

Expanding CDFI Coverage in Underserved Areas

Expansion Strategies for Growth

Part Two: Technology, People, Culture, and Leading Organizational Change

Pam Porter, Opportunity Finance Network
Trinita Logue, IFF

November 17, 2015

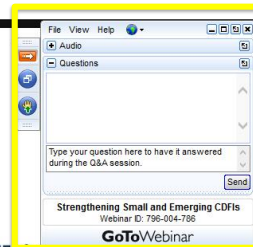


Provided by OPPORTUNITYFINANCE NETWORK

GoToWebinar

CDFI Fund's Capacity Building Initiative

- The Capacity Building Initiative will greatly expand technical assistance and training opportunities for Community Development Financial Institutions (CDFIs) nationwide and significantly boost the ability of CDFIs to deliver financial products and services to underserved communities.
- Industry-wide training will target key issues currently affecting CDFIs and the communities they serve.



Provided by OPPORTUNITYFINANCE NETWORK

What is the *Expanding CDFI Coverage in Underserved Areas Initiative*?

- The series will provide specialized training and technical assistance to certified and emerging Community Development Financial Institutions (CDFIs) seeking to expand their reach into underserved communities that currently lack a CDFI presence.
- The workshops include content that is applicable to all CDFI organizational structures, including loan funds, credit unions, banks, and venture capital funds.



3

Provided by **OPPORTUNITYFINANCE NETWORK** 

OPPORTUNITYFINANCE  TM
NETWORK



4

Provided by **OPPORTUNITYFINANCE NETWORK** 

Training Partners



5

Provided by **OPPORTUNITYFINANCE NETWORK**

About the Training Partners

- **Community Development Bankers Association (CDBA)** is a national trade association of the community development bank sector. CDBA is the voice and champion of banks and thrifts with a mission of serving low and moderate income communities.
- **Community Development Venture Capital Alliance (CDVCA)** is a network of community development venture capital funds, which provide equity capital to growth businesses in low-income communities to create good jobs, productive wealth, and entrepreneurial capacity.
- **National Federation of Community Development Credit Unions (NFCDU)** is a national association for community development credit unions providing capital, advocacy, technical assistance, training to support innovative services for low-income consumers.
- **Opportunity Finance Network (OFN)** is a leading national network of community development financial institutions (CDFIs) investing in opportunities that benefit low-income, low-wealth, and other disadvantaged communities across America.



6

Provided by **OPPORTUNITYFINANCE NETWORK**

Presenters



Pam Porter
Executive Vice President, Strategic Consulting
Opportunity Finance Network
pporter@ofn.org



Trinita Logue
President
IFF
tlogue@iff.org



7

Provided by **OPPORTUNITYFINANCE NETWORK**

Agenda

- Part One (October 6, 2:00 pm EDT)
 - Planning for Expansion: Business Model Canvas
 - Operations: Lending Life Cycle
- **Part Two (November 17, 2:00 pm EDT)**
 - **Technology**
 - **People and Culture**
 - **Leading Organizational Change**



8

Provided by **OPPORTUNITYFINANCE NETWORK**

Planning for Expansion: Business Model Canvas

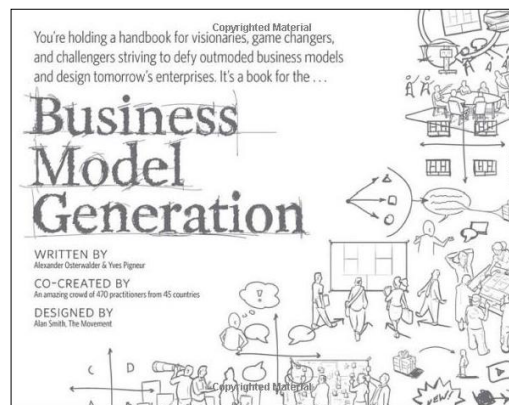
- A key strategic tool for expansion: Business Model Canvas
- A **business model** describes the rationale of how an organization creates, delivers, and captures value.
- The **business model canvas** is a strategic management and entrepreneurial tool. It allows you to describe, design, challenge, invent, and pivot your business model.



9

Provided by OPPORTUNITYFINANCE NETWORK

A Business Model Handbook

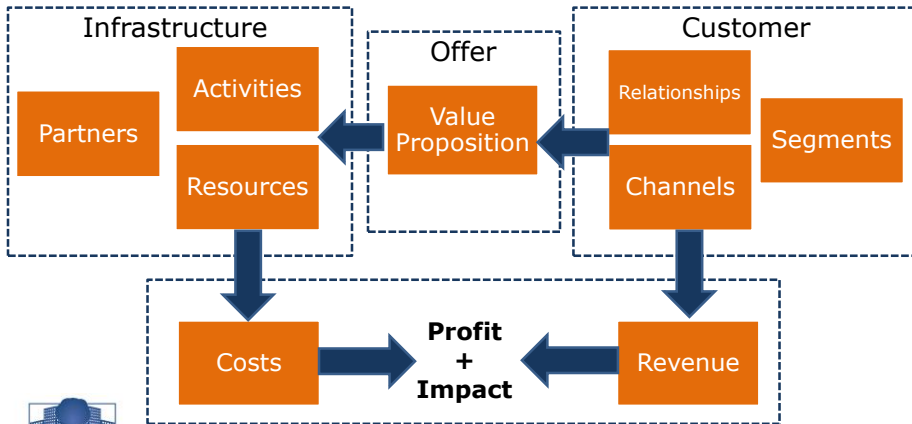


From Business Model Generation
By Alexander Osterwalder and
Yves Pigneur (2010)



Provided by OPPORTUNITYFINANCE NETWORK

Business Model Canvas



Technology



What is Technology?

“The science of the application of knowledge to practical purposes : applied science.”

– Merriam Webster

“The purposeful application of information in the design, production, and utilization of goods and services, and in the organization of human activities.”

– Businessdictionary.com



Read more: <http://www.businessdictionary.com/definition/technology.html#ixzz26Gx5KkmB>

Provided by OPPORTUNITYFINANCE NETWORK

Technology: Supporting Expansion

Technology

- What problem(s) could be solved using technology?
- How can current capacity to use technology be improved?
- What investments are needed for future growth of the organization?



14

Provided by OPPORTUNITYFINANCE NETWORK

Technology as Enabler

Technology is an ENABLER of expansion goals:

Stage One:
Extend presence
and brand

Stage Two:
Reengineer/optimize
processes

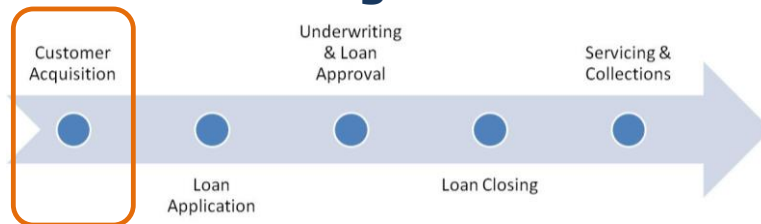
Stage Three:
Transform offerings
with technology
partners



15

Provided by OPPORTUNITYFINANCE NETWORK

Technologies to Improve the Lending Process

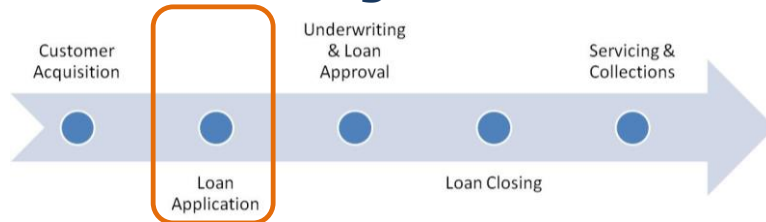


- Audit website for customer experience
- Use not-for-profit discounts for social media
- Social media: Presence + Engagement
- Align eNewsletter, email blasts, and website for greatest value
- Search engine optimization



Provided by OPPORTUNITYFINANCE NETWORK

Technologies to Improve the Lending Process

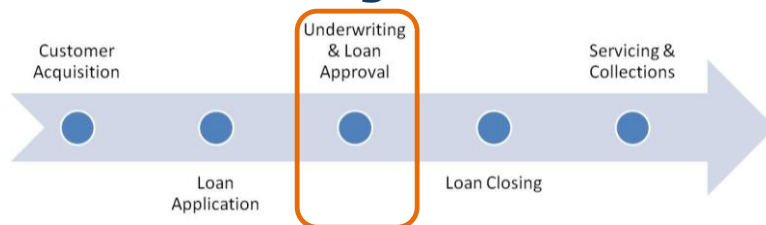


- On-line loan applications
- Using tablets, mobile phones, cameras, scanners, etc. to gather loan application info/documentation
- Update privacy and security policies and procedures



Provided by OPPORTUNITYFINANCE NETWORK

Technologies to Improve the Lending Process

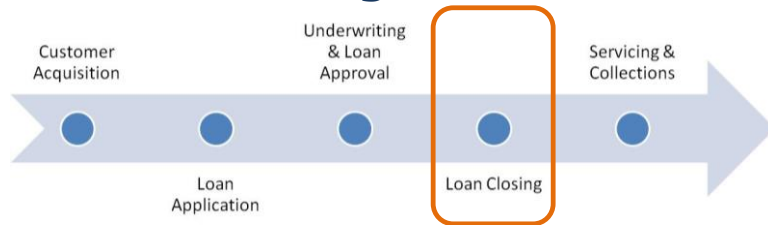


- Credit evaluation grids
- Loan committees vs. staff approvals
- Pull credit reports online
- Approval to access IRS and bank records
- Statistical scoring



Provided by OPPORTUNITYFINANCE NETWORK

Technologies to Improve the Lending Process

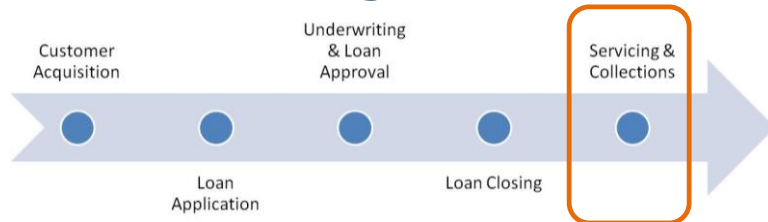


- Outsource document preparation
- Prepaid cards
- Electronic signatures
- Partnerships for loan closing meetings



Provided by **OPPORTUNITYFINANCE NETWORK**

Technologies to Improve the Lending Process



- Outsourcing
- Mobile (payment reminders)
- Reporting to credit bureaus – (Credit Builders Alliance)
- Payment processing - (prepaid cards)
- Loan servicing software



Provided by **OPPORTUNITYFINANCE NETWORK**

Technology: Supporting Expansion

Stage One:

Extend presence and brand

- Website: features and ease of use
- Social media: tools and engagement
- Search engine optimization

Stage Two:

Reengineer/optimize processes

- Use of existing technologies
- Integrate systems
- Map processes to cut out or combine steps

Stage Three:

Transform offerings with technology partners

- Referral platforms
- On-line and on-demand support resources
- Offer new products via technology



21

Provided by **OPPORTUNITYFINANCE NETWORK**

People and Culture



22

Provided by **OPPORTUNITYFINANCE NETWORK**

People: Aligning Organizational Culture, Leadership, and Performance

- Organizational Culture
- Talent Management
- Leading Successful Change



23

Provided by OPPORTUNITYFINANCE NETWORK

Culture. Help or Hinder?



- The shared VALUES, BELIEFS, and PRACTICES that guide the actions of its members.
- Culture can either support or hinder growth, innovation, and performance.



24

Provided by OPPORTUNITYFINANCE NETWORK

What Does Organizational Culture Do?

- Tells new hires who you are, what you value.
- Guides behaviors and interactions of employees.
- Determines how we treat customers and prospective customers.
- Profoundly affects “performance” – financial and impact.



25

Provided by OPPORTUNITYFINANCE NETWORK

Linking Organizational Culture with Expansion Goals

- What is your culture today?
- What culture is needed in the FUTURE to achieve your expansion goals?
- What can be done to shift the culture to this new vision?



26



Provided by OPPORTUNITYFINANCE NETWORK

Talent Management

- Do we have the right people, with the right skills, in the right jobs, at the right time?
- Are they engaged in the mission, values, and culture of our organization?



27

Provided by OPPORTUNITYFINANCE NETWORK

Employee Life Cycle



28

Provided by OPPORTUNITYFINANCE NETWORK

Employee Life Cycle

| Life Cycle Stage | How effective are we now? | How important is this to our mission and expansion strategy? | How might expansion affect what we do? | What actions should we take to advance our approach? |
|-------------------------|---------------------------|--|--|--|
| Attract & Recruit | | | | |
| OnBoard & Train | | | | |
| Retain & Develop | | | | |
| Motivate & Challenge | | | | |
| Succession & Transition | | | | |



Leading Organizational Change



Leading Successful Change

In your experience, what percentage of change initiatives **fail** to achieve their intended goal?

- a) 25-50%
- b) 50-75%
- c) 75% or more



Type of Change



Transitional Change

Recalibrating a familiar practice

GROUNDED



Transformational Change

Introducing a new industry approach and practice

BLUE SKY

Low |-----| High

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



Capacity to Handle Change

Too Little

Right balance

Too Much



Provided by OPPORTUNITYFINANCE NETWORK

Managing Complex Change



Adapted from Knoster, T., Villa, R., & Thousand, J. (2000). A framework for thinking about systems change. In R. Villa & J. Thousand (Eds.), Restructuring for caring and effective education: Piecing the puzzle together (pp. 93-128). Baltimore: Paul H. Brookes Publishing Co.

34

Provided by OPPORTUNITYFINANCE NETWORK

Resources

- **Leading Successful Change**
by Greg Shea and Cassie Solomon
- **The Practice of Adaptive Leadership and Leadership on the Line**
By Ronald Heifetz and Marty Linsky
- **Leading Change**
By John P. Kotter



35

Provided by **OPPORTUNITYFINANCE NETWORK**

Questions?



36

Provided by **OPPORTUNITYFINANCE NETWORK**

Expanding CDFI Coverage in Underserved Areas Webinar Series

- Upcoming topics include:
 - Marketing Strategy, Tactics, and Storytelling
 - *Tuesday, December 8th at 2pm ET*
 - Understanding CDFI Impact
 - *Tuesday, January 12th at 2pm ET*

An additional ten webinars will be offered starting in January 2016.



Provided by **OPPORTUNITYFINANCE NETWORK**

OFN Contact Information

- Pam Porter
Executive Vice President, Strategic Consulting
Opportunity Finance Network
pporter@ofn.org
215-320-4303
- Ginger McNally
Senior Vice President, Strategic Consulting
Opportunity Finance Network
gmcnally@ofn.org
215-320-4313
- Alexandra Jaskula
Senior Associate, Strategic Consulting
Opportunity Finance Network
ajaskula@ofn.org
215-320-4325



Provided by **OPPORTUNITYFINANCE NETWORK**

CDFI Fund Contact Information

Email: cdfihelp@cdfi.treas.gov

Phone: (202) 653-0421



Provided by **OPPORTUNITYFINANCE**
NETWORK 