

*First in a series on key account management in the utilities industry*

### The current state of key account customer experience

Read any utility company annual report and you'll find that most have a strategy for improving customer experience (CX), while also growing revenues and load. The bulk of CX investment is directed towards residential and business customers, which makes sense as they are the vast majority of customers.

Unfortunately, relatively little is spent on CX for key accounts - a utility's largest customers and most significant contributors to revenue and load. Research indicates that utilities with less than a million accounts, "top-tier utilities," spend an average of 0.06% of O&M annually on key accounts - about \$2,600 per key account.<sup>1</sup>

Key account managers bear a heavy responsibility managing the customer relationship through the key account lifecycle, as there are many stakeholders and the ramifications when something goes wrong can be significant. Spending less than a tenth of a percent of operating expenses on key accounts seems astonishingly low, especially given their importance to utility revenue, load, and overall grid reliability, and to the state and local communities where utilities engage, and their employees live.

Coinciding with this low level of investment is often a lack of vision and actionable strategy for key accounts. In addition, the key account customer journey is undocumented, the account management process and training programs are informal, and customer satisfaction and CX are not adequately measured.

Utility key account management is analogous to managing large B2B account relationships in industries where relationships are long-term, complex, and involve significant investments and many key stakeholders. A major difference is B2B suppliers, including third-party competitors of clean-energy solutions, depend on key accounts for their survival. Utilities believe otherwise and focus their CX efforts on residential and business customers. However, this presents several risks in today's energy market, both to the utility and its customers.

"Utilities today are facing more existential threats than ever before. Third-party providers of clean energy now offer a credible alternative to the traditional power company - eroding the relationships they have established with customers of all sizes."

PA Consulting, *The Next Generation Utility Customer*. (2016).

### The importance of key account CX

What are the risks to a utility for not adequately investing in key account CX? The big rocks are Environmental, Social and Governance (ESG), competition, revenues, load, rates, and economic development.

Key accounts have ESG goals and are facing pressure to increase ESG-related investments by their employees, customers, and institutional investors,<sup>1</sup> Black Rock being the largest and most vocal. In 2021, EY reported that "Investors increasingly believe companies that perform well on ESG are less

<sup>1</sup> West Monroe. July 2021. "Marketing and Customer Experience Benchmarking for Utilities."

<sup>1</sup> Callahan, Larcker, Tayan. September 2021. "The General Counsel View of ESG Risk." Stanford University.

risky, better positioned for the long term, and better prepared for uncertainty.”<sup>2</sup> Today, key accounts are making energy decisions based on corporate ESG goals, irrespective of the cost and impact to the utility. Third-party energy providers are partnering with key accounts on clean, renewable energy supply and distributed solutions. These competitors are very skilled at key account management and building B2B relationships.

In some markets, a third-party provider and key account could sign a PPA, causing the utility to lose revenue. More serious are competitor relationships with key account decision-makers that lead to behind-the-meter DER projects; thereby stranding utility assets and reducing revenue and load. Large commercial and industry (LC&I) key accounts subsidize other customers and encourage investments in grid reliability. Eventually rates for residential and business customers will rise, thus having a negative impact on customer satisfaction and NPS.

Key accounts are vital to local economies. Therefore, any decrease in a utility’s influence with a key account, or deterioration in the B2B relationship could cost jobs. The utility isn’t in the best position to proactively assist the key account when, for example, headquarters wants to cut costs and consolidate operations to a facility in another state. Conversely, a key account may miss an opportunity to expand and grow employment due to a weak relationship with the utility.

For various reasons, key account projects are often behind schedule by the time the contract is signed - with additional delays incurred until the meter is set. This is exacerbated by expectations not being met, inconsistent communications, and unclear lines of responsibility and accountability. Therefore, just as service begins, customer experience is at its lowest. This is not the best way to earn trust and embark on a long-term customer relationship.

### Improving key account customer experience

The risks can be minimized by improving CX for key accounts, which starts with utilities including key accounts in their CX vision, strategy, and investments, and ensuring company processes and training programs support establishing relationships based on trust.

The following section outlines a methodology of eight, interrelated components for improving key account customer experience. The methodology is based on the author’s experience in key account management and the utility industry. It was deployed at a large electric utility, where the results continue to exceed leaderships’ goals and expectations - see *Improving Utility Key Account Management* case study. Future white papers will dive deeper into each of the solution components.

#### Solution Components

1. Executive commitment
2. Process transformation
3. Organizational change management
4. Surveys and benchmarking
5. Trust-based relationships
6. Technology enablement
7. Training & development
8. Accountability

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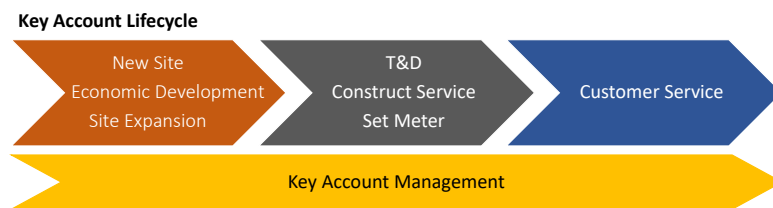
**1. Executive commitment.** Improving customer experience for key accounts begins with the commitment and contribution of leadership to vision, strategy, goals, and messaging. This commitment is active and on-going. The initiative must align with company culture and values. It transcends the key account team and involves stakeholders from across the company - in operations, finance, T&D, economic development, rates, and regulatory.

<sup>2</sup> Matthew Bell. March 2021. “Why ESG performance is growing in importance for investors.” EY.

Funding and resources need to be allocated, industry plans developed, performance metrics put in place, job descriptions updated, and technology enhanced. Executive sponsorship is required for success, as are the vice president and director overseeing key accounts.

**2. Process transformation.** Documenting the key account customer journey and performing root-cause analysis can begin with input via voice-of-customer (VOC) through the employee. Eventually, direct VOC insights are needed. There are many items to evaluate to fully assess the account management process and level of maturity.

Once current-state is understood, a future-state process can be designed for process, people, and technology. A cross-organizational, key account management process is then built with reporting, KPIs, and playbooks. The new process and technology provide an improved key account CX throughout the customer lifecycle and buying journey, and support building trust-based relationships. Key stakeholders are upskilled as required and trained in the new process. Performance and progress towards goals are measured.



**3. Organizational change management.** This is the project within the project; OCM is critical for success. When established ways are challenged, expect resistance. Many utility stakeholders may have their roles, responsibilities, and compensation impacted. Honest, clear, and constant communications from leadership is required to help employees - and key account stakeholders - understand what's in it for them. The OCM leader has a solid understanding of company culture and values, as well as experience leading change and working across organizational silos. OCM is operating expense well spent.

**4. Key account surveys and benchmarking.** Operating without VOC insights is like driving in a foreign country without a map. Decisions are made based on beliefs and assumptions, leading to poor key account performance and customer experience.

Unfortunately for all concerned, few utilities survey key account CX and customer satisfaction, or benchmark performance. Therefore, utilities are unable to fully understand the situation with their key accounts and are left to rely on anecdotal input. This hinders root-cause analysis and making improvements in the areas most impacting their customers. This is easily and inexpensively corrected. Measuring key account CX and customer satisfaction is standard operating procedure in the energy midstream, logistics, and chemical industries and should be for utilities who are serious about key account CX.

**5. Trust-based relationships.** Establishing B2B trust should be "Job 1." Trust is an important company of the utility's culture and values and is validated by the actions of leadership. Research shows that building relationships based on trust is needed for both the supplier and customer to fully achieve and maximize the value of the relationship.<sup>3</sup> It also allows the utility to minimize risks and

<sup>3</sup> M. Hollyoake, M. Ashleigh, M. Higgs (2021). *The Trust Dividend*. The International Journal of Sales Transformation.

steer clear of the icebergs. Organizational trust can be proactively developed and measured.<sup>4</sup> The new key account management process and training program supports building trust-based relationships with key accounts, in the utility and between organizations.

**6. Technology enablement.** Technology enhancements will be required to achieve the key account CX vision and strategy, and to enable the future-state account management process and customer journey. The systems involved include CIS, CRM, OMS, ECM, analytics, reporting, notification, billing, and web portal.

Experience shows the technology roadmap will change after the new account management process is deployed. The initial phase is implementing a minimum viable product to support the process and improve CX. New capabilities can be added over time and coordinated to minimize cost and impact. For utilities who begin at a low level of key account process maturity, the recommendation is avoid major technology projects until the new process has been deployed and begins to prove its value.

**7. Training and development.** This initiative presents an opportunity to expand the key account manager training program or build a program if none exists. A prerequisite includes reassess the core competencies required for success in the account manager role, as well as the needed skills, knowledge, abilities, and experience. HR ensures job descriptions and hiring guides are in alignment.

Stakeholders from across the organization are involved in the key account management process and should be involved in the training program. In addition to leadership and account managers, look to include T&D, finance, rates, economic development, and analysts.

**8. Accountability.** While designing the new key account management process and customer journey, consideration is given to accountability. Peter Drucker said, “What gets measured, gets managed,” and measuring what matters is important to achieving the future-state vision.

Leadership puts forth key account CX and performance goals in support of the utility’s vision and strategy. Leading and lagging indicators are used to monitor progress and performance. Employee annual performance plans include these KPIs. Increased accountability is needed for tracking progress and performance and changing behavior. Leadership, OCM and HR are very involved in defining and implementing these new accountability measures.

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M. Hollyoake (2020). *Unpacking the B2B Trust Model*. Customer Attuned.



### **Author**

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