

Scaling Up Microfinance



Encouraging Innovation & Developing Talent

Monica McGrath, Ph.D., Resources for Leadership, Inc.
April 30, 2013



Go-To-Webinar

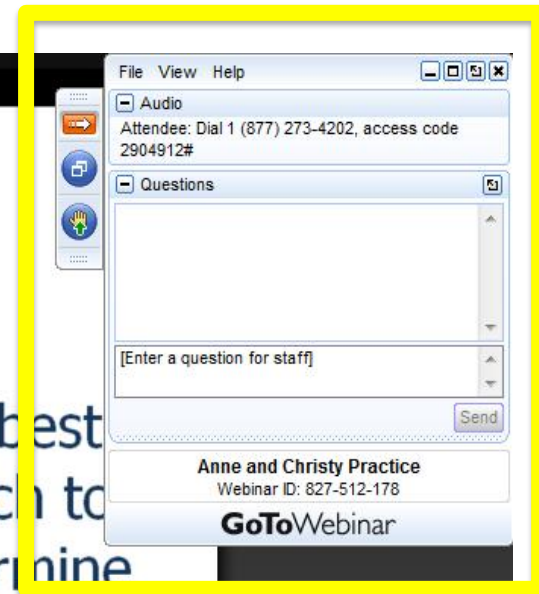
Scaling Up Microfinance

GOAL

To enhance Microfinance CDFIs' exposure to best practices in the field as well as tools with which to analyze their own business practices and determine appropriate strategies to scale.

SUCCESS

Each microfinance organization will identify, and begin to implement, at least one new initiative to facilitate scaling operations.



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.



Scaling Up Microfinance Task Order

Expand the capacity of CDFIs that specialize in microfinance through a program focused on decreasing costs, exploring new products, building human capital, and improving business models in order to attract investments.

- 3 Trainings
 - Technical Assistance
 - Virtual Resource Bank



Presenter



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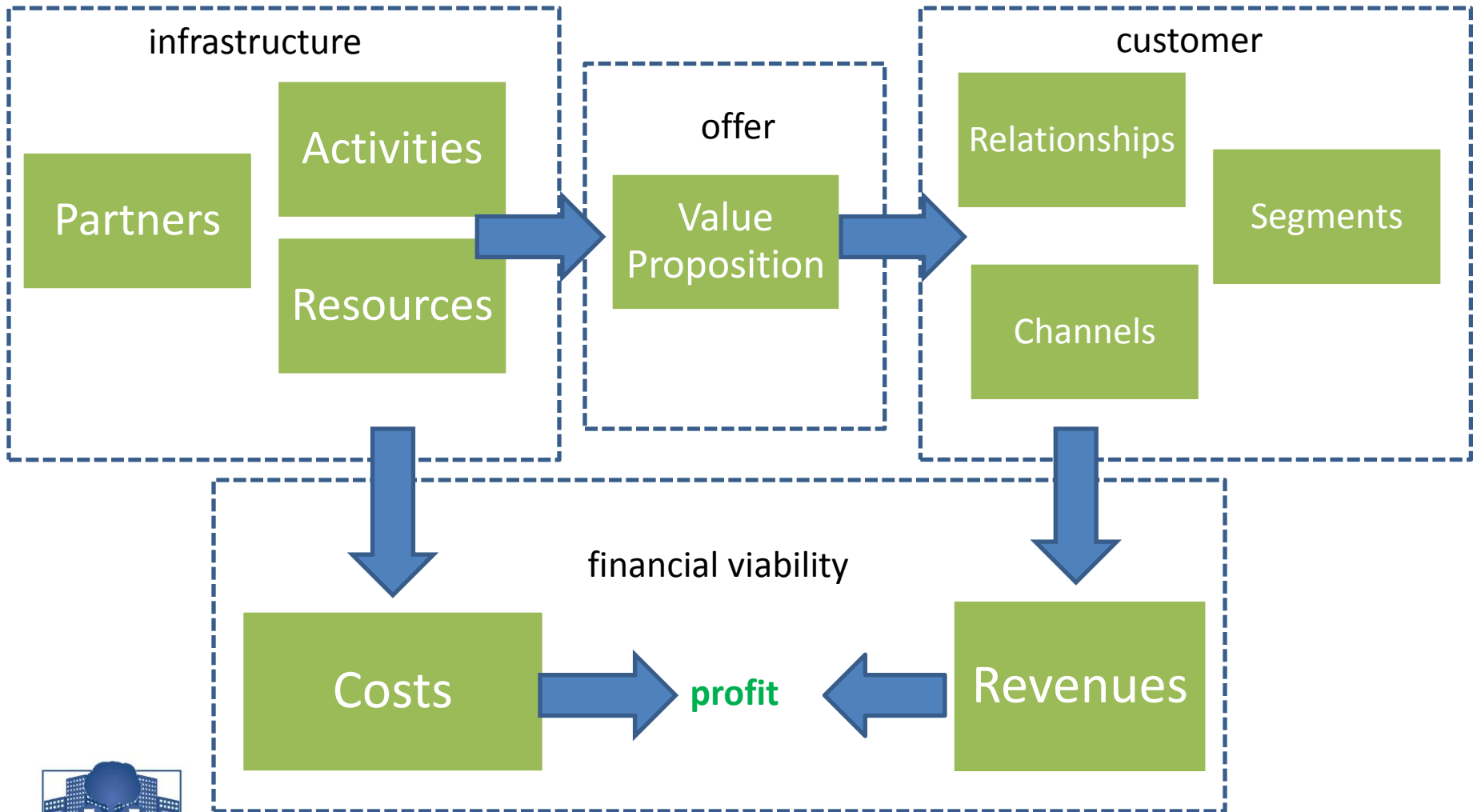


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Business Model Canvas



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
- Create relevant action steps

Agenda

- The leader's role
- Defining terms
- Employee life cycle
- Managing change
- Reflection and action steps



The Leader's Role

- 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?
 - Technical Skills
 - Interpersonal Skills
- How would you define your organization's culture? How would your employees define the culture? Your customers?
 - Culture of Learning? Culture of Defensiveness?
 - Culture of Opportunity? Culture of Turnover?



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.

Business strategies must align with mission, culture and development.



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 opportunities 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”

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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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Questions?



MANAGING CHANGE



Type of Change



**Recalibrating
a familiar
practice**



**Introducing a
new way of
thinking**



**Introducing a
new industry
approach and
practice**



- 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



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 short-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-term 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



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?



Action Steps

What are your action steps?

Share with the group.

- Press *2 to un-mute your phone

or

- Type your response into the 'chat' box



“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)



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Questions?



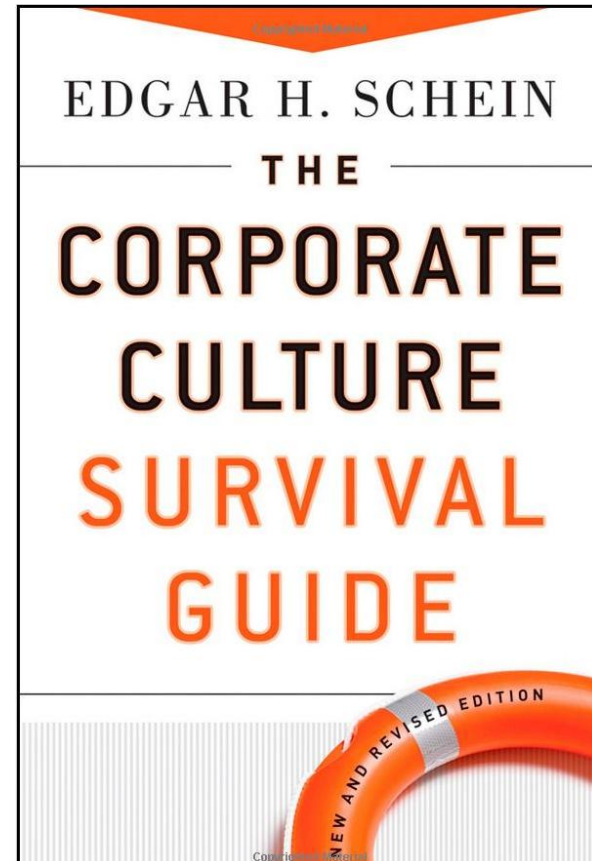
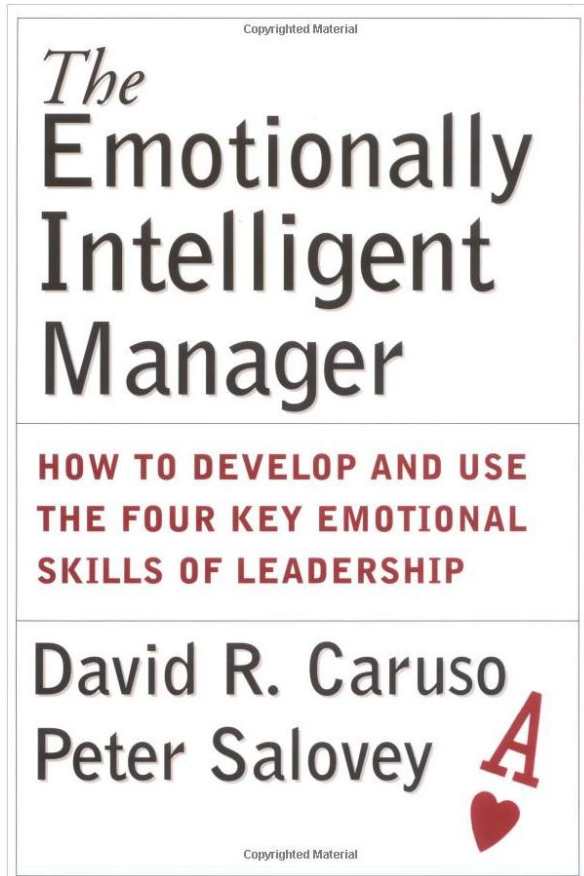
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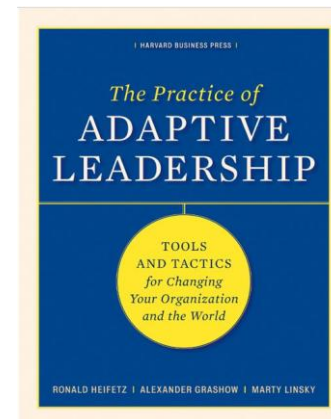
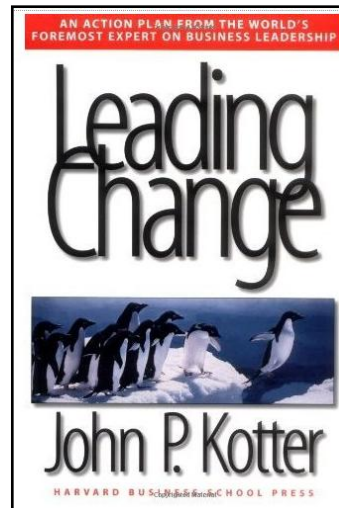
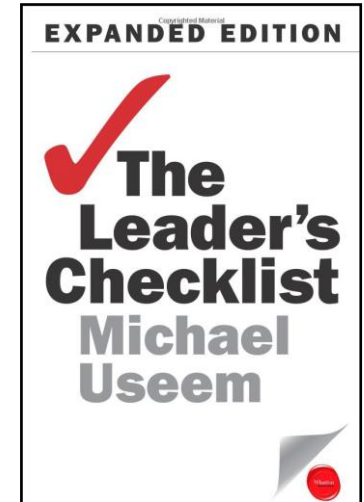
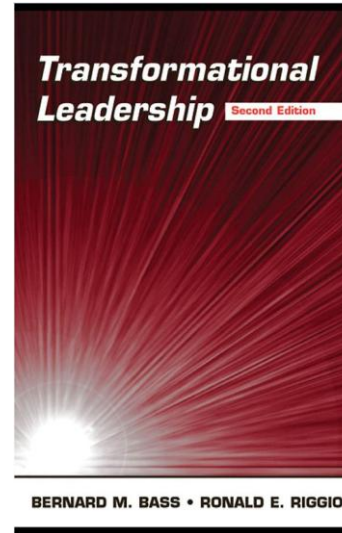
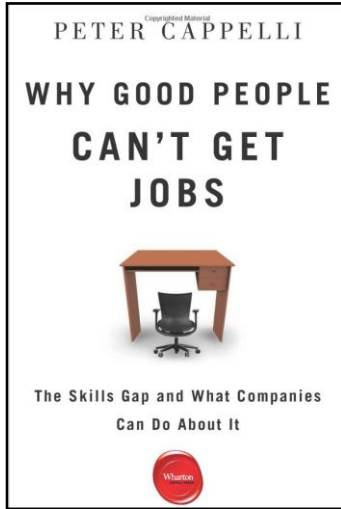
Additional Resources



Additional Resources



Additional Resources



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

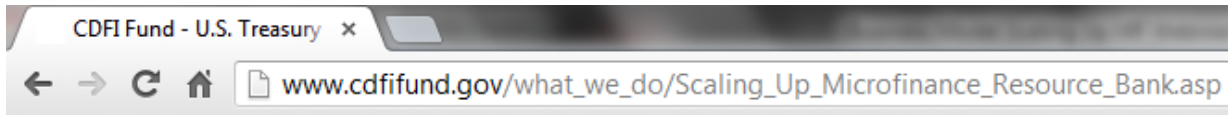
Websites:

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

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



CDFI Fund's Virtual Resource Bank



- 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



Scaling Up Microfinance Resource Bank

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

I. Microfinance Landscape and Borrower Experience and Need:

- [2011 U.S. Microenterprise Census Highlights: FY 2010 Data](#)
 - *Author:* FIELD at the Aspen Institute
 - *Summary:* This report presents the survey responses of reporting microfinance institutions, documents trends in the scale and scope of services provided by organizations reporting in both 2008 and 2010, and also presents a more detailed discussion of the estimates of the overall size of the microfinance field.
- [Key Data on the Scale of Microlending in the U.S. – February 2011](#)
 - *Author:* FIELD at the Aspen Institute
 - *Summary:* This paper uses the data obtained in the FY 2008 U.S. Microenterprise Directory and Census conducted by FIELD to describe the state of microfinance in the United States and to explore the characteristics of large-scale programs, with a view to better understanding the factors that appear associated with their program size.
- [Opening Opportunities, Building Ownership: Fulfilling the Promise of Microenterprise in the United States](#)
 - *Author:* FIELD at the Aspen Institute
 - *Summary:* This report examines the current state of the microenterprise field, noting both its accomplishments and identifying the challenges that lie ahead, and recommends eight actions that could help transform the field and position it for long-term growth and sustainability.
- [Dollars for Dreams: Scaling Microlending in the United States](#)
 - *Author:* FIELD at the Aspen Institute
 - *Summary:* This document summarizes the experience and lessons of five grantees of the Scale Academy whose primary focus has been on scaling microlending. Representatives of these organizations have engaged in a year-long peer process exchange in their experience and reflecting on the lessons that emerged.
- [Micro Jobs: Fast Facts – Do microenterprises provide employment beyond the business owner?](#)



Upcoming TA Webinars

- Adding New Microfinance Products to Scale & Increase Impact
 - Center for Financial Services Innovation
 - Tuesday, May 14th @ 2pm EDT
- Technology to Improve Performance & Efficiency
 - Joyce Klein, FIELD at The Aspen Institute
 - Tuesday, May 21st @ 2pm EDT

STAY TUNED FOR MORE WEBINARS DURING THE SUMMER!

To register, visit the CDFI Fund's Web site or click [here](#).

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Strengthening Small & Emerging CDFIs

A CDFI Fund Capacity Building Initiative

- This training and technical assistance program will benefit CDFI loan funds, credit unions, and venture capital funds with assets less than \$25 million that have a strong ambition to serve their target market with greater impact
- CDFIs serving specific regions of persistent poverty that are traditionally underserved by financial institutions, such as Appalachia, the Colonias along the U.S.-Mexico border, and the Mississippi Delta, are especially encouraged to participate



Strengthening Small & Emerging CDFIs

A CDFI Fund Capacity Building Initiative

Five Workshops

- Federal Reserve Bank of Houston | June 19 - 21
- Federal Reserve Bank of Nashville | July 31 - August 2
- Compuware Headquarters in Detroit | August 14 – 16
- Federal Reserve Bank of Los Angeles | September 25 – 27
- Federal Reserve Bank of New Orleans | October 2 - 4

All workshops provide the same content.



Strengthening Small & Emerging CDFIs

A CDFI Fund Capacity Building Initiative

To Learn More and to Register:

Visit www.opportunityfinance.net/smallandemerging

or

Contact Tabitha Atkins tatkins@opportunityfinance.net



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