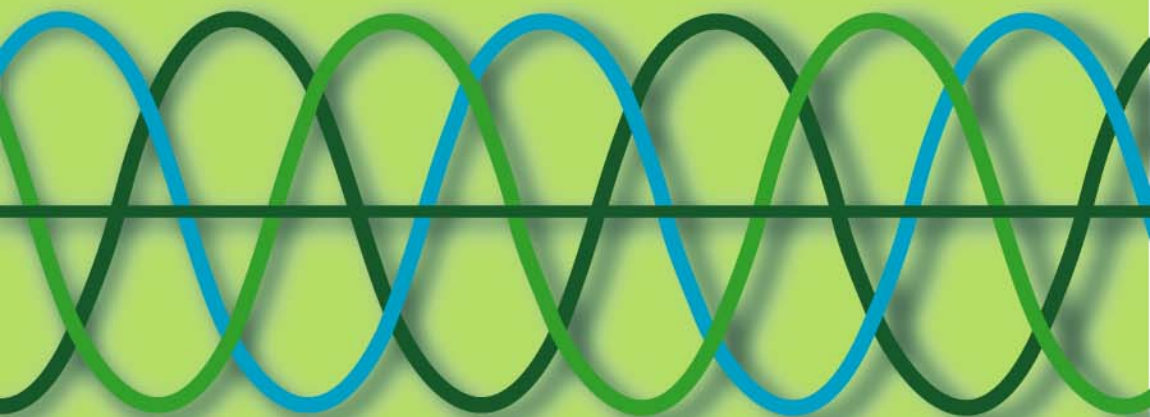


**The Smart Grid  
Consumer Focus Strategy  
Transforming  
Utility Operations to  
Build Consumer Value**



**Christine Hertzog • Bill Maikranz**

**First Edition**

**The Smart Grid Consumer Focus Strategy:  
Transforming Utility Operations  
to Build Consumer Value**

**By Christine Hertzog and Bill Maikranz**

The Smart Grid Consumer Focus Strategy:  
Transforming Utility Operations to Build Consumer Value

**The Smart Grid Consumer Focus Strategy: Transforming Utility  
Operations to Build Consumer Value**

Copyright © 2011 Christine Hertzog and Bill Maikranz

Email: [managingeditor@smartgridlibrary.com](mailto:managingeditor@smartgridlibrary.com)

Booksite: [www.smartgridlibrary.com](http://www.smartgridlibrary.com)

All rights reserved under International and Pan-American Copyright conventions, including the right to reproduce this book or portions thereof in any form whatsoever.

ISBN number: 978-0-9840944-4-8

1st Edition — June 2011

Doug Stuart, cover and book designer

Published by GreenSpring Marketing LLC



The Smart Grid Consumer Focus Strategy:  
Transforming Utility Operations to Build Consumer Value

<b>About the Authors</b>	<b>5</b>
<b>Introduction</b>	<b>6</b>
<b>The Need for a Consumer Focus Strategy</b>	<b>9</b>
<b>The Consumer Focus Strategy Components</b>	<b>12</b>
<b>Change Management</b>	<b>13</b>
Internal and External Communications Plans	17
<b>Benchmark Operations</b>	<b>20</b>
<b>The Consumer Focus Model</b>	<b>22</b>
Consumer Focus Model Channels	24
<b>Budgets</b>	<b>34</b>
<b>Project Plan</b>	<b>37</b>
Risk Mitigation and Characteristics of Successful Project Plans	37
<b>Technology Foundation for the Consumer Focus Model</b>	<b>41</b>
The Request for Proposal (RFP) Process	46
<b>Conclusion</b>	<b>50</b>



## About the Authors

**Christine Hertzog** is a consultant, author, and professional explainer with over 20 years of experience bridging comprehension and use of innovations in new technologies, services, and business models for partners and clients. A veteran of the telecommunications industry, she is well versed in introductions of emerging and sometimes disruptive technologies, and the influences of market trends, regulations and standards, and corporate cultures on their success or failure.

As the Managing Director of the Smart Grid Library, she is a frequent presenter at industry conferences covering a variety of subjects about the consumer edge of the Smart Grid. She is the author of the Smart Grid Dictionary, and her Smart Grid courseware has been published for use in a variety of academic markets. She also serves as an Advisor to several Smart Grid startups and is on the Advisory Board of several digital content providers.

**Bill Maikranz** is a consultant who has invested over 20 years in helping companies design, deploy, and manage cost-effective and consumer-focused contact center technologies and services. These include voice carrier networks, telephone systems that manage calls and the data systems, and full-service and self-service applications. He has conducted extensive analyses of technologies to engineer optimized voice and data networks; assessed the pros and cons of acquisition versus outsourcing or SaaS for applications and services; recommended and deployed appropriate contact center applications based on customer needs; and mapped data interactions between front and back office applications to ensure maximized value of computer-telephone integrations.

His customers range from large multi-national consumer products companies to small to large utilities and services organizations. As the Consulting Director of the Smart Grid Library, Bill helps clients avoid bleeding edge technologies in favor of leading edge solutions that actually work.



## Introduction

There is one characteristic that is common to all new technologies — they are disruptive to someone or something, whether it is a business process, a work group, a customer segment, or an entire industry. The rollout of Smart Grid technologies will significantly impact employees and consumers in every electric, gas, and water utility in the USA. The introduction of intermittent renewables into your energy mix; the integration of intelligence into distribution networks; and the deployment of powerful software suites for front and back office functions are just some of the operational and technological changes confronting most utilities today.

But for all the changes occurring in electricity, gas, and water operations, consider the transformations that will happen to the last link in these supply chains — the consumption side. Smart Grid technologies will produce numerous and profound disruptions for commercial, industrial, and residential consumers. And, in turn, these disruptions can have profound impacts on your utility and the lifetime value of consumers. Until now, the lifetime value of a consumer meant you reliably supplied electricity, gas, or water, and consumers reliably purchased it, at steadily growing rates of consumption year over year.

Now that lifetime value may need to accommodate decreasing consumption at locations due to energy efficiency and other demand-side programs. Lifetime value for electricity consumers has to consider production as well as consumption — what is the value of a participating consumer in demand response (DR) programs, or their ability to sell privately generated electricity back to your utility? These multiple and ongoing changes across the electricity ecosystem present new challenges and opportunities to develop and enhance interactions and lifetime value in all consumer segments for Chief Marketing Officers (CMOs), Chief Customer Officers (CCOs), VPs of Customer Service, Contact Center Directors, and Social Community managers.



The Smart Grid Consumer Focus Strategy:  
Transforming Utility Operations to Build Consumer Value

Some consumers have heard about the Smart Grid, but many surveys reveal limited understanding about the benefits to consumers. They are interested in learning about it, and that means educational outreach opportunities for your utility. It also means opportunities to engage and enlighten your consumers and build new relationships with them. The Smart Grid Consumer Focus Strategy (Consumer Focus Strategy in the remainder of this book) transforms your utility to become the trusted advisor to consumers, educate targeted consumer segments, build lifetime consumer value (especially important as new businesses disrupt the ecosystem), and generate ratepayer support for your Smart Grid initiatives.

What is the Consumer Focus Strategy? It consists of a Consumer Focus Roadmap and Consumer Focus Model. The Consumer Focus Roadmap describes the important tactical steps and processes to create and deploy your strategy into all your consumer touch points (including customer care contact centers, marketing, sales, social community and web site groups, PR, investor relations, information technology and field operations) and organize your operations to achieve trusted advisor status. The Consumer Focus Model documents the transformational vision of your operational end state. The Consumer Focus Model integrates traditional and social media interaction channels to deliver consistent, layered messaging that explains change/benefit conditions and risk/benefit tradeoffs; educates and cultivates behavior change; and enlists support for your utility's Smart Grid objectives. It helps you develop and maintain the trusted advisor relationship between the consumer and your utility, and creates strategic opportunities to build lifetime consumer value for your utility.

The Consumer Focus Strategy is based on years of customer care and Smart Grid consulting experiences by our Smart Grid Library consultants. It recognizes that many utilities are collections of functional departments or silos that are not well adapted to consumer-centric operations. In fact, the consumer touch points themselves are often siloed, so that consumer email interactions data is unaligned to other consumer interactions in social media channels. Our Consumer Focus Strategy combines processes for internal change management, business process reengineering, and introduction of technology



The Smart Grid Consumer Focus Strategy:  
Transforming Utility Operations to Build Consumer Value

innovations with an integrated consumer interactions vision and model that combines traditional and new media channels to deliver carefully aligned messaging for external and internal audiences. The Consumer Focus Strategy helps move utilities into real consumer engagement and beyond to consumer enlightenment.

If you are responsible for an investor-owned utility (IOU), the Consumer Focus Strategy will help your utility improve shareholder value and thrive with increased lifetime consumer value. If you are responsible for a publicly-owned utility or a cooperative utility, the Consumer Focus Strategy will help you deliver cost-effective services by leveraging the most consumer participation in programs that avoid or postpone costly infrastructure expansions and maintain economical rates.

A recent report noted that the future will have two types of companies — those that adapt to consumer communications channels, and those that go out of business. For utilities to survive and thrive through all the fast-paced technology, market, and regulatory changes, it will be imperative to adapt your operations for integrated consumer interactions that the Consumer Focus Strategy delivers. Please note that while this book often uses examples based on electric utilities, the Consumer Focus Strategy is equally applicable to gas and water utilities too.



## Business and Economics

The Smart Grid is a game-changer for utilities and consumers. Technologies, operations and even basic assumptions about the relationships between utilities and consumers are disrupted by the introduction of new Smart Grid solutions. The Smart Grid Consumer Focus Strategy features a comprehensive roadmap and integrated model that transforms utility operations to deliver fully integrated consumer engagement and enlightenment. It builds support for Smart Grid initiatives and programs, and builds consumer value to your utility. If you are a Chief Marketing Officer, Chief Customer Officer, or high level manager with responsibilities for customers or communications, this information-packed ebook will help you ensure that your utility survives and thrives the coming disruptive decades.

### Why buy this book?

- Learn the key success factors to build consumer value for your utility
- Get 9 ideas for consumer outreach using social media channels
- Understand the strategic value of benchmarking
- Answer 12 critical questions about budget planning to ensure project success
- Avoid common “gotchas” in the use of social media channels
- Adopt 2 policy recommendations for email, web chat, and text messaging practices
- Read our rigorous RFP process that achieves technical, financial, tactical and strategic objectives
- Identify the most important technologies for your Consumer Focus Model
- Review conveniently summarized key takeaways for each chapter

### What are readers saying about it?

“A great read for anyone working on delivering customer value from the smart grid. Christine and Bill have captured the complexity of putting all the pieces together in an easy to read format that’s sure to cause some thought for even the most experienced leadership. A great piece to recalibrate your own plans with and to share with others as you explain what needs to happen to move the organization forward.”

Hal L. Jensen

Director SmartStar Programs – Westar Energy

“This well thought out Consumer Focus Strategy draws on the writers’ vast experience in the contact center space and brings it into focus on today’s smart grid. Regardless of how good a utility is, it will always have blind spots that external experts like Bill Maikranz and Christine Hertzog can help shed light upon.”

Director of Technology – Smart Meter Infrastructure at a major Canadian utility

### About the Authors

Christine Hertzog and Bill Maikranz have decades of consulting experience and are quite adept at managing the game-changer challenges surrounding introductions of disruptive technologies and services. Their clients include utilities, service providers, B2B, and B2C product and service vendors. Read more about their backgrounds, and obtain a copy of their book at [www.SmartGridLibrary.com](http://www.SmartGridLibrary.com).