

### Business Process Reengineering at a Microfinance Institution

#### Storyline...

The client is a Bangalore based Microfinance Institution (MFI). What started off as a NGO in 2000 began operating as a regular MFI in 2006, offering a suite of credit, savings and insurance products to the not fully serviced sector. The client has been continuously setting the benchmark in efficient processes and technology deployment in the industry.

MaGC® (formerly NCRCL®) helped the client to reengineer its business processes and implement technology solutions. The Business Process Reengineering (BPR) exercise enabled the client to translate its strategy into action on the ground.

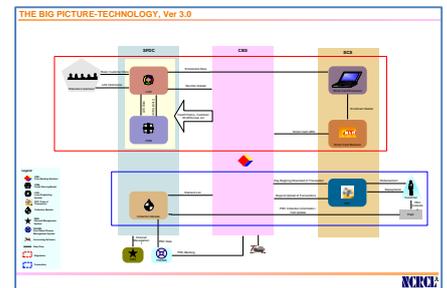
#### Once upon a time...

The client had been operating on a small scale till 2006, by which time it had linked up with more than 25,000 families. The Management realized that the processes and the technology in place were inadequate, keeping in view its aggressive plans to grow the business.

#### Moving on...

The team began with mapping of the current processes in place. The processes were documented and analysed for gaps. The analysis also helped highlight the processes which had considerable scope for automation. With the hindsight of this analysis, a framework was developed which identified at a macro level all the processes in the new setup.

Flowcharts were developed for each of the processes in consultation with the client. A process matrix identifying the characteristics for each process was prepared for each process flowchart. A team from the client's side simultaneously worked on identifying appropriate technology solutions.



Once the technology solutions were decided upon, the process flowcharts were modified to reflect the technology enabled activities. A performance monitoring system was also drawn up to align with the processes. A process manual was prepared incorporating all the above. The client undertook implementation of the same in a phased manner. The challenge was to design processes for a startup keeping in mind the operations of a full-fledged bank. Knowledge of different technology solutions was also critical for proper process reengineering

#### Finally...

The process manual and the process charts became the key documents governing the day to day operations. They also helped in communicating the functional requirements clearly to the software vendors, thus enabling the client to implement the solutions effectively within a short time. The master process charts were used for internal performance monitoring.

MaGC has been engaged by the same client for:

- Developing a spreadsheet based model for credit scoring;
- Preparing an IT documentation framework and user manuals for the three main technology solutions;
- Documenting HRM processes.