

Strengthening Small & Emerging CDFIs

Leading and Managing Organizational Change

Pamela Porter, Opportunity Finance Network

March 3, 2014



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.



CDFI Fund's Capacity Building Initiative: Strengthening Small and Emerging CDFIs

- **Goal:** Increase capacity of CDFIs to strengthen financial sustainability and increase community impact.
- **Focus:** Business models that work to support sustainability and impact, understanding stages of organizational growth, and change management.
- **Approach:** Five trainings, five mentored cohorts, one-to-one technical assistance, virtual resource bank.
- **Results:** Each CDFI developed an Action Plan with implementation supported by mentored cohorts.



Presenter



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

Presenter



Tabitha Atkins
Vice President, Strategic Consulting
Opportunity Finance Network
pporter@ofn.org

Strengthening Small & Emerging CDFIs

Leading and Managing Organizational Change

Pamela Porter, Opportunity Finance Network

March 3, 2014



Agenda

- Define types of change
- The “human” side of change
- 8-step model to lead change
- Management vs. Leadership
- Change Management Resources
- Strengthening Small and Emerging Webinars and Virtual Resource Bank



Poll Question

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



Type of Change



**Transitional
Change**

**Recalibrating
a familiar
practice**



**Transformational
Change**

**Introducing a
new industry
approach and
practice**



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

Type of Change

- Transitional
 - Incremental outcomes
 - A product of **Authority**
 - “Safe”
- Transformational
 - Structural & Systemic outcomes
 - A product of **Leadership**
 - “Risky”

Source: Heifetz and Linsky



Poll Question

Today, in your organization, what type of change initiatives are you involved in managing or leading?



Capacity to handle change

Too Little

Right balance

Too Much



Poll Question

What “people” challenges do you see related to leading a change initiative at your organization?



Kotter 8-step Model



Poll Question

As you think about a specific example, where do you see the biggest challenges to managing and leading change?



Leading Organizational Change

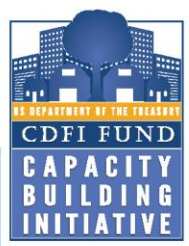
Step	Description
1) Communicate the reasons for change	Unfreeze the organization and help others understand how the change advances the mission
2) Create a guiding coalition	Create cross-functional change advocates, with enough competence and respect to motivate change approach in others
3) Develop a change vision	Create a clear sense of how the change advances mission and develop strategies for achieving that vision
4) Communicate the change vision for buy-in	Make sure as many as possible understand and accept the vision and the strategy



Adapted from Kotter, 1995

Leading Organizational Change

Step	Description
5) Empower broad-based action	Remove barriers to change; change systems or structures that seriously undermine the vision; moderate the “heat” appropriately; hold steady in conflict situations ; encourage risk-taking and non-traditional ideas
6) Create and acknowledge short-term wins	Plan for and create short-term “wins” lists: note improvements; communicate and celebrate these
7) Never let up	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 success;



Kotter 8-step Model



Kotter on Management vs Leadership

Most common **mistakes**:

- Use “management” and “leadership” interchangeably. This fails to distinguish the crucial differences between the two.
- Use “leadership” to refer to the people at the top of the hierarchies, and others in the layers below as “management.”
- Think of “leadership” in terms of personality, such as charisma.



Resources

- Peter Drucker: *What business can learn from non profits*
 - <http://hbr.org/1989/07/what-business-can-learn-from-nonprofits/ar/1>
- John Kotter: *Leading Change*
 - <http://www.kotterinternational.com/our-principles/changesteps>
- Heifetz and Linsky: *Leadership on the Line: Staying Alive through the Dangers of Leading*



QUESTIONS?



Strengthening Small and Emerging CDFIs Webinar Series

Upcoming Webinars

Mar
12

- **How Should the Board of Directors Evolve as your CDFI Grows?**
 - *Adina Abramowitz, Consulting for Change*
 - Recommended Attendees: Board Members and CEOs/Executive Directors of CDFIs

*Upcoming webinar registration and past webinar recordings can be found at:
[The CDFI Fund's Virtual Resource Bank.](#)*



CDFI Fund's Virtual Resource Bank

www.cdfifund.gov/what_we_do/Strengthening_Small_and_Emerging_CDFIs_Resource_Bank.asp

- WHO WE ARE
- WHAT WE DO
- IMPACT WE MAKE
- NEWS & EVENTS
- HOW TO APPLY

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

UNITED STATES DEPARTMENT OF THE TREASURY

Strengthening Small and Emerging CDFIs Resource Bank

The resources for this topic can be found below. To view all of our available Resource Banks, click [here](#).

I. Training Curriculum:

- Models for Growth – What Works
- The Logic Model as an Outcome-Based Project Management Framework
- The Four Stages of Organizational Growth
- Business Model: External Environment
- Managing and Negotiating Change
- CDFI Action Plan
- Leading Organizational Change

II. Training Webinars:

- Coming Soon

III. Additional Resources:

- Analysis of the CDFI Industry Landscape
- CDFI Operations
- Tools for Greater Community Development Impact



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
215-320-4314
- Alexandra Jaskula
Associate
Strategic Consulting
Opportunity Finance Network
ajaskula@ofn.org
215-320-4325



Strengthening Small & Emerging CDFIs

Leading and Managing Organizational Change

Pamela Porter, Opportunity Finance Network

March 3, 2014

