

## UJJIVAN INCENTIVIZES CUSTOMER SERVICE

Due to financial constraints related to India's microfinance crisis, **Ujjivan Financial Services Ltd.** was forced to scale back incentive pay for staff in order to avoid staff layoffs. However, the FSP still uses awards to motivate Customer Relationship Staff (CRSs)—the term Ujjivan uses for loan officers. The incentive system relies on a balance of portfolio quality and quantity indicators, and it requires that managers carefully evaluate the performance of branch staff. CRSs are scored using a scale of 0 (poor performance) to 5 (excellent performance) on five assessment parameters:

- 1) Number of borrowers
- 2) % of idle customers > 60 days
- 3) Portfolio balance outstanding
- 4) Client repayment rate
- 5) "Customer connect"

Ujjivan's "customer connect" parameter is an assessment of how well the CRS performs the following duties:

- Developing positive relationships with customers and delivering excellent customer service;
- Organizing and leading the branch's social development programs (including health outreach programs, education activities, and other social programs);
- Identifying customers who are in immediate need of additional support services from the FSP; and
- Participating in meetings for client leaders.

The customer connect requirement is the only subjective indicator in the incentive system, and as such, it requires time and effort on the part of branch management to evaluate. However, it is also an indicator that encourages strong customer relationships, and it has a positive effect on branch culture. Read more on this case study [here](#).