



Day 2, Session 6 - Becoming Client Centric: The Challenges of Change Management

Gerhard Coetzee, Senior Financial Sector Specialist, CGAP

Thank you very much, Roger. Good afternoon ladies and gentlemen.

The first massive challenge we have is that we only have 15 minutes on the counter here and I'm very worried about it. And, the second massive challenge we have, is we have to follow Jennifer and we're going to do a gallant effort.

So, firstly, I'm from CGAP, as you've heard. My team, which I will quickly introduce are from all over, so to speak. Starting on my immediate left, Tashmia Ismail from the Gordon Institute of Business Science in South Africa, responsible for their Inclusive Markets Program. Berniece Hieckmann, from the Metropolitan Life Business of the MMI Group responsible for Strategy and Change. Whatever I say now because she won't disagree with me. Grace Obuya from Commercial Bank of Africa. And, she is also responsible for Strategy and Change Management. And then, my brother from Uganda. And, the reason why I say that is he is the only Ugandan that can actually speak to me in my language, Afrikaans. And, we both like rugby. Paul Musoke, Director of Change Management and Building Services Markets at FSDA. Thank you very much for joining, and thank you to MasterCard for giving us this opportunity to share a little bit of research and experience on the change management topic.

Now, the first thing I want to do is, I quickly want to position this. Then, I'm going to ask Tashmia to just give us a framework and a little bit of feedback on the research they did. And then, we are going to experiment a little bit and expand the panel. We're not going to ask the panelists to speak. They must be quiet for a while. We're going to make you the panel. You're in the room and we're going to ask you questions after that. Then, we're going to turn to the panel and we'll end with you as well.

I can't go on without recognizing another person, and that is Kendall Barrett who is actually leading the change management research work at CGAP. So, Kendall, thanks for your assistance in the work we did here.

Now, I have about two minutes to position the change management topic. And, I thought I'll start with giving you four sort of divisions of thought. First, we will have to make the case in this

process for financial inclusion and for customer-centric approaches. Second, we will have to learn from our customers, somehow, to be able to provide them what they want. Third, once we have that learning, we have to take the learning and design for use. And, I'll come back to the use story just now. And then, fourthly, we will have to organize ourselves, this is the financial service providers, for delivery. So, I'm quickly going to cover those four areas and then hand it over to Tashmia.

Now, we always speak about the two billion accounts that...there are actually two billion people that still are not formally included. But, let us turn to the 3.3 billion people that are 15 and over in the world that are formally included. And that 3.3 billion accounts is about 90% accounts from financial services providers and 10% mobile accounts. Just to give you a little bit of a feel. And, that is in the developing world. If you take the whole world, then it's about 98% financial service provider accounts and 2% mobile accounts, according to Global Findex.

If you look at the use of those accounts, and we can desegregate use in money into the account and money out of the account. Then, we find that of that 3.3 billion accounts, only somewhere between 45% and 50% of those accounts are used at least once a month. The rest are not, for getting money in. And about the same measure for getting money out. Now, if you then look at the other side of the story, that 60% of those accounts, roughly, very roughly, are not really used, in a way that you can build a business case around it. Then, I would go so far as to say that the business case of financial inclusion at the international level, doesn't work. And, it doesn't work because the accounts are not used.

So, the question then, is why do we see this low use? Now, we argue, and we've done a lot of work around it, that it is largely because there is not enough value in those accounts to be used. So, the clients, or the customers receive money through the accounts, withdraw, and then the accounts are left. Or the accounts are dormant, like 20% of bank accounts in the world. So, how do we make this work? How do we get use?

Now, we always say our next point is we must learn from customers. We must go understand what they want. What are their needs? How do we deliver on these needs? And, I'm not going to stand still today on the learning from customers, but I want to make sure that you have the sequence. Making the case, learning from customers, design for use and organize for delivery. And, now we have the information that we want to design for use. And we come up with beautiful human-centred design results and concepts.

But, that's not enough. It's inadequate. Because you have to deliver that concept. You have to implement it. And, you will remember Nick Hughes last night saying 80% of the effort in delivering the service is an operational challenge. And, therefore, we are so focussed, also, on organizing for delivery. And, here is where leadership plays a role, cultural and organization plays a role, and change management plays a massive role.

This is where I want to hand over to Tashmia, because they actually went to several firms and interrogated their change management approaches and how you get from Point A to Point B. Over to you, Tashmia.

Tashmia Ismail, Gordon Institute of Business Science in South Africa:

Thank you. So, hopefully I get my beautiful work of art up, which is this. Thank you Gerhard and thank you Kendall for spending weeks on transcripts, which we processed, to come up with this product.

We started initially with desktop research, looking at changing management. And what was overwhelming was the number of articles that have been written on this. Peer-reviewed academic articles. Literally millions. And, what the bulk of this research showed is that most of these initiatives failed. So, when we went out to do our interview process, we found these change agents, we found these executives that have been part of changes processes in their company, interviewed them and started to assemble, assimilate, consolidate the methodologies, the chronologies of how things happened, and the stories around how change was successful and sometimes where it wasn't. And, this was partly how we assembled the panel today, because some of the literature and stories that we used in assembling this map came from our panelists.

Now, one of the underexplored areas that we found in the research, was this behavioural side. And, we've heard a lot of really interesting information on behaviour and we've looked at it on the consumer side. But, these behavioural insights are as important in the inside of the firm in dealing with employees in the whole...as Grace describes this, change management process.

Now, there's some brilliant work done by an author called Charles Duhigg, on the power of habit. And, some of the stats from his book is that 80% of what we do every day, 80%, is built from habit. Is done from habit. And, this habit translates into the organization, into organizational routines. This is where legacy comes from. This is the way things are done around here. The cycles of how we do things and why we do things. And, the metrics and incentives are built around this. And, the only way to shift these habits is to make a concerted effort in both structures and processes.

So, just a little question in the room. How many people have either tried to stop smoking, or tried to give up on afternoon donuts, or tried to start an exercise regimen? How many people? Just a show of hands. Okay. So, many of us, everyday, either try to stop or start, stop bad habits and start new habits. And, for those of you who are trying, it's hard. It really, really is difficult to shift habit. And so, this is what we see in organizations. And, this is why so much of the change literature shows failure. Because organizations can't break habits. They know they need to change but they just can't take action. And, you know, we're littered with examples. Like, Kodak. It was a very 20th century commodity-based model. I know I have to change. I know digital is here and I just can't do it. So, these are the 20th century dinosaur organizations.

And so, I'll start on the map and show you this journey that we have built. It's very metaphorical. So, we start on the left of this map by looking at this elitist organization floating on an island of its own in a stormy sea. And, this organization starts to do the diagnostics. The head and the heart. The rational brain and the empathy-led models. And, this rings some alarm bells. The ship is sinking. The edifice is crumbling. I would argue organizations like Sony are sitting here. Alive, but barely.

So, once this diagnosis is made, we then have the captain taking his troops and loading them onto these galleons. But if we look at these vehicles, they're old vehicles. They're not built for the speed and agility that is required today. And, the captain sets strategic priorities. Creates a new vision in value, really important in the organization. And, we've seen a lot of organizations do this part really well. Set up visions and values of what we're going to be. Who is this target customer? And very quickly, the captain hits the shore. Everybody disembarks from these boats because everybody wants to get to this utopia on the other side. The customer-centred organization. The customer at the centre and the organization part of a community. But first, we need to get over this mountain.

And, if you look at these parts, what we noticed in companies in the early days of a change process, is everybody tries to navigate this change with their old systems, old processes, old tools. So, what you see here are the various silos in an organization. The digital team has its own vision and the finance team has its own metrics and the marketing team has its own way of doing things and nobody works together with the customer at the same time.

In the examples of the organizations that we saw who were successful, they were able to orchestrate these different parts. They were able to create officers and leadership that allowed people to work cross-functionally across these silos, and only once they integrated and used a whole lot of tools that we know are out there for you, were they able to create a new vehicle to navigate this terrain. And, some of these tools we've heard a lot about them. The customer-centred design tools. Using technology. Using story telling. Grace and Paul are going to talk to us about talent management and how coaching is a really great methodology to manage the anxiety of people as they try to navigate this.

Here's where the habits literature and the anxiety and the people management become so important. Because shifting to this new structure is accompanied by a huge amount of organizational...I've used huge three times now, so it's really important. Is an incredible amount of organizational anxiety. People want to hang on to ways in which they know how to do things. When we ask people to change the way they do things, it's seen as a threat. A lot of ego, a lot of expertise is tied into the old way and you're asking people to abandon this. And so, you might have great data that you've pulled from the market. You might have incredible ideas on what you could build, but actually making them happen and moving out of a culture of incrementalism becomes incredibly difficult.

But if you're able to craft this balloon, if you're able to empower your frontline staff, if you're able to put the customer first, create these cross-functional work flows, build an empathetic

culture and an innovation-driven organization, this is what we hope to see. We hope to see you genuinely put the customer at the centre.

And, one of the critical points here that we saw that held companies back from getting to this state, was what Gerhard had asked yesterday in a question, are we creating enough of a story? Enough of a set proposition around value to customer in the long-term being about value to company. That, actually, in the long-term, if you aren't adding value to a customer and creating a prosperous community for them to live in, value to company is short lived.

Now, we have on our panel, Berniece, from MMI. We will do the questions first. We have clicker questions, which is a very fun part of this. So, before we head into Berniece, I'm going to ask you to vote on these. The first question is - and we're going to actually use this data in our study - change management succeeds win. And, I'll leave you to read those. So, please vote. I would argue that they're all important but we want to see what you view as being the most important.

Gerhard Coetzee:

And voting is open. You can go right ahead ... Voting closed. *[Laughter]*

Tashmia Ismail:

So, if we look at three, “break the legacy of old behaviour and systems”. Who answered to that? A show of hands. Why don't you tell us why you chose that? Because we couldn't decide which was most important, so we're really interested to hear.

Participant:

_____ *(no microphone)*

Tashmia Ismail:

Thank you.

Participant:

I think all three are critical, important. I think three is the hardest to do. So, that's why I picked that one.

Tashmia Ismail:

The hardest to do?

Participant:

Hoping that you can tell us.

Tashmia Ismail:

Okay. Someone else want to add to that? Why they maybe picked three? Breaking legacy being the hardest, or most important? Jennifer? Jennifer, did you see we changed the gender diversity?

Dr. Jennifer Riria:

I chose three from experience. When we were transforming, we had those three questions and we felt we needed to start being micro and being thinking banking and plans. And that, the systems are very difficult at that point.

Tashmia Ismail:

Great. Someone at the back that has...?

Participant:

I made a loud comment that I tried and it didn't work. And, it's because we tried the first two and they didn't work. So, when we tried the third one it needed more adoption than change. So, if you introduce, kind of, small steps ahead with people, because you don't want to fire people, do you? I mean, if you want to be responsible...and, of course, some people will leave. But, you know, you still want the old talent and you want everybody to learn at the same pace. So, in my opinion, if you don't have the third one...in my experience if you don't have the third one, the first ones won't work.

Tashmia Ismail:

That's very helpful. I think we're going to the second question. Could we get the second question up? So, what do you believe is most effective in creating a culture and a system of customer centricity in the organization? And again, I'll leave you to read which of these you think is most effective. Results are ready ... Voting is closed. This is tight. Three, "create a system of incentives and metrics for employees which is geared towards creating good customer experiences". You like that. Again, a show of hands from people who voted.

Ann Maftei, The MasterCard Foundation:

I'm speaking from experience, as well. I worked in a financial institution where all of the systems internally were completely geared and the incentive scheme for the client-service centre staff was geared towards making sure that the customer is satisfied and having the best interactions possible. And, actually, it's a South African Company, Allan Gray.

Tashmia Ismail:

So, you get what you measure. Olga would like to...

Olga Morawczynski, The MasterCard Foundation

Number three works for the Rwandan government, so it might work for institutions as well. So, that's why I chose number three. *[Laughter]* KPIs.

Tashmia Ismail:

There was someone else around there that had a hand up. We'll get one more comment.

Mary Gicharu:

Thank you. My name is Mary. I'm with Equity Bank Equitel. I chose number three because I think with digitization you need a rapid shift in terms of how you do your KPIs and reward and it's not product-oriented because it's self-service for the customer. And so, we have to look at the end experience of the customer experience and the service experience. And, I think that's a shift we have to go to.

Tashmia Ismail:

So, in particular, these metrics are around customer experience and customer satisfaction. Does anybody want to argue for one of the other options? If you have a strong argument that we should hear. If we can get the results back on so we can remind people what those...

Participant:

So, I think empathy is actually the most important thing. And, I think it's the most scarce human capability on earth, putting yourself in the other person's situation. What really helped me excel at that, is I was a marginally successful novelist before I had to work for microcredit as a living. But, creating believable characters forced me to put myself in their position. But, I find understanding where the other person is coming from is exceedingly difficult, particularly in organizations.

Tashmia Ismail:

And, should we give you a chance? There's someone in the middle of the room over here.

Sanjay Behuria:

My name is Sanjay, and I think that we are talking about change management of existing organizations. So, existing organizations would already have metrics for a good customer experience. So, what's new about this?

Gerhard Coetzee:

That's an interesting one, Sanjay. I refer you back to the survey that we did at the beginning of the Symposium, the one that MasterCard did. And, I found it interesting in that survey that we moved from 55% to 75% of people, or firms, who actually deem themselves to be customer centric. When we run the diagnostic...thorough diagnostic on customer centricity, even looking at KPIs, we find very few firms that actually answer to the requirements of having the capabilities to be customer centric. So, there's sort of a difference in opinion where we start from.

Tashmia Ismail:

And there's also...you know, a lot of the organizations we saw, were measuring things with an outsourced company, but how well they acted on the results of those surveys was also the differentiator. So, having the data and actually doing something with it are different things.

I think we'll go to the next question. In your experience, which of these customer-centric practices are most difficult to implement? Voting's open ... Closed.

So, 42% "integrated ways of working around cross-functional teams" and after that, "using customer insights to create and deliver better customer experiences". I'm really interested in people who have comments on the first one because we also found this to be very difficult in organizations. Can we get some comments on, perhaps, your experiences around integrated ways?

Participant:

Okay, thank you. Yeah, I think it looks like to me, we have created probably organizations that are not only one team. What it means is simply we have grown, as probably you know, into silos. and bringing those different perspectives, different mindsets and different priorities. That's really the most difficult one. So, we work as departments. So, I have only a finance wing, I have only operation wing, I have only marketing wing, etcetera, never really bringing it together to look at one solution, one customer with the same eye. I think that's why it is probably challenging.

Hedwig Siewertsen: Alliance for a Green Revolution in Africa:

I think we are in the middle of a change process at AGRA and I think what I see is maybe related to what the man in the back said. It's a willingness of understanding the work of your colleagues. If I'm a seed breeder I only know seeds and I think seeds is the bottleneck for farmers to increase production. And, if I'm a soil scientist, I think it's fertilizers that are going to solve the world. So,

it's this, indeed, thinking from the customer, thinking from the smallholder, who needs everything. Markets, fertilizer, seeds. But, it's very difficult because you are a soil scientist, you are a seed breeder, you are a finance person. So, it's very difficult to get empathy and to really be interested in the work of your colleagues and try to understand what their challenges are in their specific topics. Because we are trained as specialists. We're not trained as being customer-centric. This whole thing, the issues around the customer.

Gerhard Coetzee:

Thank you very much.

Tashmia Ismail:

So, there's the siloed lens, or this particular lens that you put on, and letting go of that and accepting others, yeah?

Gerhard Coetzee:

We'll take one more and then we have to close this session to go onto the panel.

Deborah Drake, Centre for Financial Inclusion at ACCION:

This makes me really think of, sort of, the whole process of new product development. I mean, in the sense of everyone comes up with really good ideas but how do you get it to be executed? And, it's not as if there's just one good idea. There are several. So, I think the issue regarding silos is very true, and I think a lot of institutions, I would say my own as well, don't really have a good process for actually starting out with the idea and the design and getting it to the final stage and getting agreement and buy in. So, I do think it's just the overall, sort of, function and process of how it works and really thinking of how do you get an idea to market? I think that's one way that one needs to kind of take a look at, and it's a challenge for all of us.

Tashmia Ismail:

Thank you.

Gerhard Coetzee:

All right. While you are getting ready for your discussion, I just wanted to add something, as follows. I think we often look at change management as a specific process within firms. But, we are also looking at change management at the policy level, and change management in terms of how firms work in partnerships with other firms and how you jointly get from State A to State B, which fits so nicely with the discussion this morning. So, I think you have to think quite broadly and quite widely about change management, rather than to contain it as a very thing that we just use in a firm to get in the same direction.

So, now over to you Tashmia, and let's hear what Metropolitan has learned in their change process. So, we undertook to give you the real world and not what we are going to do, which we quite often find when you start with new work. And, here we have some good cases.

Tashmia Ismail:

And, this is how we wrote the map. So, it was very much based on real-life cases. So, Berniece, when we met for the first time you had said you felt MMI was in trouble. And, you're in a very different place today. You're on a change journey. How did you start off diagnosing yourself? How did you decide to do something and how did you create this compelling case for change?

Berniece Hieckmann: Metropolitan Retail:

Thanks, Tashmia. So, a little bit of context. We are a 100-year-old company. We've been around for a long time. About six or seven million clients have placed their faith in us. And so, you tend to get quite comfortable for my peers and colleagues who work in life insurance. You will know that the way that the business is valued, there is nothing more profitable than an insurer that's busy going out of business. Because when you stop the new business, of course, the profits from years gone by start to flow out and you don't take a lot of new business strain.

So, where we found ourselves was in quite a profitable situation, but we also ended up with one of the biggest distribution forces in South Africa where we operate, but we also had the worst productivity. So, we had scale but definitely not excellence. And, the other thing that we noticed is that this decline into mediocrity is so smooth and comfortable. [*Laughter*] It really is. It's as easy as breathing.

So, for those of you that may wonder if you're in the middle of it, here are a few triggers for you. You'll start to see a slowdown in your new business volumes. Your shareholders start to get a little bit antsy and irritated with you so you'll end up going into that expense squeeze where you try and spend less and less money and shrink yourself to greatness. In doing that, you stop investing in all the right things like your systems and technology and your people. What happens then is that your systems become end of life, very old and cranky, a little bit unstable. Your people also get a little bit cranky and unstable [*Laughter*] and your culture suffers. So then, because your people are not really on the top of their game and not really getting a "yay Monday" at the beginning of the week so your processes start to suffer and then your client experience starts to suffer. Now, one of the saddest things for me, working in emerging markets, is that our clients get disappointed before they get angry. And, it's really, really difficult to look your clients in the face and he's saying to you, 'I'm so disappointed in you.' I think when those of you who are parents, you know that it's easier to get a hiding than hear your dad say "I'm so disappointed in you".

So, that's kind of where we found ourselves, is that we've gone right through that spiral. One of the best ways that I could think of with hindsight to look at the diagnostic, is the most efficient

businesses are those that get to balance their stakeholders. So, client centricity doesn't mean client at all cost. If you're a profit-making company you need to balance your shareholder, your clients, your employees and your regulator. If you want a clue about whether there are problems, have a look at your operational reporting. If you find a common theme, you will probably find a place where your stakeholders are unbalanced. So, the clearest and most evident one is if you are measuring persistency, like we did in one of 52 different reports, then you will probably understand that your employee and your client is very unbalanced. Your salesperson wants to sell the biggest premium for the most amount of commission. And, your client wants the smallest premium for the largest amount of value. So, that's where we started, we realized that we needed to go and rebalance our stakeholders.

Tashmia Ismail:

Another piece of the research that we saw across many organizations was that this values-led change management process was really important. Creating human connections. It wasn't about just the qualitative spreadsheets and what the data was showing you, but really connecting at a human level. And, you have some interesting stories around that.

Berniece Hieckmann:

So, maybe continuing on the theme of balancing stakeholders, I think we needed a catalyst to create change. And like, I suppose every other financial services company on the planet, we decided that the shift to client-centricity was the catalyst to change strategy. So, then we started to say okay, so how can we get these stakeholders balanced? And maybe if I can share three stories with you.

We started with the finance department, which seems a strange place to start because most people start with the clients. But, what we did was, we took our financial people, the people who manage the money, to go and watch our clients shop. Now, our clients don't shop with trolleys, they shop with baskets because money is a little scarce. And, they stand in the queue and when you've put the groceries through the scanner, a lot of our grocers could take a lesson in client centricity because the till always faces away from the client so you haven't got a clue what's going on over there until somebody swings it around and says this is how much you have to pay.

Then the client would look in their wallet and invariably, they would be short. If the bill in South African rands was 400, you would find 350 rand in the wallet. Now, one of the worst client-centric experiences that then happens is that in the grocer, they start to flash lights and ring bells and tell the whole store that the person standing over here doesn't have enough money to pay for their goods. Truly dignified experience. And, what needs to happen, then, is that the client needs to select something to put back. And, if you look at what the client puts back, it's not luxury goods, it's not chocolates and potato chips. It's chicken and nappies. Because you have to, then, make a qualitative decision to maybe go and get your nappies at the Spaza shop.

So, in having our finance department watch this, we realized that this is the way we need to spend money because that's the way the client's reality actually works. So, nowadays, our budgeting cycle takes us one week. We basically figure out how much value do we have to bring to the client? How many of the clients do we have? What's the shareholder's cap which says this is what you can spend? Figure out how to do it the best you can with the best excellence.

So, I think that was the finance story. And then, maybe just one or two stories about the client situation where we realized, maybe about 10 years back in my career, I embarked in some consumer education, beautiful PowerPoint deck made in the lofty isles of a financial services company, and I was speaking to a small rural community about savings. Financial education and savings. And, this elderly lady got up and she said she was quite worried about my credentials to talk to her about savings. Because, she pointed out that unless I could raise a family of four on 1.5 thousand rand a month, which is less than \$100 a month, perhaps I wasn't qualified to have the conversation with her and that I should sit down and let her do the talking. *[Laughter]* And so, on that day, I did sit down and she stood up and I suppose my education began. And, what I did realize is that the market that we serve is smart. They understand the value of one rand or one dollar much better than I do. And, I suppose that's why, with humility, we have approached this market-led type of client centricity and our approach to actually providing solutions with clients changed a little bit.

Then, maybe just the last story about making sure that our employees - the gentleman at the back spoke about empathy - making sure that our employees understand clients. Planning a financial plan is one thing. Sticking to it is very different. Tashmia spoke about sticking to the diet. What we needed our employees to understand is it's not about the plan. It's about helping the client get back on track when life derails them. So, where I realized this happens quite often is we had a client who had paid us for quite a long time and then stopped paying us. So, I called the client and I said, "why are you not paying your premium?" And, he explained to me that his son's school bag had been stolen. And, in a budget where there is absolutely no flex, what do you do? Do you carry on paying your long-term insurance policy or do you get your child a school bag and school books to carry on their education? Now, clearly he prioritized the school bag. But, the saddest bit of the story is he said, "when I came back to you and said I'm back, I can get back onto it. You said to me I had lapsed and terminated my relationship with you." And that's where we realized that employees need to be able to empathize, not to provide the plans but to keep clients on track and to be their coach and mentor in financial wellness.

Tashmia Ismail:

Just in terms of the shifts that you made, one of the biggest was around how your frontline advisors managed clients. And, perhaps just briefly, talk to us about that dramatic shift in that frontline staff and how you manage them.

Berniece Hieckmann:

So, I think maybe just four things. The first one is just ask yourself how many people are allowed to think in your organization. Because, we figured out that if we could get 6,000 frontline thinking and not just going robotically about their work, we would be able to harness the power of lightening. So, we designed a model, an incentive system, that encouraged behaviour rather than transaction and gave space to people to think, look up, see real people, stop seeing policies, and empathize. So, you give them enough boundaries. You give them very clear direction in terms of which behaviours you want and which you don't, aligning to both your clients and your shareholder. And, enable 6,000 people to think for your organization instead of the five or ten at the top. So, we created the aligned incentives.

We created models for adoption, which allowed people to pull change instead of us shoving it onto them, because people are not furniture. And then, we created these digital platforms behind them, because we need to be cost effective. I read somewhere that in a digital client-centric world, what would you automate? If you were an airline would you automate the pilots or the air hostess? And, I think the answer is the pilot. So, we created this culture in the front of aligned incentives and the ability to do meaningful work, empathize and think.

The results for us, after we'd implemented it - look, it wasn't easy to implement. And, I won't go into detail around the change model, but there's always a lot of people that don't like it immediately. But, the results for us is after implementation, over the last five quarters we've improved business by 20% growth quarter-on-quarter for five quarters in a row. We increased our market share by 20% in nine months. And, we were also voted the insurer that is most trusted and most aligned to clients' needs. And, if you listen to the words that the clients were giving us, they were saying this is a company that treats me with dignity. This is a company that treats me with respect. This is a company that gets me in the moments when I need them the most.

Tashmia Ismail:

Thank you.

Gerhard Coetzee:

Thank you very much.

Tashmia Ismail:

There are other questions for Berniece, but because we're talking about talent management and employee management and because Berniece mentioned the anxiety that accompanies this, this will be a great place for Paul to start talking about his methodology and he's going to chat to Grace for us, as well.

Paul Musoke, FSD Africa:

Thank you, Tashmia. Some of you might have noticed that I have a very long title: Change Management and Building Services Markets at FSD Africa. One of the things that I do is identify financial institutions which are focussing on embarking or implementing game-changing strategies; ambitious strategies aimed at financial inclusion.

I'm working with about 11 institutions at the moment across the continent. And, one thing I'm realizing is that the challenges around change management are really around positioning the need for change within the organizations. And also, keeping that need alive while you're implementing the change process. The other side of it is also the anxiety that it brings to the individuals who are involved. Not just those who are implementing the change, but also those within the organizations who are affected by the change, but sometimes don't really realize it.

But we find that coaching is an important tool to help organizations position this change within the change-management process, the need. But also to help the individuals who are struggling with this change to be able to cope with the change. So, we are promoting coaching as part of the change process. We also find that coaching has to be placed within the organization as part of management of an organization. So, it should be a process where it becomes a culture of the organization, holistically. So, it's part of how you manage on a day-to-day basis.

But, we find that you need service providers available within the markets the institutions are operating in to be able to provide the services about creating a coaching culture within the institutions. Without the service providers nearly or closely available, it's difficult to actually devise coaching as a tool for supporting the change process.

So, that's where the second part of my job, Building Services Markets, comes in. FSD Africa has decided that we'll focus on building change within the market around coaching, as well. So, we're basically supporting the growth of a coaching market within Africa. And, the first thing that you do there is identify where coaching sits within the region. So, we did research in Nigeria, in Zambia and in Kenya, just to identify where coaching was in 2013. At the time, there was hardly any coaching within the market.

We also need to create awareness of coaching within the systems of the organizations. And, we embarked on a program to actually provide coaching services to 30 executives across the continent with the support of creative material from the U.K., Strathmore Business School from Kenya, and recently Career Connections from Kenya. And, I'm mentioning these because it's showing how we are also building capacity within the market that we're operating and using more Kenyan firms and more African firms to support this.

So, we ran this program and we got ten CEOs initially to participate in this program and they got coaching for about six months and we were introducing them to coaching and what it can do for them and stimulating demand for coaching going forward. We identified and worked very hard to find coaches from the African continent who were qualified, who were accredited, who could provide these services. So, basically, the pairing was pairing coaches who were African but

international standards, and coaching CEOs from within the continent. We did a lot of work to identify them in 2013 and we identified nine coaches who were accredited, internationally certified and also nationally. And that was a good number to start with. And, that's why we had a small number of CEOs to start with. So, we paired these ones and they worked together for six sessions of coaching.

What we discovered, because we only identified nine coaches on the continent, we realized they need to support institutions that train coaches on the continent. So, part of our program is to identify institutions which can train internationally certified and accredited coaches so as to increase the supply of coaches within the market. So, we're looking at institutions in Uganda, in Zambia, in Nigeria. We already have two firms in Kenya who are actually doing a good job of training coaches.

The other thing we realized was that as we were trying to start this market and stimulate it, you need to have some kind of control of the quality and the delivery and even consumer protection of who are taking on these services. So, we decided to set up a board, advisory board for the financial sector executive coaching board. And, we've brought in people from the coaching side, professionals from Africa and we are looking for financial institution practitioners into that board to look at how we can support coaching bodies across the continent, but also to ensure that we are signalling the quality that is the right thing that we should be buying, in terms of coaching.

So, basically, Grace Obuya, here, was one of the first ten cohorts of the first who participated in our coaching program. Grace is from CBA, so ask her a few questions to tell us what the experience for Grace has been. So, Grace, just quickly, about CBA and your culture.

Grace Obuya, Commercial Bank of Africa:

I think my colleague was here earlier talking about CBA, so I think you've, by now, gathered that in CBA we encourage risk taking, exploration and innovation is pretty much a part of our culture.

Paul Musoke:

And why did CBA take on coaching?

Grace Obuya:

We identified coaching as an important intervention for our organizational transformation in 2012. And, three things drove the need to pick up this intervention, amongst others. The first, obviously, is a changing market environment, which anybody in any sector has experienced in the last five years. There is the competition of the nature of the consumer.

And, the second change was really organizational. We defined a new strategic direction. And the strategic pillars we identified as very key to achieving a very ambitious growth plan, were partnership, innovation and excellence in customer experience. So obviously, as an organization,

we had to define a talent-management strategy that would ensure we can deliver against these pillars.

And, the third aspect that then drove us to select coaching as one of the interventions is between 2012 and now, our staff numbers have doubled. But, apart from doubling in number of employees, 65% of our employees are generation Y, and our managers are largely generation X, and some baby boomers. Now, this diversity in dynamics presents both challenges and opportunities. These groups look at life differently. Purpose, their own workplace in their life, in how they engage with work. And therefore, before you give them a compelling reason why they must work towards achieving this ambitious growth plan or implementing the strategy, you must understand their motivation and what drives them to work. So, those three things, really, drove to our choice of coaching as an intervention.

Paul Musoke:

And, take us through your journey of building a coaching culture.

Grace Obuya:

Yes. In terms of building the coaching culture, we used a phased approach in terms of markets - we operate in Kenya, Tanzania and Uganda. So, we decided to take a phased approach starting with the Kenyan market. We also decided to use a phased approach in terms of levels of the organization. So, we identified, in line with our partnership as a key strategic theme, we identified partners who could work with us to deliver executive coaching. So, we worked with Creative Metier, Career Connections, FSD, and Strathmore Business School. In addition, we then invested in developing managers as coaches. So, initially we trained 15 senior managers as coaches in 2014. And, we engaged them to then support the organization in understanding the outcomes of a 360-degree survey results, which was part of the talent management strategy. And then, to help teams begin to define their development plans against the competencies we identified as critical, to delivering this strategy.

And then, the next intervention was then to, in 2015, extend the coaching for the next level of middle managers. And then, this year we have then finished the last batch of middle managers in Kenya. And then, training all employees in coaching. Because, it's not enough to equip the manager to be a good coach, it's necessary to prepare the employee to get the best out of the coaching experience. And, key to that training or that development, is to say, there's the individual journey for your personal growth, but there's the organizational journey. How do you merge the two to get the best in terms of the strategic transformation that we are trying to achieve?

Paul Musoke:

Okay, Grace, just one more question. Can you give us some examples; practical examples of what came out of this journey? And then, how did this coaching process affect the change management process within your organization?

Tashmia Ismail:

And, we're going to ask you to do it under a minute.

Grace Obuya:

I'll try. You cannot use coaching in isolation. You've got to work it into other initiatives you are running. So, if you're driving excellence in customer experience, we've used individual coaching, buddy coaching, so employee to employee, and team coaching to drive certain initiatives around customer experience. And, obviously, if you picture a scenario where you have silos, the finance department doesn't understand why customer experience is saying let's do everything for our customer and you drive team coaching and buddy coaching that is cross functional, you begin to break down the silos and you begin to have different groups working towards the same outcome using, obviously, their co-functional expertise and roles, to then work towards a common outcome, which is the customer experience excellence, for example.

Paul Musoke:

Thank you very much.

Tashmia Ismail:

You should encourage people to chat to these two over the cocktails this evening. They're an absolute reservoir of brilliant information on real practical steps you can take inside the organization. Thank you, ladies.

Gerhard Coetzee:

Now, we would really like to actually take the next session's time to tell you their stories, but Roger will wipe me off the stage. So, I think we're going to stop this here. And, I just wanted to make one remark. When you speak to Grace and you think about the absolute exponential growth we had in Commercial Bank of Africa over the last few years, and how it must of strained and stressed the systems, then you realize how important this is to actually make sure that this organization stay on the rails.

You will hear much more of this topic as we go along. And it will be in the CGAP guide. So, I want to thank my partners in crime here. I apologize that we went shorter than we discussed but we ran out of time. Thank you very much. This is the end of the session. Appreciate it. *[Applause]*