliness and tracking and monitoring of time critical functions.
- Implementing internal service level agreements.
- Development of customer interaction workflow processes.
6. Implementation Approach

6.1 Overview

During the review, as mentioned previously, multiple stakeholders agreed the proposed concept changes were appropriate but the key conclusion was the requirement to act quickly and implement change as rapidly as possible.

With this in mind, the focus was placed upon what changes may be implemented prior to the end of the year.

From consultation with the EQC management team and various focus groups, it was agreed the approach to implementation would be phased with an initial phase to incorporate a contained area of focus which can be implemented quickly, benefits identified and rolled forward to the next phase.

As part of this, the conceptual elements could either require integrated planning (need to occur at same time as the other elements) or is standalone. This is documented in the diagram below:

<table>
<thead>
<tr>
<th>Conceptual Element</th>
<th>Standalone Phasing</th>
<th>Integrated Phasing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workflow</td>
<td>Design</td>
<td>Implement</td>
</tr>
<tr>
<td>Triage/Risk Assessment</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Management Systems</td>
<td>Design</td>
<td>Implement</td>
</tr>
<tr>
<td>SOP’s / SLA’s</td>
<td>Design</td>
<td>Implement</td>
</tr>
<tr>
<td>VOC – Analysis of Issues</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Expert Capacity</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Complaints Allocation by Type</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>CER role</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
### 6.2 Conceptual Phased Approach

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Output</th>
</tr>
</thead>
</table>
| Review requirements for SLAs, KPIs, CERs and opportunities to simplify and tighten customer interaction related processes e.g. high and complex complaints split. | • Target area(s) for pilot identified.  
• Assessment of key insertion points for SLAs, KPIs and CERs.  
• Identification of individuals and teams.  
• Assessment processes for potential simplification. |
| Define breadth and depth of pilot. | • Options for redesign of processes / activities defined.  
• Identification of key management information for control/compliance requirements.  
• Integration of control points into processes.  
• Recommended approach for implementation activities. |
| Detail the pilot operational design across Process, Roles, and Performance levels. | • Process missions and critical success factors defined.  
• Revised End to end Process maps and role accountabilities defined.  
• Validation of pilot rollout and performance targets by stakeholders. |
| Identify benefits throughout pilot as more information is captured. | • Benefits identified.  
• Risks identified and assessed.  
• Validated Benefits assessment with stakeholders. |
With the known constraints on timeframes and taking into consideration the customer interaction related impacts of the pending EQR transition a lean, quick start approach provides the best option to achieve some rapid and sustainable improvements. The aim would be to undertake a pilot implementation which could be completed in a short timeframe (pre-Christmas) if sufficiently resourced. A key requirement of this approach would be an active internal sponsor(s) to ensure the project can be driven with sufficient momentum. Features of better practice that could be included in a phased pilot include - Service Level Agreements, Key Performance Indicators, Customer Experience Representatives and tightening integration across targeted areas of the customer interaction process.
7. Appendices

Appendix 1: Key Drivers: Enquiries, Complaints, OIA requests

In the calendar year 2014 up to 8th August complaints accounted for circa 2% and OIA requests were 1% of enquiries. The highest coding of inbound calls by enquiry type was ‘General Update’ which is an area for further investigation to ensure the best granular classifications are being captured accurately.
Call Centre Enquiry Data Analysis

The total call centre data set analysed comprised 199,225 entries (3 Jan to 8 March 2014). The largest contributor code was General Updates (31%). Two other codes with higher levels of activity include Settlement (9%) and Request for Documents (8%).

All Call Centre data by Enquiry Type (%)
3 Jan - 8 Aug 2014

31% of enquiries of 199,225 analysed were coded as General Updates
8% Request for Doc’s
9% Settlement
Coded Customer Group inbound calls made up 84,601 or 42% of the total. Other enquiry sources include emails, website contact and physical mail. With the inbound call segment the three biggest inbound call contributors by customer group were CHRP (22%), Cash Settlement (18%) and Non-Canterbury (16%).
A six month data sample of complaints revealed a weekly average volume of 96 complaints and a slight declining trend through June and July.
Analysis of 3 months Complaints data – 27 May to 26 August 2014

A recent 3 month data analysis shows the majority of complaints are direct from claimants with a significant (326 complaints) still open after 21 days.

### Complaints by Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claimant’s</td>
<td>931</td>
</tr>
<tr>
<td>Claimant Rep</td>
<td>126</td>
</tr>
<tr>
<td>EQC Minister</td>
<td>93</td>
</tr>
<tr>
<td>MP</td>
<td>21</td>
</tr>
<tr>
<td>Legal Representative</td>
<td>1</td>
</tr>
<tr>
<td>Ombudsman</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
</tr>
</tbody>
</table>

### Elapsed Days to Resolution

<table>
<thead>
<tr>
<th>Days to Resolution</th>
<th>Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 days</td>
<td>52</td>
</tr>
<tr>
<td>1 to 5</td>
<td>140</td>
</tr>
<tr>
<td>6 to 10</td>
<td>95</td>
</tr>
<tr>
<td>11 to 15</td>
<td>85</td>
</tr>
<tr>
<td>16 to 20</td>
<td>58</td>
</tr>
<tr>
<td>21+ days</td>
<td>257</td>
</tr>
</tbody>
</table>

### Complaint Resolution

- Resolved: 42%
- Open: 58%

### Open Complaints over 21 Days

- Total 21+ day: 326
- Average Age Open Complaints: 60
Analysis of a recent sample of complaints shows Email as the major channel and core reasons for complaints as claims process, time taken and settlement quantum:
OIA request workflows – Key Points

For a sample of six OIA requests over 20 days, the key workflows were identified and mapped as follows:
Day 1
- 5 June
- ISSUE RAISED via Email
- COMPLAINTS TEAM

Day 8
- 13 June 2014
- RECEIVED BY OIA TEAM

Day 28
- 3 July 2014
- ISSUE CLOSED

Day 1
- 6 June 2014
- ISSUE RAISED via Email
- COMPLAINTS TEAM

Day 31
- 7 July 2014
- ISSUE CLOSED

Request records & correspondence
- 28 Days

Request all information
- 31 Days
Appendix 2: Better practice aspects of a Customer Centricity operational model for claims management (not specifically customer interactions)

This table provides a summary of key building blocks in a sophisticated customer centric operational model.

<table>
<thead>
<tr>
<th>Core Components of a customer centric operational model</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Call centre staff able to carry out significant proportion of “de-skilled” end-to-end claims process through sophisticated rules-based systems.</td>
</tr>
<tr>
<td>• Call centre potentially fully multi-product through optimal product standardisation.</td>
</tr>
<tr>
<td>• Small remaining number of high specialists to carry out complex claims.</td>
</tr>
<tr>
<td>• Are proactive in managing all levels of stakeholders, with strong influencing and facilitation skills, as well as expertise in customer interaction management disciplines.</td>
</tr>
<tr>
<td>• Customers are informed through a transparent process where there is a high degree of relationship management.</td>
</tr>
<tr>
<td>• Training in place for all staff in the value chain to embed customer interaction values.</td>
</tr>
<tr>
<td>• Workload management driving structural change – outsourcing, in-sourcing, continuous improvement programs. Limited numbers of notification staff for complex and wrongly routed notifications.</td>
</tr>
<tr>
<td>• Use of other specialists, such as engineers and solicitors in coverage disputes is automatically triggered from the validation systems. Training plans in place for external staff, especially in value and repudiation.</td>
</tr>
<tr>
<td>• Outsourcing and in-sourcing of skills and risk assessment, including best in class services for loss adjusters, surveyors etc. Reduction in numbers involved in delivery monitoring, leading to greater specialism.</td>
</tr>
<tr>
<td>• Use of outsourcing of some delivery monitoring as delivery becomes less problematic.</td>
</tr>
<tr>
<td>• Fully leveraged human capital via process automation and decisions.</td>
</tr>
<tr>
<td>• Providing strategic advice on staffing plans. Providing outplacement and reskilling services for customer interaction staff. Providing specialist training through in-house and outsourced resources.</td>
</tr>
<tr>
<td>• Providing incident-specific development ideas and selection and performance management service for own staff and outsourced / in-sourced staff. Managing, with the executive, a merit-based remuneration system for staff.</td>
</tr>
<tr>
<td>• Providing specific career development programs and planning across customer interaction.</td>
</tr>
<tr>
<td>• Providing advice to line management on retention and departure strategies and individual case support, including good market data to facilitate optimal remuneration.</td>
</tr>
</tbody>
</table>
**Core Components of a customer centric operational model**

| Process & Workflow | • Swift issue resolution through incident management.  
| | • Every issue increases customer satisfaction and deepens the client/EQC relationship.  
| | • The customer and channel management service is differentiated and tailored to the customers needs.  
| | • Value chain is fully optimised through thorough understanding of sources and leakages.  
| | • Customers are notifying through the most expedient channel for them and it is actioned immediately.  
| | • Full incident management / resolution rather than process focus.  
| | • Majority of enquiries are automatically adjudicated through widespread application of rules-based systems – “one-touch” or “low touch”.  
| | • Supported by diagnostics including voice profiling in fraud detection.  
| | • Suppliers are fully integrated in to the processes of validation and investigation.  
| | • Nearly all files are electronic.  
| | • Value of automation of these functions is known, managed and benchmarked demonstrating reductions in leakage.  
| | • Strategic review as a business-as-usual activity - considering lines of business, capacity management, organisational design.  
| | • Automated linkage of data to third party via open architecture.  
| | • Significant straight-through processing (80/20).  
| | • Voice and behavioural fraud detection technology is embedded in validation software.  
| | • Fraud prediction modelling embedded in validation system.  
| | • Emphasis on customer experience and issue resolution.  
| | • High touch customer service so process monitoring and control is conducted in near real time.  
| | • Continuous improvement.  
| | • Analysis of outliers, root causes of poor delivery.  
| | • Analytics embedded in operations.  
<p>| | • Translating revised objectives into actionable plans. Linkage of delivery performance to payment systems. |</p>
<table>
<thead>
<tr>
<th>Core Components of a customer centric operational model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance &amp; Compliance</td>
</tr>
</tbody>
</table>
| • Customer interaction is viewed as a core competency & part of the brand to be invested in.  
• Customer interaction clearly seen as delivering significantly to the overall business performance and strategic objectives.  
• Customer interaction seen as an equal partner in the setting of the overall operational strategy.  
• Customer interaction agenda driving significant element of the overall business and operational strategy.  
• Customer interaction is a permanent agenda item at Board level.  
• Channel strategy has extended to unique propositions and migration of customers by choice e.g. customer has the option to be case managed.  
• Understanding of value potential of each component of the customer interaction value chain.  
• Continuous improvement programme using customer benchmark data / feedback / complaints.  
• On-line loss prevention information access.  
• Alert system for customers in event of potential catastrophic event.  
• Strong media presence promoting customer service as brand imperative.  
• Strong post-disposition interface with customer (surveys, phone interviews, etc).  
• Call centre led or on line menu driven access for customer reporting with 24/7/365 help-line for all enquiry types.  
• Customer interaction management approach is emerging with CRM, SVC proactively managing interaction outcomes and resolution for both customer and third parties.  
• Through customer segmentation differential services are assigned, dependent on different customer risk & needs ratings.  
• Scorecards cascaded to operations and individuals.  
• Scorecards linked to customer interaction strategy through value drivers.  
• Focus on customers and products rather than business unit.  
• Forecasting models introduced feeding capacity management systems.  
• Use of rules-based notification across all lines and refined through iterations.  
• Strong compliance with a focus on customer risk management.  |
| Management Systems | • Fully integrated, customer-centric architecture facilitating straight-through processing.  
• Holistic real-time MI shared with third parties and focused on key value drivers.  
• “Paperless” environment through electronic storage of complaints/OIA requests and complaints/OIA request information.  
• Claims processing is fully integrated within CRM architecture.  
• Systems delivered through a ‘best of breed’ component architecture. |
|-------------------|---------------------------------------------------------------|
| Technology        | • CRM technology and operational single view of the customer.  
• Effective service level differentiation by enabled through configurable process automation.  
• Standardisation & automation of up to 80% claims.  
• Straight-through processing.  
• Full and real-time integration with external parties.  
• Automated linkage of data to third party via open architecture.  
• Significant straight-through processing (80/20). Automated linkage of data in to underwriting systems.  
• Voice and behavioural fraud detection technology is embedded in validation software.  
• Fraud prediction modelling embedded in validation system.  
• Open architecture supporting shared data allows real time links.  
• Customers have access to electronic form of tracking.  
• Scanned data management of customer satisfaction status allows real-time tracking.  
• IVR update on status available on dial in.  
• Automatic customer email updates.  
• Systems automatically instructing investigations of outliers and allocating workflow for follow up. |