



PT BFI FINANCE INDONESIA Tbk

“They are different than the others & you must try it to believe. Nonetheless, effort and commitment is still required on our parts to achieve the results”

**Francis Lay,
President Director & CEO**

“Renoir helped us to optimize our Management Control System which translated into higher staff productivity, better managed business operation and increased revenue”

**Sudjono,
Director**

BFI Finance

Racing to success

PT BFI Finance Indonesia Tbk. (“BFI”) is one of the oldest multi-finance companies in Indonesia, founded in 1982. BFI focuses its business in the financing of four- and two-wheeled vehicles, targeted at the middle and lower-middle segment of the economy. It also does Finance Lease of heavy equipment. Geographically, its business spans all across Indonesia, and is one of the most diversified multi-finance players in the country.

ANALYSIS

Renoir was engaged to conduct an analysis in several of BFI’s main branches in Indonesia, looking into the branch structures, productivity levels and collection performance. Some of the main findings were:

- The existing structure had multiple branch management layers and an average Span of Control of 4:1, resulting in redundancies in duties and poor communication between units & layers.
- Manpower costs were increasing faster than revenue increases.
- Lack of a standardized management system in Marketing & Collection, resulting in branches creating their own systems and staff determining their own work execution.
- Poor communication and work coordination in Marketing work stream due multiple departments working in silos.
- Absence of collection activity measurement.
- Without a structured work process the Collection team struggled to effectively collect payments.

PROJECT APPROACH:

As a result of these findings, BFI commenced a 39-week project in partnership with Renoir. Project RACE was created to facilitate the project with three mandates:

- Enhance revenue by increasing the number of loans generated per sales staff.
- Reduce the cost of credit by increasing the effectiveness of collections activities.
- Streamline the layers of management to reduce overhead costs of the growing branch network.

The initial 14-week Focus Process® phase focused on the identification and qualification of opportunities for a simplified marketing process, structured collection process, cost savings and accountability within the restructured branch structure. Several workshops were conducted with all regional managers and department heads to review the benefits of the new way of work as well as the potential new structure. Following the acceptance of the New Way of Work, the project team worked to implement to two pilot regions consisting of 29 branches around the Greater Jakarta and West Java region and then this was rolled out into other regions.

World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.

Key Results

Total potential financial benefits US\$5.35 million

Realized benefit – US\$1.92 million

Increase in average Span of Control: 3.83 to 6.6 direct reports

Increased revenue through additional productivity – 16%

Overall increase in asset - 16%

Reduced roll rate in Collection – 5.86% points

Reduction in uncollected amount – 22%

Reduction in operational expenses – 6.5%

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.

Visit Renoir at www.renoirgroup.com for more information and a complete list of regional contacts or send us an e-mail at: renoir.office@renoirgroup.com

IMPLEMENTATION:

The Project's main impact was the restructuring of business units by product, meaning that end-to-end accountability from prospect generation to loan funding was under a single supervisor within a branch. In addition, this focus gave transparency to reporting structures and problem resolution within the branches.

Organizational layers were removed entirely, enabling Supervisors and Heads to more effectively manage the day-to-day activities of Marketing and Collections staff, thus freeing up the Branch Manager to focus on the overall local market strategy. A new span of control policy was also implemented, so that each manager would have a minimum of four direct reports and a maximum of eight direct reports. This ensured that the number of managers required within a branch would be kept at an effective level.

In conjunction with this new structure, branch staff and managers were trained in the New Way Of Working developed by the Marketing and Collections work streams to more effectively conduct their day-to-day activities and used continuous improvement practices to ensure that each branch continues to develop and enhance their loans operations activities.

Daily targets for each staff position were determined to enable a shorter interval control of productivity at every stage of the sales funnel. Supervisors played a key role in developing their staff and ensuring that the applications that come in had the quality assured and in the quantity expected. Performance was reviewed on a daily and weekly basis and action plans as a result of those meetings were followed up consequently.

The working process for Collections were revised with a more structured scheme to enable prioritization of accounts to increase the number of visits made and number of Promise to Pay obtained. Subsequently, more accounts were collected per collector and the number of accounts that rolled in the next bucket reduced.

Of key importance was that these changes were to be sustainable. Systematic audits and pulse checks by the After Care team were developed to ensure that the new structure and new way of work were understood and that all staff were performing their roles and responsibilities with increased productivity.

RESULTS:

QUANTITATIVE

- 6.5% reduction in operational expenses.
- 16% increase in revenue.
- 5.86% points reduction of collection roll rate.
- US\$3.42million in potential benefits through reduction of unfilled vacancies and reallocation of human capital.
- US\$1.92million in additional assets through increased productivity.

BEHAVIOURS

- Increased accountability of sales activities through putting end-to-end management of the sales process under a single supervisor.
- Increased Span of Control of managers from an average of 3.83 to 6.6 direct reports.
- Increased Productivity with setting of daily targets and short interval control by supervisors.
- Increased Collection amount and promise to pay from structured working process.

World Leaders in Sustainable Change

© Renoir Consulting Limited. This document remains the property of Renoir Consulting Limited and must not be copied or distributed in hardcopy or electronic form without the prior written approval of Renoir Consulting Limited.