

GCF UK

Personal Lending Relaunch



The Goal and the Journey

GCF-UK Personal Lending Relaunch: A DFSS Success Story

October 1997

Alison O'Keeffe, Green Belt



USA

Why Personal Lending ?

✓ Strategic importance

- Relaunch after two unsuccessful tries
- Strategic business move to new markets (direct-to-consumer channel)

✓ Right Conditions

- Team in place with quality training
- Right Timing - developing 'Proof of Concept' trial

DFSS Benefits

✓ Focus processes on customer specifications

- Design processes around customer specification limits
- Define measurement requirements on processes
- Control process
- DMADV model designed for this type of project

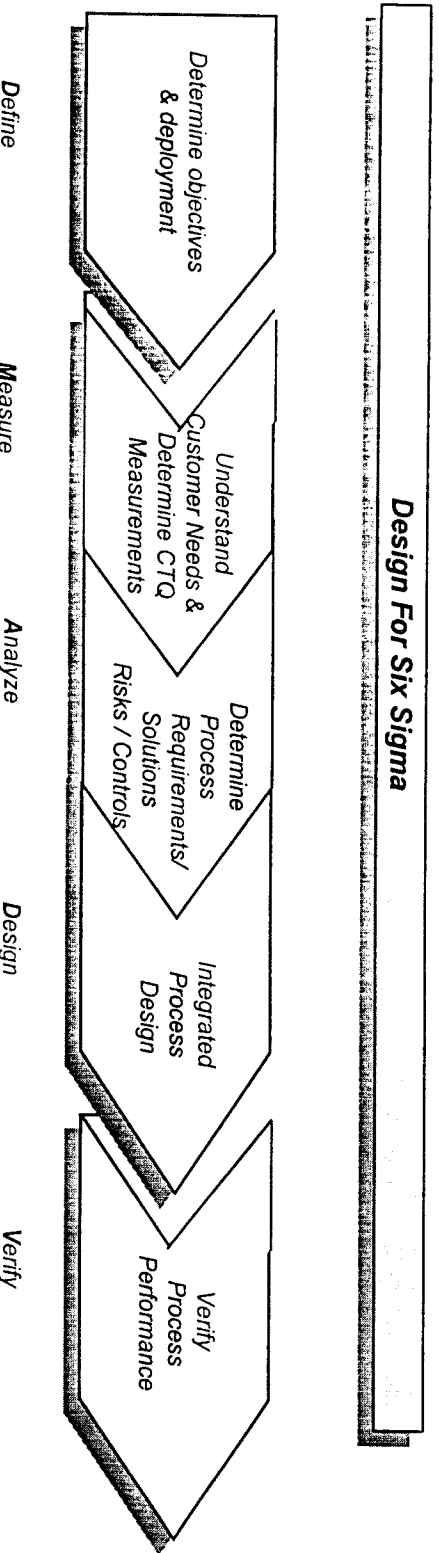
✓ Prepare for full scale Roll - Out

- Set stage to improve 'Proof of Concept' process through DMAIC model
 - Measure capability of existing process
 - Identify process Gaps
 - Redesign to fill Gaps

Customer Expectation Focus for New Product Introduction

Logical & Rigorous Approach To New Process Design . . .

DFSS Roadmap Applied in Personal Lending



Deliverables:

- | | |
|--|--|
| <ul style="list-style-type: none"> • NPI Objectives • Deployment • Business process concept | <ul style="list-style-type: none"> • CTQ's • High level process design • Measure customer expectations • Set Specification limits • Process Requirements • Control gaps in process • Process risk assessment • Controls for measures and risks • Process flows / data flows • Design modelling /simulation • Measurement & Risk Control plan • Detailed process design |
|--|--|

... Requires Strong Business Discipline

4

*Understand
Customer Needs*

Understand Customer Needs

Develop High Level Process Design

Link Customer Needs to Process

Define CTQ

Measurements

Validate

Applied Tools

- Customer Survey

- Brainstorm
- Process Run-through

- Quality Function Deployment (QFD matrix)

- **Brainstorm**

- Checklist against set criteria

Deliverables

- Customer needs list
- Motivations / decision making process

- High level process design (macro & sub process steps to deliver service)

- Prioritize Customer Needs
- Rate process steps importance to Customer Need

- **Measurement definition**
(metrics / description)

- Ensure measurement characteristics are related to customer and process

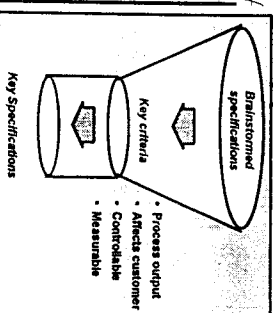
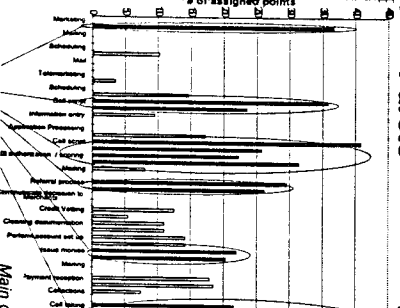
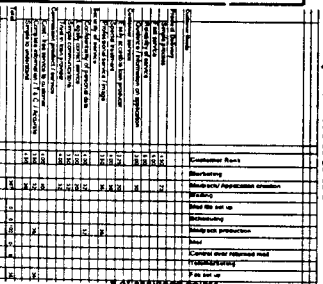
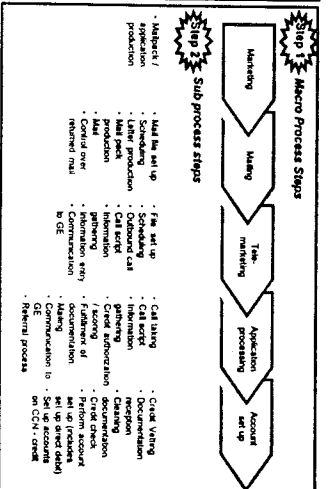
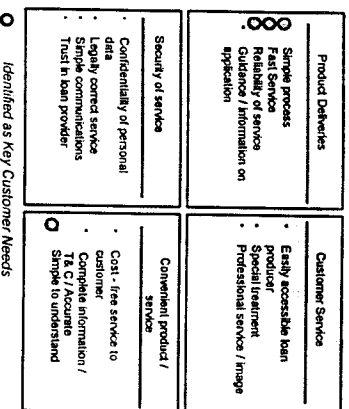
Customer Needs from Survey

High Level Process Design

QFD Matrix

Pareto

Validation



Identified as Key Customer Needs

Main grouped process steps

Ensure Process Design Will Address Customer Needs

Customer Needs		Customer Rank	Marketing	Mailing	Telemarketing	Application Processing	Account Set Up
Product Delivery	Simple process	4.60	Mailpack/ Application creation	File set up	Scheduling	Outbound calling	Call script
	Fast service	4.60	Mail file set up	Scheduling	Mailpack production	Mail	Control over returned mail
	Reliability of service	5.00	Mail	Control over returned mail	Telemarketing	File set up	Scheduling
	Guidance / information on application	3.40	Mailpack production	Mail	Control over returned mail	Telemarketing	File set up
Customer service	Easily accessible loan producer	2.40	Mail	Control over returned mail	Telemarketing	File set up	Scheduling
	Special treatment	4.20	Control over returned mail	Telemarketing	File set up	Scheduling	Outbound calling
	Professional service / image	3.80	Telemarketing	File set up	Scheduling	Outbound calling	Call script
	Security of service	4.20	File set up	Scheduling	Outbound calling	Call script	Information gathering
Convenient product / service	Confidentiality of personal data	2.60	Scheduling	Outbound calling	Call script	Information gathering	Information entry
	Legally correct service	3.80	Call script	Information gathering	Information entry	Communication to GE	Application Processing
	Simple communications	4.20	Information gathering	Information entry	Communication to GE	Application Processing	Call taking
	Trust in loan provider	3.80	Information entry	Communication to GE	Application Processing	Call taking	Call script
Cost - free service to customer	Complete information / T & C / Accurate	4.60	Application Processing	Call taking	Call script	Information gathering	Credit authorization / scoring
	Simple to understand	4.60	Call taking	Call script	Information gathering	Credit authorization / scoring	Fulfillment documentation and letter
			Call script	Information gathering	Credit authorization / scoring	Fulfillment documentation and letter	Mailing
			Information gathering	Credit authorization / scoring	Fulfillment documentation and letter	Mailing	Communication to GE
			Credit authorization / scoring	Fulfillment documentation and letter	Mailing	Communication to GE	Referral process
			Fulfillment documentation and letter	Mailing	Communication to GE	Referral process	Call back to customer
			Mailing	Communication to GE	Referral process	Call back to customer	Communicate decision to Merchant
			Communication to GE	Referral process	Call back to customer	Communicate decision to Merchant	Account Set Up
			Referral process	Call back to customer	Communicate decision to Merchant	Account Set Up	Credit Vetting
			Call back to customer	Communicate decision to Merchant	Account Set Up	Credit Vetting	Documentation reception
			Communicate decision to Merchant	Account Set Up	Credit Vetting	Documentation reception	Cleaning documentation
			Account Set Up	Credit Vetting	Documentation reception	Cleaning documentation	
			Credit Vetting	Documentation reception	Cleaning documentation		
			Documentation reception	Cleaning documentation			
			Cleaning documentation				

Ranked 1 - 5

Identify “Moments of Truth”

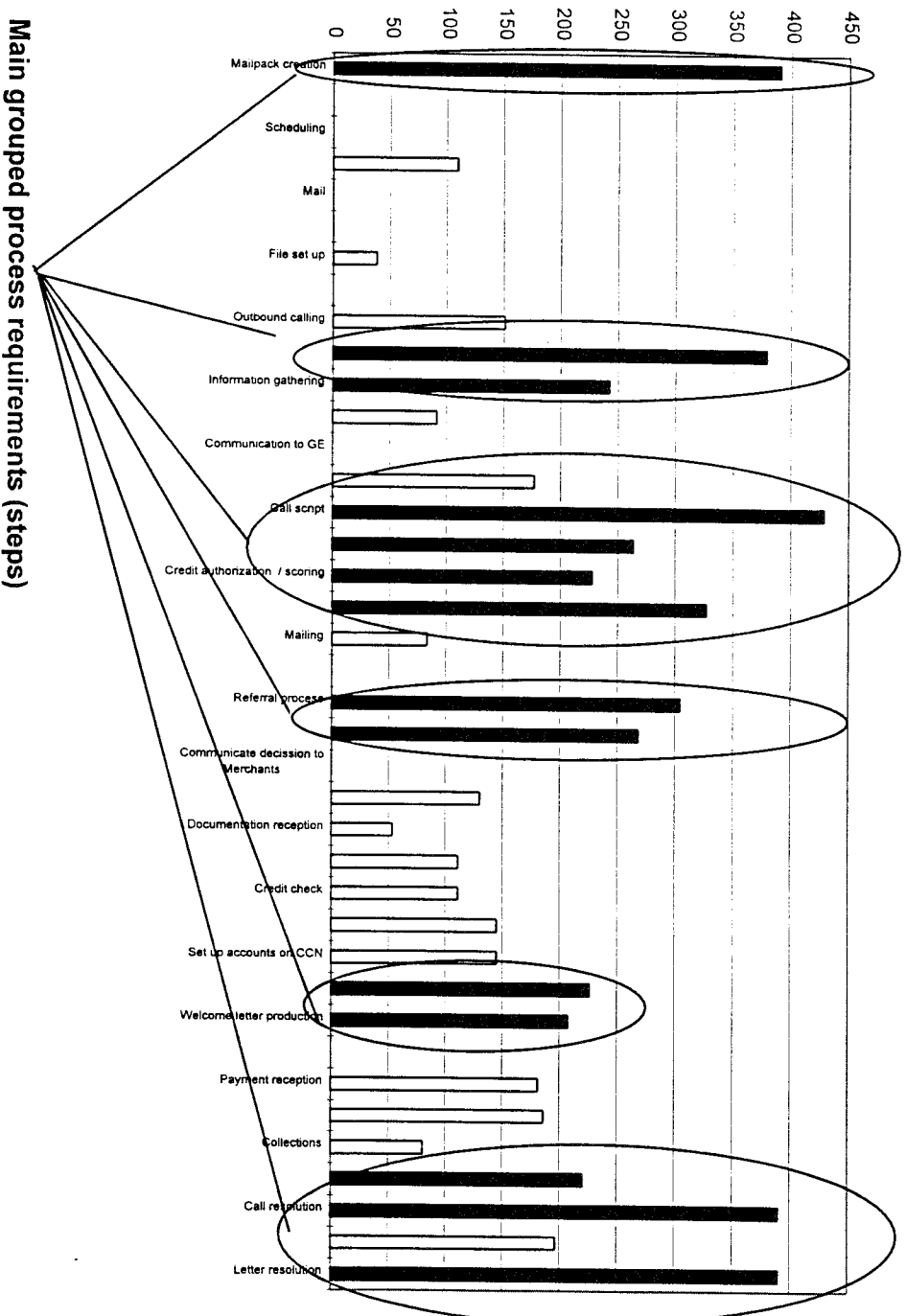
Rank 1 -10

QFD Matrix: Multiply out to give Total Scores

[illegible]

Weighted Matrix allows Identification of Key Process Steps

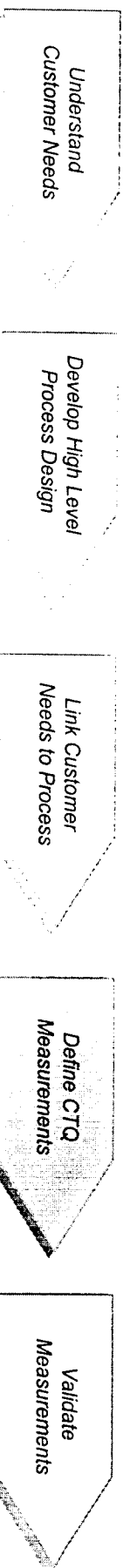
QFD Matrix: Pareto Presentation



Visualise for Easy Identification of Key Process Steps

Measurement Phase For DFSS ...

Measurement Process



Applied Tools

- Customer Survey

- Brainstorm
- Process Run-through

- Quality Function Deployment (QFD matrix)

- **Brainstorm**

- Checklist against set criteria

Deliverables

- Customer needs list
- Motivations / decision making process

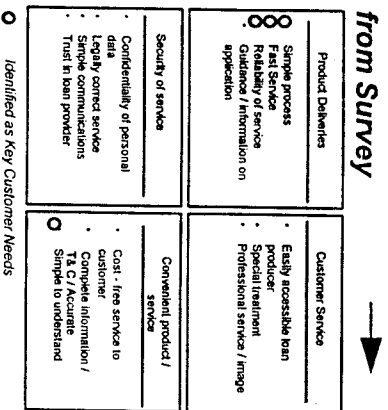
- High level process design (macro & sub process steps to deliver service)

- Prioritize Customer Needs
- Rate process steps importance to Customer Need
- Prioritize Process Steps (Pareto)

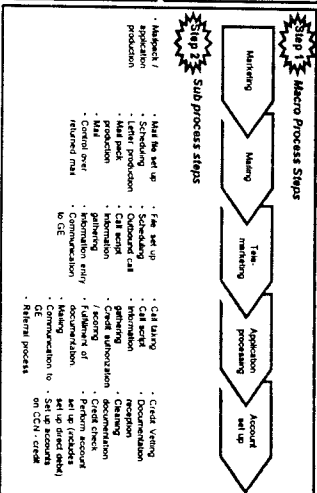
- Measurement definition (metrics / description)

- Ensure measurement characteristics are related to customer and process

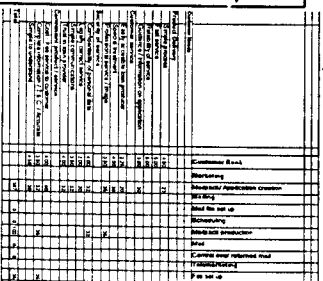
Customer Needs from Survey



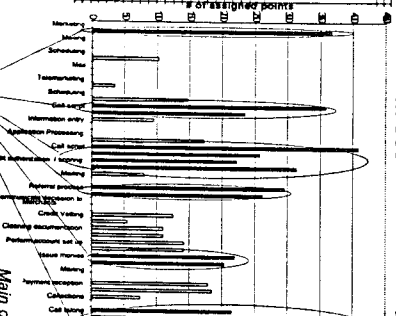
High Level Process Design



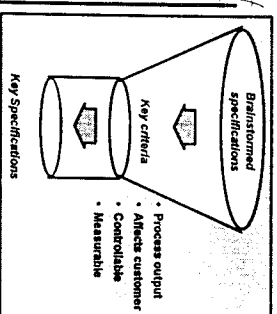
QFD Matrix



Pareto



Validation



Identified as Key Customer Needs

Main grouped process steps

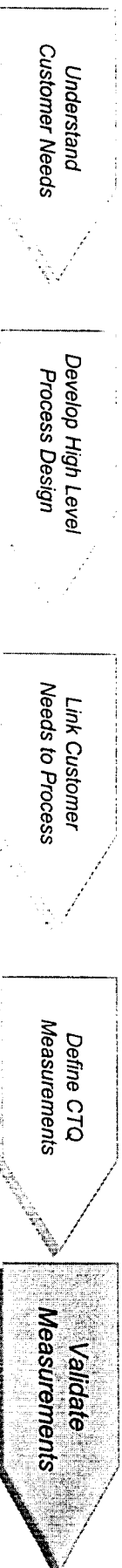
Rigorous Approach to Measurement Phase

Clearly Define Measurement Ideas

Measurement	Description
Creation of mailpack	
Response rate	The number of inbound telephone applications or application forms received as a direct result of the mailing, even where the addressee has passed it to someone else.
Market research	A survey on a proportion of the customers mailed, to understand their reaction to the mailpack.
# of complaints / queries	The number of letters or calls which criticise the mailpack - its layout, images, tone, guidance etc.
# of data errors	The number of corrections notified to our existing data (e.g. name misspelled)
# of mis-matched items in pack	The number of complaints (letter or telephone) relating to items missing or duplicated in the mailpack. (Also the number of items missing or duplicated identified through random quality checking at production)
Telephone Application	
Ring time	The length of time before the call is answered.
Length of call	The length of time to complete the call.
Abandon rate	The proportion of callers who hang up before we answer them (above a fixed level to identify where we have genuinely been slow to answer, as opposed to the customer waiting for a call)
# of data errors	The number of corrections notified to our existing data (e.g. name misspelled).
- existing info	The number of corrections identified to the on-line inputting.
- input info	The number of letters, calls, or comments during a telephone application which complain about the telephone application service.
# of complaints	The proportion of applications which require reprocessing due to data input errors (split by new and existing data).
# of applications to be 'redone'	
Service non-availability time	The proportion of time that the system is unable to support the application process.
- System availability / downtime	Customer satisfaction levels with the telephone application service, measured through surveying a sample of callers.
Overall Customer Satisfaction	The number/proportion of deviations from the script, measured through sample call monitoring.
Compliance to script	

Clear Definition helps Next Step - Evaluation

Completing the Measurement Phase.....



Applied Tools

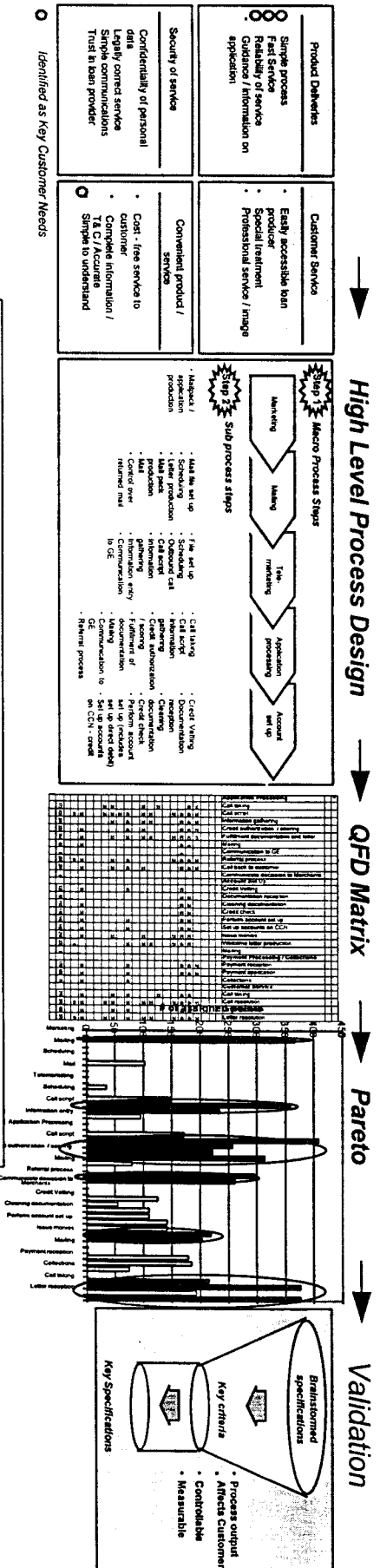
- Customer Survey

- Brainstorm
- Process Run-through
- Quality Function Deployment (QFD matrix)

- Brainstorm
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Deliverables

- | | | | | |
|--|--|--|--|---|
| <ul style="list-style-type: none"> • Customer needs list • Motivations / decision making process | <ul style="list-style-type: none"> • High level process design (macro & sub process steps to deliver service) | <ul style="list-style-type: none"> • Prioritize Customer Needs • Rate process steps importance to Customer Need • Prioritize Process Steps (Pareto) | <ul style="list-style-type: none"> • Measurement definition (metrics / description) | <ul style="list-style-type: none"> • Condensed list of measures, directly relevant to Process and Customer |
|--|--|--|--|---|

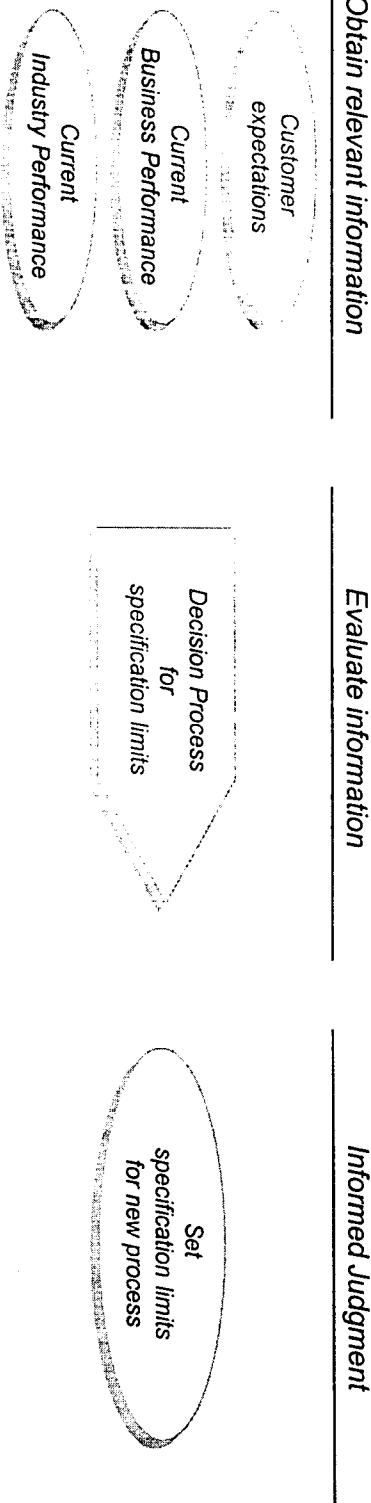


Rigorous Approach to Measurement Phase

	Process Output?	Affects Customer ?	Controllable?	Measurable?
Creation of mailpack				
Response rate	Yes	No	No	Yes
Market research	No specific measurement	No specific measurement	No specific measurement	No specific measurement
# of complaints / queries	Yes	Yes	Yes	Yes
# of data errors	Yes	+ / -	Yes	Yes
# of mis-matched items in pack	Yes	Yes	Yes / quality checks	Yes
Telephone Application				
Ring time	Yes	Yes	Yes	Yes
Length of call	Yes	Yes	Yes	Yes
Abandon rate	Yes	Yes	Yes	Yes
# of data errors	No	Yes	Not easily	Yes
- existing info	Yes	Yes	Yes	Yes
- input info	Yes	Yes	Yes	Yes
# of complaints	Yes	Yes	Yes	Yes
# of applications to be 'redone'	Yes	Yes	Yes	Yes
Service inability time	Yes	Yes	Yes	Yes
- System availability / downtime	Yes	Yes	Yes	Yes
Overall Customer Satisfaction	Yes	Yes	Yes	Yes / MTE
Compliance to script	Yes	Yes	Yes	
Referral				
Call back time	Yes	Yes	Yes	Yes
# of referrals	Yes, but affected by risk policies	Yes	Difficult	Yes
# of complaints	Yes	Yes	Yes	Yes
# of contacts to get loan	Yes	Yes	Yes	Yes
Call duration	Yes	Yes	Not controllable, depends on need	Yes
Calls that do not meet set call back time	Yes	Yes	Yes	Yes

**Setting Specification Limits
Based On Customer, Industry And Business Capabilities**

Process



Working Example - Ring Time on Application processing

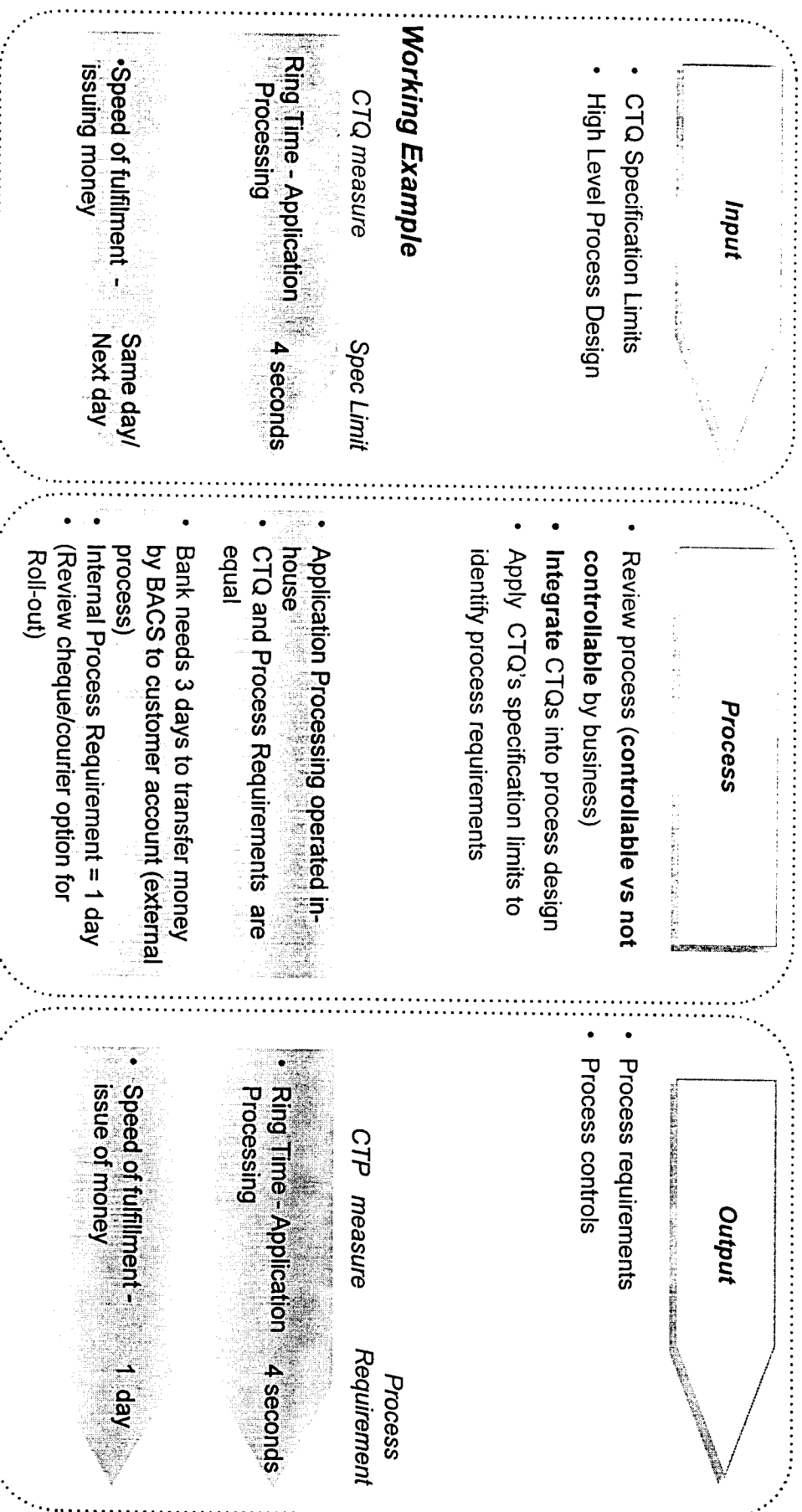
Competitors			Business		Customer	Set specification for process	
Lombard	Mercantile	HFC	Bank of Scotland	GCF - UK	Customer (current Personal Lending calls)	Average 4 seconds for 'Proof of concept'	
Tricity	Credit	Hamilton Direct	Direct	Personal Lending			
Finance		M & S					
In seconds			In seconds		In seconds		
5.19	5.10	2.12	4.10	6.00	1.55		
Average							



**Informed Specification Setting
Key To Process Design**

Determine Process Requirements

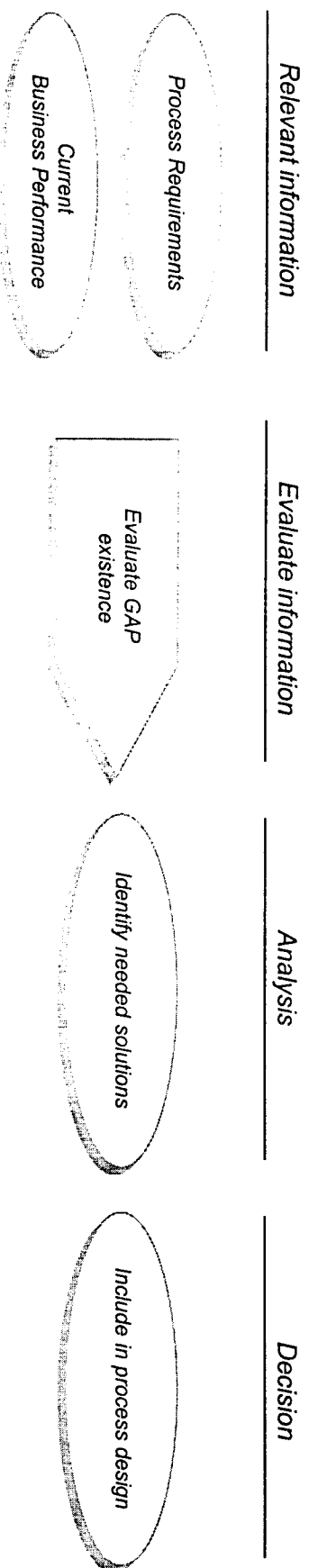
Approach Used to Identify Process Requirements



Internalizing Customer Specifications

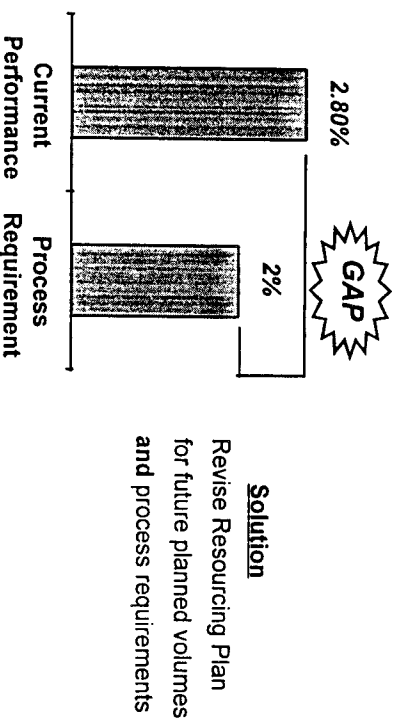
Determine Process Capability Gaps ... Define GAP and Identifying Solutions

Process



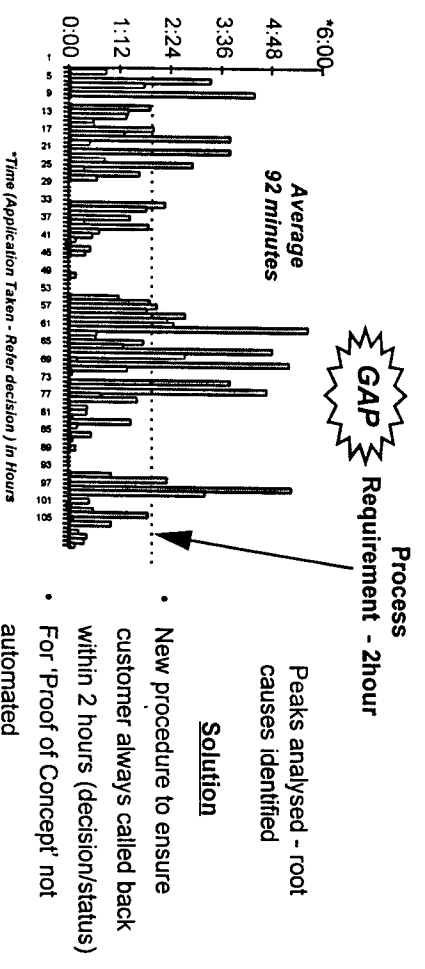
Working Example 1)

Phone Abandon Rate



Working Example 2)

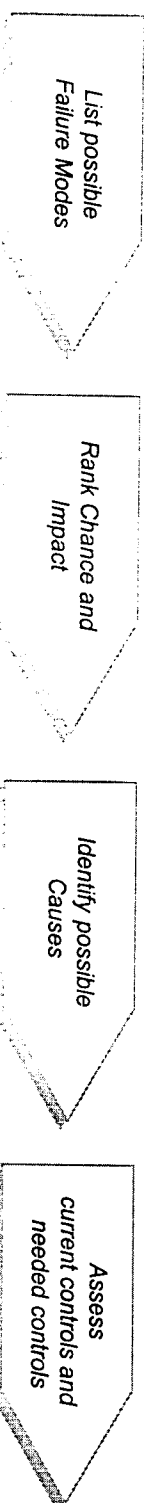
Call Back Time on Referrals*



... To Improve Design by Addressing Gaps

Design Review - Process Risks

Process Steps



Deliverables

- List of possible process risks
- Prioritize (if needed) chance and impact of failure modes
- Brainstorm possible rootcauses
- List of current controls
- List of possible new controls

Working Example

Process Risks	Chance	Impact	Causes	Current Controls	Additional Controls Recommended
Mailing records incorrect			• Tape verification	• None for this type of activity	• Define data validation process and ensure full sign-off
Customer hangs up			• Ring time too long	• Monitor ring time through QueueLink • Overflow to Admin. team	• Contingency: Increase staff levels
We lose the application			• Lack of tracking • System failure • Postal strike	• Reissue docs • Reissue docs • None - Beyond our control	• Diary track case progress
No incoming mail/documentation not received by GE			• Extreme weather • Lost in post • GE lost when receive	• None - Beyond our control • Reissue docs • Reissue docs	• Diary tracking

KEY:



100%



75%



50%

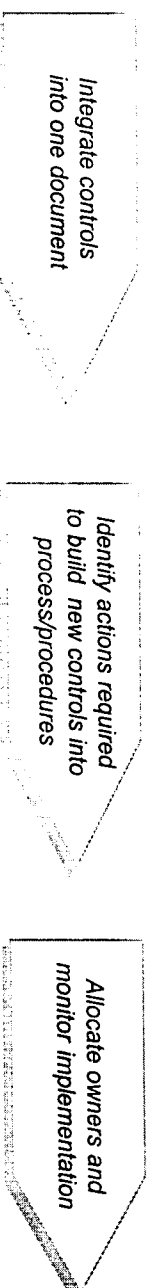


25%

Addressing Potential Process Risks

Integrate Risk and Measurement Controls into Process Design

Process Steps



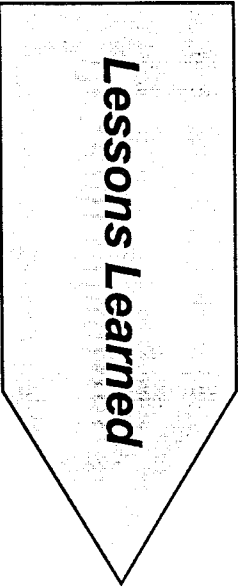
Deliverables

- Document listing all risks, measurements, specifications and controls (new and existing) by process step
- Action plan
- Actions Log - progress check

Working Example

Risk/Measurement	Specification (if applicable)	Control	Owner
Number of rejected BACS transfers	0	BACS daily update report	Les Birkbeck
Speed of fulfilment: issuing Welcome Pack	Same day that account is set up on Cardpac	Cardpac variance report	Les Birkbeck
Number of rejected Cardpac account set-ups	0	Cardpac variance report	Les Birkbeck
CUSTOMER SERVICE			
Ring time	10 seconds	Queuelink check	Les Birkbeck
Correspondence response time	Acknowledged on day of receipt and resolved within 3 working days.	MIS	Les Birkbeck
		Diary tracking	Les Birkbeck

Design phase made simple through earlier work



Lessons Learned

☐ **Timing**

- DFSS Approach to be initiated at the start of the overall project
- Project plan to include specific DMADV milestone before main project execution
 - removes risk of rework
 - ensures team are fully able to support DFSS

☐ **Tools**

- Easy to use despite technical names
- Capacity-planning software could be valuable

☐ **Training**

- Need for specific quality training for team before starting project

☐ **Output**

- DFSS Approach does not ensure 'six sigma' process the first time, but it puts the process into a controlled stage in preparation for DMAIC.