

Kiatnakin Bank

Taking a fresh look

Kiatnakin Bank and Securities Company Limited was founded in 1971 as a finance and securities business. In 2005 the bank received approval to upgrade to a commercial bank. The new business remains focused on the areas of expertise that have been their strength, including Consumer, Residential Project, and Commercial and Industrial Loans.

The business expanded and it needed a way to manage its operations more effectively and efficiently. They asked Renoir Consulting to assess opportunities to improve productivity in areas of administration and sales.

"I would recommend a Renoir program to any company that wishes to have a fresh look at their business health and needs a third party to drive the changes required."

Tawatchai Sudtikitpisan
President

Key Results

New car loan performance
up 12%

Used car loan performance
up 2%

17% (Overall) increase
in "Telesales"

Collection performance
-16% improvement

Operation, Asset Sales
& Insurance performance at
55% improvement

Using the agreed cost a
voidance numbers the
value of the productivity
increase was THB 33M per
year, against a committed
target of 23M. This was a
24% overall improvement.

ANALYSIS

Renoir conducted an initial survey of Kiatnakin's operations and identified the following issues:

1. Management Information Systems & Organizational Learning:

- The organization lacked the performance focus it needed.
- There were many measurement gaps, especially customer and operational related measures.
- Lack of measures meant that strategic targets were hard to tie down to individual behaviours, e.g. number of dealerships per sales person?
- Lack of measures, formal variance analysis and root cause analysis also meant that there was little systematic organizational learning.

2. Marketing:

- Customer analysis was informal and the organization lacked many key customer performance measures or targets, e.g. customer satisfaction.
- Many other key marketing decision mechanisms would benefit from more use of structured tools.

3. Sales:

- The sales team lacked operational measures.
- Dealer Value Management was not a structured feature of the sales efforts, which could have positive impacts on dealer margins.

4. Administration:

- There was no real focus on productivity and performance measures.

By jointly tackling these issues it was agreed that productivity improvements of 20% & 30% could be realised in administration and sales respectively. Sales productivity would only be realised by either increasing volume or reducing salaried hours which would depend on Kiatnakin executive decisions. The pilot project would focus on 3 branches for 25 weeks, followed by a roll-out of 16 additional branches over 20 weeks.

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PROJECT

Under Renoir's full time guidance, a 'Taskforce' team of 8 Kiatnakin staff was formed to help drive sustain implementation.

Management action teams (MATs) were set up in the key implementation areas (Administration & Sales) headed by the regional sales managers. Each MAT comprised a team of sales, marketing and administration staff, other stakeholders, Renoir & Taskforce. The MAT structure was the key driving force in creating change through revised processes & control systems and defining the behaviours expected of staff. A 3 stage approach was taken:

Stage 1: Focus Process™ – The existing key processes and management control systems (MCS) were mapped out with the staff in each area to gain understanding of and buy-in to the required changes. Critique sessions were held in order to highlight the main issues which were translated into financial opportunities for the organisation. The 10-12 week Focus Process™ was designed so that managers for each of the areas would understand and commit to their findings and opportunities at the Strategic Integration Meeting (SIM).

Stage 2: Development & Installation - Revised processes, system elements and dealer models were agreed and trialled and a new MCS was designed and agreed by the marketing. New systems were designed and fine tuned by the MATs before trial runs. Weekly performance reviews were also implemented along with daily morning meetings, to review key issues and plans for the day. The weekly reviews were designed to focus on the past week's performance & variance to targets and also to review non-performing loans (NPL's). Action logs were implemented to capture main issues standing in the way of achieving targets. Bi-weekly MAT meetings were also implemented for the branch managers to report their progress to the regional managers. Meetings were scored weekly for effectiveness and compliance to the development of the new systems. Focus was also paid to changing attitudes and behaviours and managing the change to adopting the new systems and reporting.

Stage 3: Implementing and sustaining the changes – The new system elements were fine tuned with the teams' inputs. Procedures were written and distributed to all branch managers. Compliance audits were developed and implemented to ensure continuous improvement. Feedback from compliance audits was given to the managers with recommendations for improvement.

OUTCOMES

As the project progressed, key financial and operational indicators were reviewed weekly with a steering committee consisting of key leaders from the executive team at Kiatnakin.

Examples of some of the process and control changes introduced were:

- Streamlining the HP Operations process to eliminate duplication of effort
- Implementation of short interval controls to ensure hourly targets were met and variance was addressed.

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- Development of a new sales system that focused on strategic visits, dealer churn, market share, non-performing loans, weekly performance reviews and dealer targets.
- Development of best practices and procedures for new systems
- Training Kiatnakin management in the concept of active management of the processes and systems.
- Telesales phone calls monitored for quality and development of scripts to ensure consistency.
- Audit compliance checklists developed for marketing staff to ensure quality sales levels with clients maintained.
- Training developed to coach newer staff in how to deal with collection from non-performing loans.
- Reporting structure created from ground floor up to highlight major issues to all levels of the organisation.
- Mindset of marketing staff moved from transactional based to strategy based.

THE RENOIR GROUP

Renoir Consulting is a world leader in sustainable, implemented change. Founded in 1994, Renoir has offices located in North and South America, UK, Europe, Turkey, Middle East, Southern Africa, India, Pakistan, China, South East Asia and Australasia. With over 350 fully employed and highly trained consultants, their work across a wide range of industry sectors gives them a broader perspective of the issues facing your business, allowing them to be sensitive to your unique challenges, culture and specific business issues. This cross-pollination ensures truly effective, rapid and sustainable solutions.

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