

## Optimizing Rate Plans and Leveraging Customer Care

By Lynne White

*Do you have unmanageable rate plans or are your rate plans effective? Is your billing system capable of supporting existing products and services, as well as additional services planned for your customers in the near future? Having difficulty integrating current customer management systems? Displaced by competition?*

Almost every seasoned service provider in the telecommunications industry can relate to an aspect of these pains. Billing system limitations, customer / brand confusion, high operational expenses, and others, haunt this competitive industry forcing you to rely on your ability and flexibility to meet customer demands within the order to cash value chain. Effectively managing this value chain and supporting processes by properly orchestrating stakeholders to optimize pricing is rate plan management. Doing it with the acknowledgement and implementation strategy that rate management is a customer oriented function, not a billing function, is differentiation. Take note of this case study.

Mike Durazo, a consulting Practice Manager with Romac International's Emerging Technologies Division, describes his company's involvement with a large wireless carrier in a recent rate plan sweep-up. "Through the results of various acquisitions and mergers, the carrier had come out with an unmanageable number of rate plans, something like 30,000," he says. The result was a pool of extremely confused, ill-equipped customer service representatives (CSRs), who were the main contributors to the chaos.

"The billing application that they

were using was really a little too flexible," Durazo says, "because [any CSR] could combine various features to compose a new rate plan. The billing system was not structured so that valid tariffs could be locked in. When a CSR set up a customer's account, he or she could set up anything they wanted." The Romac Team discovered that the problem stemmed from the liberty given to each CSR to customize plans on a case-by-case basis. They discovered that 60 percent of the plans were either completely obsolete or only being used by one or two customers, either residential or corporate. Eighty percent of the customers were on 20 percent of the rate plans.

The carrier realized that the sheer operational expense of maintaining all the rate plans, plus the time CSRs spent on the phone answering customer questions was ridiculous. The goal: to optimize the rate plans for the carrier, cut expenses and establish a procedure for rate plan management.

**Phase One** examined the process by which plans were implemented, Durazo says. "We identified the gaps in the management of the plans. There were folks who were bypassing the billing operations group to get the plans in. Instead of getting authorization from the billing operations department, they were going directly to the folks who had access to create the plans—the CSRs. They'd say, 'hey I need this plan, it needs to be in by tomorrow, create it.'" **Phase Two** was to design a future process that would have metrics attached to it, so that the carrier could figure out how long it takes to create a rate plan, which plans would be most profitable, which ones the customers

wanted, and what the return on the plan would produce.

Once the whittled-down catalog of rate plans was unveiled, some old plans were deleted. Some that just had one customer were rolled over into the next lowest rate plan without customer notification. The CSRs began suggesting better (translation: approved) rate plans to customers. This provided a proactive approach to the consolidation, Durazo says. The customers felt that the carrier was looking out for them; the management streamlined its rate plan base without losing customers. The CSRs were relieved of the responsibility of packaging services into rate plans and trying to interpret the pieces when customers called.

This case study reflects the need for telecommunication service providers to effectively manage rate structures and build robust billing systems for optimizing their competitive positioning in this industry. Integrating billing systems, operation support systems and customer relationship management initiatives are mandatory for optimizing rate plans, leveraging customer care and for **your future.**

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