



*Clarus Consulting Case Study
Financial Services Australia*

clarus consulting

Pacific Tower Suite 107 737 Burwood Rd Hawthorn VIC 3122 | ACN 108 498 424 | Ph (03) 8862-6337 | Fax (03) 8862-6600 | clarusconsult.com.au

About The Client:

The Client was the largest micro ticket finance and leasing business in Australia. The Client finances technology and consumer goods for the Consumer and SME market through its national network of 1200 authorised dealers.

Financing in excess of \$250,000,000 worth of goods and equipment per annum the Client was heavily reliant on its dealer network to source customers. Operating predominantly in the computer finance market dealers are typically small computer retailers or members of a large electronics retailer.

In every instance the Client was encountering intense competition from alternative finance groups and “in-house” consumer finance products. One of the keys to the Client’s ongoing success in the consumer finance sector was its focus on being the most rapid and easy to use consumer finance product available to retailers. As such, the Client’s lease application and approval process sought to be the preferred approval process for retail management and sales staff.

Clarus’ Solution for the Client:

The Client approached Clarus Consulting in January 2004 for assistance with its application and approval process. The Client’s busiest trading period is the end of financial year with volumes increasing by up to 50% during this period. The business had struggled to meet its performance benchmarks for the application and approval process for the past three years and was keen to make a significant improvement prior to the end of year promotion.

Clarus reviewed the end-to-end process for loan applications and approvals encompassing the following areas:

- End-User Review – a review of the process within the retail shops to observe the impact of the process on management, sales staff, administration and consumers;
- Contact Centre Review – a review of the processes within the contact centre;
- Technology Review – a review of the technology platforms in place to support the application and approval process;
- Management Review – a range of 1:1 interviews with the Client’s management to gain an understanding of their business objectives for the process, process drivers and the strategic advantage that would be gained should the process be significantly improved.

Clarus determined that the Client was at risk of losing its leadership position in the retail outlets due to the degradation of the service over time. Sales staff were unhappy with the long hold times required to reach the Client, lengthy and cumbersome settlement processes and excessive paper work. It was common for sales staff to ring the Client at the start of the day to process the first customer’s application. If the number was busy or the hold time excessive, the sales person simply used a competitive product such as an “in-house” finance product or credit card for the remainder of the day. Over time, some sales staff had opted out of using the Client completely due to consistently poor processing standards.

Clarus was able to identify a range of improvements to the processes and technology applications used by the Client. The existing credit approval process was replaced with an online credit scoring and approval system, the settlement system was upgraded and automated to greatly reduce the amount of paperwork and effort required to complete a deal and the call centre structure was revised to enable faster response times.

Clarus was able to identify and implement a number of improvements within three months enabling the Client to meet and maintain its performance standards before the peak trading period in June. The results achieved for the Client were as follows:

- **32% improvement in process productivity** by improved work processes in the contact centre. This meant that the Client was able to increase the volume of business and meet its service levels without employing any additional staff;
- **25% increase in application volume** due to improved access to the service and response times for sales staff. Complaints from sales staff regarding delays were virtually eliminated resulting in the Client not only maintaining a leadership position but increasing its advantage over rival products;
- **5% increase in approved applications** using the online credit system verses the previous credit scoring system;
- **Improved credit quality.**

The result for the Client was that it achieved a 30% increase in its year on year business for the June trading period and achieved a new sales record for the company. The Client was able to carry this positive momentum forward within the sales channel and further consolidate its leadership position based on the ease of its approval process.

What did it mean for consumers? A new customer, who had only heard about the Client moments earlier from the sales person, was able to have an application completed and approved in the shop within 5 minutes. Moments later the consumer left the shop with his equipment being financed by the Client.

What did it mean for sales staff? Sales staff were able to quickly introduce the consumer to the Client as part of the sales process. Once the consumer was sold on the product the sales person simply rang the Client and introduced the customer to the contact centre. The sales person was able to return to the sales floor within a few minutes to service new customers improving margins and sales efficiency.