

Customer-Centered Culture

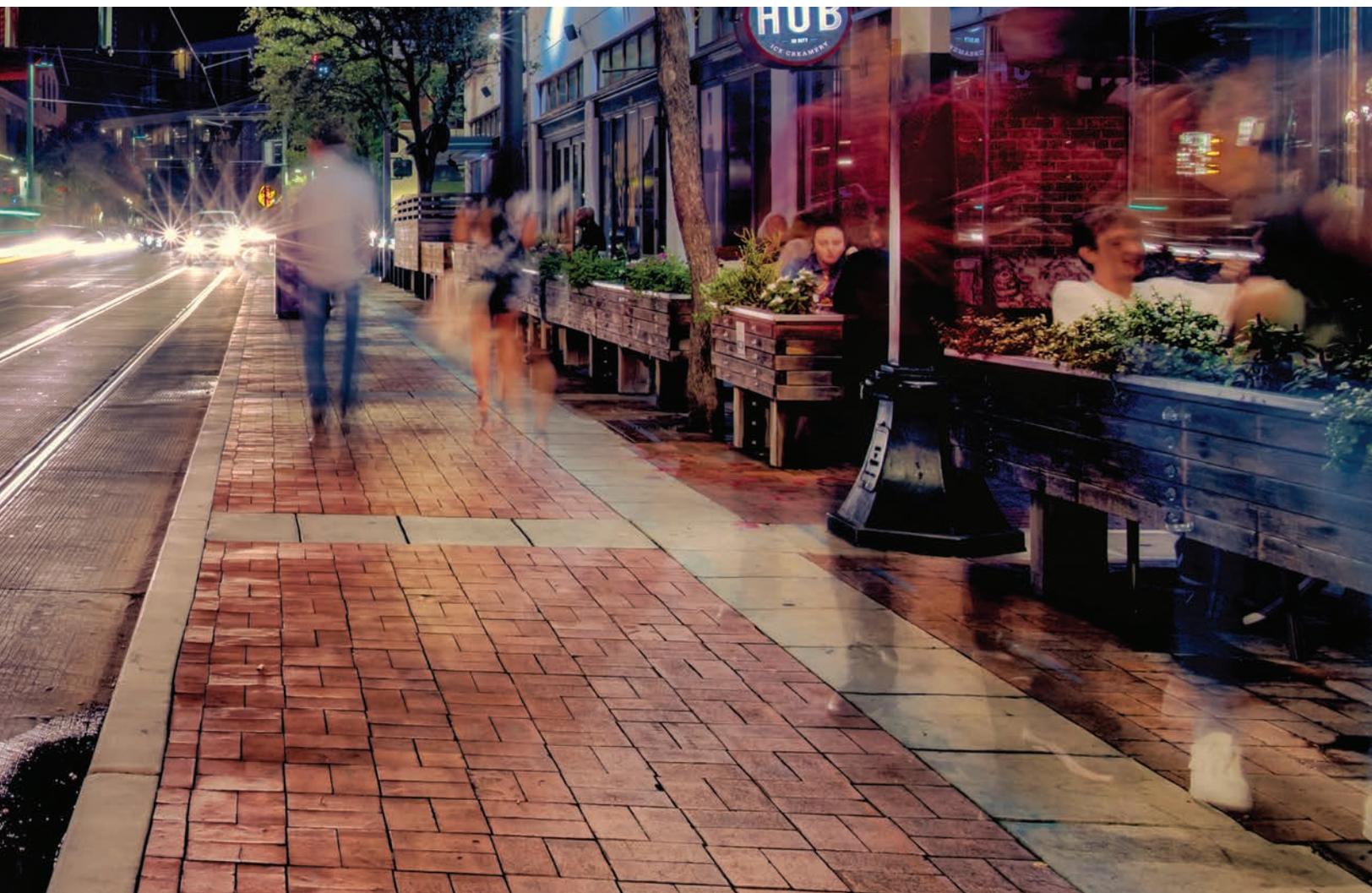


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A Conversation with Tucson Electric Power's Customer Experience Team



Anne Dougherty: *Dallas, can you give us a sense of your role leading the Customer Experience team at TEP?*

Dallas Dukes: I serve as Vice President of Customer Experience Programs and Pricing. I'm responsible for the customer experience with regards to customer satisfaction, billing, the call center interaction with our customers, commercial customers through our business development teams, our economic development teams' insights around the customer, and our research in those areas.

I oversee associated programs: energy efficiency, demand side management of the renewable programs, distributed generation, beneficial electrification, electric vehicles, and the emerging tech and innovations groups which are always looking at what's on the horizon that's going to bring value to our customers and our organization from a products and services standpoint, a process standpoint, or a new technology.

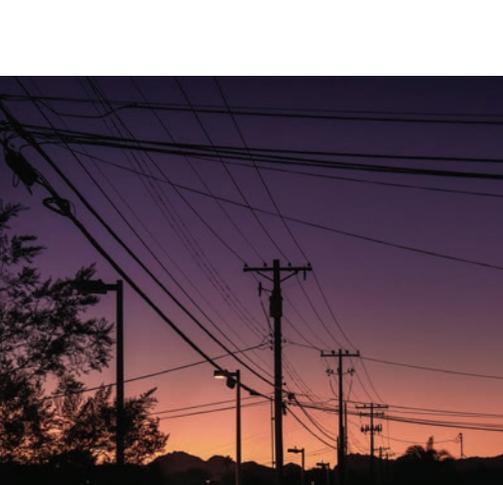
I also have the team that handles our rate cases and regulatory activities around rate design in our territories and the array of cases that we follow both with the Federal Energy Regulatory Commission (FERC) and the Arizona Corporation Commission (ACC). Our team does the load and sales forecasting, and we have a back-office group that takes care of compliance filings associated with regulatory proceedings, energy programs, and with collection and the spending of those dollars—in short, trying to make sure that we're spending the customers' monies appropriately.

Anne: Lynne, how do you interface with this work?

Lynne Petersen: I am the Senior Director of Customer Experience. I'm responsible for the contact center and all the different ways customers interface with us when they're turning on service, changing service, or terminating service, and if they have billing questions or any other type of customer service-related questions. Our teams help those customers solve their problems, whether they are residential, small-, medium-sized, or large business. We also have a team researching customers' needs: what do they look like today, what will they need, and what will the requirements look like tomorrow? Finally, there's a group that takes those needs and translates them into new service offerings. My second role is to advocate for the customer throughout the different parts of our corporation, as well as externally with regulatory, government bodies, or other agencies as needed.

Anne: The customer experience is a hard thing to define. How do each of you define the customer experience?

Dallas: I think it's about looking at your customers' interactions and making sure the overall experience is exceptional or satisfying. How we describe that in our organization is ensuring that the customer is the center of all our decision making. We ensure that every interaction they have with us is valuable, enjoyable, easy, and exceeds their expectations. That's our mantra and our direction.



Lynne: I strongly believe that if you treat the customer experience as a discipline, it leads to profits. Customer experience initiatives should have a return on investment or return on equity. Whether this means that they should lead to increases in efficiencies, or effectiveness, or increased revenue—they should help you retain customers, expand your business with customers, or even attract new customers.

Dallas: Lynne said it terrifically. Utilities must come at this differently because customers—especially in Arizona—don't see us as a brand choice. There is no, 'I like their product better than their product,' or 'I can condition my home without using electricity.' So, there are very limited choices for customers. At the same time, we're essential to individuals in the community, the economy, and to sustaining life.

We want to know whether our customers are walking away from their experiences with us feeling that TEP is valuable, that they really matter, and that they're doing something great. That's why we added the 'valuable, enjoyable, easy' part to our mantra.

Anne: *The energy industry is experiencing so many changes right now, and with those changes there is a renewed emphasis on the customer experience. What's unique about the time that we're living through that makes it important for utilities to care about the customer?*

Dallas: Customer experiences have always mattered to utilities. What has changed is how ingenious everyone's gotten in the pandemic at delivering products to customers through technology. Customers' expectations are growing and changing, and the utility industry is not immune to that.

The movement towards cleaner and greener electricity has had a profound impact on the industry. Twenty years ago, the smart kids coming out of MIT and other great schools were trying to start Yahoo or Facebook or improve Google. Now those kids are coming out of school, and they want to save the world. They want to create ways to use less energy and produce more green energy. There are companies and ideas coming out of the woodwork on how to do energy differently. Our greatest defense is making sure that we're meeting the needs of the customers and that we are creating new products and services. We must make sure that our customers are highly satisfied, and they value and see us as their choice. Our greatest tool to do that is through their experiences with us.

Everybody from Shell to Amazon to Google to Arcadia is trying to figure out ways to get between us and our customers to provide easy, affordable, and clean energy. If we don't raise the bar from good to great with our customers, we're going to fall behind.

Lynne: I agree with Dallas. We need to keep up as customer expectations increase, particularly when substitutions for the energy services that we provide are on the horizon. Disruptions—like ESG requirements—will propel entrepreneurs into this space who will be thinking about solutions that may replace our products.

I spent close to 25 years in the communication sector. Local phone providers thought their competition was other local phone providers. In the end, it was a substitution product—cell phones—that caused their demise. In my experience, once an alternative is available, it's way too late to start listening to your customers.



Anne: *Centering the customer experience and business practice requires a cultural shift. When you talk about this cultural shift what does that look like?*

Dallas: Cultural change is a heavy lift in any industry. Getting ahead of customer expectations, requires organizational alignments that put the customer in the middle of every decision you make. Let's face it: our product is dangerous, it takes a lot to produce, it's very complicated and, at the end of the day, the customer doesn't care about any of that. They just care about their lights coming on and the things that are important to them: being comfortable, ease of payment, or programs that save them money. They also care about what you do in the community.

When I talk about cultural change, I mean making sure that from the field techs, to the IT programmers, to the CFO, the first question everyone should ask is, "If I do this, how does it bring value to the customer and how does it enhance customer experience?" We will never get there perfectly; there is no "stop." You're always going to be chasing customer experience because the goal line moves as customer expectations change.

I was in a recent financial committee meeting making decisions on a capital procurement and capital budgeting project and the first thing the CEO asked is, "What's this doing for the customer? Explain to me why we're doing this in relation to the customer?" I think when you get to that point, you know that you're really making inroads and establishing that as a core belief. We always make sure that our community, customers, and employees are safe. Just as important as safety is making sure that the customer experience is exceptional.

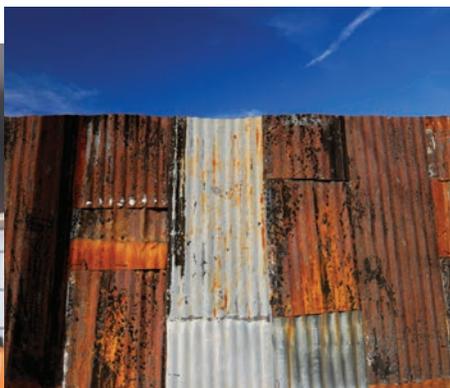
Anne: *Much of what you are describing requires developing institutional muscle memory and creating a culture where the customer experience becomes second nature. What guides you either personally or professionally through that process?*

Lynne: We're lucky in that we have a strong company vision, defined strategic focus areas, and core values that we see lived out every single day. All I need to guide the team in the right direction is reference our vision to be an exceptional energy provider that positively impacts the lives of our employees, customers, and our communities. Our four strategic focus areas—thriving employees, valued customers, efficient growth, and social impact—makes it super easy.

Take for example, thriving employees. We invest in employee learning that helps us get smarter about the customer experience, so we're afforded the opportunity to help our employees move along that learning curve.

For our valued customers, we have a strategic focus laid out for the entire corporation. This includes improving the customer experience with technology services and choice, which makes it much easier, as the team comes up with those best solutions, to fall right in line with our strategic emphasis as a company.

Put simply, we believe that we achieve excellence together. So, it is natural to reach across organizational boundaries and hold hands, so to speak, to come up with the right solution for the customer that makes sense from a financial perspective and, of course, from the customer perspective.



Anne: Can you explain a bit about the CX Council and Guiding Team you've developed?

Dallas: Changing culture is a big driver around this governance structure. There's an expression 'culture eats strategy.' If your culture is not aligned, your strategy is not going to work.

When we look at aligning strategy across the different groups in the organization, we're also making sure that senior leadership and the influencers in the organization are aligned culturally. We set up a Customer Experience Guiding Team of senior leadership and key executives. We have folks from generation, distribution, and transmission, regulatory, government affairs, community affairs and the VP for that area (including myself). We also brought on our VP of human resources because employees are a key part of understanding of what the customer experience means to us. We wanted to make sure everyone was involved.

We also brought in a consultant to join this team by bringing their expertise, organizational knowledge, and broad knowledge across experiences at other utilities and other industries to ensure we had an external perspective, and the group didn't become a kind of an echo chamber.

We wanted to create a group of what I call 'customer experience leader experts.' We then put together a Customer Experience Council underneath that, which mirrors the groups throughout the organization that shape interactions with customers.

We want the influencers to help us understand how we measure value, how we measure success, and determine what we should prioritize.

Lynne: What we're really trying to get from putting the structure in place is an agenda with buy-in across the company. Once established, it should be easy to move forward. Alignment and cultural agreement will help facilitate the rollout and establishment of our customer experience initiatives.

Anne: You both shared that the customer experience doesn't really have an end point and that this work is a continual investment. How do you know when you're "doing right" by your customers?

Dallas: As Lynne said, initially it's increasing our customer satisfaction scores with JD Power, in addition to making those cultural changes that I described earlier. But it's also in the way we run meetings and feature a 'customer experience moment' in addition to our 'safety minute.' It's about having discussions consistently across the organization about how our work impacts and brings value to the customer expectation.

When these things are consistently happening, we know we're making good progress. Our success happens when we see that, as an organization, we're making capital and resource decisions holistically, advancing customer expectations, and creating a return on investment. Success is when we have a cohesive and well thought out process beginning from the customer lens and not from our processes out.



Lynne: I agree. Another measure of success for me is when the customer is at the center of every decision. Some companies add an empty chair or an object in the center of the table to represent the customer so that they are always at the forefront. You wouldn't suggest something in that meeting that the customer wouldn't appreciate.

Another example is when we find ourselves more agile and adaptable than we are today. What will show that we've made a lot of progress is when we can have what I call a 'hair on fire' mentality, and still have a governance structure in place such that even when we make fast decisions, we still make great decisions.

Anne: Any parting thoughts?

Lynne: Our customers will continue to evolve, and so will we. We do not have a vision to be cutting edge. We have a vision to be fast followers and smart followers. As the customers evolve, we evolve with them so that we can continue to provide safe, reliable, affordable energy.

Dallas: We're trying to build a culture where there is a willingness to experiment. We have been able to get down into a tactical sandbox, and we want to add 'culture' to that sandbox.

Instead of going to the Commission and asking for a program in our regulated world, we want to partner with the Commission (where we are allowed), and perhaps with an external stakeholder. We'll experiment in small batches and then bring the Commission a program that has evidence of success.

As an energy supplier, we cannot afford big failures. We can afford 'controlled, small failures,' and remain within our fundamental mission to deliver reliable, safe power to the public. Sometimes it feels odd taking risks, because safety and reliability is your ultimate promise not only to your customers but to society.

Anne: I appreciate all so much for taking the time for this. Our readers are going to benefit so much from your insights. ■

Dallas Dukes

Vice President, Customer Experience, Programs and Pricing

Dallas joined Tucson Electric Power (TEP) in 2004 as Director of Corporate Accounting after serving as Divisional Controller for Citizens Gas & Coke Utility (now Citizens Energy Group) in Indianapolis. He became Director of Rates and Revenue Requirements in 2005 and was later promoted to Senior Director in that role, eventually assuming oversight of new programs and services, customer services and analytics, renewable energy, and energy efficiency programs. He was promoted to Vice President in 2019.

Lynne Petersen

Sr. Director, Customer Experience

Lynne joined Tucson Electric Power (TEP) as Sr. Director, Customer Experience in February 2020. She oversees the teams dedicated to customer satisfaction, improving the customers' journey, and business development for the Unisource (UNS) companies. Joining Unisource Electric, another UNS company in Arizona in 2015, Lynne has served most recently as Director and previously as Senior Customer Relationship Manager, strengthening relationships with key business customers, collaborating with community leaders, and driving towards greater organizational excellence.





The Art and Science of the Customer Experience

A customer experience evangelist in her own right, **Lynne Petersen** is trying to get the Customer Experience down to a science.

So how is TEP looking beyond satisfaction scores to elevate the customer experience?

“One of the things that I’m really trying to do is to look at the customer experience as a

discipline or a science,” says Lynne Petersen, TEP Senior Director of Customer Experience. *“Our utility is using the Forrester Research definition of customer experience to put some discipline around the art of customer satisfaction.”¹* Below, Lynne uses this research model to walk us through how customers perceive their experience at three different levels.

1. Meeting the Customer’s Needs: *“For us that means that means asking questions like, ‘Did I get to accomplish the goal that I set out to?’ ‘Was the customer able to receive what I wanted them to receive?’”* Lynne emphasizes that this step at the base level of the customer experience pyramid is crucial to every business, including utilities. Like many in this industry, TEP believes in delivering reliable, affordable, safe energy—which Petersen considers table stakes.

2. Ease of Doing Business: This second level relates to the question, *“Is our company easy to do business with?”* *“This is where we look at how customers perceive the ease of doing business with us—which is a critical factor if you’re trying to establish a competitive advantage,”* says Petersen. She goes on to explain that even if the utility is not trying to establish a competitive advantage, or because of the utility’s monopolistic position, being a company that is easy to do business nonetheless shows respect for the customer. *“We take into consideration their digital ability, agility, or affinity or their language choices. While it’s critical for a competitive environment, it’s still important in a non-competitive environment.”*

3. Customer Perception: *“The third level of how customers perceive their experience relates to the interaction with the company,”* says Petersen. Here you have questions like: *“Was it enjoyable? Did the customer leave with a positive interaction?”* *“If a customer says, ‘I feel really good that I called today’ or ‘I’m glad somebody came by to change my meter today!’ this shows that you have the capacity for empathy for customers who are struggling with something.”* Petersen reiterates the importance of speaking plainly when explaining things to customers, ensuring that their questions were totally answered, and even making sure that your voice is relatable and fun.

1. “Forrester: Research” Forrester, 2021. https://www.forrester.com/research/?gclid=Cj0KCQiA-qGNBhD3ARIsAO_o7ymnQ1XeoDDNLzBxvCUYQ21uvMfz3pPxP-lqAES6TzqFeqBFMQZXi1QaAinsEALw_wcB.