

Speeding to success in Auto Loan – Winning the race with SIX SIGMA



There's lots of money chasing very few cars

Auto financing is an extremely competitive business in India, particularly since it is accentuated by the underlying stagnation in auto sales. Car sales and consequently financing (70% of the cars are financed) had a low growth in 1999-2000 and was flat in 2000-2001. While there was a movement upwards, (from economy models to mid size to premium) the number of new entrants into the economy segment has dropped. The stagnating market resulted in jockeying for market share among the top financiers. To top it all, the high cost of acquisition, makes it a low net margin game.

CEO's dilemma

- How can we provide a quality experience to customers despite having to depend on Direct Marketing Agents?
- How do we reduce Turn Around Time and yet be cost effective?

A customer today can expect to walk out of the dealer's showroom with his car in six hours time, if his papers are in order. Myriad choices are available for financing.

The challenge in front of the financier is in managing its sales channel of DSAs and Dealers, who operate through Sub DSAs, brokers, and Sub brokers.

The key to success with the financiers in this high volume, low margin, and price sensitive game is to respond quickly in terms of the loan approval, and also to minimize the leakage of potential customers to competitors.

Achieving New Highs

Using the Six Sigma way, ECS recently helped a leading auto financing company to set new standards in their customer acquisition process.

Result achieved

36 % reduction in sanctioned Turn Around Time

Respond Proactively, To Turn Around Your Image

A customer-satisfaction survey and subsequent structured market research to capture customer expectations revealed that the client needed to respond very quickly to its deteriorating image. Even exclusive DSAs of the client rated competitor processes to be better and more transparent.

The organization was faced with a compelling need to reduce its Turn Around Time for loan approval and disbursal. At the same time, it had to set up and institutionalise a process to minimize leakages of potential customers to its competitors. This task also required that the amount of rework in the absence of robust systems and processes be minimized.

ECS designed and implemented end to end Six Sigma processes for customer acquisition, loan approval and disbursal

A dedicated team of ECS consultants and client, drawn from all representative functions was formed to work on the following processes:

- Sales origination
- Credit approval
- Loan disbursal

The effort involved conducting a structured market research to understand the customer needs, which were then translated into key top level and operational metrics. These inputs were also used for setting targets for the new process that was to achieve the desired expectations. Mapping the existing work-information flow highlighted and exposed the weaknesses of the existing process. It also brought to the surface, management and employee related issues, which were key inputs to address Change Management issues while implanting the reengineered process. The reengineered process was made capable of addressing the management and customer expectations using Six Sigma tools and techniques.

Burning Issues

- Managing customer interface and hand offs
- Managing customer queries on the status of the application
- Managing iterative information and document flow
- Reliability of IT infrastructure
- Deciding manpower requirement given the intra month variation in volumes
- Designing the most reliable process

Besides reducing the overall Turn Around Time for loan approval and disbursal, other intangible benefits that resulted as a part of the initiative were:

- A focus on process
- High customer focus
- Enhanced productivity of sales and loan approving employees due to high 'measurement orientation'

The power of Six Sigma and benefits from the initiative were compelling enough for the client to re-engage ECS for looking into its credit cards operations.

Contact for details

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ECS is a premier business management-consulting firm in India. Its consulting practice covers **Services, Strategy, Operations, Human Resources & Change Management, Supply Chain Management & Full Value Spend.**

Experience in Banking & Financial Services

ECS's pioneering work in the **Banking & Financial sectors** has resulted in significant improvements in **Turn Around Time and Customer Service** while substantially reducing **costs** in the areas of:

Retail banking

Account initiation, centralization of operations, secured and unsecured retail lending, depositories and branch transactions

Wholesale banking

Trade finance, asset management, corporate banking, cash management services, working capital loan, term loan & corporate Internet banking

We partner all our clients from concept to implementation. Typical results of implementation have been a significant reduction in Turn Around Time and cost along with increased productivity and reliability of business processes.

Some of our leading partners include **American Express, Citibank, ICICI Bank, Dubai Islamic Bank, Deutsche Bank, ICICI Housing Finance, GE Capital, Standard Chartered, ING Vysya, IDBI, Bajaj Allianz, Max New York Life and ICICI Prudential Life.**

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