

# Optimise Customer Base in Your Municipality

*By the optimisation of customer base, revenues could be increased  
and business operations could become more efficient*

## Good Practice

### Public Utility Company “Komunalec” Gostivar, N.Macedonia

The process of monitoring and updating the customer base in public utility companies dealing with waste management, should enable them to identify households and legal entities that are offered the service, but have not been charged or invoiced for it so far. On the other hand, updating the database should result in a change of information on individual users who are invoiced for the service, but they do not exist and are not deleted from the database, so the company is bleeding funds to pay VAT on bills that will never be collected.

To overcome this challenge, GIZ, in cooperation with its partner organizations, has implemented a model for verification and improvement of the existing customer base in three pilot municipalities in the region, i.e. Shabac in Serbia, Grachanica in Bosnia and Herzegovina, and Gostivar in N. Macedonia.

The town of Gostivar is an urban area with a population of about 81,000. The Municipality of Gostivar also includes rural areas, i.e. villages, which are 12 in number. We provide our services to eleven of them. The population lives in residential buildings and individual houses. The entire collection and transportation of waste is performed by the Public Utility Company (PUC), for the purpose of waste separation and overall collection and disposal control. According to our estimates, at this point, we have somewhere around 70% to 75% coverage of Gostivar Municipality in terms of waste collection and transport, says Borche Jovanovski from PUC “Komunalec” - Gostivar, N. Macedonia.

Due to the urban sprawl in recent years and the outdated customer base, disparities have been occurring, namely, the company collects, transports and disposes the newly generated waste, while the fee for this service is not charged.

We have many new structures and houses, as well as new residential buildings, and we have had trouble feeding and updating the existing database, says Almir Dauti from PUC “Komunalec”.

The introduction of this process involves hiring experts responsible for implementation, who perform staff training, as well as relevant software and hardware solutions, which were made available to the Utility Company’s staff through the support of GIZ.

Through this project, we received tablets. We trained the bill collectors and controllers on how to use the software applied for the database. We would go out on the ground and enter the collected data

into our tablets. Every day, after coming back each time, we would enter the data into the server to check for changes. There were some changes in the database, says Dauti.

The fieldwork produced its first results, which are not to be underestimated at all.

Within 5 months of project implementation, a total of 373 new users were recorded in individual and collective types of housing. We always sign a contract with the new customers and as of the following month, we send them bills, just like to old customers, added Dauti.

The service fee in Gostivar is charged at 4 euros per month per household, and consequently, considerable economic benefits are generated from newly registered users, contributing to Company's revenues.

It should be noted that the implementation itself costs money, i.e. the costs for salaries of staff in charge of updating the customer base. In the present case, they amount to about 10,000 euros.

We have new revenues of about 1,200 euros per month and we hope that within a year, this investment will be returned. Once the year is over, in the coming period, we will have new revenues in our company of 1,200 euros and maybe more each month, because we will not stop here. We will go to the field again, to update our database, says Dauti.

Additional 10,475 euros per year of projected expenses based on the reporting period will remain on the Company's account, which would be spent on litigation that would be lost due to incomplete and inaccurate data.

The goal is for the amount of new revenues to be higher than the costs created by the very process of monitoring and updating. This has been empirically proven in Gostivar now. It must also be noted that the adequately established customer base is a reliable and steady source of income, and as such, in the future, it may serve as a basis for future investment planning in order to improve utility services to citizens. From a total of 697 pieces of data entered, over 50% relate to new users, so taking into account the real progress that the company may make within 12 months, potential revenue of even 22,710 euros might be reached.

The aggregated results show that PUC "Komunalec" from Gostivar has made a total of 697 modifications in the customer base solely through the intervention in only 2 out of 13 areas in the municipality. 54% of them account for new, previously non-registered users, 11% for those who were deleted from the records after the verification and 35% account for users whose data has been changed (updated).

It is evident that the process of data collection and update has achieved its primary goal: revenues have been increased while expenditures reduced, and a complete customer database that contains accurate data which can not be contested has been created, thus guaranteeing unfailing bill payment.

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The methodology for Local Governments and their Public Utility Companies (Terms of Reference) for optimisation of customer base is available at NALAS website [www.nalas.eu](http://www.nalas.eu) and SeSWA website.

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