

XL Axiata / Human Resources / PICC

Long term right-sizing the organization

PT XL Axiata was established in 1995 and is one of the major cellular providers in Indonesia with a majority ownership by Axiata Group Berhad (66.7%).

The Axiata Group includes Aktel (Bangladesh), HELLO (Cambodia), Idea (India), MTCE (Iran), Celcom (Malaysia), Multinet (Pakistan), M1 (Singapore), Samart (Thailand) and Dialog (Sri Lanka), as part of its holdings in Asia.

XL is now the second largest company in the Indonesian Telecommunication market and one of the most profitable operators.

“XL has gained very significant savings associated with headcount reductions and tighter control on expenses. The program more than paid for itself. Renoir’s methodology and detailed approach- Activity Listing- allowed us not only to understand our actual manpower requirements, but also to learn the knowledge, techniques and skills to be able to perform ourselves, the same analysis in the future, thus ensuring long term sustainability. This is an exercise that I would recommend to any organization... as it is an excellent means to right-size the organization.”

W.L. Timmermans
CFO

Key Results

Almost \$4 million in cost savings & cost avoidance.

Customized tools to better control costs & manpower requirements in the future.

Comprehensive scope and staff training.

Project more than paid for itself.

ANALYSIS

Having worked together on a number of projects over the past 4 years, the parties knew each other well. Renoir proposed a comprehensive program that would give XL a massive productivity and cost reduction boost and also allow it to more finely tune its resources going forward. The ultimate objective of the program was twofold; first, develop a sound control system to deliver long term cost reduction across all XL departments and second, implement dynamic manpower requirement tools to permanently measure and improve productivity. The project focused on improvement of productivity and the control over costs as follows:

- Identify gaps & loopholes in existing processes & management control systems
- Identify non-value added activities
- Streamline core processes and develop improved management control systems
- Review & improve cost controls & justification
- Develop & implement manpower calculator

APPROACH

The Project kicked off with Renoir’s Focus Process™, developed over many years and based on experiences with hundreds of successful assignments. It ensured that consistent and sustainable outcomes were achieved. The process took XL staff through a learning experience that promoted commitment to and ownership of, the solutions being implemented, whilst retaining the necessary discipline. There were four key phases of the Focus Process™.

1. Definition

Working closely with all layers of supervision and management, opportunities were more precisely defined and targets for improvement agreed with those responsible.

2. Development

Actual changes to existing processes, systems, controls and structures were carried out and new processes and systems developed closely along with XL management. During this stage, changes and new developed practices were ‘road tested’.

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.

3. Installation

existing structures and procedures were modified to create a favourable environment to welcome the agreed changes and newly developed processes. This included training and coaching in new systems and processes and in non-technical skills. Training was largely 'on the job', to make it real and lose comparatively little time in a classroom.

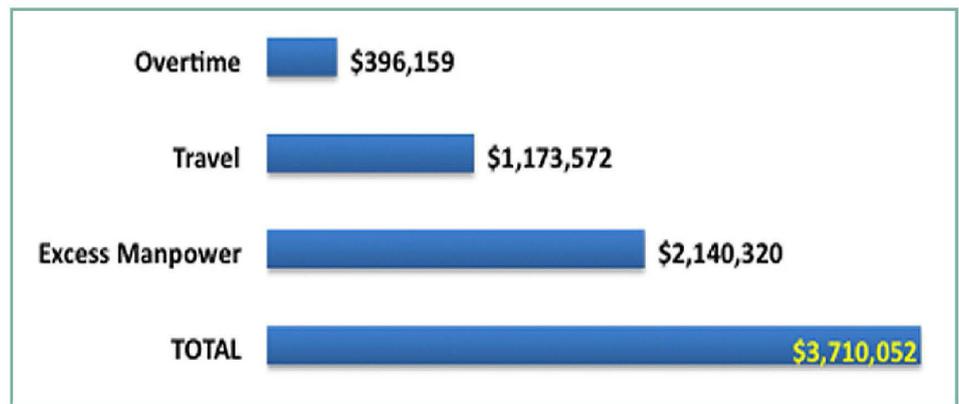
4. Implementation

In this final phase, the emphasis was on the actual use of the new systems and processes to ensure sustainability. A key tool used to appropriately manage the implementation was the Behavioural Audit. This tool objectively identified in what stage of Change the people are and helped develop appropriate management interactions to drive the results. As the implementation drew to an end, the team ensured that all new controls and procedures were properly documented.

PROJECT DELIVERABLES

A full Manpower Calculator system was installed in all departments to continuously measure and monitor the actual manpower requirements compared with the current and forecasted workload. This system was developed by identifying all the activities performed by each job function throughout the company. Interviews and on-the-job observations were used to precisely calculate the utilisation and productivity of all employees in XL's Head office and across all their regional offices, literally hundreds of locations across Indonesia.

In parallel, Renoir developed a cost control monitoring system, tracking all operational costs and tightening their justification, resulting in a 30% reduction of overtime and 60% travel expense reduction, generating more than uSd 1,500,000 in savings.



The installed manpower calculator highlighted that more than 15% of XL total manpower was in excess of actual requirements saving XL more than USD 2,000,000.

Overall, the program generated actual savings and cost avoidance of around USD 3,700,000, however the greater benefit is the degree of control that XL now has, going forward.

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

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.