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Customer service evaluation

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CPM Project

Customer Service Evaluation

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STATE DOCUMENTS

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Project Goal

To develop a useful tool for identifying specific areas of customer needs and concerns in order to increase customer satisfaction and reduce unnecessary or redundant contact with customers of the Mortgage Servicing Department of the S.C. State Housing Finance and Development Authority. Measuring device(s) to be in place before June 30, 2000.

Discovery of common concerns will be addressed as appropriate.

Problem Statement

The duties of the Mortgage Servicing Department of the State Housing Authority are to provide loan administration for a portfolio consisting of 5,400 first mortgages and 2,700 second mortgages. This department provides much the same services as any bank or mortgage company provides to its customers. Payments are collected, taxes and insurances are paid from escrow accounts, collection techniques are employed and loans are foreclosed when necessary. Customers are provided annual coupon booklets, annual information statements and are allowed electronic payment options in addition to payment by mail or in person. Authority mortgagors are from the "beneficiary class" of

the population of South Carolina. These customers are at or below 80% of the statewide median income.

As evidenced by its mission statement, the Authority has made customer service a priority. The Mortgage Servicing Department is one of only a couple divisions in the Authority that has direct contact with the public. It is the goal of the Authority that contact with the Authority be a pleasant, worthwhile experience. Currently, no devices for determining customer satisfaction are in place within the Department. Much of the time, the only feedback received is complaints.

The Department strives to be “invisible “ to the customer by performing its duties efficiently and properly. When contact with the customer is made, every effort is made to meet that customer’s needs. Identifying “crucial” pockets of customer issues by using a specific, custom device will allow the Department to learn how it can be proactive in meeting the needs of the customer and thereby reduce workloads relative to customer contact while simultaneously improving the quality of customer service and remaining “invisible”.

Cause Analysis

As with any other organization or entity, the servicing department has been forced to do more with fewer resources. Industry standards indicate that one of the requirements to be a profitable servicing institution is that the ratio of loans serviced be greater than 500 loans per employee. The Authority's ratio is over 800 loans per servicing staff member. The increase in the loan base has obviously brought about increases in customer contacts. Changes in government regulations and industry requirements can cause a constant state of flux with the mortgage accounts.

Authority borrowers, in general, are lower to middle income and have less education than the average mortgage customer. In addition, most are first time homebuyers and do not understand the mortgage processes. This, coupled with the sheer volume of loans, creates an amazing opportunity to provide quality customer service. Many factors impact the staff's ability to provide service. Weaknesses within the computer system the department uses causes much unnecessary work. Limitations in the areas of knowledge and expertise due to employee turnover can also be a hindrance.

However, volume seems to be the overriding factor. On an average day, at any given time between 8:00 a.m. and 5:00 p.m., there is at least one of the ten staff members on the phone. The department averages one incoming call every five minutes or around 100 calls per day. This does not include outgoing calls. During an average month, there are between 175-225 walk-in customers. Staff also is in constant contact with insurance

agents, taxing authorities, banks, credit bureaus, salespersons, government agencies, legislators and other departments within the Authority. Staff has little or no idea of how they are perceived by their customers. The work environment can be extremely stressful and errors do occur.

Identification of trends and frequencies with regard to contact will be the main ingredient in this process. If needs can be identified, a proactive instead of reactive approach may be utilized. Contacts can be decreased thereby providing more time for attention to other customers. Possible staffing deficiencies or training needs may also be identified.

Information will be obtained using a checklist (see Appendix) and analyzed with the aid of a concentration diagram. The checklist will obtain the type of customer, type of contact, topic of contact and duration of contact. For purposes of this analysis, the definition of customer will be limited to Authority borrowers only. All staff members with the exception of the foreclosure staff (only contact is with Authority attorneys) will maintain checklists. Either during or after contact, staff will note the following regarding the customer and the contact; whether or not they have a first or second mortgage, the type of contact (phone, mail or personal}, the topic or reason for contact and how long it took to resolve problem or satisfy customer. Gathering data in this manner may prove to be time consuming or difficult depending on workloads. It may become necessary to alter checklist responses or to schedule rotation of staff involved in data collection. Weekly monitoring of progress toward data collection may be necessary.

Implementation Plan

In the first week of March 2000, the Servicing Director will meet with the three distinct segments of the Servicing department and will explain the goal and intent of the process of gathering customer data. Feedback will be solicited and checklist may need to be revised. Necessary changes to work schedules/priorities will be discussed. So that an undue burden is not placed on staff, there will be a one checklist per day limit per staff member. Members will be asked to measure the overall amount of contact at this stage so that levels may be compared to evaluate success of the project.

During the third week of March 2000, the same workgroups will meet again to discuss progress or difficulties pertaining to the process. By this time, a spreadsheet will be devised to collect data from the checklists and the department administrative assistant will begin to enter data from the individual sheets. Costs relative to lost time will be identified and noted. Unless it becomes necessary earlier, one more meeting to discuss progress will be held in mid-April.

By the end of April 2000, all data received will be entered into the main spreadsheet. A detailed analysis will be performed and the data stratified into identifiable areas of concern/need. In May 2000, a team made up of one person from each segment of the servicing department will review the analysis and offer recommendations for dealing with any discovered need/concern. Implementation of these recommendations may take place by the end of June 2000.

As stated previously, time is a precious commodity to all staff members and it may become difficult to involve all staff at all times. Time will also be our only cost during implementation/discovery. If it is discovered that a proactive, customer education plan be an effective remedy to some concerns then sample costs could include printing, postage, etc. If it is discovered that staff may need more development and training in order to perform their duties more effectively then those costs would become a factor as well.

Employee buy-in is crucial in order to effect positive change. Recommendations of the team will become operational procedures for the future.

Evaluation Method

The success or failure of this project cannot be evaluated in the short term. Factors such as monthly cycle, time of year (tax season, escrow analysis) will have to be considered when comparing customer contact levels to determine if contact has indeed diminished. Education programs and other remedies will be a long term, on going process. However, based on the levels of contact previously determined during implementation, there will be a comparison made to the same time next year. Phone and mail surveys may be utilized to solicit customer feedback as well.

Also, it will be necessary to involve all staff in the determination of effectiveness. Success is sometimes in the eye of the beholder and one remedy for one area may be a virus to another. Once again, complete employee involvement is crucial to approaching total quality.

At any given time over a year from now, the steps of the implementation plan may be repeated as well to identify changes in need or to determine if real change has occurred.

Appendix

	Time of Day	Loan#	Mortgage Type First(F) or Second(S)	Contact Phone(P) Mail(M) or Walk-in(W)	Reason Reg. Pmt.(R) Escrow(E) Payoff(P) Default(D)	Duration # Minutes	Resolution? Y/N	Comments
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