



2015 MasterCard Foundation Symposium on Financial Inclusion
Thursday, November 19, 2015
10:30 a.m. - Client-Centered Leadership and Organizational Culture

GUGULETHU CELE: Hello, what a warm welcome to the CNBC Africa special coming to you live from the city of Cape Town. I'm Gugulethu Cele. Now we're gathered here in the mother city with several stakeholders representing the financial services sector, as well as other stakeholders, are gathered here to commence as well as celebrate the symposium which is being hosted by The MasterCard Foundation, the Symposium on Financial Inclusion. At the centre of the conversation over the next two days will be the theme of client centricity.

But how do we do this when for so long leaders as well as organizations have focused on product development rather than client-centric products that might actually address the needs of the individuals that they hope to attract, as well as keep when it comes to their client base? Well, that's exactly what we're going to delve into today and focusing more importantly on how leaders can implement this within the strategies that they implement in their organizations, and how the organizational structure as a whole needs to support this. Well, in a moment we'll get into an invigorating discussion with our panelists as well as our live audience who will be participating as well in the conversation, despite the fact that that will be off-air. However, you too at home can join the conversation by making use of the hashtag SOFI, which is SOFI2015, Symposium on Financial Inclusion.

Before we get our conversation underway, let's have a brief look at this corporate video which will set the tone for today's conversation.

VIDEO:

My name is Catherine Bwembya (from Zambia).

Before I joined the savings group, my standard of living was very poor. I would try to put aside a little bit of money, but I could never save it.

We simply did not have enough money for basic household needs. Therefore we did not have any money to save.

But after we joined the savings group, things started to change. We were taught how to save money.

We are now able to get loans to buy school supplies and send our children to school.

After obtaining these loans we repay them with interest. The loans help us, and the interest helps others in the community.

We've also been taught how to operate our businesses. After I joined the savings group I got a loan, and I used this loan to start a small business.

Now, I almost have enough capital to open a bank account.

Because of the savings group, life has really improved for us.

Well, that's exactly why we're gathered here today to ensure that individuals like the lady that you saw on the video have their lives touched as well as impacted by the benefits of being included in financial activity. And I don't think there's even a better face to represent that, given the fact that she's a woman, she's a mother, and one who's cultivating as well as leading the inclusion of her family in financial activity as well as overall economic development on the African continent.

But before we get into our conversation, allow me to introduce our panelists who will be sharing their views and insights as to how they, as leaders, have to ensure that client-centric approaches are employed within their organizations and how they're getting this right within the different jurisdictions within which they operate. Allow me to introduce to my left Mr. Doug Baillie, who's the Chief Human Resources Officer at Unilever. He's followed by Ramesh Ramanathan, who is the Chairman as well as Founder of Janalakshmi. And to my right is the only female on the panel today, Mrs. Lelemba Phiri who is the Managing Director of Zoona Zambia and Malawi. But before we get into our conversation with our respected panelists, let's get a brief overview, as well as get a case study, from Mr. Douglas Baillie who will take to the podium in a moment. *(Applause)*.

DOUG BAILLIE: A very good morning, everybody, and can I add my warm welcome, and also thank you for inviting me today to introduce this morning's discussion on leadership and organization culture, but more specifically on what it takes to lead for true client-centric organization.

I think as many of you know, the company I work for, Unilever, operates in the consumer goods space. We're about 50 billion euros in size, we operate in 180 countries, we employ about 170,000 people around the world. We operate in personal care, home care, food and refreshment space. About two billion consumers use our pro brands every day, and I'm sure if I checked your pantries and your bathrooms I'd find many Unilever products there. So the perspective I'm going to share with you today in the next 10 minutes very much comes from that.

I'm going to start off and just show you a slide. And many of you may be intrigued by the slide that I'm going to put up shortly that just shows one of our consumers, Punza and her family. Punza is a sheep and intestine seller, and she supports herself and four children as a street food vendor. She also has a small government child support grant. Her average monthly income is \$120, and on slow days she doesn't earn enough cash to buy fresh stock for the next day.

I really would have liked to invite Punza here today and her family to sit on the stage with us and be with us for the next two days, as she's our client. And in truly client-centric organizations, she's always sitting in the room with us. She should be our constant source of inspiration, but more importantly, the voice on which we base all our actions.

Now the world in which Punza lives in, and our leaders need to lead, is an incredibly challenging one. And in the organization I work for, Unilever, we describe this world that we live in as a VUCA world—volatile, uncertain, very complicated, very ambiguous—and one that we now label as the new normal. I have to say to you, I think it's going to continue to operate like that. In fact, we often joke that, if normality returns and we had stable economies, stable currencies, predictable growth, many of our leaders probably wouldn't know how to manage it. Change is happening at an ever increasing pace, and many believe change will never again be slow as it is today, and that's the world that Punza looks to make a living and give her family a much brighter future.

Punza and her family, and also all our leaders—and I'm going to talk about leadership traits in a minute—are also going to have to contend with four really big trends that are going to influence the world in which they're going to live in. The first is that the world is going to move to the east and the south. There will be another billion people on the planet probably within the next decade. Most of all of them will be in the east and south. Africa will have more than its fair share of that, with almost 40% of the world's children under 18 living in Africa by 2050, and around 75 children under the age of 15 being supported by 100 adults that are working, and that's about double the global average. So the deliberations we have over the next couple of days are even more critical when you start to think about that.

The second trend is digitization. In today's world, we are instantly connected. Everything is real time and very transparent. Believe it or not, there are over seven billion cell phones in the world today and I'm sure that number is out of date as I speak. And for somebody who works in personal care, just to give you an idea, there are more cell phones in the world today than there are toothbrushes. So there's an amazing commercial opportunity if you think about it.

Most of the social media is now certainly driving a lot of the communication, a lot of the transparency in the world. And certainly a lot of the unrest in the world seems to be driven by digital. President Mubarak in Egypt, who was in power for 29 years, was overthrown in just 19 days. Facebook was used to understand the process, Twitter to communicate, and YouTube to actually show the world what was going on. Our consumers, like Punza, have incredible access now in instant transparency. Just as we've heard from the previous presentations from Ken, small holder farmers can instantly access market prices now, really understand the true value chains, and actually challenge what's actually taking place between their production and by the

time it gets to the end user. So today, technology provides us with a real chance of finding solutions and giving our clients the opportunity to live more sustainably. But in order to do that, we really have to truly understand it.

The third trend is the age of abundance is nearly finished. We currently are consuming at a rate of one and a half planets. If we all consumed like the developed world, we'd need three to four planets. We'll need 30%, 40%, and 50% more energy, water, and food by 2030 respectively. To give you some idea about the size of that, we'll need to produce as much food in the next 40 years as we've done in the past 8,000 years. And unfortunately, we really don't start from a great place. About 2.8 billion people already live in water-stressed regions. Around one in ten adults is obese, yet one billion people go to bed hungry every evening. And the scary thing is we throw away about 1.4 billion tons of food every year. Just think about the massive opportunity if we can unlock that and, really, at the bottom of the pyramid is where we can do that. And global growth or the lack of it is still going to leave two billion people below the poverty line. And sadly, the poorest of the poor will be the hardest hit, clients like Punza.

The last is that people will live differently. The world will become increasingly urbanized, with more than half the world's population living in urban areas. By 2030, mankind's primary habitat will be urban slums. You'll probably have about 1.3 billion people living there. The world is going to be a lot older. It's also going to be a lot younger, and households will certainly shrink and change. Migration will continue and there will be greater potential for cultural conflict as we see today. And these are the trends that our leaders are going to have to contend with as they think about how they drive more client-centric organizations.

So where does this fit in? Where does leadership fit in? I think there's growing recognition that leadership and the culture it creates will be the key to unlocking a brighter, more inclusive future for all. For our leaders, this will absolutely mean they have to lead very differently to the way we do it today. And I think, simply put, for me, what this means is our leaders in the organizations need to reconnect with the individuals and communities they serve and fundamentally change the way in which we operate. They have to become part of the solution, and to do so they need to become consumer and client-centric in all they do. And hence, my desire to have Punza be with us for the next two days and to preside over our proceedings.

Defining what it will take is not going to be easy, but I'm going to call out six characteristics and capabilities that we at Unilever have been working on for a while that we think is going to be really appropriate to build client-centric organizations to survive and to really succeed in the VUCA world I've described.

The first is leaders and organizations will need to have, at their foundation, values and purpose. Never has the world more than now needed values and purpose-driven leaders. Leaders who are very, very comfortable with the very transparent world they live in, and more and more challenge themselves to be principle-based leaders, who continually ask themselves, not "can I do this?" but "should I do this?" And if you're truly client-centric, you will always be thinking of Punza and asking yourself that question. Africa is no exception and this has to be the foundation from which everything in leadership is anchored.

I think they also have to be truly purpose-driven. I've described the organization I work for, Unilever, as a truly purpose-driven organization. It's driving our ambition of doubling our business while reducing our environmental footprint, and helping a billion people improve their hygiene and nutrition. Our purpose is to make sustainable living commonplace. We drive this through a new business model we call the Unilever Sustainable Living Plan. We describe our purpose, and I'm going to read it to you, as, "We work to create a brighter future every day with brands and services that help people feel good, look good, get more out of life." We go on to say, and this is the important part, "We put consumers first, then customers, employees, suppliers, and communities, and in this way we reward our shareholders." So we always try and have the consumer like Punza in the room. We often talk about, when we get stuck in meetings, about putting a photograph in the middle of the room of the meeting room table of Punza or one of our consumers so we don't forget why we're there.

The second attribute our leaders will need is to be really authentic. In order to be trusted, you will need to be authentic. And being authentic, our leaders need to be really culturally very sensitive. They need to be curious and always great listeners. They need to be empathetic, and we've heard that word several times this morning already, and always imagine that Punza's listening in to the conversations as you try and serve her needs better. Above all else, they'll need to truly live the experience, and I cannot stress the importance of doing this at every single opportunity. To really understand Punza's needs, you need to experience her daily routine and challenges, and that would often mean physically living with the likes of Punza and her family. And if you and your organization are not authentic, I can assure you Punza's not going to trust you, and she's most certainly not going to let you in to understand her needs.

The third area is adaptability. In our VUCA world, disruptions will be the order of the day. Punza's life, if you think about it, is full of disruptions, and leaders and organizations will need to be very comfortable with disruptions. Leaders in organizations will need to learn from it and be comfortable with experimentation. As somebody remarked recently, in today's world as a leader, the biggest risk you're taking is not taking a risk. In Punza's case, she's taking risk every single day and living with continual uncertainty. So our leaders will need to experiment with the likes of Punza, involving her in the innovation process, inviting her in very early, genuinely collaborating with her, and seeing her as part of the solution and not the outcome.

The fourth theory is all about being resilient. With experimentation becoming a fact of life, the ability to fail and recover will be essential. There's no doubt Punza's incredibly resilient, and she can teach us many lessons. Her life is full of volatility and massive uncertainty. But to become really client-centric, our leaders are going to have to experiment much more. Without doubt, they're going to fail more often, but they're going to have the resilience to remember Punza and have the courage to get back and try again. I think the key question here is: how quickly do our leaders receive, how quickly do they learn, and how quickly do they go back and try again?

The fifth skill our leaders will require is to become real systemic thinkers. They'll need to really understand all the factors that are influencing Punza's life. They must be able to make sense of

all these conflicting signals, come to a point of view, and then be courageous to act on them. They need to understand the last mile and what constitutes real, real value. In my experience when I was working in India, we had a real challenge in getting distribution to 600 million rural consumers. This truly is the last mile in India. And after working with India and developing really good insights into life in the rural villages, the solution was to empower women in small villages by teaching them business skills, giving them access to finance, a mobile phone, and educating them to become ambassadors for our products, and a source of advice on hygiene and nutrition. Today, we have around 70,000 *chakiamazas* (sp) as we call them, have more than doubled their incomes, and now are sending their children to school, but really importantly, are empowered and have their self-esteem back.

From my experience, our poorest clients are our most loyal and value does not mean the cheapest. Clients like Punza cannot afford to take a risk, and cheapest with little value will always lose out to real value that truly meets her needs. The key to this once again is just to experience it. There will never be a substitute for truly living the life of Punza's daily routine. We should never miss the opportunity to do this. Joining the dots to make disruptive and lasting change is never going to be easy.

Finally, leaders in organizations will need to have a strong results orientation to deliver impact and value. The digital revolution will ensure transparency and their license to operate will depend on this. The definition of results is also going to change, particularly as climate change, social impact and ecological limits are felt more directly. Our leaders will be scrutinized even more closely by followers, and people like Punza will be that representative voice.

Let me finish by coming back to Punza and the family. If you're truly client-centric, Punza will always be in the room listening to our debates. She will be our conscience, and as we go through the next two days we should imagine she's sitting in the room now listening to our discussions. And the key question we'll need to answer, are our efforts and actions we're going to take give the likes of Punza and billions of others a more sustainable and brighter future?

For the leaders, our greatest challenge is how do we, through our actions, create an organization that truly has Punza at the heart of our DNA. If you are leaders, and your organizations are not truly purpose-driven and client-centric and live this through your daily actions, it will be incredibly challenging, and I would argue will not create the impact we all richly want.

I hope today I've managed to give you some food for thought, and given you just one perspective of what I think our leaders and organizations will need in order to navigate a client-centric VUCA world. Thank you. (*Applause*).

GUGULETHU CELE: _Thank you so much, Doug, for that powerful presentation and I think it's certainly something that we also need to maintain with regard to our conversation over the next hour, keeping Punza in the room.

But for everyone else, including our panelists here in the room, we probably have something more fortunate than what Punza has, which is the opportunity to often voice our thoughts and concerns when we do experience bad customer service. So very quickly, just by a show of hands, how many of you have been impacted by bad client service? Right, I see a lot of hands up, and many of us have responded yes to that. In so doing, how many of you have communicated the fact that you'd like to speak to the manager or the senior representative of the individual who might have treated you badly? I probably see the same amount of hands in the room being indicated together with our panelists. And maybe that brings us to a point of impact. If Punza could come back to our conversation today and actually say to us, "Ramesh, I don't think I like your idea that you would like to implement for myself or even the ecosystem within which I operate in." Coming back to this example with regard to bad client service, as well as the voice of consumers, are we as leaders at times forgetting that they speak and are we listening?

RAMESH RAMANATHAN: I think that, but first of all before I begin, I want to say thank you to the MasterCard symposium for putting this together, and for inviting me. Coming from India via America to the third continent of Africa, and to Cape Town for the first time, it's been a wonderful visit.

I think the positive about those of us who work in financial inclusion is that the work that we do has a direct impact on customers like Punza. And of course we can get this wrong many times, we can lose sight of the fact that their lives matter because we get into the inside-out view of building out institutions. But by and large, I think the larger purpose that Doug referred to is something that guides most of us. And when we do get it wrong, if we have the ability and the antenna to listen to people whom we are serving, I think we have the ability as well to respond.

And at the heart of it is the point that Doug talked about, the six attributes, if I heard you correctly Doug, which is about leadership. Fundamentally, I don't think anybody will disagree that we need to build customer-centric organizations. It's motherhood and apple pie. I think we all begin to build organizations like that, and then we get lost in building the organizations, in putting the infrastructure and the plumbing and the institutional mechanisms that we need to do on a day-to-day basis. So the constant challenge of leadership is actually to do both, to simultaneously look at building the institution, which is inside out, and all the metrics and the mechanisms that go with it, but not losing sight of the larger purpose, of why we're doing this which is to have an outside-in perspective as well. And it's not easy to do.

And part of leadership is about ensuring that we do justice to that outside-in perspective as well. And it will take all kinds of attributes of leadership. Doug referred to a very comprehensive set. I think many of us will do well on some of them, few of us will do well on all of them. But that's what it would take, a relentless level of leadership which can play multiple roles depending on where individual organizations are, and all organizations' journey to being customer-centric is path dependent. Unilever has very different forces at its disposal compared to, let's say, an institution like us, which is barely ten years old.

GUGULETHU CELE: I'm hearing two common themes here being proposed together with leadership. Lelemba, I'd like to get your views on this. Which comes first?

LELEMBBA PHIRI: I think the mission has to come first. As Ramesh has said, when you're in financial inclusion, with our missions being really strong and really client-driven most of the time, it's easy to take it for granted and just think, like for Zoona, our mission is to help communities thrive. So you might be feeling, like, by providing this service we're already doing a lot. We're starting to include the people who were not really included before, and starting to forget that even within those groups, there are unique needs that each of those client bases need.

And it's easy to take it for granted and it takes a concerted effort for leaders to remain with the heart of the customer at heart. And it's important to be in the field as much as possible so that you are feeling, breathing, and sleeping the customer at all times. I really loved having the picture of Punza up because that should be a constant reminder for us, whether we're making strategic decisions, we're talking about product design, or thinking about our processes, how is that beneficial for our customer, and how is that helping us then give a differentiated customer experience for all our groups.

GUGULETHU CELE: Before we go further into unpacking the different elements and needs that organizations need to consider, both of you have organizations which you lead in large jurisdictions. How do you both go about making sure that you speak, and you listen, and you're interacting to that client, especially given the agents that you have with Zoona? How do you go about doing that? Because you're based in Zambia, South Africa, Malawi and looking to expand even further to Mozambique and Ghana. How do you tap in to listen to what each individual, each Punza in those jurisdictions, is actually saying?

LELEMBBA PHIRI: We use different methods. First of all, we have regional centers. These are learning centers, purposely named learning centres because it's very much about us learning about what our customer needs at all times, and it's also a place for them to access us. So if they have a complaint or even if they want to get better at using our product, they can come to these learning centres. These have made a big difference because we have people in the field all the time in the front line making sure that our values are being translated in the field, and that any complaint can be heard back.

We use social media but, with the client base that we are supporting, not everybody will be on social media. And so it's just a way to extend the ways in which we can get the feedback back continuously. We also make use of our data because, within our platform, we collect a lot of information. So for example, we have the basic demographic data of all of our agents and tellers. But within there, we're able to see if an agent, for example, is not performing within what we expect them to be performing in, in which way we can then get involved and find out: Is it a training issue that you might be having? Is it the fact that you're not managing your outlet? How can we support you? And we're constantly in touch. It's been said before that we're a very high touch business, that we're very much in touch of our clients, but I feel this is

the only way that you can really have success in the markets by making sure that you're getting to each and every one of their needs.

GUGULETHU CELE: I'm going to put you on the spot, and ask you when last were out in the ground with an agent?

LELEMBE PHIRI: On Thursday last week.

GUGULETHU CELE: Ah, okay. Ramesh, you might have to outdo that one.

RAMESH RAMANATHAN: You know, for anybody who's led organizations, especially in financial inclusion, I think every one of us will tell you the greatest wisdom and the greatest energy comes from being out on the street. I keep telling colleagues there's no knowledge inside our conference rooms. All the truth is out there on the streets. We just need to get out there and keep listening to clients, and every one of us who have built institutions focused on financial inclusion knows that truth and we know that we started what we did because of those clients that we want to serve.

The question is to keep reminding ourselves, and the idea of what Doug laid out, which is to kind of have a metaphor of that as in Punza or whatever to bring it out and make it real for us on a day-to-day basis. I think those are useful tools to use.

You asked about the size of the institutions and the markets that we serve, and I was listening to this extraordinary opening session of Cellulant and the amazing work that they have done, but I couldn't help thinking that they talked about the gigantic size of the Nigerian market. I come from India. (*Laughter*). And so I said, you know, he said Nigeria is like the China of Africa. India is seven Nigeria's. And every one of the problems they talked about is visible in India and even more so because it's galloping away, and I specifically, our institution, focuses more on the urban side, and Doug alluded to the fact that are we living in an urbanized world. So let me just give you a few data points.

India had 375 million people living in cities and towns in 2011. That number will double by 2041. Double, which means by in the next 25 years, we will have 750 million people living in about 10,000 cities and towns. This is a tsunami of urbanization. This is bigger than what China saw because China has a system which has controlled urbanization where they can give you certificates which access social security benefits. India is bizarre. By the time this session ends, 100,000 people would have moved into some towns and cities in the country, and it is not pretty. Believe it or not, the IT capital of India, which is the city I live in, Bangalore, 60% of the people don't have bank accounts, don't have access to financial services.

India has 65 million enterprises, the top 10,000 of them account for 90% of the business from the banking system. The banking system has about a trillion dollars that it lends, half a trillion goes to business banking, and half a trillion to consumer finance. Ninety percent of the business banking lending goes to the top 10,000 enterprises. The bottom 60 million enterprises in the country don't have access to financial services.

So we're dealing with a problem of such immense proportions that we have to tell ourselves that scale is an imperative for us. This is not about personal salvation, it's not about building a nice organization that is profitable and sustainable. It's about fundamentally changing the trajectory of solving the problem. And so we have to be informed by two, in some sense, alternative issues. One is building institutions of scale, but two, is not to lose sight of why we do this, which is being customer-centric. And often, we can start worshiping one god over the other.

GUGULETHU CELE: Exactly, which brings us to my next question. And Doug, I think you're best positioned to answer this given the fact that you look over well over 100,000+ employees within the Unilever umbrella. What's scale? How do you still maintain that purpose, because as a C-suite executive, many of whom are situated in the room here today, you dealt on a day-to-day with the internal issues and, like you say, the plumbing that the institution needs to deal with. How do you ensure that you remain in touch with the needs of the consumer, but also have that infiltrate down to the lower leadership and front line interaction with the client?

DOUG BAILLIE: I think two things. I think there's no doubt that leadership at the top of the organization is absolutely paramount. So, if leaders are truly role-modeling it, and the CEO that I work with at the moment has spent probably 40-50% of his time in the markets. The very first thing he does when he visits a market is go and visit a consumer. So he'll go into her house, sit down, have tea, talk about her life, find out what's going on, and ensure a customer, and sit down and talk to consumers and customers and find out what. So that role modeling at the top of the organization sets the direction for the organization.

The second thing is, I want to go back to the common purpose. If purpose is incredibly powerful, so the 170,000 people working for Unilever, my biggest challenge is to get them to live the purpose every day. And live the purpose through our brands and through our activities. The more we live the purpose, the reason why we come to work every day which is to make the world a more sustainable place, the more we remember with the client, the more we remember Punza.

GUGULETHU CELE: How do you do that in a society where so many people are just fighting to be employed and want to be salaried individuals who might not want to consider the purpose to get a job?

DOUG BAILLIE: I think it's interesting. I think the world is getting to a tipping point now where I think it's shifting your point, where people realize that it's bigger than just getting a salary and having a job. And I think particularly if I look at the millennials and I look at young people coming into the market, they really want to work for companies that have got a true purpose, and want to make a difference besides what, you know, I've made in my life, *et cetera, et cetera*. And that point of difference now is actually making a difference to the world. And so I think those organizations that truly can capture that and live that in the organization day in and day out are going to be incredibly successful. And to be quite blunt about it, I think if organizations are not living a purpose and don't have a greater purpose, their license to operate in the next decade or two decades probably won't be there. Simple as that.

GUGULETHU CELE: Where does that start, Doug. You mentioned that it needs to be illustrated by the leader, but what if tomorrow we change chief executives, we change individuals who were at the helm, and they might not care too much about the purpose?

DOUG BAILLIE: Yeah, so we're a 100 year old organization, and so if we go back to our forefathers, Lord Lever who started our business, he was a visionary of his time. This was in the 1890s. He invented the first packaged soap, Sunlight and then Lifebuoy, and his aim was to give woman a better life basically, to be able to improve the hygiene of everybody. And that's in the DNA of our organization. So I'm really confident that if we change our leader in the organization, this concept that we've gotten, the way we want to make a difference in the world will stay with us.

GUGULETHU CELE: I want us to explore that further because here we are referring to an institution as you say which is hundreds of years old. For these institutions like Cellulant as well as Zoono and even yours, Ramesh, this is still a new company which will still go through changes and phases and you're still recruiting individuals who need to buy in to this purpose. Are there any tips or ideas or a little advice or maybe even questions from your end, Lelemba, where you find these challenges emboldening the stream and this vision which has a purpose, but falling by the wayside given the lack of attention to details when it comes to getting people who are part to the party?

LELEMBA PHIRI: Yes, absolutely. I think founders are absolutely critical in developing that strong mission. And everything will start and break from there. Our two founders were both born in Zambia and, so, they do feel what the customer feels having grown up and spent a lot of time in the markets. But when you start to grow as an organization, sometimes you start to focus on, we need the technical skills, we need the technical skills, and ignore more of the softer sides and you start to feel the pain because you find that you've hired people that are not intrinsically connected to the mission.

GUGULETHU CELE: What do you do in that case? Do you let them go?

LELEMBA PHIRI: You re-engineer your recruitment processes and within that process, one critical thing that we look for is a culture fit, even above technical expertise because technical expertise can even be taught, but culture fit is very difficult to get right if you don't have it right already when you're coming in. And we try as much as possible to expose all of our people. We have a challenge because we've got an office here in Cape Town, we've got an office in Malawi, we've got an office in Zambia, and maintaining that culture, especially for the people in Cape Town who are not in the markets as often as we would like them to be, is difficult.

But we do things like keep our customers' pictures all over the office so that everybody can have a look. We make sure that you're buddying up with somebody who's in the call center in the Cape Town office so that you're hearing what the customer's pain is at all times. Even our executive team has a KPI to be in the markets at least once a quarter. And so it has to start from the top for it to really filter down, and then everybody else will feel like if this is really important to the leadership, it has to come down to us as well.

GUGULETHU CELE: I'm happy you touched on KPIs and maybe we can explore that further, the example that you alluded to, being out there in the market and experiencing time on the ground with the client. I understand there's a similar method that's been used within Unilever in various jurisdictions such as India. These KPIs, give us your views as well as to how these are changing with regard to the individuals within the organization that you recruit.

RAMESH RAMANATHAN: Let me start by just picking up on the point that was made about people and purpose. We've discovered, for example, we employ about 10,000 people, 80% of our staff are actually front-line staff and they are tenth standard, tenth grade high school graduates. And so they reflect the same social economic strata that our customers come from. So for us to be customer centric actually begins by being our own employee-centric as an organization.

There are tremendous stories we've heard about just listening to our own people to understand not only what they have to face but also what in turn customers face. I remember a conversation in one of our branches when I'd gone and we talked about employee growth and career paths and so on, and there was a security guard at the back who was listening to this conversation and at the end of it, in the Q&A, he put up his hand and said, "Sir, I've been working in this organization as a security guard for over a year now and I've seen that many people that had chances to go from a cashier to the next level and so on, but I can't even get a job in this organization because your basic qualifications require me to know English." Because we say that as an act of pride and we say we help people to get qualified and come in. He said, "But you don't give me an opportunity to get involved and employed by this company because you have this empty value." And that was a moment of truth. So we changed our recruitment processes to say we won't make English as an entry barrier, but within the first year of joining we will give you access to English classes to get certified as you come in. And a year later, the security guard is working in that branch as an employee of the company. Now there are examples like this that are abounding that we just have to keep listening and bringing them in.

One point that I would differ slightly with Doug on is we've learned that the employee value proposition is different for different levels of the organization. For a front line employee, what they're looking for is the question that you asked. I want a good job which pays well, which is in a good company, which has some brand value. At the next level, they want career paths and progression. The third level is leadership. But the highest level of the organization is where the purpose issue really comes to life. Legacy, the ability to contribute something bigger, they have competencies and they say, "I want to leave a mark with the skills that I have on something that's larger than me. I want to connect the arc of my life to something that's bigger than my life." And we feel that, while everybody has a portfolio of reasons to be in a company, there are dominant themes that emerge across different levels of the organization. At the front line, it's slightly different from those at the top of the organization.

With respect to the issue about performance measurement and metrics, I think it is a central aspect of being customer-centric because it is such a fuzzy word that you can actually get lost in it and think that you're doing justice to different aspects of customer-centricity. For example,

there's this whole world of customer experience. We know that if we walk into any of our branches we can do 100 things better, and every one of those would improve that journey of customer experience. But is that the totality of customer-centricity? And the answer is no. There's a whole bunch of things we need to do. How do we value different kinds of customers? What kind of products and services do we have? Do we have a rewards and loyalty program? Do we have, as a financial services institution, the ability to offer financial advice? And finally, the customer challenge and experience.

So, in our view, and our learning, we are barely beginning this journey. We feel the first thing is to articulate a framework of customer-centricity, and it need not be perfect but at least it represents our point of view at a point in time. And then use that articulation to define performance indicators and metrics, because if we don't do that, then it's very hard to create a shared vision which brings everybody together. And so the performance measurement is not so much about the stick, but it's about using it as a carrot to create a shared vision which then gets people aligned to a single goal.

GUGULETHU CELE: I'm happy you touched on that, and just before we do go to an ad break, I want us to explore how you monitor that, and evaluate it, and translate that in order to make sure that we're not stuck in the same rut and feel like mice on a wheel here, doing the same thing over and over again expecting a different result. How do we go about implementing a proper monitoring and evaluation process?

RAMESH RAMANATHAN: It begins with data. So, you have to have organization. We are what I call an analytically data driven company. So we have all of the metrics that we use are driven by data, which is objective, so that there is no subjectivity. People can debate whether that data was poor because of externalities. But there should be no debate about the data itself.

So that takes an enormous amount of internal institutional structuring to make sure that we have the right data at the right time, and available at the right level of granularity. So, for example, on customer-centricity, we have four or five indicators. The first of those is retention. One of the things that happens in financial services is we tend to get lazy because it's a "sticky" business. You have to do really badly as a financial services institution for a customer to leave you, unlike let's say for a consumer goods company who can change a brand of soap quickly. And in financial inclusion, it's even worse because we are so complacent. Ann Miles was talking about this earlier this morning, we are so complacent about the fact that we are dealing with customers who don't have very many alternatives that we take them a little bit for granted. So we have to, especially those of us who are in the lending business, it's a different business in Zoono where you're doing digital payments because you're really hungry for that customer acquisition. So all of that has to feed into the metrics that you use, but make it granular, make it real time, make it at a level of an individual.

GUGULETHU CELE: Indeed, well, we'll continue with this conversation right after the short break. Do stay tuned. We are coming you live from The MasterCard Foundation Symposium on Financial Inclusion, and we're interrogating the leadership value that organizations also need to have in implementing a client-centric strategy. We'll be back with more right after this.

(Advertising break)

GUGULETHU CELE: Welcome back. We're still coming to you live from Cape Town at The MasterCard Foundation Symposium on Financial Inclusion. In our conversation so far we've been taking a look at leadership and how that plays a role in implementing a client-centric strategy. Now over the first half of the conversation, we touched on a variety of aspects. It's the purpose, it's the leadership in implementing that within the individuals who will join the organization. But if I may speak as a C-executive again who wants to have a purpose, but also make a return on my investment, at what cost does this come at, Doug?

DOUG BAILLIE: Look, I think in today's world, unless you have a purpose greater than just making money in the old fashioned, if you like, capitalist way, I think your organization is going to find it difficult to be able to operate in the world of the future, because I genuinely think we've got to a tipping point. If you hear the numbers Ramesh was talking about in India and the challenges that we face, I think as businesses, you can either do two things.

You can be a bystander in a society that provides you a livelihood, or you can step off the pavement and become part of the solution. So I don't think it's an either/or. I think it's an and/and at the end of the day, and I'm absolutely convinced, you know, if you take the strategy and the path that Unilever's on, we passionately believe the business model we're running, which is to double our business, reduce our environmental footprint, and help a billion people through their health and nutrition, is the business model that will allow us to grow our business sustainably and profitably into the future. And I think what we're finding as we go down this journey is it's incredibly exciting, we have big targets—we're not sure how we're going to achieve all of these targets—but it's forcing us to experiment more, it's forcing us to take more risk in the organization, and to truly make sure we've got the client at the centre of what we do. And the more we do that, the more resonance we're having, and the stronger our brands are becoming.

GUGULETHU CELE: How then do you spread that message, to play devil's advocate, to the young entrepreneurs on the continent who want to be the next young Janalakshmi's and Cellulant's, but don't have the time or that funding to allow any of their staff members to go spend six months with a client to understand more about their needs?

DOUG BAILLIE: Look, I think the world is, and I go back to technology maybe and this clash that we've got in the world between technology and information, and if you have a look at the power of some of the start-ups that have come from nowhere in three or four years with zero capital at the end of the day—\$240 Air B&B, I think they started their organization sitting in a loft in San Francisco, and today their organization is probably worth \$10 billion. They have the most hotel rooms in the world. So I think if there's a will, and if you're prepared to take the risk, and you're going to fail many times at the end of the day, but there's opportunity out

there, and I think technology and this information coming together allows people to have a level playing field where scale, in some cases has always been a barrier, it's no longer a barrier. So I'd encourage young entrepreneurs if you've got this big idea, this dream, then start experimenting and start to have a go. The funding I think will come. I think the funding is there in the world at the moment for clever ideas that are going to make a difference to the world.

GUGULETHU CELE: That's why we've got Janalakshmi, right? To provide the funding.

RAMESH RAMANATHAN: I think that the financial inclusion sector is unique among those which are focused on social impact because there's such a vibrant ecosystem, because the first stages of funding, we ourselves are an exhibit of this, comes from social impact investors. So before commercial investors and mainstream investors get interested in you, you need to get visible; and that curation of that visibility is actually enabled quite substantially, and across all geographies, I think in financial services.

To your question about entrepreneurs, I think that the morning session that we heard of Cellulant, a company that didn't exist 11-12 years ago, and the kind of impact it's had in Nigeria with chutzpa, with the application of technology, but not for technology in itself, to service a customer need. And I think we need to bring, that is the intersection, that we need to add value to the lives of customers, and the opportunities that are available today with technology, especially mobile technology, are extraordinary.

But the hard work is not on the technology side. The hard work is in understanding the lives of the customers, and how we can add value to them. I can tell you in our business, the toughest product we've worked on is actually a savings product. If I heard the speaker on the Cellulant who said there were two million Nigerian farmers who had bank accounts, but only 800,000 of them were active. In India, the numbers are even worse. We have 70-80% of bank accounts that are open for the rural included which are inactive, and that's because the idea of a savings account is not just opening an account. The real challenge in customer centricity is to understand how you keep it alive, how do you keep average balances going up.

We've been working on this problem for three years. It is the equivalent of doing private banking for the poor, because you've got to go to that vegetable vendor, that flower seller outside the temple, who's working between 6:00 in the morning and 11:00 in the morning, makes 500 rupees a day, but collect the 200 rupees that she wants to save before she leaves for home because she knows if that money doesn't leave her hand by 11:00, it's going to slip through her fingers by the time the night comes. So, to do that in a large scale environment requires an enormous amount of customer centricity. One of my colleagues who's been doing banking for 25 years said this is the toughest product he has ever worked on in financial services, the plain old savings account.

GUGULETHU CELE: Fascinating insights, but I want us to piggyback on that theme now that it's come up of entrepreneurship as one of these leaders that we're talking about, especially young individuals, the kind of leadership that we heard about this morning during Cellulant's discussion and presentation here, as well as what you see in your organizations. Are leaders

like that born or are they groomed? And I know you'll come back to the purpose, Doug, but for each of you, I just want to get your views on that so that we understand if we're trying to build a sustainable model of client centricity, how do we do that if there might be a few to pick from, or can we groom and encourage leaders so that there's a certain consistency with regard to this kind of leadership?

DOUG BAILLIE: I think my own view, and this is my personal view, I think that you can certainly grow leaders and make them much bigger and much stronger, and you can certainly equip leaders for different circumstances in the new world. But I'm also convinced that there's a bit of leadership in everyone. So if I take Punza at the moment and the chat we started on, if you think about she's a leader in her community I've got no doubt. She's the leader of a family and she's got leadership values that she tries to. So I think there's leadership everywhere you look. It's how do you unlock the leadership and give it an opportunity to flourish, and I think many of the people we're talking about, and the clients we're talking about today, have never had that opportunity to become leaders in their own little way, in their own little communities, just their family unit by providing better, increasing educational opportunities, etc. I'm in the camp that says, yes you can build leaders, yes leaders are born, but I really believe there's a bit of leadership in all of us.

LELEMB A PHIRI: I agree with that. Being a client-centric leader is really very much about empathy and I think each and every one of us has got some empathy within us. And the basic premise behind it is really just thinking about what would I want if I was in this person's shoes, how would I want to be treated? I want to be treated with respect. I want someone to ask me what I want. I'm not expecting that, for example, my banker will know all of my needs, and I'm going to communicate it. How much more, then, should I want to hear back from my customer as well? And it's really very much about empathy, so it can be developed, and it's really in all of us.

GUGULETHU CELE: Ramesh, you agree?

RAMESH RAMANATHAN: Yes and no. I listened to James. He's sitting right here yesterday. I listened to him yesterday give the story of Equity Bank. I think it's an extraordinarily inspirational story, but it requires extraordinary leadership, and I don't think that that's available, that's distributed, in an equitable way.

GUGULETHU CELE: No pun intended, right?

RAMESH RAMANATHAN: I think that institutions need leaders of all kinds, and I think you can certainly create an environment where different people can find different kinds of leadership and can exhibit that in the organizations. I agree that empathy is a kind of a minimum condition to work, at least, in this kind of space. But to build organizations that are transformational is a very different bar of leadership.

DOUG BAILLIE: Can I just come back to just to the question Ramesh raised earlier about different ways and how different organizations drive themselves. What we found with purpose

in Unilever is trying to find how you unlock it at every level in the organization. So for example, in India, we have a number of manufacturing units deep in rural areas. And so what they have managed to do is they have taken the Unilever Sustainable Living Plan and they found elements of it, and then taken it back into their communities. And so they have become leaders in their own right by going back, for example, into a rural community and working on a health campaign or on hand-washing, for example. And in their communities, they're seen as really big leaders who are trying to make a difference and stuff like that. The challenge is that all the levels of the organization, as you work through, particularly if you're purpose driven, is how do you unlock somebody's individual role in providing that client centricity? As you say, I'm big on purpose, and so I think purpose is where I unlock it; we're trying to unlock it at every level of the organization as we take it forward. That's the power of it. If you can do that, it's incredibly powerful.

RAMESH RAMANATHAN: If I can respond. I agree with that completely, and I think part of the responsibility of senior leadership is to make that space available. The part of the responsibility of senior leadership is what I call curative leadership, that you have to allow those who are passionate about the cause—they exist in the organization, and they are constrained in many ways because every organization has bureaucratic inertia that grows. So you need to have the leadership capability, not to impose your will but to actually enable others, to give them the safety to come out and express their passion and to take ownership over what they do and they don't like so that ... nobody wants to be a cog in a wheel. But to give them that sense of capability and that sense of freedom and liberty to say that "I want to do something" requires an enabling leadership which can only come from the senior levels of the organization. You need to set a certain course.

GUGULETHU CELE: If you don't have that leadership at the top then, Ramesh, what happens to the individuals at the bottom who are trying to fight for that purpose? Do they have potential recourse here? Do they have options available to them? Or, forget about the purpose and just push profits?

LELEMBE PHIRI: It has to definitely start from the top, from that leadership, because that creates the foundation. If you want to create a client-centric organization, it will run through different things from your organizational structure, from the type of tools that you're providing your people with, from the design of your products and your processes. And so that requires resources and it requires time, and if you don't have the leadership buy in, it's really difficult then to make it run through that.

Our organization is structured in such a way that our teams are structured per client group. So for example, one team will be supporting agents, another team is going to be supporting tellers, another team is going to be supporting consumers. What this means is that there are multi-skilled people within those teams. There will be a customer experience person, there'll be a data person, there'll be an engineer, right within those teams. But within that then, they've got that exposure to their customer. But if it doesn't start from the top, then you can't organize your organization like that in the first place. You might still be thinking about functional

organization, like this is HR, this is finance. But all of our departments are just there to support the customer. So it has to start from the leadership.

DOUG BAILLIE: I think if it's not being role modeled at the top, people vote with their feet. It's as simple as that. So people seeking purpose will leave your organization very quickly. You know, your retention of staff and talent is so important in this. The second thing I'd add is to try and build on the point, one of the traits I didn't talk about is: what is leadership's true role, and do we need to produce more and more service orientated leaders? I often have that discussion with young people and I have the conversation that says, do you think that you serve me as a head of HR in Unilever, or is it my job to serve you? And is it my job to really create the environment that truly allows you to grow and contribute and develop? And I'm firmly in the camp that says the leader of the organization, in fact, serves the organization, serves his teams by creating this environment where people can truly contribute and truly grow. And that's a really a big difference I think from maybe leadership in the past where it tended to go this way, and I'm arguing it very much goes down to create the space to allow people empowerment, to allow people live their dream. Of course, you have to make tough decisions sometimes, and of course you have to get involved. But the fundamental thing is, can you release your organization to fly, and I think that's the challenge.

GUGULETHU CELE: I'm happy you touched on that because I understand one of the points that you alluded to as well when it comes to Unilever is being results-oriented. We've got about two minutes to go before we wrap up, and I want to give each of you an equal opportunity to give us your closing remarks with regard to how the leaders were based in this room. Then some of us who raised their hands when I asked the question with regard to how many of them have been negatively impacted by bad customer service, and called on leadership, how do we make sure that when we this have this conversation again in the next five years that we actually have no hands up in the room regardless of whether we're speaking to a Gwukuo or a Punza who is out in a rural area. Doug, your closing comments?

DOUG BAILLIE: Just two things. I said I always, always, always have your clients in the room would be the first thing I'd always say. Put her on the table, have it in front of you, whenever you're confused in the debate, have a look and remind yourself why you're here, particularly if there's a debate. Imagine she's listening to the conversation, and quite often we have a conversation, "Imagine if she was listening to us, what would she think?" She'd either be horrified because we're not serving her needs, or she'd be really pulling for us. So a consumer in the room with you all the time. And the second thing I'd say is big leaders, find your purpose, stick with your purpose consistently, and dream it.

RAMESH RAMANATHAN: I'd say in the context of customer centricity, I would stay start with the framework, define the framework, because that then gives you the things that you need to do organizationally to execute on customer centricity in a systematic way. There is a tipping point that one needs to reach. I don't think that the journey to customer centricity happens easily. You need to cross a large chasm, and for the duration of that chasm you don't get to see a lot of visible results. So it's almost like air-scale velocity. And to reach air-scale velocity is

when you really need leadership at the top of the organization to enable this process, and that leadership needs to have multiple attributes. Doug referred to many of them at the beginning when he gave his opening remarks. Empathy I think is a very important one of them. Enabling evangelists in the organization is a very important role of leadership. Being able to be authentic which means including the admission of mistakes and things that didn't go right. And finally, I would say a sense of urgent patience, to recognize that this thing will take time but we cannot lose a day.

LELEMBA PHIRI: I think it's critical to create the vision for what your customer-centric organization will look like and to consistently communicate it with your people. As leaders, it's critical to lead by example, so being in the front line as much as you could be, and bringing back those stories to everybody and creating the business case for why it's important for the organization to reorganize itself around the customer needs. So, vision is critical, and the constant communication of it, and leading by example.

GUGULETHU CELE: Thank you. I'm happy with all of those comments, then perhaps maybe it's time to engage with our audience as well, and especially those individuals who are at the helm of the organizations. How soon will you be paying a visit to some of your customers on the ground to put your framework in place, have a purpose and establish it, ensure that the vision is maintained, but more importantly, keep your client in the room? Show of hands? I'm seeing very few. I'm a bit concerned! We've seen an increase number of hands.

Thank you so much, ladies and gentlemen. Thank you so much to each of our panelists as well for engaging us in this conversation and identifying how leaders as well as organizational behavior need to play a more pointed role when it comes to instilling a client-centric approach to strategy.

My panelists, once more, very big thank you to Doug Baillie who's the Chief Human Resources Officer at Unilever; Ramesh Ramanathan who is the Chairman and founder of Janalakshmi; and Lelemba Phiri who is the Managing Director of ZoonA Zambia and Malawi and, I understand, that might be expanding further into Ghana and Mozambique.

Well, onwards and upwards to client-centric organizations, as well as including them financially as we are here gathered in Cape Town once more for The MasterCard Foundation financial symposium focusing on financial inclusion, but more importantly how we keep clients and Punza in the room. For CNBC Africa, I am Gugulethu Cele. Until next time, it's goodbye for now. *(Applause)*.

Thank you so much, ladies and gentlemen, for your patience and time, as well as participating in the conversation. For many of you who might not have put your hands up, I understand that Ann Miles who's the Director for Financial Inclusion at The MasterCard Foundation, I hope you'll certainly rap them over if they don't go up and visit some of their clients anytime soon, and hopefully we see more of our leaders ensuring that they pay attention to the client and keep Punza in the room. Ladies and gentlemen, please help me welcome to the chair now to

hopefully facilitate conversations and questions from yourselves as audience members with our panel, Ms. Ann Miles who's the Director for Financial Inclusion at The MasterCard Foundation.

ANN MILES: I think this is on. Now everyone can take a big, including myself, sigh of relief. The cameras are off. Now we can be ourselves again. Do you all need a sip of water or anything?

I think the first thing we're going to do, I think a slide is going up, right? Yes, it is. So I want to thank all of you. There were a lot of people. We sent out a survey, I think, sometime in October, and about 150 of you here in the room responded to this survey about how you feel about client-centricity in the financial inclusion sector. And we wanted to see, first of all how you all defined it, what your perceptions are about the level of client-centricity, what the key barriers are in becoming a true client-centric or client-facing organization, and finally, what can we do as a community to advance important initiatives? So tomorrow in the agenda, there's a dedicated session that talks about this survey in more detail. But I thought, Lindsay's going to facilitate that with Gerhard, and I thought we'll just give you a sneak preview in terms of where some of the responses came out.

So I think you can see, interestingly enough and consistent with this discussion, that "leadership and organizational culture" ranked as the most important element in the definition of client-centricity with 46% of the respondents. And it's more important with 92% of respondents. So that's, I think, a pretty sound endorsement of where we started this discussion around client-centricity at the Symposium.

"Deep engagement with clients"—I think they're just flashing that just so you can, okay, there we go; maybe I'm just seeing it here like that—and "clients receive services in a responsible ethical manner" were ranked most important second and third most often. So, very interesting I think. And then the least important element was "reduce transaction costs through alternative delivery channels", and 83% viewed it as less important.

So just coming back to where our conversation has been so far this morning, I think where we heard from participants in the room, focusing first on leadership and culture as the key element around client-centricity is a good place to start. So what I'd like to do, and I think we have mics—do we have mics roaming around the—is I want to open this up now to questions you may have, reflect on some of the comments that Doug, Ramesh, and Lelemba said this morning, and take this moment to ask some questions, and maybe some ideas to put out there to help guide your thinking that we could address the panelists.

If there's anything that you heard that connects you with something that you're grappling with at your own organization that you'd like to address to any of the panelists, here's your chance to really talk to them and get a quick consultation ... or any other questions that you may want to address that provoked your thinking or you're puzzled or you're confused or you want to challenge, this is the opportunity to do so. So I'm going to try to see questions. There's one back here. John. And kindly, if you don't mind, just introduce yourself. I know everyone knows you anyway, but introduce yourself, let us know your organization.

JOHN MAGNAY: Hello, my name is John Magnay. I'm the head of agriculture for Opportunity International and I'm going to target a question at Doug. Doug, you have a very interesting position in terms of Unilever in the sense that you not only have customers who are buying your products but you also have, on the supply chain side, you have a lot of small holders who feed into your value chains. I just want to identify what sort of client-centric activities you have in terms of the supply chain rather than the consumer chain.

DOUG BAILLIE: Good question. So, in halving our environmental footprint, effectively where you're going to find it is half our environmental footprint but double our business. So we want to decouple growth from the impact that we have on our environment. So the first thing we did a couple of years ago, we launched this in 2010, was try to map our environmental footprint, and the interesting thing about that is, and I grew up in Unilever, I've been there a long time. I used to be very proud of our organization because we used to declare every year about reducing our water, reducing our waste, CO2, etc., etc. But until we mapped our footprint we didn't understand that we only control 6% to 7% of our environmental impact in the value chain.

In fact, when you think about it, it starts when you start to plant the seeds for food product, right until you and I throw away the packet in our garbage or whatever it might mean. And so one of the goals we've set, I spoke about the three big goals that we set, but we have 50 other targets, and one of them is to source all our agriculture raw materials sustainably. We're currently, I think, sitting at about 57% now of all our agriculture raw materials are sourced sustainably. And the way we had to do that was really engage small holder farmers and put schemes in place where we can teach them how to farm more productively and we use lots of partner organizations to do that, how to use fertilizer cleverly, water cleverly, double their productivity if we can, and then somehow hook them into our supply chain. So for us to deliver our ambition, the only way we're ever going to deliver our ambition is by including everybody we've got in the value chain, a million smallholder farmers plus on the one end, but more importantly on the other end is two billion consumers who have the opportunity to change the impact they have with our products.

So to give you just one idea or one example of that, the big news that's been in laundry detergents for a while has been concentrated liquids. If we could convert the whole world tomorrow to stop using powder and just all move to concentrated liquids we'd half the greenhouse gas impact of laundry detergents globally, just simply buying that. But to change consumer habits, and it goes back to something Ramesh was saying, really difficult when you talk about savings account, changing that habit is incredibly difficult. So we try to manage the whole value chain which is the short answer to your question.

KAMAKHYA SINGH: I'm Kamakhya Singh from LAPO Microfinance in Nigeria. I have a question for Ramesh. There's a different level of how the top management thinks and feels about the requirements and feelings of clients and what our staff on the field do. Like, we have about two million clients in Nigeria, and often when we go to the field to interact with clients, we see a number of ways that we can do it better, and when we check with our staff, because they're

always bothered with meeting the targets of disbursement, getting the payment on time, and so on, they're not so focused and conscious about doing it in a much bigger way than we at the top should be doing and look at it. So how do you manage these different perceptions on meeting the requirement of client and at the same time being sensitive to their needs?

RAMESH RAMANATHAN: That's a very good question, it's an operational question. I think part of the fault lies with us because we set the wrong metrics as well. So the reason that they are focused—this is what we've learned and we haven't fixed this problem, I just want to say that up front—is that the metrics that we measure people by on the front line is, in fact, acquisition, retention, collections and things like that. But we just undertook an exercise, in fact, with partnership with CGAP on customer experience, and we did that in a very decentralized democratic way. So we actually got people from the front line as part of a group, and believe it or not, most of the ideas around improving the customer experience came from the front line people.

So I'll give you one example. We, have like most other MFIs, we have a group lending process. It takes about three hours from they come into our branches to actually collect their money. Many of the women who come in are nursing mothers. They actually come with their infants, and they have huge amounts of time when they're sitting with their infants. Invariably somebody doesn't come on time, and there's never a place, we never thought about this, where they can actually go behind and actually nurse their infants.

The idea came from one of our front line staff. They said, you know, "I have this simple idea, it's not going to be very expensive, we just want a hook and a screen so that a nursing mother can take her child behind the screen and feed her baby." We actually implemented that and, believe it or not, customer satisfaction went through the roof, because it wasn't just that woman. It's the fact that that crying baby was affective everybody else, all the other customers and the staff. Now, we didn't even think about these ideas. So there's a lot more. It's a gold mine, as Doug was saying. These ideas exist. The challenge for us is not to get trapped by the anecdotal story. These things feature nicely on an annual report, but how do you actually do this in a systematic, consistent way? That's what we should take responsibility for as leaders.

LELEMBE PHIRI: Can I add to that. I agree that in setting metrics, sometimes we focus the front line on just the numbers, and you could look at them making that more holistic for the front line people, adding things around how can they be great brand ambassadors for you, how can part of their role be about getting information out of the clients. It's hard to see what you're doing at the higher leadership level and what you're trying to do in changing the organization to be more customer-centric affects them as well. Because if their roles then involves taking an interest in the client's needs, then it might help shift their thinking.

ANN MILES: Can I just ask a quick follow-up question. I know there will be more. But do you both measure, at the KPI level, do you measure retention rates?

RAMESH RAMANATHAN: Absolutely, we do not digress.

LELEMBBA PHIRI: Yes, we do.

ANN MILES: Okay, just making sure. I just want to ask other people in the room who are practitioners, how many of you have that in your key performance indicators, just by a show of hands? Oh, not very many. Maybe there are not enough practitioners in the room.

LELEMBBA PHIRI: And we take it a step further by adding a section, which we just did recently, adding a section within our KPIs where we ask our employees where they feel the gap is in their client knowledge. At the end of the quarter, they should say what they did in order to take steps to bridge that gap. And so it's not just in the numbers, it's also in behaviors. Like, what did you do to bridge that gap?

ANN MILES: Great, okay I'm going to come to the middle here. Sorry, the lights are a little bright, so can't always see everybody.

ALEXANDRA FIORILLO: Good morning. Alexandra Fiorillo from Grid Impact. Hi Ann. My question actually has to do with retention. Doug, you mentioned that customers can show you how they're feeling about your products by using their feet, walking away. And actually, at the Responsible Finance Forum in September in Turkey, we heard this really interesting statistic that in developed countries, maybe not the same in developing countries, people are more likely to get a divorce than they are to leave their bank and change their bank account. Very interesting. So Ramesh, you mentioned retention when you were starting to talk about metrics. I wondered if you could speak a bit more to some other metrics that you follow, because perhaps retention isn't telling us the full picture and we need to think about other ways to understand the customer.

RAMESH RAMANATHAN: Wonder what it says about marital bliss (*laughter*), but that's a different story. We actually are beginning our journey of making our portfolio of customer-centric metrics better. But the ones we have currently are retention, we also have cross-sell. We are, even though we are primarily an asset-driven company because of regulations, we just got ourselves a banking license, we're doing savings but we do it through partnerships with banks. But we do cross-sell micro-pension programs and insurance programs, and that's an important metric for us.

So we have about a 40% cross-sell on micro-pensions. That's an important metric for us. We also look at upsell because we see the group loan as only an entry point. We've always felt that the group loan was the right to become relevant in the life of the customer, was not the actual product of relevance, and therefore how do you go from there and build upon it and have a relationship? So we have micro entrepreneurial loans that we give to individual customers and do a range of financial advisory services around those. So that's an important metric that we use as well. So that's a smattering of metrics. But as part of this partnership with CGAP we're actually making those metrics, and adding to some of those metrics, with more focused customer-centric indicators.

ANN MILES: Lelemba, do you have anything to add in terms of additional retention indicators, something beyond the usual retention?

LELEMBA PHIRI: Yes, because we have different customer groups on the agent side, we look at their performance as well. So it's not just about whether the agent is still an agent at the end of the month, it's how did they perform within the month, and if performance is lagging, we'll think about ways of how can we support them. And if performance, again, is over what we expect, it might not just mean that, oh, they're a great agent and they're doing well. It might mean that there are long queues at other locations and we might need to think about how can we add either an extension for them or bring in another agent to help out? Because at the end of the day it also affects, then, the consumer experience if they're queuing up in long lines. And so it's not just about the retention, we're looking at revenue per outlet, for example, how we're performing there, and looking at how many of our tellers as well, these employees to our agents are still in our system? Because we worry as well if our tellers are turning over very quickly. Is it that our values, then, are not going right through the teller? Is it that our communication with the agent is great, but maybe the communication from the agent to the teller is not that great, and how can we support that?

SUMIT GUPTA: Hi, my name is Sumit, I'm from YES Bank, from India. My question was, the whole microfinance industry, or micro lending to individuals as groups in the industry, operate on standardized products because that is the way to, unfortunately, look at scale. That also results in killing the thought process of individuals to even know what exactly could the requirement be because they possibly are aware that these other three or four different ingredients of products only if it's available, nothing beyond that. As Ramesh just mentioned, you know, the upselling of group to individual, surely it's a needed requirement, but the journey to reach that level is actually too long to be able to do justice to individual needs and priorities, I guess. So, is there a way ... what technology do you think, since you are microfinance personnel, what technology, would it be possible to bridge this gap or reduce the journey from group to individual lending, where, actually speaking, financial inclusion may actually be sustainable?

ANN MILES: That question is, in effect, how to use technology to shorten the upselling process and moving from group to individual. Did I capture that appropriately? OK.

RAMESH RAMANATHAN: So we've seen over the years that 30% of our customers actually graduate from a group loan to an individual relationship and we don't think of the individual relationship as just loans. So it actually expands beyond lending into more a multidimensional financial relationship. But about 30% of customers graduate and they graduate over a two year. A minimum is two cycles because that's part of what we need to have, not because of the ability to compress the journey, but because they don't have any security and collateral. So what we're using is their performance through the first two cycles as an indicator of the ability to lend individually without security to them. So we need at least two cycles. But we are noticing is an interesting phenomenon. Not everybody who would have qualified for an individual loan wants an individual loan. Many women are actually very happy to remain in the

group because they get what we all know is the core of the group phenomenon. It's not just the financial security of mutual guarantee, but the comfort of social capital. So many of them want to remain in the group not because they can't go above, but because they get some security from it. So we have to respect that.

NATHAN WERE: My name is Nathan Were and I work with FINCA. My question will go to Ramesh. I think we all agree in this room that purpose, values, and brand values, so to say, are critical ingredients in building a customer-centric organization. But what we are constantly struggling with as leaders is how to translate those aspects into the lives of our staff and make them live them every day. I don't know if you have some insight that you can share about how leaders of these organizations can translate these aspects into the lives of the people that they lead, and then have those people translate the same to their clients. Thank you.

RAMESH RAMANATHAN: That's a great question. It starts with who you recruit. So what we did was two years ago we undertook a very, very comprehensive compensation philosophy discussion with a global consulting firm, Aon Hewitt. And we said if we truly want to be a purpose-driven organization, we have to reflect it in our compensation. So we had a huge battle with this global consulting firm which said what you're looking to do is antithetical to how commercial organizations are built. But we finally won the battle, and what we have today is a compensation philosophy that says if you join us in the front line of the organization as a junior front line staff, your compensation benchmark is 90th percentile. That means, we will be among the best companies you could work for. But if you join us in the C-suite, in the corner office, your compensation philosophy benchmark would be 50th percentile. So what we say is we're not going to pay you, because 50th percentile means there's five companies that are below us, compared to five above us. But we take money off the table. We want people to put their money where their mouth is. When people come to join us in leadership positions we say this is a purpose-driven social enterprise.

If you tell us that you like all this stuff and you want to be connected to something larger than you, then show us that it really matters on the wallet. So we ask people in senior positions to actually take a pay cut if they want to come and join us. And it works for us, because as the founder, we have a unique structure where I don't take a salary. The entire shares that I own are held in a foundation, so I get no financial benefit from the functioning of this organization. So I can look people in the eye and say with authenticity that we want you genuinely to come in, and of course, my journey is different from that of others who would come. I have had financial security in my past, so I'm not going to impose that on people. But we want to pay them well, but not make pay the sole benchmark. The big debate was, Hewitt said, you know, you're looking for a needle in a haystack, and we said yes that's all we want. We just want needles (*laughter*).

ANN MILES: That's tweetable. We need the needle in the haystack. Lelemba, do you have comment on that?

LELEMBA PHIRI: That's a wonderful philosophy to begin with. I think we constantly communicate it. I once had one of our members in Zambia say, "In our meetings we're always

talking about our values, our mission, our purpose, every single staff meeting. We're always talking about it." I said, "Clearly, because we can't communicate it enough." And we've reengineered our recruiting such that we are looking for people with similar value sets to us because it's a very difficult thing to transfer. And within our communication is making sure that the people who are joining are really clear that it's really important to us. And I think the haystack story will go a long way. I'll definitely take that back.

ANN MILES: Doug, do you want to differentiate it? Does it get lower as you get higher?

DOUG BAILLIE: Obviously we have lots and lots of shareholders that we have to provide a return to, but clearly I think we're shifting more and more the metrics in terms of how we evaluate performance, as we're trying to make sure that everybody who invests in Unilever really is investing for why we exist. We want lots of long term investors, not short term investors, who are prepared to stay the journey with us.

We're going through debating what sort of metrics we can change, away from very hard financial measures, to evaluating performance for example and environmental impact, those types of things.

It's very challenging to find a metric that really can capture that properly, that you can audit properly, hold up to the shareholders to say this is why I've made a difference in the business. I think we're always going to pay pretty well, but we've also got quite a lot of restraint in our system. So if you study our annual reports, you'll see our CEO hasn't taken a base pay increase, or he's had one base pay increase in the last six or seven years and that's just his philosophy and where he is at the end of the day. So you've got a lot of that taking place in the organization, but we need to change the metrics to reflect what we're trying to deliver, and that's getting away from hard financial metrics which are important, but they shouldn't be the be all and end all and drive what you're doing. Otherwise, I think you'll get lost on your purpose.

MICHAEL SCHLEIN: Michael Schlein from Accion. My question is for Lelemba at Zoon. Particularly, how do you deal with culture in such a rapidly growing company where, if you continue to grow the way you've been doing, half to two-thirds of your employees in a very short amount of time will be new? How do you reinforce that culture and how do you know you're succeeding in reinforcing that culture?

LELEMBA PHIRI: That's an excellent question. Again, I have to go back to communicating and communicating and recommunicating. Within changing any aspect of your culture, be it turning into a high performing organization or turning into a client-centric one, there has to be a change management process for everybody. We have a very rigorous onboarding process for the new people that are coming in to make sure we're covering everything and the reason behind why we are a very customer-centered business. But we do this with our staff as well that are internal. We really are onboarding them continuously because the organization is evolving and when you are in different geographical locations, it becomes an absolute challenge to maintain that culture in all of these locations.

It's exposing our leaders to all of the companies that we're in. They have to be in Malawi at some point. They have to be in Zambia at some point. It's part of their KPIs to really be in the market and reemphasizing and recommunicating. It's structuring our organization to reflect our culture. Like I said, we don't have functional departments, for example. Like this is HR and this is finance. Everybody works for the customer and they're grouped into these customer groups. So you can reemphasize the culture by creating structures within your organization that reflect that, and also equipping people with tools. One of the things that we do every Thursday, for example, is a company-wide learning session where we do experiments like rapid prototype experiments. One small thing, you can come up with a hypothesis that we're going to test in the market immediately, and come back with results that we can implement. So it might be that maybe a teller says it's taking me too long to do a transaction. Can we reduce the menu? If it's something we can do immediately, we do it immediately. But within that learning and relearning every two weeks company-wide, we are reemphasizing our culture that we are about the client and putting the client at the center.

ANN MILES: We have time for one or two more questions and then I'll ask one closing question to the panel.

PETRONELLA CHIGARA-DHITIMA: I'm Petronella Dhitima. I work with Mustard Seed. Our company supports microfinance institutions which are practitioners. We work as consultants. So, what I find, I found this Punza metaphor really like, I mean, keep Punza in the room. I kind of like and going to tell everybody about it. What I find challenging, and for most of the practitioners we work with at microfinance institutions like Janalakshmi, is when the Punza's, so when you're talking about segments, and when you have different Punza's, so you have, how many groups do you then have in the boardroom? Because then, what tends to happen when the Punza is one, and there's one segment that the institution is serving, they're very clear, and the institutional culture is kind of, like, really clearly focused on that segment. When they start moving in to different segments, and they start to diversify, they start listening to the loudest Punza's, and you notice Punza as we all know are not the Punza we sought, right? It's a different segment, it's a different group of clients, and so we see this shift, and people then tend to think that we're serving everybody the same way when actually they've neglected some of the segments. So I really wanted to know from the panelists, how do you manage that, when you have different segments, and you have different profiles, and what are you doing, and how are you coping with the change, especially when you keep diversifying and keep adding different segments to the portfolio?

LELEMBBA PHIRI: That's a real challenge, it's a real challenge. For example, we have three customer groupings—the agent, the teller who is employed by the agent, and the consumer. And sometimes their needs might be at odds with each other. For example, if the teller says one of their biggest issues is they want a higher salary, the agent says they want to maintain their costs as low as possible, and so it's intentionally trying to find the sweet spots amongst the customer segments, but also realizing that there will be some segments that are of higher value. So for example, within the agent group, there will be the high performing agents for example. So they will be of higher value than others, and the key is not to ignore the lower

value ones but to treat the higher value ones with special things. For example, we had our top ten agents come out to Cape Town from Zambia and Malawi as a gift to say thank you for being our top agents. But it's a balancing act. It's a continuous balancing act, and if as an organization you can keep each of those groups front and centre of all the decisions that you're making, and almost running it right through. Like, if you tell your agent, if you have a better salary for your teller, it will mean that fraud will be reduced, they will buy into it and so you have to make those juggling, balancing act continuously.

DOUG BAILLIE: I think if you're in the consumer goods space, there's often a debate, are there seven billion different consumers in the world, or are there some similarities, and so you either run a business model where you become mindlessly global, or hopelessly local in terms of what you do. And so the challenge is, and it goes back to what Ramesh was saying in a way, for the problems you've got in India with 1.2-1.3 billion people is where do you scale, and where do you use local intimacy?

And so, my sort of rule of thumb has always been if the consumer can't see it, if the client can't see it, you scale the hell out of it, as much as you can because it's not going to impact you on what you do. And then you try and tailor it if you like for the last mile to really get that local consumer intimacy right at the sort of last mile. I think what you'll find is, as you're applying different brands in different regions, there's certainly stuff you can take globally very quickly, and we can take it basically to 100 markets exactly the same, maybe three different advertising executions, same cans, for example, etc., but then there are other things that are very local that we have to do. So it's your sensitivity and truly having the consumer insight that determines whether Punza's sitting in the room or you have many Punza's sitting in the room that you're trying to satisfy. But my experience has been you can only isolate it to a certain area, and then you can really deal with probably something that's quite local in a very effective way.

RAMESH RAMANATHAN: Just quickly, I think it builds on what Doug said. We've learned that there isn't monolithic pyramid at the bottom. There's actually a pyramid within the pyramid, and therefore there are many Punza's. I think we have to acknowledge our different customer segments, but how do we pull them together in a manner that's coherent so that we listen to each of them carefully, and don't let any one of them be overloud, and distort the signals we are receiving, I think that's part of our challenge.

ANN MILES: I think I'll leave with one last question to each of the panelists, same question, and it comes back to the leadership sort of theme and discussion. In your mind, what is the one make or break leadership feature you want to leave the audience with?

DOUG BAILLIE: Make or break? I think I'd go back to saying as a leader when you get up every morning, what's the first thing you think about when you come to work every day, or when you start to go into the field? And I just go back to the client. If you can make sure that you're just getting up every morning and understanding why you're coming to work, who you're trying to satisfy, and I think that sets you on the right course. The challenge with it, it's difficult, it's really difficult, and Ramesh was speaking earlier saying you get sucked in to running the organization as opposed to managing the client or managing the consumer. And so you get

challenged often as a leader to make sure that you're true to your purpose, you really understand why you're coming to work. I think it starts with that, and I think if you're comfortable with that, then you'll take the right actions to make sure you set your organization on the correct path. So I'd go back to that I think.

LELEMBBA PHIRI: Make or break in terms of leadership and customer-centricity, I think a leader should always make time to be in the front line. It's very easy to create an ivory tower where you feel like your decisions go if you're not in the front line and you're not in touch with the customer. And when you're running an organization and starting to create structures and expanding at a fast pace, it's easy to make excuses, as well, for why you shouldn't be in the field. But that is at the point at which you will lose touch with the customer, and then if it doesn't start with you as the leader, it crumbles.

RAMESH RAMANATHAN: I think clearly you need a lot of attributes to build successful organizations, but for it to be customer-centric in the world of financial inclusion, and if I had to pick one attribute, I would say empathy. Put ourselves in the shoes of our customers.

ANN MILES: Well, thank you very much. I think this panel, this group was very interesting, engaging, a lot to leave us with in terms of some critical insights for leadership around client-centricity. I think now, Jason, are you coming back to give us some direction on the rest of the afternoon? Thank you all very much. (*Applause*).