

PUTTING THE CUSTOMER FIRST – ESTABLISHING A CUSTOMER PANEL AT WELLINGTON WATER

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ABSTRACT

‘Putting the customer at the heart of the business’ is one of council-owned Wellington Water’s main strategic directions for several reasons. A solid customer service relationship drives performance improvements, as the organisation better understands what customers want and how to deliver that effectively. Secondly, best practice asset management demands that managers have a good understanding of the context in which they are recommending or setting service levels, including the expectations of their external stakeholders. Customers make up the largest group of stakeholders for a water utility. Thirdly, direct relationships build trust. Trust is a key factor in being able to influence the behaviour of others; it is particularly important to the success of community education programmes such as voluntarily reducing water use or storing water for emergencies. Other factors include technological change and regulatory requirements.

Yet, Wellington Water does not have a direct relationship with customers in a commercial sense. The region’s residents pay for water services by way of property rates, and customers’ first point of contact when calling with queries about water services is typically their city council contact centre.

On considering how other utilities approached the question of improving their customer engagement, the agency of a panel was noted. This paper considers why customer engagement has become more important even to monopoly utility companies, why customer panels are now more common as a way to engage, and Wellington Water’s experiences in establishing and recruiting a panel.

KEY WORDS

Customer, customer panel, public participation, community engagement

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INTRODUCTION

Wellington Water established a customer panel in late 2016. The aim of the panel was to provide a channel for customer interests and concerns to be represented within the various parts of the organisation. This was seen as important because the organisation does not have a formal process or means by which customers can let it know their thoughts before it acts. Despite this, the business makes recommendations and undertakes activities that directly impact its customers (here defined as residential end users).

While councils have service or contact centres set up to handle customer calls, and other utilities have explicit service relationships through user charges and account management, Wellington Water has neither. Although the organisation aimed to let residents affected by planned works know of activity before it begins, and had a rudimentary service for responding to complaints, customer satisfaction was not a performance area the company measured. And while planners and policy makers made assumption and recommendations on behalf of customers, the process of community consultation, or surveying the community for its satisfaction with services, was largely left to the shareholding councils.

Only rarely would an issue relating to a planned water project, or a decision on investment in water infrastructure service performance be discussed publicly prior to decisions being made. This was probably largely a result of historical circumstance, and Wellington Water's evolution from conjoined council departments to a fully fledged strategy-driven organisation. At the same time, sweeping social and technological advances that have brought the customer to the fore in all areas of business have even reached to asset management practice, and this is clearly expressed in the guidelines to ISO 55001 Asset Management - Management Systems (ISO, 2014). These guidelines set expectations of an asset manager to understand the perceptions and values of its external stakeholders, which clearly includes customers, as well as to ensure the asset management system derives from the organizational objectives of which it is a part.

With a focus on bringing customer opinion into its business processes more proactively, and on increasing its ability to understand and deliver increased customer value, Wellington Water considered a range of options. The business already operated on a strong relationship focused model, an outcome partly of its ownership and governance structure. Establishing a relationship with the customer 'group' was seen as a good option. Some research was carried out into what other water utilities were doing that Wellington Water could apply, and a panel or group made up of representatives of its customer base was seen as a good option. It was agreed early on to keep membership of the panel restricted at first to the residential / domestic segment. Relationship management was already in place for a range of large or critical water users, and it was felt that the commercial sector, which pays volumetric charges, would have a different interest in issues likely to come before the panel that would divert focus within the group, and between the group and the company. After consulting with senior representatives of each of its five shareholding councils, Wellington Water agreed to establish a panel with balanced representation from each of the four territorial councils it serves, based on demographic criteria.

From the outset, the intent was to make the operation of the panel an outcome of a joint process between the group itself and Wellington Water. Such processes are also described as co-creative, co-design, collaborative or participative. In this instance, these terms are used interchangeably to mean an approach to engagement and participation, which seeks to place the power of defining issues, value, desired outcomes, and the work of the group jointly in the hands of the group and the organisation it is

working with. This meant that the work prior to establishing the panel focused on the identification, attraction and recruitment of suitable panel members. This process was assisted by a market research company, which used census data to phone and screen people for their suitability, based on the agreed criteria.

With 25 potential candidates identified, a recruitment process was initiated, and the first customer meeting was held in December 2016. Since then, up to mid-July 2017, four further meetings have been held. Outputs so far include a customer charter - a set of behavioural expectations to guide customer service delivery; guidelines for Wellington Water on working with the panel; and a ranking of the importance of various community engagement activities the organisation is planning.

DISCUSSION

Why a customer panel

There are at least five broad social drivers for a utility provider to create an engagement mechanism such as a customer panel:

- To satisfy sector regulators or those with regulatory power
- To meet customer demand, or create customer value, including through service improvement
- To meet demands for increased information and improve individual decision-making
- To help improve transparency and understanding of public processes and decisions, including asset management
- To build trust

Wellington Water is a shared service organisation, jointly owned by the four territorial and one regional authorities. These owners are also its clients for management of the three water networks (drinking water, wastewater and stormwater) that serve urban Wellington. Wellington Water does not own any network assets, does not bill customers (residential or commercial) and does not have a customer service centre. Yet it has as a strategic driver to bring customers into the heart of the business.

This is because it's recognised that happy water utility customers means happy councils. It is also an acknowledgment of the role that customer service has in driving business performance, improvement, innovation and value creation.

For over a decade, the interaction between an enterprise and its customers has been recognised as the most significant point of value creation in a global marketplace (Prahalad, 2004). The social and technological benefits that have enabled the customer to challenge traditional models of take-it-or-leave-it service delivery extend beyond competitive market sectors and national borders. Having access to the experiences of others no matter where they are, means that wherever customer experience improves, customers in other markets begin to first expect, then demand, the same level of service (Prahalad, 2004). So it makes sense for a firm, whether it is a monopoly or not, to look around and see what others are doing – down the block and around the globe. With creating value being a core deliverable for Wellington Water, gaining a better understanding of customers and allowing customers

to engage in its processes offers the organisation a definitive path towards improving its service delivery.

The organisation's customer strategy is also an appreciation that in the absence of competition, Wellington Water needed to be proactive in seeking the challenges and pressure that customers normally provide – or it risked having that pressure applied externally.

Simply by “voting with their wallets” – switching to a competitor – customer behaviour and preferences send clear signals to firms on whether their product or service offering is providing value. If competition is a key driver for business improvement and of fair value for consumers, how then do you ensure this when a customer has nowhere to go, such as in the provision of water services? One way is to create a proxy for the customer's right to choose – a regulator. Regulators are typically given the power to set performance standards and prices, to help ensure monopoly providers keep in touch with their customers' interests, including products, services and prices. In such cases, it is the regulators' role to ensure that they and the firms they regulate are kept informed of those interests. The UK Regulator's Network, the organisation that represents the regulators of sectors including water, gas and electricity, civil aviation, rail and road, notes that consumer engagement in regulatory decisions is a key factor in the regulatory process (UK Regulators Network, April 2017, p. 7). In the UK at least, there are increasing expectations on regulated companies to engage with customers on critical decisions such as services and pricing. Customer panels that advise the business on such core processes are one way to achieve this engagement.

In Wellington Water's case, the regulatory function is essentially held by its shareholding councils, who set performance standards and charges for network services through their rates. There is some central government oversight through national performance criteria and standards, but no independent regulatory body focused on water. This provides an additional dimension and purpose to customer engagement.

Customer engagement with publicly owned organisations such as utilities help improve the transparency of the processes, functions and decision that affect people's daily lives. Increased transparency is a precursor to improved civic engagement and participation (Gramberger, 2001). The same social and technological dynamics that challenge a product or service provider to match and better their competitors also apply to policy makers. Better information means better individual decision-making, but it also increases external scrutiny of those decisions. Wellington Water, as the aspiring centre of excellence for water services management in the region, advises its councils on both local and regional aspects of policy. This ranges from emergency supply service levels to garden watering restrictions, environmental water quality standards to drinking water quality. There are many opportunities for the organisation to engage with the community on these. Creating and working with a customer panel is one way to build ongoing relationships and understanding between the organisation and those it serves.

The hope is that the mutual learning that occurs through community engagement activity will build trust (Gramberger, 2001). Aside from the benefits of enhanced legitimacy that Gramberger notes this brings, trust has value in supporting behavioural change activity (He & Kua, 2013; Bleich, et al., 2007). Wellington Water has an active programme of community awareness and education that aims to encourage desired behaviours including moderating water use, not flushing materials other than human waste and toilet paper, and not disposing of any material in stormwater drains. Improving customer

knowledge, and learning from customers what messages and approaches make more sense from their perspective, should make education efforts more successful.

In summary, then, there are strong social drivers to support a utility exploring options to strengthen its customer engagement channels and a customer panel or forum is one way to do this.

The particular objectives of the panel will depend on the circumstances. Scottish Water's Customer panel was formed with a clear economic outcome in mind, as a representative of customers in a major review of charges (Littlechild, 2014). To achieve these objectives, its eight members were appointed by Scottish Water, the consumer advocacy organisation Consumer Focus Scotland, and the regulatory body Water Industry Commission for Scotland. Members included a former MP, a senior academic in consumer law, a water utility director and 'other suitable high quality appointments (Littlechild, 2014, p. 210).

In Australia, a number of water utilities operate customer forums. While these have less specific objectives than the Scottish Water's panel, the value of panel consultation in price reviews is evident; the Victorian state regulator requires evidence of customer engagement in pricing submissions (Water Services Association of Australia, 2016). Yarra Valley Water's Community Advisory Group's terms of reference state the purpose of the collaborative forum is to work for improved community outcomes. Members are appointed by Yarra Valley Water's managing director, drawn from customer and community groups (Yarra Valley Water, n.d.). The purpose of the Western Australian Water Corporation's Customer Advisory Council is to 'provide advice ... on issues affecting its customers, including policy, strategic initiatives, operations and service levels' (Water Corporation of Western Australia, n.d.). Its membership of up to 11 people is appointed by two Water Corporation general managers. Gippsland Water (Gippsland Water, 2014) sets out objectives for its Community Consultative Committee in an Information Kit. The objectives include helping to build trust between the company and customers 'by fostering an open and honest approach', and providing a forum for community input into policy, planning and decision-making processes.

In Wellington Water's case, the establishment of a panel was driven by the company's strategy. In an internal paper, the panel was summarised as 'a mechanism to help ensure that customers are involved in the decisions we take that will help us realise our 12 strategic goals'. These goals are service performance areas that contribute to the achievement of three high level customer outcomes (safe water, environmental care and reliable networks; see, for example, Wellington Water Ltd, 2016). So the strategic contribution of the panel is seen as being part of the process of setting network performance criteria, within the organisation's asset management system. As these criteria, and the performance of the networks in those areas, then informs Wellington Water's advice to its client councils, it can be seen how customer contributions become part of core decision-making processes.

The internal paper noted the panel's intended functions included:

- Acting as a reference group
- Issue advocacy
- Complaints process participation
- Interpreting customer survey and feedback
- Involvement in community engagement activity

How its contribution in these areas is to be measured, and what specific objectives the panel has been set in order to achieve its overall purpose, have not yet been explicitly stated at Wellington Water. More will be said on this later.

How was the panel recruited

Once the notion of establishing a customer panel at Wellington Water was endorsed by company leadership, the questions of its make-up and recruitment followed. As already noted, Wellington Water has a strong relationship focus as part of its operating context; it has five separate councils it must negotiate with in order to achieve regional service goals. That focus extends to formal relationship management structures with a number of community representatives in relation to specific elements of the three waters networks, and in a less formal way with various environmentally concerned groups – “friends of” a stream, beach or bay; local branches of national organisations; residents associations. It was felt that these particular viewpoints, of community and special interest groups, were already well represented.

What was lacking was the view of the ‘ordinary’ consumer; the typical person disinterested in water services until something goes wrong, who then usually had no understanding of what level of service they should be expecting, and indeed are paying for whether as a homeowner or renter. There was a risk that by advertising for panel members, essentially a process of self-selection, these people would be elbowed aside by those with particular interests. For example, there exists in New Zealand a significant lobby group against the inclusion of fluoride in drinking water. All water delivered to Wellington Water’s councils is fluoridated, and the organisation is subject to regular Official Information Act requests relating to the methods and costs of this process. Similarly, regular complaints are fielded about the use of chlorine in the water – an issue that has increased with a recent extension of the chlorinated network. A third area of risk to the type of dynamic sought for the group was identified as the self-appointed expert. This type of activist will also no doubt be known to other utilities and public infrastructure officers. In the past, the Letter to the Editor was their chief means of holding officers to account according to their own understanding of how things should be done. More recently, email and social media have afforded direct access to management, governance, and others believed by the correspondent to have failed in their duty in some way.

It was felt that stakeholders with issues to bring to Wellington Water were already able to do so, and that not only would they gain little value through the panel, but they could easily end up derailing its broader aims and discouraging other members from participating. It was determined that the customer panel would be formed of non-experts, people without specific interests in the three waters, but community-oriented enough to want to work with the organisation on behalf of other customers.

The intent was for the group to meet physically, regularly – somewhere between monthly and quarterly – at the offices of Wellington Water, and to engage in discussion with each other and with officers of Wellington Water. For these reasons, a group size of between 10 and 20 was targeted. And as the panel was intended to be representative of the broad consumer base, which in the case of water means all members of society, it was agreed that geographic and demographic distribution would be additional criteria for the selection process.

This then was the broad approach tested with representatives of Wellington Water's five councils: A customer panel, to be made up of disinterested citizens, drawn from a representative range of genders, ethnicities, ages, and incomes, selected equally from each of the four territorial authority areas. After gaining some clarity over the intent and method to mitigate the 'derailment' risk noted above, this approach was approved, and the process began.

A customer panel of this type was a new concept to the market research companies approached to help with recruitment. Much more widely used are online customer groups, whose members provide their opinions on a whole range of issues in exchange for a small reward, or, at the other extreme, focus groups brought together to discuss a particular matter, sometimes under the observation of representatives of the company commissioning the research. After an early failure of clarity about what was required to achieve the vision Wellington Water had, an agency was selected to help with the recruitment and establishment of the panel. The agency then worked closely with Wellington Water to develop a process that would identify suitable candidates, incentivise them to come to a meeting, and pique their interest in participating further as members of the panel.

The recruiting process, according to the criteria set out above, was reportedly 'quite tricky'. But once identified, prospects were sent a letter personally signed by the Chief Executive of Wellington Water. This briefly outline the concept, and invited the recipient to come to a meeting at which the CE would explain more. Included with the letter was an inducement, in the form of a petrol voucher. Of 26 people invited, 25 turned up for the first meeting.

The meeting was facilitated by team members of the market research agency. It was structured around an introduction and welcome from the CE, and three workshop exercises. These looked at issues of concern to do with the three waters, but the main purpose was for team members and Wellington Water staff to observe how the participants behaved in this type of situation. Participants were grouped at three tables, with the make-up changed for each exercise. Staff members tried to limit their moderation of the group, while encouraging everyone to have their say.

At the end of the evening, the broad aims of the panel were re-stated, as was the intent that the panel itself would establish its own terms of reference, its preferred method of operating, even how members would be compensated. Participants also shared what they thought would be important for them if they were to become involved. The most common thread was the desire that their input would make a difference they would be able to see. This was aptly described as 'leaving their fingerprints' on issues brought in front of them.

All participants were given a \$100 voucher, and told they would be contacted by the agency.

Agency and Wellington Water staff then de-briefed on the evening, to reflect on the process and identify whether any attendees were felt to be unsuitable. This provided some debate, as there were one or two attendees whose personalities challenged expectations and comfort zones. In the end though, beliefs in the value of diversity and the self-moderating effects of group dynamics, were held to be critical to the integrity of the process, and only two attendees were not invited to join the panel.

It is perhaps worth emphasising that beliefs were at work in this process as much as, if not more than evidence. As noted, none of the organising team had deep experience in organising a panel such as this. Neither was the process the outcome of particularly exhaustive research. Other than some (incorrect, as

it turned out) small understanding of the customer panel at Scottish Water, the most influential source was two or three phone discussions with an Australian professional experienced in group facilitation and participative democracy.

Participative democracy at work: Co-creating a customer panel

It was noted earlier that prior to setting up the panel the specific objectives and measures of the panel's contributions had not been set. This was deliberate, as the intention was for the panel itself to co-create, with Wellington Water, its own governing and operating structures.

Co-creation is a collaborative process which asks two or more parties to work together on a particular issue or opportunity. It is a tool in what is also called public or citizen participation, that aims to bring the relationship between an organisation and its general public along a continuum leading away from misdirection and mistrust, towards one where trust is so great that authority can be shared or fully devolved.

A widely used framework of public participation today is the IAP2 spectrum, which grades engagement activity from 'inform', through 'consult', 'engage' to 'empower'.

Figure 1. IAP2 public participation spectrum

IAP2'S PUBLIC PARTICIPATION SPECTRUM



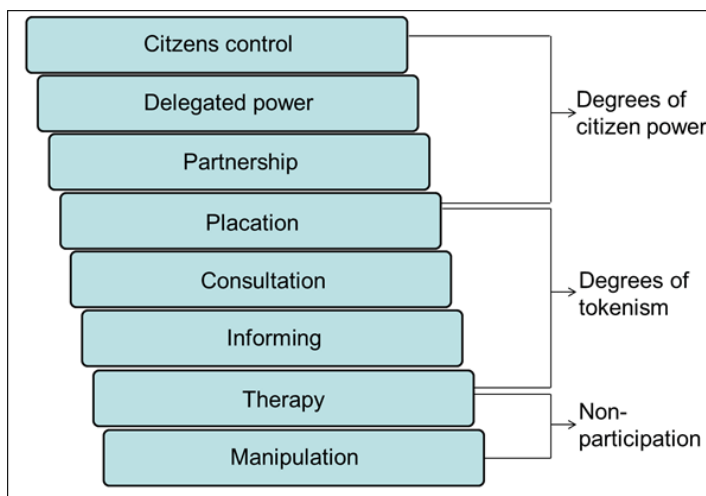
The IAP2 Federation has developed the Spectrum to help groups define the public's role in any public participation process. The IAP2 Spectrum is quickly becoming an international standard.

		INCREASING IMPACT ON THE DECISION				
		INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL		To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
	PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision. We will seek your feedback on drafts and proposals.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will work together with you to formulate solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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A much earlier, but no less relevant framework is Arnstein's (1969) eight-step ladder, which she used to highlight the limitations of many community action plans in place to address urban inequality in 1960s United States.

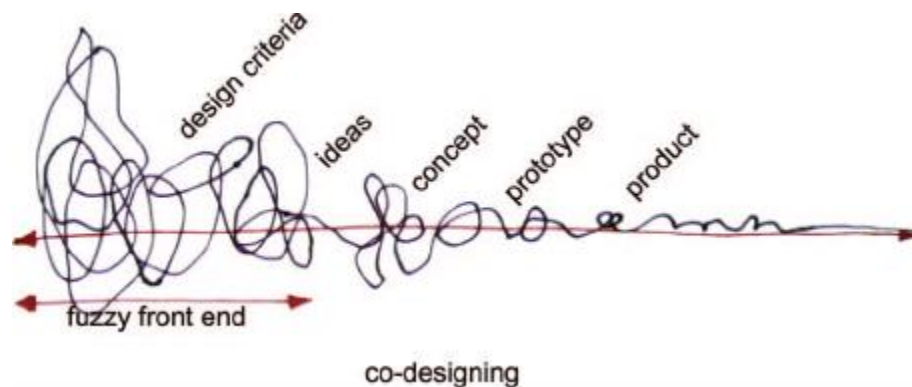
Figure 2. The ladder of citizen participation



Clearly, the shift taking place as one moves along the spectrum, or up the ladder, is the sharing of power in the relationship. This may often be reflected in who makes the final decision, or ‘holds the pen’ on something. In Wellington Water’s case, it was felt that one of the earliest ways for the panel to ‘leave its fingerprints’ on something lasting was by setting its own rules. By discussing and agreeing amongst themselves who would chair the meetings, the contents of the terms of reference, how often they should meet, when, and where, how much they should be compensated, how they would like to receive information for meetings – these artefacts of group management would then be owned by the group rather than being imposed by the organisation. The outcome of this approach was unlikely to be anything surprising – and that was not the point. The point was the transfer of ownership and power from the organisation to the customer, here represented by the panel.

These were quick wins. Arnstein makes the point that in public participation, context is everything, and there must be other modes at work in order for participation to be effective; otherwise all that is achieved is that citizens have ‘participated in participation’ (Arnstein, p. 219). The point is that co-creation takes work and time to deliver something that may not even be known in the beginning. This process is neatly captured in Figure 3, developed by Sanders and Stappers to represent the time designers and non-designers spend, and the ambiguity of the early stages of design, as they explore questions that may have answers in products, services, legislation, buildings.

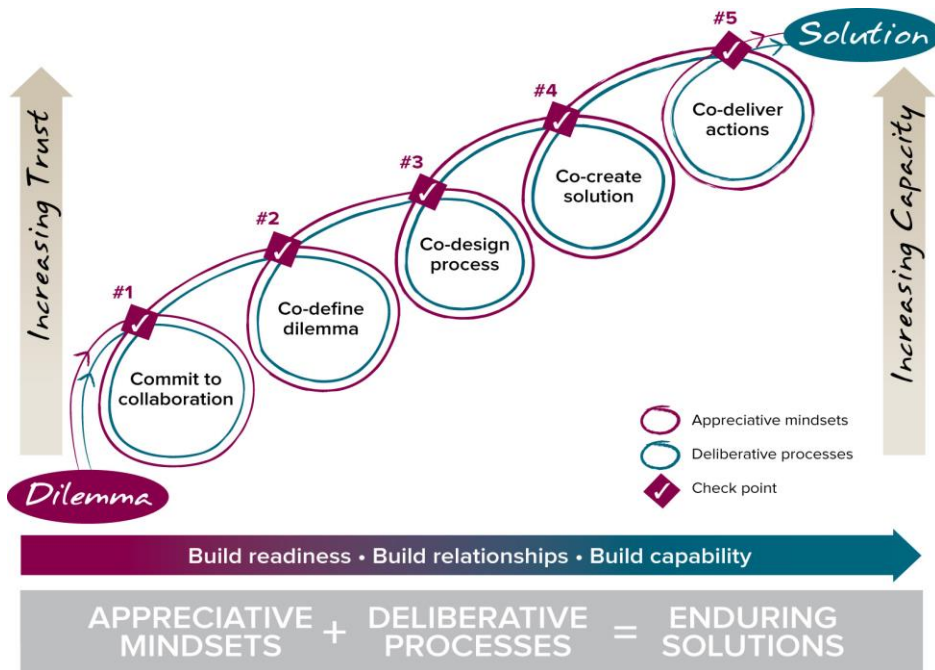
Figure 3: A representation of the co-creation process between designers and non-designers



(Sanders & Stappers, 2008)

A complementary representation of the process developed by Australian specialists in collaboration, Twyford, was presented to Wellington Water in a workshop in 2016 (Twyford, 2016).

Figure 4. Co-designing a solution to a dilemma (Twyford, 2016)



This representation of the cycles of re-iteration that happen in a collaborative process on its way to an outcome shows that a lot of ground is covered, and re-covered, on the way. As such it can be quite challenging for workplace cultures much more accustomed to linear progress and setting and reaching milestones, than to spending time on building relationships, understanding and capability. The value of sticking with it though, is that both trust and capability build along the way.

As well as value. Examining the role of co-creation in creating value and competitive advantage across the spectrum of manufacturing and service sectors Prahalad & Ramaswamy, 2004, identify the same elements at work as in community engagement co-creation – shared learning, openness, transparency and informed decision-making.

Regardless of frameworks, or economic sector, sharing power through co-creation is a recognised path to outcomes that include innovation, improved customer service, attracting and retaining customers, offering value to any organisation that deals with customers – despite the fuzzy beginnings.

What Panel's progress

It is not within the scope of this paper to explore what is value, or the merits or methods of co-creation and participative technologies that can help create it. For now, let's pick up with the customer panel where we left it, shortly after its recruitment, and have look at its operation from the other side of the process at what it has delivered.

The first panel meeting was convened a few weeks after the recruitment evening. It featured an introduction to Wellington Water's governance and financial structures from the chief financial officer, and a discussion of chairmanship, terms of reference, and compensation.

As of this writing, a total of four further meetings have been held, at roughly six weekly intervals (excluding summer school holidays). The general pattern has been for an internal officer to present some particular aspect of the business, and the panel then to discuss that from their perspective, either through questioning or through applying what they have heard to their own experiences.

Some outcomes from this process include:

1. *The Customer Charter*

This was the result of a discussion that started with what it means to be a customer of Wellington Water, when the business has no direct financial or service relationship with residential consumers. The panel discussion led to the development of principles and expectations, ultimately recorded as a charter, that has since been shared internally as guidelines of customer expectations.

Table 1. Wellington Water customer charter

Customer Charter

Great Customer Service doesn't just happen – we must create it!

Our Values

- We want our customers to be happy with the care they receive
- We will give our customers our full attention and listen to them
- We will act with empathy and understanding of communities' needs
- We hold ourselves responsible for our actions and their outcomes
- We build trust by being honest in our dealings with all customers and each other

Customer Commitment

- We'll make it easy for you to find out what our customer level of service is
- We're here for you every day via phone, email, and Facebook
- You'll receive clear, friendly, straight-forward and honest advice from us
- We'll ensure the services we provide are timely
- Your voice really matters - we'll actively seek your feedback about how well we've done
- If we can't solve the problem, you'll know why and what your choices for next steps are

2. *How to work with us*

Another early outcome of the panel's own direction were guidelines on how the business should best work with the panel. It is easy to overlook that customers are not nearly as familiar with the daily tools and behaviours of modern organisational life as people who spend their days in offices. The prolific use

of email, Outlook appointments and viewing portable document format (pdf) attachments are unfamiliar territory for people who don't spend their days working in an organisation. The group felt it was important that materials for each meeting were sent out ahead of time, but equally that participants should be able to join in discussions without necessarily having read material beforehand. This provided a useful guideline and challenge for Wellington Water team-members presenting to the panel, to make sure they were not simply delivering a closed story, with no opportunity for challenge, but one that instead provoked questions and discussion.

3. Rating community awareness priorities

The most engaging meeting the panel has had to date involved a test of the service goals Wellington Water uses to help report on the delivery of its three high level customer outcomes, and an exercise to rate the importance of network issues areas with respect to investment in customer education.

The panel were asked to rate and weight the importance of the lifestyle areas using marbles and bowls. Each lifestyle area derived from one of Wellington Water's 12 network service goal. They could "invest" as many of their marbles in each area as they liked. Several runs were undertaken, starting with more marbles than indicators, and finishing with less.

The purpose of the exercise was to replicate the dilemma that councils have of trying to fund multiple activities with limited funds. In doing so it both helped to explain this challenge to the panel, and test the service goal structure as an investment model for Wellington Water to use in conversations with councils. And, as each run through brought up slight variations in the weighting of priorities, it helped indicate what was most important to the panel members - clarifying the values and perceptions of the organisation's customers to people within the organisation.

A second exercise asked the panel to prioritise key issues of customer interaction with the three waters networks with regard to community education. Issues included things such as wastewater network overflows, contaminants entering stormwater systems, the value of water services and emergency preparedness. First individually, then in pairs, groups, and finally as a whole, the panel had to decide the order of priority for community education.

Table 2. Ranking of community education priorities

1	The role/value of water
2	Emergency preparedness
3	Blockages of wastewater network
4	Contaminants into stormwater
5	How the 3 waters networks work and how people impact the networks and the environment
6	Lowering water demand
7	Cross-connections
8	Impacts of flooding and overland flow paths

It would be expected that Wellington Water's draft community education programme for the 2017-18 year would be brought back to the panel for further discussion.

4. Evaluation of service dashboard

The service dashboard is the same menu of service performance indicators discussed above, but with actual performance levels applied. In this way it helps inform discussions with councils as they face up to the reality of investment decisions. Using modified data, Wellington Water staff took the panel through the dashboard's presentation as if to a council. As the service goal structure was now familiar to the panel, they were able to quickly translate performance in the 12 service areas into investment outcomes and priorities, and so consider the impact of maintaining current levels of investment, increasing it or decreasing it, through Long Term Plan proposals.

Developing and testing this method of presenting investment scenarios with the panel helps improve transparency in funding decisions. The consequences of short term thinking become much clearer. Indeed, the panel noted with surprise just how long it would take to make a difference to a particular indicator, for example to shift it from 'amber' to 'green'. And it helps Wellington Water staff prepare for their discussions with councillors

Where to next?

The Wellington Water customer Panel seems to differ from other models studied to date in these two key areas: that members are drawn from the community without qualification; and that the panel is responsible for its own deliverables. In some cases, the characteristics that would qualify people for membership of some customer panels would disqualify them from membership of Wellington Water's. The company has emphasised to members that at least in the early stages, they are on the panel not as subject matter experts of any description, or as representatives of any particular sector of a community – poor, immigrant, green, disadvantaged – but as representatives of the community; the community in which they live. Secondly, the panel is responsible for its own destiny and programme of work.

With some of the ambiguity gone, in a sense the easy part is now over, and several challenges are beginning to form on the horizon for Wellington Water and its customer panel.

Firstly, how will the panel account for itself and its work, and how will the organisation honour its commitment to have the 'customer at its heart' with respect to the panel. In what way will the panel be able to report on its work, to whom? And how will the panel be sure it is having a deep and significant impact on the organisation's work beyond opportunities such as providing suggestions on an information campaign or brochure?

Two, how will the panel evolve as it builds understanding of the business, and members lose their disinterest in the sector that qualified them for membership in the first place? How will the organisation, having worked to bring customers into the heart of the business, respond when a select group, increasingly well informed, either explicitly or implicitly challenge the work being done. How will that challenge be resolved and recorded?

Thirdly, how will recruitment to cover mid-term drop-outs be handled – and what is the full term for panel members. Should there be a full term?

It is still early in the panel's life cycle, and with the possible exception of recruitment, these questions do not need to be answered for several months or more. Already, some within Wellington Water are thinking about how to make the panel a more integral part of the thinking and planning that takes place within business. One example of a way to do that is to include in internal assurance documents an indication that the relevance of the work to customer panel interests has been considered in the thinking, in much the same as iwi interests must be considered for significant activities.

Learnings to date and next steps

Any organisation considering establishing a customer panel needs to be comfortable in its approach. For Wellington Water it was largely a step into the unknown. Others organisations will be happier having more structure to process and function. A strategy-driven business will know what it is seeking to gain and act accordingly. For Wellington Water, the goal was to bring customers into the heart of the business, and the panel as constituted there seeks to meet that aim. To the extent that other organisations considering establishing some kind of consumer engagement structure with aims that overlap with that, the following learnings are offered.

1. Over-recruit in the beginning. You'll need spare bodies, as members of the public have a lot of life going on as well as their daily work. They'll be absent through illness, family, holidays, work, a better offer on the night.
2. Embrace difference. You may be surprised by some members of the broader community in which you live. Trust the process, and the group, and the dynamics of society – which have very little to do with social media. Social media and the technological factors noted above that have promoted the rise of the individual have also allowed the voices of some individuals to become distorted, to become disproportionately loud. Society isn't social media – don't be too quick to press the No button when selecting your panel.
3. Be prepared for surprise. Panel members will grasp some things quickly, and get stuck on others. They'll ask smart questions and make smart observations, because they'll ask simple questions that often go to the heart of the assumptions your technical experts have made and forgotten a long time ago. Take note of these, as they are the questions you need to answer when looking to improve its story-telling to the public.

Of course, all the usual caveats apply with a new venture, such as ensuring you have leadership and administrative support, adequate long term funding, and the rest of the organisation is informed of panel activity and outputs. And depending on the nature of your panel, some kind of strategy for its evolution.

In Wellington Water's case, this divides the panel lifecycle into three not necessarily equal parts. At first, panellists are fresh, they know little about the business, but are expert customers. At this time, their expectations are free of any knowledge of the realities of the business - so their opinions are at their most 'pure' from the customer sense. As their knowledge builds, of how Wellington Water does its

work, seeks to add value, assembles its knowledge and converts it to advice, panel members can offer a more informed challenge of the material they see. In this stage of their growth, panel members will have a better understanding of the three water infrastructure challenges and funding dynamics than new city councillors would. There is the opportunity for the organisation to use the panel as a solid sounding board to test its thinking on new directions. And finally, as panel members become thoroughly familiar with the scope and cycle of work of the organisation, they have the potential to act as advocates and representatives. With a three year cycle between long term plans, this seems about right for a panel cycle.

CONCLUSION

A business needs a strategic driver to form a panel. But given the social, environmental, technological and regulatory factors at play in the New Zealand water management environment, it is not hard to make a case to establish one. Co-creation is one way to empower a customer panel from the beginning, which could otherwise be at risk of tokenism. Care must be taken to ensure the panel can see its input makes a difference, and that it is given the chance to play to its strengths as it evolves. This will happen through shared understanding of what the panel and the organisation are collectively setting out to do – and having this reflected in agreed measures. Ultimately, both parties need to understand the work they have to do to make the panel a success.

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