



The City of Salina, Kansas, Switches to an Interactive Voice Response System

By Rod Franz

Salina officials find that interactive voice response systems provide enhanced customer service and increased security and internal control while improving the working environment and reducing costs.

Much of the staff time in any utility billing office is spent answering routine inquiries regarding customer accounts — “How much do I owe?” “When did I last make a payment on my account?” “Can I have a payment extension?” These questions occupy a lot of staff time, as does dealing with telephoned credit card payments and delinquent account collections.

The City of Salina, Kansas (population 47,000), was no different. With 20,000 customers, total utility customer accounting staff telephone time hovered in the range of 150 to 200 hours per month, and that was growing as more customers were electing to use the convenience of the credit card and telephone to pay their bills, in addition to requesting extensions or making other inquiries about their accounts.

Collecting from delinquent customers was another major activity. Typically, the city sent out final notices to about 3,300 customers per month. These provided approximately seven days to pay. Finally, as a last ditch effort, on the day before utilities were due to be terminated, staff would go to each delinquent customer’s location and try to collect the amount due in person. Typically this meant visiting about 1,000 customers per month,

requiring about 4-5 man hours every workday. This effort was intensive, but it resulted in good collection ratios, with only slightly more than 200 locations per month ultimately being disconnected.

The increasing intensity of the office environment was affecting morale and, as a result, productivity and the level of customer service decreased. Staff also began reporting a level of discomfort with customer contacts in the field during the delinquent collections activity. While no staff members had been assaulted or openly threatened, there had been a number of “discomforting” situations, and the feeling was that it was only a matter of time before a serious event would occur and the safety of the employee would be compromised.

CHOOSING A SOLUTION

A number of alternatives were considered to address these issues. Ideas included:

- implementing an online payment system via the Internet
- limiting or eliminating the use of credit and debit cards
- implementing an interactive telephone system that would allow customers to access their accounts
- eliminating the field collections practice

After considerable research, the City of Salina chose to implement an interactive voice response (IVR) system to take payments, and to substitute that system's capabilities for the field collections. Even though the \$85,000 cost was daunting, a present value analysis of the costs, compared to the anticipated financial benefits, indicated a payback period of 25 months. In addition, the system offered a number of intangible but valuable benefits (e.g., increased employee safety, increased customer privacy, reduced customer exposure to identity theft, and customer convenience).

The first concept considered was Internet access, but the IVR system was ultimately selected for a number of reasons. Customers were already accustomed to calling the department telephone number, so routing their calls into the new IVR system would not involve making them consciously change their behavior. And while the use of computers and availability of Internet access is widespread, telephones are even more ubiquitous. Also, the IVR system selected had the capacity to allow customers to request and receive payment extensions, based on rules set by the city, without staff inter-

vention. The Internet systems reviewed did not have this capability. The IVR system selected could also do outbound calling for delinquency processing, an important issue for the city and a capacity the Internet systems available at the time also didn't have. In addition, the IVR system selected had very tight integration with the customer accounting software used by the City of Salina, and, while Internet transactions are reasonably safe, automated telephone transactions are more so.

Salina calls its IVS system \$WaterLine\$. \$WaterLine\$ allows customers to use their telephones at any time, day or night, to make inquiries regarding their city utility accounts (balance and history), make payments on the account, and make payment arrangements (extensions). System prompts are provided in both English and Spanish, providing an increasingly needed bilingual capability, and customers have an immediate option to press zero to speak to department staff, which they can do at any time. The IVR system is also programmed to call customers on the non-payment disconnect list, giving them a notice and providing them an opportunity to pay or make payment arrangements immediately. Payments are posted to customer accounts, and delinquent customers are extracted from the system without staff intervention.

GETTING STARTED

\$WaterLine\$ was implemented in December 2007, after several months of planning and pre-configuration. Menu trees were designed, messages for all menu options were written and recorded, and rules were established for

Exhibit I: \$WaterLines\$ Brochure

Welcome

In an effort to streamline our operations and improve customer service, the City of Salina has implemented \$WaterLine\$, an Interactive Voice Response (IVR) solution.

We encourage you to use \$WaterLine\$ to fulfill many of your needs. You can use the system 24-hours a day, 7 days a week, 365 days a year to do many things:

- Check account information
- Check billing history
- Check payment history
- Make a payment

With so many things you can do—at your convenience, whenever it fits your busy schedule—the \$WaterLine\$ is a great way to check on your water and trash accounts. You can still speak to Customer Service any time during business hours by the same number, too.

What You'll Need

To use \$WaterLine\$, just follow these steps.

First, find your account number on your bill.

How It Works

Once you're connected to \$WaterLine\$, choose [1] for English or [2] for Spanish. Then pick one of these options:

- Press [1] For account information or to make a payment
- Press [2] Schedule a special trash pick up
- Press [3] To start, stop, or transfer water or trash service
- Press [4] For payment history information
- Press [5] For billing history information
- Press [0] To speak with customer service

Make a Payment

With \$WaterLine\$, you can pay your balance by:

- Visa
- MasterCard
- Discover
- E-Check

All transactions are fast and secure.

In case of a Water Utility Emergency after hours, please call (785) 826-7305.

300 W. Ash Street, Room 102
Salina, KS 67401

Water Utility Account Extension is Just a Phone Call Away!

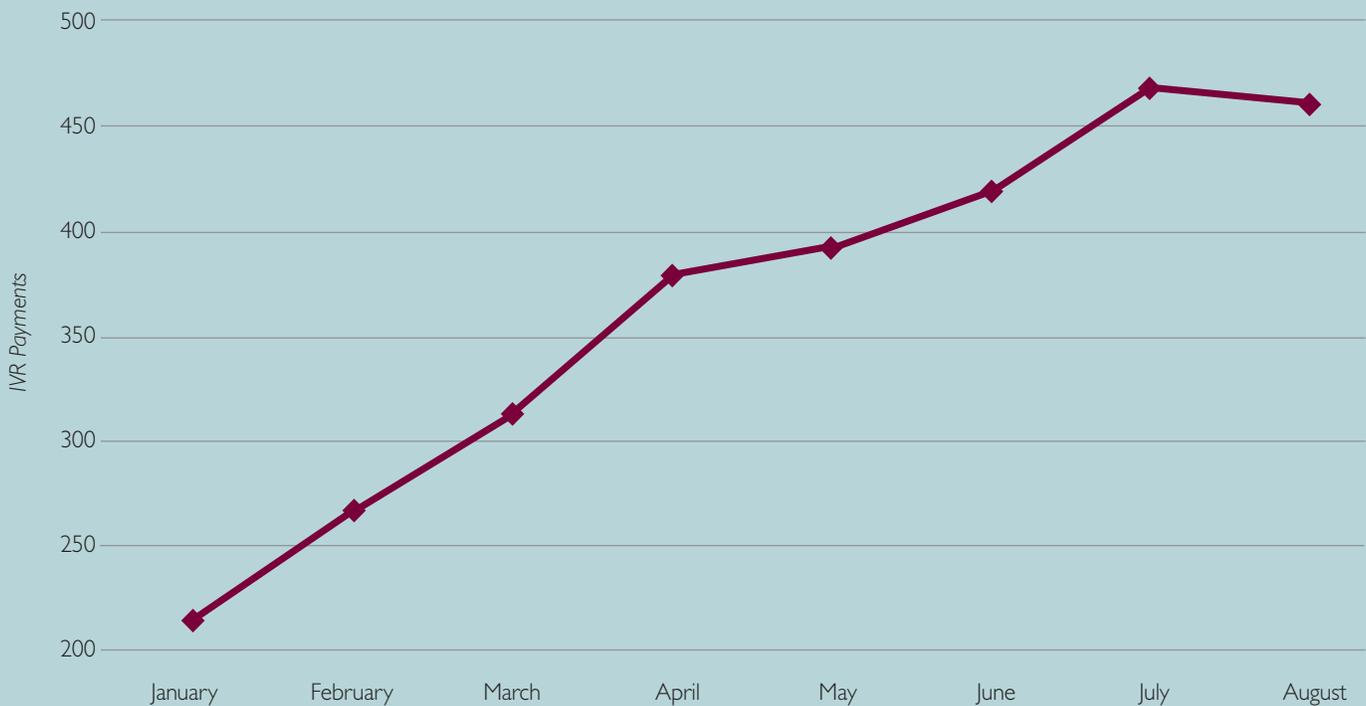
City of Salina

City of Salina
\$WATERLINE\$

300 W. Ash St. Room 102
Salina, KS 67401
Office Hours: Monday-Friday
8:00 A.M.—5:00 P.M.
(785) 309-5740

Selectron
www.selectrontechnologies.com

Exhibit 2: Interactive Voice Response Payments



system decisions. The information about the system was distributed to all customers as a brochure that could be kept next to the telephone (see Exhibit 1). A close working relationship with the vendor was essential for adequate preparation.

The process was smooth and trouble free, thanks to adequate preparation, vendor support, and in-house information technology support. \$WaterLine\$ intercepts all calls to the department, and the customer must select an option to speak to staff. City officials anticipated that there would be some complaints because of this, but in fact, the city has received almost no complaints (1 or 2 per month) regarding any aspect of the system.

PERFORMANCE RESULTS

In August 2008, the department received and processed 5,157 calls. Of those, 3,244 were handled by \$WaterLine\$, with the remaining 1,913 handled by departmental staff. In August 2007, by comparison, the department's total call volume was 3,281 calls, all of which were handled manually. Two results have been achieved: Access to the customer accounting system has increased by about 57 percent, while manual telephone processing by the staff has decreased by nearly 42 percent.

In 2007, all telephone access occurred between 7:00 a.m. and 6:30 p.m., Monday through Friday, using a conventional voice-mail system. In August 2008, the system handled 378

calls on the weekends, and 898 calls outside of office hours. The system has clearly expanded access to many customers in terms of time of day and day of week.

Total time on the phone has shown parallel results. In August 2007, staff spent a total of 167 hours on the phone. In August 2008, that number was reduced to 106 hours and 41 minutes, a reduction of 53 hours and 19 minutes, or 32 percent. At the same time, call time by customers into the system increased to 270 hours and 40 minutes, a 62 percent increase in customer access. Annualized telephone staff time reduction is about 640 hours, not including time spent processing the information received.

In August 2008, \$WaterLine\$ accepted payments from 1,461 customers. It is now accounting for about 6 percent of all cash receipts. Of the other types of payments, the number of manually processed credit card payments have reduced the most, by 477 transactions per month. This represents a material savings in processing time. Since its December 2007 inception, the number of payments through \$WaterLine\$ has increased by 25 percent (see Exhibit 2). There was a very rapid acceptance of the system.

DELINQUENCY PROCESSING

One of the original purposes behind acquiring the IVR system was that it would allow the City of Salina to become more efficient with its delinquency collections. Sending out staff to visit each household scheduled for non-payment termination and attempt to collect the bill in person was time intensive, using an estimated 1,250 man-hours per year (in addition to the concerns about staff safety and the appropriate level of internal controls). If the customer was not home, the door would be tagged with a notice to pay, customers routinely complained about the privacy implications of their door being tagged.

The department started using the outbound calling feature of the \$WaterLine\$ in place of the in-person visits in January 2008. When customers receive a delinquency notice via IVR, they have the option of paying immediately, using a credit card or electronic check, or paying in person or at a drop box later. In this way, the IVR parallels the in-person visit, but it provides for much greater privacy for the customer.

In looking at the system data, one unanticipated result is apparent. Initially, there were more than 1,000 customers per month in delinquent status and for whom disconnection was imminent. After the IVR notifications started, however, this number dropped to an average of about 730 customers per month. An average of 276 customers per month are now paying before the collections process is implemented instead of waiting for the city to come and get the money, meaning the city gets paid in a more timely fashion, and each of those customers saves \$10 per month in collection fees.

The process was smooth and trouble free, thanks to adequate preparation, vendor support, and in-house information technology support.

Among those customers that still have to be contacted, the IVR results in ultimate collection of the amount due from 52 percent of the contacts. About half of those use the system to pay immediately, while the rest pay by conventional methods. Total terminations for delinquency are now in the neighborhood of 250 to 300 per month, which is slightly higher than before. However, there is much less staff time and effort, vehicle use, gasoline, etc., used with the IVR, as well as a less risk to staff involved in collections. There are about 150 customers per month that the city is not able to make contact with. About 50 of these are due to no-answers or busy signals, and the rest is because of disconnected phone num-

bers. Staff continues to collect accurate phone information with the intent of reducing this number.

CONCLUSIONS

The \$WaterLine\$ has been very successful. Customer acceptance has been outstanding. While the city has received occasional feedback from customers who do not like the system, it has received more positive feedback. And the level of system usage speaks for itself.

The anticipated financial breakeven point of 25 months will be achieved or surpassed (with one staff position eliminated through attrition). In addition, the working environment is much improved, with less stress, and workplace safety has been increased. Finally, customer privacy and credit card security have been enhanced, with a higher level of customer service. ■

ROD FRANZ is the finance director for the City of Salina, Kansas, a position he's held for 13 years. Before that, he was the city clerk for the City of Arkansas City, Kansas, for 13 years, and before that, city manager in Healdton, Oklahoma, and a circuit riding city manager with a regional planning commission headquartered in Pratt, Kansas. Franz has a bachelor's degree from Emporia State University and a master's degree in public administration from Wichita State University. He earned his Certified Public Finance Officer designation from the GFOA in 2001. Franz has served on the Kansas League of Municipalities Governing Body and is a past president of both the Kansas City Clerks and Municipal Finance Officers Association and the Kansas Government Finance Officers Association. He can be reached at 785-309-5735 or by e-mail at rod.franz@salina.org.