Building a Culture of Innovation & Talent Management

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CDFI FUND
CAPACITY BUILDING INITIATIVE

Provided by **OPPORTUNITY FINANCE NETWORK**

Business Model Canvas
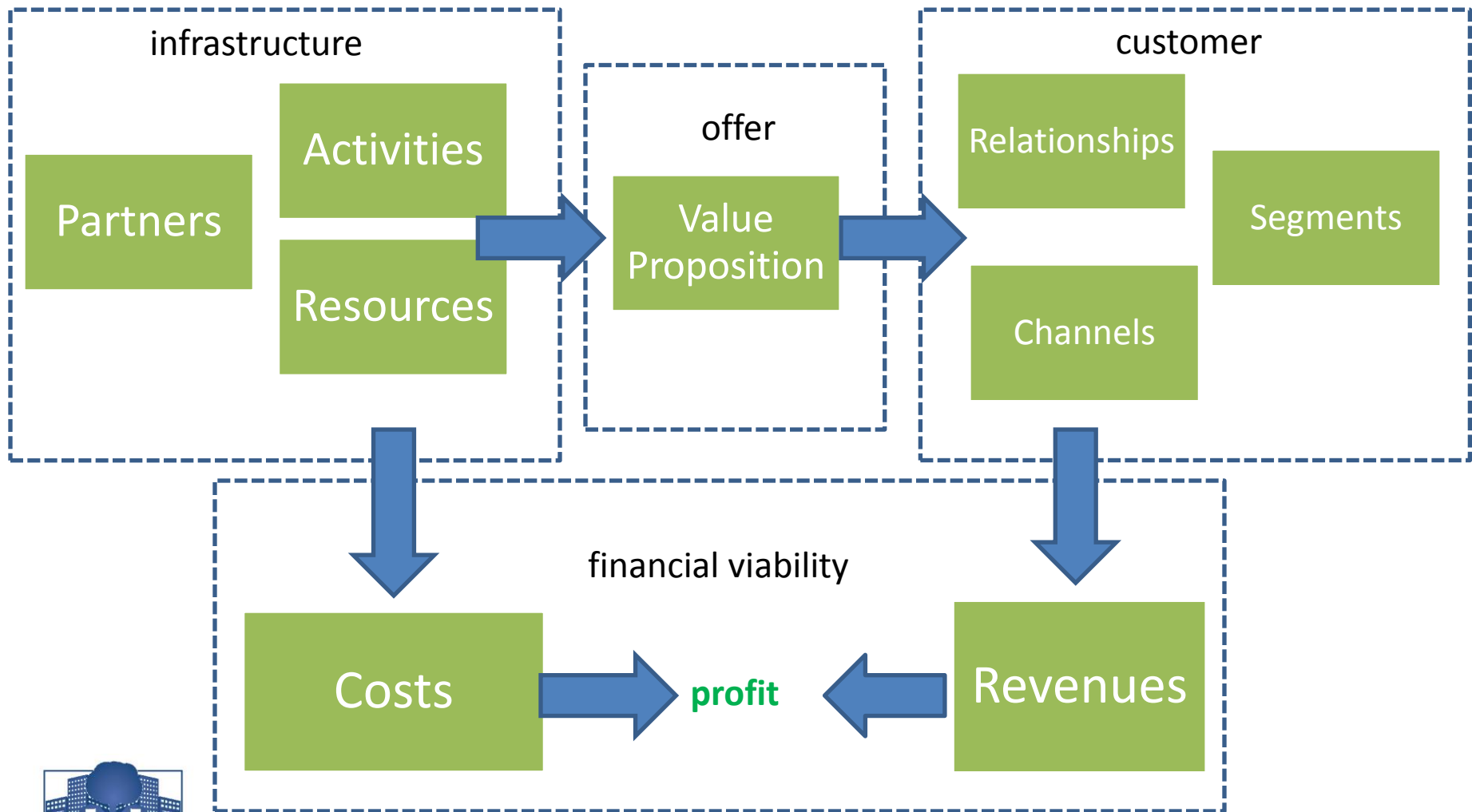
Session Goal and Objectives

Goal:

Assist CDFIs to recruit and develop human capital to support scaling microfinance operations, and support leaders in developing a sustainable legacy for their organization.

Objectives:

- Understand importance of organizational culture
- Understand, assess, and prioritize actions in employee life cycle to facilitate scale
- Understand characteristics of change and how to manage change
- Focus on personal leadership legacy
- Create relevant action steps

Agenda

- Introductory exercise
- Defining terms
- Employee life cycle
- Managing change
- Leadership legacy
- Reflection and action steps

Introductory Exercise

- How did you learn to lead others? How do others learn to lead from you?

- What are two strengths you bring to your organization? What are two areas you need to develop?

- How would you define your organization's culture? How would your employees define the culture? Your customers?
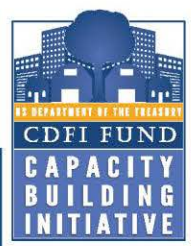
DEFINING TERMS

Human Capital

- The skills, knowledge and experience possessed by an individual or group of individuals in an organization that produce mission driven business results.

- Includes job specific competencies, emotional and cognitive intelligence that affect the contribution made by the individual to the organization.

Talent Management

- Talent management is the holistic approach to **optimizing human capital**, and drives results through building culture, employee engagement and capability throughout the employee life cycle.

Development Culture

- A development culture is focused on an intentional talent management strategy aligned with organizational mission and business objectives.

- A development culture is driven by leaders who serve as role models for employees, prioritize talent management practices and reward those who develop others.

Integrated Framework

Social mission is a powerful driver and motivator of performance outcomes.

Top leaders drive cultural values.

Business strategies must align with mission, culture and development.

Leaders are actively involved in developing employees.

Leadership

Mission

Business Strategy

Development Strategy

EMPLOYEE LIFE CYCLE

Are your employees a competitive advantage?

Employee Life Cycle

Attract and Recruit

Key Questions

- How competitive is our compensation?

- Are we losing talent to international microfinance?

- How do we access the right people for the right jobs?

- Best source for talent?

- Are job descriptions good recruiting tools?

- How important is the interview process?

Key Practices

- Compensation factors
    - International MF
    - Talent source
- Growth may mean additional skill sets, new job responsibilities know what you need
- Int'l MF is probably not the main competition for talent; expand outreach
- Access local community; become "age blind" and consider second career candidates
- Be cautious about how you prepare job descriptions and consider less than perfect fit
- Establish and follow interview protocols; consistency and follow up is critical.
- Ask questions to uncover technical AND interpersonal skills and train staff in interview methods

Onboard and Train

Key Questions

- How important is technical training?

- Do we train for both industry and organizational knowledge?

- How do you "teach" culture?

- What skills are most essential during change?

- Who is accountable for successful onboarding?

Key Practices

- Train for technical skills and for interpersonal skills
  - Virtual resource bank
- Use in-house and industry group trainings; design combined training programs for common needs
- Create and support apprenticeships, shadowing as training practices
- Create public and private sector partnerships
- Simplify HR practices and track training results
- Create an on boarding "buddy" system
- New employees want connection with leadership; everyone helps new employee integrate with culture

Retain and Develop

Key Questions

- Is all turnover bad?
- When should employees "move on"?
- What works in developing others?
- Do people quit because of pay?
- Do generational and gender differences matter in development?
- Is there anything leaders can do to influence retention?

Key Practices

- Turnover can be useful, complacency limits results
- Talent development relies on accurate assessment of "fit" with culture, with growth goals
- In retention pay is less important than boss relationship
- Generational differences not significant except if the career path and learning opportunites limit growth
- Lead courageously; make tough choices when you must
- Attend to diversity issues: watch for unfairness and divergent views of career success

Motivate and Challenge

Key Questions

- How do we keep talented people?
- What is a challenging assignment?
- How can we create a motivated employee? Who should be accountable for motivation?
- What is best structure for scaling up?
- Can we scale up with no funding?
- How do we find "learners"?
- What are the essential skill areas we should focus on?

Key Practices

- Create opportunities for learning and owning challenging work
- Reward learning and those who develop others at any level
- Know your employees
  - Values
  - Aspirations
  - Skills and Competencies
- Experiment with structures, internships, educational alliances, temporary assignments
- Observe employees who are open, willing to fail, mission driven and motivated
- Continue to learn and develop transformational leadership skills
- Understand and use Emotional Intelligence skills

Succession and Transition

Key Questions

- How do we address "founder fatigue"?
- How can we protect founder legacy?
- What are elements of a good transition for departure?
- How do we identify and remove complacent leaders?
- When do I know when it is time for me to move on?

Key Practices

- Founder/senior staff find it difficult to transition out; board could be helpful
- Founder legacy can be damaged by isolation from feedback
- Strategic planning process can surface succession concerns; may help founder recognize skill gaps limiting growth
- Transition is a process; bring direct and honest but compassionate approach
- Support departures with counseling and coaching
- Founders—build self awareness, share concerns with trusted advisors, plan "good endings"

Handout: In Your Binder

Scaling Up Microfinance

Personal Care Services

Employee Life Cycle Assessment Tool

Life Cycle Stage	How effective are we in this phase now?	How important is this to our mission and business strategy?	How might an increase in scale impact our decisions in this phase?	What actions should we take to advance in our approach to this phase?
Attract & Recruit				
Onboard & Train				
Retain & Develop				

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Handout Instructions

Reflection:

- Use the worksheet to analyze your organization on each phase of the employee life cycle

- How effective are you in this phase now?

- How might an increase in scale impact this phase?

Action:

- What one issue should you tackle now?
    - Who can help?
    - When can you take action?
    - What do you hope will happen?

MANAGING CHANGE

Type of Change

Technical Change

Recalibrating a familiar practice

Adaptive Change

Introducing a new way of thinking

Innovative Change

Introducing a new industry approach and practice

Low |———————————————————————————————————————| High

- ▪ **Degree of complexity, cost, and uncertainty**
- ▪ **Potential for confusion, distraction and fear**

Leading Organizational Change

Step		Description
1)	**Communicate the reasons for change**	**Unfreeze the organization and help others understand how the change advances the mission**
2)	**Create a guiding coalition**	**Create cross-functional change advocates, with enough competence and respect to motivate change approach in others**
3)	**Adjust your mission and strategy**	**Create a clear sense of how the change advances mission and attempts to increase scale**
4)	**Communicate the change vision**	**Create and implement a communication strategy; consistently communicate how change is aligned with mission and strategic plan**

Adapted from Kotter, 1995

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Leading Organizational Change

Step		Description
5)	**Monitor and moderate when needed**	**Identify barriers to change; moderate the "heat" appropriately; hold steady in conflict situations**
6)	**Notice and acknowledge hort-term wins**	**Plan for and create short-term "wins" lists: note improvements; communicate and celebrate these**
7)	**Consolidate gains to generate action**	**Use credibility from short-terms wins to support and reward ongoing learning; cascade wins throughout the organization**
8)	**Anchor new approaches in the culture**	**Acknowledge results, highlight connections between new behaviors and processes and success**

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LEADERSHIP LEGACY

Defining Legacy

- Legacy is:
    - How you approach your life and work
    - Your values, what you hope others see
    - Your contribution
    - Demonstrated in day-to-day leadership
    - Known by others in how you behave
- A roadmap for the future and a way to plan how you will align your skills, your ambitions and dreams and your values with sustaining and scaling up

Handout

Scaling Up Microfinance

Defining Your Legacy

Legacy Statement:

How does this statement reflect my values, skills, and dreams?

What does your partner feel would make this statement more powerful?

What actions could I take now to ensure I'm living this legacy?

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Your Legacy

- Define your legacy
  - Write a statement that reflects you; your contribution what you hope others will see in how you lead
  - Pick a partner
    - Read your statement
    - Discuss why this statement is a reflection of you: values, skills and ambitions
  - Invite feedback
  - Ask
  - Listen
- Reflect on your definition frequently; redo, recalibrate and reconsider based on dialogue with trusted personal supporters (gain reactions, consider feedback, note gaps between legacy and actions).

Legacy "Homework"

- Reflect, redefine and recalibrate based on your life and career stage

- Ask for reactions from trusted advisors

- Note any gaps between what you do today and what you want to leave with others; "mind the gap"

Closing: Taking It Home
Reflection and Action

- Identify one action step as a result of this module, that you can begin to implement when you return to your organization.
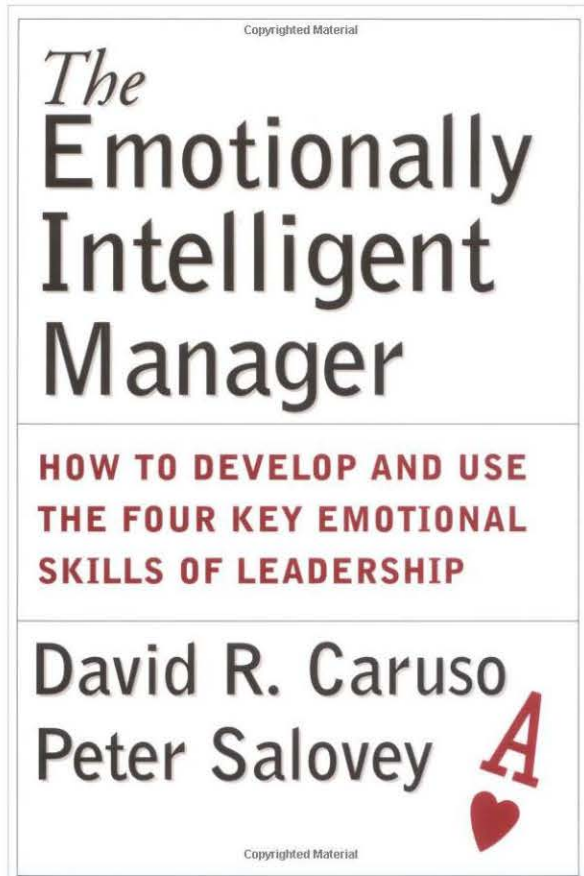
- Reflect on how this action will facilitate growth, help you in your operation?

"I'd rather work in and for an organization that is truly making a difference. For me, it is about what is close to my heart and what matters the most I my life."
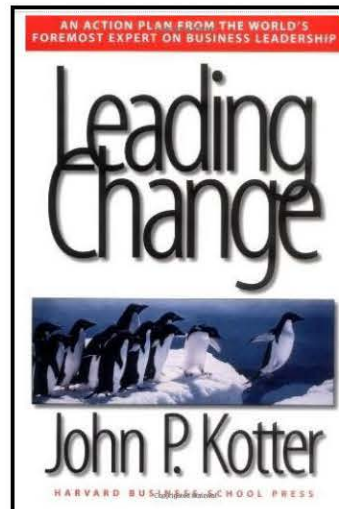
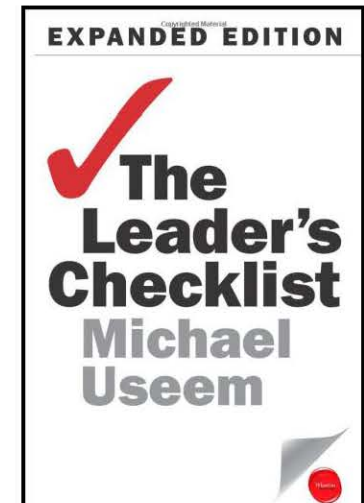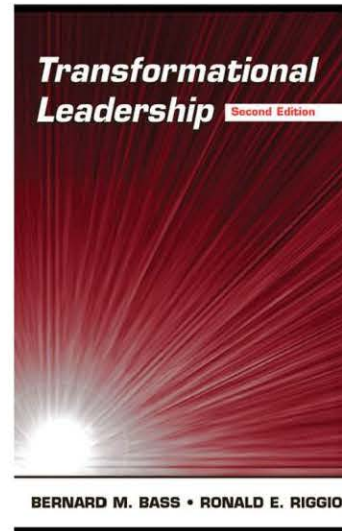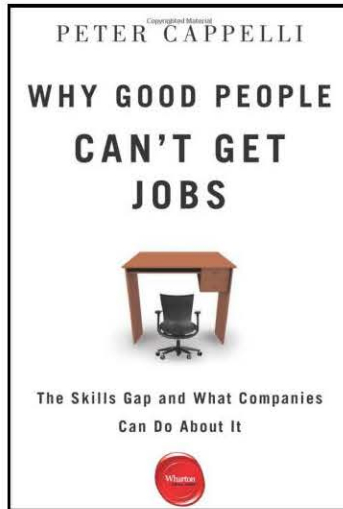Anonymous, personal communication (K.G. Linscott 2010)

Additional Resources
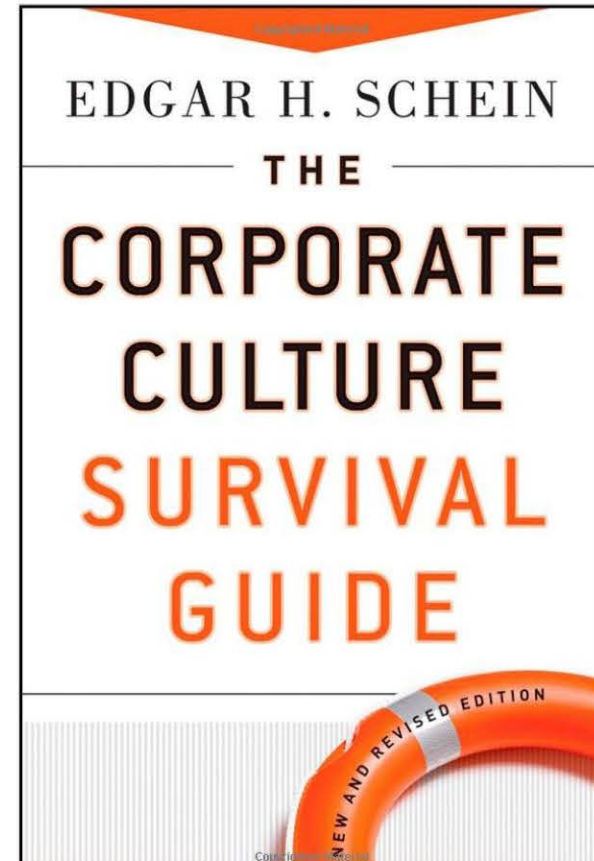
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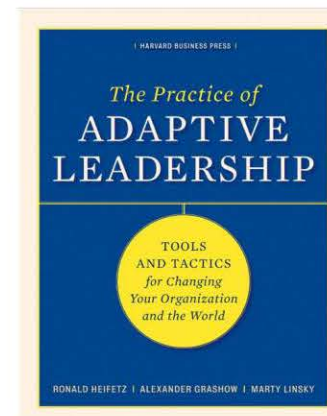
Additional Resources

Books:

The Emotionally Intelligent Manager: How to Develop and Use the Four Key Emotional Skills of Leadership by David R. Caruso and Peter Salovey

The Corporate Culture Survival Guide by Edgar H. Schein

Why Good People Can't Get Jobs: The Skills Gap and What Companies Can Do About It by Peter Cappelli

Leading Change by John P. Kotter

Transformational Leadership by Bernard M. Bass & Ronald E. Riggio

The Practice of Adaptive Leadership: Tools and Tactics for Changing Your Organization and the World by Ronald A. Heifetz, Marty Linsky, & Alexander Grashow

The Leader's Checklist by Michael Useem

Additional Resources

Websites:

http://www.cambridge-leadership.com/index.php/services/workshops

http://www.mindgarden.com/products/mlq.htm