

Using Exit Data to Inform Product Design and Improve Operations

RESEARCH QUESTION	FINDINGS	MANGEMENT DECISIONS
<p>What are the primary reasons for business failure among exit clients?</p>	<ul style="list-style-type: none"> • 35% of exit clients report some type of business failure as contributing to their exit. • The top three reasons provided are: 1) Needed additional capital and could not get it; 2) Sold goods on credit to customers and did not recover amount owed; 3) Profits were not reinvested in the business due to family needs. • Over half of business failures occurred among “new” clients (tenure less than one year). • Of clients reporting failure from selling on credit, over half also reported lack of knowledge about bookkeeping procedures. 	<p>Management will work to prevent exit due to business failure by:</p> <ul style="list-style-type: none"> • Investigating further the need for larger loan sizes; • Providing financial education to small business owners, including the topics of selling on credit and bookkeeping; and • Increasing monitoring of loan utilization among first-year clients.
<p>Are loan repayment schedules problematic for clients?</p>	<ul style="list-style-type: none"> • Of exit clients with unpaid loans, 85% mentioned problems with repayment. • Of these, 70% reported difficulty paying on schedule. • Of this group, the top two reasons provided were: 1) the business is seasonal but repayments are monthly, 2) clients prioritized family expenses over on-time repayment. • Data on loan use shows that at least 25% of exit clients used small business loans for agricultural activities. 	<p>Management will address the problem of exit due to repayment problems by:</p> <ul style="list-style-type: none"> • Increasing the time devoted to discussion of repayment schedules during client orientation; • Improving staff training on how to match clients with the most appropriate loan product; and • Developing a pilot agricultural loan product to test among rural clients.

<p>Among clients who do not renew their insurance policy (exit), was the insurance policy well-understood?</p>	<p>Data available from the MIS:</p> <ul style="list-style-type: none"> • Overall renewal rate on the insurance product is 37%. • Of all non-renewal clients, 12% made a claim when their policy was active. • Of these, 25% were denied. <p>Data available from the survey of exit insurance clients:</p> <ul style="list-style-type: none"> • 4% report they made a claim when their policy was active. • 56% can recall receiving a verbal product explanation. • 38% can recall receiving written product information. • 75% exhibit low understanding of the product. 	<p>Management will work to increase the renewal rate of the insurance product by:</p> <ul style="list-style-type: none"> • Commissioning an external evaluation of client demand for different products; • Monitoring how the product is explained to clients and what materials are made available to clients, and adjusting staff training accordingly; and • Printing the institution's customer service number on the insurance policy documents, with text encouraging clients to call if they have insurance questions.
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