

## XL Axiata, Indonesia

### Sales & Channel Management

PT. Excelcomindo Pratama Tbk (XL) was established in 1995 and is a cellular provider in Indonesia with a majority ownership by Telekom Malaysia International (83.8%). XL is the third largest company in the Indonesian Telecommunication market in terms of subscribers and one of the most profitable operators.

"I am very satisfied with what we have been able to accomplish with the dedicated assistance of Renoir. I would recommend their professionalism, expertise and hands-on approach to any company serious about continuous improvements."

**Joy Wahjudi**  
*Director of Commerce*

#### Key Results

Number of effective sales calls up 70%

Increase in the number of sales outlets up 26%

Increase in distribution spread and reach from 30% to 70%

#### ANALYSIS

The telecommunications industry in Indonesia is extremely competitive and dynamic. The availability of telco products for retailers and consumers across the archipelago relies on having an effective sales team and a strong network of dealers who are capable in delivering and distributing these products.

XL had already engaged Renoir since 2007 in a number of different successful initiatives in Supply Chain, Network Services, Field Operations and Fuel Management. Following these, in May 2008, a new project was kicked-off between XL and Renoir to improve the effectiveness of sales and distribution.

An initial assessment revealed that:

- Most dealers behaved as traderwholesalers, resulting in ineffective product reach, "hoarding" and "dumping".
- The only dealer KPI available and used by XL was their ability to absorb and buy volumes of XL product (sell-in). The KPI was almost always over 100%!
- What happened after the product was supplied to the dealers (the sell-out) was not transparent to XL (eg. how much and how fast the products were being moved).
- XL was subsidizing the engagement of sales 'street canvassers' for dealers without clear monitoring of their performance or effectiveness.
- Operational KPI records and appraisals were subjective and not standardized

#### PROJECT APPROACH

The project was comprised of two main phases:

- The first Phase of 20 weeks was to develop and install the new Management Control System in a pilot region (Greater Jakarta)
- The following 20 weeks, or Phase 2, was to perform a nationwide roll-out from Sumatera to Papua, covering over 200 dealerships and thousands of outlets.

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## Structure

In order to get maximum impact and buy-in, the project structure was organized around regular Steering Committee meetings attended by the Director of Commerce, selected members of the BOD, VP's from Sales & Channel and all the Regional Sales GM's.

Management Action Teams' were also set up, headed by Regional VP's to directly engage their GM's in implementing the changes along with Renoir.

Finally, the project implementation was supported by team of Change Agents or Task Force consisting of 6 Full-time managers from the regions.

## Sales & Channel Management Control System (MCS)

New and standardized tools were developed to require XL Dealers to have clear product distribution targets, planning mechanisms and performance reviews.

To install the tools, all levels of Sales Ops (both Internal XL's and Dealers' Ops teams) went through systematic training and familiarization programs in formal classroom sessions followed through by extensive on-the-job coaching.

The change in dealer management in most cases was significant, moving from sometimes having no standard reporting (or even a base with a PC!) to detailed daily plans and team productivity and performances reviews.

Both the dealers and XL can now conduct daily/weekly monitoring, analysis and review of Key Ops KPI's vs. agreed targets using more factual and transparent information. The Key Ops KPI's include:

- Effective outlet visits %
- Effective sales calls %
- New outlet growth
- Total sales volumes by product type
- Per product spread/reach

Using these new sets of both lagging and leading indicators, both XL and the dealers are now able to have a clear operational "THERMOMETER" to objectively control performance, identify problem root causes and take proactive steps to improve product distribution and spread.

As a result of this initiative, all KPI's were positively influenced. The biggest impact to date (January 2009) is in the Pilot region of Greater Jakarta with Effective Sales Call around 68% (less than 40% in the last quarter 2008), an impressive increase in numbers of Retail Outlets by 26% and finally, a total reversal in the channel distribution spread now reaching up to 71% (reload products) direct from dealers to retailers as opposed to 30% before the project.

XL now has much more control over the distribution of their products and on the back of this initiative they are now positioned to reap further strategic opportunities.

## THE RENOIR GROUP

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