

# GRAND UNION HOUSING GROUP: IMPROVING THE CUSTOMER EXPERIENCE OF THE SERVICE CHARGE PROCESS



'Customer first' is a cornerstone of all Lean and agile thinking, it stems from a position that if you deliver first and foremost what your customer values then everything else will (to some degree) take care of itself.

Organisations often design (or redesign) their processes, and if they are using Lean Principles, they will be identifying in those processes the value-adding activities. But shouldn't we be more fundamental and start by designing our customer experience first?

That's what Grand Union Housing Group (GUHG) did when they reviewed the customer experience of their service charges process. They have put customer service and experience at the heart of their transformation programme, aptly named Customer 2020.

Service charges is a business area that many housing organisations struggle to get right. It's a business process for reclaiming the eligible costs incurred maintaining the property from their customers. Ad Esse has always described this process as theoretically simple, but hard to execute. See our website for other case studies regarding service charge improvement.

## HOW DID GRAND UNION DO IT?

In the same way you would design an ideal-state (aspirational) process before bringing it back to the future-state (something that could be realistically implemented now), you would do the same with a customer journey. Many of the project team members in Grand Union were leaseholders (not necessarily with Grand Union) and had first-hand experience of the service charge process as a customer. Those that weren't, were able to draw parallels between the customer experience of paying services charges and paying your council tax. No-one really wants to part with the money, but everyone recognises the necessity to do so. Therefore, the aim is to make the process as transparent, simple and pain-free as possible.

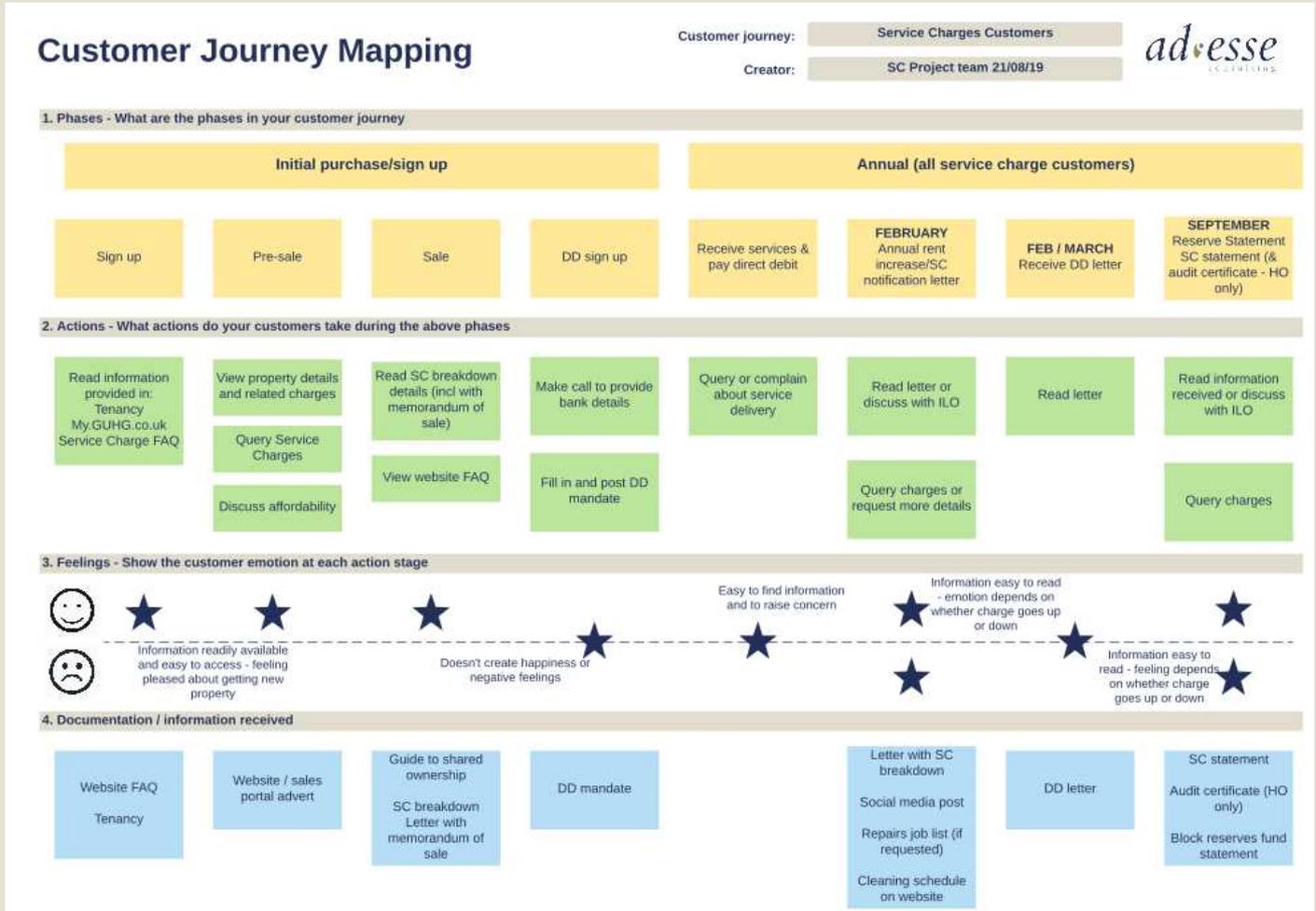
The project team in Grand Union identified a number of key elements for the ideal service charge customer journey:

- Communicate with customers according to their preferences. Whilst digital by default seems to be the trend, understanding customer communication preferences and then sending information that way was acknowledged to be important. This also included the need to include service charge information on the customer's portal.
- Ensure that any payments are spread evenly throughout the year, with direct debits not changing from one month to another. Often housing providers will adjust the customer's direct debit in the 3rd or 4th quarter of the year to reflect any under/over payments. This can create unpredictability for people who are managing their household budget. The solution to this is to ensure that estimate charges are as accurate as possible, but there will always be anomalies that mean charge adjustments are necessary. The team discussed a preference for rolling over credits/debits into the next service charge billing cycle, thereby keeping the annual payments static for customers.
- Keep annual payments as affordable as possible and manage the expectations of customers moving into a Grand Union property. This means ensuring that accurate service charge estimates were provided to customers as soon as possible when looking to move into a property. This enables them to work out the true affordability of living in a Grand Union property. This also meant earlier consultation with the development team pre-handover of a scheme or site to eliminate any costly and unnecessary build components that may hike up the annual maintenance charge.
- Avoid leaps in charges from one year to another. There are unavoidable and intermittent large spends that any housing organisation will have to incur maintaining properties. These are usually big-ticket components such as roof replacements, lifts and cyclical decorations to the outside and communal areas of the building. These costs can be managed via a sinking/reserve fund that each block can build up (like a savings account) which keeps payments for customers level and predictable.

These ideal-state principles were captured onto a customer journey map (shown below) and were then used to inform the design of the end-to-end process for service charges. The whole experience influenced the scope of the process design. Without completing the exercise, sinking/reserve funds would not have been in scope for the project and the development involvement would have been far more light touch.

**Mona Shah, Executive Director of Finance and Information said of the project:**

Customer experience is at the heart of our Customer2020 transformation programme. With the support of Ad Esse, the project team looked at the process through a customer lens, the focus became about making the output fair, transparent, accurate and easy to understand for the customer. Then the project team designed processes that would deliver these outputs as efficiently and effectively as possible, with buy-in and ownership from all teams across the organisation.



## HAVE A GO

Hopefully this example illustrates the benefits of first designing your customer experience when embarking on any process or service improvement project. If you'd like to find out more about running a session like this, or the benefits of a customer first approach to your transformation then get in touch with us by emailing [seriousfun@ad-esse.com](mailto:seriousfun@ad-esse.com).

You can download a copy of our future-state customer journey mapping template via our website.

It is best completed by printing on an A1/A2 sheet and then filling in with post it notes. Alternatively copy the design onto brown paper. If you use the template and would like to share your experience, then please send us your pictures or tweet them to us @ad\_esse.

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