For several years, we’ve heard different organizations encourage utilities to run their operations “like a business.” In your experience, what is the most important business practice small systems could adopt that they aren’t currently doing? Why is that particular business practice so important?

Business Awareness

Everyone has to view the water utility program as a business: Not only the utility employees themselves (management as well as operations) and the governmental levels above the utility program (mayor and city council, board of directors), but also the consumer. Think of it as the three sides of a triangle.

Management

Utility Staff

Customer

Each side must realize that the utility program is a business. If one side is weak, the strength of the triangle is weakened (i.e., the business is weakened).

It is probably easiest for the utility staff to run the utility program as a business. After all, they are involved in the day-to-day operations and can see the benefits of a business-oriented operation. But it is equally important for management to view the utility program as a business. They influence long-term direction and the need for capital expenditures. Having management view these issues from a business perspective provides the direction and focus under which everyone can operate effectively.

The customer will almost always view your utility program as a business. They ask, “How much value do I get for the monthly water bill I have to pay?” Obviously the customer will want the most value for the least expense. Realizing this provides the utility staff with another incentive for providing the best product possible. Typically the utility staff will strive to provide the quantity to meet demands and the quality to meet the regulations.

If you are operating as a business, your product now must be appealing to the customer (e.g., taste and odor issues). You must insure that it is the best product possible by maximizing public health protection. You must get away from the “we are the only water system available” mentality. Management and utility staff should develop an attitude of “I have to earn their business.” This attitude brings an entirely different perspective into the utility program. Now we go from just meeting the regulations to maximizing the quality of the product. And we have to address the perceived monetary value of this product. This means that our public relations program must be top-notch in order to promote the value of the product.

What, then, is the most important business practice that a small utility could adopt? It would be to make sure that everyone—and I mean everyone—views the utility as a business.

Customer Service Is Key

Every manager’s goal should be to run a utility like a real business. In my experience, the most important business skill for systems is good customer service. The idea is to stop customer complaints before they start, although this is not always possible.

When someone has a question about the service or a bill, this person generally has a strong interest in resolving the issue. Being in the water business, you are often the only game in town, and it is not usually possible for them to take their business elsewhere. Therefore, their issue needs to be resolved to a degree of satisfaction acceptable to the customer.
It is important for utilities to stick to established policies when dealing with customers, and it helps to have these policies available for your customers. Annual mailings and Web sites go a long way in providing customers with information and can often prevent many problems.

Never promise something you cannot deliver, and never promise a deadline that you cannot possibly meet. Always follow up on all customer complaints to see if their needs have been met to their satisfaction. This might be a quick e-mail or a simple note or even a courteous phone call.

Those who handle customer calls should answer all questions accurately, thoroughly, and enthusiastically. When customers are greeted with a friendly voice they get a real feeling that the person representing the utility has an interest in helping them. Treat everyone as your most highly valued customer and customer satisfaction should be no problem.

Start a Replacement Fund

One of the biggest problems I have seen with small systems concerns replacing infrastructure. Pipes and treatment facilities, like anything else, wear out over time. Almost no one is building a fund to do replacement of distribution systems or treatment plants when it becomes necessary. Nationally, the drinking water infrastructure needs for replacement of aged and failing system components is in the billions of dollars.

At one time, the residents of small towns realized the need for a water system and got together the funds to build one. Since then, everyone has taken for granted that the water system is there, without thinking about what will happen when it finally dies. This issue should be a major concern of managers, owners, and boards.

Without an infrastructure replacement fund, how can broken pipes be quickly replaced or failed treatment and pumps gotten back on line? Drinking water is necessary for the continued protection of public health, both now and in the future. Unless we set rates that allow for an accumulation of funds for replacing the water system, we are setting ourselves up for a crisis of major proportions when water systems start failing and our customers ask why there is no longer safe water at every tap.

Don’t Forget Public Service Mission

For too many years, there’s been an ill-advised push for water utilities to model their operating practices after the private sector and, in some cases, turn them over to private management companies. Applying a strictly business model to the operation of public drinking water systems is fraught with contradictions and potential long-term problems. The mission of businesses is to generate profits; the mission of water suppliers is to serve the public through the preservation and maintenance of healthy and safe drinking water systems. The recent and dismal experience of Atlanta—a city that turned its water system operations over to a for-profit business and then faced unacceptable reductions in customer service and system maintenance—is just one example of how a business-only mindset can drive a water system into the ground. Atlanta subsequently reclaimed operation of their water utility and, even though many improvements are needed, their future is now looking better than the past.

The good news is that there are many water managers who run their small and municipal water systems well and in the black by following common sense management skills in their role as custodians of the public trust. These smart water managers have many virtues, but if I had to boil them down to one that is particularly important, it would be a commitment to system maintenance and preservation. Aggressive leak detection and repair, good metering, and an active and practical dedication to stewardship so that surface and ground water sources are optimally protected are some of their chief concerns and accomplishments.

Amy Vickers
Engineer and Water Conservation Specialist
Amy Vickers and Associates

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