

How cross-selling helped the Muthoot Pappachan Group grow in harsh times

Business Results

- 3600 branches cross-selling products across India
- 250% increase in sales for cross-selling group companies
- Each housing finance branch mapped to 10 branches of flagship
- INR 51 Crore recovered from pledgers by a cross-functional team



The Muthoot Pappachan Group is a diversified conglomerate with interests in gold loans, housing finance, microfinance, automotive finance and precious metals. It is best known for organizing and formalizing the gold loan industry.

Under the chairmanship of Thomas John Muthoot, the group has seen exponential growth in recent years. Its flagship gold loan business - Muthoot Fincorp, grew to over 3600 branches across India. This presented a unique opportunity for the group's other businesses - to leverage Fincorp's reach and cross-sell their products to a vast customer base. These distinct businesses learnt to work cohesively together, and utilized this opportunity while ensuring no harm came to existing revenue streams.

COMPANY

Muthoot Pappachan Group

INDUSTRY

Retail non-banking financial services and allied sectors

ENPARADIGM INTERVENTIONS

Leadership Simulation Workshops™, June 2013

PARTICIPANT FUNCTIONS / LEVEL

Heads of constituent businesses, along with group finance, sales, marketing and human resources

BUSINESS CHALLENGE

By FY 2012-13, Muthoot FinCorp, the flagship gold loan business of the Muthoot Pappachan Group, had grown to over 3600 branches across the country. It had also built a reputation for a safe and regulated structure among those outside the traditional banking credit system.

The group's other businesses needed to utilize FinCorp's extensive reach and cross-sell their products to the large customer base it offered. This presented a challenge - these distinct businesses had to learn to work cohesively with each other, targeting individual growth as well as the group's overall objectives.



"We were able to put in place the systems to cross-sell our housing finance and precious metal companies' products through the vast network of 3600 branches of our flagship company, Muthoot Fincorp. Sales have increased by up to 2.5 times for the other group companies due to this."

- Bejoy Jolly Anthraper
 Senior VP – Sales
 Muthoot Fincorp Ltd.

"We have mapped each of our branches to over 10 Muthoot Fincorp branches to use their catchment and drive our housing loans. Our sales have gone up by about 2.5 times."

- Maneesh Srivastava, CEO
 Muthoot Housing Finance Ltd.

"We bought our competitors products and analysed their strategy, including basic concept and profitability calculations. We then launched our vision with 'a little extra' - so there is always a competitive edge."

- R Devika
 Head-Products

How cross-selling helped the Muthoot Pappachan Group grow

INTERVENTION

The Group's Harvard-educated Chairman and Managing Director, Thomas John Muthoot, understood that the first order of business was to galvanize his managers to become more entrepreneurial, leverage a great branch network and mature as business heads. Accordingly, Ms. Deepa Nair, Vice President, L&D, attended one of enParadigm's Open Leadership Simulation Workshops in May 2013, and recommended an in-house program in June 2013.

RESULTS

Cross-selling products at Fincorp's branches opened up new customer segments, leading to exponential revenue enhancement across multiple business lines.

Significant sales increase:
 Reaching out to a large new

customer base, group companies' sales grew significantly – up to 250% at some businesses.

Tracking financial impact:
 Understanding that what gets measured gets managed, group companies set up individual P&Ls for branches, leading to accurate mapping to the right catchments and customers.

Finding competitive advantages:
 Managers routinely find a competitive edge by analysing competitor products, and offering a little 'extra' in line with profitability calculations.

Breaking functional silos:
 Functions move beyond their individual mandates to help improve company profitability - like vigilance working with operations to recover bad debt.

"Vigilance teams do not usually interfere in operations, but I convinced my chairman, planned the effort, formed a cross-functional team and recovered 51 Crores from pledgers, with more coming in."

- Thomas Kurian, Vice President, Vigilance & Security, on how improved cross-functional collaboration is helping address long-standing concerns

